

1 EXXON VALDEZ OIL SPILL SETTLEMENT
Trustee Council

2 Simpson Building
3 645 "G" Street
4 Anchorage, Alaska
May 20, 1992
6:00 o'clock p.m.

5 **IN TELECONFERENCE ATTENDANCE:**

6 From Fairbanks, Alaska:

7 State of Alaska
Attorney General

MR. CHARLES COLE

8 From Juneau, Alaska:

9 State of Alaska Department
10 of Environmental Conservation

MR. JOHN SANDOR
Commissioner
Council Meeting Chairman

11 Alaska Department of Fish
12 and Game

MR. CARL ROSIER
Commissioner

13 **MR. DAVE GIBBONS**
14 Regional Forester

MR. TIM WOLFE

15 National Marine
16 Fishery Service

MR. STEVEN PENNOYER
Director

17 United States Department
18 of the Interior
Secretary

MR. CURTIS McVEE
Special Assistant to the

19 From Anchorage:

20 Department of Interior

MS. PAMELA BERGMANN

21 Department of Natural
Resources

MS. MARTY RUTHERFORD

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P R O C E E D I N G S

1 MR. SANDOR: We have with us Dave Gibbons and the
2 Restoration Team -- many of the Restoration Team members. Does
3 everyone on-line have the agenda for this evening?

4 MS. RUTHERFORD: Would you tell him we can't hear him?

5 DR. SPIES: I don't have the agenda. This is Bob Spies.

6 MS. RUTHERFORD: Juneau, this is Anchorage. We can't
7 hear you very well. Could you maybe speak into the mike a
8 little more directly?

9 MR. SANDOR: Yeah. Can you hear at all now?

10 MS. RUTHERFORD: Not really. (Pause) Juneau, can you
11 hear us in Anchorage? (Pause - communications problems - phone
12 reconnection) Can you hear us in Juneau?

13 UNIDENTIFIED SPEAKER: Yes.

14 MS. RUTHERFORD: That's better. We're doing better.
15 Not good enough.

16 UNIDENTIFIED SPEAKER: We'll try to speak as loud as we
17 can.

18 MR. SANDOR: Okay, we will begin again with the
19 May 20, 1992 meeting of the Exxon Valdez Oil Spill Settlement
20 Trustee Council continuation of our meeting -- the last
21 meeting. We have before us the agenda. Dr. Spies, you had
22 indicated you did not have the agenda. The agenda includes one
23 Public Advisory Group Operating Procedures, Financial Operating
24 Procedures, Budget, and a Request of Funds from the Court
25 Registry.

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I'd like, at this time, to ask if there are any
1 additions to the agenda. I was told earlier today, in several
2 calls, that there are several items that seem to me to be
3 appropriate to be added. One deals with the Federal and State
4 Operating Procedures. Curt McVee, would you like to add an
5 item in that regard to the agenda?

6 MS. RUTHERFORD: Commissioner Sandor?

7 MR. SANDOR: Yes, Marty Rutherford?

8 MS. RUTHERFORD: We have a court reporter here that's
9 not our normal person, so it's real important for everyone to
10 give their names before they start speaking.

11 MR. SANDOR: Okay, we will do that.

12 MS. RUTHERFORD: Thank you.

13 MR. SANDOR: Curt McVee will be suggesting an addition
14 to the agenda.

15 MR. McVEE: The suggestion is that we talk about --
16 maybe before we talk budget, a request

17 MS. EVANS: We can't hear him at all.

18 MR. McVEE: (indiscernible) registry, that we talk
19 a bit about that process.

20 MS. RUTHERFORD: We need him to talk louder. We can't
21 hear him. But he's talking.

22 MS. EVANS: Tell him

23 MS. RUTHERFORD: We need them to talk louder.

24 MS. EVANS: Marty, you have to tell him that.

25 MR. McVEE: (indiscernible) may be required. I

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know (indiscernible)

1 MS. RUTHERFORD: Juneau, this is Marty again. Could I
2 interrupt again?

3 MS. SANDOR: You certainly may.

4 MS. RUTHERFORD: Anchorage has probably about 15 people
5 here, and we cannot hear you at all. They tell us that the
6 signal even coming over the handset is not very good, so
7 evidently it is Alascom, but if you could speak directly into
8 the mikes, that would help a great deal. Someone just
9 suggested, perhaps, we should just redial.

10 MR. SANDOR: Well, I think, Marty, those on the
11 teleconference line, we have somewhat of a problem with regard
12 to the speakers. There is really just one speaker and
13 receiver. What we will try to do is to run this through the
14 chair and repeat the conversations as much as possible. Can
15 you hear me any clearer now?

16 MS. RUTHERFORD: A little -- a little clearer.

17 UNIDENTIFIED SPEAKER: Could we try and re-establish the
18 call, everybody hang up and try again?

19 MR. SANDOR: Well, we will try once again, I guess, to
20 re-establish contact. I suspect it's the equipment, but we'll
21 try again. Would you like to hang up and redial?

22 MS. RUTHERFORD: Okay, we'll tell our people here to do
23 that.

24 MR. SANDOR: We want you to hang up in Fairbanks. Can
25 you hear, Charlie?

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MR. COLE: Very well.

1 MR. SANDOR: Yeah, okay. Charlie hears very well.

2 MS. RUTHERFORD: Could you notify Alascom, it needs to
3 be re-dialed?

4 UNIDENTIFIED SPEAKER: They're hearing everything you
5 say.

6 MS. RUTHERFORD: Okay, they're monitoring.

7 MR. SANDOR: Anchorage, can you hear me?

8 MS. RUTHERFORD: Yes, Commissioner.

9 MR. SANDOR: I've been advised that you should call the
10 Alascom operator and tell them you're having a problem during
11 this conversation, as Fairbanks and the other sites are
12 receiving our messages. So can you

13 MS. RUTHERFORD: All right. We will do that.

14 MR. SANDOR: While that's being done, can we call this
15 item Federal/State Processes? Any other items to be added? We
16 have several under that item.

17 MS. EVANS: What did they just add?

18 UNIDENTIFIED SPEAKER: I think they added
19 (indiscernible)

20 MS. RUTHERFORD: On the agenda? I'm sorry. I don't
21 know. I couldn't tell you.

22 UNIDENTIFIED SPEAKER: I think they just added the
23 Trustee Council Operating Procedure discussion; that's what I
24 understand.

25 MS. RUTHERFORD: The Trustee Council -- yeah.

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MR. SANDOR: While we're awaiting the connection of
1 Anchorage again, that the Chair -- and, I believe, I would
2 speak for the rest of the trustees are appreciative for the
3 tremendous amount of work that went into the booklet that has
4 been given to us, and we're certain it must have been done on
5 short time. And David Gentry, I think, is here. I understand
6 you had some part in the design of the forms and stuff.

7 MR. GENTRY: Yes, I did.

8 MR. SANDOR: This was done to essentially accommodate
9 the budgeting processes that we're going to get into, and we
10 appreciate your efforts in that regard.

11 MR. GENTRY: In that regard, I'd really like to
12 (indiscernible) we really spent a lot of time on this package.
13 (Indiscernible) really a lot of (indiscernible)

14 MR. SANDOR: And if David -- Dave Gibbons appears to
15 have a tan and indeed he does have, he was in Greece for what,
16 one or two weeks, presenting a paper, as I understand it.
17 Anyway, we're glad we made a space in that part of the world.

18 Is Anchorage back on by now?

19 COMMUNICATIONS TECHNICIAN: We haven't left.

20 MR. SANDOR: You haven't left?

21 MS. RUTHERFORD: We haven't left, but

22 MR. SANDOR: Well, why don't we continue, and we'll
23 shout as loudly as we can.

24 We're now into the agenda, Federal/State Processes. Any
25 other additions to the agenda?

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1 ALASCOM TELEPHONE OPERATOR: Hello, this is the
conference operator. The Anchorage party, can you hear me?

2 COMMUNICATIONS TECHNICIAN: Yes.

3 ALASCOM TELEPHONE OPERATOR: Okay, hang up. I'm going
4 to try to call you back.

5 COMMUNICATIONS TECHNICIAN: Okay.

6 MS. RUTHERFORD: Just for everyone's information here,
7 what they said they added to the agenda was Federal and State
8 Processes.

9 UNIDENTIFIED SPEAKER: (Indiscernible)

10 MS. RUTHERFORD: I'm not sure. Hopefully, we'll get --
11 did they indicate that that was McVee's?

12 UNIDENTIFIED SPEAKER: Yes.

13 MS. RUTHERFORD: It is McVee, from Interior's agenda
14 item. I'm sure he'll explain. I hope we'll be able to hear.

15 COMMUNICATIONS TECHNICIAN: This is Anchorage.

16 ALASCOM TELEPHONE OPERATOR: Okay, sir. I'm going to
17 connect you with your conference group again.

18 COMMUNICATIONS TECHNICIAN: Okay. Thank you.

19 ALASCOM TELEPHONE OPERATOR: Okay. They're back on the
20 line again. Can you check this call to see if it's better?

21 MR. SANDOR: Can you hear Juneau in Anchorage at this
22 time?

23 MS. RUTHERFORD: Yes, we can hear a little better.

24 MR. SANDOR: You can hear a little better. Well, we'll
25 continue.

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We've added to the agenda Federal/State Processes, item
1 one; number two, Public Advisory Group Operating Procedures;
2 number three, Financial Operating Procedures; number four
3 Budget; number five, Request of Funds from the Court Registry.

4 Are there any additional suggestions of change in the agenda?

5 There being none, is there any objection to the approval
6 of the agenda? The agenda is approved.

7 We'll begin first with Curt McVee, representing
8 Interior, outlining several Federal/State Process issues which
9 he'd like to discuss.

10 (Mr. McVee is away from microphone and indiscernible)

11 MS. RUTHERFORD: Commissioner Sandor, we cannot hear
12 Mr. McVee at all.

13 MR. McVEE: I'll try it again. I'm about three feet
14 away from the mike. Can you hear this, Anchorage?

15 MS. RUTHERFORD: We can hear it a little better. If you
16 could get even closer and speak up, that would help.

17 MR. McVEE: I'm practically sitting on top of it now.
18 Does that help?

19 MS. RUTHERFORD: Yes, it does. Thank you.

20 MR. McVEE: Okay. I guess, my proposal for the agenda
21 change was -- I feel it would be worthwhile to talk about some
22 of the Federal and possibly State processes before we get into
23 the full discussion on the Financial Management Plan and the
24 Budget. And, I guess, speaking about the Federal processes
25 that -- as I understand it, and, of course, this is still

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evolving, is that the Federal agencies will have to take the
1 Budget to OMB and then 30 days notice to Congress. And one of
2 the things -- I guess there's been some question among us all
3 on, and that should be settled soon, is if we can go to the
4 Registry of the Court before we have done that, and, as I
5 understand the language in the corporation documents, Dave
6 pointed out to me this afternoon, that that is possible. I
7 guess part of the problem -- or one of the problems that we
8 need, from the Federal standpoint, is to make sure that we
9 conform to the Federal processes, and some of the things that
10 we will do tonight, I think, with reference to the Federal
11 Budget and to the Financial Procedures, will be attempting to
12 do that, is trying to conform to that process. Hopefully,
13 recommendations or suggestions that I will make, at least, and
14 maybe others that -- won't be seen as delay in trying to
15 achieve a budget for the '92 season. We certainly don't want
16 to do that. Appreciate the need for funds as soon as possible,
17 but there's a couple steps that we will be talking about that,
18 I think, we will have to discuss.

19 MR. SANDOR: I trust everyone heard the issue at hand
20 which, essentially, relates to making certain that our actions
21 are conditional upon approval of -- that our actions approving
22 anything tonight must be conditioned on being in full
23 compliance with the Federal and State procedures. And, I
24 guess, maybe to deal with that, the Chair would ask Curt McVee
25 if a statement approved at this time that all actions taken

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10
this evening, with respect to the Budget, that are approved,
1 are approved subject to full compliance with the management and
2 transfer of funds in accord with Federal and State procedures.

3 MR. McVEE: I think that will help. That will help get
4 us over the hurdle. We may have some sequencing problems, but
5 let's deal with those as we get into it.

6 MR. SANDOR: Okay. Is there any objection to that
7 conditional approval? And we can restate that as we go through
8 the different agenda items, but make it very clear that the
9 actions that we take must be refined and adjusted so that
10 Federal and State budget procedures and financial management
11 procedures are in accord with Federal and State laws and
12 regulations. Is there any objection to that?

13 MR. COLE: Mr. Chairman.

14 MR. SANDOR: Yes, Mr. Cole.

15 MR. COLE: I don't have objections, but I want to
16 register a note of reservation, 'cause I don't know exactly all
17 of the (indiscernible) to, let me know (indiscernible) and
18 which are subject (indiscernible). It seems to me that we
19 should be a little leery about (indiscernible).

20 MR. SANDOR: The objection, Attorney General Cole, is to
21 go through each of the action items, and where issues of
22 Federal or State processes that may be in question and may need
23 refinement, we will identify those. What I was trying to do in
24 this initial action is to respond to Mr. McVee's concerns and
25 questions and state that actions taken by the Council this

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evening that deals with budget and financial management matters
 1 will be in accord with Federal and State laws and regulations,
 2 And if, in fact, there are problems identified in the course
 3 of the issues covered, there may be some follow-up action
 4 that's identified to clarify that. So we will deal very
 5 specifically with each of these, as they arise.

6 Is that going to be satisfactory, Attorney General Cole?

7 MR. COLE: Let us proceed and see how it works out.

8 MR. SANDOR: Okay. The second item then is the Public
 9 Advisory Group Operating Procedures, and Marty Rutherford is
 10 going to make that presentation. Marty.

11 MS. RUTHERFORD: Yes, Commissioner Sandor. Basically,
 12 there are 15 sections to the Operating Procedures. Do you want
 13 me to go through them section by section or do you want simply
 14 for me to respond to any questions that any of the Trustee
 15 Council has?

16 MR. SANDOR: The members of the Trustee Council received
 17 the book and have had them in their possession for some time.
 18 Mr. Pennoyer, do you have

19 MR. PENNOYER: Mr. Chairman, perhaps, Marty could give
 20 us an overview of what the intent is here, (indiscernible) of
 21 the part that we've already adopted, and just kind of introduce
 22 it.

23 MR. SANDOR: Can you accommodate that, Marty?

24 MS. RUTHERFORD: Commissioner Sandor, I could not hear
 25 exactly what Mr. Pennoyer said.

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MR. PENNOYER: Mr. Chairman, Marty, what I suggested was
1 that you, basically, go over what this is, how it fits in with
2 the process we've already engaged in, how it relates to the
3 charter we've adopted, and what the intent is at this time to
4 do with this document.

MS. RUTHERFORD: Okay, I'll attempt to do that.
5
6 Basically, the Operating Procedures are tied very closely to
7 the charter that was agreed upon and to the nomination and
8 selection process that you agreed to at your last meeting. The
9 first section is Membership, and, basically, it says that it
10 shall consist of 15 official members, that they will be a
11 balanced representation from the 12 principal interests and the
12 public at large, and that there will be two ex-officio members,
13 one from the House and one from the Senate of the Alaska State
14 Legislature, and that at least the group shall include at least
15 one local government representative and one representative of
16 Native interests. The second process is Nomination Selection.
17 And, again, as previously agreed at the last meeting in the
18 Nomination and Selection process synopsis memo, you will make
19 these recommendations -- the Trustee Council will make the
20 recommendations to the Trustees, based upon the demonstrated
21 knowledge of the region and its peoples and/or principal
22 economic and social activities in that region, or by
23 demonstrated expertise in public lands and resource management.

24 MR. PENNOYER: Marty.

25 MS. RUTHERFORD: Yes.

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MR. PENNOYER: Can I interrupt you? I don't necessarily
1 mean you have to go through them one item at a time. What I
2 meant was introduce the topic, how this relates to the charter,
3 differences between this and what's in the charter, and what
4 you intend to do with it and the time to do it in.

MS. RUTHERFORD: The membership is exactly as laid out.
5
6 In the nomination process, you agreed to last time, you had
7 agreed -- you had accepted the principal interests, and you had
8 added the public at large. You had directed us to -- in our
9 process of going up for the nominations, you had directed us to
10 request from the public comments about how many seats should be
11 provided to any of the principal interests, and we are doing
12 that. The time line for that, I believe, the comments have to
13 be in by June 4th or 6th -- I'm looking for my time line, right
14 at the moment. Excuse me, the requests for nominations went
15 out May 6th, and the deadline for receipt of the nominations is
16 June 5th, so we will be getting comments on how many seats
17 should be associated with -- how many of the 15 seats should be
18 associated with each of the principal interests and the public
19 at large, as we get the comments on the nominees for the Public
20 Advisory Group. And, again, those are identical to what you
21 had agreed to at your meeting of April 27th.

MR. SANDOR: Is it the pleasure of the Trustee Council
22
23 that we approve or modify each one of these as we go along?

MR. McVEE: Mr. Chairman, I guess I have a suggestion.
24
25 There are a couple, I guess, and if I could go through them.

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1 There are a couple areas in here where the procedures differ
2 from the charters, and it will be pretty easy to flag, but I
3 think that it might be worthwhile to make comments on these
4 procedures.

5 It seems like until the board is appointed, we really
6 don't need to have the procedures in place, and that's going to
7 be some months by the time we go through nominations and
8 sorting and so on. So it seems like we could actually pick out
9 those areas we need to change through making written comments
10 and polish up the procedures and maybe even leave them in draft
11 until after the board's appointed, and they could even make
12 recommendations on the procedures -- you know, the procedures
13 that govern their operations.

14 So, I guess, my recommendation would be to table or
15 postpone final action on this until maybe our next meeting.

16 MR. SANDOR: Mr. McVee has made a motion to table and
17 leave in draft form these procedures and covered -- have them
18 covered at a later meeting. Mr. Pennoyer.

19 MR. PENNOYER: Mr. Chairman, that's what I was trying to
20 get at with my original question, is not to, basically, go
21 through and necessarily approve each section, but to maybe
22 approve this in draft form to be used when people ask us
23 questions about what the advisory panel is supposed to be
24 doing. We're getting a lot of those questions, and, I guess,
25 when I questioned Marty what was the need for this, and, I
26 guess, the response I was looking for was we did need something

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now to use when people ask questions about what the group's
1 going to do. But my only concern about it was if there's any
2 significant difference in there, that we wouldn't want to
3 completely mislead the public in the real difference in the
4 charters. It wasn't necessarily going through and making final
5 action, but sort of doing what Mr. McVee was suggesting, making
6 it available to the Restoration Team to use and us to use in
7 responding to questions of the public, at least in draft form,
8 that we think those procedures might look like. And if there's
9 a need for that now, the nomination process of June 5th, people
10 asking now what this group would do, and if there's something
11 in here that's different than the charter that helps explain to
12 them what this group does, then perhaps we should go ahead and
13 approve the draft for use as a draft.

14 Is that consistent with what you were saying, sir?

15 MR. McVEE: Yes. I think that is consistent.

16 MR. PENNOYER: (Indiscernible)

17 MS. EVANS: We just lost him over here. There's nothing
18 over here anymore.

19 MR. SANDOR: Mr. Pennoyer.

20 MR. PENNOYER: Mr. Chairman, as a follow-up question
21 (indiscernible) some problems, if there are no certain
22 problems, that you have identified now. Did you have a
23 specific question?

24 MR. SANDOR: Mr. McVee:

25 MR. McVEE: Mr. Chairman, yes. Under term, as I would

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read the sentence in there, members whose terms are expiring
(indiscernible) I understand the charter language will say
members will serve for a period of two years, and it cuts off
at that point. (Indiscernible) part of that paragraph, members
could be removed by unanimous agreement of the Trustee Council.
Actually, the Trustees themselves are making the selections,
the appointments, and it may be erroneous for Trustee Council
to remove members from the Advisory Board that have been
appointed by the Trustees.

There's been a question, I guess, on duties and
assignments, and, I think, there we should pull language right
out of the agreement and decree -- maybe I haven't checked this
close enough, but it says that they will make other -- among
other things, comment on the (indiscernible) procedures, et
cetera, and decisions. It seems like that was an addition.

The other area, and it's not a question of whether it's
in the charter or not, I guess, but it is paragraph 10. I
guess my question is what the need is there for an advisory
group to have executive sessions. It seems like if it's a
public advisory group, it should operate entirely in a public
forum.

MS. RUTHERFORD: Mr. Chairman.

MR. SANDOR: Any other questions regarding those
differences? Mr. Pennoyer.

MR. PENNOYER: Mr. McVee, are you moving those changes
be made before we send out the draft?

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1 MR. McVEE: I think it would help if we made those
2 changes before we use this information for the public in
3 response to questions.

4 MR. SANDOR: With those -- with the product in that
5 form?

6 MR. McVEE: Yes.

7 MR. SANDOR: Do you understand, Mr. Gibbons, the
8 changes?

9 MS. RUTHERFORD: Mr. Chair, just for your information,
10 we are having an awful time hearing all the comments that
11 you're making, so I hope that Dave Gibbons is getting some of
12 this down, because we're only getting portions of the
13 sentences.

14 MR. SANDOR: Yes, and I think it's virtually hopeless
15 with the equipment that we have on-hand to do better than we're
16 doing. We're virtually shouting as it is, but Mr. Gibbons is
17 writing, and let me try to summarize the motion on the floor,
18 which is to:

19 The motion by Curt McVee, seconded by Steve Pennoyer, is
20 to approve this draft in the draft form with the clarifications
21 and changes that were enunciated by Mr. McVee, and those would
22 still be -- after those changes were made, this would still be
23 in draft form. Is that correct?

24 MR. PENNOYER: That's correct.

25 MR. SANDOR: Is there any question or discussion on that
26 motion? Is there any objection to the motion? The motion is

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approved, and the Public Advisory Group Operating Procedures
1 are approved in draft form, with the understanding that the
2 changes in questions that were enunciated by Mr. McVee will be
3 clarified and corrected, and the product will still be in draft
4 form, but will be utilized to continue the process.

5 To move on to item three in the agenda, which is
6 Financial Operating Procedures. And David Gentry is to make
7 his presentation. My I suggest that you sit here.

8 MR. GENTRY: All right. I didn't realize I'd be face to
9 face like this with the Trustees. For the record, my name is
10 David Gentry. I'm here to talk about the draft Financial
11 Operating Procedure, as chairman of the Finance Group. I was
12 asked to be chairman after the Trustees last met, two or three
13 weeks ago. What I'd like to do is go through the operating
14 procedures briefly, highlighting the sections and a point or
15 two -- prominent points within those sections. I'll spend just
16 a couple minutes doing that. Then I'd like to highlight about
17 half a dozen issues that were resolved at the staff level,
18 bring them to the attention of the Trustees. Whipping through
19 the procedures, on a page by page basis here:

20 Page one, the beginning, half a dozen paragraphs is --
21 essentially acts as a preamble, basic principles upon which
22 we've proceeded. The section entitled Annual Budget,
23 indicating that there would be an annual budget, a separate
24 budget for the administrative director, the Restoration Team,
25 and working group, and for each field project, for lack of a

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better term.

1 Page two, Calculation of Project Costs, these are,
2 essentially, standard costs that we, as the Finance Committee,
3 wanted the Restoration Team and agencies to use when developing
4 project costs.

5 Page three, the Annual Budget Formulation Process, the
6 point of this section is who develops projects, the sequence of
7 review, how these things get to the Trustee Council for
8 approval.

9 Page four, the Budget Implementation section, this is an
10 entirely new section, compared to the earlier draft. We're
11 supposed to state that the Federal Government allows for some
12 flexibility during the course of a budget year, and we felt
13 that similar flexibility may be necessary to carry out these
14 projects.

15 At the bottom of page four, the Transfer of Funds from
16 the Court to the respective agencies.

17 Page five, Accounting and Reporting. The major point
18 here is that both State and Federal agencies would use their
19 existing accounting and auditing systems -- use the same
20 standard, and report on a regular basis to the Trustee Council.

21 Page six, section Audits, I'll just mention the main
22 idea there. Finally, Ownership of Equipment, this also is an
23 entirely new section to address if you rate (ph) by the
24 Trustees in previous meetings.

25 So that is a quick review. What I'd like to do now,

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Mr. Chairman, is highlight a few issues that the Trustees had²⁰
1 raised earlier; issues that were contention at the staff level.

2 Again, make sure that you folks understand what's in these
3 procedures.

4 On page number one, the second paragraph, "Maximum use
5 will be made of existing agency administrative structures."
6 This is an important point that pervades these whole
7 procedures. One point that we didn't highlight, that certainly
8 was my understanding and, I believe, most of the other peoples
9 on the Committee, was that these operating procedures would not
10 supersede normal budgetary control measures that may exist both
11 on the State side and on the Federal side. These simply
12 supplement and do not supersede any control measures that
13 exist. I want to make sure that that's clear to the Trustees.

14

15 The second point, at the last Trustee Council meeting,
16 there was an issue of how the Restoration Team would present
17 its budget, and these procedures direct that the RT, the
18 Restoration Team, would be one project with a number of sub-
19 projects. Each of those sub-projects would be broken down by
20 agency so that it's very clear what agency gets what money for
21 which working group under the Restoration Team. We tried to
22 make it just as clear as possible. A lot of paper, but it's
23 clear, it's there.

24 The third major point has been a bone of contention for
25 some time. It relates to the calculation of project costs.

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The way these procedures read, at the moment, 15% of the salary and benefits costs for all projects, both field projects and Restoration Team projects, will receive -- or can receive 15% for general administration. In addition, any direct costs, any special items that may be necessary to carry out the work of that group, can be requested on the different line items in those budgets. Those are subject to discussion and review by the Trustee Council, clearly laid out. This is how we resolve this issue, and, again, I want to highlight it. I want to make sure that you folks understand what's in this package.

The fourth issue, I referred to it a moment ago in the section entitled Budget Implementation, can be allowance for transfers between projects during the course of carrying out these projects. This is on page four. We have a number of projects, some are quite small, some are quite large, some are contract based, most are staff -- agency staff based, in terms of how they will be carried out. In any of these projects there are uncertainties as to what the costs are finally going to be. We have proposed, in these procedures, flexibility according to this equation, that the lesser of 10% of a project or \$25,000.00 can be moved into or out of a project over the course of a year. And the rationale for this formula was recognizing, first of all, that some flexibility was necessary. On the other hand, and this is the very point that I want to emphasize here, we picked these percentages and dollar amounts with the idea that such a change would not result in changing

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the essential character of the project. The purpose, the
1 objectives of the project, should still be possible, and will
2 not be affected by the transfer of money in or out. Only the
3 Trustees can change the purpose and objectives of these
4 projects. This is a balancing act we tried to achieve here.

5 The fifth issue is the property section at the end of
6 the procedures. Again, this is new. This is an issue raised
7 by the Trustees, and we have explicitly indicated that any
8 property, any equipment purchased should be used for the
9 purposes of the Trustee Council, no matter who possesses it and
10 the funds, also, no matter what agency or project bought the
11 equipment, the property to begin with. And that there will be
12 annual reporting so that we know what's out there and
13 functional and how to get a hold of it if we want to.

14 The sixth and last item, I'd simply like to bring to
15 your attention, is the forms. The purpose in putting these
16 forms together is really very simple. Forms seem bureaucratic
17 and rigid and really dreadful things, and why would we want to
18 bring them into this process, and the reason is to bring some
19 consistency of information. The format is incidental. The
20 important thing is that we have consistency of information, and
21 when the Trustees who are not full-time Trustees, but, in fact,
22 have many other responsibilities, that when they see some of
23 these forms, they'd know what to expect, and they know where to
24 go for certain types of information. And we feel this is an
25 important goal, and given, particularly your many and diverse

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obligations, we feel that this will make the process work more
1 simply, more clearly.

2 And there are about five different purposes for these
3 forms. I'd like to go through them just very, very briefly.
4 These are in Appendix B of the packet. Again, I won't spend
5 but a moment. And Mark Brodersen and David Rude spent many
6 long hours, in particular, putting these things together -- a
7 number of people in Anchorage, all of whom I don't know who
8 were working, but there is a great deal of effort put into
9 bringing the information on the budget onto these forms and
10 presenting them in a consistent fashion.

11 The first two forms in the lower right-hand corner,
12 you'll see the first one is Form 1A, the second one is Form 1B.
13 They're Form 1A and 1B for a reason; they're connected. From
14 1A is simply a listing of projects, Form 1B simply arranges
15 those projects by agency. You can see it cuts both ways. The
16 information is the same; it's simply rearranged.

17 Form 2A and 2B, again, these are related, there will be
18 a 2A and 2B form for every project. This will be the front;
19 this will be the face of all the projects that you see. Form
20 2A presents summary information and, as you see, will allow for
21 out-year projection of costs. It provides line item
22 information, and I would like to bring to your attention the
23 full-time equivalent information provided there. At the bottom
24 of that form in position information. Form 2B just simply
25 provides detail on the other lines items.

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Form 3A and 3B are identical to 2A and 2B but serve a different purpose. They simply provide the same type of information, but on a sub-project basis. And the most common use of a 3A and 3B will be where there is more than one agency carrying out a single project, so that we have clearly identified how much money for a project is carried out by one agency versus another one. In addition, 3A and 3B serve as sub-projects, highlighting the working group's budget. Again, working groups will be sub-projects of the Restoration Team.

Form number 4 is a quarterly report, a summary of expenditure information that will be provided every three months by agency, both Federal and State.

Form number 5 and form number 6 are similar in purpose. They relate to the Budget Implementation section and the transfer of the projects that I mentioned to you before.

Now, I've gone through a lot of material here. I don't know where the Trustees would like spend time. I can elaborate further or I can answer questions. How would the Chair like me to proceed?

MR. SANDOR: The Chair would suggest and take the advice of counsel that we begin to go through -- beginning with the Financial Operating Procedures and each of the points that Mr. Gentry outlined, and I know there's going to be some proposed changes in a couple of these.

Do you agree with that process? So we'll begin first with the Financial Operating Procedures. Any questions with

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regard to that section? Mr. McVee.

1 MR. McVEE: Yes, Mr. Chairman. I guess my comment, I
2 was particularly pleased with the product that has been
3 developed by the Financial Committee. And as (indiscernible -
4 feedback) I'm going to be making some comments at the same
5 time. I guess, I want to recognize the work they've done.
6 Particularly, I think, the forms are very useful in
7 establishing a format.

8 In that introductory statement, Mr. Gentry said this,
9 that the attempt to -- an attempt was to make -- or the
10 intention is to make the financial procedures compatible or
11 consistent with procedures that the various agencies have to
12 function under, and it seems to me like we might add a sentence
13 to the end of that first -- or second paragraph, something to
14 the effect, these procedures will be consistent with, you know,
15 personnel or administrative personnel in financial management
16 to be used by the various agencies.

17 MR. GENTRY: No problem at all, from our standpoint.

18 MR. SANDOR: Is there a second to that motion?

19 UNIDENTIFIED SPEAKER: Seconded.

20 MR. SANDOR: It's been moved and seconded that we add
21 that sentence, that these procedures will be in accord with the
22 operating procedures of the individual agencies. Any objection
23 to that motion? That change is approved. Would you proceed?

24 MS. BERGMANN: Commissioner Sandor.

25 MR. SANDOR: Anything further, Mr. McVee, on the

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Financial Operations Procedures? Any other suggested changes
1 in Financial Operating Procedures?

2 MS. RUTHERFORD: Commissioner Sandor.

3 MR. SANDOR: Yes.

4 MS. RUTHERFORD: Could you restate the motion? We could
5 not hear it here in Anchorage.

6 MR. SANDOR: The motion would be an addition -- an
7 additional statement added to paragraph two, which would say --
8 probably the words can be better, you know, at least the idea
9 is that these financial operating procedures will be consistent
10 with the individual agency's procedures concerning
11 administrative personnel and financial management systems.

12 MS. RUTHERFORD: Thank you.

13 MR. SANDOR: And any further questions or comments on
14 Financial Operating Procedures? If there is no objection, that
15 section, as amended, will be approved. Is there any objection?
16 Any comment? Yes, Jerome. This is Dr. Montegue;
17 Jerome Montegue.

18 DR. MONTEGUE: Oh, I just wanted, for my own
19 clarification, it's a small point, but if we say that we will
20 be consistent with individual agency operating procedures, then
21 the statement in here that we would go to the Federal fiscal
22 year would be, in itself, an inconsistency with our current
23 operating procedures. I just wanted to raise that point.

24 MR. SANDOR: The question that has been raised is that
25 if, in fact, we're to be consistent with the individual agency

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procedures, would we not be inconsistent by going to the
1 Federal budget. I believe the motion and second dealt with the
2 regular budget, fiscal financial operating procedures other
3 than the budget year itself. Is that not true? There is no
4 inconsistency in that regard. Any other comments or questions?
5 Without objection then, the

6 MR. COLE: Mr. Chairman.

7 MR. SANDOR: Yes, Mr. Cole.

8 MR. COLE: I'm not sure that we're square on what that
9 last sentence means. Does that last sentence mean that every
10 agency which receives distributions of funds through the
11 Trustee Council procedures can use its own financial operating
12 practices with respect to those funds?

13 MR. SANDOR: Mr. Cole has asked the question whether or
14 not each agency which receives these funds would use them in a
15 way in which would be consistent with the financial operating
16 procedures of the agency involved, and the answer, I believe,
17 is yes. Do you have a problem with that?

18 MR. COLE: Well, I'm not sure that that's good policy,
19 Mr. Chairman. You know, I stood here and listened to the
20 operating procedures, and I think of the frequent hand of the
21 (indiscernible) bureaucracy running the show of Trustee
22 Council, and in a sense we're coming perilously close to
23 abdication, in my view, is our responsibility. (Indiscernible)
24 this financial accounting and the practices (indiscernible)
25 bureaucratic agencies. I'm not sure that's consistent with our

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mandate. I mean, I'm not saying I object to that, but I
1 certainly want to say it troubles me.

2 MR. SANDOR: Mr. Pennoyer has a reassuring message.

3 MR. PENNOYER: I'm not sure it's reassuring or not.
4 Mr. Chairman, I think I agree with Mr. Cole, to the extent that
5 I think we ought to reserve all of this for some
6 reconsideration when we finally end up with the package. I
7 have concerns about what the Financial Committee does, the
8 degree of oversight, how the Trustee Council's objectives are
9 realized for the program as a whole. I think what is intended
10 here is that each agency does have certain ways of handling
11 personnel matters. Each agency has ways established to handle
12 coding of equipment charges. I don't know what else. But the
13 mechanics of handling money, I think, is what's intended here,
14 not the editing of the appropriateness of the expenditures
15 relative to objectives set out for the project. So if that's
16 what the sentence means, I concur with it, but as we go through
17 this, I've got questions about what the Financial Committee
18 does, what happens in the National Oversight Committee, how
19 this all gets reported back to the Trustee Council as a unit so
20 we can assure ourselves that the money is being spent in a way
21 that satisfies the objectives that were set out. I don't think
22 Mr. McVee's motion -- I'll let him speak to that, was trying to
23 say that each agency does its own thing and we sort of push the
24 money out the door and forget about it. I hope it didn't say
25 that.

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MR. SANDOR: Mr. McVee is shaking his head negatively.

1 MR. McVEE: Well, can you hear that? It wasn't intended
2 to do more than recognize that each agency has the procedures,
3 processes in which it has to follow, and that on top of that,
4 you know, there will be certain requirements that the Trustee
5 Council should impose concerning our oversight of the finances
6 and the audit functions, and that -- I don't want to pad, you
7 know, an agency's authority to supplant that responsibility.

8 MR. SANDOR: Any further comment on the Financial
9 Operating Procedures?

10 MR. COLE: Mr. Chairman.

11 MR. SANDOR: Yes, Mr. Cole.

12 MR. COLE: I would agree with Mr. Pennoyer. We should
13 defer that subject until we have a better sense of exactly what
14 will be done. I just think it's our duty to have a consistent
15 policy about what's done with this money or how it's -- we
16 certainly know what's done with the money, but how it's
17 accounted for, what the operating procedures are, not simply
18 say, well, you know, it's going to these agencies and they have
19 things that they have to do, so we'll just let them do it. I
20 think we have a responsibility to have a firm hand and control
21 over what they do and how they do it and how they account for
22 it. So, I would object to approving that section until we have
23 a very close look at it.

24 MR. SANDOR: Mr. Pennoyer.

25 MR. PENNOYER: Mr. Chairman, as a suggestion, can we go

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through this and make our determinations conditional upon the
1 final approval of the package as a whole, and then come back
2 and revisit any section we've got a problem with? So we have
3 Mr. McVee's motion with a suggested wording change, and we
4 conditionally agree to this section, passing on from this
5 section, but reserve final approval of the package as a whole
6 until we look at the whole thing?

7 MR. SANDOR: Any objection to that process?

8 MR. COLE: Mr. Chairman, I'm not prepared to give
9 conditional approval to it; that's my problem. I think we need
10 to look at it carefully, and what do we do if we conditionally
11 approve it? That's, in another sense, granting approval.

12 MR. SANDOR: We will, therefore, defer conditional
13 approval until we proceed through the entire package here and
14 see what other bureaucratic growth is taking place.

15 Can we go on to Annual Budget? Any questions or
16 comments on the Annual Budget section?

17 MR. PENNOYER: Mr. Chairman.

18 MR. SANDOR: Mr. Pennoyer.

19 MR. PENNOYER: The first time the words Finance
20 Committee appears is in this section, and in reading the whole
21 -- maybe it's a good time to talk about it, because in reading
22 the whole package, I was not sure who the Finance Committee was
23 and exactly how they fit in. Reading the diagrams, I can't
24 find them, and I'm not clear if they're doing something here in
25 terms of instructions, but what type of body is this? They're

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not really -- they don't have a charter, they don't have a
1 membership, and I'm not sure who they are and I'm not sure of
2 all the things they're responsible for. This is the first time
3 they're mentioned. Maybe Mr. Gentry could give me a little
4 elaboration on where he's going with this Finance Committee
5 idea.

6 MR. SANDOR: Mr. Gentry or Mr. Gibbons, do you two want
7 to address this? Mr. Gentry will address this.

8 MR. GENTRY: This is how I got to be chairman. We --
9 let me start out this way: The Finance Committee is a working
10 group of the Restoration Team. Many of the working groups do
11 not have charters written. Many do not have formal membership.
12 We have started out that way. So that's point number one.
13 Point number two, we feel that we should formalize our role and
14 our membership, and, in fact, we have talked about that. And
15 in the series of meetings that have led to these procedures,
16 given the time that we've spent on these procedures, we didn't
17 want to bite off more than we could chew in order to get ready
18 for this meeting. We have before this moment agreed, at least
19 several of us, that the next item of work for the Finance
20 Committee is to do exactly what Mr. Pennoyer said we should do.
21 We agree wholeheartedly. It's just not ready for this
22 meeting. We want to define what our role is and what our
23 membership is and how we relate to other working groups, how we
24 relate to the Restoration Team in the budget process and the
25 administrator as well.

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I would like to draw your attention to page three, the
1 second paragraph -- the second full paragraph from the bottom
2 of the page. It begins with the words, "The Finance
3 committee..." This paragraph was quite deliberately put here.
4 This is the bare essence of the Finance Committee, as you will
5 see here. "The (Finance) Committee will determine..." -- I'm
6 reading the second line -- "...determine that the standards for
7 calculating costs...", which we helped develop the procedures,
8 "...and established budget formats...", which we see in these
9 procedures, "...have (in fact) been followed." In the force of
10 the budget preparation cycle here, and that -- here's our
11 oversight function, and that we will make comments to Trustees
12 if we feel that, from a management standpoint, an agency that
13 has proposed to carry out a project is up for review and, in
14 fact, handle it if we have persistent problems with an agency
15 in their audit, in their accounting, in their report and
16 expenditures, we will bring it to the attention of the Trustee
17 Council before they approve a specific project. Now this, in
18 our minds, forms sort of the core of our role. Certainly it
19 does not address membership.

20 MR. PENNOYER: Mr. Chairman.

21 MR. SANDOR: Mr. Pennoyer.

22 MR. PENNOYER: A final question. And I think that
23 answers part of my question, and it may answer part of Mr.
24 Cole's concern if we can formalize, somehow, that group and
25 somehow indicate they're not simply a sub-group working under

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the Restoration Team but are, in some fashion, as we mentioned
1 at the last meeting, reporting to the Trustee Council. In
2 other words, if diagrammatically, they're showing -- if they're
3 not shown on any of the diagrams here at the present time,
4 shown as reporting to or working with the Restoration Team by
5 reporting to the Trustee Council. And it's clear you also
6 mentioned an audit function. And so far, that independent
7 audit function seems to be missing from the process. It is
8 mentioned here that you're going to "...comment, if necessary,
9 on ... adherence to financial procedures..." I've sorted it as
10 an audit function, but when you come over on the section on
11 audits, it sort of disappears. Finance's name is not mentioned
12 there at all. In my view, there needs to be some tie with what
13 you said you should do and what's in these procedures in the
14 diagram. And whether it's spelled out now or simply there's a
15 place held to put it in that indicates it's going to function
16 in that fashion, I wouldn't care, but I still think there needs
17 to be some overall audit function that comes back overseeing
18 all these other separate audit functions that have occurred so
19 the Trustee Council does receive some type of a group,
20 semi-independent, whatever, (indiscernible) of what the program
21 as a whole is looking like financially.

22 MS. BERGMANN: Mr. Chair.

23 MR. PENNOYER: That's what I've clearly spelled out
24 here.

25 MS. BERGMANN: Mr. Chair.

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MR. SANDOR: Yes,

1 MS. BERGMANN: This is Pamela Bergmann, with DOI, here
2 in Anchorage. It's so very difficult to hear you, but I'd like
3 to get some clarifications on what David Gentry said about the
4 role of the Financial Committee vis-a-vis the Restoration Team.
5 I thought I heard Mr. Gentry say that the Financial Committee
6 was a working group for the Restoration Team?

7 MR. SANDOR: Mr. Gentry.

8 MR. GENTRY: Well, that was, just simply, my
9 understanding of the evolution of it, if that, in fact, isn't
10 right, then I stand corrected. That was just my understanding.

11 MS. BERGMANN: I wanted to clarify that because, as you
12 recall, I made the presentation at the last meeting as the
13 second chair of the Financial working group that was under the
14 Restoration Team. And one of the issues that I brought forward
15 to the Trustee Council for their guidance was whether or not
16 the group providing the Trustee Council with financial advice
17 would, in fact, report to the RT or they were to report to the
18 Trustee Council. And the Trustee Council, at that time,
19 provided specific guidance to us that the financial working
20 group would no longer be an entity but rather they would evolve
21 into a group called the Financial Committee, which would no
22 longer be chaired by myself or a member of the Restoration Team
23 because they would be reporting directly to the Trustee
24 Council, but rather they would then have a liaison with the
25 Restoration Team. And when I passed the baton to that group,

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the last meeting I attended, that was the understanding that I
1 thought we were operating under.

2 MR. SANDOR: Mr. Gentry.

3 MR. GENTRY: If I could, I may have been imprecise in my
4 language. I was referring, primarily, to the evolution of the
5 Finance Committee. Clearly, in the discussion that the
6 Trustees had at their last full meeting, the finance working
7 group, the Finance Committee, would, in fact, be somewhat
8 independent or more than somewhat independent of the
9 Restoration Team itself. So, again, I was referring more to
10 the origin of the Finance Committee, as opposed to where we are
11 today or where we will be going in the future.

12 MS. BERGMANN: Okay, thank you. That was just
13 confusing, the way it was stated previously.

14 MR. SANDOR: Thank you, very much, for that
15 clarification. Can we ask if there's any additional questions
16 on this specific subject before moving forward in these
17 procedures? Yes, Mr. Pennoyer.

18 MR. PENNOYER: No further questions. As we reach toward
19 the end of this process, I still would like to see some very
20 specific layout of what the Finance Committee does and where it
21 appears and what its role is in audits and that type of thing.
22 So I don't -- while proceeding on through here, because this
23 might not be the section to do it, but before we get to the
24 end, I'd like to see that, and before these are finalized, I'd
25 like to see something like that.

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MR. GENTRY: And also visible in the chart.

1 MR. PENNOYER: Also visible on the chart, correct. But
2 with that notation, we can pass on. This may not be the
3 section to do that in anyway.

4 MR. SANDOR: Okay, let's move on to the next section
5 then. Is there anything on Annual Budget, questions or
6 comments? Anything on Calculation of Project Costs? We have a
7 question by Mr. McVee.

8 MR. McVEE: This is Curt McVee. If I have a question, I
9 guess, it seems to me like -- and maybe I don't understand it
10 with the 15% for each allowance for each project's direct
11 personnel cost plus a provision that allows for a line item for
12 in what I would call exceptional costs, why do we need the
13 \$50,000.00? Could we do away with that and -- the problem I'm
14 having with that, I guess, is that we don't have a basis for
15 it, and maybe since it's hard to describe, the reason for
16 getting rid of it.

17 MR. SANDOR: Mr. Gentry.

18 MR. GENTRY: Thank you, Mr. Chairman. Mr. McVee, I wish
19 I had a nickel for every hour that was spent discussing this
20 section. I think most of the staff members in this room, and I
21 expect in Anchorage, too, appreciate what I just said about the
22 amount of time spent in debating this. The essential problem
23 is that different agencies are in different circumstances.
24 Some have bigger problems than others, from a financial
25 standpoint, some have a number of projects that they're

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carrying out, some have very few.

1 MR. COLE: Wait a minute, Mr. Chairman. What does
2 Mr. Gentry mean when he says "that." That's very troubling to
3 me.

4 MR. SANDOR: Mr. Gentry.

5 MR. GENTRY: Mr. Cole, my -- I can talk about the
6 details of what I just said, but what I wanted to paint was a
7 picture of different circumstances faced by different agencies.

8 MR. COLE: Excuse me, just a second. But what does that
9 have to do with the Trustee Council and the discharge of its
10 responsibilities, what the circumstances are and the conditions
11 that are in these various governmental agencies? I mean,
12 that's what's troubling me. As I see it, that has nothing to
13 do with our duties and responsibilities.

14 MR. GENTRY: I don't think it does either. I think what
15 we're talking about is how much of the costs to carry out the
16 support for the Trustee Council. It certainly does not have a
17 bearing on the role and, again, objectives, and so on, of the
18 Trustee Council. I agree with you completely on that. The
19 question is with the staff that are working to support the
20 Trustee Council and the Restoration Team and the working
21 groups, how can we provide financial support for those people
22 to do what we want them to do, we the Trustee Council.

23 MR. SANDOR: Mr. Pennoyer.

24 MR. PENNOYER: People have different circumstances,
25 whether some agencies have very few projects, but have a major

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role to play in the work groups, and, therefore, do not have
1 any type of formal funding available to them to support the
2 people that are supporting those work groups, and that's what
3 you're talking about, different circumstances. You're not
4 saying some people should get a different share than others,
5 you're, basically, saying that to be able to spread their
6 efforts to support a cost, some of them require a different way
7 of looking at the funding.

8 MR. GENTRY: That's right. For example, on the State
9 side, that I know about. The Department of Fish & Game has a
10 large number of field projects. They can -- and I'm speaking
11 kind of metaphorically here, so don't pin me down, but the
12 basic idea is that the cost -- staff costs in supporting
13 Commissioner Rosier are shared over a large number of field
14 projects. On the other hand, Commissioner Sandor, sitting
15 across the table from me here, has very few, and they're just
16 in a different situation in terms of the dollars coming in to
17 support their people, spreading their costs. So that's the
18 notion.

19 MR. SANDOR: What relevance does that have to the
20 section which Mr. McVee questioned? And his question again
21 was: Why the 50,000, and why not eliminate it?

22 MR. GENTRY: Yes.

23 MR. SANDOR: Just budget it as a line item, just
24 recognize that if Commissioner Sandor, you know, has that
25 problem in an annual budget of not having enough projects to

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1 get enough general administration money, that he identifies as
2 a line item what his needs are and that's handled in that
3 manner.

4 MR. GENTRY: Mr. Chairman.

5 MR. SANDOR: Mr. Gentry.

6 MR. GENTRY: That certainly is an option. What we were
7 trying to do, what we were struggling with was a way to
8 standardize these costs as much as possible so there would not
9 be -- you know the difficulty of starting from scratch and
10 trying to decided well how much exactly does this project need,
11 what kind of staff support and what are those costs? We get
12 wrapped up into terrible detail, and that's not what the
13 Trustee Council wants to do, and it's not what the staff wants
14 to do. So this was a way to minimize the discussion, the
15 quarrels, really, is what it boils down to here; trying to
16 standardize things to make it easier to budget and to reach
17 decisions on budget.

18 MR. SANDOR: Yes, Mr. McVee.

19 MR. McVEE: Mr. Chairman, I guess what I'm trying to --
20 maybe what I'm trying to do is maybe keep -- prevent having to
21 explain the basis for the \$50,000.00, and I've been asked that
22 question. So maybe approaching it from another angle would be
23 to footnote that paragraph with some explanation of the basis
24 for that number.

25 MR. GENTRY: I would be happy to do that.

MR. SANDOR: Any further questions on this Calculation

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of Project Costs?

1 MR. COLE: Yes. Mr. Chairman.

2 MR. SANDOR: Mr. Cole.

3 MR. COLE: So that I understand how it works, on what is
4 the 15% calculated, multiplied costs?

5 MR. SANDOR: Mr. Gentry.

6 MR. GENTRY: Attorney General Cole, the idea of the 15%
7 is this: First of all, what it's multiplied against is the
8 salary and benefits of a project. That's what it's multiplied
9 against, 15% of that base figure. Now, why 15% rather than 12
10 or 20? What that percentage is intended to do is to provide
11 money for an organization for all those things that really
12 can't be quantified, all those costs that can't easily be
13 quantified but which are real. For example, accounting clerks
14 that have to process your airline ticket. On each ticket it's
15 not so much really, but when you have a lot of activity, that
16 gets to be burdensome. It's the miscellaneous office supplies,
17 it's the personnel officers who are involved in the hiring and
18 just keeping people on board. It's all these things that are
19 very difficult to quantify. The secretary who has to type the
20 memos. We don't want to establish time sheets for all these
21 people. That in itself is quite costly. So this is termed as
22 indirect costs. It's a concept and a formula that is well
23 established both in the Federal Government and the State. And
24 indirect cost recovery is the term that many of the Trustees
25 may be familiar with. The Federal Government, for example,

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audits and certifies a certain indirect recovery rate for every
1 State agency that handles Federal projects. I don't know the
2 percentage for most agencies. I do know that for the
3 Department of Environmental Conservation, for example,
4 Commissioner Sandor here, it's between 19 and 20%. And that,
5 in fact, I know is lower than most. The indirect cost recovery
6 rate for the University of Alaska is 60%.

7 MR. COLE: How much?

8 MR. GENTRY: 60, 6-0. Now, we are

9 MR. COLE: I mean, hold on a second. Is that 60
10 factored into the money we're appropriating to their projects?

11 MR. GENTRY: No, that's all negotiated. This is a --
12 everyone's giving the Trustee Council a special deal. It may
13 not seem like it, but that's what it boils down to.

14 MR. COLE: That's what I'm concerned about. Let me say
15 this. It depends on what the 15% is a function of and what the
16 personnel costs are. What is the delineation of direct
17 personnel costs on one of these projects, just so I understand
18 where we're going.

19 MR. GENTRY: I'm sorry. You'll have to repeat the
20 question.

21 MR. COLE: Well, the question is, if -- first let's talk
22 about the personnel costs. What personnel are attributable to
23 a certain project? You see, what is the cut-off? I mean of
24 just the people who are out there on the line?

25 MR. GENTRY: The short answer is yes. To put it a

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different way is people or positions are budgeted in a project.
1 They are explicitly identified in the project, just as we went
2 through the budget forms, the form 2A and 3A very clearly
3 identify people and the number of months that those people work
4 directly on the project. This is where there is a clear
5 relationship between a person, their work, and the Trustee
6 Council project. This

7 MR. COLE: Does the 15% apply to equipment purchases of
8 the project?

9 MR. GENTRY: No, it does not.

10 MR. COLE: Okay.

11 MR. SANDOR: Any further questions on Calculation of
12 Project Costs? Let's move on to Annual Budget Formulation
13 Process. Any question or comments? Moving on to Budget
14 Implementation. Any questions or comments? Carl, do you have
15 a question?

16 MR. ROSIER: Yes.

17 MR. SANDOR: Mr. Rosier.

18 MR. ROSIER: Thank you, Mr. Chairman. I had a question
19 in regard to paragraph A and B, in terms of the authority to
20 move funds between projects.

21 MS. BERGMANN: Mr. Chair.

22 MR. SANDOR: Yes.

23 MS. BERGMANN: Yes, we cannot hear Commissioner Rosier
24 at all, nor Charlie Cole.

25 MR. ROSIER: Is it any better now?

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MS. BERGMANN: That's better. Thank you.

1 MR. ROSIER: All right. I think we're there. My
2 question is in regard to the delegation of authority from the
3 Trustee Council to the administrative director and the levels
4 at which we're recommending the approvals be granted from the
5 administrative director. It seems to me that the agencies,
6 both the State and Federal agencies that are involved, if the
7 standard of 25,000, or up to 10% is, in fact, not a level that
8 influences the project, it would seem to me that it makes sense
9 that the Trustee Council delegate the authority to move funds
10 between projects to the contracting agencies. In the case of
11 the amount above that, and I believe that that should certainly
12 go to the administrative director. It seems to me that you've
13 got a fairly high-priced individual -- we're talking about an
14 \$80,000.00 a year person that is going to be making decisions.
15 But, I think, also the agencies have got the authority and the
16 capability to certainly make those kind of decisions with
17 reporting back to the -- either to the administrative director
18 or to the Trustee Council in regards to the changes that have
19 to be made up to the 25,000 or 10%, whichever is applicable.
20 It would seem to me that this is getting fairly tied up in
21 bureaucracy here, with running each and every budget change
22 through the administrative director, and the agencies have that
23 capability.

24 I would suggest, you know, that it go in paragraph A,
25 that we would be looking at that authority going to the

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contracting State or Federal agencies. Anything above that, ⁴⁴ in
1 paragraph B, would be to the administrative director -- with
2 the reporting requirement under B, the administrative director
3 report back to the Trustee Council.

4 MR. SANDOR: It's been moved by Mr. Rosier that
5 paragraph A, the authorization, be delegated to the contracting
6 agency, and that paragraph B, be to the administrative
7 director. Is there a second to that motion? The Chair would
8 second that motion, for discussion purposes. Mr. Pennoyer.

9 MR. PENNOYER: I guess I'm not sure where we're going
10 with this. I'm not that concerned with \$25,000.00, per se, but
11 the concept that agencies move between projects, I guess, I'm a
12 little concerned with the concept. We don't have an agency
13 program; we have projects of the Trustee Council that the
14 agency is empowered to implement. There is not a NOAA program;
15 we don't have a single program. We have a block of six or
16 eight or 10 separate projects that we're carrying out, to try
17 and carry out the objectives of the Trustee Council for a
18 myriad program. And many of those projects are cooperative
19 projects that cross agency lines. We're doing a piece of a
20 project that some other agency is doing a piece of but comes
21 together to create a whole. So no agency, in my view, has a
22 body of money. That's specifically, sort of, up for mixed and
23 matched between the various projects.

24 So there are two points here. First the agency moving
25 funds, \$25,000.00 or 10%, whichever is less, without doing any

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other formal procedures. And the second is, apparently, sort
1 of a proposal to allow the administrative director to move
2 funds in sort of any amount between projects or agencies, and
3 simply check back at some point with the Trustee Council. I
4 guess I'm less concerned with the movement than I am with how
5 we assure the guidelines, that project integrity is maintained,
6 and that agencies aren't simply treating the pot as a pot of
7 agency money, 'cause it's not. It's a contract between that
8 agency and the Trustee Council to carry out a whole group of
9 separate and sometimes diverse projects. And that agency was
10 chosen because of its particular situation and the ability to
11 carry it out. Not because of the mix of total project or total
12 dollars. And I don't think NOAA can, sort of, treat its
13 package as simply a total pot of money. And I'm not sure that
14 the motion is consistent with that concept of what guidelines
15 are built in, either the agency or the administrative director,
16 to understand within what constraints we feel funds can be
17 moved.

18 MR. SANDOR: Any other comments or questions on this?
19 Mr. McVee.

20 MR. McVEE: Mr. Chairman, I guess I have problems with
21 this paragraph, not with, you know, the limit \$25,000.00, and
22 recognizing that they've got this language on the first of the
23 week and tried to do some staffing with it and didn't get quite
24 to that process, the questions I have is from the Federal
25 perspective. What we have to do -- what will we have to do in

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terms of moving funds from project to project. There are
1 certain restrictions imposed upon us and, fortunately, you
2 know, the State members don't have those. So maybe, you know,
3 we need a separate paragraph on that part of it, but that we
4 have to get prior clearance from OMB and also Congressional
5 committees. I don't know quite how Congress is going to react
6 to this special -- you know, this special fund, this joint
7 fund. Probably not the same as they would to an appropriation,
8 but I don't know that yet. And I wanted to staff that out some
9 more and -- before, you know, I could vote to accept this
10 language.

11 MR. SANDOR: Mr. Gentry, do you want to comment on any
12 of the comments made thus far?

13 MR. GENTRY: Mr. Chairman, I would like to address the
14 comment made by Mr. McVee.

15 MS. RUTHERFORD: Mr. Chair.

16 MR. SANDOR: Yes. Is this Marty?

17 MS. RUTHERFORD: Yes, it is. You folks are fading out
18 again. If people could speak up as much as possible, we'd
19 greatly appreciate it.

20 MR. SANDOR: All right. We are on Budget
21 Implementation, and we are discussing paragraph A and B, and
22 the motion on the floor was to modify A to, essentially,
23 delegate the authority for changes of 25,000 or up to 10% of
24 the annual funding level to the so-called contracting agency,
25 and to have B delegated to the administrative director. And

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we've had comments by Mr. Pennoyer and Mr. McVee, and Mr.

1 Gentry is now commenting on those comments.

2 MR. GENTRY: Thank you, Mr. Chairman. Just a very brief
3 comment. And what I'd like to do, simply, is tie together the
4 points that Mr. McVee just made with the very first point in
5 our detailed discussion on these operating procedures, and that
6 is: When we have procedures laid out in this document and its
7 future edition, what's the relationship of these procedures to
8 existing agencies', both Federal and State, internal
9 procedures? And the basic issue that we talked about before
10 was that those normal operating procedures, those control
11 mechanisms that are in place, will not be superseded by what's
12 laid out here. For example, if a State agency or Federal
13 agency, the normal operating procedures, the reprogramming or,
14 in our case, the revised program procedures would not allow
15 this to happen, then those normal agency procedures would, in
16 fact, supersede these. In other words, they are the operative
17 rules. But I'd just like to tie together those two issues.
18 They are, in fact, one. They just appear twice.

19 MR. SANDOR: Mr. Pennoyer.

20 MR. PENNOYER: First, my comments. The way I view the
21 way the section is laid out now is that the administrative
22 director is not going to be, sort of, a veto power, that if we
23 give him guidelines under which the transfers should be
24 allowed, namely, that the agency simply says that at this
25 level, if they're still carrying out the mandates of the

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project and it's all going to occur and it doesn't change the
1 Trustee Council's view of the project at all, the
2 administrative director would be -- would say yes. It's not a
3 veto power; it's a facilitating, communicating communications.
4 So I don't know that this -- that the way it's laid out is
5 contrary to Mr. Rosier's intent except that you have some
6 direct coordination, more through the administrative director
7 for the transfers.

8 I would really have a problem with the second part,
9 which was the administrative director, sort of, authorizing
10 transfers of any size across the board. I think that puts him
11 in a terrible position. For one thing, while he is a high-
12 priced individual, he is carrying out our mandate, and I think
13 larger transfers are practically, automatically going to have
14 program impact, and if funds need to be re-transferred, they
15 may not even be within that agency. It may be some program in
16 some other agency that doesn't have enough funding to have the
17 latitude for transfers, who is desperately requiring funds to
18 reach its appropriate level. And, it seems to me, the
19 administrative director can facilitate a transfer across
20 agencies between projects.

21 So I'm not sure that the way it's written now does
22 Mr. Rosier any disservice. I think it just really implies that
23 the focus is not within agencies; the focus is to carry out all
24 the projects between agencies and have an administrative
25 director who looks across that whole spread of things.

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I'm afraid I couldn't go along with the concept that
1 allows it to be simply with an agency up to 25,000, and an
2 administrative director handling anything above that, without
3 it coming back to the Trustee Council for approval.

4 MR. SANDOR: A point of clarification. The Chair
5 seconded Mr. Rosier's motion on this basis: I've observed that
6 the Department of Fish & Game has at least a dozen projects,
7 some of which are in excess of a million dollars, and it would
8 seem that in the conduct of those projects that the project
9 manager, even when it's cut across departmental lines and there
10 might be participation by multi agencies, would have need to
11 make either the upward or reduction changes that are noted in
12 that paragraph. It seems that the Department of Fish & Game
13 has, essentially, that discretion and would need that
14 discretion and that carrying these relatively minor items to
15 the administrative director for review might, in fact, even
16 delay or hold up some project activity. How realistic is my
17 picture of that, Mr. Rosier?

18 MR. ROSIER: Well, certainly my motion is to address
19 that type of situation, whether it's the Department of Fish &
20 Game or some other agency. Where you're dealing with that
21 number of projects, or a large number of projects on this, I
22 think that the agencies should certainly have that capability,
23 and I understood Mr. Gentry's explanation of the standard here,
24 the 25,000 or 10%, was selected as a non-redirection of the
25 project themselves. And from a -- as I understand it,

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procedurally, we would then, in fact, be required anytime we
1 wanted to make any size of adjustment in a budget, whether it
2 was 5,000, 1,000, or whatever within a budget, we would have to
3 take that back to the administrative director in order to
4 accomplish that. That seems a little bit minor to me for him
5 to be having to deal with that type of thing if you've got a
6 responsible State or Federal agency that's overseeing that.

7 MR. SANDOR: This is John Sandor again. The Chair is
8 saying that I would presume that there would be a number of
9 these proposals that would arise in the course of the project
10 and, in fact, Mr. Gentry, the Financial Committee addressed
11 this question: Was the belief that the agency's own controls
12 over financial operating processes which, of course, is an
13 umbrella, as you pointed out, isn't enough safeguard to grant,
14 at least, this delegated authority to the contracting agency;
15 what was the rationale?

16 MR. GENTRY: Mr. Chairman, I understand what Mr. Rosier
17 is saying, and, in an ideal world, controls are expensive.
18 Controls are burdensome. They hinder the work being done. At
19 the same time, we are -- this whole process, the role of the
20 Trustee Council, we are in the midst of a public controversy,
21 and with a major public trust, and so this is a balancing act
22 between, on the one hand, sufficient flexibility that will
23 allow these projects to go forward in the most expeditious
24 fashion, from one hand, and on the other, maintaining as much
25 public accountability as we can. Now, it's a judgment call.

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This was our best judgment. There's no hard and fast rule
1 here.

2 MR. SANDOR: Any other comments? Mr. McVee.

3 MR. McVEE: I think that, I guess, my feeling is that --
4 and I won't argue about 25 versus the 50,000, you know, at this
5 point, but it seems to me like Mr. Gentry touched on something
6 that is worthwhile, and I would like to suggest -- I know we
7 have a motion on the floor, but that this paragraph be
8 reworked, you know, maybe send this paragraph back to the
9 committee to strengthen the discussion relative to
10 accountability and how we're going to achieve that. I think
11 that would help considerably.

12 MR. SANDOR: Mr. McVee, that's a suggestion, not a
13 motion, and Mr. Pennoyer, do you have a comment?

14 MR. PENNOYER: Oh, sure. I understand Mr. Rosier's
15 concern, so, I guess, transfers from and to a project, but the
16 25,000 or 10%, whichever is less, is not a major amount of
17 money. I think, as Mr. Gentry says, it's a balancing call.

18 If you would separate your motion into part A and part
19 B, I might be more inclined to go with it. The B part is, sort
20 of, unlimited discretion for moving funds in the hands of the
21 administrative director, and even while I certainly trust the
22 individual, it causes me some concern without coming back to
23 the Trustee Council.

24 MR. ROSIER: Mr. Chairman, I would be pleased to make
25 that modification of the motion. But, again, I think we

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should have the committee, perhaps, take a look at the sum
1 level there, that the Trustee Council does not have to look at
2 everything above 25,000 or do you leave some level there with
3 the administrative director -- you know, give him some latitude
4 also on that particular point. It would seem to me that that
5 would be the desirable way to proceed. Certainly, from my
6 standpoint, my major problem would certainly be resolved with
7 the delegation (indiscernible) up to 25 and 10.

8 MR. SANDOR: The amended motion by the mover, Mr.
9 Rosier, and the second, is to separate the first part of that
10 motion and for the motion on the floor is to have that section
11 A apply to the agency. The understanding is that the entire
12 section needs to be rewritten. However, Dave Gibbons had a
13 comment, for a question, to make. Mr. Gibbons.

14 DR. GIBBONS: Just a comment. I was thinking, does the
15 Trustee Council have the authority to delegate the
16 administrative director amount more, you know, money to move
17 money between accounts. That's something that we need to look
18 into, because I'm not sure that delegation is there.

19 MR. SANDOR: Mr. Gentry.

20 MR. GENTRY: Mr. Chairman, one possibility here is --
21 and this is going to have a nasty ring to it, but something
22 that amounts to a contingency fund, so there isn't money
23 subtracted from a project, an increase to another project, but,
24 in fact, simply an increase to a project, if it needs it. This
25 is just another option.

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MR. SANDOR: Fellow Trustees, this discussion, I think,
1 suggests that indeed this draft, perhaps, needs redrafting.
2 Where do we stand, Mr. Rosier, on the motion; do we want to
3 pursue this or have this considered -- reconsidered by the
4 Financial Committee? Mr. Pennoyer.

5 MR. PENNOYER: Mr. Chairman, I think I can go along with
6 paragraph A in Mr. Rosier's motion if the rewrite -- and I
7 think we could instruct people as to what the rewrite needs to
8 look like without necessarily waiting for two more meetings to
9 do it. I'll reserve judgment on that till we see the whole
10 package, but was written in a way to emphasized what the
11 rationale for these transfers have to be; no change in project
12 structure, it doesn't change the achievement of objectives.
13 The concept is to move funds that aren't needed somewhere where
14 they are needed while still accomplishing the objectives of
15 both projects and not creating new objectives on your own by
16 the agency. I think if the paragraph was rewritten to say
17 that, I could go along with paragraph A intent, as it is stated
18 in Mr. Rosier's motion.

19 MR. SANDOR: Is there any objection to or further
20 comment on the motion? Yes, Tim Wolfe.

21 MR. WOLFE: Mr. Chairman, one additional (indiscernible)
22 and one additional point of clarification that I would like to
23 see brought into the paragraph, and that is that this is a one
24 time reprogramming approval, not 25,000 today and then 25,000
25 again tomorrow type of thing. I think that's the intent, but

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it could be clarified very easily.

1 MR. SANDOR: Any further questions on this motion on the
2 floor? Is there any objection to the motion on the floor,
3 which is to rewrite section A to include that delegation and
4 with restraint and description that Mr. Pennoyer identified?
5 Any objection?

6 MS. BERGMANN: Mr. Chair. Could you, please, restate
7 that motion? We couldn't hear it at all in Anchorage.

8 MR. SANDOR: The motion on the floor by Mr. Rosier,
9 seconded by Sandor, is that the paragraph A on the Trustee
10 Council's delegation to the administrative director be the
11 Trustee Council delegate to the contracting agency or the
12 agency leading the project, have the authority to move funds
13 between funds, up to the amount specified, and Mr. Pennoyer's
14 clarification in the sense of the Trustee's is to rewrite that
15 to define the limits to which these funds are shifted, and that
16 these are one time shifts to essentially result in the most
17 efficient use of money, so that the changes to the delegates --
18 rather through the administrative director to the agencies
19 leading the project.

20 MR. BERGMANN: Thank you.

21 MR. SANDOR: Any further questions or comments?
22 Mr. Brodersen?

23 MR. BRODERSEN: Yes, Mr. Chair, maybe you can repeat for
24 the folks (indiscernible). You might want to think about what
25 you do when you have a multi-agency project, are you giving

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1 this authority only to the lead agency of the project or are
2 you giving it to the individual components in each agency?

3 MR. SANDOR: The answer, I'm sure, is the lead agency,
4 in consultation with the other agency participants. Is that
5 right, Mr. Rosier?

6 MR. ROSIER: Yes, that's (indiscernible)

7 MR. SANDOR: Yes.

8 MR. BRODERSEN: The receiving agency and the giving
9 agency, I would presume. Theoretically, you could have one
10 agency giving up, another receiving. (Indiscernible)

11 MR. SANDOR: Right.

12 MR. BRODERSEN: I was talking about where we have two
13 multi-agency projects, where one agency has a piece in both of
14 those projects, it wants to shift money from one multi-agency
15 project to its own other multi-agency project, it's not a lead
16 agency in either project, does it have to go to the two lead
17 agencies of those two projects to get permission? We better
18 figure this out in this paragraph while we're renewing it.

19 MR. SANDOR: Yeah. With due respect to the agreement of
20 the Trustees, we will not figure that out; we will direct that
21 the Financial Committee will rewrite a paragraph that will,
22 again, be brought before the Trustees. Mr. McVee.

23 MR. McVEE: Yes, Mr. Chairman. Let's allow, you know,
24 some flexibility among the Financial Management Team -- some
25 flexibility in its rewrite to strengthen the language relative
26 to the accountability issues, and maybe even recognize, you

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know, the mix of procedures that we're all facing. Maybe we
1 can handle that in that introductory paragraph, technically. I
2 think that, -- you know, some of that could be put in there.
3 That would help us. I know I've got staff people that are
4 going to make some comments, and while I want to move this
5 document ahead, I want to see what their comments are going to
6 be. We just didn't have enough time, and I want to be assured
7 that we have an opportunity to plug those comments in for
8 consideration by the Financial Management Committee.

9 MR. SANDOR: Are there any other questions or comments
10 on the motion on the floor?

11 MR. COLE: Mr. Chairman.

12 MR. SANDOR: Yes, Mr. Cole.

13 MR. COLE: Let's say we should think about the
14 possibility that an agency having four or five projects might
15 take 25,000 from each of those projects and transfer them to a
16 singular project.

17 MR. SANDOR: Mr. Rosier, do you want to address

18 MR. ROSIER: Charlie, this would be -- you have to
19 remember that this standard is applied only to the maintenance
20 of the objectives of the original project.

21 MR. COLE: Mr. Rosier, I'm not objecting to it, I'm just
22 saying if they're going to think about it, I mean, like keep
23 that in mind. I have no objection to where we're going.

24 MR. PENNOYER: Mr. Chairman, this is Steve Pennoyer. I
25 think that the mechanics and the way it's set up preclude that

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because it's giving or receiving 25,000 or 10%, whichever is
1 less, so you can't take 25,000 out of three large projects and
2 put it in one project and add 10,000 to start with and make an
3 \$85,000.00 project out of it, so I think it's covered in the
4 intent and the way it's set up.

5 MR. SANDOR: Any further questions or comments? Is
6 there any objection to the motion? It is approved.

7 And we'll move on to Transfer of Exxon's Settlement
8 Funds from the Court Registry. Any comments or questions?
9 Moving on to Accounting and Reporting. Any comments or
10 questions?

11 MR. COLE: Mr. Chairman.

12 MR. SANDOR: Yes, Mr. Cole.

13 MR. COLE: In this receiving one in the Transfer, is any
14 action required by the Council?

15 MR. SANDOR: Mr. Gibbons, is there any action required
16 on this at this time?

17 DR. GIBBONS: Yes, the Trustee Council will have to
18 approve the amount in the format that goes to the court. It
19 comes through the Trustee Council.

20 MR. SANDOR: This action is needed tonight?

21 DR. GIBBONS: We'll see how we progress.

22 MR. SANDOR: Okay. Mr. Cole, Mr. Gibbons says --
23 Dr. Gibbons says we may, as we go through the budget. I guess
24 the original process is that we will need this approval.

25 MR. COLE: Thank you.

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MR. SANDOR: Accounting and Reporting. Any questions or
1 comments on Audit? Yes, Mr. Pennoyer.

2 MR. PENNOYER: Just the same comment. Financial
3 Committee needs to put its role in there in Audit, that's in
4 the previous paragraph under Accounting. It needs to be
5 specified as an audit process. You need to build yourself into
6 the diagrams again, between the Restoration Team and advising
7 the Trustee Council, so you are performing audit functions for
8 the Council. It isn't necessarily true the (indiscernible)
9 Restoration Team (indiscernible).

10 MR. COLE: Mr. Chairman.

11 MR. SANDOR: Mr. Cole.

12 MR. COLE: On the Audit section, you know, in previous
13 discussions of public comment, I think that one area in which
14 we're apt to be criticized most because of the failure to have
15 a careful audit procedure, and I think we should have some
16 discussion, at least, as to whether the agencies receiving
17 these funds should be the sole auditing mechanism or whether we
18 should have, you might say, an outside auditor.

19 MR. SANDOR: Mr. Pennoyer.

20 MR. PENNOYER: I completely concur. Mr. Cole, that's
21 sort of what I was trying to get at, and maybe it wasn't
22 adequate. The Financial Committee, in another section here,
23 does, in fact, sort of, audit the accounting and expenditure
24 functions by the agencies and reports to us as to whether they
25 can appropriately handle those funds based on their current

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performance. That type of concept should come over to the
1 Audit, and maybe we should additionally say, with words to the
2 effect, that the Trustee Council will schedule periodic audits
3 of the process. Now, whether they do that for the Financial
4 Committee or an independent audit, you know, depending on
5 costs, may be left up to us, but I agree with you; I think we
6 need specific inference in here and availability of a separate
7 audit function. I think each agency carries out audits, but I
8 think we are going to get questioned as to the total
9 expenditure of these funds and how it all comes together, and I
10 think we need that opportunity.

11 MR. SANDOR: Mr. Gentry.

12 MR. GENTRY: Mr. Chairman, an elaboration on this. The
13 audits that are performed, that, in fact, would be the primary
14 audit completed would not be those carried out by the
15 respective agencies; it would be carried out by the -- for the
16 State, it's the Legislative Audit Office. The independent,
17 from another branch of government auditor that comes in and
18 provides the official audit of executive branch agencies, in
19 the same way the Federal Government, the role of GAO, in regard
20 to any Federal agency. These are the official, independent
21 auditors, so we don't have a single agency auditing itself.

22 MR. SANDOR: I thought, perhaps though, Mr. Gentry, that
23 there were yet other processes for independent audits aside
24 from waiting for the General Accounting Office, but it's the
25 concept of the Financial Committee that they would not be an

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independent audit other than the General Accounting Office or
1 the Legislative Audit?

2 MR. GENTRY: At the moment, the normal auditing
3 procedure established by Congress, adopted by the Federal
4 Government, and similarly those normal audit procedures, again,
5 accepted by the Legislature and the Governor, these procedures
6 allow for independent audit.

7 MR. SANDOR: Mr. Rosier.

8 MR. ROSIER: A question on the audit. Maybe there's a
9 simple answer to this. What happens in the case of the
10 contractor, be they a private individual that's, perhaps, doing
11 work for the Council, who audits that? Is that the
12 responsibility of the State or the Federal oversight agency or
13 -- I'm a little skeptical that Legislative and Audit is going
14 to come in, you know, in case of a State project and do that.
15 So it seems to me that you would need this outside interest
16 there at some point.

17 MR. COLE: Mr. Chairman.

18 MR. SANDOR: Yes, Mr. Cole.

19 MR. COLE: I might shed some light on that. The recent
20 legislation passed (indiscernible) one time in House Bill 484,
21 I think, but in the first special session, received another
22 number, provides that only Federal and State agencies may
23 receive funds from the Trustee Council except for
24 administrative expenses of the Trustee Council, for better or
25 for worse. And, therefore, I don't think the problem which

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Commissioner Rosier has mentioned will arise, but I suppose
1 it's possible if a State agency does contract out some work as
2 part of one its projects to a private contractor, might have
3 that situation just there.

4 MR. SANDOR: Mr. Pennoyer.

5 MR. PENNOYER: Mr. Chairman, could we take care of this
6 by in this paragraph making it clear that the Trustee Council
7 will assure that independent audits of the program do occur,
8 and if we decide to do it through the standard process, fine;
9 if we decide that we're going to have an independent audit,
10 that's fine, too. I think the implication should be there,
11 that we're not going to simply depend on agency audits. These
12 are through a standard process or an extraordinary process that
13 we (indiscernible). We will assure an independent audit on the
14 total program.

15 MR. SANDOR: Will that be rewritten to clarify the point
16 Mr. Pennoyer made?

17 MR. GENTRY: Yes, Mr. Chairman, it will.

18 MR. SANDOR: Any objection?

19 MR. COLE: Mr. Chairman?

20 MR. SANDOR: Yes, Mr. Cole.

21 MR. COLE: I wonder if we could solicit public comment
22 on this issue (indiscernible), but that's sort of up to the
23 other members of the Council, but I wonder whether that might
24 not be a good idea.

25 MR. SANDOR: Any objection to soliciting public

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comments? Yes, Mr. Pennoyer.

1 MR. PENNOYER: Mr. Chairman, does that mean we're going
2 to delay this through some process? These are not, I guess,
3 carved in stone, and, in fact, we might find that some
4 procedure doesn't work, by vote of this body, we can change it,
5 and I'm not sure where we're going with this package yet. But
6 if we reach a stage we're willing to have something available
7 for use with the court or whatever is our initial operating
8 procedures, I'm not sure I want to delay it for a period of a
9 month or two to send it out. I'm not sure what's envisioned.

10 MR. COLE: The answer is no.

11 MR. SANDOR: Yeah, the next opportunity, we could,
12 perhaps, solicit that comment.

13 MR. PENNOYER: That's fine. No objection.

14 MR. SANDOR: Any other comments on Audit or questions?

15 DR. WOLFE: Mr. Chairman.

16 MR. SANDOR: Yes, Mr. Wolfe, sitting in for Mr. Barton.

17 DR. WOLFE: My comment has to do -- I'm not sure if it's
18 with Accounting and Reporting or with Audit, but where have we
19 provided for an annual combined report of accomplishment? And
20 I would propose that we have or add into the (indiscernible) a
21 requirement that we have an annual accomplishment report
22 prepared and made available to the Trustees and the public each
23 year.

24 MR. SANDOR: Any second to that motion?

25 MR. PENNOYER: I second that.

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1 MR. SANDOR: It's been moved and seconded that there be
2 an annual report written into this process. Any objection to
3 that by any Trustees?

4 MR. COLE: Well, Mr. Chairman, I think we ought to not
5 limit it to accomplishments. There might be some failures
6 along the way.

7 MR. SANDOR: Any other comments? Any objection to the
8 motion? Motion's approved. May we move on to Ownership of
9 Equipment.

10 MS. BERGMANN: Mr. Chair.

11 MR. SANDOR: Yes.

12 MS. BERGMANN: Since the Anchorage folks missed that
13 entire discussion about the Audits, could you, please,
14 summarize the actions that were taken?

15 MR. SANDOR: The action that was taken with respect to
16 the Audit inspections -- well, there were several comments, but
17 the last motion that you did not hear was made by Mike Barton's
18 representative, which was to produce -- to have this rewritten
19 to produce an annual report that would show accomplishments and
20 other significant activities, and that was approved.

21 MS. BERGMANN: So that was the only motion then?

22 MR. SANDOR: Mr. Pennoyer.

23 MR. PENNOYER: Mr. Chairman, since this is relevant to
24 financial operating procedures, this report is relative to the
25 expenditure of funds and the accomplishments achieved relative
to that expenditure of funds, as I'm sure of other reporting

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requirements built in elsewhere into this process as well.

1 MR. SANDOR: The other action that was taken that
2 Anchorage may not have heard previously was that the Trustee
3 Council would provide an independent audit of some form other
4 than the agency's own audit. Additionally, they agreed, at
5 some appropriate time, public comment would be solicited on
6 this, but not to be done at a time to delay the process which
7 we're talking about.

8 Any other questions on Audit? Moving on to Ownership of
9 Equipment, and comments or questions?

10 MR. McVEE: Mr. Chairman.

11 MR. SANDOR: Mr. McVee.

12 MR. McVEE: Yes, I have a problem with this section. I
13 think what we should do with this financial document is just
14 address the policy concerning ownership of equipment. It seems
15 to me like there's still a lot of questions that need to be
16 answered, you know, concerning what we want to do there. What
17 are the controls, what are the mechanisms that everyone is
18 using for tracking equipment, for identifying equipment that's
19 purchased with Oil Spill money. Do we go back to, you know,
20 prior to the date of the settlement? I guess I would suggest
21 that we just establish a policy and then look for the Financial
22 Committee to develop a further statement on procedures on the
23 issue of equipment.

24 MR. SANDOR: It has been moved that this section on
25 ownership of equipment be rewritten to simply provide a

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statement of policy with regard to the ownership of equipment
1 in that the procedures be developed at a later time. Is that
2 the motion, and is there a second?

3 MR. PENNOYER: I'll second it, for purposes of
4 discussion.

5 MR. SANDOR: Seconded by Mr. Pennoyer, for purposes of
6 discussion. Any comment?

7 MR. PENNOYER: Mr. Chairman.

8 MR. SANDOR: Mr. Pennoyer.

9 MR. PENNOYER: Mr. McVee, do you have a specific
10 suggestion such as using paragraph one with some additional
11 wording, and leaving off paragraph two?

12 MR. McVEE: Mr. Chairman. I think it would be a good
13 start. I think that the policy, you know, could be very
14 elemental almost in saying that the equipment purchased with
15 joint funds would remain as -- would be recognized or be
16 tracked as available as part of the overall program, something
17 to that effect, just recognizing that this equipment is
18 different than other equipment we're purchasing with
19 appropriated money, and should be tracked differently. It
20 could have residual value, even after it's utilized and sold,
21 and so on and that money should maybe come back into the fund,
22 but there's a whole are of concerns that need to be addressed,
23 and I just think that a policy statement recognizing the
24 equipment is under the ownership, the joint fund management of
25 the Trustee Council, would suffice.

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1 MR. SANDOR: Any further suggestions on this motion on
the floor? Yes.

2 MS. BcGLOSKEY: (Indiscernible)

3 MR. SANDOR: Please come forward and identify yourself
4 and speak on top of the microphone.

5 MS. MCGLOSKEY: My name is Maria McGloskey (ph), and
6 (indiscernible) counsel for the Department of Agriculture, and
7 I do have one suggestion. It's on the first paragraph, if you
8 do use that as your starting paragraph for whatever policy you
9 determine to come up with, I do have some concern with the
10 statement that the Counsel has the authority to transfer
11 equipment purchased with settlement funds by one agency. Once
12 the equipment is purchased by an agency, it becomes the
13 property of that agency. Whatever regulations that agency has
14 on the Federal side there -- federal property management
15 regulations, you would have to comply with them, and, to the
16 extent that it's allowed within those federal regulations
17 dealing with a transfer of property between agencies, that
18 would be fine. The agencies may have authority to do that
19 (indiscernible). So, in my view, does not have the authority
20 to provide for that transfer. So you may want to have someone
21 work at that sentence and rework it.

22 MR. SANDOR: Any other questions or comments?

23 MR. COLE: Mr. Chairman.

24 MR. SANDOR: Yes, Mr. Cole.

25 MR. COLE: I'm not sure I understood that. Is that an

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observation or comment if the federal agency buys personal
1 property in connection with a project does that property remain
2 in the ownership of the agency and cannot be recovered by the
3 Trustee Council?

4 MS. MCGLOSKEY: All I'm suggesting is that an agency
5 property is just that, agency property, and it's not property
6 of the Council, and, therefore, whatever authority the agency
7 itself has to transfer property among other agencies or, for
8 example, between Federal and State governments, that agency
9 must comply with that authority.

10 MR. COLE: Well, Mr. Chairman.

11 MR. SANDOR: Yes, Mr. Cole.

12 MR. COLE: We better take a hard look at that because
13 how can we justify contributing to the capital base of Federal
14 agencies or State -- I guess not so much the State agencies,
15 but Federal agencies on this project?

16 MS. MCGLOSKEY: I'm not suggesting that there cannot be
17 any property transfers among agencies -- trustee agency. All
18 I'm suggesting is that the agencies themselves do that within
19 the authority and that they're granted. So if there's a way of
20 being able to do that within the Federal property management
21 regulations, then the agency could be free to do that.

22 MR. PENNOYER: Mr. Chairman. But you're not suggesting
23 -- it's Steve Pennoyer -- you're not suggesting that by an
24 agency buying equipment under this budget, it automatically
25 becomes their property to use it in any way they wish. We can

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still restrict the agency's use of that equipment only to things associated with the Exxon Valdez.

MS. MCGLOSKEY: I believe that's correct, but the authority to transfer that among agencies may be limited by Federal regulations.

MR. COLE: Mr. Chairman.

MR. SANDOR: Mr. Cole.

MR. COLE: I'm troubled by the statement the authority to transfer it among or between agencies. I don't think we're talking about transferring property between Federal agencies. I think we're saying that once the property has been purchased by the Federal agency in connection with a project, and it still has value, once the project has been completed, then the Federal agency has to divvy it back up to the Trustee Council, and it is not at liberty to transfer this to another Federal agency, such as the Department of the Treasury, for example.

MR. SANDOR: Perhaps this illustrates the necessity of rewriting, as Mr. McVee has suggested the policy with appropriate research. Any further discussion on this question? Any objection to the motion, which is to rewrite the policy paragraph considering all the comments made and comments to be received. Motion is approved.

This completes the review, and the Chair would entertain a motion, I presume, to approve this in a draft form. How about this, Mr. McVee. Do you have a motion on this?

MR. McVEE: Try this. I think we're in a position, and

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I would move that we conditionally approve these procedures,
1 subject to a meeting of the Financial Management Committee, and
2 a rewrite of those sections that have been identified,
3 including some editing that I'm sure that various members will
4 suggest and -- I guess that's my motion.

5 MR. SANDOR: It's been moved, and is there a second?

6 MR. PENNOYER: I'll second that. It needs some
7 discussion on the (indiscernible).

8 MR. SANDOR: It's been moved and seconded that we
9 conditionally approve this section, that the Financial
10 Committee reconvene, rewrite and incorporate these and other
11 suggestions made. Mr. Pennoyer.

12 MR. PENNOYER: Mr. Chairman. Mr. McVee, what did you
13 have in mind by the conditional approval of the draft? Is
14 there something that's going to come back to us on June 29th,
15 or do you envision something by mail earlier than that or are
16 we going to sit on this thing for another month and a half or
17 how are we going to handle that?

18 MR. McVEE: My intent there in the motion is that the
19 Financial Management Committee would do a rewrite and send it
20 as a written document to the Council members, and unless there
21 were some problem with some section that Council members wanted
22 to flag, then it would be considered as approved.

23 MR. SANDOR: Any further discussion or questions
24 regarding this motion?

25 MS. BERGMANN: Mr. Chair.

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MR. SANDOR: Yes.

1 MS. BERGMANN: I'd just like some clarification. Are we
2 including in this motion all of the appendices or does the
3 motion only include the main text that you've just reviewed?

4 MR. SANDOR: The motion includes the forms as well, but
5 the rewrite itself is of the narrative discussions -- the
6 written discussion that we've covered tonight. Any further
7 questions or comments? Any objection to the motion? The
8 motion is approved.

9 We express appreciation to the Financial Committee and
10 Mr. Gentry. It is now 8:15. Do we want to take a break or do
11 we want to continue; what's the pleasure? We are continuing to
12 move to begin a discussion of item four, which is Budget.
13 Mark Brodersen and Tim Steele. Mark, would you approach the
14 bench? I should say approach the microphone.

15 (Off record comments)

16 MR. SANDOR: Well, let's just take a three-minute
17 stretch break. Do not depart from the

18 MR. COLE: Mr. Chairman.

19 MR. SANDOR: Yes, Mr. Cole.

20 MR. COLE: Are we going to have a public comment section
21 tonight?

22 MR. SANDOR: There is not to be a public comment section
23 unless there's some desperate need, as identified.

24 MR. COLE: Thank you.

25 MR. SANDOR: There's a break -- let's say five minutes.

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(Off record - 8:09 p.m.)

1 (On record - 8:14 p.m.)

2 MR. SANDOR: We're back to a matter of the funding needs
3 for the agency and what happens July 1. David Gentry.

4 MR. GENTRY: Thank you, Mr. Chairman. This comment
5 relates -- is limited to State agencies, but it has a bearing
6 on the actions of the Trustee Council. Both Federal agencies
7 and State agencies are currently operating on Trustee Council
8 projects and Trustee Council work. Both Federal agencies and
9 State agencies are using unusual pots of money, in those terms.
10 On the State side, our fall back source of money, which for
11 those who may recognize it, is for (indiscernible) 70 Fund or
12 the Oil & Hazardous Substances Release Response Fund.

13 Beginning July 1, that money is no longer available to
14 support field projects or staff support for the Trustee Council
15 on the State side. I'd like to make sure that all Trustee
16 members understand that State agencies must have authority and
17 cash in hand to operate July 1, or these projects will come to
18 a halt.

19 Thank you, Mr. Chairman.

20 MR. SANDOR: Any questions or comments on that, what
21 appears to be an admonition? Okay. Now Mark Brodersen on item
22 four of the agenda, Budget.

23 MR. BRODERSEN: Well, since the budget is very straight
24 forward, rather than having me go through it ad nauseam, I'd
25 just ask for questions and then allow you to approve it all.

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MR. PENNOYER: Are you going to go -- Mr. Chairman.

1 MR. SANDOR: Yes, Mr. Pennoyer.

2 MR. PENNOYER: Would you, at least, explain the memo you
3 sent out on the budget difference and their substance so we
4 know the differences from this very excellent job of detailed
5 breakdown and what we saw previously?

6 MR. SANDOR: And before you do that, can you explain to
7 the folks from the teleconference line if they, in fact, have
8 this item and what it is we're talking about, if they do not
9 have it.

10 Mr. Cole, do you have a memorandum dated May 20? You do
11 not. There is a memo dated May 20 that was distributed, and
12 we, therefore, must assume that you and others do not have
13 this.

14 Can you describe this memorandum, Mr. Brodersen?

15 MR. BRODERSEN: Yeah, I faxed this up to Anchorage about
16 5:00 o'clock. Earlier drafts which were very similar to it
17 left much earlier in the day. I apologize to Attorney General
18 Cole. We were unable to get a fax number for him to send it to
19 him. He does not have it. Does Anchorage have this?

20 MS. BERGMANN: Yes, we do.

21 MR. BRODERSEN: What is here is an attempt to outline
22 the differences between the April 27th budget and the one you
23 have before you, plus a few other miscellaneous bookkeeping
24 items. This budget had been higher than the previous one,
25 something like about 800,000. The budget -- or the memo

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outlines where these increases came from, in general terms.

1 Changing from one format to another makes it a little bit
2 tedious to figure out exactly what happened, but we can get
3 within a million or two for you.

4 The Restoration Planning Work Group, the original
5 authorizations were \$300,000.00. That was only for a
6 three-month period, so the primary increase here results from
7 going from a three-month to a 12-month budget for the work
8 group, about \$950,000.00 increase. So right there, we've
9 already exceeded the total increase. We did manage to make
10 enough cuts to get that down to only 800,000. Other things
11 included in this is that we went from 10 months to 12 months
12 for the Restoration Planning Work Group, and that's about
13 \$150,000.00. The CACI contract is where I suspect we'll end up
14 spending some time tonight. We have a higher staffing level
15 than initially approved by the Trustee Council. Justice told
16 us that we couldn't operate the building with those few people.
17 They threw in, I believe, \$170,000.00, roughly, to see us
18 through September 30th, on a non-reimbursable basis. We need
19 to do a detailed plan for staff needs, and also for building
20 needs for you to see what level of staffing is actually
21 appropriate and what level of service is actually appropriate
22 for the building.

23 We're requesting that you request from the court enough
24 money to staff level through the period of this budget. But
25 we're not asking for additional authorization to spend at this

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time, we would not until we came back to you with a service
1 plan. We're trying to maintain flexibility on our options down
2 the road on this and not have to go back to the court over and
3 over again for small amounts of money. Throughout the budget,
4 we've tried to anticipate what would be our costs to get
5 through this 12-month period, and ask for those from the court,
6 and that the Trustee Council can give us authorization to spend
7 those as the Trustee Council feels is appropriate down the
8 road.

9 Another item of \$100,000.00, it's in this budget that
10 was not in the last budget, we've included what we think is
11 going to be the approximate cost of the draft environmental
12 impact statement for the Restoration Plan. There also is some
13 increase here because of the 15 and 7% general administration
14 being applied to the Administrative Records Office and the
15 working groups, but agencies went through and chopped out a
16 large number of costs so that there was not just a straight
17 across the board increase; there was a partial increase, not a
18 total. Figuring that number proved difficult, we can't give it
19 to you exactly.

20 I think those are the budget items. The rest of the
21 memo talks about the need for public comment, and then how a
22 few of the items, such as printing of documents and public
23 meeting costs are still shown in the Administrative Records
24 budget, and were not broken out by work group. And we also
25 missed on the chief scientist contract. There's only money in

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the budget to September 30th. You may want to consider, as we
1 requested in the CACI Building, putting enough money in there
2 to carry the contracts through the 12-month period. Again, you
3 have not authorized to expend it, we're just suggesting you may
4 want to get it. That would be another \$120,000.00 that you
5 want to have in your bank -- in your "bank account" on the off-
6 chance that you decide to keep the chief scientists around
7 after September 30th, and so we wouldn't have to go back to the
8 court and get additional funds.

9 And then, let's see, the other question we want to talk
10 about is when do we get on the Federal fiscal year. We've laid
11 out a couple options here. That discussion needs to -- I
12 suspect that discussion needs to be led by someone else other
13 than myself.

14 MR. SANDOR: May we, first of all, ask Mr. Cole, are you
15 per chance at a location where a fax can reach you?

16 MR. COLE: No, but you'll recall, Mr. Chairman, that we
17 discussed these subjects the other day, and Mr. Brodersen gave
18 me a rather full briefing on the subject.

19 MR. SANDOR: Thank you. And then, for the purposes of
20 this discussion, I guess, I would ask the advice of the
21 Trustees to -- first of all, I would propose that we discuss in
22 general terms some of the key issues that we may have, and, I
23 guess, I'm going to begin with Mr. McVee and the other Federal
24 Trustee representatives to address the question of the Federal
25 fiscal year. Mr. McVee.

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MR. McVEE: A couple things that I might take a little
1 freedom with the Chair recognizing me at this time. I guess
2 I'm concerned that when we go to the court that we will not
3 have -- these are some things that we will not have
4 accomplished completely -- will not have finalized that are
5 required. We will not have a Public Advisory Group that -- I'm
6 concerned that we'll go to the court without having formal --
7 when I say public input, we've had 13 million, approximately, I
8 guess, of the annual -- of the '92 program was out for public
9 comment. The other -- the difference, the additional 5
10 million, bringing us up to 19 million has not had public
11 review. So when we go to the court, it seems like that we're
12 going to be there, somewhat, with hat in hand saying that sir,
13 we have not completed all of the requirements. We have it all
14 in process, here's where we're at, but that we're somewhat
15 desperate and that we need funds to continue the '92 program
16 and to proceed with implementation of the organization and
17 restoration. It seems to me like in that context then, we
18 don't want to go to the court with funds for a longer period
19 than we absolutely need, and my thought is that first
20 identifying what we need to finish out this fiscal year, if we
21 don't have a '93 program ready by that time, maybe we need
22 funds for an additional quarter that would carry us through.
23 But, I guess, I would think that the logic of that approach,
24 you know, would be sufficient to sway the court to release the
25 funds. Those are some of the things I'm concerned about and, I

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think, we need to address.

1 MR. SANDOR: Any other general comments that the
2 Trustees would have us focus on? Mr. Cole, would you want to
3 react to Mr. McVee's concerns about how the court might react
4 to our presentation of the budget as it was outlined in the
5 package versus -- and with whatever qualifications we might
6 have or how adequate that presentation might be, or how you
7 might qualify that in that presentation to the court?

8 MR. COLE: I don't think it makes much

9 MR. SANDOR: Charlie, you're fading out. You're fading
10 in and out. How about repeating that?

11 MR. COLE: Well, I don't think it makes much difference,
12 one way or the other, I think I can't predict (indiscernible)
13 might do, although, I think, we certainly substantively
14 complied with everything which we're required to do.

15 MR. SANDOR: If the Chair may observe, it's been
16 remarkable, from, at least, the perspective of this individual,
17 how much has been accomplished and how much has been done in
18 the way of public involvement and participation to this point,
19 and while we do not actually have a Public Advisory Group, you
20 know, organized and functioning, we're well on our way, and
21 there appears to be a good faith case made for our performance.
22 Any other general comments before we ask for a specific
23 modification or actions taken by this Council? Mr. Rosier.

24 MR. ROSIER: It seems to me that, you know, the very
25 first session this issue of public involvement has been there,

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and it seems to me that at each meeting that we've, in fact,
1 made the effort -- a significant effort that's been improving
2 as we go along to involve the public in the various decisions
3 that have been made. You may recall we heard from some of the
4 public that they were ready to start spending money last
5 January or February to get a program off of the ground, and
6 that, basically, they were anxious, at least the message that I
7 heard, that the public has been anxious to see it move ahead
8 with a restoration project program.

9 Are you accepting general comments as well on the
10 Federal budget unit this time, Mr. Chairman?

11 MR. SANDOR: Yes, Mr. Rosier.

12 MR. ROSIER: Because that has moved toward the Federal
13 budget year in this year. It seems to me if we go to the
14 court, there's a cost that's going to go along with moving to a
15 Federal budget year this year. Obviously, there's going to be
16 time and resources that are going to have to go into
17 restructuring the budgets that have been put together at the
18 present time by the various agencies. Maybe that's not great a
19 cost, but, nevertheless, it's going -- there is going to be
20 that cost there, and it seems to me that with the way we've
21 been structured at the present time, that moving towards that
22 Federal budget year in the '93/'94 period was really what we
23 kind of have been striving for since early '92 when we first
24 began to meet as a Trustee Council.

25 MR. SANDOR: I guess, with respect to the question that

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Mr. Rosier raises on what it would take in the way of resources
1 and times to adjust to a Federal budget year, this year with
2 regard to '92 actions, that may extend beyond September 1.
3 What would be involved in rewriting or restructuring; is this a
4 major task? Mr. Brodersen, Mr. Gibbons.

5 MR. BRODERSEN: We put this budget together with the
6 work of many people in, roughly, two weeks, and we were able to
7 do that because all of the underlying work had already been
8 done. I would anticipate about a month to go through and have
9 everybody calculate out their budgets again and get back with a
10 new budget. This is partially dependent upon the level of
11 accuracy that a person wants. If you wanted, we could go
12 through and take this budget and take 7/12 of it and say it's a
13 seven months' budget. The problem with doing that is that much
14 of the first seven months is loaded with field programs, and
15 the last five months is much more office work, and the cost of
16 the last five months is probably -- I would anticipate is a
17 whole lot less than the last five months than it would be in
18 the first seven months. So if you were satisfied with a seven
19 months' estimate, it could be done fairly quickly. I can sit
20 here with my pen and write a new number for a total on it. But
21 that doesn't do it if we're doing it on the work groups. It
22 doesn't do us for field projects. We have seven months' budget
23 estimate now for you for the field projects -- on a total for
24 the field projects. We don't have those broken out by line
25 item on these forms. It would take a couple weeks, at least,

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to get it onto the forms, if you wanted a seven-month budget presented to the level of detail of the 12-month budget that you have before you. So, really, the question comes back, what level of detail, what level of accuracy do you desire, and at that point, then the question could be answered a little more accurately.

MR. SANDOR: Mr. Brodersen or Mr. Gibbons, when will the fiscal year -- the first fiscal year of this budget be developed -- Federal fiscal year; by the end of August or when?

DR. GIBBONS: Mr. Chairman, this is Dave Gibbons speaking. The proposal from the Restoration Team is to have the Trustee Council approve the budget in front of you, and then the Restoration Team would come back to the Trustee Council in August or September with a fiscal year 1993 budget that would display five remaining months of the budget in front of you, and a new seven-month portion, to bring us in line with the '93 fiscal year.

MR. SANDOR: Would that be satisfactory to the Federal agencies involved?

MR. McVEE: This is Curt McVee, Mr. Chairman. I guess it bothers me because I thought that the Trustee Council, at its last meeting, gave instructions -- and, I think, it's in the minutes, to develop a budget on a fiscal year basis. Maybe it's a misunderstanding (indiscernible) that was to be done. It was my intention that we, at that time, and I thought that had been discussed that we were going to set up a seven-month

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budget and, you know, then start on a fiscal year basis. I
1 guess I -- it seems to me like sensitive work groups are
2 personnel, primarily, you know, barely are talking except maybe
3 a contract or two, that maybe the 7/12 is what would provide a
4 pretty accurate reflection of costs -- of what it's going to
5 cost us. I can see the field budgets are a different matter,
6 but the '93 field budget contracts are going to have to be left
7 probably before or in the process, you know, before the end of
8 September anyways. So, it seems to me like it should be pulled
9 together in that manner.

10 MR. SANDOR: Mr. McVee, is part of your concern the time
11 frame requirements that the Office of Management and Budget and
12 the Congress would require to review a budget proposal in
13 advance of the actual fiscal year, suggesting, perhaps, that 30
14 days or 60 days -- or how much time in advance of September 1
15 fiscal year would the OMB need to have this estimate?

16 MR. McVEE: That's hard for me to predict, you know,
17 what they have to have. I think it wouldn't be more than 30
18 days, but you never know. But that was part of my
19 recommendation, was to allow for an extra in there, the first
20 quarter of '93, to accommodate that time.

21 MR. SANDOR: Well, what I was trying to get, I guess, on
22 the table for Trustee Council discussion, is can we do both or
23 all three things? We have, I guess, before us the 12-month to
24 February 28, 1993. We'll also have in the mill the process of
25 having a Federal fiscal year '93 budget by the end of August,

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and can we do some projections as early as possible in advance
1 of the August date by which you're going to develop this
2 Federal budget so the determination can be presented to the
3 Office of Management and Budget at the Federal level? Yes, Dr.
4 Montegue.

5 DR. MONTEGUE: Yes, this is Jerome Montegue, and I'm
6 speaking as chairman of the 1993 Work Plan Work Group --
7 Working Group to do this, and we are proposing that something
8 on the order of this be done, whether it be the end of August
9 or sometime in early September, we haven't agreed upon, but,
10 basically, what it will require is the Trustee Council making
11 tentative agreement on the 1993 Work Plan, and as we know from
12 this year, that is indeed a difficult process. But we would
13 need approval by the Council by August on what we would -- what
14 we need for the year. So, thank you.

15 MS. BERGMANN: Mr. Chair, this is Pamela Bergmann in
16 Anchorage.

17 MR. SANDOR: Yes, Pamela. Can you speak up, please.

18 MS. BERGMANN: Certainly, not a problem. Just a
19 comment. I went back through the DOI budget today to see, from
20 our perspective, how difficult it would be to come up with the
21 March 1 through the 31 May budget estimate and then the four-
22 month estimate from June 1 to September 30th, which would give
23 us the total for the seven-month period. And from our
24 perspective, at least, and we have involvement in all of the
25 working groups, it really didn't take that much time to go back

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through and figure that out, and I would submit that if each
1 working group here would provide some consistent assumptions
2 for all the working group members, i.e., the numbers of
3 meetings, and give people some general guidance, that, in fact,
4 it wouldn't take very long to go through and break those costs
5 out for seven months. I would also like to note that I found
6 that the first seven-month period did, in fact, take a lot of
7 the funds that we had allocated for the entire year, in many
8 cases, so it may not be the best thing to go through and just
9 take 7/12.

10 Also, just from Interior's perspective, based on the
11 direction of the Trustee Council at the last meeting, we went
12 back and provided seven-month budgets broken out by object
13 class for all of our projects. So, we're prepared to go
14 forward with whatever the Trustee Council would like us to do.

15 MS. RUTHERFORD: Mr. Chair, this is Marty.

16 MR. SANDOR: Yes, Marty.

17 MS. RUTHERFORD: I just would like to note, too, I don't
18 think Mark Brodersen had an opportunity to note that in the
19 memo that was faxed out to all of the Trustee Council and the
20 Restoration Team, there is a complete listing of all the '92
21 work projects and their five-month and their seven-month budget
22 estimates -- excuse me, their seven-month budget estimates,
23 from 3/1/92 through 9/30/92. That's provided for all projects.

24 MR. SANDOR: Any comments or questions? Any suggestions
25 from any of the Trustee Council on what we should proceed? And

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whether we can move forward with, perhaps, one, considering
1 approval of the budget package that has been presented for the
2 time frames presented conceptually or completely; secondly, to
3 direct the staff to separate out the 7/12 segments that are not
4 already separated; and, third, to develop the Federal fiscal
5 year '93 framework budget by August -- or whenever possible.
6 Any comments on those suggestions? Mr. McVee.

7 MR. PENNOYER: I was going to move that we do that, ask
8 for a second, and we can amend it as we go along, if you want
9 to.

10 MR. SANDOR: It's been moved and seconded by whom?

11 MR. PENNOYER: (Indiscernible)

12 MR. SANDOR: It's been moved by Mr. Pennoyer that we do
13 what the chair had enunciated, I cannot remember, and seconded
14 by whom?

15 MR. ROSIER: I'll second it.

16 MR. SANDOR: Seconded by Rosier, simply to move one, to
17 approve the budget package that's before us; two, to separate
18 out the seven-month period that we're dealing with; and, three,
19 to develop the fiscal year -- Federal fiscal year '93 budget as
20 soon as can be realistically done. Any discussion of this
21 motion? Yes, Mr. Pennoyer.

22 MR. PENNOYER: I guess I wasn't clear on the motion of
23 our intent, and I wanted to pass it to the budget and go into
24 the court registry. Would we limit that to only the seven
25 months or would you go to the court registry with this full

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budget and then come back and recast the way we submitted to
1 OMB and so forth for seven months in the next fiscal year?

2 MR. SANDOR: Probably the latter.

3 MR. PENNOYER: That's okay. Thank you.

4 MR. ROSIER: What was the latter?

5 MR. PENNOYER: The latter was we would go ahead and
6 request the -- if we approve it, the total budget and the court
7 registry, and then come back and we would recast the
8 appropriate fiscal years for purposes of our presentations to
9 OMB and whoever.

10 MR. SANDOR: Is there any discussion or questions of
11 this motion?

12 MR. COLE: Mr. Chairman.

13 MR. SANDOR: Mr. Cole.

14 MR. COLE: I think our main concerns about the ownership
15 of personal property acquired on these projects, and, I think,
16 there should be in each project an authorization, a provision
17 that personal property acquired in connection with its
18 performance of the project shall remain in the ownership of the
19 Trustee Council and not in the ownership of the various
20 agencies.

21 MR. SANDOR: Is there a second to that motion? The
22 Chair seconds that.

23 MS. RUTHERFORD: Mr. Chair, this is Marty. Could you
24 repeat the motion? We could not hear Attorney General Cole.

25 MR. SANDOR: Mr. Cole has moved that insofar as the

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equipment is concerned, that this remain the property of the
1 ownership of the Trustee Council and not become the property of
2 the agencies. Is that a fair characterization, Mr. Cole, of
3 your motion?

4 MR. COLE: Yes, sir.

5 MR. SANDOR: Mr. Pennoyer.

6 MR. PENNOYER: Under the financial operating procedures,
7 we, basically, I think, stated that was our intent, but because
8 of certain restrictions on the way we may be able to word that,
9 ask for Federal elaboration on how to write that up. I guess
10 what I have in mind is that we heard from legal counsel, there
11 may be some restrictions on our ability to restrict agency
12 ownership of equipment purchased, be we may still be able to
13 restrict agency ability to use that equipment for anything but
14 Trustee Council business. And with that qualification, I can
15 certainly go along with that. I think it's our intent that
16 equipment purchased with Trustee Council approved funds should
17 not then accrue to other activities other than Trustee Council
18 activities. There may be some problems with the transfer back
19 to the Trustee Council or between agencies or so forth, some
20 legal problems, but I think it's clear that our intent is that
21 equipment not be used on something other than Trustee Council
22 business. And if that is incorporated in the motion so we
23 don't put ourselves at odds of some type of Federal law that I
24 don't understand, then I think that's appropriate.

25 MR. COLE: Mr. Chairman.

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MR. SANDOR: Yes, Mr. Cole.

1 MR. COLE: We may not be able to exercise control over
2 what the agency does if it acquires title, but we can certainly
3 exercise control over whether the agency gets an appropriation
4 to buy that property, and I, for one, am not prepared to
5 approve any appropriations or authorizations to agencies unless
6 that's a rock solid commitment to do. Now, you know, these
7 properties might be used on one occasion by a Federal agency,
8 and maybe the next year by a State agency. Furthermore, there
9 may be purchases made in the acquisition of property to which
10 there's no subsequent use by an agency dealing with Trustee
11 Council matters, and we just have to draw the line, right here
12 and now.

13 MR. SANDOR: Any further discussion? Mr. McVee.

14 MR. McVEE: Mr. Chairman, I guess the way I see this
15 operating, since there's numerous properties -- personal
16 properties/equipment involved in this budget that we're looking
17 at now, and they will be purchased, I assume, by purchase
18 order, issued by whichever agency has that project that it's
19 associated with. The way I see it operating, hopefully, is
20 that that agency has a mechanism to flag that project, that
21 equipment under inventory, as being acquired with Oil Spill --
22 Joint Settlement Funds, and that their reports listing those --
23 that equipment is made available collectively to Trustee
24 Council agencies maybe on a continuing basis, annual basis,
25 quarterly basis, whatever, so that we all know what is

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available out there and has been purchased. And a lot of it
1 will be handled by negotiations between say, for example, Fish
2 & Wildlife Service and State Fish & Game, concerning a boat or
3 whatever they purchased, utilizing it on another project -- the
4 other agency's project. And that could be handled through --
5 the transfer can be handled through agreement is one mechanism
6 within the Federal family, itself a different mechanism, but I
7 think that we need to know -- Trustee Council needs to know
8 what is acquired so that we can manage or allow all our
9 agencies to manage and take advantage of that equipment.

10 MR. SANDOR: Any other comments on this property issue?
11 The motion on the floor is that property purchased from these
12 Settlement Funds be -- remain in ownership of the Trustee
13 Council; that they may be assigned to Federal and State
14 agencies on a periodic basis, maybe transferred to agencies for
15 various periods of time, that in any case that the property be
16 identified and remain the property of the Trustee Council, not
17 of individual agencies. That's the motion on the floor, as I
18 understand it. Is there any dispute of that of the maker of
19 the motion or the second?

20 MR. PENNOYER: No.

21 MR. SANDOR: Is there any further comment or question in
22 this regard? Mr. Pennoyer.

23 MR. PENNOYER: Mr. Chairman, I'm not trying to carry
24 this on any longer than we have to. I agree with Attorney
25 General Cole. I think our intent is that this equipment not be

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used other than on Trustee Council business. But I'm not sure
1 the Trustee Council is going to get in the position of
2 transferring equipment. I think we may be the facilitator;
3 we're going to monitor where the equipment is and try and
4 assure ourselves that it is being used adequately, and we don't
5 want to promote where else this equipment is going to be
6 sitting where it can't be used. On the other hand, we may have
7 problems with us transferring equipment or owning equipment,
8 and I'm not clear, from what our lawyer said -- I think our
9 intent is clear. Maybe if we do this from the intent
10 standpoint, we have to try and work out operating agreements or
11 whatever we can work out to make the intent come to fruition.
12 I think we clearly don't want this equipment used for things
13 other than Trustee Council business. We also clearly don't
14 want warehouses full of equipment sitting somewhere that don't
15 have use in other projects than the agency that purchased the
16 equipment in the first place. With that intent being clear,
17 we're may have to find our way to implement that, from what I'm
18 hearing.

19 DR. WOLFE: Mr. Chairman.

20 MR. SANDOR: Yes, Mr. Wolfe.

21 DR. WOLFE: Would it be feasible for us to have a
22 six-party memorandum of agreement to address this issue? I
23 don't see any other way to get around the objectives at this
24 point in time, and I would ask that we have our general counsel
25 in Law look at the opportunities for using the memorandum of

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agreement of the six parties to address that issue.

1 MR. SANDOR: The comments by Mr. Wolfe are presenting
2 Trustee (indiscernible) is that exploration by counsel of a
3 six-party memorandum of agreement with respect to equipment
4 purchases be explored. That in no way distracts from the
5 motion on the floor. I guess it's a point of clarification,
6 Mr. Wolfe?

7 DR. WOLFE: As to how we could deal with the proposal.

8 MR. SANDOR: Is there any further question or comments
9 on the motion on the floor? Any objection to the motion on the
10 floor with the clarifying points of this being referred to
11 counsel for the possibility of administering this through a
12 six-party memorandum of agreement? There being no objection,
13 the motion is adopted.

14 Is there a motion to approve the Budget package that has
15 been presented, to be followed by approval of the intent to
16 separate out the seven months and move to develop a fiscal year
17 -- federal fiscal year '93 budget? Yes.

18 MR. PENNOYER: I believe that motion is no the floor?

19 MR. SANDOR: It's on the floor.

20 MR. PENNOYER: It's been seconded by Mr. Rosier.

21 MR. SANDOR: Is there any objection to that motion?

22 MR. McVEE: A point of clarification, I think. Was
23 there one part of -- Mr. Chairman

24 MR. SANDOR: Yes.

25 MR. McVEE: One part of that motion was subject to a

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review in August and maybe we caused some -- the budget to be
1 recast, based upon our OMB requirements.

2 MR. SANDOR: Right. Any further question or
3 clarification? Mr. Wolfe.

4 DR. WOLFE: A point of clarification that has to do
5 with would we still go through a public comment period on the
6 '92 portion of that budget? It's assumed we would do that
7 somehow or other.

8 MR. SANDOR: Probably not. For just the '92 portion;
9 what do you mean? We've already been through -- have we not
10 already been through the public

11 UNIDENTIFIED SPEAKER: For the five million.

12 MR. ROSIER: Are you talking about the project budgets
13 that are out now? That's a public review process that's under
14 way.

15 MR. PENNOYER: It's still due June 29th, I presume.
16 You're talking about the administrative part? That wasn't
17 incorporated in the motion. That would have to be an
18 amendment, I suppose.

19 MR. SANDOR: Is there

20 MR. PENNOYER: It's not under public review now. The
21 administrative part is not. (Indiscernible) options on how to
22 deal with that, but right now the administrative portion of the
23 budget, Mr. Chairman, is not out to public review.

24 MR. SANDOR: Well, can we handle the three parts of the
25 motion that are on the floor and deal with this public

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involvement separately. Is there any further discussion on the
1 three-part motion on the floor? Any opposition to the
2 three-part motion on the floor? Being none, the motion is
3 adopted.

4 Can we have a motion with respect to public involvement
5 on the \$5 million administrative budget that's not been dealt
6 with?

7 (Indiscernible)

8 MS. BERGMANN: Mr. Chair.

9 MR. SANDOR: Yes.

10 MS. BERGMANN: Juneau is fading out again and we've
11 really missed and need a recap of what's happening here with
12 the budget, please.

13 MR. SANDOR: What is happening with respect to the
14 budget, the motion that was just approved was as follows: Part
15 one, that the budget package that was developed for review for
16 the period ending February 28, 1993, is approved. It is also
17 approved that the Team develop a seven-month budget, separating
18 out the seven months that remain in this part of fiscal year
19 '92 -- Federal fiscal year '92. And, thirdly, by the end of
20 August, or earlier, if possible, the Federal fiscal year '93
21 budget be passed and developed as early as possible to be able
22 to be transmitted to the Office of Management and Budget at the
23 Federal level. That three-part motion was passed.

24 MS. BERGMANN: Okay. I have two questiond, Mr. Chair.

25 MR. SANDOR: Yes, if you will, Pamela.

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MS. BERGMANN: Yes. On the separating out the budget
1 for the seven-month period, was there a time frame for that --
2 is my first question; when does the Trustee Council need the RT
3 to do that? And the second question is: What level of detail
4 do you with those budgets to be broken out into? For example,
5 in the projects, do you want just a total for each project for
6 the seven-month period or would you like those broken down into
7 the six classifications?

8 MR. SANDOR: The question on timing would be, I believe,
9 it's the sense of Trustees, as soon as possible. With respect
10 to the extent of detail, as to be developed jointly, the
11 Restoration Team and the Financial Committee representatives to
12 discuss this unless the Trustee Council would want to give
13 specific direction in this regard.

14 MS. BERGMANN: Okay, thank you.

15 MR. SANDOR: The question that remains on the floor is
16 how to deal with the \$5 million that has not been reviewed by
17 the public. The Green Book essentially includes all appeals
18 activities for '92, and certainly has had adequate public
19 review or is undergoing public review process. Mr. Wolfe and
20 others suggested -- and, I guess, is this the form of a motion?

21 DR. WOLFE: Mr. Wolfe moves that a public process --
22 public involvement process focus on this \$5 million at some
23 point in time. Is that seconded by Pennoyer?

24 MR. PENNOYER: Mr. Chairman, I second it. There are
25 several ways to do this, however, and we really need to give

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some instructions to the Team as to which option we wish to
1 use.

2 MR. SANDOR: Would you address maybe some -- the motion
3 is on the floor and seconded, how could this be done?

4 MR. PENNOYER: Mr. Chairman, I think Mr. Brodersen is
5 prepared to address those options, or Dr. Gibbons.

6 MR. BRODERSEN: This is Mark Brodersen. In the memo
7 before you, we've tried to lay out three possible options.
8 Ranking from the first option is the least expensive, the last
9 option allows the most public involvement, so this is a trade-
10 off here between the more public involvement, the more it costs
11 you to have it.

12 The first option is that, essentially, these budgets
13 have been before the public at the last two Trustee Council
14 meetings. One could just claim that they are out there. The
15 only difference, really, is the format. We can announce their
16 availability to the public, and ask for comments. The budget
17 would then be amended to June 29th and 30th meeting, if
18 appropriate. That's the cheapest. It may or may not satisfy
19 your desire for public input.

20 The second option is that we are going to have to do
21 thoroughly extensive advertising for the June 29th Trustee
22 Council meeting as it is. We could -- to announce the meeting.
23 We could increase the size of the announcement to let folks
24 know that these budgets are available. Summaries would be
25 available for mailing out, that it's available in OSPIC, it's

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available for inner-library loan, would people, please, get a
1 hold of the document and send in their comments as appropriate.

2 They would, hopefully, do so. We could take public comment
3 June 29th Trustee Council meeting and then take whatever
4 additional action is appropriate on the budget.

5 The last option calls for provisional approval of the
6 budget, as would the other two. We could put together a
7 condensed version of the budget, send it out with a habitat
8 protection supplement that Trustee Council has suggested we
9 sent out, and that sometime after the June 29th session,
10 probably the next Council meeting in August, we could then have
11 final approval of the budget following 30 to 45-day formal
12 public review of it.

13 So, as I say, you have a sliding option here. The cost
14 goes up with each option. There's actually, in between, a
15 continuum of options.

16 MR. SANDOR: Does the motion maker or the second and/or
17 want to suggest a specific option? Mr. McVee.

18 MR. McVEE: It seems to me like with the level of detail
19 that we have in the budget documents now that the additional
20 \$5 million overhead or administrative costs, work groups, and
21 so on, could be pretty quickly and pretty easily extracted in
22 summary form. They don't have to constitute all of the pages,
23 all of the forms that we went through, but in a summary form, a
24 one page or two-page synopsis of what's involved in that, and
25 then, in my mind, you know, the quicker that could get out, the

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better. You know, if it were possible by -- to extract that by
1 the end of the week in order to (indiscernible) or, if
2 possible, to put it with the habitat plan. It seems like the
3 sooner the better that gets out there.

4 MR. SANDOR: Mr. Pennoyer.

5 MR. PENNOYER: Sir, I'm not anxious, however, to wait
6 for an additional end of August discussion on approval of this.
7 If we can do it sooner than that, coupled with the time frame
8 we're now dealing with, somehow give notice -- I assume we have
9 had notification of this over a couple of meetings. It's not
10 like it was a secret. If there's some way to incorporate that
11 in sending out this abbreviated review that Mr. McVee talked
12 about so we don't wait until August or something. I just --
13 I'd like to get the whole thing approved, if we're going to do
14 it. And the original motion on the budget that we approved
15 incorporated the fact that it's still pending public review.
16 We're going to come back and look at it again. I'd like to
17 look at the whole thing June 29th, not do it piecemeal. So
18 whatever -- however we send this out, notify people, ask them
19 for further comments, (indiscernible) has been there before and
20 now we have more detail prepared. This is a follow-up to our
21 previous mail-out, and the time frame for comment is the same,
22 if we can do it. I really don't want to do a June 29th budget
23 approval or disapproval and then come back and do another July
24 15th budget approval or disapproval, another one August 1st.
25 We'll already be through most of this year anyway, by that

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time, so

1 MR. SANDOR: Is the correct in assuming that the Trustee
2 Council agrees with Mr. Pennoyer's assessment and desire that
3 this be developed, one, as soon as possible, as realistically
4 can be developed? Is there any further questions or comments
5 on the motion? Yes, Mr. Brodersen.

6 MR. BRODERSEN: We may want to consider the possibility
7 of doing advertising that is available as people request it
8 rather than doing a mail-out. A mail-out will end up costing
9 us several grand, and I don't know that we, necessarily, want
10 to spend that kind of money for what may not be very much
11 comment back. I also want to chat, for just a moment on trying
12 to condense this down to just one or two pages. One or two
13 pages would probably result in sticker shock, considering that
14 there's not much backup as to what's there. I know when I
15 first looked at the two pages of just the administrative
16 director and the Restoration Team in summary, wondering how on
17 Earth could numbers be so high, and then you start delving into
18 it and suddenly it becomes apparent. With just the two summary
19 pages, really, it's not enough information, but I suspect the
20 comments you'll get back, will essentially, all be negative.
21 People who agree with it wouldn't bother to write in, people
22 who disagree will let you know vehemently. That either puts
23 you in the position of having to chop the budget or else going
24 against the will of the people, neither one of which, to me,
25 seems very desirable. So we need to be very careful in how we

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summarize this.

1 MR. SANDOR: On the other hand, there are Trustees that
2 would be delighted that

3 MR. BRODERSEN: That's why I said, we may
4 (indiscernible)

5 MR. PENNOYER: Mr. Chairman.

6 MR. SANDOR: Yes, Mr.

7 MR. PENNOYER: On the

8 MR. SANDOR: Pennoyer.

9 MR. PENNOYER: other hand, if we simply send out a
10 notice of availability, and you do educate the relative
11 magnitude in that notice, that's even worse than a

12 MR. BRODERSEN: I wouldn't do that.

13 MR. PENNOYER: (indiscernible) you said it was
14 available and wouldn't tell anybody how much it was.

15 MR. BRODERSEN: You bet.

16 MR. SANDOR: It's presumed that we would use discretion
17 and, of course, to have as full a public disclosure as
18 possible, and, certainly, as much backup material. Is there
19 any further comments or questions on this motion?

20 MR. COLE: Mr. Chairman.

21 MR. SANDOR: Yes, Mr. Cole.

22 MR. COLE: Could we not send out the details to public
23 libraries in various communities in which there are people who
24 may have an interest in this to say that this information is
25 available there?

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MR. SANDOR: That would be done, I'm assured by
1 Dr. Gibbons and staff.

2 MR. COLE: I would like to say one other thing that may
3 be appropriate at this time. I think we should start
4 advertising the June 29th meeting early. We've had complaints
5 from people in communities who only have weekly newspapers that
6 this information about meetings is not being adequately given
7 to them. So let's err on the side of full notice and start
8 publishing notice of the June 29 meeting early in June; give
9 three weeks' notice. I mean, it just seems to me that it's
10 good policy.

11 MR. SANDOR: Thank you, Mr. Cole. Any further comments
12 on the motion? Any objection to the motion? The motion is
13 adopted. Any objection to the policy that we have public
14 notices out three weeks in advance or more and specifically for
15 the June 29 meeting that that be out in early June at the
16 latest? That is approved.

17 DR. GIBBONS: Mr. Chair.

18 MR. SANDOR: Dr. Gibbons.

19 DR. GIBBONS: Mr. Chair, can you clarify the motion so
20 I'm

21 MR. BRODERSEN: What are we supposed to do?

22 DR. GIBBONS: I was thinking it was option 2.

23 MR. SANDOR: Well,

24 MR. BRODERSEN: Do you want a mail-out or just public
25 notice at the time of notice of the meeting, which Attorney

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General Cole has requested we do early on, which was when I was

1 (indiscernible) Do we do a mail-out or is it just to be a
2 notice in the newspapers that's sufficient that it's available?

3 MR. PENNOYER: And other distributional areas that you
4 might think of as well.

5 MR. BRODERSEN: But don't do a mail-out?

6 MR. SANDOR: In any case, for recapitulation, the
7 Trustee Council have approved a formal public involvement
8 process of the budget as outlined in option 1, 2, and 3. My
9 interpretation was that we would go as far as -- at least as 2,
10 and consider expanding that to include as much of option 3 as
11 is realistic.

12 MR. PENNOYER: Mr. Chairman, not a general mail-out but
13 to any distributional centers you think are appropriate for the
14 notice of availability.

15 MR. SANDOR: Certainly libraries and

16 MR. PENNOYER: In each community, if possible.

17 MR. SANDOR: Each community office, key organizations.
18 And then with respect to the June 29 meeting, that will get
19 noticed on that as well, at the same time, and widely
20 publicized. Any further questions on what action has been
21 taken?

22 DR. WOLFE: Mr. Chairman, just one comment. There was
23 notice in the Daily News today, as a matter of fact, of the
24 meeting on the 29th. It was a reporter's comment that there
25 was going to be a meeting, so (indiscernible) starts with that

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notice.

1 MR. SANDOR: Hallelujah. Let's move on then to item
2 five on the agenda, the Request of Funds From the Court
3 Registry. Dr. Gibbons.

4 DR. GIBBONS: This agenda item was last -- to see how
5 far we got through the budget. The action taken by the Trustee
6 Council was to approve the yearly budget with a request to, you
7 know, put it to a seven-month initial budget and then come back
8 in August or September -- early September, with a fiscal year
9 '93. And so with that motion, I request the Trustee Council --
10 there's a summary sheet in the book, under the red tab, Budget.
11 It has a sign-off for the total budget that's represented in
12 this book, and it has a signing space for the six Trustee
13 Council members, and this action on it would be to sign this to
14 start the initial action to petition the court. And we would
15 petition the court as quickly as possible.

16 MR. SANDOR: Would we explain to the court, I presume,
17 the process of limitations and the intention to -- as has been
18 discussed at this meeting tonight?

19 DR. GIBBONS: That's correct. We would give them the
20 information, but we wouldn't bog them down with all the
21 details.

22 MR. PENNOYER: But a package -- Mr. Chairman -- but a
23 package would come back to the Trustee Council to look at
24 before it goes off to see that those qualifications and the
25 procedures and so forth have been dealt with?

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DR. GIBBONS: That's correct. That would be circulated
1 through the Trustee Council for review. We don't envision a
2 meeting is needed.

3 MR. SANDOR: Mr. McVee.

4 MR. McVEE: Yes, Mr. Chairman, I've got serious problems
5 in that I realize that we all have different delegations of
6 authority, and I guess that's been one reason why the
7 Department of Interior's been stressing the need for what we
8 call the six-way agreement, which was would establish a base
9 for the authorities of the Trustee Council. And I would -- I
10 think it's essential that we move forward with that agreement
11 at this time, because of differing authorities, and the
12 authority I have on this, I do not have authority to sign a
13 document at this point in time to go to the court. That's been
14 retained by the Interior Trustee. And I think that if we could
15 process -- do, you know, the six-way agreement on that basis,
16 that there would be some delegation that would be made.

17 MR. SANDOR: The chair then would make reference to the
18 formal memorandum of agreement which Curt McVee alludes to that
19 would, in fact, meet the requirement that the Department of
20 Interior has with respect to being able to delegate this
21 authority. Is there any objection to the memorandum of
22 agreement being reviewed by counsel of the State and Federal
23 Governments, and approve the -- circulate it for signature
24 after review by the Department of Law of the State of Alaska
25 and the counsel for the Federal agencies? Yes, Mr. Pennoyer.

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MR. PENNOYER: Mr. Chairman, we've got a timing problem
1 here, I think, in terms of the fact that I don't think we can
2 agree on this memorandum of agreement yet tonight because it's
3 still being reviewed, and to ask to sign something that we
4 can't sign until it's agreed -- so, I guess, my suggestion is
5 that we take the sign- -- we go to get our package back to go
6 to the court of registry, and we proceed down the track on
7 trying to get agreement on this memorandum of agreement, which,
8 Mr. McVee, I think maybe I have to add, and put off (ph)
9 signing this until we see the package. Hopefully, this will be
10 completed before the memorandum of agreement will be completed
11 before that, pending this court registry formal round, all of
12 us to sign off on by that time. So if the timing would work
13 out on that, if we can move the memorandum of agreement to our
14 various processes and come up with a signature on it, then we
15 can move on the court registry item and sign it. But we can't
16 do either of these tonight, I don't think, the way it sounds.

17 MR. SANDOR: It is the sense of the Trustee Council -- I
18 guess, this is what I'm trying to bring to closure, that, one,
19 inasmuch as the Department of Interior requires an agreement
20 that will enable authority to be delegated for at least two
21 members of the Trustee Council, to find that, one, we move to
22 develop such an agreement as quickly as possible, and that,
23 two, it is the intent -- an agreement of the Trustee Council in
24 its meeting tonight that we would, in fact, sign the request to
25 the court. Would that

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MR. PENNOYER: Given that proviso, that's my
1 understanding.

2 MR. SANDOR: Essentially, it would, obviously, have to
3 have a memorandum of agreement completed for at least two of
4 the agencies.

5 MR. PENNOYER: One and a half.

6 MR. SANDOR: One and a half agencies, okay.

7 MR. COLE: Mr. Chairman.

8 MR. SANDOR: Yes, Mr. Cole.

9 MR. COLE: Why don't we just have the secretary himself
10 sign the request to the court, in the interim here while we're
11 working out this six-way agreement?

12 MR. SANDOR: Is there any objection to that option?
13 Yes, everybody nods affirmatively, so that option will also be
14 explored and utilized, if it will facilitate the request to the
15 court.

16 Any further discussion of this item? In summary then,
17 we've agreed to, one, approve the part -- petition requesting
18 the signature of the Secretary of Interior as one option,
19 proceeding also to the development of a memorandum of agreement
20 for this and for future purposes, and, thirdly, then have that
21 sequentially done in the order so that this can be gotten to
22 the court as soon as possible.

23 Any further items before we set the date, confirm the
24 location -- can we confirm the location of our meeting on June
25 29 at Anchorage? At what location in Anchorage? At the

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1 Simpson Building in Anchorage. And what are the hours of the
2 meeting on June 29? (Indiscernible - simultaneous talking)

3 9:00 a.m., 8:00 a.m. -- what are our hours?

4 (Indiscernible - simultaneous talking)

5 UNIDENTIFIED SPEAKER: I think there's a good
6 possibility that if we were to start early, we could get done
7 in one day. If we start late, we're apt to flop over to a
8 second day. So if we could get going earlier, it would sure be
9 nice if we could get done in one day.

10 MR. SANDOR: The 29th is what day of the week? Tuesday,
11 yes. (Indiscernible - simultaneous talking) Okay, the next
12 meeting then is Monday, June 29, 1992, and the meeting will
13 commence at what time? 8:00 a.m. -- on Monday, June 29, 8:00
14 a.m., at the Simpson Building in Anchorage.

15 Any further items to be brought? And this meeting can
16 adjourn with great appreciation to the groups who did a fine
17 job of putting the material together.

18 Good night.

19 (Off record - 9:18 p.m.)

20 (END OF PROCEEDINGS)

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C E R T I F I C A T E

1 UNITED STATES OF AMERICA)
2) ss.
3 STATE OF ALASKA)

4 I, Rebecca Nelms, Notary Public in and for the State of
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6 Court Reporters, Inc., do hereby certify:

7 THAT the annexed and foregoing is a Transcript of the
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9 Trustee Council, taken on the 20th day of May, 1992, commencing
10 at the hour of 6:00 o'clock p.m., at the Simpson Building,
11 645 G Street Building, Anchorage, Alaska;

12 THAT this Transcript, as heretofore annexed, is a true
13 and correct transcription of the proceedings, taken by Laurel
14 L. Kehler and thereafter transcribed by Laurel L. Kehler.

15 IN WITNESS WHEREOF, I have hereunto set my hand and
16 affixed my seal this 23rd day of May, 1992.

17 REBECCA NELMS
18 Notary in and for Alaska.
19 My commission expires: 10/10/94

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