

**EXXON VALDEZ OIL SPILL SETTLEMENT
TRUSTEE COUNCIL**

RESTORATION OFFICE
Simpson Building
645 G Street
Anchorage, Alaska

VOLUME II
(Continuation of August 23, 1994, Trustee Council Meeting)
(Pages 128 through 236, inclusive)

October 5, 1994
9:00 a.m.
U.S. Forest Service Conference Room
Federal Building
Juneau, Alaska

TRUSTEE COUNCIL MEMBERS in attendance:

State of Alaska	MR. CRAIG TILLERY Trustee Representative for BRUCE BOTELHO , Attorney General, Alaska Department of Law
State of Alaska Department of Environmental Conservation	MR. JOHN SANDOR , Commissioner,
United States Department of the Interior	MS. DEBORAH WILLIAMS , Trustee Representative for GEORGE FRAMPTON , Assistant Secretary
State Department of Fish and Game	MR. CARL ROSIER Commissioner
United States Department of Agriculture - Forest Service	MR. PHIL JANIK , Regional Forester
United States Department of Commerce - NOAA	MR. STEVE PENNOYER Director, Alaska Region, National Marine Fisheries Service

P R O C E E D I N G S

(On Record 9:10 a.m)

MR. SANDOR: This is John Sandor and we are reconvening this meeting of the Trustee Council. We have one additional Trustee that has not yet arrived. Is expected shortly, and we will begin very soon.

(Long Pause)

MR. SANDOR: Good morning, for those on line. The October 5 session of the Trustee Council Exxon Valdez Oil Spill Settlement is called to order. Those Trustees and representatives here in Juneau are Phil Janik, Regional Forester; Deborah Williams, Trustee representative for the Department of Interior; Carl Rosier, Commissioner of Fish & Game; Craig Tillery, representing the Attorney General; Steve Pennoyer, Director of the Alaska Region of the National Marine Fishery Services; and I'm John Sandor, one of the State Trustees. Here in Juneau, as well, is Jim Ayers, Executive Director of the Trustee Council, and staff and other representatives of both the Exxon Valdez Oil Spill Settlement Office and Trustees and some members of the Public Advisory Group and other members of the public. And who are on line at various locations. Can you identify yourselves, please. In Anchorage?

MR. THOMPSON: This is Anchorage, this is Ray Thompson of Forest Service; Joe Sullivan, Fish & Game.

MR. SANDOR: Any other locations?

UNKNOWN: In Cordova there's -- Bob Spies is here with Pete Peterson and Jerome Montague.

MR. SANDOR: Any other locations?

MR. FRYE: In Seward, Eric Frye.

MR. SUNDBERG: In Finland, nobody here from Finland. Kim Sundberg.

MR. SANDOR: We'll proceed then with the agenda, and the agenda was distributed to everyone well in advance of the meeting. Is there approval of the agenda, or any modifications or additions to it?

MS. WILLIAMS: Move to approve.

MR. ROSIER: Second.

MR. SANDOR: It has been moved and seconded that the agenda be approved. Any objection? The agenda is approved. The order of the day is that which is followed, identified on the agenda, unless there's any discussion to change. Has everyone had an opportunity to read the August 29, 1994 meeting notes? Is there a motion to approve those meeting notes?

MS. WILLIAMS: So moved.

MR. ROSIER: Second.

MR. SANDOR: Moved and seconded that the August 23, 1994, meeting notes be approved. Any objection? They are thus approved. Next item on the agenda is the Institute of Marine Science's briefing. And I've asked Jim to introduce the subject.

MR. AYERS: Thank you, Mr. Chairman, Council members. There have been a number of assignments that you have given us to be completed during this year, began back in January, and what we intend is, of course, to attack them all. Some of them, as you

will hear, have been completed. Some will be completed by November 2. Others will be completed by late November. A few will not be completed by November, but will get done. What we would like to do today is bring you up to date on the progress that we've made with the assignments that you have given us, and many of them are extremely complex, as you know, and detailed. During this meeting what we hope to do is give you a thorough overview of where we are with each of those major assignments, seek your guidance where appropriate, as determined by you. In addition, there is one action item which is to report to you regarding our search through the request for proposal process for a Chief Scientist, and ask for your direction on how to proceed. There are specific discussions regarding habitat acquisition negotiations that will be discussed during the executive session, and it is certainly, at this point, appropriate that we have the Chief Scientist discussion in executive session as well. It is my recommendation and my understanding we will then resume any public session to close out the day, if there are any action items, and certainly one of those will be, hopefully, adjournment. So, we are going to begin with the Institute of Marine Science. This particular project you gave me with some detailed responsibilities, and within that there were four specific assignments. We have prepared for you the briefing document that's in draft format that is a document that we just put together, and you can tell by some of the typos and the way that it's laid out this morning. This document follows the presentation that you will have today, and gives you the background and a

document that you will have available to you to read at your leisure, that summarizes what you're hearing today. You specifically ordered me on January 31st to take needed steps to secure the NEPA compliance, we proceeded with that; to consult with appropriate entities, including the University of Alaska, City of Seward, SAAMS organization and others to review the assumptions related to proposed improvements, including the capital operating budget; also, to develop an integrated funding approach, which we are working on and you will both hear and see in some detail today; and to prepare a recommendation at the appropriate level of funding for consideration by the Trustee Council that would be legally permissible under the terms of Memorandum of Agreement. In a nutshell, we have focused our energy and attention, and as a matter of fact, that's where you will hear the direction of our effort from the original Sea Life Center proposal toward an infrastructure -- needed infrastructure of restoration. There remains an education of visitors component that will be discussed and presented to help defray the cost of research. The primary focus of the facility, as we have discussed and worked in detail over the last few months, is specifically a research to address restoration. We've worked with the University Board of Regents. We've worked with the Ocean and Fisheries and Science Advisory Committee. That's the Ocean and Fisheries Science Advisory Committee. Is that right?

DR. VERA ALEXANDER: No, it the School of Fisheries and Ocean Sciences. (Laughter)

MR. AYERS: Thank you. And, actually I spent a day with them in Fairbanks, and then met with several of them individually. We've also established and worked with an advisory group of scientists who are continuing to be involved in this project. We've met with our Chief Scientist and core reviewers and discussed this project. There's a letter in this packet from them regarding this project. We'll continue to provide the guidance and considerations that they think ought to be included. We've also involved ourselves with world class architects and establishing with them that the focus of this project is research. This project will provide the infrastructure necessary for restoration. Let me say that this project alone does not constitute a "Woods Hole of the North." This project does not stand alone to constitute the necessary infrastructure for all of Alaska with regard to marine science. This project fills a void and compliments the marine research complex in Alaska. It fills a gap, as you will hear, but there's a total research integration that is necessary throughout the spill area involving the resource agencies, the university and the other complexes in order to have a complete research capability in Alaska. It does not exist today, and this particular project is not going to satisfy all of the needed integration. This project fills a specific need of infrastructure for research in Alaska. With that said, let me say that we've asked Kim Sundberg, who has been our project manager and lightning rod on this project, he is going to introduce the project. Leif Selkregg is the project manager and architect lead on this project, will be available to

support Leif in his presentation, and I think that Leif actually has a -- an agenda? (laughter) -- a line up for today's game.

MR. SELKREGG: Let me pass the agenda around the table. We do have many contributors to today's presentation. We're going to do our best to quickly, but not too quickly, and hopefully we will be focusing on a question and answer period at the end of the presentation. Jim, I'm not sure how you would like to handle that?

MR. AYERS: If it's all right with the Council, maybe we should just try and roll through this, and then get to question and answers. Is that acceptable, Mr. Chairman?

MR. SANDOR: Please do that.

MR. SELKREGG: Okay. What I'd like to do is go ahead and make sure that the agendas get around the table and introduce Kim Sundberg to speak specifically about the purpose and need for the project. Kim, would you like to start?

MR. SUNDBERG: Good morning. Can you hear me all right?

MS. WILLIAMS: Beautifully.

MR. SUNDBERG: Good. My name is Kim Sundberg. I'm a habitat biologist for the Alaska Department of Fish & Game, and as Director Ayers mentioned, I've been tasked with preparing the project description for the proposed research improvements in Seward, which is project 94199. I'm going to briefly summarize the purpose and need for the project, and, which is described in detail under tab three of your booklet there, and provide an overview of the research programs that would be carried out at this facility. Before I do that, I'd like to point out that Dr. Mike Castellini

with the University of Alaska Fairbanks is here to describe in more detail the marine mammal work that he and the university intends to conduct at this facility. Dr. Jim Seeb with ADF&G will be describing the fish genetics work that ADF&G intends to conduct at the facility. Dr. Vera Alexander, the Dean of the UAF School of Fisheries and Ocean Sciences is here to describe how this proposed facility would fit in with the University of Alaska's marine research complex and future plans. And, also Dr. Spies and Peterson, I believe, are on line on teleconference to discuss how this research would fit in with long-term EVOS needs. Also, I'd like to refer you to some letters of support concerning the need of the facility in the appendix to your booklet. Those letters refer ...

MR. AYERS: Excuse me Kim. When he says booklet, he means the white binder and I didn't -- looked like people were looking at (indiscernible). Sorry, Kim.

MR. SUNDBERG: Did they get the booklet?

MR. AYERS: Yes, they have it.

MR. SUNDBERG: Okay. The letters include ones from President Komisar of the University of Alaska Fairbanks, Dean Alexander, Commissioner Rosier, and Director of Pullian (ph) of the National Biological Survey. This project addresses the need to improve available infrastructure in the EVOS area, to carry out long-term research and monitoring programs that the scientists have identified our need for -- for restoration of certain injured resources. That includes specifically marine mammals, including

harbor seals, sea otters and sea lions; marine birds, including common murre, marbled murrelet, pigeon guillemot and harlequin duck; and fish genetics related to pink salmon and herring. Other research capabilities would include marine, fish and invertebrate studies, oceanography and a research library. The project would provide the facilities, including wet labs with running sea water and fresh water tanks, pools, laboratories, research habitats, offices, for carrying out these research programs that do not currently exist elsewhere in the EVOS area. The Seward institute would not duplicate the capabilities at other institutes, but rather would compliment the programs at other institutes, including the Prince William Sound Science Center, the Auke Bay Laboratories, and Fisheries Industrial Technology Center in Kodiak. Specifically, the niche that this proposed research facility would -- would fill for the EVOS area relates to laboratory -- control laboratory studies on marine mammals, marine birds and fish genetics, and these programs do not occur at the other facilities and would not be expected to occur at those facilities in the foreseeable future. Some of the attributes that make the Seward location appropriate for this facility are its proximity to injured marine mammal, bird, fish and invertebrate resources, and this is an attribute that allows scientists working at this facility to access -- ready access to sources, biological materials, ganines etcetera from the spill area. The availability of high quality running sea water and fresh water for carrying out the animal research and rehabilitation programs, the opportunity to provide

infrastructure, which is lacking, currently lacking in the statewide complex, the opportunity to become operationally self-supporting with revenue derived from public visitation and education, the use of twelve point five million dollars that has already been committed to the project through the EVOS restitution funds, and its affiliation with the University of Alaska School of Fisheries and Ocean Science and Institute of Marine Science. To get to the research program at the facility and the architectural response to that, and the actual design of the facility, which will be described later in this briefing, a scientific work group was formed with representatives of the University of Alaska Fairbanks, the National Biological Survey, NOAA, ADF&G, and also included the assistance of consulting marine mammal specialist, Dr. Joe Jurassey (ph), and a consulting marine bird specialist, Mr. Scott Dryshman (ph), as well as the Trustee Council Chief Scientist, peer reviewers and the Trustee Council agency liaisons. I'll just briefly go over the proposed research program at the facility for marine mammals. The long-term studies have been identified as being -- will be needed for harbor seals, stellar sea lions and sea otters, and the proposed projects that would be undertaken at this facility by the University of Alaska, ADF&G, National Biological Survey, NOAA and other agencies, would include health and disease status, body condition, energy assimilation, hydrodynamics and diving physiology, development and testing of telemetry equipment, the testing of immobilizing drugs, and stable isotope fractionation. With respect to marine birds, long-term studies

will be needed for common murres, marbled murrelets, pigeon guillemot, and harlequin duck, in addition to other marine birds. The program that would be carried out at the facility and the facilities that would be provided would be those for health and disease status, bird behavior, bird physiology, the development and testing of telemetry equipment and also stable isotope fractionation by sea birds. With respect to fish invertebrates, there will be long-term study needs for pink salmon, herring and inter-tidal and sub-tidal communities, and the specific program that would be carried out would be the fish genetics related to pink salmon and herring. There are also capabilities at this facility for carrying out oceanography. The Institute of Marine Science has had a long-term oceanographic program out of Seward, and this facility would enhance that program. We're also anticipating that there would be a research library. The library would be approximately the size of the existing OSPIC library. It would be focused on a specialized collection of marine research materials from the North Gulf coast and would have facilities available for providing materials, cataloging, making these materials available to both researchers and the public. Also, there would be a modest wildlife rehabilitation program being carried at the facility. It would be focused on marine -- on health of both marine mammals and marine birds. In other words, not just rehabilitating animals, but trying to find out more about why -- what are some of the causes of illness or mortality in natural populations, and the functions would be integrated into the

research that would be carried out at the facility that would be giving us an improved understanding of factors affecting the health and recovery of these injured resources, and it would include the tanks, pens, quarantine, life-support systems, the food preparation, pathology, water quality labs, x-ray, surgery, pharmacy and necropsy facilities. These facilities don't currently exist in Alaska. With that, I'd like to turn over the -- the briefing to Dr. Castellini, who will describe in more detail the specifics of the marine mammal research that he and the university intend to conduct at this facility.

DR. CASTELLINI: Thanks, Kim. My name is Mike Castellini, I'm an associate professor of marine science, Institute of Marine Science, up in Fairbanks. And, what I want to do is refer to you on the draft that you've just received on page four, which is what I'll be speaking to -- in -- marine mammal resources, and in this large booklet as composite -- it's a little bigger than a booklet actually, Kim, but in section three on purpose and needs, specifically starting at about page 3.4 or 3.5, dealing with some of the marine mammal issues that Kim talked about. What you'll see when you get to both these sections is that what this focuses on for marine mammals deals with the ecosystem problems of the -- specifically the injured resources in the EVOS area, and how the university, in our view anyway, and a variety of other people I've talked to in academic and in agencies, see how the program could be utilized and a facility could be utilized to address these ecosystem questions, whether it's with harbor seals or sea lions or

sea otters, and we don't have anybody here specifically to speak about birds, but the questions are exactly the same with them. The same sorts of questions: problems with the biology, problems with reproductions, problems with population monitoring, a variety of questions along those lines. My own particular specialty is marine mammals. I will be happy to answer questions as you look through this booklet either now or in the future in terms of actual detailed questions of different types of tests we want to do. For example, questions of energy efficiency, or feeding efficiency, or reproductive success, things along those lines that we can actually test using the facilities like this, because, as you know, quite frankly, we can't do any of that now. Anything that we do now has got to be done entirely in the field. We have no ability to do controlled studies whatsoever. We have to go outside, completely outside Alaska to do any sort of controlled study, at all, in feeding studies or anything. I have a graduate student who just finished a feeding study, trying to understand the relationships of, for instance, pollock versus herring feeding in sea lions. We had to use California sea lions, because there are no captive stellars that were able -- if we done this, we had to do it in California. It's tough. And the facility addresses many of these issues. One of the first things I wanted to emphasize, and two other points that I know are primary concern, and I'll sort of finish up on that, and they're not exactly addressed here, which is why I wanted to talk to them, and that is the future need. You know, how are we going to guaranty that anybody uses one -- want to

use this facility. First of all, I'd address you to FY '95 proposals that you have in front of you right now that are being considered. We already have a suite of proposals in there that are addressing ecosystem problems with these species. And, each and every single one of those could have a major laboratory component to it, we don't have a laboratory to even to do the work in in the first place. So, it's impossible for us to proposal in that says, let us look at harbor seal feeding efficiency or stellar sea lion feeding efficiency when we don't even have that facility to do that. So, we've done the field component as best we can, but we don't have the ability to do the lab work, as it exist now, but each and every single one of the proposals that you'll see in FY '95 could have a major lab component, if we had the facility to do that. And, then the other question -- and that's coming from ADF&G, from the University of Alaska, and from a variety of other academic people that I've talked to around the country that have proposals in to you along those lines -- and, finally the question beyond that when you look at FY '96, FY '97, FY '98 and beyond, that would be impacted by this proposal, if it was funded. The way the academic research system works is I cannot be assigned to work in Seward. There's nobody that can come to me and say, we're going to pick up this lab and move it to Seward. What I anticipate that would happen, would be that in FY '97 and FY '98 is that you would put out RFPs or make it available to -- to the academic world, to say look, we have this facility available, this is what can be done there, we can hold these types of mammals, this is how the

economics of it would run, this is how the logistics of it run, please put in proposals. Much like -- this is done in other -- there are other agencies to do this, with other different types of laboratories. And, at that point, I would predict it would be completely overwhelmed, then your problems are going to be what are you going to do with all the proposals that come in and want to use that. I am daily on Internet with people around the United States and around the world that are ready to come here and do this kind of work once we get the facility in the ground. They have ideas, they have things they want to do, but it's a question actually of getting the facility in the ground so they can do that. And, it's important to realize that that it's going to be very hard to get a scientist to say I will be there, until that scientist actually knows the facility exists, the money exists, the logistics exist and the animals exist, in order to be able to do the work. So, that's essentially where I'd like to just leave it at this point, and just this brief overview is to say that we've looked at it, and you can see from all the details given to you, and all the information we've given to you and everything that's on record in the past, that everybody who is thinking about marine mammals and specific research here, or the marine birds, is certainly approaching it from the ecosystem concept, what's happened inside the EVOS region versus outside the EVOS region, and in time component too. Many of the components we have says well let's go back to see if we can figure out from a long time ago versus now versus the future, and see how it's recovering, what can be done to

recover, and in the future it's a concept of looking at FY '96, '97 and '98, and how the academic community would respond to that. And, I think it's definitely going to be a case of -- the problem you're going to have is trying to care what to do with all those proposals as opposed to what to do if you don't get enough of them.

And, at that point, I guess we'll turn it over to fisheries genetics, and Dr. Jim Seeb. Leif did you distribute those ...?

MR. SELKREGG: These are on the table.

DR. SEEB: I've got a briefing document that I prepared yesterday to try and clarify some of the points in Commissioner Rosier's letter, and further describe how the Department of Fish & Game would feel towards the use of this facility, if it were to be built. I'd like to point out that one of the really positive things I see about the facility that Kim and others described this morning, and that's the partnership that would form and that is already forming between the resource management agencies and the university, a partnership that would better enable us to address some of these restoration science and monitoring questions. In the -- in the briefing document, which I'd like to read into the record, you'll find some tables that describe some of the most compelling findings that my research group has been involved in, in describing genetic damage, long-term consistent damage due to the oil spill, and maybe you can look at these sometime at your leisure and I'd be happy to answer questions about them later. Basically, the Alaska Department of Fish & Game supports, strongly supports, the proposed infrastructure

improvements for the IMS facility in Seward. The project will provide wet lab facilities necessary to conduct research and monitoring in the Exxon Valdez oil spill area, and speed recovery of injury fisheries, as well as wild life resources. As others have said, no such facility currently exists in the Gulf of Alaska, no facility which can adequately provide the controlled environment necessary to conduct long-term research on the effects of the Exxon spill on fish. One of our department's initial emphases at the facility would be to conduct a control study of the genetic effects due to the exposure of oil. We have detected elevated mortalities of embryos in populations of pink salmon in habitat streams that were oiled in 1989. These elevated mortalities persist at least through 1993, and they may continue beyond. I'd like to add that pink salmon are the only animal that have been so studied, and these kinds of genetic, multi-generational effects might -- might be present in many other of the taxa (ph) that were inducted by oil shell fish, invertebrates, rock fish, we just simply don't know at this point. Controlled matings of individuals from oil and reference populations in a hatchery environment, matings that we conducted at the AFK hatchery in Prince William Sound, clearly indicate that these elevated mortalities are genetic and not of environmental origin. We took gametes from populations that were impacted by the oil and gametes from reference populations that were not impacted by the oil, made intrapopulation crosses and reared them in a controlled environment. The mortalities that we observed in the field were also expressed in the controlled

environment, indicating that the cause is in fact genetic and not due to remnant oil or other environmental disruptions. To date our EVOS studies on the genetic impacts on salmon have been conducted at production oriented fish hatcheries. We conducted some study at our small wet lab in Anchorage, and National Marine Fisheries Service has cooperated by offering its field station at the southern tip of Baranof Island. All of these facilities, sometimes have had fatal inadequacies. The production oriented facilities are not designed for the rearing of many replicates of small lots of fish which are required for scientific study. None of these facilities have tanks and running sea water required for rearing to maturity Pacific salmon. We've previously conducted some studies at the Big Lake hatchery of the Department of Fish & Game. That facility has now been closed due to budget cuts. We successfully conduct small scale studies at the AFK hatchery in Prince William Sound, but that hatchery is remote, it's tough to get to, the experiments are extremely expensive, and it's logistically difficult to support work there. It's not on a road system. Our small wet lab in Anchorage is being used, but we only have about seven gallons a minute of fresh water only, which is really inadequate to do any kind of long-term rearing, and we have no running sea water, which is required to do rearing experiments on herring and salmon, as well as other invertebrates, or other animals that we'd like to study. Finally, the National Marine Fisheries Service facility at -- at Little Port Walter does offer some relief, but it's a long, long way away. It also is only

accessible by plane, and the fish that are reared there are reared in net pens, and they're subjected to environmental challenge, predator challenge, disease challenge, many challenges that erode the -- the efficacy of the experiments that we do there. We feel that the proposed IMS improvements will provide essential support for research and monitoring studies that need to be conducted in the EVOS area. No facility like this currently exists in the Gulf of Alaska. In running fresh water and large volumes of sea water will enable us to do long-term rearing studies for anadromous (indiscernible) species. The rearing facilities will be uniquely designed with the flexibility for the use of sea water and fresh water that could be recycled and debravated allowing us to maximize the efficiency and isolate treatments from one another in a fashion that can't be done at any facility in Alaska today. The system of indoor wet labs, coupled with a land-based tanks and raceways, provide isolation from disease and the other environmental challenges that plague our work at other facilities. The Alaska Department of Fish & Game is one of the many agency and institution partners in the restoration studies, supports these IMS improvements as a long-lasting, emphasis long-lasting, contribution to the research and monitoring the effected area. Thank you.

MR. SELKREGG: Jim, we're going to ask Vera to say a few words.

DR. VERA ALEXANDER: I'd like to the sitting approach also. I'm really delighted to be here. I'll try to be brief. I think you have all seen the letter that I wrote, that Dr. Komisar

wrote, which shows a strong support of the University of Alaska for this project. I'd like to confirm something and support something that Mike Castellini just said, and that is the fact that there's - - that the facilities are urgently needed for research that is already ongoing and would be used immediately were they available in connection particularly with the marine mammal work. An example is that Dr. Sven Ebberson (ph), who is our -- a physiologist on our faculty, moved his entire lab operation from Fairbanks down to Seward already to our existing facility for salmon neurophysiology work because there were no such facilities in Fairbanks or anywhere else. This is just an example, and he's apparently maxed out what we have there now, in this particular work. Given the availability to facilities, the amount of work that could be done, which is already urgently needed, would be vastly expanded. There's nothing like this, not only in Alaska or on the Gulf of Alaska, but I guess north of California. There's no facility in which you could hold mammals and birds, and conduct the kind of work needed, and it's desperately needed in connection with restoration and the oil spill effects. It's rather ironic that there -- although there are few places in the world in which the green environment is as important to the people as it is in Alaska, that we have such a lack of infrastructure for supporting research, and the Exxon Valdez oil spill really illustrates this dearth. There has been insufficient work on the Sound previously to have any idea in terms of time service as what the system really looks like. It's going to be hard to make that up, but we can do a lot

better with restoration now, given the right approach, and that is the combination of laboratory and field studies. The ecosystem approach is critical, but without understanding the actual physiological responses of some of the organisms, the ecosystem approach by itself cannot give you all the answers. So, the University of Alaska is very much behind this. We would definitely commit to being involved with it. As Mike said, I can't send somebody down there, but they will go, and that's true. It will happen, I can guaranty it. We have long had plans to expand the research capabilities in Seward. It hasn't worked out with the capital -- ability to add capital facilities at the University, as you know, is very limited. The planned facility does not overlap with anything that we have now, either in the state or in the school, and certainly nothing -- it does not conflict to any of our plans. We have plans for enhanced facilities, or at least adequate facilities at -- at some of our sites, but Seward is our primary gateway to the ocean for the reasons already mentioned. Its accessibility, the good sea water, and so and so forth. Now, as -- I might also point out that we have a pretty good record in ecosystem research. We pioneered with the approached project in the Bering Sea, we followed up by the Ishta (ph) project. We carried out another ecological project here in Auke Bay called "Apprise", all of these were quite successful. We look forward to working with agencies and with other universities in planning the intended work that needs to be done on Prince William Sound. As far as the ability to guaranty that we will put people at the new

facility, there is a way that we can do this. That is, we'll have several retirees coming up soon within the university, we can aim our hiring in such a way that the people we hire would be the people who would wish to use the facility. We have two endowed chairs already on the books for the School of Fisheries and Ocean Science. That nothing -- that does not include a new plans for endowed chairs, these already will be existing, will be filled in a few years. We can direct the hiring of those in such a way that they would fulfill -- fit into this program. So -- so we have certain opportunities to -- to make sure that we're very well involved and that we help provide the scientific participation and leadership for this project. Finally, I just want to say one more thing, the School of Fisheries and Sciences advisory council is indeed very supportive of this project. Their interest are of such that they're recommended that the Board of Regents take a serious look at, which I gather they did, a letter was drafted, it went through the Chancellor's office to the Board of Regents dealt with it in executive session last week. I have not seen the outcome of that, but I think what you will find that will come out of this is again a strong support, and the importance of the broad ecological approach to the restoration project and -- and the importance of the university playing a major role in this. We are indeed very committed to seeing this happen.

MR. SELKREGG: We want to invite Bob Spies from Cordova to say a few words. Cordova are you on line?

DR. SPIES: Yes, we are. Thank you, very much. I --

I'm sorry I couldn't be in Juneau this morning for the meeting, but we're here conducting a review of the Prince William Sound ecosystem studies that -- that are ongoing. I'm here with Dr. Pete Peterson, and also in attendance at the review are some other reviewers, especially core reviewers, Peterson and Bill Mundy, and we also have Piercy (ph) and Rhodes (ph). There's a -- a memo in your packet that outlines our general thinking on the -- the need for this and the justification for this facility and we're generally very supportive of it. I won't go over that ground right now, but I would like to mention a couple of -- of points on the -- on the -- on this facility and what -- what it really can do for -- in relation to EVOS research. I think Dr. Castellini did a very good job of pointing out that the mere existence of this facility, in itself will stimulate more research, and I think we can not only look forward to that prospect in the future, if such a facility exists, but also we could -- we could look back and perhaps wonder if we could have done a little bit better job in some areas if we had that facility in the early days of the spill. I think we probably could have plugged quite a few gaps. And, even in our review here, we're coming up with some ideas that could be very well tested, but the things that have to be plugged in a laboratory side to bolster this broad-scale ecological studies. We can't really control all the factors we need to control in nature. We have to occasionally go in a laboratory to do those things. We think of -- as the other scientists have mentioned that the -- will serve a broad area of disciplines, including health and disease

questions, questions on physiology and biochemistry of various sorts of marine organisms, including mammals, birds, fish, and invertebrates; questions of genetics and genetic stock structure that are key to good management of the fisheries in the future, thinking particularly of pink salmon, sockeye salmon and herring; also, ecological experimentation that haven't been mentioned up to now that we're seeing that -- questions that could very well be looked at there. I give just one brief example there. There's a major hypothesis of the ongoing ecosystem investigations relating to the early survival of pink salmon juveniles in the marine environment, and conditions of the plankton bloom, and -- have alternates feeding strategies by -- by the predators, and some of these ideas are probably going to have to be tested in the laboratory to really validate some of these for hypothesis in this large program. So, the existence of such a facility will allow large tank-type experiments, looking at these ecological questions. And, stable isotope studies, we have a suite of stable isotope studies that are growing. The usefulness of this particular tool is very apparent, and ecological studies in an ecosystem approach is the way we're going to take in this overall restoration effort. A particular example there was -- was we -- there is obviously a time record of clear or dietary preferences of seals and perhaps also seal lions as recorded actually in their whiskers, and we've got some very interesting patterns evolving there. By testing various kinds of food in the laboratory, one could bolster some of the interpretations of the use of the stable isotopes and

understanding the feeding habitats in the environment. And, finally, ecotoxicological studies could be very easily carried out at this facility and I -- I dare say that more would have been done in this area, allowing a course at the Auke Bay laboratories contribute greatly. I think we could have done more actually in the spill area along the lines of ecotoxicology, especially in mammals and birds. Another area that might deserve some brief comment is -- hasn't been mentioned so far by the other scientists are biomarkers of stress. We've got a number of these that's been developed by researchers at the University of Alaska, and of course nationwide. There are quite a few of these biomarkers that are being looked at right now, and you definitely have to go into the laboratory and test these biomarkers. Things like haptoglobins in blood, indicators of stress, we think, but we have to do the specific experiments to understand and what organisms they respond to, to what degree they respond to contaminants and other factors, and look at the life time of the response and decay of response, questions that all evolve around the subsequent application of these markers to answer an ecotoxicological questions. As I said, most of our comments -- our general comments are in the -- in the memo that was in your packet, and we certainly would be happy to answer any questions. I just wanted to briefly talk about the application of -- the use of this facility in EVOS research in general. I think it has a place, it could have played a great role in -- in the past and I think it would continue if it was built. It would definitely computed to the kinds of questions, the kinds

of approaches that can be taken and putting -- make the overall research effort more efficient and productive in the future.

MR. SELKREGG: Kim, I think we're coming to closure on the purpose and need section, any final comment?

MR. SUNDBERG: No, I think we ought to move along in the interest of getting a lot of other briefing in, and I guess Nancy Swanton is available to talk about the NEPA compliance.

MS. SWANTON: Good morning. As you know, I'm the Department of the Interior's representative on the NEPA compliance for the project. Section four of the white binder includes the project -- of the project description, summarizes the NEPA compliance project -- process for this project. Figure 4-1 shows major milestones for the NEPA compliance. The NEPA process has proceeded on schedule since it was initiated on the 9th of March of this year with the Federal Register Notice of Intent to prepare an Environmental Impact Statement. Draft and final EIS's have been published. The Record of Decision is the last remaining major task. We anticipate issuing the ROD by the end of this month, specifically by the 28th of October. Two action alternatives and a no-action alternative were examined and the EIS's -- both action alternatives would provide the infrastructure for long-term research and monitoring of resources injured by the Exxon Valdez oil spill. The two alternatives differ in the type of facility intended for the site. Alternative one, which we call the proposal, includes two components, a research and wildlife rehabilitation component, and an education and visitation

component. Alternative two eliminates the visitor-related component. Impacts from both action alternatives are similar in nature and magnitude for nearly all categories analyzed. They are negligible to low, with the exception of recreation where they are moderate, due to the elimination of about fifty-seven campsites from the property that would be used for the facility. For alternative one, we do have moderate impacts during the peak summer months for traffic and transportation, and quality of life. Those differ from alternative two where those impacts would be negligible to low, due to the elimination of visitor traffic that would go through the downtown area that doesn't go through that area in the kind of intensity that one might anticipate for the project, should a visitor facility be part of it. Thus, the main difference between alternative one and two, in terms of environmental impact, is the magnitude of impacts for quality of life and traffic and transportation, which are moderate for alternative one, negligible to low for alternative two, and remember those moderate impacts occur during peaks summer months. Benefits that could be realized with either action alternative include benefits to marine mammals and birds as a result of the research that would occur at the facility, throughout the EVOS area, actually; slight amount of habitat enhancement would be eventual development of a tidal pool area; improvement of site esthetics; contributions to local economy, public revenues, educational opportunities, quality of life during off-peak months with increase of educational opportunities and habitat research facilities in the community, an

enhanced visitor facilities to Seward. Alternative one could benefit water quality, there would be an oil-water separator system that would be included as part of that -- that proposal that wouldn't be there with alternative two. Extensive coordination and consultation has taken place throughout the NEPA process with agencies, the university and interested individuals in groups. Two required consultations have occurred, one for endangered and threatened species and another for archeological and historic resources. The Endangered Species Act consultation is complete at present, though consultation would be re-initiated if needed. Thus, a continued communication with both U.S. Fish & Wildlife Service and National Marine Fisheries Service is needed. They would determine whether or not Endangered Species Act consultation would need to be re-initiated. However, we don't have a problem with that. In fact, populations of endangered species in the EVOS area could actually be benefitted from the facility being in Seward. The National Historic Preservation Act consultation is nearly complete. We included in your packets a copy of a Memorandum of Agreement that was developed between the Department of the Interior and the State Historic Preservation Officer, with the City of Seward and SAAMS as concurring parties. The purpose of that Memorandum of Agreement is to minimize potential adverse effects to historic properties in the area, and to ensure continued consultation with the State Historic Preservation Officer. The Western Office of the Advisory Council on Historic Preservation has reviewed the Memorandum of Agreement and concurs with it. They

forwarded to -- forwarded it to their executive director in Washington, D.C., and I was told that we could assume concurrence will occur at that level also, and that's important because we couldn't move forward with the project until the National Historic Preservation Act compliance was complete. So, I just wanted to bring that up in particular since you've got the information in your packet regarding it. As far as the Record of Decision, we're continuing to pull that together. We anticipate that that will entail, including what the decision is, with regards to the NEPA aspects, identifying of alternatives, and indicating which one is environmentally preferable, including some information about mitigation. We'll include information about what kind of enforcement program would be adopted where applicable mitigation is involved, those sorts of things.

MR. SELKREGG: Thank you, Nancy. I'd like to introduce Tom Livingston of Livingston Slone Architects to give a brief overview of the facility design.

MR. LIVINGSTON: Good morning. I'm Tom Livingston of Livingston Slone Architects in Anchorage. I was -- my firm was retained by SAAMS to design this project, and my firm heads the design team, which is proposed really of ten firms total, engineering and architects, and other technical experts all the way from Boston to San Diego to Vancouver and Anchorage. The design for this project is driven by the needs of the long-term research and monitoring programs that are required to restore and enhance the injured species caused by the Exxon Valdez oil spill. That's

the primary focus and driver of the project. The site, as most of you know, is located in Seward on the south shore, it's on city property. It is immediately adjacent to the Institute of Marine Science, which is located to the west, large campus. To the west of that is our fresh water source for untreated fresh water, unchlorinated, fresh spring water for research activities. We're providing additional parking for staff up in the IMS parking lot, that's there now. We're enlarging that, we're constructing a parking lot in this area for visitors, and of course Railway Avenue we'll have drop offs for buses and visitors. The sea water system will be providing fresh sea water into a sea well located in this area. We'll have two pipes coming into that for redundancy (aside - thank you) (indiscernible). We'll have two pipes coming into this for redundancy in case one should go down or one should be cleaned. All systems are going to run at a one hundred percent capacity on one -- on the pipes. I'll explain in a little more detail the life support system. There's a public entry on the northeast corner of the project and the northwest corner, we have our service access. The building is basically a two-story L-shaped structure. The main floor, which is located at street level is primarily research activities. I mean it would (indiscernible)

RECORDER: Excuse me, you'll have to speak up in order to get in on the tape, when you're back there.

MR. LIVINGSTON: I'll do my best. These drawings are located in your -- in your project description notebook. All, in fact, all the drawings I have here today are located in this

notebook, so I'll just refer to these. These colored ones are the actual drawings that we have submitted and reviewed with the Trustees legal counsel, legal advisories at the Department of Interior, and have reviewed for purposes of funding and establishing which portions of the facility could be funded by EVOS funds, which are not. So, these colored -- colored cards are the ones that we used in that process. L-shaped building -- the primary main floor is all research activities from this point west, it's called a research deck and it has pools, tank, pens located in it for research activities. This yellow in the northeast corner is a piece of it, entrance, auditorium, book store, ticketing, and down on the right side you have the naturalistic -- more naturalistic habitats, that are providing capitalistic long-term research habitat for stellar sea lions, for seals, for sea otters, for marine birds. The capacities, I'll use a sea lion, of a tank is approximately three hundred thousand gallons, for the seals about three hundred and fifty thousand gallons, marine birds around two hundred thousand, sea otters, a hundred and fifty thousand. These capacities, and much of the information, essentially all of the information that we have generated came from -- working with a scientific work group which was composed of people from the university, from various agencies, NOAA, ADF&G, Natural Biological Survey. That information that we gleaned was then put into what we call the design program workbook, or informally we called this "the Bible," because it has one hundred and fifteen pages of data about the project in it. At one time it had much more than that, and

like many projects, it started out getting very large, where we probably had a two hundred million dollar project, and it's -- we've cut it back down within the forty-seven million dollar budget. It's a very lean project, but all of the -- all of the necessary infrastructure that's required to address the research, and visitorship components, is within the building. On the upper floor we have primarily visitorship in this yellow area, galleries, and along this western edge we have offices. We have sixteen offices for research scientist and their assistants. The upper northwest corner we have the library. The size of that library is approximately the size of the EVOS library in Anchorage now. One of the things that has been a challenge to me as an architect and its made this project extremely interesting is integrating the research component, the primary function of the building, along with a visitor component, so the visitors have an opportunity to come and see the research. We're really putting research on exhibit, and that's something that's not been done. It's not been done before in America from the get-go. It's always something that's been grafted on later on, either there's a research facility like the Hatfield facility that has had something grafted onto it, or there is an aquarium-type facility where they have started to try to do some research. But, this has been integrated from the very beginning, and it's a complex integration because we cannot have conflicts between the visitors and the research. In other words, the research cannot be disrupted by the visitors. So, what we have done is integrated it in a way that the public and visitors

feel like they are -- they are participating and observing the research without conflicting with the research activities. The way we've done that is on the second floor, we have these white squares that you see on this plan. Those are really shafts that go -- that look down into the research laboratories, the medical treatment areas, dry lab, wet lab spaces, these have windows in them so the public can look there. There will be interpretive materials, there will be active -- interactive video materials, whatnot, so the public can look down and see the research. In addition, the public will come out onto some viewing decks at the edge of the building here, and they will look down upon this research tank deck area. So, they will also see the researchers out there in these short-term tanks and (indiscernible) and see in real time, researchers conducting activities. Again, we'll have interpretive materials there available explain to the public exactly what's going on. The -- we have play -- sport activities up in this area, things like diving equipment, storage, receiving dock, toy activities. We've got a loading area, we bring animals in. There's sort of a small medical hospital for animals located in the facility, including food preparation, veterinary offices. We have treatment and isolation, quarantine area within the facility, so it can handle animals brought in and needs to be quarantined, it can be, whether it's a bird or a sea lion. We have a large wet lab, eighteen hundred square foot wet lab located here, and it can be used for various types of activities, either marine mammals, marine birds or fish invertebrates. Research activities supporting this lab and in this

lab -- this other wet lab down here are some smaller dry labs of about two hundred and fifty square feet each, and those are to support individual projects in a dry lab function that would be taking place in these wet labs in these area. In the center we have a large central dry lab, which has within it smaller dry lab components, things for toxicology, (indiscernible), elements like that. Along this west wall we have openings from these wet labs out onto this deck, and those -- there's an overhead garage door essentially where animals and tanks can be moved in and out of the facility easily for maximum flexibility over time, for all types of research projects. Half of this deck out here is covered and enclosed. It's not heated, but it's tempered, so in the winter time a scientist is not out there in the elements trying to take a blood sample out of stellar sea lion when its ten below. On this east side of the facility at this level, at the street level, we have public circulation going through here that -- that gives the public an opportunity to view these animals in these tanks under water, through acrylic windows. At the second level then is the water surface for these tanks, for these naturalistic long-term research tanks, and the public will have access to those areas on this west side. The scientists and the animal husbandry people will have access via corridors and tunnels through this -- this rock work around the east side, and so, again, we have that separation that is so necessary between the public and the researchers, and although they're both observing the same animals in the same habitat, they have completely independent research

access opportunities to them. The life support system for this facility is extensive. I'm not going to take you through this in detail. This is just, actually, a simple schematic, this is a five million dollar system, just for pipes, and pumps and filters. It's very extensive. It allows independent operation essentially of all the naturalistic habitats that are on the east side of the facility. It also allows independent operation of the different quarantine areas, the outdoor labs, the outdoor pools and tanks that are shown on the west side of the facility, and of course, the labs themselves. Each laboratory will have a network of sea water piping, of both filtered and unfiltered, fresh water piping. Those labs will be subdividable as necessary, depending on the research to be undertaken, and there will be a drain system in the floor that will pick up different types of -- of outfall. If there's any contaminated water in the facility, it will all be treated before it's discharged back into Resurrection Bay. We're meeting all requirements for that. And that would include treatment for hydrocarbons, it would include treatment for chlorination, it would include treatment for any type of bacteria, and ozonation (ph) and whatnot that you wet lab might be needed to -- to make sure that the effluent in the outfall is -- is sanitary. The cost-effectiveness of providing a single facility with all of this in one place is pretty evident. In other words, if you were to have this type of system scattered around at different sites in the North Gulf, the cost would be far beyond five million dollars and, of course, the operational costs would be -- would be much greater

because you'd have to have a full staff that knows how to operate this system effectively, because the operative -- proper operation of this system is essential for -- for the veracity of the research. The life support system will be taking in water at a depth of about two hundred and fifty feet. The Institute of Marine Science in Seward right now has a twenty-one year record of that water, the quality of that water, it's extremely high quality, and that's -- it can't be overlooked. It's something that is necessary for the very -- very essence of the project. Thank you.

MR. SELKREGG: Moving along, we'd like to speak briefly about the operating structure. Again, my name is Leif Selkregg, project manager for the project. It's intended that the facility will be owned by the City of Seward and operated by the Seward Association for the Advancement of Marine Science which we'll refer to as SAAMS. SAAMS is a non-profit corporation which was established in February of 1990. Based on a review of other similar facilities around the country, the non-profit corporation with formal ties to an established research institute is the most appropriate operating structure for this facility, and it does provide important advantages. It allows flexibility in the areas of staff recruitment, key positions. Procurement, taxation, and most importantly perhaps, fund-raising. It also minimizes administrative overhead costs associated often with government and institution ownership, and it does provide some insulation from the political changes which occur in our state and federal government systems. We believe that this will result in a more efficient

operation and will direct more dollars towards research rather than onto non-research costs. The operation of the facility will be guided by a board of directors. There are currently eight members of the board. The by-laws call for nine. The board has decided recently to establish an advisory group, and this week a letter has gone out to President Komisar, Jim Ayers, and to Mayor Craig of Seward to assist them and basically modifying the composition of their board to reflect the needs of the Trustee Council to carry out restoration of injured resources, to ensure that the use of public and private funds are appropriate for both capital and operating expenditure, to ensure that the goal of the facility to be operationally self-supporting is accomplished, to maintain any relationship and build a relationship with the University of Alaska to integrate this facility into a statewide research infrastructure, and to maintain a complimentary co-existence with the community of Seward. I have prepared in section seven a diagram of the organizational -- proposed organizational structure.

(Points to wall illustrations.) It's also the second board from - providing you're facing this way. The SAAMS non-profit corporation board of directors will have a direct reporting relationship to the Executive Director of the EVOS Trustee Council.

This establishment of this relationship would ensure that the Trustee Council priorities to restore injured resources are being met and that EVOS restoration research will have highest priority at the facility. Two members of the SAAMS non-profit board of directors will be from the university, intended to be appointed by

the president of the

university. In addition, the University of Alaska will provide quality assurance and standard operating procedures for all research at the facility. The -- at this time, what I'd like to do is introduce Tyler Jones, City Manager of Seward, to speak for a few minutes about the relationship with the City of Seward.

MR. JONES: Thank you, Leif. As he mentioned, I'm Tyler Jones, I'm the City Manager. I'm speaking to you for -- from sort of two perspectives, one is that of the city manager and one is also as a board member. It might be worth noting that Darrell Schaeffmeyer, my predecessor as city manager, is also on the board of staff, SAAMS, so we have a very long complicated relationship with the organization. The city has been very involved with the Seward Association for the Advancement of Marine Sciences and supported this project since inception. We've had staff on the board, we've had council members on the board, we've also had staff on the educational work group through this most recent generation of information about the project. The ownership issue is one that is key to a number of people. I think both philosophically and practically, city ownership in this has been very high, a very strong sense of community goal to support marine science, to advance the cause of that particular form of science in the community and with the university, and now independently through the SAAMS organization. We've evidenced that support, that sense of ownership by committing land, a fairly sizeable amount of staff resources. I will be quick to point out that Seward's checkered reputation as a political organization has also led it to

contribute a fair amount of political capital to this -- to this project, both with the legislature and administratively. The community is very, very strongly in support of it. Technically, being the owner of the facility is not a problem for the community.

We've done that separately on other large projects, notably was Spring Creek Correctional Center, the maximum security prison in Seward, the railroad's coal dock -- were projects that Seward picked up the ball and ran with. I hope that while I speak proudly of the community's aggressiveness and willingness to take on challenges, I must admit that it's not always easy to quantify moment-by-moment just exactly where the community is on a particular topic. As has been noted today, the particular needs and focus of this project, now moved exclusively to research, has been changing over time. The community is not always right on top of those changes, but they have always gotten there in terms of support over time. Seward is really only beginning to come to terms publicly, collectively, with the community impacts of being the -- being at the edge of Kenai Fiords National Park, and as Dale Fox will tell you later, we've got more or less a half a million people wandering through Seward on an annual basis. This is as big a shock to the City of Seward as anything that this proposed project intends to do. There are people who simply cannot grasp the idea that a town of three thousand people has that many visitors, but in fact it's happening. Each time the change of these kinds has happened in Seward, the city has been there in full support of this project. Most recently, I might note in your

appendix A, you have City of Seward Resolution 94-173. It was passed on September 12th. It again supports emphatically, unequivocally, the project on behalf of the City of Seward. The community also has support for the organization of Seward Association for the Advancement of Marine Science. We recognize that a private non-profit operation has a much higher prospect of success with such a facility, then would the community, and than -- excuse me -- than would the City of Seward or than would another government entity. As was pointed out to me yesterday, it's generally recognized that government doesn't attract a lot of voluntary philanthropy. We also note that in the community, the phrase that the community is interested is something along the Woods Hole line, as opposed to the Sea World model, is a very clear community preference, and there's been a lot of popular discussion around that. In addition to its support for the project and for the organization, I think the community appreciates the success that SAAMS has had showing that it can muster the resources, take the appropriate steps to deal with the Environmental Impact Statements before you right now, or the requirement for adjustments in the board. These are all capabilities that SAAMS has that they are responding to as those need to become known. In particular, with respect to the board expansion, as a board member and as a community representative on that board, I think it's obvious that we have attempted and are continuing to attempt to attract a new board membership to reflect a broader statewide awareness of the project and support for the project. Also, in the

scientific/research area, we're being very focused in attracting board activity in that regard. With respect to users, we are following up with cruise operators. As Mike Castellini said about researchers, they don't sign up until there's a facility there, the cruise industry appears to be -- to have learned something when they went to college, they learned not to sign up until the facility is there. In this case, however, we can report that at the Alaska Visitors Association, last week in Whitehorse, the more or less four hundred and fifty members of that organization unanimously endorsed a resolution supporting the project. The people that we had at the convention to talk about the sea life center and to talk about this project came away with very strong commitments from cruise lines, in particular, from large and small tour operators, specifically, who said they would write letters assuring that their customers would -- this is the type of facility their customers ask for, want to see, that they would sell the visitation to that facility and that they fully expect that it would be wholly utilized as expected in our market analyses. In summary, I'd like to assure the Council that the City of Seward is fully supportive of the operating structure that's laid in the document before you. That the board is taking the steps to change the organization to respond to new needs and developments, and finally that we've got user, visitor user and scientific user commitments, either in hand or en route that we will be presenting to you forthwith. Thank you.

MR. SELKREGG: Thank you, Tyler. One other note on the

operating structure, you will notice a board of governors. One of the important functions of the SAAMS non-profit corporation, in addition to its responsibility for ensuring the goals of the Trustee Council, will be to establish a long-term development program to fund research and education into the future. And, the SAAMS board will establish a board of governors, which is primarily comprised of selected individuals representing leaders in the private sector and scientific institutions, and their primary role will be to assist the board in long-term funding. This will be an honorary appointment and will not be voting members of the SAAMS board. I'd like to ask Darrell Schaeffmeyer, the product administrator for the SAAMS board to say a few brief words about the administration of funds to date on the project.

MR. SCHAEFFMEYER: I'm Darrell Schaeffmeyer, I am the project administrator for SAAMS. I'm also a member of the board of directors for the corporation, and have been since its formation in 1990. I thought I would just briefly describe before you the genesis of this non-profit corporation. Historically, with the Institute of Marine Science, Seward marine facility in Seward, there has existed a -- an advisory committee to that organization.

Several members of the advisory committee were the founding members of SAAMS. They met actually in 1988 in one of their meetings, and discussed the need for putting forth a program that would bring to pass development of perceived needed research facilities to enhance and expand the capacity and capability of those facilities already in existence. We all know that shortly

thereafter the Exxon Valdez

oil spill occurred, greatly emphasizing in the mind of the Seward community, certainly, the absolute need for and necessity of improved research facilities, particularly in the area of marine mammal and marine sea bird research, and thus in 1990 the corporation was established under the laws of Alaska and granted 501(c)(3) status by the Internal Revenue Service. The primary focus of SAAMS has been the facilitator and developer of this facility. As such, we have provided much of the political as well as the managerial leadership in bringing forth the development of this facility. Significantly that has included the appropriation of funds by the Alaska legislature of twelve and a half million for this project, and the administrating of those funds since the appropriation. We have agreements with the City of Seward, whereby SAAMS is the organization that administers those funds and provides all of the management to bring together the organization that much of what you see here today for -- bring forth and developing the project. We provide all of the fiduciary management, we have adopted the policy of following the City of Seward procurement codes and regulations, we have also adopted the policy of following the City of Seward investment code and guidelines in the administration of funds. As we are using a substantially public funds, as a corporation, we are also subject to audit. We have undergone audit, both under the state and federal single audit guidelines. We should have an audit report available for our corporation as well as for the purposes of the administration of public funds sometime by the end of this month. We are certainly

committed, and I think have demonstrated the leadership capacity and capability of bringing this project to completion and into operation. We have a firm commitment on the part of the board of directors, as Tyler has indicated, to expand the board and to change as necessary to bring this project on line. We see that occurring over the next several months and look to inviting on the board statewide representation and representation from the scientific community, as well as the university. I would like to say that as a board and as an organization, we feel very comfortable in the challenges and tasks ahead of us, to see this project completed and to see it in operation. We believe that we have the talent and the ability to do so, and it's been my privilege to have been associated with this project, both as a board member and in the past year as the administrator for the program. That would conclude my remarks.

MR. SELKREGG: Thank you. Pressing on with our agenda, I'd like to address the integrated funding approach for the project. This is section eight of the project description, and I'm going to utilize some presentation material over in this corner, so I'll speak up for the microphone. The total proposed capital cost of the project is \$47,456,000 proposed to the research and education components. The integrated funding approach for this project takes advantage of the state criminal settlement funds of approximately \$12.5 we are requesting direct funds of \$24,956,000, and we have a \$10,000,000 private fund-raising campaign for capital, and a \$6,000,000 research endowment to endow three chairs

for the University of Alaska, at the facility. Funding strategy, in terms of how we would propose to utilize funds for both research and education are articulated on a graphic in your booklet, which is 8-2, and if I can just explain this briefly, across the top you have the sources of funds for the integrated funding approach, and down the side-bars you have the components within research, education or endowed chairs. We are proposing as part of our integrated funding approach that \$7,040,000 of the state criminal funds be dedicated to the research component, and that \$5,460,000 be dedicated to education and visitation component. In regards to the direct funding we're requesting of the Council, \$24,956,000 would be dedicated purely to the research component of the project as described in the project documents which Tom has presented to you and we've reviewed with legal staff under the cap. In addition to that funding, we have asked a professional fund-raising consultant, through a competitive RFP process, J. Donovan Associates, to do an independent analysis of our 10 million dollar capital campaign. We are currently proposing that up to \$10 million, 5 million would go toward completing the research facility and 5 million would go towards completing the education component. And, I think with that, what I would like to do is introduce Roy Temper of J. Donovan Associates who performed the study to give you an overview of our findings on the fund-raising campaign.

MR. TEMPER: Thank you, Leif. This is a brief overview. J. Donovan Associates is a Salem, Massachusetts-based firm with offices in Florida and California and Canada. We are, in

fact, an international firm serving clients currently throughout the United States, some twenty-five states, clients in Canada, and have worked with the Thai Research & Development Institute in Bangkok, Thailand. Currently we are conducting a major capital campaign for Providence Hospital in Anchorage, Alaska, and have done a similar project for the Food Bank of Alaska, where we returned a negative finding, that all findings are not simply positive because we're engaged. We were retained or commissioned by SAAMS this summer to conduct an in-depth feasibility study to test the philanthropic market in support of education and visitation in the amount of ten million dollars, with six million dollars being spread over three endowed chairs. We discovered that donors would not support the education/visitation component in a start-up situation. In fact, had to modify our basic assumptions in the middle of the study. Donors, however, did indicate that they would enthusiastically support research, which is the focus of this entire project. We recommend and indicated giving, which I think is very important to say, those people who indicated if this were to move forward, would support at a following level. Those figures total \$5,000,000 and we would recommend that fund-raising in support of research with a \$5,000,000 goal begin in November of 1994 and continue for a period of fifteen months. It's our opinion that cash and/or pledges would be in hand, the goal of \$5,000,000 would be achieved at the close of that project. Further, we learned that donor prospects would support the three endowed chairs at \$2,000,000 each, totalling \$6,000,000. Donors supported the

education and visitation would be accessible and achievable once the facility is open. That without that facility constructed, donors -- potential donors would not support it, and really view research as the basis of the project. Our findings are based on recommendations drawn from direct personal interviews, lengthy research and evaluation, add collected data, interviews and data collection from other national and world renown similar organizations currently operating. Specific retest of modified assumptions with corporations, foundations and major donors, and that is all coupled with a track record of our firm's success over the years for a very, very broad and diverse client, audience. First phase of the fund-raising will be to support the research to the tune of \$5,000,000, will come from national foundations, U.S. corporations, international corporations, and major donors in the northwest, Lower Forty-Eight, Alaska and a few national and international donors. Use of access will be through the board of governors. It is important to say for philanthropy to be successful, it has to be in a peer-to-peer basis. One of our recommendations was to expand that group, SAAMS is in the process of doing that. The philanthropic support is out there, and we would urge that you would move forward with a campaign in support of the research component.

MR. SELKREGG: Thank you, Roy. Just a quick recap, briefly then of 12.5, \$7,000,000 towards research, five and a half towards education component, but the \$24,956,000 is entirely dedicated to the research component. Of the \$10,000,000 fund-

raising campaign, \$5,000,000 for research and \$5,000,000 for education. In terms of timing, the campaign information that we have is that the \$5,000,000 for research will come on line in time for our construction sequence, and it is scheduled here in this diamond here, shows the date in which the 5,000,000 research capital campaign will be complete. In regards to the visitation component, what Roy said was we are going to need to take advantage of our visitors, in the sense of that fund-raising campaign. Therefore, the project will need to put together a bridge financing strategy for that \$5,000,000. We've been in discussions with a New York based financial advisory consultant, and they are prepared to develop a bridge financing alternative, so that \$5,000,000 as well will come on line in time for pre-construction for the 1997 opening. In regards to the proposed fund transfer, it is proposed that the Trustee Council direct funds to be transferred to the Alaska Department of Fish & Game, and Fish & Game would transfer capital funds to the City of Seward pursuant to A.S. 37.05.315(c).

We've also looked at a phasing strategy, a what-if scenario, this document is also included in section eight and it represents those portions of the facility that will be affected by the fund-raising campaign. 47.5 million, the total project, one hundred percent complete of all research and all education. 42.5 million dollar project indicates that the research fund-raising has been successful. We do not have the bridge financing for the education component, and therefore, we complete all of the research component, but only a portion of the education component funded by

the state dollars. And, finally, a 37.5 million dollar project, we've not delivered the full program of the research component or the education component. The project team has been sometime understanding what the phasing would be necessary to respond to the cash flow requirements to the fund raising, as well as the funding of the project. I'd like to speak briefly about capital and operating budgets. Again, this is section nine of your documents.

There are several spread sheets, with the exception, we'll not try to go into great detail in all of them. Again, I want to state that the total project cost is \$47,456,000. This is made of the state -- they have a research component and an education component.

This estimate has been prepared by a professional cost estimating firm, it has been reviewed by my project management company, and we have also had an independent cost estimator working with the project team so that we have a third party independent analysis. In preparing the overall project costs, our baseline is our construction cost, construction cost is based on a very detailed bill of quantities, every -- every stick that goes into building the project has been identified, quantified, and priced. That becomes your baseline. The cost of design, project administration, and project management, contingency and our fairly extensive EIS and planning phase are -- have all been applied to that construction costs to give us the total project cost. Tom has mentioned throughout the life cycle of the design process, where we've been working with the researchers, keeping the balance between our research program, the program for the use of the

facility, and our budget has been a very important one to us. We've had to prioritize constantly of what could be accomplished in this project, and we have gone to two value management exercises, which has reduced the scope of the project in terms of the total need that we could accommodate. We have reduced the project to the tune of several million dollars through the value management process. The operating budget is based on three separate feasibility and marketing studies, and again you will find this sheet, this Figure 9-3, in the project description. Thomas J. Martin, in fact, (indiscernible) marketing in August of '93 on behalf of SAAMS, prepared the initial operating budget scenario. An independent analysis was performed then by Public Finance Management, Inc., for AIDEA, as part of the legislative appropriation, and at the suggestion of AIDEA in their recommendation on their analysis, we brought Dale Fox and Fox Practical Marketing back in recently to very carefully evaluate the visitation assumptions that drive the revenue which offsets operating costs. A quick overview of operating expenses, the major categories: salaries, administrative, facilities, and tutorial. These figures are each based on detailed estimates, an individual number of people that are going to be actually employees at the facilities, the associated administrative costs, a detailed analysis of our energy consumption and utility consumption for the facility, and knowledge of what's it going to take to care for the animals at the facility. There is backup provided in some detail in the document. Offsetting the operating expenses are revenues.

We see the primary revenue generator as the visitation component. We have, based on our research, about -- approximately 250,000 visitors per year, and we will be generating the primary admissions revenue. Family membership, corporate membership, health sale, research contracts, which I will come back to, rehabilitation, grants, donations, miscellaneous have all been quantified, and in our first full operating year, we are anticipating that we are going in a break-even mode. These are based on extremely conservative suggestions as reviewed by AIDEA. We have adopted the AIDEA conservative review of our monthly analysis and the baseline for operating assumptions. Now, what I'd like to do is ask Dale to say a few words about our primary revenue generator, which is visitation component.

MR. FOX: Good morning, my name is Dale Fox, and I own a consulting firm specializing in the Alaska visitors industry. Our firm has broad experience with projects across Alaska, many projects in Southcentral Alaska. I guess in terms of this project, the -- the key thing that the design folks have done so well is design something that can meet the needs of research, but also provide to the curiosity of the visitors and the excitement of those activities. On this project, we've done some related research that helped us form the foundation. We were hired by the Kenai Peninsula Borough in 1991 to do baseline research of travel to the Kenai Peninsula, which we used as a foundation for this, and it was also the foundation of the information for the very successful Kenai Peninsula Tours of Marketing Council. We provided

the initial consumer and trade research for the Alaska Sea Life Center a couple of years ago. That research, as we indicated, was reviewed by an independent AIDEA consultant. It was reviewed and the results were confirmed. As part of that AIDEA review, they recommended that when new research became available, that we update our research. The SAAMS board as a result of that, asked me to update the research -- up -- our research on this project, and to expand our research and go further than we had gone in our first stage. The expansion of that, we went out for a lot more industry interviews. We used new research, combined with the earlier data that we compiled for this project, and the earlier data on the Kenai Peninsula tourism, we have a very clear picture of the potential for the Sea Life Center. A couple -- I'd like to share a little about the sources and information so that you know that we just didn't put our finger in the air and say, golly, gee, it looks like it works. Some of the sources that we used included the state Alaska Visitors Statistics Program, state of the art fantastic visitors statistics program that is unparalleled in any area. It provides a wealth of information upon non-resident visitors to our state, where they go, how much they spend, motivators, the whole works. Additionally, we commissioned three polls of Alaskans, one in Anchorage, one on the Kenai Peninsula and one on the Mat-Su, asked Alaskans what they thought of this facility and if they would be willing to -- to go and pay money to visit this facility. The third thing we did was we expanded our interviews with tour companies and industry leaders. We interviewed the top executives

at the largest companies that are bringing visitors to Alaska, including Princess, All American, Cunard, Regency, Royal Cruise Lines, World Explorer, Alaska Air-Lands Vacations, and the list goes on. But, we didn't stop there. We went on to interview small companies, people who were bringing small numbers of visitors to -- to Seward, the Alaska Railroad, Alaska Sightseeing, Gray Line, and many independent motor coach companies, to get a good grasp of how the industry would respond to this project. From our research, there's a couple of general findings. First, Seward is hot in tourism. It has nearly five hundred thousand visitors last year. It's one of the most visited communities in the state, both for non-residents who are coming to our state, but also for Alaskans who are going to Seward and the Kenai Peninsula in very large numbers. Further, Seward's growth has been about double the rest of the state over the last ten years. We're growing at about ten percent a year, where the rest of the state has been growing at about four percent a year. So, what were the responses that we received from individuals and market segments. First, we looked at Alaskans. We know from our research that eighty percent of Southcentral Alaska traveled to the Kenai Peninsula annually. They traveled about 4.3 times a year, and we polled them about their interest in paying ten dollars to visit a facility of this kind. Over seventy percent came back and said, you bet we're interested, where you want to go to something like that, and those of you who live in Alaska know that seventy percent is an endorsement in any Alaska market because seventy percent of Alaskan won't agree that

the sun is going to come up tomorrow, but yet they supported this project (indiscernible). The response from the visitors industry was universally positive. In every case, when presented with the information, people went, Wow, what a great project, and when asked do you think your customers would like to go to that -- spend money to go that and help support the facility that's going to do this research. The answer was wow, you bet. It's a great response from the visitors industry at the poll. In fact, most recently, as Tyler mentioned, at the AVA annual meeting last week, four hundred and fifty delegates voted unanimously to support this project. I'm a former executive director of the Alaska Visitors Association, and I know that that's just an expression of statewide support for this project because it's very unusual for the delegates from around the state to endorse a project that's going to make Seward even more attractive and even more competitive than some of those communities that -- that were represented there. So, people from Ketchikan and Barrow voted yes, you bet, make Seward more attractive because this is a neat project and it would satisfy our visitors' desire to see wildlife up close and personal. The full results of our research is contained in two volumes, several hundred pages, lots of details. There's a summary in your appendix E that you can take a look at. I want to make a couple of quick comments in closing on that summary. Page 9 of that summary specifically and appendix E provides a five year forecast for the visitation of this facility. In non-resident, non-cruise, those people who fly or drive to Alaska, Seward gets a tremendous number of those visitors,

currently about a 155,000 visitors, growing ten percent a year, but in our projections we said five percent a year. Forty percent penetration will produce seventy-two thousand visitors. Forty percent penetration, it's a kind of penetration that the Anchorage Museum and the river boat Discovery have -- in -- as a comparable project. You'll see that the next item is cruise market, and unlike -- I know some of you are from Juneau, where the cruise industry is everything, this is a small portion of the market that we're predicting for this. We did very conservative projects on the cruise industry. We even have in our study assumptions that Whittier access will happen and that some of the cruise lines will go away. Very conservative numbers to -- to get you to that -- those results. Enthusiastic support from the cruise lines, but we chose to take the most conservative approach possible to make these -- these numbers very relevant. In terms of residents, again the response from the residents was terrific. We believe that in the initial years there will be a great deal of excitement about this project, and that residents will go in great numbers, and as time goes on, some of that will decline, people will say check I've done it and move on. But, we think the numbers will stay strong because of visiting friends and relatives. We all have them, and this would be a great place to take them. And, the significant travel patterns that we already know about Alaskans traveling through the Kenai Peninsula. It truly is Alaska, Southcentral Alaska's playground. We've also made estimates, modest estimates of fall, winter, spring visitors, conventions, school kids, and also what's

going to happen in terms of new travel to the destination. Again, a very modest number of 28,000. In terms of the response, half of the visitors to Southcentral Alaska do not apparently make it to Kenai Peninsula. We believe a percentage of those will go, based on the enthusiastic response of some of those smaller providers of transportation, bus companies, Alaska Railroad, and others. In conclusion, we researched visitation and that research was validated independently. We've updated and expanded that original research as requested and the results are strong. The support is there from the visitors industry to support this research facility.

MR. SELKREGG: Thank you, Dale. Bear with us for five minutes, appreciate your patience. We've given you a lot of information. Let me pull that -- that Dale has just provided you back into perspective of research. Why have we exhaustively told you about support of our primary revenue generator omission, because the goal here is to make research very cost effective. We are only calling for approximately \$250,000 of revenue into our revenue projects to come from the research component. That \$250,000 of revenue is strictly associated with a portional charge of utilities that the research actually consumes during the course of the research activities. There is no rent. There is no administrative overhead charge. What we've done is an analysis of what the annual overhead costs of a research facility is, approximately \$1.9 million. The visitation supported research overhead accommodates eighty-seven percent of that, leaves us with thirteen percent which is to be supported by the research

activities themselves, and that analysis basically said that fifty-five cents a square foot per month for utility charge, we can collect that level of revenue. That corresponds to a four percent facility overhead cost to conduct research at this facility. That graph is 9.6 in your -- in your document. We've also looked at the ramp-up costs associated with the projects. We know that our revenue stream will not necessarily be in full mode at the time that the research activities needs to start building up. We are aware of the ramp-up costs associated with this project and estimate that to be approximately two point three million dollars.

What I'd like to do is just close right now on this project schedule. You have been driving the project schedules since January 31st. It was your four conditions for NEPA compliance, consultation, developing the integrated funding approach, preparing a recommendation which has focused the attention of the resources applied to this project. We have had a thirty-three week NEPA compliance process. It has been a massive effort and we believe it has been very successful and accomplished, and October 28th ROD. The consultation with the appropriate entities, we've created such work groups, we've worked very closely with agencies and other research users from across the state to ensure that consultation was appropriate and these have occurred in developing the concept of this project. In terms of developing integrated funding approach, referred as explained today, that integrated funding approach is based on detailed estimates which reflect the schematic design which were prepared and based on the research activities

which are procured at this project. And, finally our recommendations back for appropriate level of funding, we've worked closely with legal staff in reviewing the research component and ensuring that in fact -- that the request is legally permissible under the terms of the Memorandum of Agreement and Consent Decree.

We are sure of the process. Within a few weeks of finalizing the EIS, we're moving to design development. We're well under way of obtaining all necessary permits to construct. We're looking at actually construction marine work in January of this year, the sea wall. The main building work will start this summer. We will have a building start up period which is approximately six months when the building is being tested, the animals are actually involved in the facility, and we can actually have research going on in the facility at that time. It is also an operational plan that brings all the necessary staffing on board, creates the operating structure of the facility, and there's a fund-raising plan to ensure that our \$5 million research capital campaign and our \$5 million bridge financing are in place in time to complete the project. And, with that we can stop and entertain any questions you might have.

MR. PENNOYER: Mr. Chairman, can I request a five minute break.

(Laughter)

MR. SANDOR: Ten -- ten after eleven, please -- we'll reconvene.

(Off Record 11:02 a.m.)

(On Record 11:12 a.m.)

MR. SANDOR: While we're waiting a few more minutes, I guess I'd propose that we try to break for lunch at 12:15. There are enough places around here within distance to break, and then try to do as much of the briefing as we can before that time. I think we have an executive session that's needed.

MR. AYERS: Yes, Mr. Chairman, and we did schedule it. Public knows it's an executive session, and I would recommend that we -- I think we can get most of the rest of the briefing and on other items this morning, so that when we come back this afternoon, the public would know that would be the executive session. We'd go right into executive session at 1:30, whenever you return at lunch.

MR. SANDOR: When we return from lunch, is that all right? (Indiscernible) Why don't we begin with the questions. I believe that was a tremendous job. We thank all the presenters for their presentations and I guess what I'd ask is could you moderate exact presentation (indiscernible) accept questions. Would you do that please? Are there questions of Leif Selkregg? We begin with Steve Pennoyer.

MR. PENNOYER: Mr. Chairman, this is not an action item, so I guess the reason to ask questions is to let our people either get the answers or alert people that there might still be information of interest. This has been a lot of information. I'm sure there's an awful lot of things in this book that will probably answer the questions I might have, so I'm a little embarrassed to get in, certainly without having a chance to read through, and I've

not been in town or talked to my staff about it, something I wished would have been done. So, I don't think it's going to be useful to spend a lot of time going to a lot of detail, until you get a chance to read. I would assume before the next meeting we would have an opportunity to ask questions through the Executive Director, he answer (indiscernible), get (indiscernible) provided before the next meeting, which I think is supposed to be the decision meeting.

I had a few that I was interested in. One of those, maybe it's in here, but what is the permanent research category at this facility.

I heard a lot of discussion about the building, which is quite probably true, but still from the standpoint of knowing what's going to be here, that if we build it, people will come. And, that may be, but what is the -- how many projects -- personnel, I don't even know how report personnel projects, whatever, will this facility accommodate? Are we building a nice little research facility that will handle ten or twelve people and five or six projects, or are we building something that is either in its current capacity or recently expanded to handle a lot of items, projects on the horizon in the '95 budget, they're extensive just for Exxon. I know that we look at things, that we're going to be offering, the Marine Mammal Protection Act, and other things, there's just all sorts of things that are going to be happening somewhere. So, is this facility built to handle five or six or ten or twelve people, eight projects? What is the real, load we envision the capability of handling at that facility?

MR. SUNDBERG: This is Kim, can I take a shot at that?

MR. SELKREGG: Go, Kim.

MR. SUNDBERG: On pages 3.5 and through 3.8 there's a description of the anticipated full-time research personnel that the scientific work group identified, and just briefly, with respect to the marine mammals, it was anticipated that there would be two to three dedicated UAF faculty, three to four students, and two to three technicians, and one visiting researcher. In the bird program ...

MR. PENNOYER: Kim, is that in here somewhere, or you just ...

MR. SUNDBERG: Yeah, what I just got from was on page 3.5 of section three, it says marine mammal research program overview. And then, with respect to the birds, a smaller program there, one full time research faculty, one to two dedicated students, one to three technicians, and one to three visiting researchers. With respect to the fish and eggs program, Dr. Spies could probably speak to that, but for the purposes of this description, he felt that about ten full time equivalent of both fishery biologist and technicians at the facility. And, right now there's, I believe there's sixteen offices in the design, and those would be anticipated to be filled by more or less full time researchers doubling up in a few offices with the students, technician types, and then housing some of the students, technicians, down in the dry labs also.

MS. WILLIAMS: Mr. Chairman, if I could ask a follow-up question to the one that was just asked. How many different

experiments do you think can go forward, simultaneously in this facility?

MR. SUNDBERG: Well, the facility is designed to carry out a mix of marine mammal research, bird research and fish and invertebrate study simultaneously. So, in terms of sort of being long-term, holding of the mammals and birds that would be occurring over in those research habitat areas, those would be taken over to the pools, and specific tanks that are on the west side of the facility, that can, you know, occur simultaneously, and probably, I'd say, half a dozen projects of marine mammals and one to two, three projects of birds. The fish genetics studies can on in their wet lab down in the south end of the facility full time and ongoing without any disruption at all.

DR. CASTELLINI: Can I ...

MR. SELKREGG: Mike.

DR. CASTELLINI: Mike Castellini, again, in terms of addressing the number of projects. In Fairbanks, we like to laugh at our lab as a virtual seal lab, and actually we don't have any seals there (laughter), and at that point, we have six full time funded projects going on there right now, and we don't -- you know, we have to go places to grab the animals. My guess, is the idea of six or seven projects going on simultaneous now, right now the component would be considerably low at any point, because the limiting factor is the access to the animals. I mean, you have one seal in front of you, and you may take a blood sample, but that might be relevant to six different studies. One might be looking

at stress (indiscernible), might be looking at the feeding habits, might be looking at health of the seals, it's -- the limiting factor is the animal to -- once you have access to it is tremendous. So, I would expect a considerable number of overlapping studies on that species, on marine mammals.

MR. SELKREGG: Some additional information might help address the question is section six on page six dash eleven. There's some interior and exterior square footage is given for each of the major habitat, research areas, marine mammals, which will -- thirty-three hundred of interior space and eighteen thousand square feet of exterior space. Marine birds are identified, fish and invertebrates, the monitoring and research, the oceanography -- oceanography in terms of offices. We -- in the plans, as you go through them, you will actually see the number of stations identified for working in the labs and the number of offices identified in the facility, sixteen permanent offices are planned in the facility. In addition to that, Section 9, which is your operating assumptions, there is a fairly exhaustive list of personnel assumptions. These are the non-research grant funded positions, but there is quite an extensive list on the research support staff that's intended to be at the facility. It's chart, figure 9-4. That listing of positions actually supports the personnel costs on the operating side of the facility.

MR. LIVINGSTON: The sixteen research labs -- excuse me, research offices, don't include administrative space. There is separate administrative spaces for operating the facility. There's

security office, there's the veterinarian's office, there's a central dry lab manager's office, so there are -- are other sort of administrative offices that are responsible for operating the facility, because the sixteen that are located up in this area are dedicated to science and research, plus there's -- there are offices back in here for librarians, because this is smaller and whatnot, beyond the sixteen.

MR. SANDOR: Any follow up questions, Steve or Deborah?

MR. PENNOYER: Yeah, a couple of others, only I'm not -- operations -- looking at the operational diagram, how -- how are decisions made as to which research areas have -- research projects have priorities for conduct in this facility? EVOS isn't going to make it, I mean we'll recommend projects and make funding available. How's the decision made what research will be carried out in this facility? Who makes it, and how's that done, who has veto power of input or what other?

MR. SELKREGG: There isn't yet an answer to that question. The process for determining exactly how the research program will be established is one that needs to be developed over the next eighteen months, that's as the facility approaches operation. The intention was that a great deal of leadership in terms of prioritization will come from EVOS. It is intended that the EVOS funded research projects will be the primary user of the facility in the initial years that the facility is operating. The University of Alaska will also play a very instrumental role in terms of research and intellectual leadership at the facility, and

that role has not been fully developed yet. We've asked the university to assist us in understanding what their role will be, not only in terms of quality assurance of research, but the standard operating practices and the prioritization of research. So, I believe between the University of Alaska and the EVOS Trustee Council scientific review function, those priorities will be established and that will be the policy that the facility takes. Barry.

MR. ROTH: It's -- in addition, Jim Ayers and I and Leif have all discussed that there will grant terms and conditions for those grant terms to protect the joint twenty-five, roughly -- plus -- twenty-five million dollars going into the project, is the priority for all the EVOS projects that they had perfected remains to be seen, but we have -- you know, everybody's aware that we have to take steps to protect the research money, or the money going into here to support this, and that -- and everybody's amenable to do that, and that's not dissimilar to what we did on the Aluksuk (ph) museum in putting in grant terms and conditions, to provide similar types of protection for what the Council was endeavoring to do there.

MR. SANDOR: Steve, you had another question, I believe.

MR. PENNOYER: Oh, I had one, just totally facetious one that always gets asked us before we've actually done anything. How much are we into this project for right now, out of curiosity?

MR. SELKREGG: There's a very detailed accounting of all

the money that's been spent. Darrell, as project administrator, has responsibility for that. I believe that we have committed to date \$2.1 million. We have expended approximately \$1.6 million.

MR. AYERS: That includes the EIS.

MR. SELKREGG: The EIS is perhaps the single largest component that makes up the expenditure today. It's reaching close to \$650,000.

MR. ROTH: Is that from the state criminal money, or is that ...

MR. SELKREGG: It's entirely straight criminal money.

MR. ROTH: It's not the joint -- the joint funds?

MR. SELKREGG: There are no joint funds.

MR. ROTH: The -- just for certain support units?

MR. SELKREGG: Correct. The legislature appropriation of 12.5 was reviewed by AIDEA, the feasibility study. The City of Seward has since -- we're allowed access to \$4 million, and it has been that \$4 million which has funded all of the technical work done to date to accomplish the presentation you have today, and the status of where we are in the project.

DR. GIBBONS: Were there not some EIS funds supplied by the Trustee Council?

MR. AYERS: Mr. Chairman.

MR. SANDOR: Yes, Mr. Ayers.

MR. AYERS: Mr. Chairman, there needs -- there's a couple of points of clarification with regard to Mr. Pennoyer's recent question. The Council did authorize, through the Department

of Fish & Game, funding for Kim Sundberg, the biologist for project leadership on this project. The Council also authorized funding for pieces of the management of the EIS. For example, Nancy is funded through the Department of Interior, Fish & Wildlife Service for the EIS project. The cost of the actual EIS, and I think this is what Dave was pointing out, the cost of the EIS is being absorbed by the project from the funds that have been received from the state appropriation. But, we are funding the management, so to speak, of the project to ensure that it was done consistent with National Environmental Protection.

MR. SANDOR: Any other questions? Perhaps only one.

MR. PENNOYER: I have one more. Well, if someone else wants to do it, go ahead. I was a little confused by your and Dr. Castellini's comments on, you couldn't put people in the facility, and then we talked about endowed chairs, and this has UAF personnel in the facility, in (indiscernible). Could you elaborate a little bit?

MS. ALEXANDER: I could certainly, I'd love to do that. Yes, we can hire people with the expectation that they will go there and it would be part of the job description as we hire. What is difficult to do is to take a faculty member who already is on contract and reassign them to -- to move. I suppose it could be done. There's nothing legally that says the President or the Chancellor or I could not say, okay, you will move some of the faculty positions to Seward. Yes, of course, it could be done. It would be very unlikely that we would want to take that, sort of

heavy-handed faculty, are unique in that they have inherent autonomy, in a function -- academic position as you probably realize. (Laughter) And, administrators go against this grain with certain trepidation. And, it's not in its best interest. (Laughter) But, I think the reason I mention that we do have the potential of hiring as people retired in the future and with endowed chairs, we can specify that they will be in Seward.

MR. PENNOYER: I guess I wasn't suggesting you move Dr. Castellini to Seward, so relax. (Laughing) It wasn't what I was pushing. I was interested in how many people end up in Seward, as either people who are invited in or people who are part of the staff. This is separate from you current IMS facility, that's all that I (indiscernible).

MS. ALEXANDER: Right.

MR. PENNOYER: So, anybody at the university quits is going to have to be a new hire or a transfer, one or the other.

MS. ALEXANDER: Or, on the other hand, as I pointed out with Dr. Ebberson's work, he is a resident of Fairbanks, but he spends more than fifty percent of his time in Seward (indiscernible). So there will be people who will come to their research or have graduate students there, who may not be full time residents (indiscernible).

MR. PENNOYER: Of this facility, of the sixteen offices we have, eleven I guess, I'm not sure what the total numbers that genetics lab will have Fish & Game to move (indiscernible). Other than that it's basically sort of an open -- we haven't decided yet

who is really going to go there, or whether it's going to be rotational, part of the offices will be rotational, for projects as needed, visiting folks, there's no actual permanent assignment of staff in Seward.

MS. ALEXANDER: Well, we're expecting to have three people permanently assigned.

MR. PENNOYER: New hires -- as you would hire.

MS. ALEXANDER: We knew that they would be new hires.

MR. PENNOYER: But, you'd actually intend to do that.

MR. SELKREGG: On page 9-4, the personnel assumptions, we've made an effort to try to identify potential University of Alaska staff positions, both from the endowed chair perspective as well as the technical staff and university students, which in fact would be employed to support those chair activities, and that's on the far right-hand column. We are endeavoring to try to formalize the understanding ...

MR. PENNOYER: I'm sorry, what page was that?

MR. SELKREGG: 9-4, Section 9. The far right-hand corner intends to identify the University of Alaska staff positions.

MR. PENNOYER: Thank you.

MR. SANDOR: Any other questions? Yes, Craig.

MR. TILLERY: Mr. Chairman, I have a couple. Do I understand that the two endowed chairs you speak of, you are essentially agreeing or committing those to the Seward, or not?

MS. ALEXANDER: Not exactly as such, but rather I'm pointing out we already have two, perhaps we'll have some retirees,

plus there's the three endowed chairs proposed by the fund raising, and so -- a number of options of recruiting people who will be involved in the facility.

MR. TILLERY: But, those two endowed chairs may end up in Fairbanks, there's no other place.

MS. ALEXANDER: They could.

MR. TILLERY: Once subsidized -- it sounds like somewhere you're subsidizing the research by not charging people additional overhead costs. I guess, I kind of understand that with respect to EVOS related studies because we're putting in most of the overhead for a lot of infrastructure. Is that true for some outside person comes in, some outside university applies to come in, some government grant comes in, are we not going to -- and they come with overhead, are we not going to ...

MR. SELKREGG: I'll take that. That policy position, that level of detail has not been established by the project at this time. We have taken, what I would say, is a fairly simple approach by making the strategy towards the charge for research unilateral across the board. Once the official board structure is established, I think the policy for the cost of research at the facility will be -- one of the number one priorities of that board.

Whether or not you have multiple charge standards for use, depending on source of funds, is something that the board will need to take up. We had to -- rather than develop a fairly complex analysis of that, we've taken a very simple strategy that says, all research will be subsidized, for planning purpose. I believe it

will become much more complex than that over time.

MR. TILLERY: Since it's more floating than I originally thought, can we assume that some of the grant conditions will include a subsidy for -- that EVOS will not be paying twenty-five percent overhead or -- as we research, we won't be paying ...

MR. SELKREGG: Excuse me, are you asking me?

MR. TILLERY: Yeah, I'm asking somebody.

MR. SELKREGG: What are you asking me?

MR. TILLERY: I don't know. (Laughter)

MR. SELKREGG: I'd be happy to work with you on this.

MR. TILLERY: I thought it was -- you were saying that that was the way it was going to be, and now you're telling me, well, you haven't really established, it's some work we'll do in the future. Is it possible the Trustee Council is going to end up paying twenty-five percent overhead for EVOS related projects in the future? Or is that going to be a grant ...

MR. SELKREGG: Not anticipated -- we have not anticipated that change. We are assuming that EVOS will pay fifty-five cents per square foot for utility charge only for research in this facility. That's the only assumption we've made regarding the EVOS funded research. We have not differentiated that from the other research activities which may occur.

MR. AYERS: Mr. Chairman, Mr. Tillery. I think that we have been talking about a conditional resolution that resolves some of the issues and, as Barry Roth pointed out, there -- there certainly are conditions that need to be addressed in this grant.

The specific issue of what should a Trustee Council-funded research project pay this facility has not been resolved. There's not been a specific resolution, and it will have to be specific if the Council so desires. I do not, and you do not find a final recommendation from me in this. There are four issues that I know are going to have to be dealt with in the resolution as conditional, and we need to work on that. One of those has to do with the funding issue. I think that the issue of funding, albeit in good faith, a -- an approach by the proposers of this project to say that you're only going to pay fifty-five cents a square foot. When I go through the numbers and spend some time with the numbers, all things have to come up to speed and work exactly as being presented, in order for us to only pay fifty-five cents per square feet. I also think that it's fair to say that in some cases if we could have this kind of facility available, that we would pay, we ought to pay something, particularly if it means whether this facility is going to actually be able to operate or not. We have not brought to closure the issue of how much the Trustee Council would pay for research in this facility. And, obviously to get some research projects to talk about, the fish genetics, we're paying for now. If they're at this facility, would be pay them less than we're paying them now, although they would have some of the infrastructure and things. We would be able to pay less for some things because they'd now have it available, they wouldn't have to be going outside for that. Some research we're not able to conduct in Alaska today. It would be new research. The

University, if they have an endowed chair that's going to do some research, that it consist of the Trustee Council, the university -- someone's going to have to pay for some of these operating costs, if the turn-style doesn't work too well, to their average prediction. Everyone hopes -- I guess what I am saying, everyone is hopeful that this will work exactly right, but I think that if the Trustee Council is going to say, it must work absolutely right because we're not paying anything for research in this facility, then that's something that we need to discuss. That is not a final decision.

MR. SANDOR: A second question?

MR. PENNOYER: That's it.

MR. SANDOR: Any other questions, Deborah?

MS. WILLIAMS: Talking about the relationship between the university and endowed chairs of Exxon -- Exxon Valdez research, and the possible priority there obvious quite a bit of -- pieces that need to fit together here. I think while we all felt the Exxon -- I mean the university does succeed in getting endowed chairs, the question though is what if those endowed chairs wanted to do biological research on salmon, one of the hot issues now, as opposed to some Exxon-related research. What is going to be the relationship between endowed chairs' desires to do research given academic freedom concerns and the Council's desire to have this facility used primarily for Exxon Valdez related research.

MS. ALEXANDER: I'd love to address this. (Laughter) If -- if -- as I've tried to address that, if the hiring is done, then

that's part of the job description, then there is no choice, the academic freedom issue doesn't enter into it, because that will be their -- their responsibility. We'll be using to develop the (indiscernible - coughing). They will also have to satisfy the requirements for a promotion of tenure if they are tenure track faculty. But, actually they don't even have to be tenured track faculty, they could be (indiscernible), in which case they could spend all their time actually on (indiscernible), but (indiscernible) type of work. If they -- we might want them to be tenured track faculty, because of the additional prestige and whatever else you might go along with that status. And then they will also have to satisfy the university class, and only in the -- if the type of research being done doesn't allow (indiscernible) publication and graduate students involved (indiscernible). But, they certainly have the responsibility of carrying out research out of this facility and it causes the Council priority.

MR. SANDOR: Any further questions? Phil Janik.

MR. JANIK: Question for clarification, please. In terms of the costs of operating the facility, and I see a section there called facility operations and it lists eight items. My compliments on the presentation, I thought it was really excellent. One of the things that really came home to me during the presentation of design was the sophistication here of this -- this facility. What comes to mind then is maintenance costs, especially in the years to come after the facility puts on some age. Are maintenance costs included in that section?

MR. SELKREGG: Yes, they are, as well as replacement costs. We budget in replacement dollars that accumulate over time so that you can replace major components of equipment in the facility. That is -- that is also factored into the operating budget statistics. As well as what, I believe, is a fairly complete level of operating staff assumptions. We have a chief engineer basically to operate our sea water system. You really need quite a qualified technical individual. We recognized that there -- them and that support staff are identified in the operating support personnel listing. So, we -- to our best efforts have been able to identify long-term operating costs for the facility.

MR. JANIK: So, does that represent, in terms of maintenance costs anyway, somewhat of an averaging over those long periods of time?

MR. SELKREGG: That's correct.

MR. JANIK: What kind of time frame did you use just out of curiosity.

MR. SELKREGG: Ten year, a ten year window.

MR. JANIK: Because it seems to me pretty heavy, just at a glance, running the operation and the utilities.

MR. SELKREGG: Yes.

MR. JANIK: That's why I've raised the question.

MR. SELKREGG: The costs associated with the twenty-four hour operation of the pumps that run the water systems in the facility is -- is substantial, and the need to maintain and replace

those pumps is one of the largest drivers of the long-term life cycle costs of that system.

MR. TEMPER: May I add something. In facilities similar to this, philanthropy become very, very important component, and is not simply the quick answer to achieve the initial project, and all cases where we worked and spoke with other organizations, they are ongoing developments, staff, and very active program that are ensuring the continued growth and enhancement of the facility, not only in terms of research or in terms of growth of the facility, but that's an essential ingredient. Once people have made a short commitment, in terms of gross profit dollars, they become, or should become a habit of securing the organization, and we would urge whatever staffing would place that key ingredient.

MR. JANIK: Thank you.

MR. SANDOR: Any other questions of the Trustees at this time? Yes, Mr. Pennoyer.

MR. PENNOYER: I have one more, perhaps, and I think it's been eluded to here, we've talked a lot about it, I guess I'm still not totally sure of how it all fits together. We've developed a concept which I've been assured, our -- our work plan -- our planning expenses will be part of the -- perhaps the reserve for future work for restoration and research. We've done that sort of, at this time in my view not knowing exactly what that would be, but just knowing you are getting out of the current system, there are going to be needs. We're building a facility here that has some

very specific capabilities, and a very well designed facility, capable of doing certain types of work that we're not capable of doing here, and as we've heard from Dr. Spies we haven't -- had the facility at the start of this process, it's no doubt we probably would have used it all along. I'm still not totally sure, maybe it's a question for Mr. Ayers, to tie together when we get to the final discussion exactly how the capability of this facility ties in with what our future research things are going to be since we haven't defined them. And, I clearly see all the needs for ecosystem work in the North Pacific, and the document alludes to need to understand sea bird declines and marine mammal declines, and sea lion declines, we're all -- those of us particularly who manage those resources, are very concerned about that. But, I'm not totally clear that I've decided in the year 2001 I'm going to be doing something with sea lions in Prince William Sound, or in the spill area relevant to the spill. So, that's the generic comment, I've -- decided yet exactly how that all works, so it's not -- not necessarily a question, all we'll get some observations at this point, and take -- when we do discuss this final analysis, I think we do need to tie it toward what we view our commitment to some type of longer term work (indiscernible). And, you know, again, in my own mind, I'm not (indiscernible) come together for me, at this one moment, I'm not totally sure exactly how that fits.

MR. SANDOR: Mr. Ayers.

MR. AYERS: Mr. Chairman. I realize that was a comment. I, too have -- as you raised that question with me and I

think that was one of the questions that, at least one of the attorneys (indiscernible - coughing). We've spent quite a bit of time talking with the scientists as an advisory group, I've talked to Dr. Spies and Dr. Peterson, also went to Fairbanks two weekends ago and spent the day with the Fisheries and Ocean -- School of Fisheries and Ocean Sciences advisory council, and I've spent some time talking with Vera. Not -- I think one of the important features of this, is that the scientists are talking about that very questions saying, don't limit yourself to a specific research issue today. Make sure that you build a research facility that capable of addressing the variety of questions that may be involved in these marine resources. And, I feel like there's been a lot of good dialogue about that because what you may study today, may not be the issue of 1990 or 2000 as you said, but it's clear that ongoing research, at least from the standpoint of all the scientists that we've heard from, there's definitely going to be needed ongoing research with regard to injured resources, and that this facility is capable of making that -- adapting under our adaptive management process. This facility is capable of addressing that, both in terms of the wet lab and dry lab approach.

There may be new equipment that becomes available in ten years, but there also may be new issues that come -- that come to face us.

Deborah mentioned a neurological issue, I'm not convinced we not going to see a proposal regarding how that relates to the restoration of injured resources in the very near future. It's not -- it's not so far distance from restoration. And, I think, one of

the things I'd like to do, and I'll make sure that the Chief Scientist and peer reviewers and some other scientists are at our November 2nd meeting, but I'd also -- I just want to assure you that this conversation has been going on, and I don't remember the fellows name from Harvard ...

MS. ALEXANDER: Jim McCuffey (ph).

MR. AYERS: Yeah, he's on their fisheries, the School of Fisheries and Ocean Science's advisory council, and he -- he engaged in that very issue a couple of Saturdays ago when I was up there, and spent a long time looking at the way the water comes in and is it really good water, and, you know, ten years from now you're going to have to be in a facility that has access to good water, and I think it was either Dr. Mundy or Dr. Peterson or Dr. Spies raised the issue of storage tanks -- may not need it right now, but certain types of research needs storage tanks, and storage tanks have been added to the facility. Certain aspects of the dry labs have been changed or altered to accommodate future considerations. So, I -- I just want you to know it is -- it's a good -- it's a great question that scientists have been talking to each other about. I think it's been raised in almost every form that I've been in with the scientists have been present.

MR. LIVINGSTON: There's a great deal of flexibility built in -- into this design, and we learned in our field trip that we took as a whole team in March, when we started out at Scripps in San Diego and worked our way up the coast to nine other facilities. We learned a lot about facilities, and one of the things that we

learned was flexibility, flexibility, flexibilities because of changes in equipment, changes in the type of research being done, and so we have built into this, at expense, I might add, at some expense, this flexibility. We could have saved money by not doing that, by building tanks considering the way -- for today's need, but we haven't done that, and it has not -- now it has not been removed from the projects, but there is that flexibility in there for -- not only the life support systems, but for the air animal systems, but finishes the entire lower floor is (indiscernible - coughing), it's very durable. In every little detail, even in the basement, we have the life support systems being housed there. They're not crammed in, there's a lot spare capacity in terms of space in there. We've intentionally done that so we can add an extra pump, if a specific program comes along and they need an extra filter for that particular loop, and ...

MR. PENNOYER: One last question, just curiosity.

MR. SANDOR: Mr. Pennoyer.

MR. PENNOYER: What -- what do you estimate the total design cost is going to end up being for this facility. I mean, not getting down to the wire, not the actual construction for the wiring diagrams, you got a (indiscernible) diagram, I'm assuming, still a lot of the design left to do (indiscernible).

MR. SELKREGG: We actually give you the exact number for the cost of design in figure 9-1, and the total design fee is estimated at \$5.2 million. The research component design cost is 4,050,000. The education component is \$1,146,000. It's in the

spread sheet on the capital budget in figure 9-1, the design is the second column, it represents fifteen percent of the construction costs.

MR. PENNOYER: Thank you.

MR. SANDOR: Any questions? Yes, Mr. Janik.

MR. JANIK: I'm not sure who to ask this of, but we have heard several comments along the way regarding whether this facility will compliment other facilities already in existence or end up being a competitive facility. I just use those two words as contrast. Does anyone envision a mechanism to take the edge off the concern about competition as it's been as compared to being a complimentary kind of thing? You've covered some of that in your presentation, but I know there's been a lot of thought given to that and there's a real diverse group of people here, so maybe there's a couple of folks that might want to respond.

MR. SELKREGG: Kim, are you there?

MR. SUNDBERG: Yeah, I'm here.

MR. SELKREGG: This one's for you.

MS.WILLIAMS: What time is it in Finland right now, Kim?

MR. SUNDBERG: Let's see it's about 9:45 p.m. Not too bad. I think that that's been a concern all through the, you know, the process that we had with the work group, and we had one formal meeting with leaders of the Prince William Sound Science Center, Auke Bay labs and Fitech (ph) and some of the other university facilities, and, you know, I think that there is going to be some competition there, but I think that this facility we've tried to

design, you know, a niche for it, and -- and we've pretty much, you know, held the line on, not try to be the facility for everything, and it's in -- pretty specific to marine mammals, birds and the fish genetics work, and there obviously would be some other things that may come along in the future that could be done there, but, you know, I think that we've really tried to keep it -- within a focus that is not out there duplicating or competing with -- with other facilities that we have right now.

MR. SANDOR: Any other questions, Deborah.

MS. WILLIAMS: Two items for me, one in looking at the personnel assumptions, figure 9-4, I have two issues that may be related. Given the reliance on visitorship, I anticipate your going to have to devote a lot of personnel to educational tour guides. Is that what the curators are, or the University of Alaska students, or where are tour guides built into this?

MR. SELKREGG: The curators a factor are working with the tour aspect. What we have seen in other similar facilities, is that people who were actually working with the public are often volunteers, it's a DOSET (ph) program. It's a very cultivated program where people in the community are brought in, they are educated in terms of what is happening in the facility. These people are not on payroll. They are committed to the role that the facility has in the community, the relationship between research and visitation. We saw that very effectively at the Vancouver facility, we say it at the Oregon facility, we saw it also at Monterey. Those DOSET programs are significant, and in fact, your

education director and your curators are providing guidance to those DOSET in the day-to-day interface with the public.

MS. WILLIAMS: And what do the paid University of Alaska student role?

MR. SELKREGG: They are working specifically to support the endowed chairs for the University of Alaska's research program at that facility.

MS. WILLIAMS: Mr. Chairman, my last comment, I think it's nice for us every once in awhile, to sing the praises of an unsung hero or unsung hero (indiscernible), probably the happiest seven words in a decision-making here is, we've met all the deadlines, and I particularly want to comment the EIS team for meeting an extraordinarily ambitious schedule. Doing it on time, doing it professionally. I know members of the team were up until midnight, 1:00 a.m, 2:00 a.m. on several occasions, and if I can particularly commend Nancy Swanton because I've worked with her most closely, I'd like to take this opportunity to do so.

MR. SANDOR: Here, here. Any other questions or comments. The question I have relates to how the Public Advisory Group will be able to know what's happening? Will they have an opportunity to raise questions?

MR. AYERS: Mr. Chairman. We have -- we have been keeping the Public Advisory Group informed. Leif Selkregg has met with them on several occasions, and we will be going through another thorough briefing on October 12th with the Public Advisory Group once again. We intend to keep them involved all the way. We

have talked about their role with regard to the Ford (ph) structured, but we've kind -- we've tried to make sure we don't get involved in conflicts or the appearance of conflicts, but we are keeping them informed, and we will be doing another thorough briefing and discussion on October 12th, prior to your discussion on November 2nd.

MR. SANDOR: Between now and November 2nd, if we, or any of the Trustees have questions regarding this project, are these to be funnelled through you and then the responses to those could be shared with all the Trustees. What's the process that you advise?

MR. AYERS: Mr. Chairman, I would appreciate that. We have been trying to work in that regard. Hopefully, the findings that you have before you now, after you've taken a look at that, we -- I think it resolves and answers many of the questions that I've been asked today, but if there are additional questions, if they would be submitted to me, then I can get Leif and Kim and figure out what those questions are. I am assuming that the legal questions that have come up have been addressed through a central point, which is my understanding is very relative to the Department of Interior, and I know of no additional questions that have come to me, and if someone thinks they've asked me a legal questions I have referred it. So, I would appreciate it if there are any further questions that they be directed to me, and we'll get an answer back, and we'll share both the question and the answer with the other Council members.

MR. SANDOR: That fine with the Trustees? Any other questions or comments on this topic at this time? Any other items related that which you want to bring up.

MR. AYERS: Not related to this, Mr. Chairman.

MR. SANDOR: Well, we thank very much the presenters in this project and things you were able to get into Juneau. Remain for the rest of the session, any -- last -- this is the last chance, any other questions or comments? Fine. We -- we thank you, and I said half an hour ago that maybe we'd have the other briefings before lunch, but those will take about forty-five minutes, I guess I'd suggest, if it's all right for consideration of the Trustees, that we break for lunch for one hour.

MR. SUNDBERG: Hello.

MR. AYERS: I hear you. Good-bye, Kim.

MR. SUNDBERG: Good-bye.

TRUSTEE COUNCIL: Good-bye, thank you, very much.

MR. AYERS: Kim, you know that -- that we all appreciate your hard work as expressed, and we'll see you when you return with the rest of the questions.

MR. SUNDBERG: Well, it was my pleasure.

MR. AYERS: Thank you.

MR. SUNDBERG: Bye-bye.

MR. AYERS: Good night.

L.J. Jim, this is L.J.

MR. AYERS: Yes, L.J.

L.J. Are you then convening the meeting there

in Juneau?

MR. AYERS: I think the Chairman is trying to express -- he's trying to conduct the meeting and he'll let you know that.

L.J. Okay, I'm in the (indiscernible)

MR. SANDOR: Okay, what I was wanting to suggest that is if we break for an hour for lunch, and that we reconvene for the briefings on the '95 Work Plan, Restoration Plan, and the EIS for forty-five minutes, is what we had planned, and go into executive session following that, which would be at 2:15. If that satisfactory?

MS. WILLIAMS: Mr. Chairman, we're -- we're going to flip through the scientist contract into the executive session?

MR. AYERS: It has always been and it is intended and it is identified in the rest of your packet as an executive session item. I think the briefing on the other items won't take but about twenty minutes, Mr. Chairman.

MR. SANDOR: What we'll do then is go into executive session immediately after the briefing, but I thought we allocated about forty-five minutes, so we'll come back, leave our stuff here, we'll come back by 1:00 o'clock.

(Off Record 12:00 noon)

(On Record 1:12 p.m.)

MR. SANDOR: This session of the Exxon Valdez Oil Spill Trustee Council is reconvening and we will begin with briefings of the 1955 -- 1995 Work Plan, Restoration Plan, and the EIS. Jim Ayers, you want to -- presentation.

MR. AYERS: Thank you, Mr. Chairman, members, the opening this morning was a quick overview to say that, as you recall, there are a number of assignments that you have given us, many we have complete, we have just -- some of those this morning. Others we are in the process of completing, and some will not be completed until later in the year. It is reflection of the hard work of many people that was discussed this morning, the issues that have been completed. The Restoration Plan is now in a final draft stage. That Restoration Plan you will be asked to take action on at the November 2nd meeting.

(Interruption by teleconference bridge operator)

MR. AYERS: L.J. you can hear us all right?

L.J. Just fine.

MR. AYERS: Dr. Spies, your there in Cordova?

DR. SPIES: Yes, I am, here you loud and clear, Jim.

MR. AYERS: Okay, how's your review going there?

DR. SPIES: Oh, it's going pretty well. We're in the heat of it.

MR. AYERS: Dr. Spies and the core reviewers are there at our request and per your discussion that Dr. Spies is over there working with Prince William Sound Science Center and others involved in that project reviewing 320 and reviewing what they have found and we'll hear a report of that at our next meeting. Did you want to say anything else about that at this point, Dr. Spies?

DR. SPIES: It's going very well. There's a very enthusiastic committed group of scientists over here working on the

SEA program, and we've got a very good group of core reviewers. Perhaps some interesting things on some aspects, it's a little early, but we realize the Trustee Council has to make a decision soon and '95 funding so we're here to find out as much as we can. The review is going quite well, and we've got another day and a half left here, and making good progress.

MR. AYERS: Okay, thank you. Let me return then to the '95 Work Plan. The '95 Work Plan is it's final draft stage. It's been through various reviews including a very thorough public review. Of course, the EIS, we included the Restoration Plan as we went out with the EIS to get public comments, and we are in the final stages of that Restoration Plan, and you will be asked to take action on the Restoration Plan at the November 2nd meeting. The EIS is in its final stage. Record of Decision is being worked on. If you have comments regarding the Record of Decision, I would appreciate it if you would get those to Rod Kuhns, who I believe is on line, are you in Anchorage, Rod?

MR. KUHNS: Yes, I am.

MR. AYERS: And, if there are questions, there is a time line that we recently put together to update everyone with regard to the time line of the EIS and the Restoration Plan. So, that time line is in front of you. It is our anticipation that the Record of Decision, as I say, is being drafted, and, of course, the issue will be -- the final -- the final Record of Decision will be signed by appropriate parties in Washington, D.C. We will be asking that state Trustees prepare and sign a letter of

concurrence, and it's my understanding that the Attorney General's office will be working with who the appropriate federal parties are, then the state Trustees would sign, after reviewing, a general concurrence. That Record of Decision, that draft is being worked on, and if you would contact Rod Kuhns if you have any comments about that. If there's any questions about the EIS, Rod is available, and I didn't know if anybody had questions about the EIS specifically at this point, or not. And I stop there and see if there are any questions regarding the Restoration Plan, the EIS, or the time schedule that you now have in front of you.

MR. SANDOR: No questions, Jim.

MR. AYERS: With regard to the various processes and the different tracks that the ROD and the concurrence letter have to go down, and I will be talking with the Department of Agriculture, the Forest Service. Rod's been very thorough and very helpful and I'll talk with you later about having him manage the final steps in this process. We didn't bring him here today, but we can talk about that at a later time. The PAG will be meeting on October 12th and 13th, as we mentioned earlier. We have been in contact with the PAG and working at your direction to provide them additional staff support and additional meeting opportunities to review all of the aspects of the '95 Work Plan prior to that coming before you on November 2nd. The '95 Work Plan is in a review status now, is out for public review. We held a public hearing last week, September 28th, put all sites on line, and had a public hearing, and a public work -- members of the public from various

communities did come out, I think there was thirty-some people that actually testified. Thirty-some people attended, there were about twenty-five people that testified. They ranged -- we'll have a briefing or summary of those comments for you at the November 2nd meeting, we'll have that for the PAG. For the November 2nd and 3rd meeting, with regard to the '95 Work Plan, we are preparing a spread sheet that would show public comments, the PAG recommendation and the Chief Scientist's recommendation with the Executive Director's recommendation. This is the same format we used before that you'd asked for, where you wanted to see all -- a summary of all the recommendations in the same place. We'll also provide a description of what we're recommending for each injured resource or service, and what we're recommending as being the action that would be appropriate with regard to their current condition, including the Chief Scientist's recommendation, the core reviewers. We're also starting to prepare a third document which would be a narrative description. There was some discussion about this last time, giving a summary of the scientific reasons for the basis, if there is another basis, for our recommendation, and you would have a summary sheet showing everyone's recommendation, the public, PAG, Chief Scientist and the Executive Director. You would have then identification of what we're recommending for each injured resource and then a narrative. The third document would actually be a narrative to provide you some background of why our recommendation. We hope to have that, at least, seven days ahead of time, also responding to your concern about receiving the

documents the day of the meeting. I'll stop with that. That's the '95 Work Plan. That also will be put out before you on November 2nd.

MR. PENNOYER: You can't -- Mr. Chairman, sorry -- but you can't (indiscernible) the specific decisions we'll make on November 2nd, and warrant some of the projects going out for further RFP, or something, is that all accomplished, or...

MR. AYERS: Mr. Chairman, Mr. Pennoyer. Those which have the potential for RFP, that, hopefully, will be resolved before we get to that meeting, and we'll be able to tell you whether or not we're recommending further RFP or whether we'll have brought closure to the issue. There are only three, I think, projects that actually, at this point, we felt comfortable that were going to out to RFP with. The issue of a larger question, with regard to should we in the future go out with an RFP, for say the complexities of 320, was not something that we we're prepared to do with -- deal with this year, but certainly come up with a -- we do intend to have a recommendation on how to deal with that issue in the future. And, I'm hoping that Dr. Spies and the core reviewers that are over in Cordova now going through that project will help us take a look at what's prudent with regard to -- should -- can those projects be implemented in a different fashion, which projects should be maintained. Other projects could be implemented outside of that process, or would it cause a deterioration if you started to break backup. There are other projects that we think can be done through an RFP process, and we think we now -- we did

a pilot project with two this year, herring disease energetics and then we also did receive a private proposal on whale. So, those are the three that we have looked at with regard to RFPs.

MR. SANDOR: Mr. Pennoyer, you (indiscernible).

MR. PENNOYER: Mr. Chairman, the second part of that question was those specific actions that are going to be called for on November 2nd. Are we approving these projects, pending development of more detailed operational plans, or we including a (indiscernible - coughing). What decisions are actually required November 2nd? What's the next step after that (indiscernible)

MR. AYERS: We categorize the projects before, Mr. Chairman, Mr. Pennoyer. We categorized the projects before we sent them out so that the public would have a good chance to look and you would have a chance to look at our preliminary thinking about these projects and what category did we have. On November 2nd, I anticipate giving you fairly specific recommendations with regard to action of either funding or not funding based on the public, PAG and the Chief Scientist recommendations, and the work force working with me to prepare a recommendation. I think, as much as possible, we intend to give you specific recommendations. There may be some which require additional work. Let me say that one of the things we've had Dr. Spies and others doing and many of your staff doing, involved in work sessions looking at some of the projects where we had some serious questions. Should the herring projects, for example, be more closely related and integrated, and do we have the

right comprehensive approach. The pink salmon issue, the stable isotope issue, the sockeye salmon issue, those are questions that I think had we waited until November 2nd, I wouldn't have a recommendation. We're trying to resolve some of those issues before we get to November 2nd, actually before we get to November - - whatever ten days before that is, 22nd, so we'll have a recommendation that's been thoroughly examined, I think. But you will be asked to action.

MR. PENNOYER: So the November 2nd meeting we're sort of still somewhat ad hoc-ing our adaptive management cycles you've put out with all the committees and the science review board and this type of thing. We're going to get into it, but we won't be able to have for you until the (indiscernible).

MR. AYERS: Mr. Chairman, Mr. Pennoyer, that's correct. We have a fashion of that, if I can use that term. We have used the Chief Scientist and a group of core reviewers and a work force and some people from the committees' principal investigators, and we've brought them together to look at some of these projects, just like we intend to do under the adaptive management process. What's the injured resource, what's happening to it, what do we know now, and what's -- what is the prudent approach to restoration in the future. We've done that in some cases, but it is a more fashion than completed process.

MR. PENNOYER: Mr. Chairman, as a last observation, can we do it anyway when we get to November 2nd are we going to outline the process at the start of the meeting, so we how (indiscernible).

MR. AYERS: Yes, and that's the reason we talked about the narrative, and as Molly has pointed out, there's so many different things that we have done to get to the point that we're going to be at November 2nd. We really need to have a narrative to explain some of these things, like we have brought up Dr. Spies, Dr. Mundy to work with us on looking at the sockeye salmon issue. And, there's some serious questions with regard to the sockeye salmon issue. Some real serious questions with regard to the herring disease issue, and we spent a lot of time and people spent a lot of energy taking a look at that, and I think we'll get to a good -- we'll get to a sound recommendation at this point, but you will need to have the background of how we got to that recommendation.

MR. PENNOYER: Your pass along (indiscernible). So, this is something to do with ad-hoc, not exactly, (indiscernible), but it has to do with the process. Do we have any final conclusion on the GAO report that we've had further inquiries and questions on the GAO investigation.

MR. AYERS: They didn't come.

MR. PENNOYER: They didn't attend the meeting like they were invited and actually issue a report (indiscernible).

MR. AYERS: Mr. Chairman, Mr. Pennoyer, I have no knowledge of that. A couple of people have suggested that I visit with different people when I'm back in Washington, D.C., and I'm going to talk with the Department of Agriculture, the Department of NOAA, (laughter) -- someone has to do it, and -- and the Department

of Interior about do they think it's appropriate to visit with. I asked that question and did not receive an answer with regard to that question.

MR. SANDOR: Any other question?

MR. WOLFE: Mr. Chair, could I respond to Mr. Pennoyer's question on GAO ...

UNIDENTIFIED SPEAKER: Excuse us, we didn't catch the question.

MR. AYERS: Pardon me.

UNKNOWN: We didn't catch Mr. Pennoyer's question in Anchorage.

MR. SANDOR: The question was what was the status of the GAO report of some work plan, and Jim Wolfe has the response for that question.

MR. WOLFE: Well, I thought I had the response. Did you say the work plan or their report on EVOS activities, that started about a year ago.

MR. PENNOYER: The report on EVOS activities, but had to do with our past work plan.

MR. WOLFE: Yes, we -- we coordinated with the other federal agencies, and I believe the state agencies. Mark, were you not involved in preparing a response to them that closed out that report here about a month ago as I recall.

MR. BRODERSON: They were just doing a routine ...

(Interruption by conference bridge operator concerning Dr. Spies' telephone and teleconference transmission interference.)

MR. SANDOR: Bob, I believe we're about through with this subject and why don't we just let you get back to the work sessions that you got involved there, and we thank you for your participation.

DR. SPIES: Well, thank you very much. Sorry about the noise, I've had noisy people coming back from lunch here, so it's a little bit of talking in the background. Thank you very much, and I look forward to seeing you all on that November 2nd meeting.

MR. SANDOR: Thank you.

(Aside comments)

L.J. Yes, sir, we're still here in Anchorage.

MR. AYERS: Are you on -- are you through a bridge operator, though?

L.J. Yes, sir, we're are through an Alascom bridge operator now. We could just let that go and go to a straight phone call.

MR. AYERS: Well, why don't we just finish this, because we're going to disconnect teleconference here in a second anyway. In ten minutes.

L.J. Okay, thank you then.

MR. BRODERSON: GAO just do a routine follow up to find out because they made various recommendations to see what they could, and I know my understanding of the conversation was that they don't have more plans at this point to do anything further.

MR. WOLFE: So, it's (indiscernible) in our view -- in

our legislative (indiscernible) to say that it's a (indiscernible).

MR. SANDOR: Any other questions or comments? Jim can you proceed?

MR. AYERS: Yes, Mr. Chairman, as you can see there will be a full agenda on November 2nd. I think it's possible that it'll take November 2nd and 3rd, but it definitely be a full day on November 2nd, and we'll be working with you to put that schedule and agenda together. The only other thing that I might add is that we are working on the '95 annual status report, including work sessions and we will be putting together a full annual meeting, and it is consistent with the adaptive management process. We'll have work sessions prior to that to look at the respective injured resources according to our interdisciplinary work groups, and we will then prepare an annual status report. And, I think that draft outline of that schedule has been circulated and will continue to work within the work group to put that meeting together. We anticipate that -- those work sessions being January, probably February, with the annual meeting being in March at the anniversary date. That is consistent with what we believe the direction to be with regard to the adaptive management and annual status report. Mr. Chairman, other than the issue of financial plan -- a financial report, which is in your packet, that would -- that would conclude my report. Let me say this, that Tracey Kramer (ph) who is here today is our Director of Administration, administrative officer, and Tracey has prepared the current report, and one of the things that will be necessary as we complete things like the '95 work

plan, and as we proceed with acquisitions, after the ROD is completed is discussing a financial plan of how we're integrating our various activities. Certainly, we don't intend to get into that discussion today, but it is something that we'll need to discuss at the November 2nd meeting.

MR. SANDOR: Tracey, we welcome you and we're pleased that you could add strength to our organization. Any further questions or comments from the Trustees? Deborah.

MS. WILLIAMS: Mr. Chairman, Mr. Ayers, I am trying to refresh my recollection as to when we hope to get further recommendation and presents on investment policies. Is that going to be at this meeting or November, where are we on that? Of course, we had the presentation at the last meeting, but then we were going to hopeful distill that into these recommendations.

MR. AYERS: Mr. Chairman, Ms. Williams, it is my intention to have a thorough recommend -- a thorough presentation and a recommendation at the November 2nd meeting. The two assignments that we felt we could accomplish by today was, one, to find out from the court registry investment system what they were going to allow. They have orally, I don't think written -- in writing, they have orally told us that the policy is that they are not authorized, nor is any other government agency, as I understand their -- their representation of the issue, they're not authorized, nor can they authorize investment in other than United States Treasury securities, either CDs or bonds. Now, with that said, let me say that then opens up then the question for our investment

help, Bob Storr (ph) the investment officer from the state, and that is what is the best mix then of our investment. Certainly, eight year bonds right now have a much higher interest return, actually its at eight point something, 8.1, then this fifty-two week rolling average of U.S. Treasury CDs. So, what we have asked them to do, and we're meeting with them tomorrow -- investment officers tomorrow, to help prepare that presentation for you for November 2nd and a recommendation, but it will be within the framework of U.S. securities, both long-term and short-term, a mix that will serve the purposes of the Council.

MR. SANDOR: Any other questions or comments? What to proceed.

MR. AYERS: Mr. Chairman, the only other item is I think that many of you have seen the hard work that goes into many issues and sometimes you don't get to see the fruits of the effort, but those who went to Kodiak recently for the dedication of the Elutic (ph) Archeological Repository in Kodiak, got a warm reception and maybe rather than me trying to give an update on that, Mark if you'd just give us an update on kind of what's happened there. It's pretty positive and I thought that the Council ...

MR. BRODERSON: I don't have a copy.

MR. AYERS: Basically the repository is on schedule and on budget. The Trustee Council, as you know, is helping Kodiak Area Native Association to develop that facility and study and preserve the artifacts in the spill area -- through the spill area

and in that area specifically. Things have gone swimmingly well. Steels in place, the roof is on, concrete floors are poured. They are constructing the building and the partners with KANA will -- will come on board. The Natives of Kodiak will own the second floor and KANA owns the first floor. They've worked out those arrangements, things are proceeding, and it's a very positive experience in Kodiak and all reports, including the press, have been positive. So, I just thought you should know that, and there now even, they did put in a basement and their now talking about, you know Kay had the vision to put in the basement, and they're now talking with KANA, soon as KANA's able to raise the funds, KANA wants to move -- expand their opportunities into that basement area. So, just thought you should know that particular project which was very difficult for all of you to put together, actually is going very well, and it's received positive comments from all corners.

MR. SANDOR: Good news. Any questions or comments? Anything else.

MR. AYERS: Mr. Chairman, that concludes my report except that Mr. Eluska from Ahkiok-Kaguyak (ph) Corporation is here with his attorney, Larry Landry, and I would ask that they be given some time to address the board.

MR. SANDOR: Can you do that, and we are running behind schedule, can you spare some time?

MR. ELUSKA: My name is Ralph Eluska, I'm President of Ahkiok-Kaguyak and I'm here on their behalf, and as well as Larry

Landry works with us, and also works for Old Harbor. I just wanted to talk to you a little bit about the review appraisal of our -- Ahkiok -- more specifically of Ahkiok's appraisal. We just had that done, it was just reviewed, and we had -- we submitted our lands for evaluation by the Trustees for acquisition in this restoration process, and we've been dealt with very honorably and very directly, and very sincerely in this whole process. So, I was a little dismayed with the way that the review was done -- I'll be -- it might have been done correctly, but I have to take exception to the tone and the way it was done. The Blacksmith appraisal is in now. It will be reviewed, I don't know, whether it will get accepted or rejected, and how it will be treated if it's treated in the same tone, I guess, you know -- I've been in this process for over ten years, and working with the -- with the refuge. There are so many people that want this acquisition to happen, we've decided to stay with the process, the review appraisal caused us to seriously think, and I was called on the carpet by my board and my people, and say, look, you know, I'm not doing it to be anybody's - - what should I say, whipping boy -- I don't -- we just want to make a win-win situation happen, and so I want you to be aware that while we did take offense to the way it was reviewed, we do want you to know, you individually as Trustees, have treated us with more than very sincere honesty and fairness, so we want -- I personally want you to know we'll stay with this process and hopefully we will come out with it, with a win-win. And, Larry.

MR. LANDRY: Thank you, Mr. Chairman, we appreciate a

few minutes, and I -- you've seen and you will see more, a lot of communication lately, and I'd like to just try and take a few minutes to offer a little perspective of what I perceive as going on for all of us involved. You have established Kodiak as valuable lands and that they have received damage, and as such you have authorized the appraisal process, and you'll recall that. A little history, is for over ten years they have been working with the Fish & Wildlife Service and they've been told, please don't develop your lands because these are very valuable lands in the ecosystem and the fisheries, if you cabins and development go on there, you can break up the balance and that you could hurt the whole refuge and the whole ecosystem makes it go. And both Old Harbor and AKI have cooperated very closely and have done that. Unfortunately, I believe, for both the Trustee Council and AKI and Old Harbor, we find ourselves thrust in the middle of an ongoing controversy in the appraisal community. It's an emotional controversy. And that basically is the debate on whether lands can only be valued for their immediate and immediately future economic use, or whether market value also takes into account the public value, the recreational value, or an economic mixed use, if you will, and the two appraisals that have been done are dramatically different, and the emotions are really high in -- and the irony that going on here that's really ironic, here you have two Native American communities who are corporations are supposed to get the highest return, who for ten years have cooperated with the government to try and protect this special, special place and yet the catch-22 is they

get downgraded in the contract appraisal process dramatically because they haven't done certain economic things immediately on their lands. And you're going to see some more detailed communication on this and arguments, but I wanted to point out that thing. There is an appraisal out and there's been a review. I just want to tell you that in my over twenty years in this kind of process, and more than half of them on the government side, the tone of the review appraisal is the rudest and most unprofessional thing I've ever seen in my life. I would just urge you all to personally read it, and you'll understand some of the communication that you may see from both the Native American communities and council. In summary, I'd just like to say that we believe that the Trustee Council, AKI and Old Harbor have all acted in good faith and good conscience in cooperating with the federal government, and we want to continue to work this out, but there's some diametrically, this emotional controversy on what is market. I would point out to you that the word "fair" and "market" are two different words, and I would hope as you look at your fiduciary responsibility and your commitment habitat acquisition and restoration, which you have all been very good on and very direct on, that you remember that it's "fair" and "market" as we go through this process. I know you'll shortly receiving a detailed letter that goes into this in more detail, and I just want to thank you for the time, Mr. Chairman, and I kept it under five minutes. And, we will be available after your executive session to informally visit with any of you that you would like to. Our

purpose here is not to negotiate numbers or anything, but to share with you a concern that -- that we are all facing as we try and reach some type of equitable conclusion. Thank you very much.

MR. SANDOR: Mr. Eluska, Mr. Landry, we thank you very much. We will consider this in executive session, and unless there's any questions of any of the Trustees, we will now -- thank you and we will adjourn into -- or recess I guess. (Aside comments) And as I understand the purpose of the executive session is two-fold, is to consider habitat acquisition process and the progress of stated negotiations. We will include in that comments that Mr. Eluska and Mr. Landry raised, discuss that to whatever extent. The second item, as I understand it, on the agenda for discussion in executive session is the Chief Scientist's contract itself. Mr. Ayers are there any other items that we cover in the executive session?

MR. AYERS: No, Mr. Chairman, habitat acquisition and the Chief Scientist contract are the two issues to be discussed.

MR. SANDOR: And, I would hope, I know our numbers has a plane to catch -- expect perhaps to be back in public session four or four-thirty.

MS. WILLIAMS: I move that we go into executive session for those two purposes.

MR. PENNOYER: Second.

MR. SANDOR: Any objection to move into executive session within five minutes.

(Off Record 1:45 p.m.)

(Executive session 1:45 - 4:50 p.m.)

(On Record 4:50 p.m.)

MR. SANDOR: ... quick session. And we have Executive Director, Jim Ayers, who will identify several posing proposals. Mr. Ayers.

MR. AYERS: Yes, Mr. Chairman, having gone out with a general solicitation and request for proposals for Chief Scientist and associated scientific support, I'm requesting that you authorize me to negotiate a contract with Alaska Marine Sciences to provide scientific support services based on the cost and scope of work as in the attached document, not to exceed \$380,000, and that we be authorized to develop an associated position of a science coordinator for the state -- in the State of Alaska.

MR. ROSIER: I would so move.

MR. PENNOYER: Second.

MS. WILLIAMS: Mr. Chairman, I only have one clarifying question. The document I have in front of me is for \$382,296. Is that a more accurate figure?

MR. PENNOYER: What did we do, lose six dollars?

MR. AYERS: Yes.

MS. WILLIAMS: Okay, in terms of so, I'm amending the a motion accordingly to represent more accurately than ...

MR. SANDOR: So the correct figure is?

MR. AYERS: \$382,296, and to develop an associate position for science coordinator in the State of Alaska, within our admin budget.

MR. SANDOR: Does the mover and second accept that?

(Response simultaneously - yes.)

MR. SANDOR: Any objection to the motion? (No objection) It's so approved. Second item relates to a report audit or whatever else, the appraisals, do you want to summarize that. As the Chair understands it, we have from perhaps Jim Wolfe from the Forest Service, who is ever leading the effort, sort of a report on the accelerated appraisal process.

MR. AYERS: Yes, Mr. Chairman, I request authorization to work with the Forest Service to prepare a report regarding the appraisal process that we have undertaken with regard to the habitat protection effort and to have that to you by the November 2nd meeting.

MR. SANDOR: Any objection to that proposal by the Director? (No objection) Okay then, that also is approved. Any other items before we move for adjournment.

MR. AYERS: It's a small matter -- item, but if you are actually adjourning this meeting, we will -- there will be a meeting on November 2nd with all those things that we discussed and the place will be Anchorage. We will start at 9:00 a.m.

MR. SANDOR: November 2nd.

MR. AYERS: November 2nd, 9:00 a.m.

MR. SANDOR: Any objection to -- any problem with this.

UNKNOWN: Mr. Chairman, is it likely to be a most of the day meeting?

MR. AYERS: And it very well be -- and it very well

may take either a lengthy November 2nd or a November 2nd and 3rd meeting.

MR. PENNOYER: Heading up on the second, so you fly up in the morning and you have to stay overnight anyway.

MR. AYERS: Right, doesn't the plane get in there at 8:50.

MS. McCAMMON: There may be some complicated factors here, we'll work it out.

MR. AYERS: We'll work out the schedule, but it will be November 2nd and 3rd, and we'll work out the schedule so you can fly into Anchorage the morning of November 2nd, if that's acceptable. The Chair will -- and the -- the Chair will be a ...

MR. SANDOR: Fed.

MR. AYERS: ... a federal person. Okay, and we'll work with the feds to identify the Chair for that meeting.

MR. SANDOR: Okay, anything else? Meeting is adjourned with thanks to our recorder.

(Off Record 4:55 p.m.)

END OF PROCEEDINGS

///

///

///

///

///

///

CERTIFICATE

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

I, Linda J. Durr, a notary public in and for the State of Alaska and a Certified Professional Legal Secretary, do hereby certify:

That the foregoing pages numbered 128 through 235 contain a full, true, and correct transcript of the Exxon Valdez Oil Spill Settlement Trustees Council meeting taken electronically by me on the 5th day of October, 1994, commencing at the hour of 9:00 a.m. at the U.S. Forest Service Conference Room, Federal Building, Juneau, Alaska;

That the transcript is a true and correct transcript requested to be transcribed and thereafter transcribed by me to the best of my knowledge and ability from that electronic recording.

That I am not an employee, attorney or party interested in any way in the proceedings.

DATED at Anchorage, Alaska, this 11th day of October, 1994.

Linda J. Durr, Certified PLS
Notary Public for Alaska
My commission expires: 10/19/97