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**EXXON VALDEZ OIL SPILL SETTLEMENT
TRUSTEE COUNCIL MEETING
Egan Civic and Convention Center
555 W. 5th Avenue
Anchorage, AK
February 5, 1992
11:00 a.m.**

A proposal for an endowment fund was distributed by John Sandor for future consideration

Charles Cole stated each decision must be formulated with legal principles in mind; the Department of Law was requested to prepare a memorandum regarding the law of trusts; the duties of common law trustees, supplemented by the MOA, are as follows: 1) administer trust solely in the interest of the beneficiary and 2) preserve trust property

Decisions Made:

1. Name Change for Resource Restoration Coordination Group

The name change proposed is The Restoration Team; the name change was accepted by the Trustee Council

2. Chief Scientist Contract

The Chief Scientist provides an unbiased scientific review; it was desired to extend the contract with Bob Spies; the issue was the mechanism for extending the contract; the principle issue was termination cost; funding was \$191K for eight months for the Chief Scientist, his staff and expenditures; Attorney General staff and Bob Spies discussed that his services may be reduced according to the desires of the Trustees; he understands this and accepts the exercise of the options; NOAA is prepared to put the authorization in writing; it was moved to accept the proposal for Bob Spies' services and it was so passed

3. Permanent Organization Including Personnel and Budgets

Organization - Budget

Trustee Council - the Department of Law will not take a salary, per diem or travel; neither will the Department of Agriculture; the Department of Interior's budget is still an unknown quantity as far as appropriated funds for the fiscal year; it was decided to strike the entire Trustee Council budget

Public Advisory Group - an entire cost estimate for the process is \$227K to get the group started; the liaison

would be an ad hoc member of the Restoration Team; a motion was made to revisit this issue when the duties are determined later in the presentation

Administrative Director - \$200 per day for per diem was discussed and the actual cost may be slightly lower; it was moved to use the existing contract with CACI through September 30, 1992 for staff and space; it was moved for tentative approval of the budget of \$776.4K; left over money must be utilized for the restoration process

Scientific Support - \$191K was approved for the senior scientist and the cost for peer reviewers will be revisited upon determination of the workplan; it was authorized to cover expenses not covered by state and federal agencies for peer review up until the workplan is determined

Public Outreach - it will be revisited in conjunction with the Resource Center

Restoration Team - it was moved that the Restoration Team budget of \$623.6K be accepted and it was approved

Restoration Planning Subgroup - the estimate for the completion of the Restoration Framework document is mid-March and the draft Restoration Plan is September; preparation of a final Restoration Plan will occur from September to the end of the oil year; it was moved to defer this action until other related presentations are made

Resource Center - it was requested that a clarified presentation of the options be given on 2/6

Agency Program Support - it was requested that this be deferred until the next meeting and some guidance could be received from the financial managers of each agency to develop a common monitoring and accounting system; budget and process would provide guidelines on overhead

4. Public Participation

This presentation will be deferred until 2/6 in conjunction with the other public participation issues

5. Process for Permanent Executive Director

The Trustee Council approved advertising for the interim Executive Director position; the Department of Law will petition Judge Holland to give the Trustee Council contract

authority

6. Habitat Protection/Lands Committee

This discussion will be completed on 2/6

Guidance needed:

1. to proceed with concepts developed in the Federal Register Notice
2. to adopt a short-term timeline as part of the 1992 work plan to deal with proposals

The remaining agenda items and the issues to be revisited will be discussed on 2/6; meeting adjourned at 7:00

7. Draft Operating Procedures for Restoration Team

8. NEPA Compliance

9. Timeline for 1992 activities

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

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February 4, 1992

TO: Trustee Council, Exxon Valdez Oil Spill Settlement

FROM:  John A. Sandor, ADEC Commissioner
Trustee Council Member

SUBJECT: PROPOSAL TO ESTABLISH A SETTLEMENT ENDOWMENT FUND

Both Governor Walter Hickel and Secretary of the Interior, Manuel Lujan have proposed that a substantial part of the Exxon Valdez Oil Spill Settlement funds be placed in an Endowment or Trust Fund for the perpetual funding of important programs and projects.

Mead Treadwell, Deputy Commissioner of ADEC, and my alternate to the Trustee Council has developed three possible scenarios which project expenditures and income into the future. These are displayed in the enclosures.

It is my recommendation that these be referred to the Restoration Team for evaluation. The team should, of course, consider other alternative endowment options, and develop recommendations for consideration by the Trustee Council.

DRAFT:

GUIDANCE FOR EXXON VALDEZ SETTLEMENT FINANCIAL POLICY

1. All receipts net of reimbursements, from this point forward, to endowment fund to be created.

Expenditures this year of _____ and next year of _____. All further expenses limited to endowment income.
2. All expenditures in years forward to come as a result of competitive proposals... open to scientific and research institutions, municipalities, landowners, and agencies. Proposals to be reviewed by public advisory group; approved by Trustees. Trustees may issue RFP's as well as accept unsolicited proposals, as a public or private foundation would.
3. Trustee and public advisory group expenses to be limited to 10% of endowment income. All other overhead tied to projects.
4. Endowment assets shall consist of invested funds, information resources, and property held in trust for the people of Alaska and the United States. Assets may also be transferred to private, non-profit trusts, local, state or federal entities.

DRAFT:

ANALYSIS OF EXPENSE SCENARIOS ON EXXON VALDEZ ENDOWMENT

	<u>Case One</u> Limit expenses to income		<u>Case Two</u> Levelize expenses at \$20 million		<u>Case Three</u> Level expenses at \$20 million plus overhead, then limit to income in later years	
	<u>O/H</u>	<u>Restoration</u>	<u>O/H</u>	<u>Restoration</u>	<u>O/H</u>	<u>Restoration</u>
1992	.34	3.03	7.00	20.00	7.00	20.00
1993	1.01	9.13	5.00	20.00	5.00	20.00
1994	1.48	13.28	3.50	20.00	3.50	20.00
2001	4.71	42.36	3.50	20.00	3.50	39.15
Cum. expenses by EOY 2001		246.41		202.34		209.79
Endowment by 2001		635.00		594.84		579.81

- Common Assumptions:
1. All figures in millions of dollars.
 2. Inflation proofing/inflation increases to expenditures begin 2001.
 3. Endowment earnings 8% per year.

MT/das

Case Number One: Spend only what the endowment produces in income									
Assumptions				1991		Years to collect			
				Reimbursement		remainder due			
State Reimbursement due		115		29		5			
Federal Reimbursement due		100		24.5		5			
Exxon Reimbursement due		50		0		1			
							BOY		
	Receipts by		Reimbursements to:			To	Endowmen	Interest	Endowmen
Year	Month	Amount	State	Federal	Exxon	Endowment	Principa	Rate	Income
1991	12	90	29	24.5	0	36.5	0.00	8.0%	0.24
1992	12	150	17.2	15.1	50	67.7	36.50	8.0%	3.37
1993	9	100	17.2	15.1	0	67.7	104.20	8.0%	10.14
1994	9	70	17.2	15.1	0	37.7	171.90	8.0%	14.76
1995	9	70	17.2	15.1	0	37.7	209.60	8.0%	17.77
1996	9	70	17.2	15.1	0	37.7	247.30	8.0%	20.79
1997	9	70	0	0	0	70	285.00	8.0%	24.67
1998	9	70	0	0	0	70	355.00	8.0%	30.27
1999	9	70	0	0	0	70	425.00	8.0%	35.87
2000	9	70	0	0	0	70	495.00	8.0%	41.47
2001	9	70	0	0	0	70	565.00	8.0%	47.07
2002			0	0	0	0	635.00	8.0%	50.80
2003			0	0	0	0	660.40	8.0%	52.83
2004			0	0	0	0	686.82	8.0%	54.95
2005			0	0	0	0	714.29	8.0%	57.14
2006			0	0	0	0	742.86	8.0%	59.43
2007			0	0	0	0	772.57	8.0%	61.81
2008			0	0	0	0	803.48	8.0%	64.28
2009			0	0	0	0	835.62	8.0%	66.85
2010			0	0	0	0	869.04	8.0%	69.52
2011			0	0	0	0	903.80	8.0%	72.30
2012			0	0	0	0	939.96	8.0%	75.20
2013			0	0	0	0	977.55	8.0%	78.20
2014			0	0	0	0	1016.66	8.0%	81.33
2015			0	0	0	0	1057.32	8.0%	84.59
2016			0	0	0	0	1099.61	8.0%	87.97
2017			0	0	0	0	1143.60	8.0%	91.49
2018			0	0	0	0	1189.34	8.0%	95.15
2019			0	0	0	0	1236.92	8.0%	98.95
2020			0	0	0	0	1286.39	8.0%	102.91
Total		900	115	100	50	635			1652.11

Inflatio	Inflatio	Income		Actual	Expenditure		EOY		EOY
Rate	Reserve	Available	Year	Overhead	Projects		Endowment Principal		Cumulative Available
0.0%	0.00	0.24	1991	0.02	0.22		36.50		0.24
0.0%	0.00	3.37	1992	0.34	3.03		104.20		3.61
0.0%	0.00	10.14	1993	1.01	9.13		171.90		13.76
0.0%	0.00	14.76	1994	1.48	13.28		209.60		28.51
0.0%	0.00	17.77	1995	1.78	16.00		247.30		46.29
0.0%	0.00	20.79	1996	2.08	18.71		285.00		67.08
0.0%	0.00	24.67	1997	2.47	22.20		355.00		91.74
0.0%	0.00	30.27	1998	3.03	27.24		425.00		122.01
0.0%	0.00	35.87	1999	3.59	32.28		495.00		157.88
0.0%	0.00	41.47	2000	4.15	37.32		565.00		199.34
0.0%	0.00	47.07	2001	4.71	42.36		635.00		246.41
4.0%	25.40	25.40	2002	2.54	22.86		660.40		271.81
4.0%	26.42	26.42	2003	2.64	23.77		686.82		298.23
4.0%	27.47	27.47	2004	2.75	24.73		714.29		325.70
4.0%	28.57	28.57	2005	2.86	25.71		742.86		354.27
4.0%	29.71	29.71	2006	2.97	26.74		772.57		383.98
4.0%	30.90	30.90	2007	3.09	27.81		803.48		414.89
4.0%	32.14	32.14	2008	3.21	28.93		835.62		447.03
4.0%	33.42	33.42	2009	3.34	30.08		869.04		480.45
4.0%	34.76	34.76	2010	3.48	31.29		903.80		515.21
4.0%	36.15	36.15	2011	3.62	32.54		939.96		551.36
4.0%	37.60	37.60	2012	3.76	33.84		977.55		588.96
4.0%	39.10	39.10	2013	3.91	35.19		1016.66		628.06
4.0%	40.67	40.67	2014	4.07	36.60		1057.32		668.73
4.0%	42.29	42.29	2015	4.23	38.06		1099.61		711.02
4.0%	43.98	43.98	2016	4.40	39.59		1143.60		755.01
4.0%	45.74	45.74	2017	4.57	41.17		1189.34		800.75
4.0%	47.57	47.57	2018	4.76	42.82		1236.92		848.33
4.0%	49.48	49.48	2019	4.95	44.53		1286.39		897.80
4.0%	51.46	51.46	2020	5.15	46.31		1337.85		949.26
	702.85	949.26		94.93	854.33		1337.85		

EOY	
Cumulative	
Spent	Net
0.24	0.00
3.61	0.00
13.76	0.00
28.51	0.00
46.29	0.00
67.08	0.00
91.74	0.00
122.01	0.00
157.88	0.00
199.34	0.00
246.41	0.00
271.81	0.00
298.23	0.00
325.70	0.00
354.27	0.00
383.98	0.00
414.89	0.00
447.03	0.00
480.45	0.00
515.21	0.00
551.36	0.00
588.96	0.00
628.06	0.00
668.73	0.00
711.02	0.00
755.01	0.00
800.75	0.00
848.33	0.00
897.80	0.00
949.26	0.00

Case Number Two: Levelized expenditures of \$20 million plus overhead

Assumptions	1991 Reimbursement		Years to collect remainder due
State Reimbursement due	115	29	5
Federal Reimbursement due	100	24.5	5
Exxon Reimbursement due	50	0	1

Year	Receipts by		Reimbursements to:			To Endowment	BOY Endowment Principal	Interest Rate	Endowment Income
	Month	Amount	State	Federal	Exxon				
1991	12	90		29	24.5	0	36.5	0.00	0.24
1992	12	150		17.2	15.1	50	67.7	34.24	3.19
1993	9	100		17.2	15.1	0	67.7	78.13	8.06
1994	9	70		17.2	15.1	0	37.7	128.89	11.32
1995	9	70		17.2	15.1	0	37.7	154.41	13.36
1996	9	70		17.2	15.1	0	37.7	181.96	15.56
1997	9	70		0	0	0	70	211.73	18.80
1998	9	70		0	0	0	70	277.03	24.03
1999	9	70		0	0	0	70	347.56	29.67
2000	9	70		0	0	0	70	423.73	35.77
2001	9	70		0	0	0	70	506.00	42.35
2002				0	0	0	0	594.84	47.59
2003				0	0	0	0	618.93	49.51
2004				0	0	0	0	644.01	51.52
2005				0	0	0	0	670.11	53.61
2006				0	0	0	0	697.28	55.78
2007				0	0	0	0	725.58	58.05
2008				0	0	0	0	755.03	60.40
2009				0	0	0	0	785.70	62.86
2010				0	0	0	0	817.63	65.41
2011				0	0	0	0	850.88	68.07
2012				0	0	0	0	885.50	70.84
2013				0	0	0	0	921.55	73.72
2014				0	0	0	0	959.10	76.73
2015				0	0	0	0	998.21	79.86
2016				0	0	0	0	1038.93	83.11
2017				0	0	0	0	1081.35	86.51
2018				0	0	0	0	1125.54	90.04
2019				0	0	0	0	1171.57	93.73
2020				0	0	0	0	1219.52	97.56
Total			900	115	100	50	635		1527.24

Inflation Rate	Inflation Reserve	Income Available	Year	Actual Overhead	Expenditure Projects	EOY Endowment Principal	EOY Cumulative Available
0.0%	0.00	0.24	1991	0.50	2.00	34.24	0.24
0.0%	0.00	3.19	1992	7.00	20.00	78.13	3.43
0.0%	0.00	8.06	1993	5.00	20.00	128.89	11.49
0.0%	0.00	11.32	1994	3.50	20.00	154.41	22.81
0.0%	0.00	13.36	1995	3.50	20.00	181.96	36.16
0.0%	0.00	15.56	1996	3.50	20.00	211.73	51.73
0.0%	0.00	18.80	1997	3.50	20.00	277.03	70.53
0.0%	0.00	24.03	1998	3.50	20.00	347.56	94.56
0.0%	0.00	29.67	1999	3.50	20.00	423.73	124.23
0.0%	0.00	35.77	2000	3.50	20.00	506.00	160.00
0.0%	0.00	42.35	2001	3.50	20.00	594.84	202.34
4.0%	23.79	23.79	2002	3.50	20.00	618.93	226.14
4.0%	24.76	24.76	2003	3.64	20.80	644.01	250.90
4.0%	25.76	25.76	2004	3.79	21.63	670.11	276.66
4.0%	26.80	26.80	2005	3.94	22.50	697.28	303.46
4.0%	27.89	27.89	2006	4.09	23.40	725.58	331.35
4.0%	29.02	29.02	2007	4.26	24.33	755.03	360.37
4.0%	30.20	30.20	2008	4.43	25.31	785.70	390.58
4.0%	31.43	31.43	2009	4.61	26.32	817.63	422.00
4.0%	32.71	32.71	2010	4.79	27.37	850.88	454.71
4.0%	34.04	34.04	2011	4.98	28.47	885.50	488.74
4.0%	35.42	35.42	2012	5.18	29.60	921.55	524.16
4.0%	36.86	36.86	2013	5.39	30.79	959.10	561.03
4.0%	38.36	38.36	2014	5.60	32.02	998.21	599.39
4.0%	39.93	39.93	2015	5.83	33.30	1038.93	639.32
4.0%	41.56	41.56	2016	6.06	34.63	1081.35	680.88
4.0%	43.25	43.25	2017	6.30	36.02	1125.54	724.13
4.0%	45.02	45.02	2018	6.56	37.46	1171.57	769.15
4.0%	46.86	46.86	2019	6.82	38.96	1219.52	816.01
4.0%	48.78	48.78	2020	7.09	40.52	1269.47	864.79
	662.45	864.79		137.35	755.42		

EOY
Cumulative
Spent Net

2.50	-2.26
29.50	-26.07
54.50	-43.01
78.00	-55.19
101.50	-65.34
125.00	-73.27
148.50	-77.97
172.00	-77.44
195.50	-71.27
219.00	-59.00
242.50	-40.16
266.00	-39.86
290.44	-39.54
315.86	-39.20
342.29	-38.83
369.78	-38.43
398.37	-38.00
428.11	-37.53
459.03	-37.03
491.20	-36.49
524.64	-35.90
559.43	-35.27
595.61	-34.58
633.23	-33.84
672.36	-33.04
713.05	-32.18
755.38	-31.25
799.39	-30.24
845.17	-29.15
892.77	-27.98

Case Number Three: Current trends plus endowment									
Assumptions				1991		Years to collect			
				Reimbursement		remainder due			
State Reimbursement due		115	29			5			
Federal Reimbursement due		100	24.5			5			
Exxon Reimbursement due		50	0			1			
							BOY		
	Receipts by		Reimbursements to:			To	Endowmen	Interest	Endowmen
Year	Month	Amount	State	Federal	Exxon	Endowment	Principa	Rate	Income
1991	12	90	29	24.5	0	36.5	0.00	8.0%	0.24
1992	12	150	17.2	15.1	50	67.7	34.24	8.0%	3.19
1993	9	100	17.2	15.1	0	67.7	78.13	8.0%	8.06
1994	9	70	17.2	15.1	0	37.7	128.89	8.0%	11.32
1995	9	70	17.2	15.1	0	37.7	154.41	8.0%	13.36
1996	9	70	17.2	15.1	0	37.7	192.11	8.0%	16.37
1997	9	70	0	0	0	70	229.81	8.0%	20.25
1998	9	70	0	0	0	70	299.81	8.0%	25.85
1999	9	70	0	0	0	70	369.81	8.0%	31.45
2000	9	70	0	0	0	70	439.81	8.0%	37.05
2001	9	70	0	0	0	70	509.81	8.0%	42.65
2002			0	0	0	0	579.81	8.0%	46.38
2003			0	0	0	0	603.00	8.0%	48.24
2004			0	0	0	0	627.12	8.0%	50.17
2005			0	0	0	0	652.20	8.0%	52.18
2006			0	0	0	0	678.29	8.0%	54.26
2007			0	0	0	0	705.42	8.0%	56.43
2008			0	0	0	0	733.64	8.0%	58.69
2009			0	0	0	0	762.99	8.0%	61.04
2010			0	0	0	0	793.51	8.0%	63.48
2011			0	0	0	0	825.25	8.0%	66.02
2012			0	0	0	0	858.26	8.0%	68.66
2013			0	0	0	0	892.59	8.0%	71.41
2014			0	0	0	0	928.29	8.0%	74.26
2015			0	0	0	0	965.42	8.0%	77.23
2016			0	0	0	0	1004.04	8.0%	80.32
2017			0	0	0	0	1044.20	8.0%	83.54
2018			0	0	0	0	1085.97	8.0%	86.88
2019			0	0	0	0	1129.41	8.0%	90.35
2020			0	0	0	0	1174.58	8.0%	93.97
Total		900	115	100	50	635			1493.31

							EOY	EOY
Inflatio	Inflatio	Income		Actual	Expenditure		Endowment	Cumulative
Rate	Reserve	Available	Year	Overhead	Projects		Principal	Available
0.0%	0.00	0.24	1991	0.50	2.00		34.24	0.24
0.0%	0.00	3.19	1992	7.00	20.00		78.13	3.43
0.0%	0.00	8.06	1993	5.00	20.00		128.89	11.49
0.0%	0.00	11.32	1994	3.50	20.00		154.41	22.81
0.0%	0.00	13.36	1995	3.50	9.86		192.11	36.16
0.0%	0.00	16.37	1996	3.50	12.87		229.81	52.54
0.0%	0.00	20.25	1997	3.50	16.75		299.81	72.79
0.0%	0.00	25.85	1998	3.50	22.35		369.81	98.64
0.0%	0.00	31.45	1999	3.50	27.95		439.81	130.09
0.0%	0.00	37.05	2000	3.50	33.55		509.81	167.14
0.0%	0.00	42.65	2001	3.50	39.15		579.81	209.79
4.0%	23.19	23.19	2002	3.50	19.69		603.00	232.99
4.0%	24.12	24.12	2003	3.64	20.48		627.12	257.11
4.0%	25.08	25.08	2004	3.79	21.30		652.20	282.19
4.0%	26.09	26.09	2005	3.94	22.15		678.29	308.28
4.0%	27.13	27.13	2006	4.09	23.04		705.42	335.41
4.0%	28.22	28.22	2007	4.26	23.96		733.64	363.63
4.0%	29.35	29.35	2008	4.43	24.92		762.99	392.97
4.0%	30.52	30.52	2009	4.61	25.91		793.51	423.49
4.0%	31.74	31.74	2010	4.79	26.95		825.25	455.23
4.0%	33.01	33.01	2011	4.98	28.03		858.26	488.24
4.0%	34.33	34.33	2012	5.18	29.15		892.59	522.57
4.0%	35.70	35.70	2013	5.39	30.32		928.29	558.28
4.0%	37.13	37.13	2014	5.60	31.53		965.42	595.41
4.0%	38.62	38.62	2015	5.83	32.79		1004.04	634.03
4.0%	40.16	40.16	2016	6.06	34.10		1044.20	674.19
4.0%	41.77	41.77	2017	6.30	35.46		1085.97	715.95
4.0%	43.44	43.44	2018	6.56	36.88		1129.41	759.39
4.0%	45.18	45.18	2019	6.82	38.36		1174.58	804.57
4.0%	46.98	46.98	2020	7.09	39.89		1221.57	851.55
	641.76	851.55		137.35	769.40			

EOY	.
Cumulative	
Spent	Net
2.50	-2.26
29.50	-26.07
54.50	-43.01
78.00	-55.19
91.36	-55.19
107.73	-55.19
127.98	-55.19
153.83	-55.19
185.29	-55.19
222.34	-55.19
264.99	-55.19
288.18	-55.19
312.30	-55.19
337.38	-55.19
363.47	-55.19
390.60	-55.19
418.82	-55.19
448.17	-55.19
478.69	-55.19
510.43	-55.19
543.44	-55.19
577.77	-55.19
613.47	-55.19
650.60	-55.19
689.22	-55.19
729.38	-55.19
771.15	-55.19
814.59	-55.19
859.76	-55.19
906.75	-55.19