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**EXXON VALDEZ OIL SPILL SETTLEMENT  
Trustee Council**

**Egan Civic & Conference Center  
Space 4  
555 West Fifth Avenue  
Anchorage, Alaska  
February 5, 1992  
11:00 o'clock a.m.**

**IN ATTENDANCE:**

State of Alaska	<b>MR. CHARLES COLE</b> Attorney General Council Meeting Chairman
State of Alaska Department of Environmental Conservation	<b>Mr. JOHN SANDOR</b> Commission
Alaska Department of Fish and Game	<b>MR. CARL ROSIER</b> Commissioner
USDA Forest Service	<b>MR. MICHAEL BARTON</b> <b>MR. DAVE GIBBONS</b> Regional Forester
National Oceanic Atmospheric Administration	<b>MR. STEVEN PENNOYER</b> Regional Director
United States Department of the Interior	<b>MR. CURTIS McVEE</b> Special Assistant to the Secretary

\* \* \* \* \*

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P R O C E E D I N G S

1 MR. PENNOYER: I think we might as well go ahead and  
2 get started with this the fifth -- fourth meeting of the  
3 Trustee Council of the Exxon Valdez Oil Spill Settlement. Go  
4 ahead and briefly introduce the people at the table; I'm Steve  
5 Pennoyer, I'm the NOAA Representative, I'm with National Marine  
6 Fisheries Service in Juneau, Alaska. To my left is Charles  
7 Cole, Attorney General for the State of Alaska, to his left is  
8 Curt McVee, Special Assistant to Secretary of the U.S.  
9 Department of the Interior. To my right is Michael Barton,  
10 U.S. Department of Agriculture, U.S. Forest Service in Juneau,  
11 Alaska; and to his left is -- right is John Sandor -- I'm  
12 sorry, I had one more, the table's longer in that direction  
13 than in this direction -- John Sandor, Commissioner of the  
14 Department of Environmental Conservation, State of Alaska. To  
15 the far left is Carl Rosier, Commissioner of the Alaska  
16 Department of Fish & Game. To Mr. Sandor's right is Dave  
17 Gibbons, he's our acting Executive Director and Chairman of the  
18 RRSR, the Restoration Planning Team or I hear you have a new  
19 name, Dave.

20 MR. GIBBONS: Yeah, we hope to.

21 MR. PENNOYER: Do you want to introduce your folks at  
22 the table too, then, please, .....

23 MR. GIBBONS: Sure.

24 MR. PENNOYER: ..... on the Restoration Planning Team.

25 MR. GIBBONS: I'll start at the other end of the table.

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On the far end is Cordell Roy and Pamela Bergmann representing  
 1 the Department of the Interior. To Pamela's right is Byron  
 2 Morris representing NOAA, National Fishery Service. On my  
 3 immediate right is Mark Brodersen representing the Alaska  
 4 Department of Environmental Conservation. To Mark's right is  
 5 Jerome Montague representing the Alaska Department of Fish &  
 6 Game. To Jerome's right is Ken Rice representing the U.S.  
 7 Forest Service, Department of Agriculture. And to Ken's right  
 8 is Marty Rutherford representing the Alaska Department of  
 9 Natural Resources and the Department of law.

10 MR. PENNOYER: Thank you, Dave. We also have Bob Bird  
 11 (ph) here from the EPA who advises the Federal Trustees on  
 12 administration matters. And, i think the purpose of the  
 13 meeting today is to go over our plan for activities for the  
 14 1992 year and beyond. And, we've the Restoration -- I'll let  
 15 you talk about your name change in a minute -- the Restoration  
 16 Planning Team working hard on our instruction on the project  
 17 budgets for the '92 season and the -- and support costs to  
 18 cover it.

19 So, the purpose of today is to look at that package and  
 20 decide what we need to send out to public review in time to get  
 21 it back, re-review it and get something in-place for the 1992  
 22 Field Season. I think we're going to meet here for an hour or  
 23 so, take a lunch break and go on, we're going to have a  
 24 teleconference tonight starting at 6:15 p.m. Dave, is that  
 25 what we're scheduled for?

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MR. GIBBONS: 5:00 o'clock.

1 MR. PENNOYER: 5:00 o'clock, sorry. I told you forgot  
2 -- lost my glasses on the plane.

3 (Off record comments)

4 MR. PENNOYER: We'll be meeting all day tomorrow  
5 starting at 8:30 in the morning.

6 MR. COLE: Apparently, they're not hearing you out  
7 there, Steve.

8 MR. PENNOYER: Are those things working? Is this  
9 better?

10 UNIDENTIFIED VOICE: We can hear you (ph).

11 MR. PENNOYER: Okay. We'll be meeting here tomorrow  
12 starting at 8:30 in the morning; we'll again have the  
13 teleconference tomorrow night starting at 5:00 o'clock and take  
14 public comments at both those teleconference periods. There --  
15 I think what we'll do now, unless -- first of all, do Trustee  
16 Council Members have copies of the Agenda? I believe -- were  
17 copies of the Agenda made available, Dave, to the public as  
18 well?

19 MR. GIBBONS: Yes, they were.

20 MR. PENNOYER: So, they're out on a table out there.  
21 Does anybody have any changes or additions at this point to the  
22 Agenda or should we start down through it and play it by ear?

23 Yes, Commissioner Sandor.

24 MR. SANDOR: Yeah. Mr. Chairman, I don't have any  
25 additions to the Agenda, I have two informational items that I

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can pass out if we're going to have an introductory statement  
1 of each of the Commissioners.

2 MR. PENNOYER: That's fine, why don't you go ahead.

3 MR. SANDOR: The first item, Mr. Chairman, is just a  
4 news release dated January 26th of 1992 of a French award of  
5 204 million dollars in the spill case Amoco Corporation must  
6 pay the principal award of the 204 million dollars in an  
7 Appeals Court ruling that was issued that Friday prior to this  
8 news release date.

9 The point that I wanted to call to the attention of the  
10 Restoration Team and to the Trustee Council that this accident  
11 which occurred 14 years ago, and of course the subsequent award  
12 had been made and then appealed; 68 million gallons of oil were  
13 lost, this more than six times the nearly 11 million gallon  
14 Exxon Valdez Spill in 1989.

15 And the other point I want to make is that I suspect  
16 since this was a very important wildlife resource area that  
17 there may be scientific studies that had, you know, been  
18 generated in that area. And I am hopeful that we're  
19 communicating with scientists in other areas that are doing  
20 damage assessments and restoration work on other oil spills.

21 And I think this is an interesting case. I think it's  
22 one we ought to be following, and I think it's one in which we  
23 can put our award in perspective.

24 So that's an information item, the second item that I'd  
25 like to just introduce and pass onto the Restoration Group is a

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proposal to establish a settlement endowment fund. And both  
 1 Governor Walter Hickel and Secretary of Interior Manuel Lujan  
 2 had proposed that a substantial part of the Exxon Valdez Oil  
 3 Spill Settlement Fund be placed in endowment of trust fund, and  
 4 Mead Treadwell, the Deputy Commissioner of ADEC and my  
 5 alternate to the Trustee Council, have developed three possible  
 6 scenarios which are outlined here.

7 Mr. Chairman, all I'm doing is referring to this, as I  
 8 have already by telefax yesterday to Dave Gibbons and his  
 9 Staff, and just suggest that they look at these, look at other  
 10 alternative proposals for an endowment fund and, perhaps, at  
 11 the next meeting, refer -- place this on the Agenda and -- for  
 12 our consideration and possible action.

13 That's all the comments I .....

14 MR. PENNOYER: Thank you.

15 MR. SANDOR: ..... have, Mr. Chairman.

16 MR. PENNOYER: Go.

17 MR. COLE: Thank you, Mr. Chairman. Mr. Sandor, are  
 18 copies of this available for those who are independents at this  
 19 meeting?

20 MR. SANDOR: We'll make them available. I have some  
 21 but this crowd is larger than I've got.

22 MS. RUTHERFORD: There are six extra here.

23 MR. SANDOR: And, there's -- here's about six or ten  
 24 more.

25 MR. COLE: I should say we should make arrangements to

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1 have copies of that available to anyone who would like to have  
2 one, so perhaps, after lunch or during the noon hour we can do  
3 that.

4 I would like to say also at some appropriate time, I  
5 would like to make a relatively short statement of my views of  
6 my -- our legal obligations as a Trustee sitting on this  
7 Council. And sometimes, I suspect that my approach to  
8 proposals which come before the Council are not understood in  
9 the light of my views of the legal obligations of a trustee. I  
10 will elaborate more on this subject, perhaps, when,  
11 Mr. Chairman, you think it appropriate.

12 But as I view our legal obligations, it's essentially  
13 that of a common law trustee in the classic trust sense. And,  
14 therefore, each decision which is made by a trustee must be  
15 formulated or arrived at with those legal principles in mind;  
16 and that's what I have tried to do. I come from, more or less,  
17 a legal background, and I feel comfortable in those general  
18 areas. And, perhaps, I should earlier have expressed publicly  
19 my views as to the approach we are, at least as I view myself,  
20 required to make.

21 So, if you would allow me that curtesy at some juncture  
22 when you think it appropriate. Thank you.

23 MR. PENNOYER: Well, Mr. Cole, if you want to do that,  
24 perhaps now would be a good time before we start taking  
25 decisions at this meeting. If you some views you wish to  
discuss, perhaps you should do it at this time.

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MR. COLE: Well .....

1 MR. PENNOYER: That's okay.

2 MR. COLE: ..... I thought I would duck that a little  
3 bit.

4 MR. PENNOYER: Well, I'm willing to let you duck it if  
5 you want but .....

6 MR. COLE: And you put it right back into my lap.  
7 Well, let me simply say this, I will endeavor to keep it short  
8 but I requested the Department of Law to prepare a memorandum  
9 of its views to see whether the legal research has confirmed by  
10 visceral feelings based upon some sense of the law of trust.  
11 And I think I'm generally pleased to say that they have.

12 I start with the proposition that trustees under the  
13 Clean Water Act or Circular (ph) Act are really -- are trustees  
14 in the common law sense. And that we are trustees of the  
15 natural resources which have been injured as a result of the  
16 spill, that we serve as trustees, that in general the corpus or  
17 the trust race is that of the recovery, the settlement funds,  
18 and that the beneficiary of this trust are the natural  
19 resources of the Government's which have been injured as a  
20 result of the spill.

21 Then what are the obligations of us as trustees in  
22 administering this trust, which is the framework of, like I  
23 say, a standard common law trust. And those duties are bound  
24 not so much in statutes that we're dealing with here; you know,  
25 I think, however, when the statutes were enacted, it was

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generally presumed that the Trustees would act as trustees in  
1 the framework of a common law trust.

2 So, I just want to briefly touch upon what the common  
3 law has -- over the last two or 300 or more years has settled  
4 upon as duties of common law trustees. But supplementing that,  
5 I think we have a Memorandum of Agreement here between the  
6 State and the Federal Governments approved by Judge Holland  
7 which sets forth in a little more detail, but largely in the  
8 language of the statute, the responsibilities of the trustees.

9 And here's what I think they generally say. First, we  
10 have a duty to administer the Trust, that seems obvious and  
11 clear. Second, we have a duty to administer of the Trust  
12 solely in the interest of the beneficiary and for the benefit  
13 of the beneficiary; i.e., the damage to natural resources, the  
14 equivalence.

15 Some question I think exists as to the scope of our  
16 ability to delegate those duties. The historic common law view  
17 has been that these duties may not be delegated. That means,  
18 as I see it, that if that rule of law were applied literally,  
19 only the designated trustees could make the decisions.

20 There's been some deterioration of that strict common  
21 law rule that's developed in recent years, I think properly so.  
22 But as I sense our duties here, when you couple that legal  
23 responsibility with the very clear duty to exercise reasonable  
24 care and skill in administering the Trust and preserving the  
25 Trust property for the benefit of the beneficiary; i.e., the

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resources, et cetera; I think it's incumbent upon certainly me,<sup>10</sup>  
1 I view it as my obligation, to personally satisfy myself that  
2 each of these expenditures are within the scope of the central  
3 purpose of the Trust, and that they're in furtherance of our  
4 obligation to restore the damaged resources or equivalent  
5 services, and not simply to accept what is presented to me as a  
6 trustee by our expert staff and advisors.

7           And it is for that reason that I asked questions of the  
8 Staff to satisfy myself that we are on track in carrying out  
9 the purposes of this trust and fulfilling our duties. And I  
10 say that because I have the sense that, you know, there is  
11 likely to be litigation claiming that we have not fulfilled our  
12 Trust duties and responsibilities in administering this Trust.  
13 And I want to be prepared to say that if such litigation  
14 arises, and I am deposed with respect to any singular  
15 expenditure or decision, that I can fully and to the extent of  
16 my abilities, ably respond to those questions comfortably  
17 saying this is why I voted the way I did, these are the reasons  
18 for it and this is why I think that I voted entirely within the  
19 scope of my obligations as a trustee.

20           MR. WHITAKER: Excuse me. I'm a member of the public,  
21 and you've cut the testimony all the way back to 5:00 o'clock.  
22 When I'd just like to say at this time that while you're being  
23 apologetic for the vote where you're going to spend 90 million  
24 dollars and give no money to restoration, I really object to  
25 that. And, I'd also like to say that I think it's premature

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for you to be spending any of this money until the Legislature  
1 and, possibly, their litigation like you're talking about .....

2 MR. PENNOYER: Sir, can we .....

3 MR. WHITAKER: ..... on that issue it revolves (ph).

4 MR. PENNOYER: Can we wait for public testimony?

5 MR. WHITAKER: Well, that's fine.

6 MR. PENNOYER: We will take it. We're not going to  
7 make any .....

8 MR. WHITAKER: But see, you've got a bunch of people up  
9 here in suits and you've got all this lined up to spend all  
10 this money and restoration is going to (indiscernible -  
11 interrupted) .....

12 MR. PENNOYER: No. Sir, nothing is lined -- .....

13 MR. WHITAKER: ..... 90 million dollars.

14 MR. PENNOYER: Nothing is lined up to spend any money.  
15 I think what Attorney General Cole is trying to say is that  
16 our decisions on this have to be reached after examination of  
17 the projects, after receiving the input from the public on what  
18 we're planning to do.

19 MR. WHITAKER: After you've done study after study  
20 after study to pay .....

21 MR. PENNOYER: No.

22 MR. WHITAKER: ..... yourself \$42,000.00 a year. I  
23 mean, come on.

24 MR. PENNOYER: Thank you. Can we proceed to let  
25 Attorney General Cole .....

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MR. COLE: Sir, would be good enough for the record to  
1 furnish us with your name and address?

2 MR. WHITAKER: My name is Jedd Whitaker (ph), I'm on  
3 record out there. I'm just saying I'm objecting to the  
4 proceedings right now because of this.

5 MR. COLE: Thank you for your views, they're a matter  
6 of record.

7 But at any rate, I want to be entirely comfortable with  
8 my decisions and, perhaps, with background and that  
9 explanation, maybe you will understand how, at least in any  
10 event, I am proceeding in the course of these decisions which  
11 we are about to make. Thank you.

12 MR. PENNOYER: Thank you, Mr. Cole. I think it was  
13 very appropriate you made that statement at this time. And  
14 again, following up on what the gentleman said, if there's a  
15 perception that we are -- have made these decisions in some  
16 fashion, that's not true. And I think what Mr. Cole says is  
17 entirely correct; we've got to examine the proposals that have  
18 been put in front of us, see how they fit our trustee  
19 responsibilities. We instead to send them fully out to the  
20 public and get a full public comment before both of these  
21 hearings and in writing before we take any final action.

22 So, really, we have not made these decisions yet, and I  
23 think your remarks are entirely appropriate. Does anybody else  
24 wish to add to that or are there other comments before we start  
25 with the rest of the Agenda.

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Okay. Perhaps, in the time left before lunch, we could  
1 deal with a few things, Dave, like the name change for the  
2 Resource Restoration Coordination Group; that sounds like a  
3 very significant item. Why don't you lead us down through that  
4 one.

5 MR. GIBBONS: Okay. Thank you, Mr. Chairman. Before  
6 we get there, I need to make a couple of announcements to the  
7 public so some of the handouts are understandable. I've got --  
8 I apologize to the public for not having these binders to every  
9 member of the public out there; it was physically impossible to  
10 get them to them. There's six copies back there that you --  
11 that the public can use and look at, and they're right there in  
12 a box. And I -- like I say, again, I apologize for only having  
13 that number of copies, but it's a rather lengthy document and  
14 we finished it this last weekend or even Monday or Tuesday.

15 Not in that package is another staple handout out  
16 there, and it's four multi-agency projects that should go into  
17 that binder and should go into your package, your handouts out  
18 there. And it includes some subtitle, inter-title and some  
19 mussel bed work, and then also, some plan association GIS work.  
20 So that should go into your package of handouts.

21 The binders, just a quick statement, are  
22 recommendations, they're not decisions; they're recommendations  
23 to the Trustee Council by the Restoration Team. And they're  
24 suggestions, and so we're intending this to be an open process  
25 and to discuss these.

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And with that statement I'll ask the Trustee Council to  
1 accept a new name for this group. We were initially called the  
2 Resource Restoration Coordination Group and that was quite a  
3 mouthful and we kept stumbling on it, and the suggestion to the  
4 Trustee Council to rename this as the Restoration Team; it's a  
5 simple name and the team concept.

6 MR. SANDOR: Mr. Chairman, I move acceptance of that  
7 name change.

8 MR. BARTON: Second.

9 MR. PENNOYER: Any objection? Any discussion or  
10 objection?

11 MR. COLE: No.

12 MR. PENNOYER: No?

13 UNIDENTIFIED SPEAKER: No, sir.

14 MR. PENNOYER: Okay. Thank you.

15 UNIDENTIFIED SPEAKER: It's all right.

16 MR. GIBBONS: I'll move onto the next item. I have to  
17 apologize again here, this is to Mr. O'Connor, I misspelled his  
18 name on the Agenda; his name is O-R not E-R. And Craig gets to  
19 talk a little bit about the chief scientist contract.

20 MR. O'CONNOR: Thanks, Dave.

21 MR. PENNOYER: That's all right, it's a small problem.

22 MR. O'CONNOR: The last time the Trustee Council  
23 entertained the concept of extending the contract of the chief  
24 scientist. We had a contract that was entered into during the  
25 litigation phase of the Exxon Valdez case, and there was a

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1 desire to extend that contract to complete the work of the  
2 chief scientists on the damage assessment and restoration  
3 planning phase of the Exxon.

4 The issue that was presented was a mechanism for  
5 extending that contract and the costs associated with it  
6 and .....

7 COURT REPORTER: Excuse me, sir, could you go over to  
8 the microphone so I can pick you up. Thank you?

9 MR. O'CONNOR: Is this better, can you hear me?

10 The issue was the mechanism for extending that  
11 contract, the potential financial obligations that would be  
12 incurred by the Trustee Council in doing that. The principal  
13 issue had to do with potential termination costs because the  
14 structure for the contract at this point is an option contract,  
15 and to exercise the option, that option has to be fully funded  
16 through the Federal Government system. That funding was  
17 \$191,000.00 for an eight month period of time; that included  
18 both the costs of the chief scientist and his staff, and  
19 overhead and support, and his travel associated with performing  
20 work under the terms of the contract on behalf of the Trustee  
21 Council.

22 The Attorney General's Staff and I discussed the terms  
23 of the contract with Bob Spies, the chief scientist and  
24 reflected the concerns of the Trustee Council on (1) having --  
25 being required to fully utilize the provisions of the contract  
in the sense that if we commit to eight months, do we have to

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1 pay for eight months; are we committed to spend the entirety of  
2 the \$191,000.00.

3 The answer to that is no, we are not. We are able to  
4 utilize that contract to the extent that we deem it  
5 appropriate. And if it's not necessary to incur those costs  
6 for the full period of time, it's not necessary to do so. So,  
7 if your decision was that we need to retain the services of the  
8 chief scientist for a three-month period of time or until a  
9 certain event has occurred; i.e., the publication of the  
10 framework plan or some other event; his services then could be  
11 reduced and eliminated at that point.

12 The other issue is would there be significant  
13 termination costs associated with not fulfilling the total  
14 extent of that contract. And the answer to that is that there  
15 would not be. We have talked to Dr. Spies, he is aware of the  
16 fact that his services under that contract may be substantially  
17 truncated given the status of the process and the desires of  
18 the Trustees to move from the damage assessment focus to a  
19 restoration focus, and his services may not be necessary or may  
20 be necessary in a substantially reduced load. And he has  
21 indicated that he understands that, and that his willingness to  
22 accept the exercise of the option is understood to be that it  
23 may be limited, and that we would not be expecting him to  
24 create a situation where there (ph) were substantial  
25 termination cause. He should be phasing down his operation,  
unless he's otherwise advised by the Trustee Council.

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The fact that the contract is an option contract has  
1 created a time problem for us; the option has got to be  
2 exercised by tomorrow. We have, in place, a mechanism that if  
3 the Trustee Council approves the exercise of that option, I am  
4 told we can go ahead and fund that contract with the  
5 understanding that at such time as the Trustee Council presents  
6 to the court a bill or a petition, if you will, for  
7 expenditures of for funds to be released from the Registry's  
8 Report (ph) with the understanding that NOAA would be  
9 reimbursed for that contract expenditure, so we could go ahead  
10 and exercise the option if the Trustee Council deems it  
11 appropriate.

12 That is before you at this point.

13 MR. PENNOYER: Thank you, Craig. Are there questions  
14 of Mr. O'Connor?

15 MR. COLE: Mr. Chairman?

16 MR. PENNOYER: Yes, Mr. Cole.

17 MR. COLE: Is there any period of notice we have to  
18 give to Dr. Spies in order to conclude the contract? I should  
19 think we would be required to just properly give him say 30  
20 days notice, or 60 or some period of time so he could put in  
21 (ph) businesslike fashion and wind up his contract service.

22 MR. O'CONNOR: There is no minimum time requirement  
23 that I am aware of, but I think it would be appropriate, as you  
24 suggested. I think we have put him on notice already that the  
25 duration of this contract may be substantially less than the

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eight months.

1 MR. PENNOYER: Yeah.

2 MR. McVEE: Mr. Chairman. Yes. Mr. O'Connor, I guess  
3 one question, and maybe it's a matter of understanding kind of  
4 the payment process. If we were to, you know, draw down from  
5 the account -- joint account and then deposit or -- with NOAA  
6 the 191,000, would -- if that is not used, would it be  
7 reimbursable to the account? Is there some way we can be  
8 reimbursed or is the proposition that you're talking about that  
9 we would only pay that part that's used, we'd only be  
10 reimbursing NOAA for that -- for the actual costs?

11 MR. O'CONNOR: Well, you would have to give us, at this  
12 point, the full amount; to the extent that it was not utilized,  
13 then we would reimburse it to the Trustee Council and into the  
14 Registry account or wherever else it was directed to go.

15 MR. PENNOYER: Other questions? Yes.

16 MR. COLE: I have, Mr. Chairman. NOAA is, of course,  
17 prepared to put that in writing, I presume?

18 MR. O'CONNOR: You have my word on it, Mr. Attorney  
19 General.

20 MR. COLE: Well, you know, I have sometimes these views  
21 that well, it wasn't authorized, you know, or something like  
22 that. I think we should get it -- you know, a signature of  
23 Dr. Kanouse (ph) or whomever is the appropriate authorized  
24 representative of NOAA that that will be the case. Like I say,  
25 we're acting as trustees.

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MR. PENNOYER: I'm sure we can prepare the appropriate  
1 memorandum. John.

2 MR. SANDOR: Just a question or affirmation. Is it  
3 correct then to understand that this 191,000 is not to be  
4 exceeded but could be substantially less?

5 MR. O'CONNOR: That's correct.

6 MR. SANDOR: And it's for an eight month period?

7 MR. O'CONNOR: That's correct.

8 MR. SANDOR: Up to an eight month period?

9 MR. O'CONNOR: Yes, sir.

10 MR. PENNOYER: Perhaps, it would be appropriate for  
11 Dave to say a few things that they're doing in interacting with  
12 the chief scientist and peer review on the preparation of the  
13 restoration plan.

14 MR. GIBBONS: Yes. The activities have been going on  
15 as we're trying to wrap up the damage assessment studies that  
16 were initiated in 1989, and Bob's an integral part of that,  
17 providing an unbiased scientific review of what's in there.  
18 And that he's -- through a synthesis process and with peer  
19 reviewers those -- that work is looked at in detail and  
20 scrutinized and will be eventually made available to the  
21 public. So, it's an independent scientific review.

22 MR. PENNOYER: We have discussed it in the past. And  
23 yeah, Mr. Barton. And I'd agreed on the need for it and the  
24 question was (1) how to do it and over what period of time. I  
25 think the proposal Mr. O'Connor has put in front of us -- can I

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have a motion of some kind?

1 MR. BARTON: Mr. Chairman, I move that we accept the  
2 proposal as outlined by Mr. O'Connor for Dr. Spies' services.  
3 I think he has provided a very valuable service to us over the  
4 past two and a half years, and I think for the sake of  
5 continuity and an effort to bring the NERTA (ph) studies to  
6 closure that this would be a very worthwhile investment.

7 MR. ROSIER: I'd second the proposal.

8 MR. PENNOYER: Moved and seconded. Is there further  
9 discussion? Is there any objection to the proposal? So  
10 passed. Thank you.

11 Dave, do you want to go onto Permanent Organization  
12 including Personnel & Budgets, perhaps, and then we could maybe  
13 look at that over lunch after your presentation?

14 MR. GIBBONS: Sure. Yeah. I'm the lead on this but  
15 this is really a Team activity; so, I'm sure that the Team --  
16 if I miss something, the Team will make sure and voice their  
17 opinions.

18 Up on the flip-chart we put an organization you can't  
19 read but you have in your package. When after I put it I  
20 realized you can't see it from back here. But it's really --  
21 it's right after the Agenda in your package, it's our suggested  
22 organization to the Trustee Council. I'll briefly go through  
23 that, and then we can go through the personnel and the budgets  
24 associated with that.

25 The Trustee Council was approved at the first meeting

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on December 5th, and the six members were identified as well as  
1 the Restoration Team; the members were not identified at that  
2 time. It was suggested that an administrative director be  
3 established to act as a Chair for this group, and we've  
4 identified that person with some duties supporting the  
5 development of a plan and the Restoration Team.

6 We've identified some subgroups. You'll notice the  
7 footnote on the bottom, it says that these will be formed and  
8 disbanded as needed. These are all not -- some of the groups  
9 were established before the Settlement and some of them have  
10 been established after. The ones before the Settlement were --  
11 you'll see Arch on there, we have an Archeological Steering  
12 Group comprised of members from the Trustee agencies with  
13 expertise in archeology that review archeological injury and  
14 proposals.

15 We have a GIS Group that's been formed that reviews  
16 specific proposals for data and as well as maps. GIS sometimes  
17 people think of as maps, it's the data overlay also; so there's  
18 some data bases involved with that.

19 We've had a Restorat- -- before the Settlement, we had  
20 Restoration Planning Work Group. We propose to have a  
21 Restoration Planning Group that will provide the restoration  
22 framework next month and provide a restoration plan, or  
23 whatever the decision of the Trustee Council in regards to the  
24 activities of that subgroup.

25 We have a Public Participation Group headed up by Ernie

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Piper. If I can back up just a second. The Restoration  
1 Planning Group is co-chaired by Stan Senner from the Alaska  
2 Department of Fish & Game and Susan McMullen (ph) from the  
3 Environmental Protection Agency.

4 The Public Participation Group is chaired by Ernie  
5 Piper from the Alaska Department of Environmental Conservation.

6 And we'll get a presentation from Ernie a little bit later on  
7 what that group is doing, but they're in the middle of public  
8 scoping sessions right now. I understand they were, what,  
9 Valdez and Tatitlek yesterday?

10 MS. RUTHERFORD: Um-hum.

11 MR. GIBBONS: So we're in the middle of that. We have  
12a 1992 Work Plan subgroup that prepared a lot of the material  
13that's in the book here; that's co-chaired by Jerome Montague,  
14Alaska Department of Fish & Game, and Byron Morris from NOAA,  
15Alaska Marine Fishery Service.

16 I mentioned the Archeological subgroup and the GIS  
17subgroup; that the Archeological subgroup is chaired by the  
18State Historic Preservation Office, and the GIS, we're in the  
19process of reviewing that now.

20 The Budget Process Group is chaired by myself, and it  
21involves laying out the processes for administrative records,  
22budgets, structures, those types of things. In the interim, I  
23will give an extreme amount of credit to Cordell Roy. In the  
24crunch period we've been, Cordell has filled in as the chair of  
25that group and done a great job.

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We have a Habitat Protection Lands Group that we were  
1 directed last meeting to form. We have some proposals to the  
2 Trustee Council on that group. And the formation of that group  
3 or the make-up of that group is presently undecided.

4 We have a Financial box to the side, our proposal here  
5 is to have several members from the agencies; perhaps, one from  
6 the Federal Government and one from the State Government; to  
7 provide oversight and coordination to manage these budgets. I  
8 expect, you know, these budgets will be extremely scrutinized  
9 to where the money's going and how it's spent and we need  
10 financial accountability, and so we formed a group there.

11 Does the Trustee Council have any comments on this  
12 before I get into the structure -- the specific structure and  
13 costs?

14 MR. PENNOYER: Any questions on the general  
15 organization? You are going to cover the specifics in some of  
16 these blocks in a little more detail?

17 MR. GIBBONS: Yes, we will.

18 MR. McVEE: I'll get back to it at that time.

19 MR. PENNOYER: Go ahead.

20 MR. GIBBONS: If you'll flip to the next page, these  
21 are the detailed budgets; it's titled "Exxon Valdez Post-  
22 Settlement" dated 1/31/92. And what we've tried to do here is  
23 lay out total costs for the operation, and that's what these  
24 reflect.

25 Walking through the first item, the Trustee Council on

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the organization, we may be incorrect on some of these  
1 salaries, we didn't ask the Trustee Council how much they were  
2 paid; we took some guesses. And we've identified them in here  
3 as salaries, per diem and travel for the meetings and the work  
4 that they do.

5 MR. COLE: Mr. Chairman. How do you propose .....

6 MR. PENNOYER: Mr. Cole.

7 MR. COLE: How do you propose we proceed or are we  
8 going to look at these budget items by group, or as they've  
9 been spelled out in this document or should we go through the  
10 entire administrative proposed organizational budget and then  
11 come back to them individually?

12 MR. PENNOYER: Mr. Cole, I thought in the time we had  
13 before lunch, we'd let them run through the whole package and  
14 have a chance to think about it over lunch, and then come back  
15 and go through them one at a time, if that's okay with the rest  
16 of the Council members.

17 MR. COLE: Well, my thought is that I mean it's really  
18 sort of pretty self-explanatory. I mean I've read this, I  
19 presume everyone else has read it. And we could save some time  
20 if we just -- you know, if no one has any questions about  
21 what's presented here, that's my only thought. And what do  
22 other members think -- Trustees think?

23 MR. PENNOYER: Mr. Rosier.

24 MR. ROSIER: Mr. Chairman. Yes. I think Charlie has  
25 hit on a good point here on this. I think that the way it's

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broken down, I think we ought to just charge right in and move  
1 right through each one of these individually, get them out of  
2 the way.

3 MR. PENNOYER: Do any of the other Trustee Council  
4 members care to comment? That's fine. Let's do it that way  
5 then. We have the first one in front of us then that was  
6 presented to us on the Trustee Council. Are there comments or  
7 questions? Mr. Rosier.

8 MR. ROSIER: Yes, Mr. Chairman. I guess I have some  
9 questions in regard to the need for salaries for the Trustee  
10 Council themselves on this. And why should the Settlement  
11 monies actually go for salaries at the Trustee Council level  
12 when, basically, we're all salaried people operating -- that  
13 were identified as part of the Settlement. But I really find  
14 it difficult to see us hitting the funds available for this  
15 program for salary money for this level, quite frankly.

16 MR. PENNOYER: Mr. Cole.

17 MR. COLE: I'd like to direct a question on this to  
18 Mr. Gibbons. Was this proposal -- or did it contemplate a  
19 reimbursement to the various agencies of this type of salary or  
20 does it contemplate a direct payment to the Trustees of the  
21 salaries that are projected here?

22 MR. GIBBONS: What it would actually be would be an  
23 actual -- we would hope it'd be an actual cost to the salaries  
24 incurred.

25 MR. COLE: Reimbursement to the .....

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MR. GIBBONS: Reimbursement.

1 UNIDENTIFIED SPEAKER: Well to the agency.

2 MR. GIBBONS: To the agencies.

3 MR. COLE: Well, I would like to say was that your  
4 understanding?

5 MR. BARTON: Yes, that was my understanding.

6 MR. COLE: Well, I would like to say the Department of  
7 Law will not take any salary reimbursement, and will not take  
8 any per diem for my per diem expenses and will not take any  
9 reimbursement for salaries. I don't want to go so far as to  
10 say I would object to what other Trustee members might do or  
11 want to do on the subject. But that's certainly the position  
12 of the Department of Law which will be followed.

13 MR. PENNOYER: Does that cover travel, too?

14 MR. COLE: Yes. It covers everything.

15 MR. PENNOYER: Does anybody else wish to comment?

16 Mr. Barton.

17 MR. BARTON: I, too, reflect Mr. Cole's philosophy on  
18 this, and the Department of Agriculture will forego any of  
19 this. I would go so far as to move that we strike this item  
20 from the budget.

21 MR. SANDOR: I would second that.

22 MR. PENNOYER: Mr. McVee.

23 MR. McVEE: Yes. I ask that my comment that I know  
24 that for the remaining of this fiscal year that Interior  
25 doesn't have any great problem in that there are appropriated

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1 funds, you know, to cover. I guess I can't predict what's  
2 going to happen from the Interior standpoint for the next  
3 fiscal year; hopefully, that, you know, we could take the same  
4 position as the other Council members in that respect. But it  
5 is a bit of an unknown quantity for my office at this point in  
6 time.

7 MR. PENNOYER: I think the thought behind it originally  
8 was that some work you might have been doing or some other  
9 things an agency might get done are not going to get done  
10 because of the amendment (ph) for either travel or per diem or  
11 salaries. I think that's the original reason it was included.  
12 If you strike it from the budget is the -- I think the  
13 implication is, Mr. McVee, that you're not going to -- we're  
14 going to all agree that we're not going to claim any travel or  
15 per diem or salaries. And I think in terms of tra- -- I guess  
16 the only concern I have and, Mr. Cole, is I agree with you on  
17 principle, is that if we are traveling and spending a lot of  
18 money doing something related to this that means I'm not going  
19 to Dutch Harbor, or I'm not going to a Council meeting or I'm  
20 not doing something else, there are other expenditures that are  
21 going to be taken away from them, you still have to do.

22 So, it again was a reimbursement type of thing more  
23 than -- I didn't expect the salaries to be paid either.  
24 Mr. Sandor.

25 MR. SANDOR: Yes. I seconded it and speak in favor of  
the motion, Mr. Chairman, because the Commissioners' duties, as

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defined, encompasses a broad range of activities that enter  
1 into, you know, virtually a full spectrum of Government, State  
2 Government and interrelations with Federal Government.

3 Similarly, to travel to individual places also for  
4 multiple purposes, I believe it would be inappropriate for me  
5 to accept either reimbursement or an allowance for travel or  
6 per diem; and thus, speak in favor of the motion.

7 MR. PENNOYER: Any further comment? Yes, Mr. McVee.

8 MR. McVEE: Maybe one further comment. I guess part of  
9 Interior's problem or part of my problem may be more associated  
10 with the period of time that we're considering here; this is a  
11 March 1 to February 28th budget basically, which doesn't fit  
12 within either the State or the Federal Government's fiscal year  
13 process.

14 And I agree, you know, it gives us a basis to look at  
15 costs of 12 months period, and then that we can prorate, you  
16 know, how that's going to effect on us on a fiscal year basis.  
17 But I think part of my problem is that, you know, I don't know  
18 where Interior will be in terms of appropriations for the '93  
19 fiscal year.

20 I feel like I will support the motion on the basis that  
21 we will have appropriated funds. And if we don't, then the  
22 seat may be vacant I guess, but we'll see.

23 MR. COLE: Well, I'd like to comment.

24 MR. PENNOYER: Mr. Cole.

25 MR. COLE: Here's my view. I mean it's the State

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which, you know, is responsible for most of this travel  
1 expense; I mean this is largely here in Anchorage where the  
2 Department of the Interior is, Number 1, the State Trustees  
3 have to travel from Juneau. So, we are the ones that are  
4 having a large -- bearing the brunt of the travel expense,  
5 Number 1. And Number 2 is if you look at the State budget for  
6 the, you know, coming year, it's going to be far less and far  
7 more difficult for the State to share or shoulder these burdens  
8 than it is for the Department of Interior.

9 And I'm just making a little suggestion that you keep  
10 that in mind.

11 MR. McVEE: I will.

12 MR. COLE: Thanks.

13 MR. PENNOYER: I think NOAA's going to support this as  
14 well. I think, in general, we're making -- this is a good  
15 policy decision but it's a very small part of the overhead; so  
16 we're still going to get into a lot of overhead discussions.  
17 Again, like Mr. McVee, we'll have to see what budgets bring;  
18 but this is relatively, obviously, a small expenditure for each  
19 one of us in terms of total (ph); in principle, it's a good way  
20 to go.

21 So, is there any further discussion? Is there any  
22 objection? Okay. This special item is struck.

23 Do you want to go ahead? Dave, you're on a roll, you  
24 might do yourself out of the whole package here if you keep it  
25 up.

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MR. GIBBONS: Okay. Moving to a Public Advisory Group,  
1 this is still -- we're -- like I mentioned earlier, the Public  
2 Participation Group is out soliciting public input on the  
3 makeup of this group and their activities. And we're in the  
4 middle of that process, but we wanted to reflect some thoughts,  
5 perhaps, on the makeup or cost of this group for your  
6 information.

7 We thought it was necessary to have public advisory  
8 group coordinator liaison person to help with the information  
9 transfer, to attend the meetings; we know the public is busy as  
10 well as we are; to provide the information to the Public  
11 Advisory Group. We've got some excellent input, perhaps, we  
12 need more than one public advisory group; perhaps, they should  
13 be regionalized. That decision hasn't been reached yet. And  
14 then we've included some costs there for postage, and phones  
15 and some estimates that we see there.

16 We identified some community meeting costs. We expect  
17 that they would like to meet other than in Anchorage, they'll  
18 probably meet in Kodiak or Cordova or wherever, and we should  
19 identify those costs as costs that will be incurred into the  
20 process.

21 MR. PENNOYER: Questions of Mr. Gibbons? Mr. Sandor.

22 MR. SANDOR: I guess, Mr. Chairman, I'd raise a  
23 question of process, and specifically, what action we might be  
24 taking and whether it's a tentative action, interim action.  
25 Certainly, this is one I think we'd want the comments of the

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public on the adequacy of the public participation process and,  
1 in fact, the size and makeup of the whole Public Advisory Group  
2 and the public participation plan itself.

3 It's my personal opinion that what we probably should  
4 do on this particular item is give an endorsement or take an  
5 action that would endorse the process of forming a public  
6 advisory group, of funding it at some level, that the nature of  
7 it is to be defined and the final funding levels to be  
8 developed in the public participation process itself. Is that  
9 what's intended, Mr. Gibbons?

10 MR. GIBBONS: Yes. We were trying to identify some  
11 costs that are really unknown at this time, and it was kind of  
12 tough to deal with it. But we were trying to provide with an  
13 entire cost estimate for the process. And we know these are --  
14 you know, we need the public input on the number of members,  
15 and how many meetings they want to have and the structure; if  
16 they want to have a coordinator or a liaison, all of these are  
17 up to the public. But we were trying to identify a placeholder  
18 number, perhaps, to identify some kind of a cost associated  
19 with this group or groups.

20 MR. PENNOYER: Well, I assume that the 2,227 is your  
21 best estimate of given what we know now, and it's not merely a  
22 placeholder.

23 MR. GIBBONS: Well, it's what we have, you know .....

24 MS. RUTHERFORD: I think, Mr. Chairman, I might add  
25 something to that. This was our best estimate a week ago,

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before we were getting some of the input from the communities.

1 The more meetings we attend, the more indication that there is  
2 that there may be a very strong desire for maybe regional  
3 public advisory groups, at least three.

4 So this is a very low estimate, it's a placeholder but  
5 I think it's somewhat low.

6 MR. PENNOYER: Thank you. Dave, what -- in terms of  
7 the whole package, how do you view our action on this package  
8 in terms of making money available immediately; are we going to  
9 use this to go out and try and get some funds on the short-  
10 term? Is a part of what we're going to send out for more  
11 public review and make a later decision? What parts -- are you  
12 identifying the parts that you need answers on right away in  
13 terms of expenditures?

14 MR. GIBBONS: Yeah. What we'd like to do -- and this  
15 is an unknown. We need some money to operate, and we'll  
16 identify those as we move through them. This is not a critical  
17 number, perhaps, until that gets formed. But the Agreement  
18 says we'll have a group, I think, identified in 90 days. So we  
19 were trying to get some kind of a number there that we could  
20 get this group rolling. And so we could -- whatever the format  
21 of this group, we have some money for them to get rolling and  
22 then come back with an exact budget of cost.

23 MR. PENNOYER: Mike.

24 MR. BARTON: Mr. Chairman, I move that we accept this  
25 as presented, recognizing that it's in the very formative

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stages, and that the Restoration Team will need to bring it  
1 back to the Council after this round of public hearings and  
2 they've had an opportunity to develop the concept further and  
3 then get us a better budget estimate. But I recognize the need  
4 that they have to have some money to do this with, and that's  
5 what I see that we're doing by accepting this right now.

6 MR. PENNOYER: Is there a second to that motion?

7 MR. COLE: I'll second it.

8 MR. PENNOYER: Further discussion on this item.

9 MR. COLE: Well, I have a comment.

10 MR. PENNOYER: I'm going to ask everybody to speak into  
11 the mikes if they can, two people are having trouble hearing in  
12 the back.

13 MR. COLE: I support the motion, but I think it would  
14 not be inappropriate to say that the budget of -- to say that  
15 the Restoration Group and the Administrative Director should  
16 bear in mind that the budget for this public advisory group  
17 will be fixed by the Trustee Council and will not be itself  
18 determined by the Public Advisory Group.

19 I just sort of got a gleaming or a glimmer of the  
20 thought that those decisions would be or might be up to the  
21 Public Advisory Group in that regard. And I don't think that's  
22 the sense of this Council. Am I in error in that?

23 MR. PENNOYER: Mr. Rosier.

24 MR. ROSIER: In my view, you're definitely not in error  
25 on that. I guess I have a question, though, in regards to the

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coordinator position and how this would, in fact, fit with the  
1 organizational structure that you have presented us with  
2 earlier on here. Do you see the Public Advisory Group as an  
3 entirely separate entity within this? What was the thought  
4 process that the group went through on this? Do you see this  
5 as part of a staffing pattern under the Administrative Director  
6 or what was the process that you went through on this, Dave?

7 MR. PENNOYER: Dave.

8 MR. GIBBONS: Okay. The process here is the group  
9 reports -- well the group provides input to both the Trustee  
10 Council and the Restoration Team. And the liaison would be an  
11 ad hoc member to the Restoration Team, attend the meetings, get  
12 the updated information and provide information from the Public  
13 Advisory Group into this process and just provide -- that's our  
14 thinking on it. If -- Cordell.

15 MR. ROY: Dave, I might add, Mr. Rosier, that we feel  
16 the Public Advisory Group is likely to come in with a great  
17 need to be brought up to speed in terms of information and  
18 issues. And we would see this person as providing those  
19 information services to them, to be essentially a short staff  
20 to the Public Advisory Group.

21 MR. PENNOYER: Mr. Cole. Thank you.

22 MR. COLE: Well, why can't that be done by the  
23 Administrative Director and his staff? I mean why do we need  
24 another \$75,000.00 person to talk to this Public Advisory  
25 Group? We have a fairly significant staff on board now and it

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can save, you know, another hundred thousand by just  
1 eliminating that position. I think we have enough people  
2 around to do that.

3 And you know, it really troubles me a little bit, and I  
4 don't know if I speak with the sense of the Trustees, that I  
5 mean we're going to have this group here with its old  
6 structure, and then this group, the Trustee Council with its  
7 old structure, and then the sort of staff of the structure and  
8 pretty soon you get talking about real money.

9 MR. ROY: Mr. Cole, it's hard for me to argue with that  
10 observation. We don't know what the Public Advisory Group is  
11 doing to do; we don't have a charter for the group. We don't  
12 have a sense of the outcome from the public input and how the  
13 Council will react to that and what decisions you will come to  
14 on your analysis of that information and our presentation to  
15 you.

16 We think that the organization we have proposed to you  
17 in this budget establishes or moves to establish an  
18 organization that's going to be quite busy. Now, in this  
19 particular position, the need for it is somewhat dependent on  
20 what kind of a public advisory group you're going to have, are  
21 you going to ultimately approve.

22 MR. PENNOYER: This is, of course, one of the problems  
23 with going through it one section at a time. When we get to  
24 the Executive Director's staff, maybe we could get some detail  
25 on what each person's going to do on that and the duties that

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they are going to have and why they can't fulfill this  
1 particular function.

2 MR. PIPER: Mr. Pennoyer, just if we could put off part  
3 of this discussion until the public participation item on the  
4 Agenda, I think it (A) might let us move along; and (B) I think  
5 I can present some of the arguments that the public has made  
6 for this staff member at that time, if that's the wish of the  
7 Trustee Council.

8 MR. PENNOYER: Mr. McVee, did you have a comment?

9 MR. McVEE: Yes, Mr. Chairman. I guess, you know, we  
10 have a motion, I guess I was going to -- want to state that I  
11 was supportive of the motion with the qualifications I think  
12 that Mr. Barton made. As a part of the motion that we would  
13 have an opportunity to revisit this when we hear the specifics,  
14 and that when we determine what the duties and responsibilities  
15 -- or the duties of the advisors are going to be that's going  
16 to dictate, I think, the number of meetings they will have and,  
17 to a large extent, how they will function and the ultimate  
18 costs.

19 So, you know, I think that we need -- we will have to  
20 revisit this budget item, even if we do approve the motion as  
21 is.

22 MR. PENNOYER: Would it be appropriate to table this  
23 motion until after Mr. Piper's presentation to us?

24 MR. SANDOR: Yes.

25 MR. PENNOYER: Go on from there. Is there a problem

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with doing that? Why don't we proceed in that fashion then.

1 We have -- it's now five after 12:00, the next item is rather  
2 long, do we want to take the lunch break and come back; we can  
3 do that or would you -- I think next we get into the whole  
4 package of Administrative Director's support, or do you prefer  
5 to go on through the Administrative Director and then break at  
6 12:30?

7 MR. COLE: I'd suggest breaking.

8 MR. PENNOYER: Okay.

9 UNIDENTIFIED SPEAKER: Let's break.

10 MR. PENNOYER: I'll think we'll break. Can we be back  
11 at 1:30?

12 UNIDENTIFIED SPEAKER: I hope so.

13 MR. PENNOYER: We'll break until 1:30.

14 (Off record)

15 (On record)

16 MR. PENNOYER: ..... get started, please, we've got a  
17 full Agenda for the afternoon. It turned out there's a fast  
18 place to get lunch here and we probably could have come back a  
19 little earlier, and we'll keep that in mind for tomorrow. But  
20 I think -- does any Trustee Council member have something they  
21 want to bring up at this time before we go on with the Agenda?  
22 I think we're down to the office of Administrative Director's  
23 budget.

24 Okay. Perhaps, we can go into that then. Dave, do you  
25 want to start walking down through that budget.

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MR. GIBBONS: Okay. Thank you, Steve.

1 MR. PENNOYER: Why don't you take us all the way  
2 through, then we'll come back and talk about the pieces.

3 MR. GIBBONS: Okay. Displayed here you'll see is the  
4 proposed organization for the Administrative Director. I'll  
5 just briefly describe what the duties of each one of these  
6 positions are and work our way down through it.

7 The Administrative Director is responsible for  
8 budgetary matters, contract administration and liaison with the  
9 Trustee Council. It's also responsible for the supervision of  
10 an administrative staff and maintenance of administration  
11 record. This person coordinates and schedules workloads for  
12 the Trustee Council and the Restoration Team, is responsible  
13 for interactions with the public, public officials and the  
14 Public Advisory Group, and also participates on the Restoration  
15 Team as a non-voting chair and except in cases of a tie.

16 The budget analyst position tracks expenditures by the  
17 Oil Spill Restoration Team and insures compliance with  
18 established fiscal record keeping procedures, prepares monthly  
19 financial reports, tracks contracts, maintenance agreements,  
20 lease agreements, payroll requirements and other financial  
21 matters and performs interest fund, petty cash and cashier; a  
22 general budget person for the staff.

23 The administrative -- okay. Within the clerical  
24 there's three positions; first is administrative assistant.  
25 Primary responsibility is for the maintenance of administrative

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record, providing the housing and the record keeping for that,  
 1 schedules and supports all facility meetings, delegates,  
 2 supervises and monitors special request for word processing,  
 3 copying by the meeting participants and the Restoration Team,  
 4 arranges all facility teleconferencing and other -- the famous  
 5 line, other duties as assigned.

6           The clerical support, there's one person in the  
 7 clerical support who assists in the maintenance of  
 8 administrative record, organizes and maintains the docket for  
 9 Federal Register notices, perform specific Restoration word  
 10 processing and by supporting both the Restoration Team, the  
 11 Restoration Planning Group and Administrative Director, and  
 12 handles photocopying, fax transmissions, those types of duties.

13           And the last person built into this category is  
 14 receptionist, answers and directs all phone calls, takes  
 15 messages. I won't go into that one, everybody's pretty  
 16 familiar with the receptionist.

17           We have the per diem and travel built in for the  
 18 Administrative Director. These are guesses but it depends on  
 19 who the permanent director -- Administrative Director is, it's  
 20 kind of a tough one. We suggest that the Administrative  
 21 Director be housed in Anchorage so that travel costs should be  
 22 reduced some.

23           The next item on there is the Trustee Council public  
 24 meeting costs; this includes teleconferencing to the various  
 25 communities, transcripts, public notices, rooms. And we have a

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proposal that we'll get into a little bit later on where we  
1 suggest that these would be housed, suggesting the house in the  
2 present half of the first floor building that we're in now, and  
3 this will provide multi-services to the Public Advisory Group,  
4 to the Trustee Council, to the Restoration Team and various  
5 components.

6 Other staff travel, this figure is a ballpark figure  
7 for relocation costs, we don't know where this -- the permanent  
8 Administrative Director will be coming from; Anchorage, it's  
9 zero, Juneau it's cheaper, Seattle it's more. This is a  
10 placeholder number.

11 And the next is a large item, we went through the costs  
12 of printing in the past, and we identified what future products  
13 we're going to print this year; it includes the 1992 Work Plan,  
14 the draft Restoration Framework, a draft for Restoration Plan,  
15 and 1993 Work Plan and response to public comments from the Oil  
16 Year 3 or 1991; they'll be known as a pink block (ph). And  
17 those are the five publications, generally, we've been 2,500 of  
18 these and mailing them out; we have a mailing list of about  
19 1,500 or more.

20 And the last item on this, the Administrative  
21 Director's budget, is a space cost; the reflects the present  
22 space cost for the Simpson Building that we're in now at  
23 645 "G" Street, it also includes utilities, phones, security  
24 equipment, rental maintenance agreements and supplies. A  
25 detail of this number is located in the back after the summary

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of these budgets, and it's called Simpson Building Facilities  
1 Cost Detail, it's dated 19- -- 1/19 -- 31. And it separates  
2 all these detailed costs out and it does some comparisons; the  
3 Simpson Building to the Federal Building to the Response -- DEC  
4 Response Center to the Frontier Building. We've got some  
5 examples of costs and that's all displayed there for  
6 information; the square footage. Basically, that -- the  
7 subtotal is the 776,000.

8 MR. PENNOYER: Thank you, Dave. Trustee Council  
9 members, questions on individual items? Dave, I'll start one  
10 off then. We're did you \$200.00 per day per diem, for the  
11 Administrative Directors?

12 MR. GIBBONS: Well that's a number that we threw around  
13 a lot. It varies if the summer per diem is about 200 for --  
14 you know, for Anchorage. It depends on where that person is,  
15 it's all contingent on that. Winter per diem, it's less than  
16 that, it's roughly around 150.

17 MR. STEELE: It also includes cab fare, vehicle rental.

18 MR. COLE: Sure, the whole thing.

19 UNIDENTIFIED SPEAKER: Thank you.

20 MR. PENNOYER: Further questions on the various  
21 positions and expenditures outlined in here? Curt.

22 MR. McVEE: Yeah. I guess maybe more of a comment.  
23 But that if -- you know, if we have to move the operations from  
24 the Simpson Building, you know, because it doesn't meet  
25 standards -- the handicap standards or whatever, then, Dave,

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we're probably looking at even additional costs here on the  
1 fourth -- to the fourth floor (ph) space, plus moving costs I  
2 guess?

3 MR. GIBBONS: That's correct. We would probably -- we  
4 would do it -- handle it a little differently, we'd still need  
5 a meeting room and stuff but it would be increased costs for  
6 the square footage.

7 MR. PENNOYER: Commissioner.

8 MR. SANDOR: I guess I would raise the question that  
9 looks to not only this year but next year. I see in the  
10 workload activity of this office of the Administrative Director  
11 as being fairly large this year because of the activities. But  
12 it seems to me there's an opportunity to -- well, I think we  
13 need to make a commitment of phasing out and integrating into  
14 the regular agency programs as many of the activities as  
15 possible; and possibly, this is realistic more next year than  
16 this year. But -- and this, of course, is for this one year.

17 But I guess the day when you and the other members of  
18 the Team looked at this -- is this the concept that this is an  
19 extraordinarily expenditure this year and it will be  
20 substantially reduced next year, or is -- do you see this as  
21 being, perhaps, a perpetual level of planned expenses of this  
22 office in the future?

23 MR. GIBBONS: Well the Restoration Team didn't really  
24 discuss that. We were looking at a year -- for the one year,  
25 and we were trying to identify the products that we've got for

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1 this upcoming year. And we didn't look at some, perhaps,  
2 future costs. Maybe some of the other Restoration Team members  
3 might want to add to that.

4 MR. MONTAGUE: I was just going to say whether it's  
5 agency or not, are the costs going to be any different and we  
6 think not.

7 MR. SANDOR: Well, I can guess, Mr. Chairman, that  
8 would concern me. Because as we look at many of the projects,  
9 they have multi-facets related to them; some of them are  
10 totally as a result of the Exxon Valdez damage, some are mixed  
11 with other activities, and some of the studies and activities  
12 actually have multi-benefits to regular programs as well. And  
13 it seems to me that there's some merit in looking at as many of  
14 these activities as possible is integrated into DEC programs  
15 that are ongoing and as well as other agencies.

16 That certainly applies in the Department of  
17 Environmental Conservation, I don't know that it applies to  
18 other places. And I guess this is the place that I would point  
19 out that, for example, in the assistant to the Secretary of the  
20 Interior position and formally the Land Use Council (ph) would  
21 play a coordinating role between agencies. I think there are  
22 coordinating mechanisms already, and I think we ought to take  
23 advantage of them.

24 I'm not too discomforted if this -- with this level of  
25 financing for this one year; in fact, it reflects what, you  
26 know, have to be done this year. I'm concerned, though, that

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1 this is -- if we're setting up, you know, a permanent  
2 organization of this level and have no plans of integrating  
3 into the regular programs.

4 The DEC and I think most of the agencies have a number  
5 of multi-functional programs and this is another activity. And  
6 you have a separate -- we're setting this up as a separate  
7 organization with separate -- different groups. And I think we  
8 may be overlooking opportunities for utilizing existing Federal  
9 and State organizations and, perhaps, duplicating them. So  
10 that's what prompts these comments.

11 MR. PENNOYER: Well, won't it be a little bit difficult  
12 to look at this from the long-term standpoint when we haven't  
13 yet decided what the program's going to look like? We have  
14 certain proposals in front of us we're going to consider for  
15 1992, but I don't yet know what we're going to approve in the  
16 long-term. And I guess the idea of utilizing existing  
17 expertise or agency structure I think is good, but we still  
18 have some type of centralized responsibilities in Anchorage to  
19 this -- to the restoration process to the (ph) Exxon Valdez.

20 So I don't know that you'll ever go to the point where  
21 you don't have to have a function where the Trustee Council can  
22 call on somebody to look at this program in aggregate rather  
23 than in separate pieces. But I don't know -- Dave, as you  
24 said, I don't know you have any feelings for how this would  
25 evolve in the long-term since we haven't given a long-term  
direction in the program.

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MR. SANDOR: Well, I guess, Mr. Chairman, without  
1 belaboring this point, I think we do have to look beyond this  
2 one year. And we haven't yet, of course, gone through the  
3 programs. But I -- the position of this Trustee will be to try  
4 to utilize as much as possible the existing organizational  
5 structure of our department and not to set up a separate  
6 organization. I know we need a separate organization and  
7 probably will always be (ph).

8 But this -- the total budget of 30. million dollars is  
9 about twice of what I expected it to be, and I'm looking for  
10 opportunities to reduce that. Thank you.

11 MR. PENNOYER: Other comment or question on the budget  
12 that has been outlined to us?

13 MR. COLE: I have a comment.

14 MR. PENNOYER: Mr. Cole.

15 MR. COLE: What was by which the Administrative  
16 Director's salary was set 95,000 annually? Specifically, did  
17 we compare other salaries of government officials such as  
18 Commissioner of Environmental Conservation?

19 MS. RUTHERFORD: Mr. Chair. I think it's important to  
20 point out that all these figures include benefit packages. And  
21 yes, we did try to analyze the responsibilities comparable to  
22 this job and try to compare the Federal and the State systems.  
23 But this -- these figures do include the benefit packages.

24 MR. COLE: Then that develops the question what  
25 benefits are accompanying the salary?

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MS. RUTHERFORD: We were looking at it to either the  
1 Federal or the State would do the hiring, and that agency's  
2 benefit package would be applied, and that's to be decided by  
3 the Trustees as to what process is used and who eventually is  
4 hired.

5 MR. MONTAGUE: On the Federal side that's equivalent to  
6 a GS-15 grade level, I don't know with the State.

7 MR. GIBBONS: I think a Range 26 was used.

8 MR. ROSIER: Just a second (ph) -- Director .....

9 MS. RUTHERFORD: A Range 26 is a director of a division  
10 in the State.

11 MR. COLE: Is that -- all right. And, you know, with  
12 respect to \$200 per day per diem, for the benefit of the Daily  
13 News, if they're here, I take a hundred dollars a day per diem.  
14 And, you know, it avoids problems. But you know, when I see  
15 \$200.00 a day per diem, you know, things like that, it sort of  
16 makes me nervous about some of the other cost estimates in  
17 here. I don't know if anybody else has the same reservation.  
18 But I mean I think we should look at things like that.

19 MR. MONTAGUE: So should we make it a hundred then, is  
20 that a recommendation?

21 UNIDENTIFIED SPEAKER: No.

22 MR. COLE: I'm not -- excuse me. I'm not suggesting  
23 anything, but you know, I just say is that a little rich.

24 MS. RUTHERFORD: We don't disagree that -- with the  
25 fact that that may cause you concern because it does have --

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like Tim had pointed out, it does have car rentals in it and it<sup>47</sup>  
1 does have other things reflected, taxi fares. But I think it  
2 is important another (ph). We've been very concerned with  
3 these budget figures, and we have beat each other up over them.  
4 And I know they are extremely high, but given the workload  
5 that we've begun to identify, they are reflective of a fairly  
6 conservative approach to the budget. And I think that that  
7 truly is what we tried to do.

8 MR. COLE: Did you compare my workload with .....

9 MS. RUTHERFORD: Well we were just comparing what we  
10 have identified as the workloads in the ag- -- in this process.

11 MR. MONTAGUE: But I think it is important to note  
12 that .....

13 MR. PENNOYER: Could you please address the chair  
14 before you -- so we can take it in order. Go ahead.

15 MR. MONTAGUE: Thank you. That in terms of the  
16 workload since development of this year's Work Plan has  
17 started, many, many people, I would say, have been keeping  
18 Commissioners hours on this.

19 MR. COLE: Mr. Chairman. I just would like to say that  
20 I think it should be related to the Federal per diem rate,  
21 which I don't know what it is and the State per diem rate; and  
22 whatever those are, I mean it's perfectly acceptable to me.

23 MR. PENNOYER: I got the impression from Dave that's  
24 what you used, basically, is that correct?

25 MR. GIBBONS: Yeah. It varies with the time of year.

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1 So we could actually -- I could go in and actually take an  
2 average of the summer rate versus the winter rate and the  
3 number of months and come down with it. It would be a number  
4 less than 200 but not much. But I could come up with -- we  
5 could come up with actual numbers.

6 MR. PENNOYER: Further questions. Does anyone have any  
7 comment on the Simpson Building, Fourth Floor? Curt.

8 MR. McVEE: I guess just observation in looking at the  
9 total package, all of the budgets; you know, the Fourth Floor  
10 is 5,708 square feet and there are other components in the  
11 budget -- other staff in the budget which will occupy that  
12 space. So we aren't talking about, as I understand it, just  
13 that space being available for this staff; there are other  
14 people who will use that.

15 MR. SANDOR: Mr. Chairman.

16 MR. PENNOYER: Yes, Mr. Sandor.

17 MR. SANDOR: With regard to the Simpson Building, I  
18 guess our present lease there runs to or through October?

19 MR. GIBBONS: To.

20 MR. SANDOR: To October. And I guess this is a good  
21 example, rather than commit ourselves, you know -- of course if  
22 we're not there, we're going to have to go somewhere else. But  
23 I think at every opportunity we ought to look at an  
24 alternative, and so we certainly do want to -- I would strongly  
25 support, you know, an organization that does it. But when  
26 there are opportunities as to the conclusion of that lease, and

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as you get up to that point you look at option of co-locating  
1 with, you know, existing Federal or State offices. That's just  
2 -- that's a point I wanted to make on space.

3 And it should be noted that that's I guess our best  
4 priced space of all, we're paying, what, a \$1.10 or something  
5 like that and the Frontier Building is 3.00 or something. So  
6 we want to take advantage of that and we'd like to keep the  
7 expenditures as low as possible. That's all I have,  
8 Mr. Chairman.

9 MR. PENNOYER: Mr. Barton.

10 MR. BARTON: Yeah. I know I'm getting chronologically  
11 gifted, but I thought we had decided at the last meeting that  
12 we were going to stay in the Fourth Floor of the Simpson  
13 Building until October.

14 MR. SANDOR: Well yes.

15 MR. BARTON: Did we not do that? Okay.

16 MR. PENNOYER: I don't remember October here, but I  
17 believe we did make that decision.

18 MR. BARTON: And that we're going to piggyback on the  
19 Department of Justice's current contract to do that.

20 MR. PENNOYER: Okay.

21 MR. BARTON: Now, in terms of clerical and  
22 administrative support, is it possible to use the existing  
23 contract to provide that also until October?

24 MR. PENNOYER: Dave.

25 MR. GIBBONS: Yeah. It was the idea of the Restoration

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1 Team to get the approval of the Trustee Council to negotiate  
2 with the Department of Justice and CACI to provide that service  
3 up until October 1st.

4 MR. BARTON: In other words, we would keep the Fourth  
5 Floor package as it is?

6 MR. GIBBONS: Yes. And then that would give us enough  
7 time to develop other options, locations, the question of  
8 Federal versus State or contracting employees, all of those  
9 factors.

10 MR. BARTON: Did we also decide that at the last  
11 meeting?

12 MR. GIBBONS: I'm not sure that was the decision.

13 MR. BARTON: Then I move that we do that.

14 MR. SANDOR: Second.

15 MR. PENNOYER: Moved and seconded, we use the existing  
16 contract and negotiate with CACI for the best deal we can get I  
17 think was your .....

18 MR. BARTON: That's what I meant to say if I didn't.

19 MR. PENNOYER: Okay. Is there further discussion of  
20 that option? Does anybody have an objection to doing that.  
21 Curt.

22 MR. McVEE: What's the cost, I guess. What's the cost  
23 of the CACI operation versus development (ph)?

24 MR. PENNOYER: Dave. What costs are included in Mike's  
25 motion, basically, I guess is what Curt's asking.

26 MR. GIBBONS: If I can ask Tim Steele, he might have

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that detail.

1 MR. STEELE: The 195,000 space and utilities it figures  
2 in on a CACI cost. The labor for the CACI personnel are shown  
3 in parentheses, but if we used CACI people for those three  
4 clerical and one budget analyst position, those costs are shown  
5 there in parentheses. The CACI lease on the building runs  
6 currently to December with a two-year option on it, but that's  
7 all stuff we can negotiate with CACI and Justice.

8 So, the costs shown here, the 195 for space is the CACI  
9 cost.

10 MR. PENNOYER: Does that answer your question,  
11 Mr. McVee? Cordell.

12 MR. ROY: Mr. Pennoyer, I'm -- I think for the sake of  
13 the Council, perhaps Mr. Steele knows this. Are you aware that  
14 there is an overhead charge through that contracting procedure  
15 through the Justice contract.

16 MR. STEELE: Justice contract overhead charge?

17 MR. ROY: Or to their subcontractor?

18 MR. STEELE: In my discussions with Justice, they are  
19 not charging us an overhead charge currently, through this  
20 fiscal year anyway for their administration of the contract.  
21 These are details that hopefully when we sit down with CACI and  
22 Justice to iron out the details we can straighten all those  
23 things out.

24 MR. ROY: Okay.

25 MR. PENNOYER: Further discussion on Mr. Barton's

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1 motion? Is there any objection to this motion? Okay. Can we  
2 proceed with the office of Administrative Director, then  
3 further comments on the budget as presented?

4 MR. COLE: I had one other, Mr. Chairman.

5 MR. PENNOYER: Mr. Cole.

6 MR. COLE: Did we get you might say in the nature of a  
7 quote on the relocation costs of the Administrative Director of  
8 \$30,000.00 or was that just an estimate?

9 MR. PENNOYER: Mr. Gibbons.

10 MR. COLE: Is this -- let me put it this way. As I  
11 understand that or do I understand it correctly that that will  
12 be just the estimated -- the cost as required? It sounds,  
13 frankly, a little high, 'cause I remember when I moved to  
14 Juneau; of course, I didn't have much stuff to move; but it was  
15 considerably less than that. And I think there is a State  
16 maximum, the amount which you will receive, isn't there,  
17 Ms. Rutherford?

18 MS. RUTHERFORD: Yes, it's 10,000 pounds maximum and  
19 whatever the rate -- the cost associated with that is.

20 MR. GIBBONS: Plus travel.

21 MS. RUTHERFORD: Plus travel.

22 MR. MONTAGUE: Plus temporary quarters.

23 MS. RUTHERFORD: For two weeks, that's correct.

24 MR. ROY: I believe the .....

25 MR. COLE: The place .....

MR. ROY: Excuse me.

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MR. COLE: Go ahead.

1 MR. ROY: I believe the Federal travel regulations for  
2 change of station are somewhat more liberal than that. I  
3 remember my moving costs of five years ago up here with my  
4 family was -- approached the \$40,000.00 mark; the total cost of  
5 the move, household goods, shipment of the family, relocation,  
6 selling the house.

7 MR. COLE: Of course that leaves the question of where  
8 you moved from.

9 MR. ROY: Miami, Florida, sir. If we hire someone in  
10 Anchorage, the costs are minimal.

11 MR. PENNOYER: Dave, did you want to comment?

12 MR. GIBBONS: No. It basically -- we tried -- we heard  
13 all this conversation before, if the person's from Anchorage,  
14 it'll be zero; if the person's from -- you know, we tried to  
15 put a placeholder, a number in there that what we felt  
16 comfortable with and that's what we did.

17 MR. PENNOYER: Mr. Barton.

18 MR. BARTON: Well I think the point is we'll tell you  
19 what those costs are and return any monies that are not  
20 expended. We have over \$30,000.00 so it's not as if we're  
21 spending 30,000 when we're actually going to pay what's billed.

22 MR. PENNOYER: Further comment on this -- the question?  
23 Commissioner Sandor.

24 MR. SANDOR: Mr. Chair, I move adoption of this --  
25 approval of this in a tentative approval; that is to make these

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downward adjustments we're talking about but to give the Group  
1 the approval of the formation and funding of this office.

2 MR. BARTON: Second.

3 MR. PENNOYER: It's been moved and seconded to  
4 tentatively approve this budget and let the Group go ahead and  
5 start forming this office. Is there further discussion?  
6 Commissioner Rosier.

7 MR. ROSIER: Yes. The Trustee from Agriculture, they  
8 are raising a question in my mind in regards to the budget  
9 figures as related to the fiscal year and the expenditure of  
10 funds at the end of the fiscal year. It seems to me that we  
11 get into some policy areas here in which we spend all of the  
12 dollars at the end of the year as frequently happens in  
13 organizations, or do we, in fact, expect that these dollars, in  
14 fact, come back to the Trust -- to the fund?

15 MR. PENNOYER: Mr. Barton.

16 MR. BARTON: I've been laboring under the impression  
17 that these are no year monies, and any monies that we budget in  
18 this fiscal year that are not expended just remain in the fund.  
19 I'd invite any legal advise on that issue, but I think that's  
20 the way we ought to operate.

21 MR. ROSIER: I would agree with that method of  
22 operating, Mr. Chairman, is that actually the case?

23 MR. O'CONNOR: Yeah. You're in a position where if  
24 you've got money left over, that money has to be utilized for  
25 the restoration process, whether you continue to plow it into

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administrative costs or you put it back into the pot until you  
1 reappropriate it for a project or what have you; it's not  
2 something that's going to disappear if it isn't spent. It sits  
3 in this fund.

4 MR. PENNOYER: Mr. McVee.

5 MR. McVEE: Mr. Chairman. It's my understanding that -  
6 - you know, that it wouldn't be a withdrawal, withdrawal  
7 wouldn't be made of the entire amount, that we'd be speaking in  
8 terms of a quarterly type withdrawal. And it seems like at  
9 that point, that certainly we could make adjustments. And that  
10 we will have continuous monitoring of the expenditures so that  
11 there should be an ongoing process to make adjustments in the  
12 budget as we see the actual expenditures.

13 MR. O'CONNOR: I think you're going to have this  
14 explained to you later. But periodically, you're going to be  
15 asked to sign a document certifying to the court to draw down  
16 on that fund for legitimate purposes which are recognized by  
17 the court in establishing that fund. So, each quarterly, six  
18 months, whatever, each of you are going to have to certify that  
19 this is how you believe the money needs to be spent consistent  
20 with your trust responsibilities.

21 MR. PENNOYER: All right. Is there any objection to  
22 the proposal? The motion to adopt the budget as presented a  
23 tentative fashion with the caveats dealing with reductions (ph)  
24 that we're (indiscernible). Okay.

25 Dave, do you want to go ahead?

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MR. GIBBONS: Okay. The next item is scientific  
1 support. We previously discussed the senior scientist and Mr.  
2 -- Dr. Bob Spies; I won't discuss that one again.

3 The next one, we want to make sure that it's understood  
4 that this is a placeholder number, it's an estimate. Bob put  
5 together a draft letter that has not been distributed to the  
6 public since it is in a draft form and it does have specific  
7 names on it. But this is -- the Restoration Team feels that  
8 this number will come down, and so we have a hard time with  
9 putting a reduced number now but we'll make those negotiations  
10 with Dr. Spies and then come to you with a new number.

11 MR. PENNOYER: Dave, but the understanding is you're  
12 not spending anything on peer reviewers until we've reviewed  
13 and approved it, is that correct?

14 MR. GIBBONS: Yes, that's the intent.

15 MR. PENNOYER: This is not permission to spend  
16 \$500,000.00 in a period (ph). What action do you wish to take  
17 here then if we're not actually going to approve an amount?

18 MR. GIBBONS: Well we .....

19 MR. PENNOYER: Just the understanding that .....

20 MR. GIBBONS: Understanding that there is some costs  
21 there. We could have Dr. Spies explain where those came from  
22 at the present time if you wish or we can just come back to you  
23 at a later date and .....

24 MR. PENNOYER: Mr. McVee.

25 MR. McVEE: Yes, Mr. Chairman. My question was, you

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know, how does this compare to past year's efforts where you  
1 have used the peer review process to review the study  
2 proposals?

3 MR. GIBBONS: Okay. Last year's costs were 2.2  
4 million.

5 MR. ROY: Well, Mr. Chairman, that's somewhat apples  
6 and oranges. We were paying, it seems to me -- I want to make  
7 eye contact with Bob Spies on this and make sure what I'm  
8 saying is right. We're paying maybe somewhat higher rates  
9 because we were working on short time frames and litigation  
10 related time tables. And now -- and we're working in a more  
11 routine sense with restoration planning or restoration wrap-up,  
12 those costs could reduce?

13 DR. SPIES: That's true, those would have to be  
14 renegotiated with the reviewers or other reviewers put into  
15 place and those who arranging on a subtotal (ph) --  
16 (indiscernible - away from microphone). What I tried to do is  
17 reduce the total number of reviewers, and the amount of work  
18 and the amount of meetings. It's still a little bit on the  
19 liberal side. Without having knowing what the program might be  
20 at this stage, it's pretty hard to formulate a specific figure.

21 MR. SANDOR: Mr. Chairman.

22 MR. PENNOYER: Mr. Sandor.

23 MR. SANDOR: I move adoption of not to exceed 191K  
24 thing on the senior science and that segment and defer action  
25 on this peer review budget until the work plan is completed.

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MR. BARTON: Second.

1 MR. PENNOYER: It's been moved and seconded, is there  
2 discussion? Dave, does that fulfill your needs then for the  
3 time being?

4 MR. GIBBONS: Yes. I discussed with Bob this morning.  
5 It's hard to project our needs on peer review since we don't  
6 have a '92 plan in the end. So we'll -- it's logical.

7 MR. PENNOYER: Is there further discussion on the  
8 motion. Mr. Cole.

9 MR. COLE: I'm not sure I understand what we're doing  
10 here, maybe somebody could explain it just a little more. Is  
11 there any peer review process underway now? Can someone help  
12 me on that?

13 MR. SPIES: Yeah. There is peer review going on right  
14 at the present moment, both of the damage assessment course  
15 (ph) that were completed November of '91. And it is  
16 anticipated that the restoration proposals will -- once they've  
17 come in and their long form (ph) will be peer review as well.  
18 And there are a few meetings going on, particularly in regard  
19 to trying to condense the coastal habitat program and its  
20 subtitled programs into a more cohesive and focused program.

21 The proposals that have been received in those  
22 particular areas are more than the Management Team wishes to  
23 have funded. So we try to encourage you to get together and  
24 look hard and objectively at what was being proposed and to get  
25 a more condensed, focused, official (ph) program.

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MR. PENNOYER: Mr. Cole.

1 MR. MORRIS: Mr. Chairman.

2 DR. SPIES: Those are the main activities.

3 MR. PENNOYER: Byron.

4 MR. MORRIS: Correct me if I'm wrong but the peer  
5 review that's going on now is under the 0 year (ph) 3 funding  
6 and anything that was done from March 1 on would require  
7 Trustee Council notification and approval. So these things  
8 that I think Bob Spies was talking about could grind to a halt  
9 on March 1 without any further approval.

10 MR. COLE: Well, that's -- Mr. Chairman.

11 MR. PENNOYER: Go ahead.

12 MR. COLE: That's the sort of thing I'm concerned  
13 about. Do we have to act on any of these now or can we just --  
14 maybe we can ask Dr. Spies, do we have to act, give them some  
15 authority to continue to engage in the peer review process now  
16 or can we properly defer it to later? We wouldn't want to  
17 bring the entire process, I don't think, to a halt by lack of  
18 some authority. Because I personally believe that -- and I  
19 hope the other members of the Council agree with me, that this  
20 is an essential ingredient of the entire question is for (ph)  
21 peer review. So that's the only question I have on that.

22 MR. PENNOYER: Dave, I guess the question is you've got  
23 \$500,000.00, I assume this is sort of a placeholder for year  
24 round cost. Do you have anything in the near term that you  
25 need to have approved at this time to keep you going until

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whenever we meet again?

1 DR. SPIES: I think there is a little bit of confusion  
2 on the part of the Department of Justice and the Department  
3 of .....

4 COURT REPORTER: Excuse me, sir, the microphones are  
5 not picking you up.

6 DR. SPIES: Okay.

7 COURT REPORTER: You're going to have to come forward.

8 DR. SPIES: I don't think it's clear to the Department  
9 of Justice and the Department of Law when their obligations for  
10 peer review really ends and where it will be picked up by this  
11 process. And I don't really have insight, and perha- -- I  
12 don't know if Sharon Saari is here or (indiscernible) -- could  
13 you make a few comments on that, Sharon, whether the Department  
14 of Justice through the current contract is, you know, going to  
15 continue for some time in the peer reviews? It's not clear to  
16 me how long it's going to last.

17 MS. SAARI: Do I have join in the (ph) microphone.

18 MR. PENNOYER: Ms. Saari.

19 MS. SAARI: I guess in answer to your previous  
20 question, we have an ongoing federal -- I can only speak to the  
21 Federal peer reviewers. When we've spent about 600,000 so far  
22 this year -- for a year on that, for a ballpark, in comparison  
23 to the 500K that's in there, we have slightly more than a  
24 hundred -- about 140,000 left which we can keep spending on  
25 those peer reviewers which will give you a little time to work

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on it. But it won't be at the rate that Bob would like to keep  
1 having meetings. So there is some left to support the Federal  
2 peer reviewers. And one of the State's people will have to  
3 speak to the State peer review budget. But there is some money  
4 left to support them for maybe through a little bit into March,  
5 it depends on how many meetings there are. But it's not a  
6 drop-dead date, March 1st; I mean everyone's gotten confused  
7 (ph) .....

8 MR. PENNOYER: No. But it still seems to me that  
9 Mr. Cole's point is well-taken. We're not -- we can't sit and  
10 not determine there's going to be peer review, there is. We're  
11 going to run out of funds, we shouldn't have a drop-dead date  
12 in the process. So what do we need to put in here for a  
13 reasonable placeholder to allow expenditures to continue strong  
14 (ph)?

15 MR. COLE: Does -- is the Department of Justice looking  
16 for reimbursement of the money which you say it still has left?

17 MS. SAARI: No. The agencies have already  
18 given -- .....

19 MR. COLE: All right.

20 MS. SAARI: ..... given us that money, it's already in  
21 the bank for this purpose.

22 MR. COLE: Okay. And the Department of Law,  
23 Mr. Alex .....

24 MR. SWIDERSKI: Are we looking for that money? I would  
25 turn to you in that question. No, we're not. But we are --

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.....

1 MR. PENNOYER: Mr. ....

2 MR. SWIDERSKI: we have advised -- do you want me to  
3 approach the microphone?

4 COURT REPORTER: Yes, please.

5 MR. PENNOYER: Yes, please.

6 COURT REPORTER: I have to do a verbatim transcript of  
7 this so I need to hear you.

8 MR. SWIDERSKI: I'm Alex Swiderski from the Department  
9 of Law. We had advised the Restoration Team that they could  
10 expect that Law would decline to fund peer reviewers after  
11 approximately the 1st of March. I think that could probably be  
12 revisited as far as budgetary considerations. We have not --  
13 we are in a position to fund them budgetary-wise into the --  
14 certainly through the conclusion of this fiscal year, which  
15 would be June 30th.

16 Our concerns (1) that we have difficulty -- we can't  
17 justify funding them once we're out of the litigation process.  
18 We view that we are still in that process, but obviously,  
19 we're drawing that to -- that's drawing to conclusion.

20 MR. PENNOYER: Commissioner Sandor.

21 MR. SANDOR: Well I think this problem can be, perhaps,  
22 rectified or dealt with with an amendment that the second could  
23 agree with is that, in fact, we approve this 191K as already  
24 stated and authorize the Director of the Response Team to  
25 continue with expenditures on peer reviews that are not covered

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by Federal or State funds. But the -- period. But that point  
1 of that is that I don't think we can make a rational decision  
2 on a level of funding for peer reviews until we've really  
3 looked at the Work Plan and -- but we want to authorize  
4 whatever peer reviews are necessary until that time.

5 So if you'd agree with that second, then we could  
6 authorize that.

7 MR. BARTON: I agree.

8 MR. PENNOYER: Does that cover us in terms of  
9 requesting up front funding to put in the K (ph) so to speak?

10 MR. GIBBONS: We will want clar- -- we would revisit  
11 that after the '92 program was reviewed and come up with a  
12 number, is that -- placeholder number or .....

13 MR. BARTON: You're authorized to spend what you need  
14 to up until the '92 program is available for us to review, at  
15 which time, we will then determine what more needs to be spent.  
16 Is that what we're saying.

17 MR. GIBBONS: That's what I think was said, yeah.

18 MR. PENNOYER: Is the motion clearly understood? Is  
19 there any discussion? Any further questions?

20 MR. MONTAGUE: Mr. Chair. I'd like to answer  
21 Mr. Cole's question. I think you'd asked would these expenses  
22 that currently the Department of Law and Justice have for peer  
23 review would be reimbursed. And I understand that it would go  
24 into the total cost for reimbursement.

25 MR. PENNOYER: But it doesn't need to be reimbursed

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ahead of time, so it's not an immediate expenditure question  
1 we're facing in terms of getting the operation moving.

2 MR. MONTAGUE: That's correct.

3 MR. PENNOYER: Mr. Barton.

4 MR. BARTON: I think we're talking about two different  
5 things here. Justice -- the money that Justice now has is  
6 money that Justice has that was garnished from the Federal  
7 agencies prior and that's in the bank. So, that does not need  
8 to be reimbursed.

9 MR. PENNOYER: I believe some of the previous  
10 expenditures are going to be eligible for reimbursement at some  
11 point, but maybe not this one.

12 MR. BARTON: Yeah. And again, maybe we're talking  
13 about two different things. The agencies, in turn, will seek  
14 reimbursement from the Joint Fund to replace those monies which  
15 we borrowed from other funds in order to get this job done.  
16 There will be that reimbursement sought. Justice will not seek  
17 reimbursement .....

18 UNIDENTIFIED SPEAKER: From us.

19 MR. BARTON: ..... from us. They better not.

20 MR. PENNOYER: Is this motion understood? Is there  
21 further discussion? Any objection to the -- Mr. Gibbons.

22 MR. GIBBONS: No objection to that, but I have one  
23 comment after.

24 MR. PENNOYER: Before we take the vote?

25 MR. GIBBONS: Yeah. I guess we'd like to request

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1 authorization to investigate how to handle this contracting in  
2 the future, after Justice and Law come out of the picture.

3 MR. PENNOYER: I think that's understood.

4 MR. BARTON: (Indiscernible) .....

5 MR. PENNOYER: Any further discussion? Does anybody  
6 object to the motion? All right. We're through with  
7 Scientific Support. Do you want to go onto Public Outreach  
8 then?

9 MR. GIBBONS: The first line, Public Resource  
10 Coordinators, I'd like to discuss that in regards to an Agenda  
11 item that's coming up next, would be a Public Resource Center.  
12 It's built in here because it's part of the Administrative  
13 Director's budget, but there were also built into the Public  
14 Resource Center.

15 The next item on that list would be Information  
16 Specialists. We projected, in the near-term, a position and a  
17 half here; this is to help us conduct public scoping sessions,  
18 public meetings, responses to inquiries by the public, both  
19 letters and tracking those. So we expect there to be a big  
20 workload there.

21 The next item is an item that covers the First Floor of  
22 the Simpson Building, it's split in two. Again, I refer you to  
23 that detail in the back. Half of the first floor has only what  
24 they call OSPIC, Oil Spill Public Information Center, and in  
25 the other half is for its displays that types of activities.  
What we're proposing under our system would be to maintain the

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first half of the first floor for a public resource center, and  
1 then the second half -- with some offices for the staff and the  
2 second half would be a centralized meeting facility for Trustee  
3 Council meetings, for Public Advisory Group meetings, for  
4 Restoration Team meetings and then some overflow of the people.

5 But that's built into that part there.

6 The travel for the public meetings, that covers the  
7 travel of the Restoration Team and the Restoration Subgroup  
8 Team members and all that to the meetings that are going on  
9 right now; to Cordova, Kodiak, Tatitlek, Chenega. And we try  
10 to limit the number of people that are going there, generally  
11 it's three or four people; one representative from the  
12 Restoration Team, perhaps a representative from the Restoration  
13 Subgroup. Ernie might fill you in some more on that -- on the  
14 detail of that. But Ernie's made most of the meetings, I  
15 think; and then we have a person to -- note taker or that type  
16 of thing. So we want to eliminate that.

17 But that's what that travel for public meetings, 10  
18 communities, we're expecting to do it three times; this is the  
19 first round, the second round starts when the Restoration  
20 Framework is complete, to go around to the communities again to  
21 ask them on input, to collect information on injuries,  
22 summaries. This is an estimate.

23 MR. PENNOYER: Dave, you skipped over that first item,  
24 Public Resource Coordinators rather quickly, you said it was  
25 somewhere else, but I'm not clear what you meant by that.

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MR. GIBBONS: Yeah. I'm going to discuss those two  
1 positions on the next item on the Agenda, it's called Public  
2 Resource Center, the third item under the Organization; and  
3 that's where those two positions are identified. And we can --  
4 I can brief you on that now, we can move into that, but I was  
5 hoping to discuss those two positions in regards to the Public  
6 Resource Center. That's what they -- those positions support.

7 MR. PENNOYER: Okay. Is the Public Resource Center  
8 also included? Here in the budget is an item for office space  
9 to them so .....

10 MR. GIBBONS: That's correct.

11 MR. PENNOYER: So most of the budget that you've listed  
12 here is actually in something you're going to discuss later?

13 MR. GIBBONS: Right. It's difficult, we tried to pare  
14 down the organization in that we have the Information  
15 Specialists and the Public Resource Coordinators supporting  
16 each other, so we don't have duplication of people down there.  
17 We can get away with a smaller staff, that was our intent.

18 MR. PENNOYER: I guess my point is, Dave, I don't know  
19 how we're going to discuss this budget unless you go into that  
20 detail since basically three-quarters of it is in something  
21 you're going to discuss in the next item of the Agenda unless  
22 we take up the Information Specialists and travel separately.  
23 The Public Resource Center item plus the Public Resource  
24 Coordinators is 300,000 out of the 474,000 in the budget.

25 MR. GIBBONS: We can move into that item and then come

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back and discuss at a later time the Restoration Team members  
1 and the rest of the administrative budget.

2 MR. BARTON: I suggest just the opposite, let's delay  
3 discussing the Public Outreach and continue on through the  
4 budget and then come back.

5 MR. PENNOYER: Okay. He does have two items that are  
6 Information Specialist and travel for public meetings. I'm not  
7 sure .....

8 MR. GIBBONS: Yeah. I can easily discuss the  
9 Information Specialist in that regard, too.

10 MR. PENNOYER: Okay. Well, then maybe Mr. Barton's  
11 suggestion is appropriate; let's go through the rest of this,  
12 come back and let you give us the Public Resource Center  
13 discussion before we talk about this budget (ph). Is that okay  
14 with everybody, can we go on? Okay.

15 Next is the Restoration Team.

16 MR. GIBBONS: Yeah. That's -- the six members are  
17 identified here, the members that are sitting up on the table  
18 here are identified with actual salaries, and travel and per  
19 diem.

20 MR. COLE: That's 623,000, Mr. Chairman?

21 MR. PENNOYER: Mr. Gibbons. That's correct (ph).

22 (Pause)

23 MR. PENNOYER: Any questions on the Restoration -- the  
24 newly named RT?

25 MR. BARTON: Not if they include (indiscernible) .....

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1 MR. PENNOYER: Any further comment? Except for the  
2 fact that I don't know how six people can possibly do it  
3 but .....

4 MR. BARTON: I guess that's part of the bargain.

5 MR. PENNOYER: Part of the bargain. And other people,  
6 too, as needed (ph). Do I hear a motion?

7 MR. BARTON: I move we accept this Restoration Team  
8 budget.

9 MR. McVEE: Second.

10 MR. PENNOYER: Any further discussion? Any objection?  
11 Approved. Can we go onto the Restoration funded (ph)  
12 subgroup?

13 MR. GIBBONS: Yeah. Mr. Chairman and Trustee Council,  
14 this is identified here separately, this is a subgroup budget,  
15 'cause we feel that this group is going to be working full-time  
16 for a year to get a Restoration Framework and a Restoration  
17 Plan out. There's a big job there, this is an estimate, but we  
18 feel that under the time frames we're working on that these  
19 people will be working full-time. So that's why we've  
20 identified this subgroup as a budget for a year.

21 It includes six full-time members, again, representing  
22 the Trustee agencies. It represents (ph) perhaps some  
23 contracting or whatever for technical support, natural resource  
24 specialists, computer graphics, writer/editors, those types of  
25 skills.

26 Contractual services for the development of Restoration

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Plan. What we have in mind here would be a natural recovery  
1 monitoring scheme that the Restoration Group would like to move  
2 forward with. They've done some progress on that to date, and  
3 then the travel and per diem for that group.

4 This fits under the category like I mentioned earlier,  
5 the subgroups are formed as needed and disbanded as needed, but  
6 we see this group working full-time for at least this year.

7 UNIDENTIFIED SPEAKER: This year?

8 MR. McVEE: Mr. Chairman.

9 MR. PENNOYER: Question. Curt.

10 MR. McVEE: The six full-time, as I understand it,  
11 would be those people that were kind of basically assigned to  
12 this from the Trustee agencies at the present time. And then  
13 are the 4.25 -- 4-1/4 FTs, would that be new hires, basically,  
14 or temporary hires or (indiscernible - interrupted) .....

15 MR. GIBBONS: That would be using skills from within  
16 the agencies as well as contracting like a writer/editor, it  
17 might be the easiest to contract a writer/editor for several  
18 months rather than -- it's just -- yeah, that's what we had in  
19 mind.

20 MR. McVEE: I guess the other point, and I just bring  
21 it up to be sure that, you know, the signals haven't changed or  
22 that there is agreement among the Trustee Council members that  
23 previously we had -- Interior had asked about -- you know,  
24 having represented on the Restoration Planning Group both Park  
25 Service and Fish & Wildlife Service because of two major land

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71  
management agencies that have a number of projects and as well  
1 as considerable jurisdiction with the oil spill area. And as I  
2 understand it when we talked about this before that was  
3 acceptable to the Council members.

4 MR. PENNOYER: So that would mean you might've upped to  
5 seven?

6 MR. McVEE: I guess that possibly could be but .....

7 MR. COLE: Mr. Chairman.

8 MR. PENNOYER: Mr. Cole.

9 MR. COLE: I'd like to make my position clear. Under  
10 no circumstances will I vote for an appropriation of this  
11 magnitude for this purpose. It's a million dollars and I think  
12 it's excessive.

13 MR. PENNOYER: Mr. Cole, would you care to elaborate  
14 before we take a vote on this. We are going to have to do a  
15 Restoration Plan, and we have -- you know, the workload the  
16 Restoration Planning Work Group has had to date has been very  
17 large. And I don't know, again, it's an ad hoc thing that  
18 we're not saying it's going to go on forever but at least until  
19 we get a formal Restoration Plan done, which they will have to  
20 have the people to do it.

21 MR. COLE: We should be able to develop with all these  
22 resources that sit at this table on our staff, plus 623,000 for  
23 the Restoration Team itself, plus 700,000 for scientific  
24 support, et cetera, for less than a million bucks. Now, you  
25 know, it's just the way I see it, and I'm not going to change

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on that. It's too much to put together a Restoration Plan, a  
1 million dollars. We have nearly four million dollars here for  
2 an organizational budget this year, that's a whopping amount of  
3 money for an organization support and to put together the  
4 Restoration Plan.

5 Now, you know, some -- I just obviously feel strongly  
6 about it. But maybe I can be convinced by reason that we don't  
7 need a million dollars for that, but it's going to take some  
8 hard sell I tell you.

9 UNIDENTIFIED SPEAKER: I'd hope the convincing would be  
10 by reason (ph).

11 MR. PENNOYER: Commissioner Sandor.

12 MR. SANDOR: A couple of questions that relate to this  
13 activity. When will the Restoration Framework be developed as  
14 far as when will the draft Plan be produced?

15 MR. GIBBONS: Yes. The estimate right now for the  
16 Restoration Framework is in mid-March. And an estimate for the  
17 Restoration Plan is September. These are both drafts.

18 MR. SANDOR: Okay. If the -- Mr. Chairman. If the  
19 Restoration Plan is to be produced at least in draft form by  
20 September, I guess perhaps Mr. Gibbons could elaborate on the  
21 necessity of having this financed for the whole year. It  
22 appears to be financed for the whole year. What happens after  
23 September? This year runs from February -- March 1 to the end  
24 of February of '93, September, even at the end of that, you  
25 know, leaves five months and, you know, raises questions about

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the funding of that magnitude for that; if the Plan is, in fact, produced by that time.

And so maybe you could elaborate on that.

MR. GIBBONS: Sure. I can start it, then I think some of the Restoration Team members or some of the Subgroup members might help me out here.

But these are estimates for when the drafts will be out; in March, I've identified some public scoping sessions with the Restoration Framework, those will take place. And we assume that those same things will happen with the draft Restoration Plan. And so, it takes time to get the communities to come back and prepare a final plan and then put together -- perhaps the other duties would be the next annual edition to that plan. The first it would -- you know, it'd be 1993's projects or whatever activities tiered under that 19-- under the draft Restoration Plan.

MR. PENNOYER: I think I have an additional question as long as we're getting all of this out on the table. The next line says total organizational budget. We've formed a Lands Subgroup -- on the diagram you've got an Archeology Subgroup, you've got a GIS Subgroup, we've got a Budget Team we haven't talked about yet. Are all of this covered or does that appear somewhere else?

MR. GIBBONS: That's covered on the next page. We have a line item there called Agency Support. And this is an estimate of the cost to pull the various agency people out to

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perform these tasks. There's a lot of things in that project.

1 We can -- we have a breakdown of that budget on the following  
2 pages, if the Trustee Council would like to look at those.

3 MR. COLE: Mr. Chairman.

4 MR. PENNOYER: Mr. Cole.

5 MR. COLE: Yeah. Solely (ph) following up on your  
6 comment. We have an agency support program that totals an  
7 additional 3.267 million, am I reading this correctly?

8 MR. PENNOYER: I guess you are.

9 MR. COLE: And that's in addition to the 3.834 million  
10 on the total on the preceding page, am I correct in that? So  
11 that's roughly seven million dollars that we're dealing here  
12 with this organization for this year. Am I correct in my  
13 reading of these (indiscernible) expense?

14 MR. PENNOYER: Well I think the last page contains the  
15 budget summary that has those outlined with the 3.8 for  
16 organizational budget which we have cut some out of already and  
17 then 3.267 for agency program support.

18 MR. COLE: And then another 23 million for the Work  
19 Program.

20 MR. PENNOYER: The actual implementation  
21 (indiscernible).

22 MR. COLE: Thank you.

23 MR. MONTAGUE: Mr. Chairman.

24 MR. PENNOYER: Mr. Montague.

25 MR. MONTAGUE: I'd like to address anything more about

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the Restoration Planning Subgroup, and more specifically,  
1 Commissioner Sandor's question. And getting a Plan done by  
2 September I think would actually require even more than what  
3 we've asked in here for. In reality, we'll be lucky to have it  
4 done in September. But once the Plan is done and is fully  
5 accepted, the disbanding of the Restoration Planning Group  
6 probably is possible.

7 MR. GIBBONS: I think it's planned (ph).

8 MR. PENNOYER: I would assume that we were going to  
9 some type of a different phase and we do some monitoring that's  
10 going to go on in our progress, but the actual planning process  
11 would be over with.

12 Stan Senner, do you want to say something about that?  
13 Stan's been chairing -- co-chairing or chairing the Restoration  
14 Planning Work Group, the old whip wagon (ph), he probably has  
15 an insight into (indiscernible - interrupted) .....

16 MR. SENNER: Stan Senner, S-E-N-N-E-R. Just to respond  
17 to Mr. Sandor's question, we have the Restoration Framework in  
18 March and a draft of a Restoration Plan in September. We  
19 envision another round of public meetings and participation  
20 then followed by preparation of a final Restoration Plan.  
21 That's what ha- -- you asked what happened in that period  
22 between September and the end of the oil year. So it'd be  
23 preparation of that final document, which in some senses,  
24 endures for the next decade and is updated by the Annual Work  
25 Plan. But conceptually, that is the document that sort of is

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the guide from thereon.

1           So between September and the end of that oil year is  
2 preparation of that document and the public participation.

3           MR. PENNOYER: Stan, even more pertinent, would you  
4 care to try and respond to Mr. Cole's question about why we  
5 need this much effort and this many people based on the work  
6 you've done over the past year or two; can you give us a better  
7 feel as to why that level of staffing is appropriate?

8           MR. SENNER: Well we're working now and far in excess  
9 of the regular work week to produce the documents that we're  
10 producing and the planning that we're doing. We're trying  
11 identify the resources that will enable us to sustain our  
12 efforts and produce what is needed, that would be one point.

13           There are three major Restoration planning documents  
14 here, a framework and two versions of a plan. There are also  
15 the 199- -- what would be a 1993 work plan which will appear in  
16 draft and final form, which the Restoration Planning Subgroup  
17 would have a significant role in. All of those are documents.  
18 The Restoration Planning Subgroup has played a major role in  
19 developing the science studies for the year, both damage  
20 assessment and restoration. And we invest considerable energy  
21 in the liaison within our own agencies working with our own  
22 experts on what they envision is needed in the way of a  
23 restoration program.

24           So all of these components are in there, and I don't  
25 know what else I can say to persuade or justify except that we

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work hard and we think this is a minimal amount of resources to  
1 do a credible job in the time frame that you're asking for. If  
2 we spread the time frame out longer, we can use fewer people,  
3 you know, in that period of time. But we're looking for  
4 something that's credible and that will speak well for this  
5 whole process.

6 MR. PENNOYER: Mr. Barton.

7 MR. BARTON: Looking down the road, would you expect  
8 that this Restoration Plan will be the subject of some  
9 controversy?

10 MR. SENNER: Well I don't know about controversy. I  
11 suspect on any undertaking of this magnitude it's hard to do  
12 something that doesn't have its controversial aspects. But  
13 more than controversy, I do see it as something very  
14 significant because it will set a framework, parameters that  
15 will guide efforts for the next decade and should embody the  
16 conceptual and policy desires of the Trustee and the public,  
17 and that's a big deal.

18 MR. McVEE: Mr. Chairman.

19 MR. PENNOYER: Mr. McVee.

20 MR. McVEE: Stan, is this kind of the major focus for  
21 the public involvement, public participation part of the  
22 program, the Restoration Program; is this serving that as a  
23 major focus?

24 MR. SENNER: Yes. The Restoration Framework which is -  
25 - we're working on even as this meeting is in progress, is

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really the substantive way to kick off public participation.

1 We've been having meetings here over the last few days that  
2 focus on the process of public participation. But the  
3 Framework gets to the substance of it.

4 And then from there, the public participation I think  
5 will have two focal points; one is this Restoration Plan which  
6 is a conceptual document for the decade; secondly, though, is  
7 whatever is done in the way of annual work plans -- which is  
8 really where the rubber meets the road in the sense of here is  
9 where the Trustees and the public will make decisions on  
10 specific actions which will occur in each year, and we're going  
11 to need to update that annually.

12 So those are the two thrusts for public participation.

13 MR. PENNOYER: I guess the other question that Mr. Cole  
14 raised is the interaction of these various parts. We have the  
15 Administrative Director and his staff and office, and we have  
16 Scientific Support, Public Outreach, the Restoration Team  
17 itself and the Restoration Planning Subgroup. And Dave or  
18 Stan, you know, is there overlap here? Are these things all  
19 addressing separate parts of the same need?

20 MR. GIBBONS: Go ahead, Stan.

21 MR. SENNER: Well one consideration there is that if  
22 you start looking at who we would anticipate to work on the  
23 different subgroups, you would start seeing the same names  
24 appearing repeatedly; so one individual wears multiple hats  
25 when it comes to these different entities.

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And I view the Restoration Subgroup as kind of a poor  
1 (ph) planning team which is there for the benefit of the  
2 Restoration Team and the Trustees on -- you know, on a full-  
3 time basis. So I see us as being fully integrated with the  
4 rest of the structure that you've got in front of you.

5 But Dave, maybe you want to comment further?

6 MR. GIBBONS: Yeah. In addition to that on these other  
7 subgroups, the Restoration Team members generally chair those,  
8 except for the Restoration Subgroup, chair those and are  
9 involved with that full-time. So, here we've got a bunch of  
10 groups working not full-time but a bunch of groups working  
11 hard. And those other groups are primarily made of agency  
12 people.

13 MR. PENNOYER: John -- I'm sorry, Commissioner Sandor.

14 MR. SANDOR: I think this is precisely an area where we  
15 really need to examine this closely. If the Restoration Plan  
16 draft is prepared say by the end of September and we have  
17 October, November, December, January, February, the roles, as  
18 you point out in the Public Advisory Group process, the  
19 Restoration Team itself, would have, it would seem, you know,  
20 interaction and be helping shape the final plan.

21 And if, indeed, this Restoration Planning Subgroup is  
22 made up of members of agencies who are on an ad hoc assignment  
23 to this group while this is out for public review by the Public  
24 Advisory Group and the others that are interacting with it, it  
25 would seem that you really wouldn't need full-time equivalents

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running the full year. And hence, you know, at least from the  
1 process I'm thinking of, it would seem that these individuals  
2 could go back to their assignments, at least on a part-time  
3 basis, and we wouldn't be dealing with full-time equivalents.

4 But since this is so interrelated, Mr. Chairman, I'd  
5 suggest deferring approval of this until we get through this  
6 whole process and specifically the Public Advisory Group  
7 presentation by Piper and not act on this budget item at this  
8 time. So I would move to table action until that presentation  
9 -- those other related presentations are completed.

10 MR. SENNER: Can I just respond briefly to that  
11 comment?

12 MR. PENNOYER: Sure.

13 MR. SENNER: And then deal with the Floor. In terms of  
14 the FTEs there, one of the things that happens is that when you  
15 look a year ahead at a series of documents that you have to  
16 produce, these aren't nice, neat, discreet tasks where you work  
17 for a period on one and then you do something else and then you  
18 pick up on another, they're all piling up on each other. We're  
19 already making plans for the content of the Restoration Plan  
20 even though we haven't even gotten a draft of the Restoration  
21 Framework to the Trustee Council.

22 So the tasks all blend together into one continuous  
23 stream. The second concern is that if you just look at these  
24 slots as something you can shuffle people in and out of from  
25 the agencies, then we really suffer from a lack on continuity.

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And you know, the life of every organization historical memory  
1 or institutional memory is the real important thing. And  
2 that's especially true when you've condensed as much as we have  
3 into a two-year period. And so that continuity of people is  
4 real important to us.

5 Thank you.

6 MR. COLE: Mr. Chairman.

7 MR. PENNOYER: Mr. Cole.

8 MR. COLE: Yeah. I would like to make a couple of  
9 remarks. First, I have no doubt that the Restoration Team  
10 people have worked very hard. I think they performed their  
11 assignment well. And I have no doubt but that they are working  
12 long hours and in very able fashion.

13 My concern is that I want to see the maximum amount of  
14 money left to perform restoration and to do the job out there  
15 that this whole settlement and the whole process envisioned we  
16 would do. And I am endeavoring to guard against, you know, the  
17 delusion of monies which would limit the amount of restoration  
18 and enhancement which we can do (ph). You see that is my  
19 central purpose here.

20 And obviously, you know, when I look at these documents  
21 and I see -- which may be 35 million dollars somebody tells me,  
22 I've only been able to read 30 -- but that's going to take all  
23 the money which we have net this year to use and it's just  
24 going to be gone; you know, it'll start again next year. And I  
25 want to see us get the maximum bang for the buck.

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And I am approaching this with the view that we must be  
1 constrained on our administrative expense. I have no doubt but  
2 that these are all legitimate expenditures and legitimate  
3 planning. But for example, in the Department of Law, you know,  
4 we're able to squeeze (ph) lawyers here this afternoon and  
5 we're able to write briefs, and you know we can just somehow  
6 get into our budget and get it done without saying well the  
7 Department of Law really needs 250,000 or a half a million to  
8 support the legal aspects of business (ph). You won't see one  
9 nickel in here for the Department of Law. We work on this  
10 thing daily. That somehow, you know, we're going to get our  
11 job done without, you know, saying we have to have money, you  
12 know, out of this.

13 Because it's my belief (ph) that I want to see the  
14 money go into the restoration process. And that's, as the  
15 Governor would say, where I'm coming from. And that I know I  
16 want us to go one step farther, that's what the Governor has  
17 historically said he wants done, and then I think we're on --  
18 he was on the right course. And I believe, obviously,  
19 fervently that I'm on the right course, and I don't want to be  
20 bullheaded about it, but I have some very convictions, even if  
21 I am.

22 MR. PENNOYER: Well I think we're on the horns of a  
23 dilemma, because in one case, I think we all recognize we want  
24 the most money to go into actual efforts of some kind that can  
25 possibly be put into it. On the other hand, it's a hugely

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complex program and consideration -- I think we want to make  
1 sure that the money doesn't go into the wrong place, because  
2 once done, it's not going to come back. So somewhere between a  
3 good, adequate job of up front planning on what it costs and  
4 holding the money to spend on things we haven't determined yet.

5 I know I'm troubled by this budget we've got in front  
6 of us now because I don't have the Plan. I see nothing  
7 cohesively tying this altogether as to where we're going to  
8 go. And I think if this planning is done right up front that  
9 maybe, in fact, the need goes away after the first year and  
10 we've got a blueprint. We can follow the blueprint, we can  
11 make sure the money goes into the most appropriate places.

12 And I agree with you but I don't want to turn around  
13 after three or four years and gee whiz, I wish we hadn't done  
14 that. And so it's some combination of the two. And I guess  
15 coming back to where -- the way we started, it's pretty  
16 apparent we're not going to be able to agree on this things  
17 individually until we see what the final package is.

18 Maybe Commissioner Sandor's idea is the best one, to  
19 put this one aside for the moment, look at the administrative  
20 costs and then come back to it. I think the next one is going  
21 to give us an equal amount of trouble because there's less  
22 detail in it than in is on the one that's in front of us now.

23 But does anybody else want to comment on this one or  
24 should we move on for the moment and come back to this after we  
25 hear from Ernie and look at the bulk of the rest of the

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administrative part of the budget?

1 MR. MONTAGUE: Mr. Chairman.

2 MR. PENNOYER: Mr. Montague.

3 MR. MONTAGUE: I'd like to address a little bit on the  
4 question about overlap. And first of all, the Restoration Team  
5 does the -- I guess the so-called grunt work of the Trustee  
6 Council. We don't do restoration planning, we're not  
7 developing the Restoration Plan. And that's purely a  
8 restoration subgroup or planning subgroup process with the only  
9 overlap being the direction we give them to go. And the  
10 scientific support has nothing to do with either, and that all  
11 their work is reviewing reports, primarily, and somewhat  
12 reviewing projects.

13 So, in those three categories, they clearly don't see  
14 any overlap. And in regards to the Public Advisory Group,  
15 that's a requested separate function that was required by the  
16 Settlement and cannot do the work of the Restoration Team or  
17 the Restoration Planning Subgroup or the scientific peer review  
18 process.

19 So I guess to me it's pretty clear that there isn't  
20 much overlap, and I wonder what would make it much clearer?

21 MR. PENNOYER: Mr. Barton.

22 MR. BARTON: Well I can -- let me explain where I am  
23 having trouble distinguishing. The first area is the Public  
24 Outreach, and the relationship of that to the second area which  
25 is the Restoration Planning Subgroup and the relation then of

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that to the third area, and that's agency program support.

1 Those are the three areas that are fuzzed up in my mind, and  
2 anything that can be done to clear that up in subsequent  
3 discussions will be appreciated.

4 MR. MONTAGUE: Mr. Chairman.

5 MR. PENNOYER: Yes, Mr. Montague.

6 MR. MONTAGUE: The Public Outreach was -- and other  
7 Restoration Team members can address this in more detail. But  
8 this was basically how we approached the idea of allowing for  
9 meaningful public involvement above and beyond the Public  
10 Advisory Group. And it's basically a straw man (ph) direction  
11 of what might be considered the support for meaningful public  
12 involvement. And the public input for the Restoration Plan I  
13 assume can occur irregardless of whether we have a Public  
14 Outreach Program.

15 MR. BARTON: Well is not the purpose of the Public  
16 Outreach Program to develop the Restoration Plan?

17 MR. GIBBONS: No.

18 MR. BARTON: No. Okay. Somebody help me with that.

19 MR. RICE: Mr. Chairman.

20 MR. PENNOYER: Yes.

21 MR. RICE: The Public Outreach budget figure that is  
22 there is primarily those people that would be needed to put  
23 together a public program. It does not reflect the Restoration  
24 Team or the Restoration Subgroup involvement in that; those  
25 costs are reflected in their basic components.

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MR. BARTON: And I'm not even dealing with costs right  
1 now, I'm trying to figure out the various purposes of these  
2 three activities and how they relate.

3 MR. GIBBONS: Okay. Maybe if I can move on to the  
4 Public Resource Center, this might add a little bit of light to  
5 this, because that's where it seems to be the fuzz. We've got  
6 the Restoration Team sitting up here, we have a Restoration  
7 Subgroup which is developing the plans, we have a Public  
8 Outreach is built in, in some regards, to the Public Resource  
9 Center and they are linked together. And that might help  
10 explain what we're proposing.

11 MR. PENNOYER: If you think it would clarify it, why  
12 don't you go ahead.

13 MR. PIPER: I think, Mr. Chairman, actually, if I could  
14 refer to that suggestion a little bit. If we would -- it might  
15 be help if I give some introductory comments in general about  
16 how the group has approached public participation outside of  
17 the Public Advisory Group. Because really whatever numbers you  
18 see and what institutions you see in that budget are reflective  
19 of a certain idea. And it may be that you either like or don't  
20 like the idea, and if you don't like the idea then that makes  
21 it fairly easy to deal with all those institutions that appear.

22 MR. PENNOYER: Well, Mr. Piper, we're going to have all  
23 of these sectors anyhow, I guess if that's appropriate before  
24 we get to Agency Program Support, then do you want to do the  
25 Public Outreach part now?

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Okay. Let's -- why don't you proceed.

1 MR. GIBBONS: Okay. Flip a few pages back and there's  
2 a section on the Public Resource Center. What we've provided  
3 here is an alternative to the present OSPIC. OSPIC was  
4 established in 1990, I won't go into that. We've got four  
5 options here; inherent in each option is there a Public  
6 Outreach staff comprised of 1.5 people, which I mentioned  
7 earlier; and these are your information specialists. The  
8 scoping meeting people that deal -- also deal with the public  
9 letters coming in and meet the public and those types of  
10 people.

11 And then what we've built here, in addition to that, is  
12 a Public Resource Center. And if you'll flip through there  
13 there's four alternatives, and maybe we can start at the back  
14 and work our way forward, perhaps. And Option 4 is the  
15 existing OSPIC now. There's some corrections that need to be  
16 made to these, and I'll explain them as we go through them.

17 This first one here, we need to take out the first two  
18 lines out of it to make it comparing apples and apples to all  
19 of our options; so please line out the data processing manager  
20 and the executive officer.

21 MR. PENNOYER: Where are you?

22 MR. GIBBONS: Option 4. Line the first two items out  
23 because we reviewed this again on Monday or Tuesday of this  
24 week, and we're trying to make effort comparisons. So that's  
25 really \$310,000.00. Plus, if we want to compare all of the

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alternatives accurately, we estimate you should add 66,000 to  
1 that, which would be space, phones, library network,  
2 acquisition of materials and all that; making that total 376.  
3 That more accurately reflects the cost, we feel, this is the  
4 Restoration Team cost.

5 Moving to Item 3(B), I'm mousing my assistants up here  
6 by jumping around. But 3(B) is the option we recommend to the  
7 Trustee Council. And this is explained there. You have to add  
8 some costs to this one. You'll have to add \$53,000.00 to this  
9 one making a total of 196. And that reflects space costs,  
10 plans, Xeroxing, phones, those types of things -- not plans but  
11 phones. And so that total is 396. What this does is it  
12 maintain -- .....

13 MS. RUTHERFORD: 196.

14 MR. GIBBONS: Excuse me, 196. What this does is that  
15 if you read the (indiscernible) -- it maintains the published  
16 material relative to the Exxon Valdez Oil Spill in one  
17 location, provides public access and reference document. It  
18 will bring together the response information there, and it  
19 provides a limited network so people can -- to access it from  
20 outlying areas, they can request it through their libraries and  
21 pick up material that way.

22 That's what's reflected in there, and it's reflected on  
23 two staff positions there at 130,000. Those staff positions  
24 are a Public Resource Coordinator who supervises the public  
25 information operation and Public Resource staffing, meeting

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coordination, those types of activities for that facility.

1 That Public Resource Coordinator who does some of the basic  
2 coding of the material that comes in for the library networks,  
3 insures and tracks some responses and those types of  
4 activities. So that's where those other positions I mentioned  
5 earlier are reflected.

6 MR. PENNOYER: Excuse me? It's probably just me, but  
7 where are you at?

8 MR. GIBBONS: I'm at 3(B), Option 3(B).

9 MR. PENNOYER: 3(B), okay, I got that.

10 MR. GIBBONS: Yeah, I'm moving from the back forward.

11 MR. PENNOYER: I see, you're talking about the  
12 additional staff listed down there.

13 MR. GIBBONS: Right. I'm talking, you know, the Public  
14 Resource staff requirements.

15 MR. PENNOYER: The additional staff is those Public  
16 Resource Coordinators mentioned previously under Public  
17 Outreach?

18 MR. GIBBONS: That's correct. What we're trying to do  
19 is combine this to a combined package that we have information  
20 specialists for public scoping meetings, and also, some people  
21 to deal with the li- -- the Exxon Valdez material and making it  
22 available to the public.

23 Option 3(A) is -- you should add 58,000 to that option  
24 making that 354.3. This suggests moving the Exxon Valdez  
25 public material to another library, maintaining some

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90  
acquisition of material and no library network. This will not  
1 be a complete Exxon Valdez collection. If somebody wants to go  
2 to find out information about the Exxon Valdez Oil Spill and  
3 injuries, it will not be here. We'll provide -- it says  
4 limited public access, what is meant there is there will be no  
5 library network so the people will have to walk into the door  
6 to get the materials versus somebody from Cordova going to the  
7 public library and requesting it as the last option.

8 UNIDENTIFIED SPEAKER: Mr. Chairman.

9 MR. McVEE: Dave is with the Resources library -- BLM  
10 Resource Library, this is the package?

11 MR. GIBBONS: Yeah. This option reflects 226,000 to  
12 move the material to the Natural Resources Library, the BLM  
13 Natural Resources Library.

14 MR. McVEE: Mr. Chairman, I've got a copy of the State  
15 Director's letter back to us after the contact was made on what  
16 he visualized to be the cost of that effort and what would be  
17 included in it. I could hand those .....

18 MR. PENNOYER: Mr. Cole.

19 MR. COLE: In a nutshell, what does he say?

20 MR. McVEE: He says that the bottom line is a first  
21 year cost of 226,300 and the second year cost of 230,000. But  
22 that the kind of services that would be provided would be, you  
23 know, the library materials but also adding some collection --  
24 additional collection from all the other agencies, and  
25 collecting those into the Natural Resources Library. Actually,

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it would amount to, you know, further providing additional  
1 items in the OSPIC collection from the other agencies.

2 MR. PENNOYER: So, for the library we'd carry a first  
3 year cost of 226 for the move and the second year cost is  
4 230,000 would appear (ph) in our budget then?

5 MR. McVEE: Yes. Yes.

6 MR. PENNOYER: Well I guess what this implies is that  
7 we're going to carry an ongoing budget item in our budget of  
8 226 the first year for our move and 230 the second year for  
9 just services?

10 UNIDENTIFIED SPEAKER: It's not for the move.

11 MR. McVEE: Yeah. That would be the BLM cost as I  
12 understand it, personnel and equipment, support, whatever is  
13 necessary to operate the added -- the Resource Library with the  
14 added material.

15 MR. PENNOYER: I'm just saying we'd have an item in our  
16 budget then ongoing of about \$230,000.00?

17 MR. McVEE: Yes.

18 MR. COLE: Can I ask another question, Mr. Chairman?

19 MR. PENNOYER: Mr. Cole, go ahead.

20 MR. COLE: I'm not sure that I understand that. Is  
21 this 226 in 3(A) the same 226 that's in here?

22 MR. McVEE: Yes, that's my understanding. Yes.

23 MS. RUTHERFORD: Mr. Chair. If I might note, that's  
24 one of the reasons that the Restoration Team isn't recommending  
25 either of these options, but rather we're recommending 3(B)

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which does not have that ongoing cost.

1 MR. PENNOYER: So the recommendation for the  
2 Restoration Team is that we just not do anything with the  
3 library then after the first -- you don't even include the  
4 price of the move then in 3(B)?

5 MR. GIBBONS: In 3(B) the material would be there and  
6 the cost reflected there will maintain the material there.

7 MR. PENNOYER: I see.

8 MS. RUTHERFORD: Mr. Chair.

9 MR. PENNOYER: So, we would do the same job for 196,000  
10 leaving it there plus the additional functions we might do?

11 MS. RUTHERFORD: Yes. In point of fact, it's cheaper  
12 to leave it there than it is to move it, that's what  
13 we're .....

14 MR. PENNOYER: If, in fact, you buy off (ph) on using  
15 the space, do your other space plans include having a library  
16 then in .....

17 MR. GIBBONS: Yeah. The space reflections earlier  
18 reflect the library there. But once said (ph) .....

19 MR. BARTON: Well not -- in the Public Outreach budget  
20 you reflect it.

21 MR. GIBBONS: That's correct.

22 MR. BARTON: Yeah. So it is 196 plus 172?

23 MR. GIBBONS: No. The addition there was so we could  
24 compare apples and apples in all these options. The 176 would  
25 cover this Public Resource facility.

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MR. BARTON: Well . . . . .

1 MR. STEELE: Plus the 130, Dave.

2 UNIDENTIFIED SPEAKER: Well, wait a minute.

3 MR. COLE: Mr. Chairman.

4 MR. PENNOYER: Yeah, Mr. Cole.

5 MR. COLE: Could I request somebody go to the board  
6 with a felt pen and just put the bottom number of each option  
7 there so we know what we're doing. I'm lost in the business.

8 MR. PENNOYER: I guess one of the things that was lost  
9 is that your Public Outreach budget was \$474,000.00, and it  
10 contained some of the things that are here and it didn't  
11 contain some others. Can you kind of separate those out for us  
12 so we can see what's in 3(B) versus what's in Public Outreach?

13 MR. GIBBONS: Let me go through first and give you the  
14 totals for each option so we all have that to work from. Okay.

15 Option 1, the correct figure should be \$160,000.00.

16 MR. COLE: And what -- excuse me, Mr. Chairman.

17 MR. PENNOYER: Go ahead, Mr. Cole.

18 MR. COLE: What are the general parameters of Option 1?

19 MR. GIBBONS: Option 1 is to take the material and put  
20 into the archive files either in Anchorage or Juneau and  
21 maintain them there. The public access is extremely limited,  
22 and there would be no centralized area where people -- the  
23 public could go to get these; there's no active acquisitions to  
24 build upon the program. It would be just an archival service.

25 MR. COLE: Thank you.

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MR. PENNOYER: And Mr. Gibbons then that costs how much  
1 for Option 1?

2 MR. GIBBONS: That would .....

3 UNIDENTIFIED SPEAKER: 160.

4 MR. PENNOYER: How did you get down from the  
5 2- -- .....

6 MR. GIBBONS: 160,000.

7 MR. PENNOYER: How did you get down from 226 to 160?

8 MR. GIBBONS: Well the 226 reflects space, you know,  
9 costs or whatever, and we're trying to get them -- there would  
10 be a savings on space and Xeroxing, that's why we came up with  
11 that number.

12 MR. PENNOYER: Okay. Continue.

13 MR. GIBBONS: Option 2 is also 160. The difference  
14 between Option 1 and 2 is we understand that the State or  
15 Federal archives will not accept active files, they want  
16 complete files; and our files presently are active, we're still  
17 building upon them and adding more information, doing quality  
18 assurance and quality control.

19 And so Option 1 is -- when we looked at it, we said  
20 well we've got to present it but it's -- we would have to  
21 maintain those files at the agencies until they're complete,  
22 then move them from the agency over and not even have them come  
23 into OSPIC.

24 MR. PENNOYER: All right.

25 MR. GIBBONS: Option 3 -- go ahead.

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MR. COLE: Mr. Chairman.

1 MR. PENNOYER: Mr. Cole.

2 MR. COLE: Two of us here did not understand the  
3 difference.

4 MR. BARTON: I think in Option 1 they're moved from  
5 OSPIC to archive, in Option 2 they're moved from individual  
6 agencies to archive without cycling through OSPIC; is that  
7 right?

8 MR. GIBBONS: We have to maintain some of those data  
9 files until they're complete within the agencies and then move  
10 them to the archive.

11 MR. BARTON: Directly.

12 MR. PENNOYER: But you also move the present OSPIC  
13 items to the archives, some of the stuff's not in the agencies.  
14 Dave, in Option 2, you still have to move something from  
15 OSPIC, though, don't you?

16 MR. GIBBONS: Right. They're essentially the same, the  
17 minor detail of the acceptance of the data.

18 MR. BARTON: In Option 1 we declare them closed files  
19 and archive them?

20 MR. GIBBONS: Yeah.

21 MR. BARTON: And in Option 2 .....

22 MR. GIBBONS: 2, you would maintain them until .....

23 MR. BARTON: We wait .....

24 MR. GIBBONS: ..... they're complete and then move them  
25 over.

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MR. BARTON: . . . . and then move them.

1 MR. GIBBONS: That's my understanding.

2 MR. PENNOYER: Procedurally somewhat different than  
3 (indiscernible - interrupted) . . . .

4 MR. GIBBONS: Same result.

5 MR. PENNOYER: So part of the thing (ph) is the same,  
6 there's no access for someone to look in the file

7 (indiscernible - interrupted) . . . .

8 MR. GIBBONS: There's no access, they're in an archive  
9 file, the archives.

10 MR. PENNOYER: All right.

11 MR. GIBBONS: And they would be a box labelled a  
12 subtitle or something in that.

13 MR. PENNOYER: And there would be no attempt as we go  
14 along here building Restoration Plans and so forth to put any  
15 of that in the access situation?

16 MR. GIBBONS: Well I think maybe Curt can speak to  
17 this, but I think the plan we had in mind is that the future  
18 final reports and stuff would go to some library function, and  
19 that's the 226 there, the BLM.

20 MR. McVEE: Yeah. There'd be a continuing collection  
21 of materials into the library system -- a library system.

22 MR. BARTON: And that's in option which?

23 MR. GIBBONS: That's in Option 1 and 2.

24 MR. PENNOYER: I guess I'm confused. If this is going  
25 to an archive instead of to a different library, why do we have

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a continual library function similar to it?

1 MR. STEELE: Published materials versus active files.

2 MR. McVEE: Yeah.

3 MR. STEELE: The published material would go to the  
4 library, the active files would, in one option, be maintained  
5 by the agencies, in the other option it would be maintained by  
6 the agencies until it was complete and then given into the  
7 archives. There are, potentially, some hidden costs there in  
8 terms of coding, the archives won't accept the material unless  
9 its coded properly and so on and so forth, but that's down the  
10 line a ways.

11 Basically the difference between those two options is  
12 the fact that agency would keep the material in one option and  
13 it would go to the archives in the other option.

14 MR. PENNOYER: Well then what's the 226 you're talking  
15 about, does that come in as a separate item?

16 MR. McVEE: The BLM, the Natural Resource .....

17 MR. PENNOYER: Well would that still be something that  
18 had to be figured? Even if you go on Option 1, you would  
19 still .....

20 MR. STEELE: Yes.

21 MR. PENNOYER: ..... have the 226 charge .....

22 MR. STEELE: The public .....

23 MR. PENNOYER: ..... off to the side for the library?

24 MR. STEELE: The published material would go to the  
25 library is the theory.

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MR. McVEE: But it would not cost us. It would not  
1 cost .....

2 UNIDENTIFIED SPEAKER: No, it wouldn't.

3 MR. McVEE: It would be with typical library materials.

4 (Indiscernible - simultaneous speech)

5 MR. COLE: Mr. Chairman.

6 MR. PENNOYER: Mr. Cole.

7 MR. COLE: Is there anyone in the audience who can  
8 explain this succinctly?

9 MR. STEELE: It's tough.

10 MR. COLE: There's a volunteer.

11 (Off record comments)

12 MR. PENNOYER: Okay. We have a volunteer. A succinct  
13 volunteer.

14 MS. MCGEE: I'll try. I'm the Director for OSPIC. If  
15 I understand correctly, Option 1 and 2 mean you do not have the  
16 facility as it is now that provides information to the public  
17 in a combined collection of Exxon Valdez related material.  
18 There are minor differences in 1 and 2, but basically, you do  
19 not have OSPIC as it is now, you have a public information  
20 officer that provides services such establishing meetings we've  
21 had to date, providing handouts and providing the information  
22 that the Trustee Council wishes to be distributed.

23 Is that what you think, Dave?

24 MR. GIBBONS: That's correct.

25 MS. MCGEE: And Option 3 and 4 -- well 4 is as it is.

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Option 3(A) and 3(B) maintain OSPIC, and I don't like to use  
1 the word OSPIC because I understand that's not a word people  
2 like to hear. But Option 3(A) means those materials are not  
3 put on a network as they are now, so they're basically only  
4 available within the library.

5 Option 3(B) maintains access to a network by providing  
6 an additional person to put that information in an established  
7 library standard that can be accepted by those networks.

8 MR. BARTON: But for more access it would cost less?

9 MR. PENNOYER: I guess Option 3(A) that doesn't provide  
10 a network costs 354,000 and Option 3(B) with the network only  
11 costs 196, it sounds like a bargain.

12 MS. MCGEE: I'd have to go back and look at the  
13 figures.

14 MR. STEELE: We're keeping the published material in  
15 the current library rather than transferring a portion of that  
16 material to another library and accepting those 226 .....

17 MR. McVEE: I guess that's my point, though, that's  
18 going to cost 196,000 for us to transfer but we still have to  
19 pay 226 in annual charges for maintenance.

20 MR. STEELE: That's actually not .....

21 MR. McVEE: So the total cost is still .....

22 MR. STEELE: That's actually not a moving cost, that  
23 226 is not a moving cost, that's the first year cost for  
24 maintaining -- for accepting that data.

25 MR. PENNOYER: But then it's an ongoing charge?

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MR. STEELE: That's correct.

1 MR. PENNOYER: So you haven't saved a lot of money.

2 MR. STEELE: It's cheaper to keep it where it is than  
3 to move it is the bottom line.

4 MR. PENNOYER: Mr. McVee.

5 MR. McVEE: Mr. Chairman, a couple of things in the BLM  
6 proposal, it says that the materials would go onto the National  
7 Library Network and then they refer to three of the networks.  
8 But it seems to me like maybe the only difference between 3(A)  
9 and 3(B) is the cost of space. Is that .....

10 MS. MCGEE: It's personnel.

11 MR. McVEE: Personnel.

12 MS. MCGEE: It's an additional person that takes care  
13 of the cataloging and processing of those materials for the  
14 network.

15 MR. BARTON: Well .....

16 MR. PENNOYER: Mr. Barton.

17 MR. BARTON: ..... I'm still very confused.

18 MR. PENNOYER: Mr. Cole, if you can help Mr. Barton.

19 MR. COLE: Well I would say wouldn't it be well that we  
20 have this written out in a little more detail for us by  
21 tomorrow so we don't have to spend quite so much time this  
22 afternoon, unless you want to continue to invest it. Really I  
23 have no objection, but I'm so utterly confused that I don't  
24 think I could ever understand this.

25 MR. BARTON: I think, though, it would be more helpful

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to have less detail rather than more.

1 MR. PENNOYER: I was just going to say we've got a lot  
2 of detail here, it just is not necessarily comparable and .....

3 MS. MCGEE: Could I add one more comment?

4 MR. PENNOYER: Sure.

5 MS. MCGEE: And Mr. McVee, maybe you could tell me if  
6 this is correct. If I understand correctly from talking to the  
7 Resources Library librarian, the 226, the additional cost is  
8 that they would continue to provide those services that OSPIC  
9 is now presently providing, the reference and the cataloging  
10 that's presently done by OSPIC. Is that correct?

11 MR. McVEE: I think that's correct. It sounds like  
12 what they intended in their memo to us (indiscernible - voice  
13 lowers).

14 MR. PENNOYER: Well I guess sending people away to do  
15 something in a little more detail sounds good but I'm still not  
16 sure what they're doing. I guess if you just put the thrust  
17 down for each option as to what is going to happen or isn't  
18 going to happen. Option 1 and Option 2 provides nothing but  
19 archiving, and there's no library anywhere so we're not paying  
20 a hidden \$230,000.00 library charge. Fine. That's a decision  
21 we've got to make. That 3(A) provides no networking and 3(B)  
22 does provide networking, but does 3 -- why does 3(B) cost less  
23 than -- just what is in these options. And what are the policy  
24 decisions we have to make and what would it cost to make them?  
25 Because it's just too much detail here to compare.

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MS. RUTHERFORD: Mr. Chair, I don't know if this will help. But at the last meeting there was a lot of discussion that there would be a savings associated with moving the materials over to Bureau of Land Management's library. And, in point of fact, what we found out is that there will be a significant cost associated with that and it's an ongoing cost.

So to some degree, it just makes better sense to continue with the services as they're currently being provided with -- slightly cut back. And that's what we're recommending in 3(B).

MR. McVEE: Mr. Chairman.

MR. PENNOYER: We're -- it's now 3:15, do you want to take about a 10 minute break?

MR. BARTON: Could I ask one more.

MR. PENNOYER: Why don't you ask one more question before we take a break.

MR. BARTON: Where is the \$172,000.00 for space considered in these options? Has 3(B) got it in there or not?

MR. GIBBONS: 3(B) has it in there.

MR. BARTON: So there's only \$20,000.00 for people in 3(B)?

MR. GIBBONS: No.

MS. RUTHERFORD: No.

MR. STEELE: It is very confusing. There's some allocation of space. There was some continued (ph) in these numbers. It's confusing. We can -- I think we can do a much

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better job at clarifying this if you want to .....

1 MR. PENNOYER: Do you want to bring it back tomorrow or  
2 is this something you can do in a few minutes to clarify?

3 MR. BARTON: Why don't we bring it back and .....

4 MR. McVEE: Mr. Chairman.

5 MR. PENNOYER: Okay. Let's bring it back tomorrow.  
6 Mr. McVee, one last comment before we take a break.

7 MR. McVEE: I guess I had a suggestion is I thought  
8 we'd agreed that we would keep the collection together and that  
9 -- but we would look at the options for location. And it seems  
10 to me like if -- you know, if we agree that is a functioning  
11 collection keeping it together that we could drop all except  
12 the last three or maybe even 3(A) and 3(B); you know, we could  
13 do .....

14 MR. STEELE: The only one that keeps it together is the  
15 one that we recommend; otherwise, it's split up because the DOI  
16 (ph) Library will not accept the entire collection, they will  
17 accept only published material. The only option that keeps it  
18 together is the option recommended, and that's 3(B).

19 MR. BARTON: Well what about other libraries? Have we  
20 been through that drill before?

21 MR. STEELE: We've been through that drill. There's  
22 going to be a cost. There's going to be a cost wherever you  
23 take it. And it just seems logical to us, anyway, after  
24 beating our heads against the wall on this, is let's keep it  
25 together. We need some of the space anyway, let's keep it

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together, let's cut back the staff, let's cut back the meat,  
1 let's have a synergistic approach to this, you know, Public  
2 Outreach and go on.

3 MR. PENNOYER: As part of your discussions, can you  
4 illustrate to us what you've cut back?

5 MR. STEELE: Personnel.

6 MR. PENNOYER: In terms -- well .....

7 MR. STEELE: There were five people that were library  
8 personnel, we now identified two full-time people that are  
9 basically library. You've got some other Public Outreach  
10 people that are staff to the Executive Director.

11 MR. PENNOYER: Well I don't -- excuse me, Tim. I don't  
12 see two library type people in Option 3(B); I see a public  
13 information specialist and two Public Resource Coordinators.  
14 I'm not sure, are those library folk or is that .....

15 MR. STEELE: Library.

16 MR. PENNOYER: ..... this other .....

17 MR. STEELE: (Indiscernible - away from  
18 microphone) .....

19 MS. RUTHERFORD: Mr. Chair. The one 1.5 full-time  
20 equivalents are built into the Administrative Director's Public  
21 Outreach budget, and those are the people that are being  
22 leveraged. The people -- the two full-time equivalents at  
23 65,000 a piece are the ones that are dedicated totally to the  
24 Resource Center.

25 MR. PENNOYER: They would basically be library folks?

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MS. RUTHERFORD: Yes, that's correct.

1 MR. PENNOYER: Okay. Why don't we take a break and  
2 then come back and decide whether we want to take this up  
3 tomorrow.

4 UNIDENTIFIED SPEAKER: I move we break.

5 (Off record comments)

6 (Off record)

7 (On record)

8 MR. PENNOYER: I'm still missing a couple of  
9 Restoration Team members. Okay. At the break, we retreated to  
10 the hallway and tried to make sense out of the library and  
11 Public Outreach, and I thought we had it but I'm informed that  
12 we really would really benefit by an overnight discussion  
13 process and come back, and I'm assured we can have the whole  
14 presentation in five minutes tomorrow. So we will defer 3(A),  
15 3(B), 1 and 2.

16 And I'd ask you, Dave, we've deferred, as I read it,  
17 Public Outreach, we tabled the Public Advisory Group and now  
18 we've deferred the section on 3(A)/3(B). What do we have left  
19 in this thing that we can deal with in the administrative part  
20 today?

21 MR. GIBBONS: That's it. I'd like to deal with the  
22 agency overhead and the activities of both the damage  
23 assessment and restoration tomorrow when we get into the  
24 detailed study because they all went together.

25 MR. PENNOYER: How about the public participation, do

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we need that now or do we wait until you are done (ph) to do  
1 that.

2 MR. PIPER: Mr. Chairman.

3 MR. PENNOYER: Ernie Piper.

4 MR. PIPER: I would -- mine is a fairly  
5 straightforward examination of what's gone on at the public  
6 meetings. In view of the fact that there are a lot of things  
7 on this Agenda that are much more critical than my  
8 presentation, I would respectfully recommend that, perhaps, you  
9 deal with some other items and put mine off, and I'll be at  
10 your service any other time.

11 MR. PENNOYER: That's right, the reason we were taking  
12 yours was because it was germane to some of the budget  
13 decisions we're making. But I think we've tabled all of those  
14 or deferred them, so we probably don't need your  
15 (indiscernible) right now.

16 MR. PIPER: And since they're dealing with those  
17 tomorrow, it might be better to deal with everything that has  
18 public with a capital "P" on it first thing in the morning or  
19 whenever you choose tomorrow.

20 MR. PENNOYER: That's fine. And maybe you could make  
21 your presentation first, then we could come back and deal with  
22 budget parts.

23 Okay. What's the next part then, Mr. Gibbons, on the  
24 administrative section?

25 MR. GIBBONS: At the last meeting, the January 10th

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meeting, the Restoration Team was directed to form a habitat --  
1 the name wasn't given to it but we're using Habitat  
2 Protection/Lands Committee. And we have Ken Rice is going to  
3 give you some status on what we've done in this arena.

4 MR. PENNOYER: Now is that a budget item?

5 MR. GIBBONS: No. I -- we don't have anything else on  
6 the -- excuse me.

7 MR. PENNOYER: What about the section on Agency Program  
8 Support, do we want to at least discuss that before we get off  
9 of this topic; that's part of your organizational budget as  
10 well?

11 MR. GIBBONS: That's related. The amounts in there are  
12 related to which projects move forward and somewhat (ph) .....

13 MR. PENNOYER: So we should defer the Agency Program  
14 Support part until we make the project decisions?

15 MR. GIBBONS: In some agencies, you know -- if 50% of  
16 the program is cut, some of that overhead cost will come down.  
17 emphasize some of it but .....

18 MR. PENNOYER: It is your recommendation then we leave  
19 that Agency Program Support part of the budget until we talk  
20 about the total package and the number of programs that are  
21 proposed to go out to public review? No?

22 MR. GIBBONS: We can tell you what's in there but the I  
23 feel the numbers are going to change.

24 MR. PENNOYER: Wishes of the Council; do you want to  
25 discuss the Agency Program Support in general or leave it until

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we get a permanent fix on the numbers? It's 3.267 million  
1 dollars.

2 MR. BARTON: How much of it is likely to change there?

3 MR. GIBBONS: Well, it's kind of hard. If you'll flip  
4 briefly to the chart that's a horizontal chart and it's called  
5 EVOS Recovery Agency Program Support. There's a line item  
6 there for two types of personal services, both professional and  
7 technical, some travel, contractual services, commodities and  
8 equipment. These are an estimate right now of what our needs  
9 will be to support the program by agency and by line item.

10 MR. PENNOYER: Can you tell me, Dave, what the double  
11 star item means, includes projects specific costs that are  
12 reflected in project costs for some agencies, does that mean  
13 you have a double -- some of it's here and some of it's in the  
14 project budgets or it's duplicate money?

15 MR. GIBBONS: Yeah. What I understand from this is  
16 that some of the costs here should be moved over into the  
17 project costs.

18 MR. PENNOYER: But right now they're here?

19 MR. GIBBONS: Right now they're here.

20 MR. PENNOYER: But it's not consistent between  
21 agencies?

22 MR. GIBBONS: That's correct.

23 UNIDENTIFIED SPEAKER: So how meaningful is this?

24 MR. PENNOYER: Do you suggest we approach that, the  
25 fact that apparently from a budget standpoint we haven't gone

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through it and made it consistent? Is there -- can we deal  
1 with this here or is it something that's going to have to come  
2 in another iteration at some other time?

3 MR. GIBBONS: Well we've been trying to deal with it  
4 for a couple of week to be honest. We've had some  
5 miscommunications on where the costs go, and the agencies have  
6 been accounting them differently. And I'm not sure how we deal  
7 with this at this present time. Does the Restoration Team have  
8 any suggestions?

9 MR. BRODERSEN: Mr. Chairman.

10 MR. PENNOYER: Yes. Mark.

11 MR. BRODERSEN: I think basically what we're going to  
12 have to do at this time is ask the Trustee Council for their  
13 philosophical concurrence or disconcurrence, if you will, on  
14 the projects as they're outlined. And then the next step after  
15 that is probably to have a detailed review of the budgets for  
16 each project; that's not yet been done. And as one is doing  
17 that detailed budget review, you can see if the projects costs  
18 and this overhead cost -- or that can't then be reconciled some  
19 way.

20 We had anticipated being able to do a detailed budget  
21 review for you prior to this meeting and basically just ran out  
22 of time. I feel that that's still a critical element that  
23 needs to be done here before the Trustee Council has final buy-  
24 off on any of these projects and costs.

25 MR. SANDOR: Mr. Chairman, I think this budget issue

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should be deferred.

1 MR. PENNOYER: Anybody else? Mr. Barton.

2 MR. BARTON: Would it be helpful if we had -- if the  
3 Council agreed to a set of guidelines for compiling this chart,  
4 would that be of some utility in pulling this thing together?

5 MR. GIBBONS: Yes. I think it would. What we were  
6 dealing with was what happens if a project gets cut if you ha-  
7 -- if you don't have the overhead cost built into the project,  
8 you have to go back and submit a number and try to prorate that  
9 down of how much (ph). So what we were trying to do, and I  
10 think it's the best approach, is build the support for each one  
11 of the projects into the project component, and then build --  
12 have this number stand as support to the program. These might  
13 be, like I mentioned earlier, support from the agencies through  
14 various subgroups and this type of thing.

15 MR. BARTON: Well would it be possible then for you to  
16 present to us tomorrow a set of guidelines for developing this  
17 table that we could then consider and approve or modify?

18 MR. MONTAGUE: Well, Mr. Chairman.

19 MR. PENNOYER: Yeah.

20 MR. MONTAGUE: Some guidance would help very simply  
21 being I guess some the agencies we felt that all overhead costs  
22 should be put in one item so that it's clear to everybody where  
23 the overhead is. But that does create a problem when you cut  
24 and add projects, that requires a redoing of all the figures.  
25 And so we need guidance whether that is the preferred approach

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or whether some overhead of the project should be into every  
1 project.

2 MR. BARTON: Well, how big a problem that is depends on  
3 whether we're financing work or financing an organization.

4 MR. PENNOYER: I guess it somewhat depends on what  
5 you're calling overhead. Are these charges for as Mr. Gibbons  
6 said, people that come in and work ad hoc on plans and things  
7 like that, that's not project overhead, that would presumably  
8 still be an agency support. But what type of things are you  
9 putting in project overhead; does it include your contracting  
10 officers and things like that or is it general support computer  
11 systems or .....

12 MR. MONTAGUE: Mr. Chairman, it would include both of  
13 those, personnel officer work, the scientific oversight of the  
14 projects that occurs below the Restoration Team level. Those  
15 are the two, and then the third component which isn't project  
16 is the staff that would be needed whether we had projects or  
17 not. And some of the figures represent just what would be  
18 needed whether they have projects or not.

19 MR. SANDOR: It would be helpful, Mr. Chair, if the --  
20 there be consistency, and that is the same, essentially,  
21 pattern of application of overhead or the costs and projects be  
22 carried through across the board so we can have consistency,  
23 and I gather that's not the case now.

24 MR. PENNOYER: We -- can the Management Team come back  
25 -- Restoration Team and tell us the type of things that we

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ought to be giving you guidance on as to whether that should be  
1 in projects or in agency support? There's some things that are  
2 project oriented and there are others that are probably more  
3 agency support -- general support oriented. Because you have a  
4 scientific support person, Fish & Game, that looks at all  
5 fisheries projects, if one project goes away, you probably  
6 can't take away two weeks of that person's time. On the other  
7 hand, if there are certain computer operational costs and  
8 demand (ph) on the amount of data that's put through the  
9 system, maybe that does go up and down with different projects.

10 So, if you can give us some categories of things that  
11 could be included in either place, we could probably sign off  
12 on where we think they ought to appear. And then our time  
13 giving you that guidance here without knowing what's in here.  
14 If you could give us, by tomorrow, maybe a spread of what those  
15 things are, we can issue (ph) some guidance.

16 Mr. Cole.

17 MR. COLE: Mr. Chairman. I think that we should defer  
18 this until the next meeting so that we can have a more defined  
19 analysis of what we are going to allow by way the so-called  
20 overhead. I think it's asking too much to come up with those  
21 parameters and criteria tomorrow.

22 MR. McVEE: Mr. Chairman.

23 MR. PENNOYER: Mr. McVee.

24 MR. McVEE: Yes. To some extent since, you know,  
25 projects will be accomplished by individual agencies, what we

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can pull out or what we can pull out as overhead, what we can  
 1 identify as part of project costs probably will be dictated by  
 2 the financial management systems that the individual agencies  
 3 have. But it seems like that we could set a general parameter  
 4 that, you know, we will try to cost everything that we can to -  
 5 - directly to a project, and that we will have as overhead only  
 6 what I would call general program manager management type of  
 7 activities, you know, within, say for example, Fish & Wildlife  
 8 Service there'd be a number -- a limited number of people that  
 9 would be oversight folks that would be managing the Fish &  
 10 Wildlife Service Restoration Program, that would be overhead.  
 11 And only that part, that everything else would be associated  
 12 and directly costed towards a project, you know, including if  
 13 we could, through the financial management system if it would  
 14 work, you know, the cost of putting together contracts or  
 15 whatever. But try to maximize the direct costs into projects.

16 MR. PENNOYER: Mr. Barton.

17 MR. BARTON: Well I agree that we need to defer this  
 18 decision until a later meeting. But I do think that we need to  
 19 provide the consistent guidelines in terms of the definition of  
 20 overhead and the philosophical basis for attributing projects  
 21 or not attributing the projects so we're all doing it the same  
 22 way so that the poor Restoration Team is not faced with this  
 23 same dilemma.

24 MR. PENNOYER: Mr. Cole.

25 MR. COLE: Mr. Chairman, see I agree that. I had in

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mind that we could maybe ask the Team to get some advice on  
1 that from the financial managers of these agencies or someone  
2 who has special skills and training in that area and try to --  
3 and outline for us the criteria or at least furnish us with  
4 their recommendations; that's all I had in mind. It may be the  
5 Management Team has -- or the Restoration Team has those skills  
6 so that they could do it. I don't know. That was my only  
7 thought.

8 MR. PENNOYER: I guess I had thoughts that this  
9 Restoration Team has been wrestling with this for the last  
10 several months, they might have some questions that they could  
11 ask us rather succinctly in terms of dealing with this process.  
12 I know there's been -- Mr. O'Connor did you have a comment?

13 MR. O'CONNOR: Mr. Chairman, the .....

14 MR. PENNOYER: You better speak into the microphone.

15 MR. O'CONNOR: That's right. Mr. Chairman, I would  
16 suggest that since we have certain responsibilities that NOAA  
17 has in this process that we ask for our gurus on financial  
18 management to get involved in this and to put together a  
19 program for the Trustee Council to use a common accounting  
20 system and a common monitoring system for financial  
21 expenditures.

22 Because right now if I were to have to step into a  
23 courtroom and defend the propriety of your decisions, I would  
24 have to spend a considerable amount of time trying to decipher  
25 exactly what is going on. If we had a cookbook put together I

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1 think it would make some sense, and I would volunteer our  
2 resources to do that. We could get somebody from the State to  
3 offer up a representative as well, it would be a good task to  
4 perform in the immediate future.

5 MR. PENNOYER: Well we -- one of the things that's on  
6 the diagram but not in this plan is financial management. And  
7 we have to, I think, cross that bridge while we're here in  
8 regards to who does it. We're going to have to decide how to  
9 approach it. And I guess can we be clear on what we're doing  
10 with this budget right now? I mean on all of these items, are  
11 we -- we're not coming to a final decision, it's going to be  
12 just that, are we?

13 I mean in most of these cases we seem to be building  
14 something that -- certainly we're going out to public review  
15 with the whole plan, and I assume that includes of these  
16 administrative costs as well in terms of what the total program  
17 is going to look like.

18 We haven't had -- and I guess maybe that was the  
19 statement made earlier that we haven't gotten into even the  
20 Team had not done a detailed review of the budgets. And  
21 apparently, we haven't had any budget specialists look at the  
22 budgets and how they're put together, the consistency with the  
23 different rules we may have to follow on different agencies.

24 What we're doing here, for the most part, I think is  
25 signing off, as I think Mr. Brodersen said, philosophically on  
what we think ought to be included here; a general idea of

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costs. But I don't think we can reach a final limit on most of these costs today or tomorrow.

The second piece of that is that we probably are trying to decide on whether we have to go and ask for some start-up money are we not? And so we've got to make some sub-decisions here on which projects or which things would need to go and how we package and what do we with it for start-up costs is some of these programs. And I assume that includes agency program support. I'm not sure of that but I assume that today (ph). So we probably need to, at least, partially deal with this in some fashion; maybe not sign-off on the total but partially deal with something that's part of this package to get us started.

I don't know how we do this, somebody's going to have to give us some guidance on how to approach that. But I'm not sure we can just defer this entirely. I think it may be important to the total package we're sending forward as interim basis (ph).

MR. McVEE: Mr. Chairman.

MR. PENNOYER: Mr. McVee.

MR. McVEE: Yes. You know, I think here, you know, we're trying to develop, as I visualize it, a 12-month budget. And that we have to go, you know, to the public for public comment on that budget before it's finalized, it seems to me like, to conform to the decree and the public review -- the public process requirement. But it seems like the other

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1 component is, as you mentioned, is that we've got immediate  
2 needs and that's a separate exercise almost that we have to  
3 identify.

4 We have to come up with some numbers of what we need  
5 right now so that we can start the process to withdraw funds.

6 MR. PENNOYER: I had assumed that probably wasn't a  
7 totally separate exercise, that from this package and looking  
8 at it, we could say this part is to go how, we need some money  
9 here now and that type of thing somewhere in this process.

10 Mr. Cole.

11 MR. COLE: As I visualize, in part, what we're doing is  
12 we're giving guidance to the Administrative Director and the  
13 Restoration Team as to what the organization will look like,  
14 and can he plan on putting in place these various positions.  
15 And I think we're giving them guidance in that area and then  
16 perhaps following this meeting they can -- taking up on the  
17 guidance and the decisions made by the Council, they can  
18 formulate the structure which is a little greater assurance.

19 But what I wanted to say in addition is that with  
20 respect to this agency program support, harking back to my  
21 remarks at the beginning of today's session, we must be very,  
22 very careful that we pay over to the various agencies only  
23 those monies which can be linked directly with the restoration  
24 process. Because surely, waiting in the wings, are those who  
25 will say look the State and Federal Governments are ripping off  
from the Exxon Valdez Settlement funds monies to support the

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agencies. You just know that's going to -- will not maybe  
1 happen if we're very careful, but they certainly will consider  
2 that, and they will look at it very, very closely.

3 So, if we say let us get, you know, expert views as to  
4 what we can properly charge back, you know -- or pay back to  
5 the various agencies, then we can be secure that we can defend  
6 our decisions against legal attack, and that's one thing I'm  
7 very concerned about. The decisions we make with respect to,  
8 you know, the public information officer and this and that, I  
9 mean those are largely within our good judgment and discretion  
10 and exercise of, you know, our duties as Trustees. But in this  
11 area where we reimburse agencies, we have to be very, very  
12 careful.

13 MR. MORRIS: Mr. Chairman.

14 MR. PENNOYER: Byron.

15 MR. MORRIS: In that respect, Mr. Cole mentioned we  
16 could so some of these decisions at the next meeting, which I  
17 don't know when that's going to be, but at least in my agency's  
18 case, and I'm sure it's the case in some others, we aren't  
19 authorized to spend beyond March 1st. And we do have offices  
20 established that we maintain to support this program and staff  
21 in those offices, and that is a dilemma if we delay too long.  
22 And I would like to at least put in your mind at least some  
23 interim solution until we can get this sorted out before we,  
24 perhaps, adjourn tomorrow afternoon.

25 MR. PENNOYER: Did you have a suggestion?

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MR. MORRIS: Well .....

1 MR. PENNOYER: Or are you just saying we're going to  
2 have to come up with one?

3 MR. MORRIS: I at least could suggest the amount I  
4 could use for the next month or two or three.

5 MR. PENNOYER: Well, I guess that's sort of what is  
6 going to happen, because we have here 3.267 -- so far, again,  
7 we have deferred or tabled four of six items here; dropped one,  
8 adopted one and deferred four others. And this item, I don't  
9 think I can much with this item the way it's outlined right  
10 now. There's no way to dig in there and decide what's  
11 appropriate and not appropriate. Is part of this going to be  
12 reimbursable, it may be hard to tell until you actually see  
13 what people want to claim for reimbursement.

14 But we right now have an item, and certainly some of it  
15 is going to require some addressing of interim funding. I  
16 don't think I'm ready to buy-off on what I see here because I  
17 don't see the detail, I don't know the price area (ph). I  
18 don't know it was derived. I don't know how much belongs here  
19 versus in projects.

20 So, two things, I thought we -- I thought the Team  
21 could ask the questions and see if Mr. McVee's outline of what  
22 should be in projects versus in the Agency Program Support was  
23 appropriate. If they think that's adequate guidance, then  
24 maybe they're okay or maybe they're going to ask us some  
25 questions around Mr. McVee's statement that would help us give

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them that type of guidance. Rather than take a long time, I  
1 thought they'd been thinking about for this for a couple of  
2 months, maybe they might have some succinct questions they  
3 could ask us.

4 And the second, is I don't know if we can totally defer  
5 this. We may have to come back and do some of these things  
6 because ongoing operations may be dependent on funding here in  
7 the near future. And I don't know how to sort those out  
8 because I don't know what they are. But again .....

9 MR. COLE: Mr. Chairman.

10 MR. PENNOYER: Sure. Mr. Cole.

11 MR. COLE: You know, bearing in mind that we have  
12 personal liability probably if we transgress the line, I think  
13 we should have another meeting before the end of the month if  
14 it's just to deal with this discreet subject. I'm not prepared  
15 to make those decisions regardless of the necessity for agency  
16 fundings beyond March 1st. I just don't see how we can and do  
17 what's, you know, required of us.

18 MR. PENNOYER: Mr. Barton.

19 MR. BARTON: Several things come to mind. I appreciate  
20 Mr. O'Connor's generous offer, but on behalf of Agriculture I  
21 decline. I think that -- I agree that needs doing, but I  
22 think it's best done here in Alaska, Number 1; Number 2, the  
23 monies will ultimately be spent by individual agencies so those  
24 individual accounting procedures have got to be built into the  
25 process.

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The second thing is that I had thought Mr. Gibbons indicated that we might get some enlightenment tomorrow on this as we go through the individual projects. Is that right, Dave?

MR. GIBBONS: We could give some, yes.

MR. BARTON: You answered that question. Dave, again though, what percent is liable to be affected by that, of this 3.267; half of it, a third, ten percent?

MR. GIBBONS: That's kind of hard to really determine because I don't know specifically what's detailed in all of these budgets, you know, by the various agencies. I don't -- you know, we know people but we don't know, you know, really names or all that detail that we need to really look at.

Another option might be we have a Budget Process Group, and we have representative -- a Budget representative from the State and a Budget representative from the Federal Government on that Team, and they might be able to give us excellent guidance on how to approach this. That's just a suggestion.

MR. MONTAGUE: Mr. Chairman.

MR. PENNOYER: Mr. Barton and then Mr. Montague.

MR. BARTON: I was not done.

MR. PENNOYER: I apologize.

MR. BARTON: I think we do need to establish some group, this Budget Process group perhaps, to bring some consistency to how we treat these matters and to develop some procedures for us to adopt in terms of how we're going to spend the money, how it's going to be allocated. And, I'd suggest

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that we build on the group that we have established, and -- by  
1 adding to that some people with some special knowledge in this  
2 from each of our agencies and get that group cranked up and  
3 moving. And, perhaps, that will address Craig's concern, well-  
4 founded concern.

5 MR. PENNOYER: Mr. Montague.

6 MR. MONTAGUE: Yes. I would suggest that, perhaps, the  
7 Council may want to just agree on a very conservative overhead  
8 figures based upon the cost of the projects. And that would be  
9 a very simple and effective way of dealing with it, like 10%,  
10 15% of whatever the project costs were could be assumed to be  
11 overhead or added for overhead, which by contracting standards  
12 is a very low percentage.

13 MR. BARTON: Well, and in fact, I believe we added up  
14 around 10% in the NERTA efforts of the prior two years if I'm  
15 not mistaken.

16 MR. MONTAGUE: For our projects, that is roughly  
17 adequate.

18 MR. BARTON: Yes. I know at some point, we also are  
19 going to have to figure out how to mesh the oil year with the  
20 Federal fiscal year with the State fiscal year too. And one  
21 way to do that is to go quarterly budgeting. And, perhaps,  
22 what we need to do is adopt a quarterly budget for this  
23 specific item. We can't make too bad a mistake, if we use that  
24 approach. And during that quarter, straighten this thing out.

25 MR. COLE: Mr. Chairman.

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MR. PENNOYER: Mr. Cole.

1 MR. COLE: It's the allocation that troubles me. And I  
2 want to see the recommendations for an allocation above the  
3 signature of someone we can point to in the event of litigation  
4 and say this is proper allocation under generally accepted  
5 accounting principles. And fine, I'll just say that's fine, I  
6 think, I hope, and that'll take care of it. But until we get  
7 that, I think, you know, we're entering into the zone of risk.

8 MR. BARTON: So you don't think we should even provide  
9 any conditional monies for this activity until we get that?

10 MR. COLE: It isn't so much the conditional money,  
11 because we can take care of it by means of, you know, you might  
12 say journal entries or reallocations of the money. It's just  
13 that before there is any overall allocation of the monies with  
14 finality to overhead or related things, that we must have, I  
15 think, you know, expert opinion. And that is likely available  
16 in addition within the State and in the agencies, and we don't  
17 necessarily have to go outside of the State and Federal  
18 governments. But I think we just need that prepared for us by  
19 people who have background and have special skills in that  
20 area.

21 MR. BARTON: And I agree with that. But each agency, I  
22 suspect, has a specific procedure for the allocation of  
23 overhead, they're probably not the same, yet they probably all  
24 may gap (ph).

25 MR. COLE: I sort of understood that you might not be

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prepared to accept notes.

1 MR. BARTON: No. I didn't say that. What I did not  
2 accept was NOAA's help in developing their guidance for my  
3 system.

4 MR. COLE: I see. All right. That sort of makes my  
5 point.

6 MR. BARTON: I see.

7 MR. ROY: Mr. Chairman.

8 MR. PENNOYER: Yeah. Cordell.

9 MR. ROY: The more we talk, the more and more complex  
10 we're becoming with this exercise. As we waded through  
11 overhead processes to come up with this chart, we discovered  
12 there are significant administrative differences among the  
13 agencies, even within the governments. Is there any comfort on  
14 the Council at all with a flat percentage for overhead  
15 purposes?

16 It seems to me that overheading by percentage is a  
17 common practice even in the governments, but certainly in  
18 industry. I think for overhead purposes the State Department  
19 Administration charges around -- is it six percent?

20 MR. MONTAGUE: Right. For the non-science, the true  
21 administrative overhead is five to six percent.

22 MR. ROY: Could there be any comfort is such an  
23 approach?

24 MR. BARTON: I think that there is not a discomfort of  
25 setting a percentage in terms of budgeting for that, but as I

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understood Mr. Cole there, he's quite uncomfortable, as am I,  
1 as to how that -- what that money then is actually expended  
2 for. We could say 10% is overhead, but don't -- you know, if  
3 you go spend on this, that's perfectly legitimate but if you  
4 spend on that, then it's not. Is that .....

5 MR. PENNOYER: Is that 10% the agency support or is  
6 that project overhead -- any overhead or something (ph)?

7 MR. BARTON: Well, I just pulled that out of the air.

8 MR. PENNOYER: So if you're dealing with a contractor  
9 that charges 20 or 30 on a project, you just (indiscernible -  
10 interrupted) .....

11 MR. BARTON: No, that's projects. That part of the  
12 projects not .....

13 MR. PENNOYER: So, this is non-project overhead?

14 MR. BARTON: This is the agency support overhead.

15 MR. COLE: Mr. Chairman.

16 MR. PENNOYER: Is that overhead in the projects, too?

17 MR. BARTON: Yeah, certainly it is. And if you  
18 contract with the University, you can't get around it we've  
19 found out.

20 MR. PENNOYER: Mr. Cole.

21 MR. COLE: What I'm getting at, as Mr. Barton points  
22 out, then you get to the problem what can you include within  
23 overhead and what don't you include in overhead. And that's  
24 where we need to be very, very careful because some agencies or  
25 departments may say well this is overhead but we need to get

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reimbursed for this. And we just need, you know, some  
1 guidelines that we can apply right straight across the board  
2 and everybody knows the rules, things should work smoothly.

3 MR. PENNOYER: Okay. I'm real willing to defer this.  
4 But I'd like to know to when and how to handle it because we  
5 have -- we are going to have to deal with some of this up front  
6 funding. We have to deal with something to send out for  
7 review, and my assumption is that's to include something on  
8 overhead; it should. When do we get this Budget Group together  
9 and how do we get back and make these decisions? It's now  
10 February whatever.

11 MR. COLE: But let me say as we talked about earlier, I  
12 don't think we have to make the allocation decisions  
13 immediately or with any limited period of time because we can  
14 make the adjusting entries and, you know, shuffle money back  
15 and forth when we reach, you know, the guidelines and the  
16 criteria.

17 I am perfectly prepared to say well, we should allocate  
18 monies to these projects now and get on with business. Just  
19 the allocation. And that's (indiscernible - voice  
20 lowers) .....

21 MR. PENNOYER: The actual spending of the money then  
22 that you're .....

23 MR. COLE: Yeah. Spending the money is all right, it's  
24 how we account for it that's most important. I don't mean to  
25 say it's all right but it's what we're driving at at the

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moment, that's the issue.

1 MR. PENNOYER: Curt.

2 MR. McVEE: Mr. Chairman, I'd like to make a proposal  
3 and I could convert this to a motion I guess. But that  
4 we .....

5 MR. PENNOYER: Do it.

6 MR. McVEE: Okay. I make it a motion that we divide or  
7 separate the budget process subgroup and -- because the process  
8 subgroup is basically administrative processes, and that we  
9 reorganize an interim, at least, budget committee composed of  
10 two State and two Federal. And I guess we'll have to decide  
11 how to do that, but budget financial management type people  
12 that would address all those issues that we have with maybe --  
13 with their first attention directed towards a definition of  
14 this overhead item, the overhead cost. And do this before our  
15 next meeting so that we'd have a document that we could look  
16 at, maybe some options we can look at as far as a definition of  
17 that cost.

18 And it seems to me like that it'd be essential that  
19 this group would look at -- you know, to some extent at the  
20 various agencies budget processes and financial management  
21 process to do that. A terribly long motion wasn't it?

22 MR. PENNOYER: It was a great motion as long as I don't  
23 have to repeat it. Do I get a second for that?

24 MR. BARTON: Second.

25 MR. PENNOYER: Can we discuss it?

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MR. COLE: I think we've discussed it.

1 MR. PENNOYER: Thank you. Is there obje- -- .....

2 MS. RUTHERFORD: Mr. Chair.

3 MR. PENNOYER: Yes.

4 MS. RUTHERFORD: Could I ask a question?

5 MR. PENNOYER: Certainly.

6 MS. RUTHERFORD: Would these recommendations from this  
7 four people that are Federal and State, would they then come  
8 back to the Restoration Team so that then we could, within the  
9 parameter -- before they bring them to you, so that then we  
10 could apply the information we have from the projects and from  
11 the operating budgets to these directions and so that we have a  
12 document available to you that breaks it out according to the  
13 directions?

14 MR. PENNOYER: Mr. McVee, you didn't intend they work  
15 separate from the Restoration Team did you?

16 MR. McVEE: No. I think like other subgroups, they all  
17 report through the Restoration Team. I think we need to do  
18 that.

19 MS. RUTHERFORD: So, it would be all right then to take  
20 the draft that they have, take our budget figures, divide it up  
21 like that and present it as a package to you then?

22 MR. McVEE: Yes.

23 MR. BARTON: You're the risk that we'll love it.

24 MS. RUTHERFORD: Thank you.

25 MR. PENNOYER: Is there any further discussion,

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question? Is there any objection to the procedure motion from

1 Mr. McVee? Okay. It's adopted.

2 Now, having done that, where do we go next? Are we  
3 going to just -- I guess we have a number of deferred opt- --  
4 items, including the Restoration Planning Subgroup, which I  
5 guess we'll defer until tomorrow. We have a couple of tabled  
6 items and three deferred areas, which I think we can put off  
7 until tomorrow. So, what's next on our Agenda then?

8 MR. GIBBONS: Well we had next on the Agenda a brief  
9 overview of the public meetings, but there's members of the  
10 public, I have a suggestion that we, perhaps, the Habitat  
11 Protection Lands Committee up now. There's some members of the  
12 public who'd like to hear that presentation.

13 MR. COLE: Mr. Chairman.

14 MR. PENNOYER: Mr. Cole.

15 MR. COLE: We have, do we, a 5:00 o'clock or 5:15  
16 teleconference?

17 MR. PENNOYER: 5:00 o'clock, that's right.

18 MR. COLE: 5:00 o'clock. I'm thinking about whether  
19 there are any people here in attendance today who would like to  
20 be heard before the 5:00 o'clock teleconference begins. We  
21 should allow an opportunity for people here to make comment as  
22 well as those on the teleconferencing system, I think, but I  
23 leave that to your good judgment.

24 MR. PENNOYER: Well, don't you think the people on the  
25 teleconference may want to hear the other public testimony that

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takes place from here as well?

1 MR. COLE: Well, maybe some of them here don't want to  
2 stay until 6:30 tonight or 7:00, or you know, it get a little  
3 late I found out last time, didn't we?

4 MR. PENNOYER: That's correct.

5 UNIDENTIFIED SPEAKER: The last time we started at 6:30  
6 though.

7 MR. PIPER: Mr. Chairman.

8 MR. PENNOYER: Mr. Piper.

9 MR. PIPER: Could I also make a suggestion which might  
10 allow you to deal with a few other Agenda items more quickly  
11 today, too. That judging from -- having gone around to the  
12 communities, the issue of habitat acquisition or protection,  
13 however we want to term it, is the primary issue on the plate  
14 of most of those communities at this time that we've gone to  
15 hear. It may be helpful if they heard the presentation about  
16 the Habitat and Lands Committee as well to allow them to then  
17 provide comment if they want to from that community.

18 MR. PENNOYER: During the teleconference?

19 MR. PIPER: Yes, sir. And this might allow you to then  
20 go through some other Agenda items that are on here now after  
21 that.

22 MR. COLE: I don't know, maybe there's no people here -  
23 - anyone here want to comment before we talk to the others  
24 (ph) .

25 MR. PENNOYER: Well, I think people do. What's the

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Group's desire, do you want to go to public testimony here at  
1 about something like a quarter to and take the Lands  
2 presentation during the teleconference period?

3 MR. COLE: Do it.

4 MR. PENNOYER: Are there any items -- other items on  
5 here, Dave, you could do quickly?

6 MR. GIBBONS: Yeah. Ernie can give his public  
7 participation very quickly.

8 MR. BARTON: I thought we'd do that in the morning.

9 MS. RUTHERFORD: No, we're going to do that tomorrow.

10 MR. GIBBONS: You're going to do that in the morning,  
11 that's correct.

12 MR. PENNOYER: We're going to do that in the morning  
13 along with the public participation.

14 UNIDENTIFIED SPEAKER: Right.

15 MR. GIBBONS: Just the next item then would be a  
16 process for finding a permanent Executive Director, and I just  
17 need a little bit of guidance here from the Trustee Council.

18 MR. PENNOYER: Shall we go ahead and try to take one or  
19 two items like that first and then sort of blend the  
20 testimonies together?

21 Dave, go ahead.

22 MR. GIBBONS: I've been looking into ways to advertise  
23 for this position, and I've been hearing some things that the  
24 Trustee Council I think needs to hear. And that is we could  
25 advertise under the Federal system under our Demonstration

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Project, which would cover all Federal employees and the public  
1 in an advertisement. And we could go simultaneously with the  
2 State, target -- a State advertisement targeted at all State  
3 employees. Some of the problems of -- the pitfalls is if  
4 they're hired under each one of these systems, they cannot  
5 report to a Trustee Council, they have to report to one person  
6 is what I'm being told.

7 So my -- where I need some guidance is will the Trustee  
8 Council allow this person to report to one person on paper and,  
9 perhaps, report to the Trustee Council; or is there some other  
10 avenues that we can explore to solve this problem?

11 MR. PENNOYER: Comment?

12 MR. BARTON: Is this a personnel management problem?

13 MR. GIBBONS: It's a personnel management problem that  
14 I'm running into. I've had one person tell me to write a rider  
15 on a bill to get the personnel changed, the stipulation to  
16 that. And I'm just trying to -- it's a practical matter that I  
17 need to sort out or help sort out.

18 MR. BARTON: Is this a Federal problem or a Federal and  
19 a State problem?

20 MR. GIBBONS: The way I understand, it's both. That --  
21 what I was told is if they were a State employee, they --  
22 there's a technicality of having them work for three Federal  
23 Trustee Council members and vice versa on the other side, it's  
24 a Federal employee having them work for three State.

25 MR. McVEE: Mr. Chairman.

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MR. GIBBONS: We've looked at the contracts too (ph).

1 MR. PENNOYER: Mr. McVee.

2 MR. McVEE: It seems like we could solve that. That if  
3 that -- you know, if a Federal employee were selected that we  
4 could agree, you know, among ourselves and understand the -- I  
5 understand the regulation that requires that each employee have  
6 a supervisor, that's the person that does their annual  
7 performance rating, et cetera, et cetera. But it seems like  
8 we'd agree among ourselves on who would handle the -- you know,  
9 those aspects of the employment; if it were a State person, you  
10 know (indiscernible).

11 MR. PENNOYER: Mr. Cole.

12 MR. COLE: I try invariably to hue to the line, to do  
13 things exactly the way they are. And I think that it's a form  
14 of misrepresentation to say to anybody well he really doesn't  
15 work for the Trustee Council, he works for X over here but he  
16 really works for the Trustee Council. I mean that just doesn't  
17 wash well, and I don't think the public understands that form  
18 of government; I don't understand it, and I think we should  
19 just do it the way it is. Say it the way it is and accept the  
20 consequences because I think you just get in difficulties when  
21 -- you know, and you never see them coming and they always  
22 usually come up in some collateral fashion that you -- you  
23 know, when you don't things the way they really are, some  
24 collateral, you know, thing rises up and, you know, nabs you.  
25 I don't think we ought to do that.

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MR. PENNOYER: I guess the question Mr. Gibbons has is  
1 how do we get around it?

2 MR. COLE: Talk to the Department of Justice.

3 UNIDENTIFIED SPEAKER: We want an answer this year.

4 MR. O'CONNOR: Well, I've got a suggestion as well.

5 MR. PENNOYER: Mr. Attorney.

6 MR. O'CONNOR: Okay. You guys have no independent  
7 legal standing, you're not an entity that can contract with  
8 anybody, right? I mean that's a given, State, you guys  
9 really .....

10 MR. COLE: No.

11 MR. O'CONNOR: ..... as a legal concept do not exist.

12 MR. COLE: I don't agree with that at all.

13 MR. O'CONNOR: Okay. Then if this is a le- -- .....

14 MR. COLE: I mean we're dealing (ph) with that all the  
15 time. I mean I think we are.

16 MR. O'CONNOR: Does the Trustee Council have  
17 independent legal standing to enter into a contract with an  
18 individual? I think that question has to be answered, and I'm  
19 hearing that that has been answered in the negative, is that  
20 correct?

21 MR. BARTON: No. I think that's a different question  
22 that he's answered. I think we can contract. But the point is  
23 if we go to -- if we end up selecting an existing agency  
24 person, I suspect that individual would like to retain the  
25 tenure in whatever organization that he's currently employed --

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1 he or she is currently employed in. But I don't think that  
2 we're barred from contracting with somebody if somebody wants  
3 to contract with us. No, I don't agree with you.

4 MR. O'CONNOR: The Trustee -- your perception is that  
5 the Trustee Council has an independent legal status that it can  
6 enter into a contract with .....

7 MR. BARTON: I think we could. I don't think we have  
8 the procedure by which to do that, and in all likelihood, we're  
9 going to proceed by using individual agency contracting  
10 authorities and procedures. But I think we could contract.

11 MR. COLE: Mr. Chairman.

12 MR. PENNOYER: Mr. Cole.

13 MR. COLE: Well, I don't think there's any question but  
14 that we contract with people. I mean (indiscernible)  
15 telephones are they in -- you know, along the way and leases of  
16 this property from the Simpson Building. And I just think we  
17 do it routinely. And you know, if we can't contract with  
18 people, if we don't have independent existence, you know, I  
19 think we better call on .....

20 MR. O'CONNOR: Well today can .....

21 MR. COLE: ..... a couple of (ph) attorneys to figure  
22 out what we are. I mean what sort of a body are we, just a  
23 bunch of people sitting around this table? It beats me.

24 MR. O'CONNOR: Well I would give you a little more  
25 stature than that. But I don't .....

MR. COLE: But not much.

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MR. PENNOYER: Did you have anything else to say,  
1 Mr. O'Connor?

2 MR. O'CONNOR: I will give you the opinion which is  
3 subject to, certainly scrutiny by all of the other lawyers who  
4 work in this process. But my opinion is that there is not  
5 legal identity, separate and distinct, that's established by  
6 the Trustee Council to give you the authority to enter into  
7 contractual relationships. That's why all of the work to date  
8 has been done through the various agencies through the  
9 Department of Justice, through the Department of Law. All of  
10 the contracts that we have now are handled through an entity, an  
11 agency.

12 And the only way you individuals would have the  
13 opportunity to contract in your own right as a group would be  
14 to assume personal responsibility for those undertaking and  
15 those contractual obligations. And as your lawyers, I suggest  
16 you not do that.

17 So what I'm suggesting you do is recognize the  
18 limitations and decide what agencies are going to be  
19 responsible for performing certain functions on behalf of the  
20 Trustee Council. That's why NOAA, at this point, is carrying  
21 the contract with the chief scientist; it's not a contract the  
22 Trustee Council has nor is it a contract that they had. The  
23 State Department of Law and the NOAA as the lead Federal  
24 Trustee assumed responsibilities for entering into those  
25 contracts.

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I think you have the same limitations in post-  
1 settlement undertakings. So I'm giving you what my legal  
2 opinion is on behalf of the Federal Government on this issue.

3 MR. COLE: Well I'm giving my off-the-cuff legal  
4 opinion on behalf of the State of Alaska. And I am firmly of  
5 the view that we're an entity as a group of joint trustees  
6 which has the ability to contract and deal with these funds. I  
7 mean if we can't deal with these funds and make decisions with  
8 respect to income and disbursements in a joint capacity, I mean  
9 I think we better call a halt to this whole Council proceedings  
10 until that's thrashed out. I can't imagine that we're dealing  
11 here in individual capacities or that NOAA is, you know, is the  
12 contracting party or the State Department of Law is the  
13 contracting party, and that 10 years from now this same thing  
14 will be going on. I just don't conceive of that at all.

15 So I don't know how we're going to do this but we  
16 better get that resolved forthwith.

17 MR. PENNOYER: How?

18 MR. COLE: Well I can suggest one thing that quickly  
19 occurs to me, we could seek an advisory opinion from Judge  
20 Holland, present the matter to him. I think there's method  
21 (indiscernible) settlement to that for that purpose, and that's  
22 one way we can get it from like I say, the man who makes the  
23 final decisions, he's retained jurisdiction over this cause you  
24 might say or the disbursement of these funds. I think we could  
25 go to him and seek counsel.

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Furthermore, that's sort of a standard trust doctrine,  
1 you can see advisory opinions from courts in the matter of  
2 trust management, perhaps that's what we should o.

3 MR. PENNOYER: Any legal opinions from the rest of the  
4 Trustee Council

5 MR. COLE: Sure. Sure. You know what they say about  
6 legal opinions, they're about as good as -- worth as much as  
7 you pay for them, so keep in that mind as you evaluate my .....

8 MR. BARTON: Perhaps, there's some non-lawyers, which I  
9 am a non-lawyer. You know, we did contract through individual  
10 agencies prior to the Settlement, and at that time, I think  
11 that's the only way we could but we did that because we didn't  
12 have any other legal authority to do it, and we did it because  
13 it was expedient to do so because we had -- each agency had  
14 these contracting mechanisms in place. This Council has no  
15 contracting mechanism in place and would have to develop that  
16 through a very public process if they're going to go that  
17 route.

18 But to me what distinguishes this era from the prior  
19 era is the fact of the Settlement and the recognition of this  
20 body in the Settlement documents and by the courts. That's  
21 basically what I rest my case on.

22 MR. PENNOYER: How do we resolve this, Mr. Gibbons  
23 asked for guidance?

24 MR. O'CONNOR: Well, I would ask for (indiscernible)  
25 from the Department of Justice their opinion on the subject

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which would be dispositive of the Federal position, and  
1 perhaps, the Attorney General can give us the same for the  
2 State to determine what the ultimate authority is. I'm giving  
3 you my opinion. I've addressed this issue in my own mind, and  
4 my concern for the Federal representatives on the Trustee  
5 Council. I don't believe that they have the individual  
6 authority (indiscernible) they approve (ph) to function on  
7 behalf of their trustees and bind the Federal Government  
8 individually.

9 I think the agency authority exists, the Federal  
10 procurement authority exists, the Federal personnel rules  
11 apply. But this is not a recognized Federal entity.

12 MR. COLE: Mr. Chairman.

13 MR. O'CONNOR: It's separate and distinct from the  
14 individual agencies.

15 MR. PENNOYER: Mr. Cole.

16 MR. COLE: Well as I visualize it, you know, don't we  
17 have a memorandum of understanding that the State and Federal  
18 Trustees shall act as co-trustees in the management and  
19 execution of the Trust? I think so. That was my  
20 understanding, and I keep track of all these things. But --  
21 and I thought that Judge Holland approved that -- you know, I  
22 know he approved it.

23 So, it was -- the way I visualized it when Judge  
24 Holland said that, that we are common law trustee, co-trustees,  
25 acting jointly as co-trustees in a basic common law trust

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concept, which is I said at the very beginning this morning.

1 And, if somehow we don't have that legal framework, I mean I  
 2 don't know what our legal framework is at all. And, you know,  
 3 we can get maybe the Department of Justice's views. I know we  
 4 can look it in the Department of Law, but as far as I'm  
 5 concerned if there is a view either by the Department of Law or  
 6 the Department of Justice that we are not legal trust- -- an  
 7 entity in the nature of trustees, then we should seek the  
 8 advice and counsel and the opinion of Judge Holland. Because I  
 9 don't think we can have this group of co-trustees going on for  
 10 the next 10 years and not being able to enter into contracts  
 11 with anyone of any kind or nature in the name of the Trustee  
 12 Council, which is really the title of the co-trustees acting  
 13 jointly.

14 MR. SANDOR: Mr. Chair, I move that the Council approve  
 15 that course of action.

16 MR. PENNOYER: Commissioner Sander, which course of  
 17 action are you referring to?

18 MR. SANDOR: The one of going to Judge Holland and  
 19 seeking a resolution of this question after receiving the  
 20 opinions from Department of Justice and the Department of Law  
 21 and the State.

22 MR. PENNOYER: So, the initial action would be to ask  
 23 the Department of Justice and the Department of Law to give us  
 24 their opinions; based on those to go take them to Judge Holland  
 25 and ask for some reconciliation if they're different, is that

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the direction you're proposing?

1 MR. SANDOR: That's the motion.

2 MR. PENNOYER: Not understanding what procedures are  
3 really require to go to Judge Holland, is there any other  
4 comment?

5 MR. McVEE: I guess .....

6 MR. PENNOYER: Mr. McVee.

7 MR. McVEE: Yes. I guess maybe my question for Craig  
8 is that it is your interpretation that we would also not have  
9 authority to enter into cooperative agreements or would your  
10 interpretation extend that far?

11 MR. O'CONNOR: Who would the cooperative agreement be  
12 with?

13 MR. McVEE: You know, it might be a cooperative  
14 agreement by the Council to one of the Trustee member --  
15 agencies, one of -- you know, to do certain things.

16 MR. O'CONNOR: I think the representatives in each of  
17 the agencies could enter into an agreement that would bind  
18 their agencies to function in a particular fashion, which is  
19 exactly what we have here by way of a settlement. What I'm  
20 suggesting is that you could not hire a person as its employer,  
21 you are not a legal entity that can go out and hire a person or  
22 contract and obligate independently of procurement contracting  
23 for personnel authorities within the Federal system itself.

24 MR. McVEE: Mr. Chairman, before we vote on this, I  
25 need to consult with my Counsel.

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MR. PENNOYER: Okay. We'll take -- I want to do that  
1 before the hearing anyhow (ph). Do you want to take a 10  
2 minute break and then that's it, then we'll go straight through  
3 with the public hearing after that?

4 UNIDENTIFIED SPEAKER: It's acceptable.

5 MR. PENNOYER: Okay. A 10 minute break.

6 (Off record)

7 (On record)

8 MR. PENNOYER: I'd like to cover a little bit of ground  
9 before we get into it. On the last issue that was before us, I  
10 think Commissioner Sander, you've got a statement?

11 MR. SANDOR: Yes, Mr. Chair. I withdraw the motion and  
12 defer the question to Attorney General Cole who's going to file  
13 going to take -- the State will take action in requesting a  
14 motion of the Judge so I withdraw the motion.

15 MR. PENNOYER: Okay. Thank you. Mr. Cole, do you have  
16a .....

17 MR. COLE: Yes.

18 MR. PENNOYER: ..... you wish to make?

19 MR. COLE: Mr. Chairman, the State Trustees with  
20 delivered speed with file an application before Judge Holland  
21 asking that he determine whether the Governments as co-trustees  
22 have the power to contract.

23 MR. PENNOYER: Thank you. We've -- we're going to be  
24 starting a teleconference here in a very few minutes. I have  
25 one, two, three, four, five, six, seven, eight, nine, ten

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locations on-line or will have on-line. I will determine  
1 shortly how many people are in those locations. Could I have a  
2 show of hands here as to how many people in the audience with  
3 to testify tonight?

4 UNIDENTIFIED SPEAKER: Four.

5 MR. PENNOYER: Four. You too? Is the microphone on?  
6 I don't believe it is.

7 (Off record comments)

8 MR. PENNOYER: We have four here. We intend to go to  
9 6:30 or 7:00 o'clock, and depending on how many people come on  
10 the line, I would appreciate it, folks, if you'll hold your  
11 testimony to five -- ten minutes time. Our intent at the  
12 moment is to have two items at the start of the teleconference;  
13 one will be a brief review of what we've done today so far,  
14 Dave Gibbons will give that he promises me in about five  
15 minutes or less, and then we're going to get a brief review,  
16 also, on the Habitat Protection Lands Committee from Ken Rice  
17 before we proceed with the teleconference.

18 (Off record comments)

19 MR. PENNOYER: Is there anything we need to do in the  
20 meantime?

21 MR. COLE: There may be someone can testify here.

22 MR. PENNOYER: Well, it was sort of thought they'd want  
23 to hear the presentation on Lands, too.

24 MR. BARTON: We could answer Mr. Gibbons question.

25 MR. PENNOYER: Mr. Barton, do you want to take a crack

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at answering Mr. Gibbons question?

1 MR. BARTON: I think Mr. Gibbons should proceed to  
2 advertise for a permanent director in both the State and the  
3 Federal system. In the meantime, we'll resolve this problem.

4 MR. PENNOYER: Is everybody in accord with that  
5 recommendation?

6 UNIDENTIFIED SPEAKER: Yes.

7 MR. PENNOYER: Okay. Thank you.

8 (Off record comments - teleconference)

9 MR. COLE: Mr. Chairman.

10 MR. PENNOYER: Mr. Cole.

11 MR. COLE: I would suggest that if there's anyone here  
12 who wishes to testify at this time, before we get everybody on  
13 line and before the Habitat presentation, that we hear them  
14 now.

15 MR. PENNOYER: Is there anybody here that wishes to  
16 testify before the Habitat presentation? Yes, sir. I will go  
17 ahead and take these two gentlemen.

18 MR. WINCHESTER: I'll keep my remarks brief.

19 MR. PENNOYER: Thank you.

20 MR. WINCHESTER: I'm James Winchester, I'm the general  
21 manager of a public radio station in Valdez; we also broadcast  
22 in Cordova and Whittier.

23 From the first day of the Spill on, Public Broadcasting  
24 has been intimately involved in the public process of public  
25 education. Unfortunately, due to some changes in funding over

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the past year, our ability to carry that load has been  
1 drastically reduced I should say over the two, three -- no, six  
2 months to a year. Our news department in Valdez has gone from  
3 three people to one. And, I would like to see or have the  
4 Trustees consider as part of your Public Outreach Program or  
5 another program similar to the Public Information & Education  
6 Program Number (ph) 118 that some funds for public broadcasting  
7 be included in this budget.

8           There's some very large numbers bandied about here  
9 today, this is an enormous amount of money; it will be expended  
10 overly a goodly period of time. And most of these projects are  
11 specific to Prince William Sounds, that's our area, that's our  
12 principal area of concern as well.

13           A lot of these -- a lot of the projects, a lot of the  
14 process here -- this isn't a glamorous story but it's one that  
15 folks there are really, really interested in; it's important to  
16 their lives. And we're going to have a difficult time staying  
17 up with it. We're having a difficult time now. We should have  
18 a reporter here today, we don't. So, that's my message, we  
19 could use a little help. Thank you.

20           MR. PENNOYER: Any questions? Mr. Cole.

21           MR. COLE: Well, I would suggest that we refer those  
22 comments to our Public Outreach section subgroup for their  
23 consideration and recommendation.

24           MR. PENNOYER: Further questions or comments? Did the  
25 other gentleman wish to testify now?

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MR. CALLAHAN: Thank you.

1 MR. PENNOYER: Thank you.

2 MR. CALLAHAN: Yeah. Thank you for the opportunity to  
3 address the Panel. I was somewhat humored by the first article  
4 when this Panel which created Panel (ph) voted themselves into  
5 existence. Congratulations. This is a real problem.

6 MR. PENNOYER: Sir, would you mind giving your name?

7 MR. CALLAHAN: Michael Callahan's my name. I'm  
8 representing myself. It says in our Constitution, both in the  
9 State Constitution and the Federal Constitution, that Congress  
10 shall pass all laws. No law has created this body, no Federal  
11 law, no State law. No common agreement between these entities  
12 can supersede these law making abilities. You're not an  
13 independent entity, you don't exist.

14 Now, how to resolve this is an interesting question.  
15 The way to resolve this is not really simple but somewhat  
16 simple; you need to be created by an act of law, Federally and  
17 State. Now, when you look at the State Constitution, all bills  
18 of expenditure shall originate in the House, the same thing is  
19 true with the Federal Constitution. Funds cannot be dispensed  
20 under a State entity unless it has been passed through the  
21 House of the Legislature, constitution.

22 The Constitution -- the Federal Constitution and the  
23 State Constitution have been usurped (ph) by Exxon, and a  
24 Federal Judge, and this is not a legal entity. You need to go  
25 to your legislative bodies, get them to pass a law to create

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this entity.

1           The State of Alaska gets 50 million dollars out of this  
2 Settlement, we don't get anything. You guys got the money.  
3 Where does the money go to. You guys decide where the money  
4 goes. This isn't a State body, this isn't a Federal body, this  
5 nobody. This is -- you know, check the laws. You know, as you  
6 said you want to do things the way they are. Well, the way  
7 they are was very clearly established in this state, that's the  
8 way things should be done.

9           And I would appreciate it if you gentlemen would  
10 respect the laws of the State of Alaska and the United States.  
11 Thank you.

12           MR. PENNOYER: Mr. Cole, do you want share a  
13 comment (ph).

14           MR. COLE: No, sir.

15           MR. PENNOYER: Any other questions or comments. Thank  
16 you. I think everybody else has indicated they wish to wait  
17 until the Lands presentation or Bob, do you want to .....

18           BOB: I'll wait.

19           MR. PENNOYER: Are we on-line in the teleconference?  
20 Okay. We have already taken testimony from two individuals who  
21 did not want to wait for the presentation we're going to do  
22 shortly here. I understand we have the various communities on  
23 the line at this time. We're going to have a brief  
24 presentation from our Management Restoration Team in terms of  
25 some of the items that have been covered today so everybody on

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line is aware of what we've done so far today. And then, we're  
1 also going to get a brief presentation from Ken Rice from  
2 Habitat Protection & Lands Committee on what that group has  
3 been doing since our last meeting.

4 We thought the public interest we've seen in our  
5 various public meetings on that particular item was such that  
6 everybody would benefit from some discussion of where we are  
7 before we go on with the public hearing. So, at this time,  
8 I'll ask Mr. Gibbons to give a brief overview of some of the  
9 items that have been covered today, then Mr. Rice will talk  
10 about the Habitat Protection Lands Committee's activities.

11 Mr. Gibbons.

12 MR. GIBBONS: Thank you, Mr. Pennoyer. If I interpret  
13 these wrongly, I'm sure the Trustee Council will correct me.  
14 I'm going to try to summarize briefly, in less than five  
15 minutes, what has occurred today.

16 ANCHORAGE BRIDGE: This is the Anchorage Bridge and  
17 we're standing by for this afternoon's teleconference with  
18 Juneau, Soldotna, Tatitlek, Cordova, the Egan Convention  
19 Center, Homer, Whittier, Seward and Fairbanks now on-line.

20 MR. PENNOYER: Okay. Thank you. I don't know if you  
21 picked up what I said before. This is the meeting of the  
22 Trustee Council, we have been in session since 11:00 o'clock  
23 this morning dealing with various administrative matters.  
24 We're going to go ahead and have the Restoration Team quickly  
25 run through some of the items we have gone through today so the

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public that's on the line in the remote sites is aware of the  
1 actions we've taken so far. And then we're going to get a  
2 presentation from our Habitat Protection Lands Committee of  
3 their activities since the last meeting.

4 So, before we take anymore public testimony, I'll ask  
5 Mr. Gibbons to go on with the description of what we've done so  
6 far.

7 MR. GIBBONS: Yes. The meeting started out prior to  
8 the Agenda with two activities that took place. Mr. John  
9 Sander, Commission of Environmental Conservation, passed out a  
10 proposal for an endowment fund for further consideration by the  
11 Group. Mr. Cole stated each decision -- in the statement that  
12 each decision must be formulated with the legal principles in  
13 mind. The Department of Law was requested to prepare a  
14 memorandum regarding the law of trust, the duties of common law  
15 trustees supplemented by the Memorandum of Agreement are as  
16 follows: administer trust solely in the interest of the  
17 beneficiary and preserve trust property. The .....

18 TELECONFERENCE BRIDGE: Valdez (ph) is getting a lot of  
19 breaking up.

20 UNIDENTIFIED SPEAKER: I can't hear what the gentleman  
21 is saying.

22 MR. GIBBONS: Is this better?

23 MR. PENNOYER: Speak more directly into the microphone.

24 TELECONFERENCE BRIDGE: (Indiscernible) we're just  
25 catching a little bit of bleed from the Egan side, nothing's

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started yet.

1 (Off record comments)

2 MR. PENNOYER: If you'll speak very directly into the  
3 microphone and go ahead and give your statement about the  
4 activities already accomplished today or discussed today.

5 MR. PIPER: Mr. Chairman, one other point about the  
6 teleconference. When all the microphones are open, if there  
7 are rustling papers by microphones and that kind of thing, it  
8 will tend to cut our the speaker. So, everybody who has an  
9 open microphone could rest calmly.

10 MR. PENNOYER: Very will.

11 ANCHORAGE BRIDGE: Anchorage Bridge and we're standing  
12 by.

13 MR. GIBBONS: Is this clearer to the teleconference?  
14 Can the teleconferencing sites here me?

15 ANCHORAGE BRIDGE: You're not coming through too well.

16 TELECONFERENCE BRIDGE: But you are much better than a  
17 few minutes ago.

18 MR. PENNOYER: A little bit closer, Dave.

19 (Off record comments)

20 MR. GIBBONS: Is this better?

21 TELECONFERENCE BRIDGE: Much better.

22 MR. GIBBONS: Okay. I'm going to try to give a brief  
23 summary of what occurred today from the meeting commencing at  
24 11:00 a.m. this morning and just terminating.

25 Before the Agenda was started, there were two

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activities that occurred. Mr. John Sandor, Commissioner of  
1 Environmental Conservation, passed out a proposal for an  
2 endowment fund for further consideration. And, Mr. Cole,  
3 Attorney General of the State, stated each decision reached by  
4 this Group must be formulated with legal principles in mind.  
5 The Department of Law was requested to prepare a memorandum  
6 regarding the law of trust, the duties of common law trustees  
7 and supplemented by the Memorandum of Agreement, and are as  
8 follows: Administer the trust solely in the interests of a  
9 beneficiary, reserve trust property.

10 We next moved onto the Agenda. The Trustee Council  
11 accepted the recommendation of the former Resource Restoration  
12 Coordination Group to change its name to the Restoration Team.

13 We next moved onto a discussion of the role of the  
14 contract of the chief scientist. And the Trustee Council  
15 approved the contract through NOAA of a chief scientist with a  
16 maximum amount of \$191,000.00, and that's for an eight month  
17 period.

18 Discussions of the organization next -- can you still  
19 hear me out there? Organization next took place. The first  
20 item was the budget for the Trustee Council. The Trustee  
21 Council moved to strike any costs associated with the Trustee  
22 Council from the administrative budget.

23 The next item of discussion was the Public Advisory  
24 Group, and this item was table until after a public  
25 participation discussion which will take place tomorrow.

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1 The space for the Administrative Director and the  
2 support staff, the Trustee Council moved to use the existing  
3 contract in-place through the Department of Justice with CACI  
4 through September 30th, 1992.

5 The peer review discussions, the Trustee Council moved  
6 to expend the existing accounts held in -- for peer review in  
7 the respective Department of Law and Department of Justice  
8 budgets.

9 The budget for the Restoration Team was approved.

10 The budget for the Restoration Planning Subgroup was  
11 deferred until the end of the day tomorrow for further  
12 discussion.

13 A Public Resource Center discussion occurred. We will  
14 revisit that discussion again tomorrow in a five minute  
15 presentation; a very streamlined presentation I'll add.

16 On the idea of overhead by the various agencies, a  
17 motion was passed to separate the budget and process subgroup  
18 into two groups. On the Budget Subgroup, it would have two  
19 State and two Federal members from -- budget expertise from the  
20 various agencies. And the first task would be to provide  
21 guidelines for overhead to the various Trustee Councils and  
22 agencies.

23 The next item was the action concerning the selection  
24 or the advertisement and process for finding a permanent  
25 executive director. The Trustee Council approved that the  
interim administrative director proceed with advertising for

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1 this position both within the State, Federal and private  
2 sectors.

3 And the last item was the Department of Law will  
4 petition the court, Judge Holland, on the authorities for the  
5 Trustee Council to have contract authority.

6 MR. PENNOYER: Thank you, Mr. Gibbons. That was Dave  
7 Gibbons as our interim Executive Director and Chair of the  
8 Restoration Team to the Trustee Council. We're going to  
9 proceed now to a presentation by Ken Rice on the Habitat  
10 Protection Lands Committee activities since the last Trustee  
11 Council meeting. Mr. Rice.

12 MR. RICE: Mr. Chairman. What I want to do is start  
13 out by backing up a little bit and give you a background as to  
14 where we've come from with this Lands Protection program.

15 In 1991, the Trustees published a draft Restoration  
16 Program in a March 1 Federal Register Notice. And in that  
17 Federal Register Notice, it identified a Lands Habitat  
18 Protection Program. The objective of that project, and I'm  
19 quoting from the Federal Register Notice, is to identify and  
20 protect strategic wildlife and fisheries habitats in recreation  
21 sites and to prevent further potential environmental impacts to  
22 resources injured by the Exxon Valdez Oil Spill.

23 The whole program was premised on a willing buyer,  
24 willing seller basis, and there would be no condemnation or  
25 other negotiations that weren't from a willing seller.

26 The project set out five steps which was the basis for

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the program that would go forward, and those five steps were  
1 identified: key upland habitats linked to injured resources or  
2 services. The second step would be to characterize and  
3 evaluate potential impacts, evaluate recovery strategies not  
4 involving acquisition and assess protection afforded by  
5 existing law and regulations. The third step would be to  
6 evaluate cost effective strategies to achieve restoration  
7 objectives. The fourth being willing seller, willing buyer  
8 negotiations with private landowners for property rights. And  
9 the last step was to incorporate the acquired property rights  
10 into public management.

11 During the summer of 1991, the Restoration Planning  
12 Work Group began working with the Nature Conservancy to  
13 identify various ways to identify and protect fish and wildlife  
14 habitats in recreation sites. In December of 1991, the Nature  
15 Conservancy produced a handbook which I have here, and I think  
16 copies have been made available to most of the Trustee Council  
17 members; and that handbook is entitled "Options for Identifying  
18 and Protecting Strategic Fish & Wildlife Habitats in Recreation  
19 Sites".

20 It set out several steps that they felt was important  
21 in going into any protection mechanism, and those steps  
22 parallel very closely what was in the Federal Register Notice.  
23 They said, one, you need to develop conservation objectives  
24 that will guide the protection process. This has been somewhat  
25 accomplished through the project objectives outlined in the

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Federal Register Notice; however, we feel that we need to  
1 further refine these objectives and allow for protection  
2 strategies other than fee simple acquisition.

3 The second step they identified was to identify and  
4 rank strategic fish and wildlife habitats in recreation sites.

5 Key features being to develop evaluation criteria, create an  
6 inventory of lands suitable for protection and perform an  
7 initial threat analysis and then determine the optimum area for  
8 protection.

9 In 1992, this process will largely be based on  
10 landowner proposals and public nominations. In the long term,  
11 we are proposing to conduct a more systematic process. We have  
12 several restoration projects aimed at providing information  
13 linked to habitats to injured species, and this would provide  
14 the scientific basis for linking any habitat protection to  
15 those upland resources. Those -- some of those projects  
16 include a marble mural (ph) restoration project, stream habitat  
17 assessment, Harlequin (ph) duck restoration study and  
18 identification of habitats relevant to injured species. These  
19 are all projects we'll be looking at tomorrow as part of the  
20 detailed budget.

21 The third step that the Nature Conservancy outlined in  
22 their handbook was to develop a protection plan, and this  
23 involves working very closely developing a close working  
24 relationship with the landowner and determining the most  
25 effective -- cost effective methods for protecting those lands.

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The last step, develop a management plan very similar  
1 again to what the Federal Register Notice said, this would  
2 include developing management plans as they -- any of those  
3 rights move into public ownership.

4 On January 28th of this year, members of the  
5 Restoration Team -- Restoration Planning Subgroup and agency  
6 specialists met with the Nature Conservancy to review the  
7 handbook and close out on that project. The Restoration Team -  
8 - as a result of that meeting, the Restoration Team is  
9 recommending that a Lands subgroup primarily -- or at least  
10 initially made up of the Restoration Team guide the project by  
11 identifying objectives, time lines, process criteria and  
12 technical experts. And that a second subgroup or a second  
13 group, which would be an ad hoc group, made up primarily of  
14 agency or possibly contract specialists would be used and  
15 called in on a case by case basis as negotiations proceeded.

16 Some of the technical experts that we would need to  
17 include, which go beyond the scope of what we have available in  
18 the Restoration Team, might include biologists, attorneys,  
19 appraisals, realty experts, key contact negotiators, risk  
20 assessment -- or risk management specialists and resource  
21 economists.

22 We've developed a tentative time line which we think is  
23 achievable this year if the Trustee Council wants to move  
24 forward with the program that would deal with some of the  
25 proposals that we are receiving now. And what that would

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entail doing is that by the 21st of February the Restoration  
1 Team would circulate draft objectives and criteria for  
2 evaluating proposals to the Trustee Council; these would be  
3 revised and sent out to the public by the 2nd of March where  
4 the public would have a comment to look at these draft  
5 criteria.

6 On -- by the 27th of March we would -- okay. On the  
7 2nd of March, we would also announce our willingness to accept  
8 nominations and proposals from the landowners and also from the  
9 public, and we would develop sort of a two-tiered list; one  
10 list would include those lands that were identified by willing  
11 sellers, the second list might include lands that the public  
12 has identified. Realizing that only those -- the -- we would  
13 only deal with those lands were there were willing sellers.

14 We would publish a master list by the 27th of March of  
15 those lands that we had received nominations on, and then by  
16 the 30th of April, we would begin to start negotiations with  
17 various landowners and review and evaluate the proposals that  
18 we had come forward with.

19 What I would suggest is that we have two basic  
20 questions to go to the Trustee Council with at this time. The  
21 first question being does the Trustee Council want to proceed  
22 using the concepts developed in the Federal Register Notice as  
23 the basis for a land protection acquisition program. And the  
24 second question is does the Trustee Council want to adopt a  
25 short-term time line that would basically become part of the

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'92 Work Plan to deal with some of the proposals that we are  
1 receiving now and the perception, at least, of imminent threat  
2 to some of these lands or do they want a longer term program  
3 that links some of the studies more closely to any projects  
4 that we move forward with.

5 MR. PENNOYER: Is that -- your presentation,  
6 Mr. Rice, .....

7 MR. RICE: That concludes .....

8 MR. PENNOYER: ..... then is complete?

9 MR. RICE: Yes.

10 MR. PENNOYER: I think we're going to have to discuss  
11 this in some detail, but we have only limited time for the  
12 teleconference. So my suggestion will be that -- unless you  
13 have a question for clarification right now, that we proceed  
14 with the public testimony and we'll have to complete this  
15 discussion tomorrow; we'll again be taking public testimony  
16 tomorrow evening, so we'll be starting at 5:00 o'clock I  
17 believe, testimony (ph) 5:00 to 6:30 tomorrow night.

18 So, are there questions of clarification for Mr. Rice  
19 right now? I think we'll proceed on with the public testimony  
20 part of the Agenda, and we started here in Anchorage, I believe  
21 we've got a few more people here that held their hand up.  
22 Could we take the Anchorage folks first? And again, we've got  
23 quite a few stations on line, so if you could limit your time  
24 to five or ten minutes I would appreciate it.

25 Who's next from Anchorage? Yes, sir.

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(Pause)

1 MR. CARMICHAEL: Mr. Chairman, Trustees. My name is  
2 Jim Carmichael, I'm the manager of (indiscernible) Afognak,  
3 Joint Venture in Kodiak. The Afognak Joint Venture is a  
4 partnership created by ANILCA and owns approximately 180,000  
5 acres of land on Afognak Island. Two major partners in the  
6 Afognak Joint Venture are Afognak Native Corporation and Koniag  
7 (ph), Inc.; there are also several minor partners.

8 The Federal Government owns approximately 50,000 acres  
9 in the northwest portion of the island and part of the Kodiak  
10 National Wildlife Refuge. Several small islands offshore are a  
11 part of the National Maritime Wildlife Refuge. The State of  
12 Alaska has one small holding on the east side of the island,  
13 and the State has more substantial holdings on other islands  
14 immediately adjacent to Afognak.

15 Afognak was originally set aside by the Federal  
16 Government as a forest and fish culture reserve in the year  
17 1892. Until 1980, it was part of the Chugach National Forest.  
18 Extensive selections by village corporations on the southern  
19 portions of the island began pursuant to the Alaska Native  
20 Claims Settlement Act. And the Alaska National Interest Lands  
21 Conservation Act, ANILCA, transferred remaining Native  
22 selections from the Alaska Peninsula over to most of the  
23 remaining portion of Afognak Island and brought about creation  
24 of the Afognak (ph) Joint Venture.

25 While much of the southern portion of Afognak Island

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has been roaded and logged, most of the Joint Venture's  
1 holdings east and southwest of the Federal land that's on the  
2 island do remain undeveloped. These holdings contain  
3 outstanding fish and wildlife resources, including large herds  
4 of elk, Kodiak bear and many of the species that were injured  
5 in the Exxon Valdez Oil Spill. Afognak was within the Spill  
6 zone and some of its shores were oiled.

7 It had been the Joint Venture's intention to extend its  
8 logging operations into holdings that we are now proposing and  
9 to explore other income producing options for some of the non-  
10timbered lands that are on the island. Those would be cabins,  
11lodges and developments along the shores of the higher lakes.  
12As a corporate entity, we owe it to our partners and their  
13shareholders to use the land to be able to return them  
14dividends.

15 For the past years, however, we have explored ideas  
16which would lead to the sale of some or most of our Joint  
17Venture holdings to the Federal and State land managing  
18agencies. If successful, such an arrangement could enable our  
19corporation to create a permanent fund and diversify our  
20business operations; Afognak Native Corporation is actively  
21involved in the logging/timber business, successful at it.

22 Of course, we would continue to develop those lands  
23which are not sold. In that effort, we advocated passage by  
24Congress of a special study of Afognak and Prince William Sound  
25inholdings. Such a directive was passed last year in Congress.

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We are currently cooperating with the Fish & Wildlife Service  
1 as it studies our lands. We are also supporting State  
2 legislation introduced by Kodiak Representative Cliff Davidson  
3 and Senator Curt Menard (ph) which would provide for State  
4 purchase of lands in the Pauls Lake and lower Melina Lake  
5 regions of the island.

6 It is our hope that these efforts will lead to a stage  
7 acquisition process coordinated with both the State and Federal  
8 governments to acquire a substantial portion of the Afognak  
9 Joint Venture's lands up to approximately 125,000 acres  
10 stretching from the Pauls Lake lower lake area on the northeast  
11 to the Melina peninsula on the southwest, including land and  
12 timber rights on approximately six offshore islands.

13 We are confident that Afognak's natural resource values  
14 will fare well in comparison to other areas within the Spill  
15 zone. We are also hopeful that the presence of sizable tracts  
16 contiguous to the large Federal holding and a cooperative  
17 seller will be attractive to the Trustees.

18 We have -- or if we have a disadvantage on Afognak it  
19 is that our resources are not as well known as some other  
20 areas. We hope an objective investigation of the resources  
21 will overcome that disadvantage.

22 Having laid out what the Afognak Joint Venture offers,  
23 let me outline some conditions necessary for us to meet our  
24 obligations to our partners and shareholders. First, we are  
25 interested in sale of lands and not development rights. If we

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are unable to sell most of the lands, we want to see sales of  
1 relatively compact parcels so we are not left with  
2 discontinuous tracts of lands encumbered by easements or  
3 holdings otherwise made difficult to develop.

4           The second, we are interested in selling a mix of  
5 timbered and non-timbered lands. To give up ownership of land,  
6 we must demonstrate to our partners in the Joint Venture that  
7 we are receiving a fair price and that the sale of lands is an  
8 attractive alternative to timber development and logging. We  
9 will not engage in a series of sales which leaves us holding  
10 lands with no revenue potential and no hope of further sales.

11           Third, we have already voluntarily withheld logging on  
12 many of our holdings while we have explored these land sales.  
13 We have engaged substantial expense in our efforts to work with  
14 Congress and in anticipation of working with the Trustees. We  
15 would not wish to be penalized for our cooperative efforts  
16 either by receiving bids lower than those offered to hostile  
17 sellers or seeing sales of our lands delayed while  
18 uncooperative sellers are treated more expeditiously. We have  
19 been open and cooperative, and we expect fair play in return.

20           In conclusion, we believe that land acquisition is an  
21 important use of the Settlement funds. We believe that land  
22 sales can help our shareholders and those of our other  
23 corporations in the State. We believe that maintaining the  
24 best hunting, fishing and recreational resources is good for  
25 the region's economy, and we will work cooperatively with you

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to achieve those ends.

1 Thank you. Are there any questions?

2 MR. PENNOYER: Mr. Carmichael, if you have a written  
3 copy of your testimony, if you could provide that to our  
4 Secretary, a copy of your testimony?

5 MR. CARMICHAEL: Yes, I certainly will.

6 MR. PENNOYER: Questions of Mr. Carmichael? Thank you.

7 MR. CARMICHAEL: Thank you.

8 MR. COLE: I have a question.

9 MR. PENNOYER: Sure. Mr. Cole.

10 MR. COLE: Mr. Carmichael, to get a sense of the funds  
11 involved in your proposal, could you tell us about -- just  
12 about, you know, how much an acre for the timber and the non-  
13 timbered lands we're talking about? I think it's helpful to  
14 get a sense of these various proposals.

15 MR. CARMICHAEL: Certainly. I understand the reason  
16 for your question. It would be premature to attempt to  
17 memorialize anything in that there's probably a process that  
18 would have to be gone through and public scrutiny, and we  
19 appreciate that. If one were to look at say the Katchemak  
20 acquisition there, in a rough average, some of those lands went  
21 for \$917.00 an acre. That treats acres as fungible (ph).  
22 You'd still have to address the issue of timbered and  
23 untimbered quality of the timbering and we are prepared to do  
24 that.

25 MR. COLE: But in general, it'd be not unfair to say

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we're looking at about a thousand dollars an acre for .....

1 MR. CARMICHAEL: That's correct.

2 MR. COLE: ..... timbered lands?

3 MR. CARMICHAEL: Timbered and non-timbered lands if we  
4 were to treat acres as fungible on an average.

5 MR. COLE: Thank you.

6 MR. SANDOR: Mr. Chair.

7 MR. PENNOYER: Yes.

8 MR. SANDOR: Just one quick question. Did Afognak  
9 Joint Venture consider or would it consider exchange of the  
10 lands?

11 MR. CARMICHAEL: We have not considered, and the reason  
12 we haven't is that in looking at other folks that preceded us  
13 with these types of exercises have never been able to find  
14 lands that worked out. I don't know that we would not but we  
15 don't see anything out there that would fit.

16 MR. SANDOR: Thank you.

17 MR. PENNOYER: Thank you, Mr. Carmichael. Anybody else  
18 here in Anchorage. Yes, sir.

19 MR. PHIPPS: Thank you, Mr. Chairman. My name is  
20 Allen Phipps, I'm speaking on behalf of the Alaska Center for  
21 the Environment, which is an Alaska based regional  
22 environmental organization based in Anchorage with  
23 approximately 1,500 members, and our primary area of focus is  
24 South Central Alaska.

25 I will touch on a variety of topics and follow up with

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a written letter so that I can flesh some of these ideas out.

1 In anticipation of the meeting next week in Anchorage regarding  
2 public process, I would like to say that staff for the Public  
3 Advisory Group is extremely important. And we believe that at  
4 least two staff members is important because the Public  
5 Advisory Group will have a great deal of work to do, and those  
6 staff members should be hired by the Public Advisory Group.

7 I will be providing our formal proposal for the Public  
8 Advisory Group by the meeting next week. I will just say that  
9 is consists of 13 members, each member representing a  
10 particular interest group. And it is very important for us, we  
11 believe, that each interest group gets to select the member of  
12 the Public Advisory Group that represents them.

13 We also believe it's appropriate that the Trustee  
14 Council do as -- or proceed with doing what the Trustees of the  
15 Shell Oil Spill Settlement of California did, which was to  
16 place two non-voting members selected by the Public Advisory  
17 Group on the Trustee Council.

18 Our primary -- our priority for expenditure of these  
19 funds is acquisition of fish and wildlife habitat and  
20 recreation sites. And we support that both as a fee simple  
21 acquisition proposition but also we encourage the Trustee  
22 Council to pursue where appropriate other types of cooperative  
23 management agreements with willing sellers such as -- other  
24 options such as conservation easements and acquisition of  
25 development rights. We believe that fully 80% of the trust of

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the Restoration funds should be made available for these sorts  
1 of habitat acquisitions.

2 I think you'll find that land trades are not a very  
3 feasible option since it's our understanding that in the past  
4 where that's been tried, essentially most of the best timber  
5 lands have already been selected by the ANCSA corporations, and  
6 there are not other comparable lands available for trade.

7 We're concerned about the amount of money in the  
8 proposal that was passed out today for science studies.  
9 Obviously, certain scientific studies are important, but again,  
10 we feel that there is enough information already to proceed on  
11 an aggressive habitat acquisition program, and we encourage the  
12 Trustee Council to direct the Restoration Committee to proceed  
13 with an aggressive program.

14 Finally, the Alaska Center for the Environment urges  
15 the Trustee Council to recommend that the State and Federal  
16 governments not reimburse themselves for costs that they've  
17 incurred in response to the Oil Spill. Thank you.

18 MR. PENNOYER: Are there any questions? Thank you very  
19 much.

20 MR. PHIPPS: Yeah.

21 MR. PENNOYER: I have just been informed that  
22 unfortunately the teleconference network has other duties at  
23 6:30 and we're going to have to be off the line at 6:15. I was  
24 not aware of this before, that gives us very limited time  
25 tonight, and I would request that whoever sets up tomorrow

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night's conference -- teleconference make sure that we're not  
1 having an end restriction if we can avoid it. I had intended  
2 to go to either 6:30 or 7:00 o'clock tonight, and this is going  
3 to cut us very short.

4 Given that problem, perhaps what I need to do is go  
5 around the various (indiscernible) stations and take one person  
6 from each station sort of in rotation. So, if you could be  
7 thinking of who might be your first in line. I apologize for  
8 the rush but I have no control over it. And we'll go out to  
9 the various stations now and take one person from each station.  
10 I encourage you to try and keep your remarks to about five  
11 minutes because we apparently have very limited time. The  
12 stations I have on my list are Fairbanks -- is there anybody in  
13 Fairbanks who wishes to testify?

14 TELECONFERENCE BRIDGE: We have one person here in  
15 Fairbanks.

16 MR. PENNOYER: That'll take care of the whole location  
17 then, fine. Would you please go ahead.

18 MR. JUNAI: Yes. Thank you. My name is Glenn Junai,  
19 and I'm Assistant Professor of forest ecology (ph) at the  
20 University of Alaska - Fairbanks.

21 I came tonight to learn a bit about what is being  
22 considered by the Trustee Council in the program of allocating  
23 the Settlement money, but also to express some frustration and  
24 hope against hope that there might be some opportunity, that my  
25 specific complaint is that there hasn't been, up until now.

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In 1986, I began a project to investigate Green Island  
 1 and Prince William Sound to actually look at its biological  
 2 (indiscernible - background coughing). And one aspect of that  
 3 study was to determine how it had recovered since the 1964  
 4 earthquake which devastated the marine environment down there.  
 5 When the Exxon Valdez Spill happened in 1989, I tried to work  
 6 through whatever avenues were made available to me, which  
 7 turned out to be none, to offer the background of that  
 8 investigation to do a study to see, since we have 1986 pre-  
 9 spill data, what this area -- how this area had been affected  
 10 by the Spill. Through reprogramming some funding I had from  
 11 the continuing investigations of Green Island, we're able to do  
 12 -- we were able to establish some initial spots (ph) at the  
 13 area and look at them in 1989 and 1990.

14 But I'm about ready to throw in the towel now. There  
 15 just has not been an avenue for a person wanting to do this  
 16 kind of investigation in the open and not as a part of advocacy  
 17 of process to establish and create new law (ph) but to find out  
 18 what happened. There's just not been the support process, this  
 19 competitive arena to be able to do that. I published two  
 20 articles on what I've seen so far, but at this point we're dead  
 21 in the water; I can't continue without some additional support.  
 22 And I was hoping against hope that the damage -- pardon me,  
 23 the Settlement -- the funding would offer some avenue that I  
 24 could offer this idea to continue this investigation to see  
 25 what the natural process of recovery is at this location, which

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1 is fairly representative of much of the area that was oiled,  
2 and we do have some good data from the '89 and '90.

3 These aren't resources that are related to what was  
4 damaged, but these are the resources that were affected. And  
5 do, I don't hear that now; I hear a course of boos from people  
6 saying we're spending too much money on science. I'm not  
7 exactly certain because it's been under the cloak of litigation  
8 sensitivity, but much of the money that has been spent on  
9 investigation, on damage assessment, has been carefully devised  
10 as I understand it so that it wouldn't be studies for their own  
11 sake or to find out really what's happening but to establish  
12 the case that the Government wanted to make in court to  
13 establish liability, how much damage and what was damaged.

14 So I have to come tonight simply to say that I still  
15 think there's a missing element in what's been done so far in  
16 the assessments, the investigations and the studies and that is  
17 to look not at the key resources that might've been damaged but  
18 the full range of biological diversity resources that were  
19 affected. And I do believe that it is important that we know  
20 what happened to those -- to the full range of diversity. And  
21 the findings as I last reported from my latest work out there,  
22 was that this wasn't a discreet event in time, there are  
23 affects of the Spill that are continuing.

24 Everybody seems to be in a mental state right now where  
25 they say they want to assume that this event is over, we're now  
doing something with (ph) recovery. That's not -- that's over

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idealization, and I think it would be a mistake to close our  
1 eyes to some of these other aspects of the Spill. And I would  
2 like to have somebody somewhere point out an avenue where I  
3 might be able to put this proposal in front of somebody to do  
4 something about it. So, thank you.

5 MR. PENNOYER: Thank you. Do Trustee Council members  
6 have any question? I'm not sure we have receipt of your  
7 proposal, so if you care to provide, I'm sure the Restoration  
8 Team could take a look at it. We do have ongoing studies to  
9 continue closing out damage assessment on evaluation of injury  
10 to various resources, and I don't know if they're in your  
11 particular area or not. But if you have a particular proposal,  
12 perhaps you could send it in.

13 Are there other questions? Okay.

14 MR. COLE: I'd like to make a comment on that.

15 MR. PENNOYER: Mr. Cole.

16 MR. COLE: I think that really we would like to receive  
17 this proposal, not just say he can send it in; but I really  
18 think that we would like to see his proposal and he should send  
19 it to the Administrative Director and we will take a careful  
20 look at it. And furthermore, Mr. Junai, we are -- you could  
21 contact I'm sure the Administrative Director and we have the  
22 Restoration Team and present your proposals there, and we will  
23 give you full support of what's been gone on so far.

24 MR. JUNAI: All right. Thank you. You're breaking up  
25 badly on the network, but I get the drift that I should contact

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the Administrative Director is that right?

1 MR. PENNOYER: That's correct. Mr. Gibbons, would you  
2 care to get him the address of the forum (ph).

3 MR. GIBBONS: Pardon?

4 MR. PENNOYER: Would you care to give him an address to  
5 send the proposal to?

6 MR. GIBBONS: Yes. Go ahead and send that to 645 "G"  
7 Street, Anchorage, Alaska, 99501, include attention of me, Dave  
8 Gibbons.

9 MR. JUNAI: Thank you.

10 MR. PENNOYER: Mr. McVee, did you have a comment.

11 MR. McVEE: If my mike works I do. I guess my comment  
12 is that Mr. Junai's identified an area I think that we need to  
13 give some consideration to fairly soon, and that is how do we  
14 notify the public across the board so, you know, that we are  
15 taking proposals and provide an opportunity so everyone has an  
16 equal shot. You know, we've had a number of proposals come  
17 from outside, but yet we have not provided a formal notice that  
18 we are taking.

19 MR. PENNOYER: Yes. I think we think we discussed that  
20 at the last meeting, actually, and had encouraged some type of  
21 process to formalize that. Marty Rutherford, do you want to  
22 comment?

23 MS. RUTHERFORD: Yes, Mr. Chair. I was going to be  
24 making this as part of the presentation that we didn't get to  
25 today on time lines. But one of the notes I was going to

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advise you of is that we are expecting to be able to go out  
1 request for proposals to the public and to other agencies by  
2 May 15th, and hopefully have those proposals in hand by August  
3 15th. Now, we were looking towards a '93 field season for  
4 those, but that's something that we can discuss further  
5 tomorrow.

6 MR. PENNOYER: Thank you. All right. I think we need  
7 to move along, unfortunately, this is going to get truncated on  
8 us by the fact we're going off the teleconference line at 6:15.  
9 Perhaps, I should continue down the list of remote sites and  
10 taking one person from each site. I again encourage you to  
11 take probably no more than five minutes so that we can get  
12 through as many people as possible.

13 The next site we have on-line is Whittier, is there  
14 anybody in Whittier that wishes to testify?

15 MS. HITES: Yes, Mr. Chairman. This is Linda Hites in  
16 Whittier. I would like to encourage the Trustees to look at  
17 Dr. Junai's proposal. I have had the pleasure of visiting his  
18 Green Island site, it's one of the rare sites that we do have  
19 pre-Spill data on and was not subjected to extensive cleanup.  
20 So, flag that proposal and pay attention to it, I think it's a  
21 good idea to continue with that study.

22 I also have a resolution that the City of Whittier --  
23 City Council passed this past Monday night supporting the  
24 concept of acquisition of sensitive habitat, certain timber  
25 rights within the Sound and other areas. I will be sending

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that to you and won't take the time to read it tonight. But we  
1 would particularly like you to consider lease option purchase  
2 or lease purchase options so that we miss the window of  
3 opportunity to acquire critical habitat.

4 Thank you.

5 MR. PENNOYER: Thank you. Are there any questions for  
6 Ms. Hites? Okay. Thank you very much. I have received an  
7 announcement that we can extend the teleconference tomorrow  
8 night later than we had originally intended, so there will be  
9 opportunity for people to testify at that time.

10 I'll continue down the list, Tatitlek, is there anybody  
11 from Tatitlek that wishes to testify?

12 TATITLEK: Not at this time, we'll provide written  
13 testimony and possibly testimony tomorrow at tomorrow's  
14 session.

15 MR. PENNOYER: Fine. Thank you very much. I  
16 appreciate that. If anybody has to go tonight and can't be  
17 there tomorrow night, they should probably take precedence. I  
18 have been also asked to take Kodiak next. Kodiak, do you have  
19 people that wish to testify, can we take one member from  
20 Kodiak? Mayor Sullivan (ph) are you there? Kodiak, are you  
21 hearing me? They may have gone off line.

22 Let's continue down the list then. Cordova, anybody  
23 from Cordova that wishes to testify tonight?

24 TELECONFERENCE BRIDGE: Yes, there is, just a moment,  
25 please.

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MS. McFERNEY: Yes, this is Mary McFerney, Executive  
1 Director of CDFU in Cordova, which CDFU stands for Cordova  
2 District Fishermen United. And we'd like to be on record  
3 supporting the projects that are outlined in the Damage  
4 Assessment Work Plan and the Restoration Work Plan regarding  
5 ADF&G's ongoing salmon tagging and enumeration projects, and  
6 also the herring evaluation projects. We feel that those are  
7 very critical to restoration and enhancement consideration.

8 We would also like to be on record supporting the  
9 proposal for land acquisition. Land acquisitions are essential  
10 for habitat preservation and resource enhance (telephone  
11 cutout) and they should be given a very, very high priority  
12 when it comes to allocating the Settlement funds.

13 Thank you.

14 MR. PENNOYER: Thank you very much. Any questions of  
15 the Trustee Council at this time? Thank you. Let's go on to  
16 Valdez and take somebody from Valdez. Is there anybody in  
17 Valdez that wishes to testify? Back again and try Kodiak.  
18 Kodiak, have anybody from Kodiak that wishes to testify  
19 tonight?

20 TELECONFERENCE BRIDGE: I don't believe Kodiak is on  
21 line, Mr. Chair, nor is Valdez.

22 MR. PENNOYER: Thank you. Homer, anybody from Homer  
23 that wishes to testify?

24 HOMER: No, sir, not this evening.

25 MR. PENNOYER: Thank you very much. Seward, anybody

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from Seward that wishes to testify tonight?

1 MR. SPIRELLO: This is Seward.

2 MR. PENNOYER: Do you have anybody there who wishes to  
3 testify?

4 MR. SPIRELLO: Yes. My name is Richard Spirello (ph),  
5 I live 24 miles north of Seward. I have two topics of comment;  
6 the first concerns public participation in the restoration  
7 process and the second concerns spending the Settlement fund.

8 Public input must include more than just gathering and  
9 recording our testimony. I propose that the Trustees and  
10 empower local people who would represent themselves only to  
11 provide specific and practical alternatives for restoring  
12 affected areas. Subcitizen's groups already exist but the  
13 Trustees could create many more. The Trustees could assign  
14 geographic areas to private citizen's groups and then challenge  
15 them to propose specific alternatives for restoring the areas.

16 To compensate for the real or perceived lack of  
17 technical expertise of ordinary citizens, the Trustees could  
18 hire or borrow personnel from scientific, environmental or  
19 natural resource organizations and make their expertise  
20 available to the citizen's groups. As examples of agencies  
21 whose expertise might be tapped, I cite the Institute of Marine  
22 Sciences, the Alaska Center for the Environment and the  
23 National Park Service. These organizations are already  
24 involved in the restoration process but not as technical  
25 advisors to citizen's groups. And to further aid the citizen's

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groups, I propose providing access to office supply, postage,  
1 secretarial services and meeting space.

2           And before leaving the subject of public participation,  
3 I want to comment on the testimony itself. Too often I have  
4 seen testimony just recorded and then buried in the appendix of  
5 the next document published by the agency collecting it. This  
6 is unsatisfactory. The Trustees ought to publish testimony,  
7 and the Trustees ought to publish their own response to it. I  
8 want the Trustees to publish the collected testimony about the  
9 restoration, and I want the Trustees to publish their specific  
10 addressing of the issues raised and their specific reasons for  
11 rejecting proposals and their actual plan to implement those  
12 proposals not rejected. I want the Trustees to make it clear  
13 to the public how they actually used public testimony.

14           And finally, I want to comment on how to spend the  
15 Settlement funds in a general way. Spend funds only to restore  
16 the affected areas, make the affected areas produce the same  
17 quality and quantity of biomass and scenic amenities that they  
18 produced before the Spill. I include the uplands as well as  
19 the submerged lands. And I include plankton and bottom  
20 dwellers and not just telegenic species such as otters. Where  
21 it's impossible to restore affected areas, acquire equivalent  
22 resources. And to that end, I think it's appropriate to use  
23 Settlement funds for the Katchemak Bay State Park buy-back.  
24 And it would also be appropriate to make similar buy backs of  
25 private holdings here on Resurrection Bay, including the

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inholdings in Kenai Fjords National (indiscernible - background coughing).

As an example of how not to spend the funds, I cite the proposed Aquarium tourist attraction in Seward; although, it may be touted as a scientific endeavor, it's only a flagrant attempt to use Settlement funds to build a tourist attraction in Seward. Resurrection Bay is our attraction, restore it. I don't think that building hotels, marinas, road and tourist facilities in Prince William Sound or elsewhere by any reasonable standard restores the affected areas, let those projects secure their own funding.

The Settlement funds are finite and they're irresistibly attractive to schemers and developers. Every Settlement dollar spent on economic development projects is a dollar not spent to specifically restore the flora and fauna of the affected areas. I trust you to guard those funds and to spend them only to restore the affected areas. So please do not violate the trust and thank you.

MR. PENNOYER: Thank you, sir. Any questions from the Trustee Council? Thank you very much. We'll go on now to Kenai. Anybody from Kenai that wishes to testify tonight? Kenai.

KENAI: We're just observing at this time, thank you.

MR. PENNOYER: Chenega, anybody from Chenega that wishes to testify tonight? Juneau. Anybody from Juneau that wishes to testify tonight?

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MR. JANKA: Yes. This is David Janka (ph), I'm the  
1 Director of Prince William Sound Conservation Alliance in  
2 Valdez, I guess that's why I wasn't in Valdez to testify, why  
3 we weren't on-line I suppose.

4 Anyway, thank you for the review of today's  
5 proceedings. And I had made comments last night at our Public  
6 Advisory Group road show last night on the process of the  
7 Public Advisory Group, we appreciate that; there was a lot of  
8 good ideas last night presented.

9 At this time, Prince William Sound Conservation  
10 Alliance requests the Trustee Council to initiate some sort of  
11 an option to purchase for the habitat acquisitions. Some -- we  
12 support the habitat acquisitions and -- very much. But some  
13 sort of a moratorium is needed now on all the lands until the  
14 studies, the framework -- the Restoration Framework is  
15 completed and the analyses are put together so we have some  
16 guidelines and knowing what we're doing. Because a lot of  
17 money can be thrown out a lot of different directions right now  
18 and some good, possibly bad but we're not going to know. And  
19 unfortunately about a couple of months away until trees are  
20 going to be falling and we won't see those forests again many  
21 hundreds of years. So I really support some sort of a buy back  
22 option, something to where we can put a moratorium such as the  
23 Forest Service put on many (ph) of their purchases when the  
24 Spill took place; they were ready to put out a tremendous  
25 amount of board feet out for sale, and when the Spill took

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place, they shut it down and are now amending their plans.  
1 hope we can do something along those lines for the private  
2 inholdings.

3 I think HB 411, Cliff Davidson's Bill, would help in  
4 assisting that purchasing because there is much of a concern  
5 that there's not going to be a great deal of money from the  
6 Trustee Council available in '92, you know, and that the House  
7 Bill 411 would help with that option purchases.

8 The other comment this evening is in support of the Oil  
9 Spill Public Information Office or what is known now as the  
10 Public Resource Center. I didn't have time to go over a lot of  
11 some of the options that were presented in the packets, I just  
12 got those when I came in this afternoon. As a person who  
13 potentially would like to sit on the Public Advisory Group or  
14 at least have input into it, I would see the Resource Center as  
15 being invaluable as my -- as any -- as all of the Public  
16 Advisory Groups learning curve especially the first couple of  
17 years takes place, as studies are finished out, as studies are  
18 released from litigation, closures (ph) that there be a place  
19 where we can get this information as well as the public as well  
20 as the subgroups, Council and such.

21 I'm not sure how I won the hat (ph), people can run it.  
22 And I feel that seven (ph) is definitely a little high and  
23 pre-information of any amount to the entire public might be a  
24 little high but somewhere in-between there. But the strong  
25 support, our group gets a lot of requests from people all over

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the country on information about the Exxon Valdez, and to have  
1 a center such as this to help us help them as well the future,  
2 the next 10 years of restoring the damaged environment is going  
3 to be invaluable.

4 Thank you very much.

5 MR. PENNOYER: Thank you. Any questions from the  
6 Trustee Council? Okay. We have about 10 minutes left on the  
7 line. Perhaps, we'll go back through the sites and let people  
8 -- anybody in the remote sites that wants to testify do it and  
9 then I'll come back to Anchorage and we can finish up here.  
10 Anybody else from Fairbanks? Fairbanks?

11 FAIRBANKS: Fairbanks doesn't have any more  
12 participants.

13 MR. PENNOYER: Whittier. Do some of these twice after  
14 they're off the line before and I've forgotten. Cordova,  
15 anybody else from Cordova?

16 MR. THOMPSON: Yeah. This is John Thompson, I'm  
17 Chairman of the Prince William Sound Loggers United. Prince  
18 William Sound Loggers United is an association of individuals  
19 who have been employed to perform logging work on timber owned  
20 or controlled by Eyak Timber, Eyak Village Corporation and/or  
21 assessed to them (ph) joint enterprise of White Stone (ph) that  
22 reside in the Cordova area.

23 We are the people whose Alaskan jobs and security will  
24 be eliminated by the purchase or in adverse condemnation by the  
25 Trustee Council of all or most timber rights in the Prince

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William Sound area. We are the people who were promised  
1 approximately 10 years of logging employment in the area. Some  
2 of us were induced by the expectancy of such job security to  
3 relocate to South Central Alaska from other states and areas.  
4 Along with that, comes a responsibility of signing rental  
5 agreements, the purchase of homes, vehicles to work, enrolling  
6 our children in schools, daycare centers, et cetera; basically  
7 being productive citizens in our community.

8 While we acknowledge that there may exist public  
9 support for the acquisition of land and/or (ph) timber in the  
10 Prince William Sound area to deserve the standing force (ph) in  
11 the public interest, including such purposes as recreation,  
12 aesthetics and fish and wildlife protection. We implore the  
13 Council to include the sacrifice of our jobs in any plan for  
14 acquisition which we'd get from the termination (ph) of planned  
15 logging activity.

16 The people of Alaska and of this Council should  
17 remember that more than the resource centers must be  
18 compensated. The rights of the loggers being eliminated in  
19 this acquisition must also be compensated. More than the value  
20 of the timber will be taken (indiscernible) will be taken as  
21 our ability to partake in a productive manner in our community.

22 It is our belief and that of our legal counsel that the  
23 Trustee Council and -- excuse me -- our employers have not only  
24 a legal but a moral obligation to include us in any transaction  
25 which directly or indirectly purchases (ph) our jobs, thereby

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extinguishing them along with the purchase of trees in the  
1 Prince William Sound area.

2 We ask only that our property interests and our  
3 employment relationships be given the same respect and legal  
4 protection as the property interests of Shearstone (ph), White  
5 Stone, and Eyak and the forest of Prince William Sound. If the  
6 preservation of our forest -- of such forests and the resulting  
7 loss of our employment is in the public interest, so be it; but  
8 include us in this plan to help us survive. Make us your  
9 allies and not your adversaries in what must be done to benefit  
10 the Prince William Sound. And I thank you.

11 MR. PENNOYER: Any questions or comments by Trustee  
12 Council members? Thank you very much, sir. Going on down the  
13 list, I guess Valdez had nobody last time. Kodiak, are you  
14 back on the line now? Homer, anybody else from Homer?

15 HOMER: No, we're observing only.

16 MR. PENNOYER: Okay. Seward, anybody else from Seward?

17 SEWARD: There is no one else to testify. Thank you.

18 MR. PENNOYER: I think Kenai was off the line last  
19 time. Kenai, is anybody from Kenai on the line?

20 KENAI: We're just observing. Thank you.

21 MR. PENNOYER: Okay. And Chenega last time was not --  
22 did not want to testify tonight. Juneau, anybody else from  
23 Juneau?

24 MS. STANCARA: This is Theresa Stancara (ph). I've  
25 been a resident of Valdez for nine years, and I'd just like to

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say that I really support the timber acquisition, timber rights  
1 and land. I think the coastal areas have damaged enough by the  
2 Spill, and we need to save and preserve what's left, and that  
3 that does include the uplands.

4 Also, I'd like to really support the Oil Spill  
5 Information Center to remain open. I think that it does serve  
6 a very useful purpose. There are many people that are  
7 constantly asking for information and it's a good source for  
8 that, so I definitely support that. Thank you.

9 MR. PENNOYER: Thank you very much. I've been down  
10 through the list of remote sites twice now. Is there anybody  
11 else on line from remote stations that still wishes to testify?  
12 Any stations with people who want to testify tonight?

13 MR. NAVA: Yes, calling from Cordova. My name is Tom  
14 Nava (ph), I'm a spokesman for the Prince William Sound and  
15 Copper River Regional Salmon Planning Team. We, at our last  
16 meeting in January, past a resolution that I'd like to read at  
17 this time. Excuse me.

18 Whereas pink salmon stocks in the Prince William Sound  
19 were clearly damaged by the Exxon Valdez Oil Spill. And  
20 whereas damage assessment and restoration science work on pink  
21 salmon in Prince William Sound provides information greatly  
22 contributing to the understanding of damaged stocks and their  
23 interrelationships with other salmon stocks in Prince William  
24 Sound. And whereas, resolu- -- restoration of these damaged  
25 stocks is largely possible only through fisheries management

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actions that are highly dependent upon information generated  
1 from damage assessment and restoration science projects. And  
2 whereas the economies of the Oil Spill affected communities in  
3 Prince William Sound are largely dependent upon the salmon  
4 industry and are directly benefitted by the improved management  
5 precision brought about through knowledge gained from existing  
6 salmon restoration science projects. And whereas the integrity  
7 of wild salmon stocks in Prince William Sound will receive  
8 benefit from knowledge gained from these programs, and this  
9 knowledge will have application to salmon producing --  
10 production planning and the future of the salmon industry in  
11 Prince William Sound.

12           May it thereby be resolved that the Prince William  
13 Sound and Copper River Regional Planning Team strongly endorses  
14 the Exxon Valdez Trustee Council's continued support for  
15 restoration science projects for salmon in Prince William Sound  
16 as the long-term method of restoration of damaged wild stocks  
17 through applied science -- or excuse me -- applied management,  
18 scientific evaluation and enhancement of the commercial  
19 fisheries.

20           And that's the end of our resolution.

21           MR. PENNOYER: Questions or comments of Mr. Nava  
22 tonight. Okay. Thank you very much, Tom. Anybody else out on  
23 the teleconference line that needs to testify tonight?

24           MR. BECKER: Yes. My name is Carl Becker, I'm speaking  
25 in Cordova. I'm a fisherman, and I'd like to speak in favor of

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the acquisition of lands and development rights with a  
1 significant portion of the proceeds from the civil settlement  
2 funds.

3 I'd also like to address my concern that vital research  
4 for the fisheries may somehow go lacking in funding. But I  
5 must say that it's difficult to come out in support of specific  
6 projects without a full disclosure of the research that has  
7 been done to date and a better understanding of the damage that  
8 has occurred. I assume that the peer review that has been  
9 conducted in the years since the Oil Spill has selected those  
10 projects which have demonstrated a significant degree of  
11 damage, and that is why they have continued to be funded. And  
12 I would like those to receive the funding that they merit, and  
13 also, that their results to date be released to the public.

14 I'd just like to say in the interest of the fisheries  
15 that unless research is continued into the effects of the Spill  
16 on our -- both fish and other resources, it'll be difficult for  
17 the Department of Fish & Game to manage those resources in a  
18 manner that will lead to their recovery.

19 So I would urge that the larger portion of the civil  
20 funds be devoted to acquisition, a significant portion to  
21 research, and I would urge that the State and Federal  
22 governments forego any paybacks for expenses to date. Thank  
23 you very much.

24 MR. PENNOYER: Thank you, sir. Any comments?  
25 Mr. Cole?

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MR. COLE: Yes. Mr. Becker, this is Charlie Cole.

1 Have you seen the proposed budget for the -- let's say calendar  
2 year 1992?

3 MR. BECKER: Mr. Cole, no, I haven't. Are you  
4 referring, perhaps, to what has been released in the Daily News  
5 story today, is that correct?

6 MR. COLE: Well I didn't get around to reading the  
7 Daily News today I must say. But presumably they're reasonably  
8 accurate, is sometimes the case. And what I wanted to say and  
9 present to you is this simple question. If you look at the  
10 budget, I see there's at least 31 million dollars proposed in  
11 the budget and I'm told there is a little more, three or four  
12 million, that's about 35 million, and if you support those  
13 projects and then you support the acquisition of habitat in  
14 addition and the acquisition of options, how do you propose  
15 that the Trustee Council resolve that dilemma; there is no more  
16 money left for the acquisition of habitat or the receipt -- or  
17 contracting for options if we support all of these proposed  
18 budget expenditures. And how would you propose that the  
19 Trustee Council solve that problem?

20 MR. BECKER: I guess I haven't had a chance to look at  
21 that budget, I just saw the final -- the bottom line on that.  
22 And I guess I'll just have to read a different newspaper. But  
23 what I would suggest is that both the State and Federal  
24 Government forego any repayment of their expenditures to date.  
25 I think that that was a -- it's unfortunate that government

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has to spend money sometimes the way the State and the Federal  
1 Government have, but I would say that that is money that's  
2 basically under the bridge and that we should go on now with  
3 the restoration process and devote as much money as we can to  
4 that.

5 And I know that's not a very satisfactory answer,  
6 perhaps, but that's the best I can do right now without taking  
7 a closer look at that budget. And I wish I could address it  
8 more specifically.

9 MR. COLE: Mr. Chairman. Well, I would say that we  
10 would be pleased to furnish you with -- you know, perhaps we  
11 could even fax to you there in Cordova tomorrow morning an  
12 outline of that budget if we could have a fax number.

13 MR. GIBBONS: It's there.

14 MR. COLE: It's there. Mr. Gibbons says it's there, if  
15 you could make arrangements to take a look at it. And with  
16 respect to the monies which are now in the State and Federal  
17 treasuries, that could be released by legislative  
18 appropriation, and you may wish to contact the Legislature and  
19 your Representatives to see if they want to turn that money  
20 back to the Trustee Council. Thank you.

21 MR. BECKER: Yeah. Thanks, Mr. Cole. The fax number  
22 that I could get that budget at is 424-6000.

23 MR. PENNOYER: Mr. Gibbons.

24 MR. BECKER: That's the City of Cordova offices. And I  
25 appreciate your suggestions, and I will be contacting my

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Legislators regarding the criminal funds and the use of those  
1 for acquisitions and research. Thank you very much, I  
2 appreciate the chance to testify.

3 MR. PENNOYER: Mr. Gibbons.

4 MR. GIBBONS: Those were tel- -- faxed to the Cordova  
5 Volunteer Teleconference Center, Cordova City Hall at 424-6000  
6 yesterday.

7 MR. BECKER: Okay. Then what I'll do is I'll be sure  
8 to get a copy of those and you all won't have to make another  
9 fax. Thank you very much.

10 MR. PENNOYER: I think I was informed that we had to  
11 end the teleconference by 6:15, we're slightly past that now.  
12 I apologize, but I think we'll have to take anybody else that's  
13 on line tomorrow night. So at this point, I'm going to  
14 terminate the teleconference, and we'll be starting again on  
15 the teleconference at 5:00 o'clock tomorrow evening. Thank you  
16 all.

17 I think what we'll do now is go ahead and allow -- or  
18 finish up the public testimony here in Anchorage. Who else  
19 wishes to testify tonight? Yes, ma'am.

20 (Pause)

21 MS. BRODY: I'm Pamela Brody with the Sierra Club,  
22 which has approximately 2,000 members in Alaska. Thank you  
23 very much for the opportunity to testify. I would also like to  
24 thank the Trustee Council for early in the day choosing to  
25 forego the option of being reimbursed for your own expenses out

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of the Settlement funds, I really appreciate that.

1           There are several things I'd like to talk about  
2 tonight. First of all, I'd like to make the point that  
3 restoration dollars are most important now, this year and in  
4 the next few years, that up front restoration costs are what we  
5 should be looking at. And so when it comes to deciding when to  
6 reimburse government costs, that if that is to happen, it's  
7 better to happen later rather than sooner so that more money is  
8 available now for restoration.

9           I also was unhappy to see that there's no line item in  
10 the budget for acquisitions, and I am told that acquisitions  
11 could be done out of the remaining money, which is about six or  
12 seven million dollars, but I would rather see that as a line  
13 item and that that should be one of the first things that the  
14 Trustee Council looks at as one of the most important things.

15           Regarding the reimbursements to the State and Federal  
16 Government, will be going to the Legislature and recommending,  
17 in fact, that they choose not to be reimbursed. And I would  
18 like to request that the Trustee Council also make that  
19 recommendation to the Legislature. But if, in fact, they are  
20 going to be reimbursed, again I'd like to say that that can  
21 come out of the final few years of payments rather than the  
22 current years of payments, and that would free up some money as  
23 Attorney General Cole says would be needed.

24           The next thing I'd like to talk about is the endowment  
25 proposal that Commissioner Sandor introduced today. And we are

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very concerned about this proposal. One of the things that  
1 concerns me is that it says that this would be for "perpetual  
2 funding of important programs and projects"; and I'm not sure  
3 what that means and perhaps I'm misunderstanding. But it  
4 doesn't sound like the wording the Memorandum of Agreement  
5 which says purposes of restoring, replacing, enhancing,  
6 rehabilitating or acquiring the equivalent of natural resources  
7 injuries (ph) as a result of the Oil Spill. This is what we  
8 expect the money to spent on, and it may be that this is the  
9 purpose of the endowment; this particular document does not say  
10so.

11 Also of concern is if this money goes into an  
12endowment, then who controls how that money is spent, is that  
13still the Trustee Council or some other body? And what would  
14be the payment money available -- when would money be  
15available? And there are several options here; one of them is  
16-- the first one is that it will be only the earnings on this  
17endowment that would be available. If that happens, there  
18would be very little money to begin with when we need the money  
19most; and a lot more money later when we would have less need  
20for it.

21 There is also two options of what they call levelized  
22payments of 20 million dollars a year, 20 million dollars plus  
23overhead. I'm not sure how that would work in terms of cash  
24flow so I don't understand it too well. But again, I think it  
25has the problem of not providing the money when we need it

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most.

1 My next point I'd like to talk about the studies which  
2 you will be considering tomorrow. And we are concerned about  
3 the total amount being requested for studies, 21 million  
4 dollars, since you are concerned. And I don't have the  
5 knowledge at this point to say what studies I think are  
6 appropriate or not appropriate. But I would ask the Trustee  
7 Council to seek the advice of peer reviewers outside of the  
8 agencies. The agencies have made the proposals and for them to  
9 also judge which proposals should be funded is a conflict of  
10 interest I would think. They may have the best of intentions  
11 but it is in their interest to make those amounts as large as  
12 possible.

13 That's -- for this year, I would recommend getting the  
14 outside peer review, and for future years, I would recommend  
15 that agencies and outside consultants both have the opportunity  
16 to submit proposals and compete for these funds.

17 My fifth point is that there is some need, I believe,  
18 of fast track decision making process, both in terms of  
19 acquiring options on lands for restoration and also on deciding  
20 whether or not to approve studies. Some studies, I believe the  
21 decisions need to be made very soon or the opportunity will be  
22 lost to do the study this summer, and I think some process is  
23 necessary for addressing that.

24 And my final point is about public participation. In  
25 terms of the budget, I think that it is important that the

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Public Advisory Group have staff and that, also, that they be  
1 able to hire their own staff. And I also think that it's  
2 important that the library continue to remain open to the  
3 public and not be archives alone (ph).

4 Thank you.

5 MR. PENNOYER: Thank you very much. Questions for  
6 Ms. Brody.

7 MR. SANDOR: Thank you.

8 MR. PENNOYER: Mr. Sandor.

9 MR. SANDOR: Just a comment. Pamela Brody, we very  
10 much appreciate your comments with respect to the endowment,  
11 the Restoration Team will be evaluating that and other  
12 proposals, the projects and programs must, under that scenario,  
13 benefit restoration of resources. It also includes such  
14 proposals as extension or acquisition of the resources  
15 (indiscernible - background coughing) and so forth. Your  
16 comments will be very helpful.

17 MS. BRODY: Thank you very much, Commissioner.

18 MR. COLE: Mr. Chairman.

19 MR. PENNOYER: Mr. Cole.

20 MR. COLE: I'm on another issue. Thanks. But I've  
21 been told that in addition to this 30 million here that we're  
22 dealing with -- let's see if I can get the exact number so I'm  
23 on track -- 30,118,000, that the proposed budget involves some  
24 other money, something which brings it up to 35 or so. Am I  
25 off base on that or is there something to that?

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MR. MONTAGUE: Mr. Chairman, that figure is the total,  
1 the 30 million figure, and as far as I know there aren't any  
2 other expenses. And further, the 30 million represents  
3 projects not studies, many of the projects are not studies.

4 MR. COLE: Well I didn't mean to be specific about it,  
5 it's just the total budget that is 30 million 188. All right.

6 MS. BRODY: In answer to that, I believe what has been  
7 proposed is 53 or 54 million to be -- to go to reimbursements  
8 to the Federal and State expenses, and then approximately 30  
9 million for the programs and projects. And so there remains  
10 six or seven million that's not budgeted at all, it's not part  
11 of the 30 million, it's available.

12 MR. COLE: I'm now getting to there. The 29.5 million  
13 some weeks ago went into the State Treasury, and the 24 plus  
14 million some weeks ago, at the same time, went into the Federal  
15 Treasury. So that's why I say in order to, you know, recoup  
16 that 29.5 million that the State received, it's in the Treasury  
17 now you see and you have to get it out somehow if you want to  
18 put it into these projects. That's what I was trying to  
19 explain earlier.

20 MS. BRODY: Could I ask then for the future years,  
21 what's going to happen to the payments that come in; is it  
22 decided how much will go into -- directly into reimbursements?

23 MR. COLE: Well the Memorandum of Agreement provides  
24 the total amount of monies which will go for -- to  
25 reimbursement of the State and Federal governments or a formula

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for determining that. We have agreed between the State and  
1 Federal governments that the total reimbursements will be  
2 phased in over a period of five years in order to allow monies  
3 to be available for this very purpose which we're addressing  
4 now. And I think it was, you know, 25, something like that, it  
5 came down a little bit toward the end.

6 But remember then, there's the 50 million dollars which  
7 is under the legislative and the executive budget process which  
8 Representative Davidson's Bill is addressing now. And that's  
9 something that -- those monies could be used for restoration  
10 purposes under the same formula as the limitations on  
11 expenditures of the funds here except for this study -- science  
12 study center is slightly broader in that regard.

13 Does that answer your questions of sort of where we  
14 are?

15 MS. BRODY: Yes, that's helps. Could I ask one more  
16 question?

17 MR. COLE: You bet.

18 MS. BRODY: Thank you. The agreement to pay back over  
19 the first five years, is that something that can be revisited  
20 or is that set in stone?

21 MR. COLE: The total amount I think is set in stone  
22 under the Memorandum of Understanding approved by the Federal  
23 Court. How that's paid back I would say, not having thought  
24 about it before, but I would think that there would be some  
25 flexibility there.

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MS. BRODY: Thank you.

1 MR. COLE: I can't say for sure, that would require, I  
2 think, the joint agreement of the State and Federal agencies,  
3 but it's something that I think the State, in any event, would  
4 be prepared to consider; although, the legislature sometimes  
5 seeks money.

6 MS. BRODY: Thank you.

7 MR. McVEE: Mr. Chairman.

8 MR. PENNOYER: Yeah, Mr. McVee.

9 MR. McVEE: Yes. I guess, you know, the concept of the  
10 endowment as I understand it would provide some funds for those  
11 that will follow us that may have an idea or ideas that are  
12 better than ours relative to restoration of Prince William  
13 Sound, you know. So I think on that basis it certainly has  
14 some merit.

15 MR. PENNOYER: Okay. Thank you very much. I think  
16 we'll go on now, next testimony. Bob Anderson.

17 MR. ANDERSON: Mr. Chairman, thank you. I'm Bob  
18 Anderson, the guy from Cordova with many hats; one being the  
19 President of Shearstone Company and another being a City  
20 Councilman down there. And we have submitted a proposal to the  
21 Council at the request of others suggesting a moratorium for  
22 companies like us that are presently, and have been for several  
23 years, involved in logging activities.

24 Let me -- I would like to go over a little old ground  
25 that I covered with you the 10th just to refresh all of our

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memories. I mentioned that I was involved in probably most of  
1 the land selections within the Chugach Region in the last 15 --  
2 17 years due to my capacity at one time as president of the  
3 Chugach Region and the president of the Eyak Village  
4 Corporation. I have also assisted the other villages within  
5 the Region in some of their land selection problems as they  
6 pursued their various goals in selecting their land.

7 But with that in mind, I would like you to rest assured  
8 that I don't speak for any of the corporations involved, I'm  
9 not an officer in any of those corporations. But I think the  
10 history is important because back when all the selections were  
11 made they were made within the confines of the ANSCA (ph) that  
12 spelled out certain ways that you could do it. Maybe 20 years  
13 later now, it might not be a bad idea to bring all the players  
14 to the table and take a look at it.

15 I know, for instance, the Eyak Corporation hadn't  
16 thought about any land trades, per se, or land sales, per se,  
17 but I think they might want to revisit it now. And now would  
18 be the proper time to do it I would think in my mind. I know I  
19 helped make those selections, I think I can see where I might  
20 recommend to them to make some readjustment. I would suspect  
21 that maybe some of the other villages haven't done that either.  
22 Maybe the Chugach Region hasn't done it either. But I think  
23 this is the proper time to do it.

24 I think I mentioned at one of the other meetings the  
25 Chugach National Forest is now going through its five-year

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review on its management plan, that also adds impetus to why  
1 now might be the proper time to all get down to the table. As  
2 most of you know, the State is not a major landholder in the  
3 Prince William Sound, the major -- they mainly have  
4 responsibility for management of fish within the Sound. Now,  
5 the State can be an important player in the management scheme  
6 of the Sound.

7           Some other areas that I think -- we continually seem to  
8 talk about the eight or 900 million dollars, or whatever the  
9 figure is, it seems like it's supposed (ph) to be drifting away  
10 and it's not as much as we thought it was when we initially  
11 started. We seem to talk about the 800 million or 900 million,  
12 there are a number of other options that should be taken a look  
13 at too; timber for timber sales, land trades, Federal property.  
14 I mean just a whole raft of things that could be put into this  
15 thing. And I think that's one reason, amongst many, that our  
16 company is interested in trying to do something.

17           Besides what we see as a mass of public support for us  
18 to stand down for three years and not do our logging for three  
19 years while you can go through a process and decide how we're  
20 going to manage that Sound out there. I've been a resident of  
21 that Sound for in excess of 50 years, I think I know a lot  
22 about it. Those things have come to mind. We haven't done  
23 that since the land claims process first started.

24           One reason I'm here tonight and my company is here is  
25 when this moratorium concept was first brought forth to us, we

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thought about it and thought that as long as our company wasn't  
 1 harmed and we were dealt with in a reasonable manner we would  
 2 be more than willing to try to cooperate. Normally, we would  
 3 have been operating in early January, we have not fired a chain  
 4 saw yet. And that wasn't done without considerable risk  
 5 financially to us as a company. We do have a social  
 6 conscience. We're aware of how our neighbors feel. We're all  
 7 long-time residents of this state. And, it was for those and  
 8 other reasons that we've done it.

9           We're being pushed to the point now, though, where we  
 10 do have to operate. We will probably have to -- unless we get  
 11 a clear signal from the Trustees that you folks do want a  
 12 moratorium, we are going to have to start our operations now.  
 13 And that will put us back to where we were last year,  
 14 unfortunately; and we didn't enjoy last year, it wasn't much  
 15 fun for us. But you have to understand, I think, a little more  
 16 of the history on why the corporations selected the timber and  
 17 other things. In many ways, in Prince William Sound and our  
 18 area of Alaska, it was probably the only asset that could help  
 19 buy the future that ANSCA had set out for it.

20           So you have to understand why Native corporations in  
 21 general are in some -- part of the reason in why they're in the  
 22 timber business. They don't like the -- in my view, I can't  
 23 speak for them but they don't like the public pressure; they  
 24 don't like to be seen as folks that are defoilers of the  
 25 environment. They're very cognizant of those feelings; I know

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I am, it's bothered me a great deal. But we're committed to  
1 making our company successful, if we don't get a moratorium, we  
2 have to log. We have a responsibility to ourself.

3 And if and when we do log, one thing we've found out is  
4 we've found out that there's a tree out there that is not  
5 sacred; there is somebody out there that doesn't want us to cut  
6 that tree down. But the other thing is that we do know is when  
7 we do start up, if we have to start up next week, we are going  
8 to be into some areas that are extremely sensitive. And I just  
9 want to feel that Bob Anderson has done his part to try to make  
10-- do our half of trying to make a moratorium work in case we  
11 do have to go back to logging lastly (ph).

12 That's really all I have to say. If you have any  
13 questions, I'll be more than happy to try to answer them.

14 MR. PENNOYER: Bob, from a business standpoint, what do  
15 you consider a clear signal?

16 MR. ANDERSON: I don't know. That bothers us quite a  
17 bit, Steve. I need to have a lot of certainty that there is a  
18 moratorium. If I shut this company down, we've taken the risk  
19-- a tremendous risk of millions of dollars, you know. Steve,  
20 maybe you can help me out?

21 MR. RENBERG: Money's always nice.

22 MR. ANDERSON: Yeah. Money's always nice, that solves  
23 our problems.

24 MR. PENNOYER: Well, I guess .....

25 MR. ANDERSON: But we need an indication, a strong

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indication, a comfort level (ph). I think that we do -- we'll<sup>200</sup>  
1 have a moratorium. I don't know what the answer to that one  
2 is.

3 MR. PENNOYER: Commissioner Sandor.

4 MR. SANDOR: Well, Bob, I heard some flexibility in two  
5 respects; one, I heard you talk about the moratorium and the  
6 possibility of the corporation being interested in trades or  
7 acquisitions of various forms of property, including Federal  
8 property, it might even be surplus, a variety of thing -- a  
9 flexibility of deferring action with compensation, of course.  
10 I thought I also heard that you're sensitive to certain  
11 specific areas being of special interest, even though all trees  
12 are sacred. And, you're aware of course the Nature Conservancy  
13 Proposal and that moratorium proposal, so it seems that you are  
14 looking at the possibility of trades as well as selling in fee  
15 rights.

16 MR. ANDERSON: Well, the Shearstone Company only owns  
17 timber, John. But in my way of thinking I think we've got to  
18 look beyond the 800 million or whatever that figure is. We've  
19 got to look at the other avenues. I would even suggest that  
20 you try to drag Alyeska and Exxon back into this thing, they  
21 haven't settled with the Third Parties, and I think they have a  
22 responsibility. Companies like mine and the Native groups in  
23 the Sound, we're the ongoing victims of the Oil Spill. Now,  
24 we're being criticized for activities in our logging efforts,  
25 and a lot of that was brought on because of what Exxon did to

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us; so I think they have a respo- -- but we have to explore all  
1 those areas. I think you have the responsibility to explore  
2 beyond 800 million dollars or whatever it is.

3 MR. PENNOYER: Mr. Cole.

4 MR. COLE: Are you offering the possibility that the  
5 Native groups would also take some of their recoveries from  
6 Exxon and contribute to the habitat there?

7 MR. ANDERSON: I don't know that, Charlie; I'm not an  
8 officer in any of those, though I am acquainted with a lot of  
9 people there. But I would think that they would be open to  
10 that suggestion. It would certainly be worth exploring now  
11 (indiscernible).

12 MR. COLE: Let me tell you what bothers me in these  
13 proposals that we get to us (ph), and I haven't discussed this  
14 with other Trustees. But what bothers me is we have reasonable  
15 proposals, I would say that from the Afognak group, from your  
16 people. But it troubles me that we would make commitments on  
17 certain areas without looking at the overall problem of the  
18 habitat and the necessity to protect habitat in Prince William  
19 Sound. And, if we say all right, the Shearstone proposal looks  
20 sensible and we will take options on it or we'll do that now,  
21 and then we will do it in Afognak, and then as time goes on,  
22 without looking at the whole thing, we wind up and we find that  
23 there's some very critical habitat that we don't have enough  
24 money to acquire. Then we say my God, I mean you know what a  
25 colossal problem we have now, you know, on our hands; we don't

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1 have enough money to buy habitat, this other habitat is  
2 critical.

3 And I think what -- you know, at least my present  
4 thinking, without having the Council and advice of the public  
5 and other members, is to say we should look at the overall  
6 habitat problem in Prince William Sound and see what's the most  
7 critical habitat, and how much it will cost and how much money  
8 we have available, and then make, you know, a rational,  
9 reasoned approach as to the habitat we acquire and how we spend  
10 the money and how we fold these in to the money we're spending  
11 for administration and the money we're spending for these  
12 projects and not just studies. And that's what troubles me.

13 I realize that time is of the essence they say in the  
14 law, but you know, I think that we really have to study  
15 critical habitat first.

16 MR. ANDERSON: Well I have to agree but how do you  
17 solve problems of companies like us, we have ongoing businesses  
18 and, you know -- business and we're -- this year our production  
19 plan is we're going to shoot for at least 28 million feet of  
20 timber. We're back into those areas that we'll be harvesting  
21 in areas that we're getting hammered for. We're not enjoying  
22 it.

23 I'm not convinced that there's not a spot in Prince  
24 William Sound for the logging industry. What I am suggesting  
25 is that I think that now is the time to take a look at it, find  
out where the spot for our industry is. Maybe it's not where

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we're at, that's why I'm suggesting other possibilities of  
1 spots or whatever that it takes to either move us, buy us out  
2 or whatever. But we cannot be asked like a lot of people out  
3 in the -- we can be asked but we're sure as heck not going to  
4 do it to just shut our company down; we've done that for a  
5 number of weeks now already at tremendous risk to us. And but  
6 that's what we're being asked to out there by a very large  
7 majority of the population, even some folks that don't have a  
8 problem with logging, they're saying the same thing; we would  
9 like to have you shut down for two or three years, and that's  
10 what I see coming (ph).

11 MR. COLE: Let me say I have asked Commissioner Heinz  
12 and the Department of Natural Resources, if you can is to just  
13 produce for us an overall map of Prince William Sound so we  
14 have this overview, and then we can look and see where the  
15 spill affected areas were, where the critical habitat areas  
16 are, and then, you know, approach it from than angle. That's  
17 been my view, that's what I'm trying to do.

18 MR. ANDERSON: Well .....

19 MR. PENNOYER: Mr. Barton.

20 MR. BARTON: I'll pass.

21 MR. PENNOYER: Any other questions at this time. Thank  
22 you, Bob.

23 MR. ANDERSON: Thanks, Steve.

24 MR. PENNOYER: More testimony from -- yes, Mr. Parker.

25 MR. PARKER: Thank you, Mr. Pennoyer. My name is Jeff

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Parker and I'm speaking on behalf of the Alaska Sport Fishing  
1 Association and Trout Unlimited. If you, by any chance, recall  
2 my testimony from last time, I speak by organizing my thoughts  
3 in numbers, sort of like a child paints I guess; I hope my  
4 thoughts will be usable.

5 I have 12 points I want to quickly skate across. One  
6 is that we support the trust proposal or endowment proposal  
7 that has been put forward by Commissioner Sandor, that we  
8 support it in concept; I haven't yet reviewed it with respect  
9 to the details. I think I have less reticence about it than  
10 Pam Brody of the Sierra Club voice because I think it  
11 consistent with Commissioner Sandor's remarks, Attorney General  
12 Cole will probably attempt to keep us within -- or keep you  
13 folks within the law as to what to spend the income on  
14 endowment from -- or for what purposes you spend it.

15 With respect to another point that I would like to  
16 express support for and that is, if I understood correctly Dave  
17 Gibbons comments that the Trustee Council has decided to allow  
18 a public nomination process with respect to acquisitions.  
19 That's really my second point. I think that's fundamental so  
20 that the process remains open.

21 Third, the last time on December 10th, I spoke to three  
22 recommended criteria for purposes of deciding what acquisitions  
23 were appropriate. Roughly those criteria were that the land  
24 involved -- the land be valuable for habitat or use value  
25 purposes that, that it face a clearly identifiable near or

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1 long-term risk and that the acquisition of the fee title or  
2 conservation easements in the land bear some relationship to  
3 the injuries occasioned by the Spill, regardless of whether  
4 those are injuries to resources, to services or to non-use  
5 values.

6 Therefore, my third point is that I am pleased to see  
7 that the Trustee Council is apparently continuing the thrust of  
8 the March, 1991 Federal Register Notice which was basically  
9 consistent with those criteria.

10 However, with respect to that, I have one criticism and  
11 that's the fourth point. That is that Notice spoke of  
12 recreational sites. I think that if people -- it would be  
13 better to say recreational lands. People do not recreate in  
14 this state in the same manner that they all rec- -- or in the  
15 same -- all recreation does not occur in the same manner as it  
16 occurs at the mouth of the Russian River. I think you could  
17 describe the mouth of the Russian River as a site. I think  
18 Prince William Sound, Southeast Alaska, Southwest Alaska have  
19 the recreational use pattern is much more disperses; people  
20 utilize the lands as opposed to just specific sites.

21 My fifth point is that I was pleased to hear also in  
22 Mr. Gibbons summary that the Trustee Council is apparently not  
23 limiting itself over the long haul to an area that is "affected  
24 by the Spill" and that you will look towards restoration  
25 through either habitat acquisition or acquisition for purposes  
26 of restoring lost services or lost non-use values outside of

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some, what is to me, an ambiguous area that is an area  
1 "affected by the Spill." I would urge you to be very careful  
2 about limiting your efforts within any such alleged area, and  
3 that you move expeditiously towards broadening the view of  
4 where it might be appropriate to acquire lands for either  
5 purposes of conserving habitats and therefore restoring  
6 resource value or restoring use value or non-use value.

7 I think that basically in order to broaden that view it  
8 basically comes down to about 25 corporations, they're clearly  
9 identifiable in the Native Claims Settlement Act, as I recall  
10 it's Section 9 -- and somewhere between 9 and 11. But there  
11 are approximately 25 corporations that are in the southern  
12 coastal drainages, and I think it's very hard to say that there  
13 is more than one area outside of the southern coastal drainages  
14 that would meet the criteria of a clearly identifiable near or  
15 long-term threat, roughly one of the criteria in the March  
16 Federal Register Notice. And, I would be pleased to give a  
17 list if you would wish of what I think those corporate lands  
18 might be as possible candidates or possible interested parties  
19 on a willing seller/willing buyer basis.

20 My sixth point is a narrow concern, and I cannot speak  
21 for either the Sport Fishing Association or Trout Unlimited at  
22 this point specifically on Restoration Proposal Number 106,  
23 which is to double the Fort Richardson hatchery output for  
24 purposes of planning catchable, that'll be six inch, rainbow  
25 trout in Anchorage lakes due to the fact of an expected almost

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zero return or severely limited return of sockeye salmon in the  
1 Kenai River system and when the 1989 age class returns.

2 I suspect that both those organizations, Trout  
3 Unlimited and Alaska Sport Fishing Association, which  
4 repetitively have dealt with and have been very frequently  
5 opposed to a number of different types of enhancement projects,  
6 particularly -- well I shouldn't say particularly of this sort,  
7 but that isn't to say that we have opposed all enhancement  
8 projects. We've opposed a number though and have been on a  
9 number of planning teams for the State concerning such  
10 proposals. I would expect that those -- that both Alaska Sport  
11 Fishing Association and Trout Unlimited will have reservations  
12 about that Proposal Number 106 being an adequate restoration of  
13 lost use values.

14 My seventh point on land trades -- maybe I should  
15 adjust this, excuse me, to keep from bending over. I used to  
16 negotiate land -- or assist in negotiating land exchanges for  
17 the U.S. Fish & Wildlife Service in the 19- -- late 1970's, and  
18 specifically assisted on a number of exchanges and they're in  
19 ANILCA (ph).

20 The comments that were made previously about this state  
21 being too picked over for purpose of land exchanges or at least  
22 substantial land exchanges I think were very accurate comments.  
23 The State has had a history of first State selection, and  
24 founded upon that, borough selection and municipal government  
25 selection, Native claims selections, conservation, if you will,

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1 selections, really designations, as well as many state  
2 conservation designations. All of that leads -- has led -- has  
3 been -- has created very much a picked over situation, and I  
4 think that there'll be not very much prospect for substantial  
5 use of land exchanges within Alaska.

6 Aside from that, though, the previous gentleman's  
7 comments about the potential for exchanges of surplus Federal  
8 lands, those that are surplused to General (ph) Services  
9 Administration, those were useful comments. Similarly, if you  
10 want to get wishful thinking, the RT, the Resolution Trust  
11 Corporation certainly has plenty of federal land.

12 My eighth point, reimbursement costs; I would concur  
13 with the general comments previously made by others that the  
14 Government try and stagger their reimbursements costs so as to  
15 facilitate conservation efforts more up front. With respect to  
16 that, if you were able to do so, you might be able to utilize  
17 monies that are available for possible acquisition in this  
18 fiscal year or in this calendar year for options on the  
19 critical sorts of habitats that Mr. Cole was referring to. I  
20 concur very much and am pleased to have heard the tenor of  
21 Attorney General Cole's comments on that, options tailored to  
22 critical areas, whether they are critical habitat or critical  
23 scenic views for use value are an appropriate way I think to  
24 view early use of limited monies.

25 My ninth -- I believe my ninth point is that there's  
26 too much research in this budget, that's been addressed

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elsewhere.

1 My tenth point, a very quick one, is -- well, actually,  
2 let me come back to that. Yeah. My tenth point and it's not  
3 germane to the restoration project -- process, either legally  
4 nor should it be probably politically. But one of the things  
5 that many of the Trustees or some of them may not be aware of  
6 is that it is fairly easily -- easy to document that in an  
7 economic sense that -- for purposes of producing jobs and  
8 commerce, wilderness based recreation industry is probably one  
9 of the most productive of jobs in terms of visitor days that we  
10 have in this state.

11 I will give to the Trustee -- or I'll mail to the  
12 Trustees a study that was sponsored by the Alaska Sport Fishing  
13 Association, the Alaska Hotel & Motel Association and the  
14 Alaska Professional Sport Fishing Association, the latter a  
15 trade association of lodges, that shows job production and  
16 commerce off of certain comparable wilderness based recreation  
17 industries and non-wilderness based recreation industries. And  
18 I hope you'll find the conclusions interesting, legally not  
19 significant but useful, perhaps, for other purposes or these  
20 purposes.

21 Finally, an advisory group, obviously, our group -- our  
22 associations would be interested in participating in selecting  
23 a reasonable candidate to the advisory group. That's the  
24 eleventh point.

25 The twelfth and last one, annualization of payments.

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If there is great demand to do a lot up front, early with  
1 limited money, it may be possible to utilize what limited  
2 monies you have to add -- to create a payment plan to a  
3 conveyor of property or property interests; a corporation, for  
4 example, that is relinquishing certain interests or the fee  
5 title; so that you don't have to acquire -- you don't have to  
6 pay it all in Year 1 but you can stagger and pay over time.  
7 That would allow you to accomplish more in -- at the front end  
8 with limited resources. And I hope that vague explanation is  
9 reasonably clear.

10 Those are my 12 points, I hope I skated fairly fast.

11 MR. PENNOYER: Thank you, Jeff. Questions of  
12 Mr. Parker? Thank you very much.

13 MR. SANDOR: It was sent. Time is going on. But this  
14 annualization of payment plans, I suppose that -- how far can  
15 that be extended into the future and with an endowment -- could  
16 endowment incomes be used for the pay -- those kinds of  
17 payments?

18 MR. PARKER: I would think that you could design it so  
19 that an endowment income would cover that. And basically, as  
20 the principal of the endowment grows, the income would grow and  
21 basically it would be sort of like a mortgage; if you've got  
22 more money to pay on your mortgage than you're obligated to  
23 pay, you can probably buy out -- you can shorten your mortgage  
24 term, basically.

25 MR. SANDOR: Mr. Chairman. I'd suggest that you convey

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those ideas to our Restoration Team.

1 MR. PARKER: That I do so?

2 MR. SANDOR: Yeah.

3 MR. PARKER: That's fine.

4 MR. SANDOR: Yeah. Fine.

5 MR. PENNOYER: Thank you. Questions. Thank you very  
6 much. Yes, sir, you've been trying to get up there and I've  
7 been looking right past you, so why don't you go ahead.

8 UNIDENTIFIED SPEAKER: I'd just like to request to be  
9 the first speaker tomorrow.

10 MR. PENNOYER: That's -- you can be the first one  
11 tomorrow night.

12 UNIDENTIFIED SPEAKER: Okay.

13 MR. PENNOYER: I've passed you by too long tonight, I  
14 agree. Yes, ma'am.

15 MS. RODERMAN: Hi. I'd just like to make a few  
16 comments. My name is Lisa Roderman (ph), I am an eight year  
17 resident of Cordova and I've also been the principal  
18 investigator on a damage assessment study aimed at evaluating  
19 the affects of the Spill on sea otter weanlings (ph) and  
20 involved in some of the other damage assessment towards (ph)  
21 sea otters.

22 I'd like to just -- I'll try to keep my comments brief,  
23 I just have two points I'd like to make. One was prompted by  
24 Mr. Anderson's comments and so I hadn't planned to speak on  
25 this. I agree with the Trustees and with Mr. Cole in

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particular that study is needed in order to identify all of the  
 1 critical habitats in Prince William Sound. And, in fact, we  
 2 submitted a proposal to identify critical habitats for sea  
 3 otters. However, in order to expedite the process of buying  
 4 some lands now, I would suggest that the Trustees could get  
 5 individual scientists together who have been working in Prince  
 6 William Sound for a long period of time on particular species,  
 7 get them together for a very brief meeting initially and ask  
 8 them to identify the most critical habitats for their species.

9 In other words then, there will be some critical  
 10 habitats that go unidentified and to identify those some say  
 11 well we need it. However, I think off the top of our heads,  
 12 most people that have been studying anything in Prince William  
 13 Sound for a long period of time could identify certain areas  
 14 anyway. And a lot of the people that you should speak with  
 15 have already been involved in the damage assessment process and  
 16 so are readily available to the Trustees.

17 My second comment has to do with the importance of  
 18 expert (ph) peer review. And I don't mean these comments as a  
 19 criticism of anyone that's been involved in the process, many  
 20 of whom I consider friends, no process is perfect and any  
 21 process can be improved. The peer review process I believe is  
 22 one of the most important processes in this whole damage  
 23 assessment and restoration business. It's certainly one of  
 24 your biggest ticket items, and it -- also, the studies that the  
 25 peer reviewers are reviewing is your biggest ticket item, and

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1 it's also -- the studies are crucial to your accomplishing your  
2 goal of aiding in the restoration of Prince William Sound.

3 At this time, the peer reviewers are acting, however,  
4 in an advisory role to the Trustees and to the agencies only.  
5 And that process hasn't been perfect. I think the public --  
6 the problem is this, is that the public has not had access to  
7 these studies or the data because of litigation needs. And,  
8 therefore, the public assumes that the recommendations in all  
9 cases of peer reviewers are being followed, and therefore, that  
10 the best studies are being done, and also which is just as  
11 important to the scientific process, by the best available  
12 people. And yet, in all cases this is not true, and in some  
13 cases agencies have done studies that the peer reviewers don't  
14 recommend.

15 And I think the whole process could be improved if the  
16 decision as to which -- the decision is best to which studies  
17 went forward was left up to the peer reviewers themselves. In  
18 other words, you're paying these people a lot of money, and you  
19 obviously have respect for their opinion because you've  
20 employed them to review these studies. And why not give these  
21 people the power then to make their decisions as to which  
22 studies go forward and who is going to do these studies. I  
23 think that the process then would have more credibility to the  
24 public. You'd avoid any question of conflict of interest such  
25 as has been raised by the agencies simply filling their own  
coffers if you did this; the peer reviewers have no conflict of

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interest; and I think there would be considerable dollar  
1 savings as well.

2 Those are my only comments. I had one other comment  
3 which is just that to aid in this process and maybe to kick it  
4 off I would suggest that the public could be made -- the  
5 comments of the peer reviewers in terms of the recommendations  
6 as to studies that are being put on the table now could be made  
7 available to the public. And also, I would, you know, very  
8 much advise the individual Trustees to utilize the very  
9 formidable resources and knowledge of the chief scientist  
10 personally to understand how closely the peer review process is  
11 aligning with which studies are being proposed. You see a set  
12 of studies and I think maybe falsely believe in all cases that  
13 those are ones that were recommended as going forward.

14 Thank you.

15 MR. PENNOYER: Questions or comments? Thank you very  
16 much. Is there anybody else that needs to testify tonight?

17 Yes, sir.

18 MR. RENBERG: Thank you. My name is Steve Renberg  
19 (ph), I'm the CEO of Eyak Corporation; I also wear the hat of  
20 financial manager of Shearstone, Inc. As a follow-up to Bob  
21 Anderson's comments and to Mr. Cole's comments about wanting to  
22 do a study of the areas first and determine the critical  
23 habitat, I think the point was is that we've been asked to do a  
24 moratorium so that study -- those studies could be done so that  
25 we're not logging in what may be determined to be "critical

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habitat."

1           The proposal that you received, I believe it was for  
2 three years; that could be divided down into one year  
3 increments. It doesn't have to be, you know, you have to give  
4 us a three year moratorium or nothing. We are at a critical  
5 crossroads. I advised them that we really should have started  
6 January 15th. We've got to make a decision. We have to do  
7 something starting Monday. And, in fact, I'm going to Cordova  
8 tomorrow to meet with the logger to lay out the plans and the  
9 units that we're going to be doing.

10           But the whole purpose was to enable the studies to be  
11 done that you're talking about and give the time element  
12 involved. And if you start out with one year and say look  
13 we'll do the moratorium just for one year and then towards the  
14 end of the year we'll make a decision whether we want to  
15 continue on or not. That would certainly help us.

16           The other thing you asked for was what number would  
17 make us feel comfortable. There was a number proposed that  
18 would give us an idea that yes, you are serious about a  
19 moratorium; that would allow us to plan with out logger whether  
20 or not they're going to continue on through the year or we're  
21 just going to pull out what we felled and decked (ph) from last  
22 year.

23           Thank you.

24           MR. PENNOYER: Questions? I .....

25           MR. SANDOR: What was that figure?

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MR. RENBERG: Half a million.

1 MR. PENNOYER: Thank you. Are there .....

2 MR. RENBERG: By the way, you get something for that.

3 MR. PENNOYER: At the end of the process.

4 MR. RENBERG: Well, no, I mean part of our proposal was  
5 whatever was paid in would be used for (indiscernible -  
6 interrupted) .....

7 MR. PENNOYER: For the purchase (ph) fund.

8 MR. RENBERG: Yeah. As a payment on something. Any  
9 dollars that -- we agreed that any dollars put in would be --  
10 would acquire some kind of a resource at the end.

11 MR. SANDOR: Thank you.

12 MR. PENNOYER: Anybody else tonight? Yes, sir.

13 MR. STEINER: Just a real quick one. I won't be long.  
14 The one thing I wanted to ask is whether or not the repayment  
15 of the 29.5 million dollars and the 24 million dollars to the  
16 State and the Feds without any public involvement in that  
17 decision, is that meaningful public involvement? Is that  
18 within the bounds that Judge Holland accepted the Settlement  
19 and the MOAs? Evidently, the decision was that it is, I'm just  
20 curious.

21 MR. COLE: Mr. Chairman.

22 MR. PENNOYER: Mr. Cole.

23 MR. COLE: Actually, under the document that Judge  
24 Holland approved, both the State and Federal governments could  
25 have glommed on to all the money.

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MR. STEINER: With no public involvement?

1 MR. COLE: With no public involvement; slam, bank,  
2 slam, dunk, you know. But we didn't do it, you know, and we  
3 decided to take this money over time to allow the very process,  
4 like I say, which is going on now, you know. And the public --  
5 time for public involvement on that issue was when the MOA and  
6 those agreements came up for public comment; I mean, you know,  
7 it was there. I realize there, you know, are some problems  
8 there. But I mean it has had full public comment. And I think  
9 the governments have been -- you know, done the right thing in  
10 order to stagger that payment. And for I think the State would  
11 -- certainly I would be prepared to even set that back a little  
12 bit if we could, you know, in order to allow more money up  
13 front; took a little money up front and maybe it would've been,  
14 you know, some thought to taking a little more money back at  
15 the end of the line. It's a thought we would think about I'm  
16 sure.

17 Thank you.

18 MR. STEINER: I think that would certainly help within  
19 (ph) the reason a number of people feel that the money now and  
20 not 10 years (ph) or so. Thanks. I appreciate that  
21 consideration.

22 MR. PENNOYER: Thank you. Any other question?  
23 Mr. Barton.

24 MR. BARTON: Yes. I just have a comment. You know,  
25 I'm certainly sympathetic for -- to the concept of altering the

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1 repayment schedule. But I do think in all fairness we need to  
 2 remember there wasn't any public involvement when the agencies  
 3 were scrambling for money to do this job and borrowing money  
 4 from programs, in some cases, from other areas of the country.  
 5 So, there's that side of the equation also that ought to be  
 6 considered as we move forward.

7 MR. PENNOYER: Thank you. You know, in terms of the  
 8 reimbursement, it's not, you know, simply paying back  
 9 government if effect. In a way, you're paying back some of the  
 10 people who we did take money and projects away from to do the  
 11 work. So I mean I'm not going to argue about all the pieces of  
 12 it, but in many cases, agencies like ours forewent (ph) to  
 13 projects in areas to the damaged resources that were important  
 14 to people as well. So at least the reimbursement covers that  
 15 type of thing, it's not just simply putting money back into  
 16 government. In our case, it'll buy more research in  
 17 Southeastern. We forewent for two years when we did the Prince  
 18 William Sound work, you know, helped on ground (ph) fisheries  
 19 search in certain areas that we didn't do, that type of thing  
 20 is involved as well, as well as other areas of the country.

21 So -- but we'll certainly look at the time schedule  
 22 question.

23 MR. STEINER: Very good. I guess the last thing is the  
 24 reason the citizens wanted a settlement was so that we would  
 25 have some money for restoration. And, if we're backloading the  
 26 restoration money, then there really was no compelling reason

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to settle. And, I think you've seen some of the outcry about  
1 the terms, the conditions, the payments of the settlements.  
2 That was the one compelling reason the public wanted the  
3 settlement so .....

4 MR. PENNOYER: Well, I think it's our intent that we do  
5 accomplish that restoration. And I hope that the plan that we  
6 come out with will help give people a chance to comment on that  
7 and we'll assure you we are.

8 Further comment for tonight? We were advertised at  
9 8:30 tomorrow morning, is that still your desire?

10 UNIDENTIFIED SPEAKER: Sure.

11 MR. PENNOYER: Okay. I guess you are. Okay.

12 MR. SANDOR: Yeah, Mr. Chairman, one thing.

13 MR. PENNOYER: Commissioner Sandor.

14 MR. SANDOR: We had la- -- at our last Trustee Council  
15 meeting we'd asked the Restoration Team to look at that  
16 proposal by the Nature Conservancy, if you will, with regard to  
17 acquisition. And I wonder if between now and the meeting  
18 tomorrow we might reflect on this critical issue with regard to  
19 acquisition and the 500,000 proposal as a critical sign, that  
20 we might deal with that tomorrow.

21 MR. PENNOYER: The first item on the Agenda tomorrow I  
22 think will be the review of Mr. Rice's report and questions and  
23 comments, and it would be appropriate to do that at the same  
24 time.

25 MR. SANDOR: Thank you.

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MR. PENNOYER: Thank you very much, see you in the  
1 morning. Adjourned.

2 (END OF PROCEEDINGS)

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