

**EXXON VALDEZ OIL SPILL SETTLEMENT  
TRUSTEE COUNCIL**

RESTORATION OFFICE  
Simpson Building  
645 G Street  
Anchorage, Alaska

**Trustee Council Meeting**

**November 2-3, 1994  
10:00 a.m.**

**VOLUME 1**

**November 2, 1994**

**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,  
**MR. MARK BRODERSON,** Trustee  
Representative

UNITED STATES DEPARTMENT  
OF THE INTERIOR

**MR. GEORGE FRAMPTON,** Assistant  
Secretary; **MS. DEBORAH  
WILLIAMS,** Trustee  
Representative

STATE OF ALASKA 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



DR. JOE SULLIVAN, Alaska Department of Fish & Game  
DR. JEROME MONTAGUE, Alaska Department of Fish & Game  
MS. RITA MIRAGLIA, Alaska Department of Fish & Game  
DR. DAVE GIBBONS, U.S. Forest Service  
MR. BOB LOEFFLER, Alaska Department of Environmental Conservation  
MS. VERONICA GILBERT  
MR. MARK KUWADA, Alaska Department of Fish & Game

P R O C E E D I N G S

(On Record 10:06 a.m.)

MR. PENNOYER: It's ten o'clock and I like to go ahead and get started if we can, if the Trustee Council members could take their places. (Long Pause) Guess we're all here, I'd like to go ahead and get started, and convene this meeting of the Exxon Valdez Oil Spill Settlement Trustee Council. I'd like to announce that present are Phil Janik, Regional Forester for the Alaska Region, U.S. Department of Agriculture; Craig Tillery, Attorney General's office, State of Alaska; John Sandor, Commissioner of the Alaska Department of the Environmental Conservation; Carl Rosier, the Commissioner of the Alaska Department of Fish & Game; Mr. George Frampton, Jr., Assistant Secretary for the Fish & Wildlife and Parks, with the Department of Interior; and myself, Director of the Alaska Region of National Marine Fisheries Service, National Oceanic and Atmospheric Administration. I've been nominated to chair this body today, and hopefully we won't have too many recesses to this meeting. So, we have a very long agenda in front of us. I don't know what our time frame is going to be, but we've set up, potential for using part or all of these two days to get through it. I'd also like to mention Jim Ayers and Molly McCammon, the Executive Director's office for the Trustee Council are here as well. The first item on the agenda is the approval of the agenda. Does anybody, hopefully, not want to add something to this list? Hearing no additions, we'll leave that open as we continue our discussions, but at the moment we won't do it. Order of the day,

Jim do you want to lead us through the order of the day?

MR. AYERS: Yes, thank you, Mr. Chairman, Trustees. As you said, there are a number of things on the agenda today. I think there are many things on the agenda today that reflect the significant step forward by the Trustee Council. There are a number of documents that will be discussed today, and there are copies of those various documents. The financial report, and we'll be talking about the finances in early report under the Executive Director's -- the Restoration Plan, subject to the ROD, and a discussion of the Restoration Plan and adoption, and also a letter of concurrence. There's investment options that will be discussed this afternoon with regard to the both the restoration reserve and the joint trust fund balance. There will be a discussion about habitat protection, I'll get into those under Executive Director's report. There are a variety of resolutions with regard to habitat protection. There is the research facility and infrastructure improvements in Seward, and that package, and that document, and a specific resolution and letters of acknowledgement and non-objection from the Department of Justice, and we'll be discussing that later this afternoon, and, of course, there's the '95 Work Plan that will be coming up either later this afternoon or probably tomorrow morning, and a number of the projects that are related. These are all documents -- all items that we'll take action, or require some action by the Trustee Council, and there's also a couple of different reports, including the appraisal status report from the Department of Agriculture, United States Forest Service.

So, all of those items, Mr. Chairman, will be discussed, but there are also those various documents totaling some ten different documents and action items that will be before you today, so we will be moving a mass of paper as we take our giant step forward.

MR. PENNOYER: Thank you, Mr. Ayers, I notice also we've got a public comment period from 11:30 to 12:30. Given the length of the agenda, we'll probably going to limit public testimony to three minutes for individuals if we can. I don't know how many people want to testify, but -- and then you have a lunch period from 12:30 to 1:00, and I assume an executive session is scheduled for that time as well.

MR. AYERS: Yes, I'm sorry, Mr. Chairman. We -- we do intend and we do have planned a working lunch as an executive session immediately following the public comment period. I assume that the executive session will take -- and lunch will take probably forty-five minutes to an hour. We'll come back from executive session and begin the action items which will begin with the Restoration Plan. There are copies that have been circulated, but we also have copies for you. We'll then have a presentation and discussion from Bob Storer, Senior Investment Officer, State of Alaska, regarding the investment strategy that is in your packet. Following the investment strategy we'll go into a discussion, and actually we'll -- I don't think we'll need an additional executive session, we'll simply move to habitat acquisition and protection discussion both briefings on negotiations as well as thoughtful actions of the day. The Institute of Marine Science infrastructure

improvement would follow that, and then, as I say, depending on where we are in the day, we would begin the '95 Work Plan discussion.

MR. PENNOYER: Thank you. Any comments on the general order of the day? All right, then we might as well proceed with it. I think the first item you have on here, or I guess it's an action item, is approval of the October 5th, 1994 meeting notes.

(Aside comments about loud construction noise that was interrupting the meeting.)

MR. PENNOYER: Mr. Ayers, the action item on the meeting actions, do we need to just approve ...

MR. AYERS: There are meeting notes before you for October 5th, and you do need a notion -- a notion? You need a notion and a motion to adopt those meeting notes, Mr. Chairman, subject to any amendments.

MR. PENNOYER: I have a notion I'd like a motion. Anybody move these to adopt. (Maker of motion unknown.)

MR. FRAMPTON: Second.

MR. PENNOYER: Seconded. Any discussion on this item? Did you all have a chance to look at it? Thank you. Is there any objection to the adoption of the meeting minutes. Considered adopted then. The next item on the agenda is the Public Advisory Group report. Donna Fischer, vice chair, Donna.

MR. FISCHER: Good morning to all of you, and if I stumble a little bit, please forgive me, I'll try not to do what you did, Jim, but I'm sure I will because Valdez, as you know, with

weather conditions at time we can get closed in so we drove most of the night to get here today. I'd like to recognize also some of the PAG members that are in the audience since this will be probably the last time as a group that we were -- of the original people, are here in attendance and I'd like the PAG members to stand up, please. Kim (Benton), she was an alternate, Chuck Totemoff was here, are there any other PAG members that were here?

Okay. Oh, Pam Brodie is here. But, we're of the original group of PAG members that have been sitting on this when it first started two years ago, and on this last report given to you from the original PAG members, we had no handbook of how to do -- without instructions, yet seventeen people came together with different principal interests to give advice and direction to you, the Trustees. We represent -- different people that we represent, we did one heck of a good job, we feel. We worked hard with all the different personalities. We had a common goal, and that common goal was restoration. At our last meeting on October 12th and 13th, we passed a resolution on the Institute of Marine Science in Seward. Our concerns were included in the four leaps of faith that Director Ayers came up with, him and Molly, had expressed to us that they had looked at, and included in the four leaps of faith used on this project, for one, the cost. We as PAG members felt that was quite high. We felt it is an enormous cost, and one of the leaps of faith was private fundraising that they'll try to use to -- to help offset some of the expenses besides what the State has contributed and what the Trustees. How and who will use the

facility was our next question, and if researchers from all over the world -- that was the second leap of faith -- will probably participate and use this institute. Number three, build it and they will come. Well, we did have a lot of concerns with that and expressed that, especially tourist, we questioned if there isn't ample housing, where will they stay, what will be done, what kind of guarantees can Seward give, possibly either for hotels or, you know, whatever, but we need to look at the housing there too, because that is a great concern. And who will run the facility, and ensure some safeguards in place who will be non-partisan. The management board -- that was the fourth leap of faith, the management board -- management of academic credibility to oversee the project of this nature coming from all over the state, which we felt very good about. We felt this was something that really needs to be looked at and we felt it does bring everybody in the state together, so we felt good on that, and with that we did pass a resolution, which I think is before you -- do they have the resolution -- by a majority vote, so we feel very good about the resolution. We asked -- we received a memorandum on restoration reserve fund and joint trust fund. I think that's included in with your reports too. PAG requested to be able to have more involvement and input on the habitat acquisitions. It was a majority feeling that too much was being spent and maybe certain conditions and things needed to be looked at a little bit more, and more input from the PAG group. Project 95266, we had a concern with, with Chenega beaches. We'd like to see possibly Dr. Spies

get in there, and he said he was going to try possibly, or get more information on it, and also encourage the Trustees to continue support of getting the miles of beaches clean. There's an awful lot of asphalt still on the beaches there. I think there's been a lot of work done and a lot of success has come out of it and we need to, you know, encourage you to continue on in that direction for the Community of Chenega. There are a number of projects we felt the agency should be doing without restoration funds, as you can see from the voting record. The remarks are on them. On the reserve, we asked for and received a memorandum on restoration reserve and joint trust fund. We recommended twelve million to be put in instead of twenty-four million. I know you've got a busy schedule, and I thank you. Jim, do they have a copy of our report.

Okay, so I'm not going to read it because I know you've got a busy schedule and I know you've got a lot of people here to listen to and a lot of things to do today, but we as PAG members wish to express our appreciation to you for service on this committee that we served on. All the work done under the guidance of Jim Ayers and Molly McCammon, and prior restoration teams, we say thank you, and some I think you'll see back next year, when you make your new picks, and we wish all of you good luck too. Thank you.

MR. PENNOYER: Thank you very much for a good report, and thank you as well for all your work. It hasn't been easy. Would you wait for second and see if any of the Trustee Council members had a question on the report?

MS. FISCHER: (Indiscernible)

MR. PENNOYER: As we go through our deliberations, we will have the resolution in front of us and your other actions are on the sheet, so we will be taking those into our account and I presume you'll be here if we have further questions then? Thank you very much. Okay. Next is the Executive Director -- you get two shots at this, Jim, here's the Executive Director's report, you did one report to start with on the order of the day, and now you can deal with the individual items in more detail.

MR. AYERS: Mr. Chairman, there are a number of issues as we mention in the overview this morning under the agenda. Let me walk through those so that there's some clear understanding that there are some issues that are controversial issues, there are other issues that are perhaps less controversial, and as Donna pointed out, though there is not, as usual in Alaska, a hundred percent support on some of the major items, there is a general outpouring of support of moving forward with the adoption of the Restoration Plan, and many of those major objectives that are embodied in the Restoration Plan. With that, under administration and public information, there is a financial report in your packet.

With the financial report comes a clear understanding that we are carrying a significant balance in our joint trust fund. At your direction, you will hear today -- and in your packet, there is an investment option document and recommendation. There's some modification to the recommendation with regard to the joint trust fund balance. However, when we talk with Bob Storer this afternoon, the investment officer who has been extremely helpful in

designing an investment strategy, we'll talk about, in particular the restoration reserve, that, as Donna mentioned, has had pretty broad-based support. The overview of the EIS and Restoration Plan process, I think has been discussed at length, but let me say that a number of times today, I will mention the support of the staff that we've had. This effort has gone on for some five years, and in particular in the last year there have been a number of people who have worked far beyond what generally is expected or found in public service. The EIS is a perfect example of that, as well as completing the Restoration Plan. Amongst numerous discussions with the public, a variety of attorneys, the EIS has been completed, the ROD has been signed, the draft plan was published back in November of 1993, and with the signing of the ROD that process has been completed, and that's been no small task, and we'll talk about the number of staff and the hard work of Rod McKuhn, who is coming through the door now, but that effort is no small effort, and is probably one of the cornerstones which allow us to go forward today. The public outreach effort has been ongoing. The PAG has been insistent and very helpful in moving us forward with both communication, with the communities, and also bringing ideas forward. In addition, there's been a number of public sessions with regard, not only to the EIS and the Restoration Plan, but in discussing the activities of the Council. It -- it's important also, I think, to note that we've implemented a number of the recommendations of the PAG, which includes a newsletter, that now is designed not only to communicate the efforts of the Trustee

Council, but also those activities that are going on in the communities and the various community ideas about how to restore the injured ecosystem. On research and monitoring, general restoration, we're going to talk about the '95 Work Plan, but let me say, at your direction the effort to implement an ecosystem approach has begun, and I think that people from the public have recognized that. The number of scientists working with the agencies, as well as our Chief Scientist and the peer review scientists have recognized that we're actually in the forefront of this discussion of how to go forward with ecosystem management, at the same time realizing that it is dependent on the individual agencies, and I think that one of the efforts that you will recognize in the '95 Work Plan is that we have moved forward in many ways, many of the agencies have been instrumental in lowering bureaucratic walls in order to have a more efficient process at restoring the environment, and without that, there would not be a '95 Work Plan that moves us forward in an ecosystem approach. The habitat protection and acquisition effort -- sorry, let me go back for just a minute to say that when we get to the '95 Work Plan, it is certainly my understanding that the Trustee Council, at your direction, we have developed the '95 Work Plan, in an ecosystem approach, and during the '95 Work Plan presentation and discussion with the Chief Scientist and other scientists, we will go through in kind of an ecosystem approach and talk about the projects with regard to the cluster and have an opportunity to have interaction with regard to the status of the injured resources, and what our

approach is in restoring those injured resources, which is consistent with the direction, and the cluster of projects, which I think is available, for the public, is -- is available and certainly we welcome the exchange that needs to go on, and the Chief Scientist will be here to discuss not only what the status of those injured resources are, but kind of what we've learned to date and the approach that we're taking in the '95 Work Plan. The habitat protection and acquisition project, which is no small part of our restoration effort, includes a small parcel evaluation report. We have engaged in a small parcel protection program. Those small parcels that have been nominated are being reviewed, and there's a report in your packet, and I think there's some two hundred and forty parcels that have come in, nominated, and the Habitat Working Group has been working to score those in a manner that's consistent with our large parcel effort. The large parcel report will include -- well, does include supplemental evaluations that we've asked for from the Habitat Working Group, and those are in your packet. The large parcel effort will be discussed this afternoon, and again been some discussion that that is, and we all know that is, an integral part of a restoration effort, and it is consistent with the Environmental Impact Statement and the efforts that we have made in public outreach, certainly have identified the support for that particular aspect of restoration, along with the research monitoring and general restoration. The -- in closing, let me say that on March 23rd, we had -- just prior to March 23rd we had had a discussion regarding -- regarding the move that the

Trustee Council had made to direct us to develop and complete a Restoration Plan, along with the EIS and move forward, and the Anchorage Times, actually said "today there's encouraging evidence that a balanced investment program is emerging, one that includes a combination of habitat acquisition, restoration and investment in sound science. It takes significant concessions from all sides to reach a compromise like these. That accomplishment alone is worth celebrating on this anniversary." And, in discussion with them after this editorial, I think that their -- their clear indication was that if we were able to proceed with implementing such a comprehensive balanced approach, then they certainly would find that much of the criticism that they had leveled at prior Trustee Councils could actually be put aside, for in fact, a comprehensive balanced Restoration Plan that had been discussed with them was evidence that it is emerging, and they have waited as they said, the actual adoption and forward moving of the Restoration Plan which will occur today. With that said, Mr. Chairman. I conclude my remarks and I will be glad to answer questions about this or to wait until we have the individual projects.

(To Ms. McCammon) Do you want to add anything? (Ms. McCammon shakes her head in the negative.)

MR. PENNOYER: Mr. Ayers, I assume as we hit these individual projects, we'll get some of this in more detail, so are there questions of the Trustee Council to the Executive Director's report at this time? I find myself at an interesting question here, we're ahead of schedule. The public hearing is scheduled to

start at 11:30. Since it was advertised for 11:30, do you suggest we start, or should we break and do the executive session, now, get that done, and then come back and do the public hearing.

MR. AYERS: Mr. Chairman, I think that there are any number of choices. I don't know -- I think that -- I think that it might be worth -- there are three options, one is to have -- is to discuss the Restoration Plan, and I think it is possible to discuss the Restoration Plan, if you would feel comfortable. Otherwise, I'm not sure that the restoration -- or the public participation section is prepared to go. There are people in the audience today, that are here, but I think people are scheduled to come forward at 11:30. The other option is, as you say, is to do our executive session now, to then provide us the opportunity to move forward.

MR. PENNOYER: I suspect that even if we move forward with those here to testify, others would like to hear their testimony as well. So, we probably ought to wait for the public testimony until 11:30 as advertised. Any decision as to which you would like to do, the Restoration Plan, which might be part of the public testimony, or executive session, or other suggestions? Commissioner Sandor.

MR. SANDOR: Mr. Chairman, I suggest we begin with the Restoration Plan and hopefully do that ...

MR. PENNOYER: And probably proceeding in that manner? Okay, Jim are your prepared to do that?

MR. AYERS: Sure.

(Pause)

MR. PENNOYER: I think it's been pointed out that the intent is not to take actions on items before we've got public testimony, but rather to get background and reports, and in that regard I notice the investment strategy, it's been pointed out to me, is the second item, and we might hear the report on that, as well, before the public testimony, if we have time. So, why don't you proceed with the report on the Restoration Plan.

MR. AYERS: Mr. Chairman, can we have a two minute at-ease so I can deal with a couple of things.

MR. PENNOYER: I have been requested by some members of this Council take frequent breaks. I'll -- let's take a break for about five minutes.

(Off Record 10:31 a.m.)

(On Record 10:43 a.m.)

MR. PENNOYER: I think the Executive Director is ready, can we go ahead and get started please?

MR. AYERS: Mr. Chairman, one of my favorite ecosystem strategists once said that this effort is ninety percent mental and the other half physical, and I think that clearly reflects what it's taken to get to a Restoration Plan that addresses the spill that occurred in 1989 of the Exxon Valdez tanker and the damage that the ecosystem suffered, including the people in the communities that were involved and continue to be involved in that environmental disaster. This Restoration Plan is a -- I guess I would say, a united effort that has included an incredible amount of public involvement, a number of scientific discussions and an

inordinate amount of argument and several changes, not the least of which, has just recently occurred, but all with the input of the public, in particular the effort of the PAG who, on occasion, were insistent that a couple of things like the restoration reserve, John mentioned, needed not only to be recognized, but actually acknowledged and embodied in the Restoration Plan. This plan provides the long-term guidance that the Trustee Council and all employees involved in that effort, as well as the public involvement, and that guidance provides a clear mission statement of what the mission of the Trustees is. It now has objectives that some people argue are too specific, while others say are too general. That we know that we've reached a balance with that particular effort. It has strategies, and those strategies identify that which must be, those actions which will be undertaken to reach those objectives, so that we will one day be able to attain our mission of restoring the injured ecosystem. This comprehensive plan has taken an ecosystem approach, and that ecosystem approach means not looking at simply individual, injured species, but rather looking at the ecosystem that supports those species, and what necessarily needs to be done in order to provide for the recovery of those injured resources. The adaptive management process, which has been no small discussion, is now embodied in the Restoration Plan, and that adaptive management cycle is a reflection of you direction, that of the scientists and the public, that we not merely proceed blindly year after year funding projects, but rather we look at the status of the injured

resources and the condition of the ecosystem. That the information by synthesized and judgment was made about what direction to go in order to provide for the continued restoration of the ecosystem based on the information that's been gathered, and the synthesis that will go on annually. The resources that have been injured by the Exxon Valdez oil spill have not fully recovered, and they do not look like they're going to recover in the near future. And certainly the scientists have continued to talk about that the recovery may take as long as twenty to thirty, up to fifty years for some of these injured resources. All the more reason that the public annually ought to know what the condition of those resources are, and what direction we're going to go in order to enable those resources to recover. Monitoring research is a major aspect of the Restoration Plan. Monitoring research includes specific objectives and strategies that will be adapted annually based on the information gathered. The habitat protection aspect is also included and identified as not the full force of investment of those funds available, but of that which will provide the balance to ensuring that the injured resources have habitat in which to maximize the possibility of their recovery and return to pre-spill conditions. General restoration efforts, as many have said, are probably behind us, but there are some general restoration efforts that will continue, need to continue, and some of those are included in the '95 Work Plan. The acknowledgements of the Restoration Plan are yet to be added, and certainly we could all get into the list of the number of people included -- those recent

Trustees that have left the Trustee Council, like Mike Barton and Charlie Cole, but there are others that need to be recognized for the effort that they put in to putting together the Restoration Plan and working with the public and the scientists to make this plan into the comprehensive balanced approach that it is. That acknowledgement is not in this document, but will be included in the document before we actually go to final publication. There are a number of people who have worked beyond any expectation, and certainly beyond the call of duty, but I think that the Public Advisory Group in particular, and the effort of the staff that -- to continue to work with the scientists and the public in putting this document together are certainly at of the forefront of those who need to be recognized for the effort of finally bringing forward a comprehensive balanced Restoration Plan, which is before you today, for your adoption. The recommendation is that the Trustee Council would adopt the Exxon Valdez Oil Spill Comprehensive Restoration Plan that provides the long-term guidance for restoration, and I'll be happy to distribute these, if I can pull them out. That's simply a motion that we put together -- that reflects more succinctly what I just said.

MR. PENNOYER: This would be the action item for this afternoon then?

MR. AYERS: Yes, Mr. Chairman, that is the proposed action item for this afternoon under the action on it.

MR. PENNOYER: Thank you. Is that your report then?

MR. AYERS: That concludes my report on the

Restoration Plan, however, let me say that I -- I believe that there are people who would like to testify specifically about the Restoration Plan. I know the PAG had comments earlier at our October 5th meeting. I know that they had comments about the Restoration Plan today. I don't know if you want to provide for that opportunity or not, but that concludes my report on the Restoration Plan.

MR. PENNOYER: I believe we would provide for that opportunity during the public testimony, I suppose, that people want to testify. Commissioner Sandor, you had a question?

MR. SANDOR: Yes, and I don't know whether we wanted to have the questions raised at this point or later, but I had a couple of questions, one of them harlequin ducks and one of marbled murrelets, and I had seen -- saw Dr. Spies earlier, and I'd like to ask a couple of questions about those two species ...

MR. PENNOYER: I think that would be okay, to get that done now before this afternoon.

MR. SANDOR: Dr. Spies, I was particularly in concern and interested in the progression of what the recovery of the -- of the harlequin ducks from the standpoint of its breeding activities and its population, and similarly on the population of marbled murrelets in the -- I notice on page 45 in the discussion that's summarized here, it indicates with respect to -- respect to harlequin ducks that -- that it's probably the cause of the problem, the feeding from the oiled mussel beds, but has there -- we've been dealing with this problem for -- for some time now, is

there any indication of any improvement at all. What -- what could you say that would enlighten us?

DR. SPIES: We're still in the -- in the process of evaluating. We just got a revised final report to evaluate from the harlequin duck from Fish & Game. Represents a lot of hard work on the part of Fish & Game to put together all the information. The status of the harlequin ducks is we have not seen recovery in the western side of Prince William Sound back to what we think are pre-spill conditions for reproduction -- reproduction of harlequin ducks. One leading hypothesis is still that the oil in the -- residual oil in the intertidal zones, specifically in the mussel beds, may be contributing to that. There's some information that still has not come forth to either prove or disprove that hypothesis at the present time, but that's the leading explanation right now. And that we're in the process of looking forward to trying to monitor those populations of harlequin ducks. There's something that you'll have before you in the '95 Work Plan, this afternoon, that proposes continued work on the harlequin ducks in 1995. There's a lot of concern about that population, and its state of recovery, and we ought to be monitoring it.

MR. SANDOR: But the concentration of the problem seems to be western Prince William Sound.

DR. SPIES: That's true.

MR. SANDOR: The second question was on page 47, with regard to injuring -- the recovery of the marbled murrelets. The population of marbled murrelets may be stabilizing or even

increasing since the spill, and it pointed out earlier that there was some decline before the spill, and any elaboration of what's in here you'd want to offer?

DR. SPIES: There was pre-spill data that certainly indicated an ongoing decline of marbled murrelets since the -- at least the early '80s and perhaps previous to that. We don't know all the causes of those things. Certainly, the oil spill exacerbated that -- killed a large number of marbled murrelets, particularly in Prince William Sound. The population assessments are variable from year to year. One year they're up, and the next year they're down, so we don't have a really good handle on the recovery of marbled murrelets at this stage, but there is -- has been quite a bit of work going on sponsored by the Trustee Council to evaluate the habitat of marbled murrelets, look at the nesting habitat, try to identify those places where nesting habitat could possibly protect it. There is -- in the '95 Work Plan there's a particular proposal in front of you today to do some work on reproduction, which would be one of the other possible constraining factors of marbled murrelet populations.

MR. SANDOR: Thank you, Dr. Spies, and thank you, Mr. Chairman, that's all the questions I have.

MR. PENNOYER: Are there further questions of Dr. Spies, or Mr. Ayers relative to the report? Okay, I guess we'll put aside the action item motion until this afternoon after public testimony. Would we care to move then to the investment strategy report if that could be given to us now, and ask questions about it before

public testimony. Mr. Ayers.

MR. AYERS: Okay. Traci was just mentioning that Bob Storer too, is somewhat taken a back by our ability to move so rapidly through such a complex agenda, and is in another investment meeting with the State. The -- why don't I do an overview, and Bob will be here this afternoon, so if we get into additional questions, we can take them up. We -- we've met with Bob Storer, the Chief Investment Officer for the State of Alaska. Mr. Storer is responsible for some nine billion dollars worth of investments and various portfolios for the State of Alaska. We asked Mr. Storer and his staff to look at two aspects of the Trustee Council's financial situation. One, is the restoration reserve, and within the restoration reserve fund to look at an investment strategy that would maximize the investment with the understanding that there would be some deposit each year. Certainly the Restoration Plan, it talks about a deposit, subject to the restoration needs at the time, with an anticipated of an average of up to twelve million dollars per year, and that those funds would be invested for some eight years or until the year 2002, and how to maximize those investments. Mr. Storer, Traci Cramer and I talked with the people at the court registry, Chris, Mr. Melby, and also with the -- the Texas Trust Bank (thank you, Traci), the Texas Trust Bank who actually has the contract with the court registry investment system and provides that council to them. Mr. Storer actually went into quite an elaborate discussion with them about the various scenarios that he thought could be managed within their

limits that is -- that investments be in United States Treasuries, and that certainly there was a way to get far beyond the three point eight percent that we were currently return. So, on the restoration reserve, the -- there were a variety of alternatives looked at. What Mr. Storer is recommending that we purchase -- what he refers to as the strip treasuries, and that those are preferable to what is known zero coupons, but that investing in treasuries, he refers to as the strip treasuries, certainly provides the maximum percentage return, and that those could be laddered, and by laddered, if you look on his page -- on the memo from him to me, on page two, under the restoration reserve, what he is suggesting is that we take the twelve million dollars that was committed previously, and if there is a twelve million dollars committed in the '95 Work Plan, there would be a total of twenty-four million, and that we begin now to invest in what he calls, again, laddered maturities, which means that they are simple -- we use the term stagger or alternated, but that the spread that is shown on page two would allow the Trustee Council, as he described it, to maximize the -- the return while lowering the volatility potential. By that, he means not getting all of the money locked in to such a long-term rate, that the Trustee Council would not be able to make adjustments, if there were interest rate changes. So, we would invest in -- spread the original twenty-four million dollars, and then annually the Trustee Council would make a decision as those strips matured that the value, and as you can see the first four million dollars that would be invested would be in

a '96 maturity date strip treasury, the value at that time would be 4.5 million. It's anticipated that the Trustee Council at that time would be considering investing an additional amount of money, so you would have this maturity sum plus any additional monies that the Council would then decide in '96 to invest, and those would then be invested in a like manner, in a spread format so that you wouldn't be locked into any one year, but since you would be making an investment each year, each year you would have a strip treasury maturing, as well as any additional investments, therein maximizing the yield. Based on the pricing data as of October 12th, they constructed a portfolio and based on the current yield rate, we would average some 7-1/4 percent. But, as he points out, the duration and the volatility potential due to interest rate changes would be much less. I think it's quite simple to say that Texas Trust, the court registry, and Mr. Storer all agree that we ought to do something different than what we're doing today, particularly if we know that we can put money aside, and we're not going to use that money or don't anticipate using that money for several years, that we can probably more than double the rate of return that we're going to get, or expect, compared to what we're doing today. I'll stop on the restoration reserve and see if you have questions about that, and then I'll talk about the joint trust fund balance.

MR. PENNOYER: Any questions on this part of the presentation?

MR. FRAMPTON: Mr. Chairman.

MR. PENNOYER: Mr. Frampton.

MR. FRAMPTON: Mr. Ayers, do I understand that what he is saying on page two, or what you're saying, is that compared to putting it all in treasuries that mature in 2002, we would be -- compared to keeping it all in short term, we're doubling our return, roughly? Compared to putting it all in the treasuries that mature in 2002, we're taking a reduction of about 40 basis points, and in exchange for that we're getting a lot of flexibility in maturity days, and a lot less price volatility?

MR. AYERS: Mr. Chairman, Mr. Secretary, the -- I think it's safe to say that the day is looking brighter because each time we've gotten to this particular point in a question for me, someone has arrived to save the day, (laughter) and Mr. Storer has arrived now, and I would ask that Mr. Storer join us in this conversation. Hi, Bob.

MR. PENNOYER: Morning, Bob.

MR. STORER: I hope my glassed don't fog up and I can (indiscernible).

MR. AYERS: You missed by Yogi Beara quote, but I'll give it to you later.

MR. PENNOYER: We may want to start, not over again, but least to wherever you -- to pick up as you came in.

MR. STORER: I did miss the beginning of Mr. Ayers' conversation. I guess for the record, my name Robert Storer, I'm the Chief Investment Officer of the Department of Revenue, and at Jim's request we did do some evaluations of potential portfolio structures that would enhance the return to the Trust fund, and

speaking specifically to the restoration reserve trust fund, what we tried to do is create a portfolio that would -- that you hear in every financial presentation, you maximize return; you can limit risk and give you the greatest flexibility, and that's what we think we've done here. What we've done is we've structured -- our recommendation is to structure a portfolio that gives you some annual maturities, that will give you the opportunity to reevaluate the goals for this fund on an ongoing basis, and adjust them accordingly. As you can see in the memo, if you just simply invest out the year 2002, you've got volatility that is -- an extent of volatility that is quite high based on market volatility. Our recommendation would reduce your expected return for this twenty-four million by 40 basis points, that's correct, but it would reduce your volatility by -- considerably, well below market volatility, and -- and would that in fact be conservatively structured. So, we feel very comfortable recommending that this portfolio would enhance your return and give you a maximum amount of flexibility.

MR. PENNOYER: Jim, did you have a part two you were ...

MR. AYERS: Yeah, we were -- what I did was divide the question into the restoration reserve fund, Bob, as we'd talked about, and then the balance of the joint trust fund. So, you might want to then do an overview of the balance of the joint trust fund, and kind of that mix of the three different alternatives there, and why it would be good to provide a mix.

MR. STORER: Well, the balance of the fund, as we

understand it, is to meet cash flow needs, but the cash flow needs are, shall we say periodic, and there will be considerable amount of money in the balance on an average, and so our conclusions were that you should maintain a limited amount of money in a very liquid fund to address the need for flexibility, but to adopt one of the - - it's actually Texas Commerce Bank's recommendation or adopt a couple of those recommendations to enhance returns for those, what I'll call cash flow type funds and still provide a fair amount of liquidity, and -- and we saw a number of their -- their portfolios recommended. One was the -- was the one with laddered maturities, we're calling it CRIS 1. Another one is what we call a bullet portfolio and that's simply one security and it matures in August 15, 1997, and then CRIS 3 was again laddered maturity, and we felt that the -- one of the portfolios that provided that quarterly liquidity would be appropriate, that would enhance your returns and give you again, maximum flexibility. And, we were recommending a combination 1 and 3.

MR. AYERS: And the combination of 1 and 3 was the weekly and the annual thing.

MR. STORER: Yes.

MR. AYERS: The -- let me say that one of the things that -- we've been working on a motion here on the second part, that we did not talk about -- but cash flow of the Trustee Council, this is -- is certainly some advice that Bob had mentioned earlier -- that we need to establish what our objectives are, and -- both in terms of investment, but also the demand on our cash flow is

going to be for the coming year, before we actually make the decision on going with a longer term investment, and I think that that's one of the things that we need to consider, when we look at our financial portfolio. There are a number of things that are coming up over the next 18 months, that will affect our cash flow.

I think once we've adopted the Restoration Plan, and we make -- you -- the Trustee Council has made some decisions with regard to the reserve, and with regard to the research investment, including infrastructure improvements, we'll have a better idea of what our cash flow looks like. One of the things I'm suggesting is that we -- and that you will hear me recommend this afternoon under the action item is that we -- we're going to recommend that we proceed and adopt the investment strategy recommended by Mr. Storer and his staff with regard to the restoration reserve, but that we invest the joint trust fund balance in a mix of 1 and 2, which is the weekly and quarterly investment for the next six months, until we get a better handle on what our cash flow program really looks like before we invest that balance into an annual commitment that we might engage in a penalty or something. We need to do a little better analysis, I guess, of our cash flow, which you had recommended earlier.

MR. STORER: I'd agree, as long as you've got a good handle on your cash flow then you can -- you can extend your maturities and get an incremental return, but until that time, I agree with some combinations, such as that. The quarterly liquidity should provide a nice incremental return, and I would

assume, if I'm allowed to assume, that the (indiscernible) you can see far enough on the horizon to know when funds would be needed to avail yourself of that pool of assets.

MR. PENNOYER: Any questions of the report from the Trustee Council?

MR. TILLERY: Mr. Chairman.

MR. PENNOYER: Yes, Mr. Tillery.

MR. TILLERY: The ladder approach provides for, as I understand it, we'd take the twenty-four million, we would split it up into groups and have it mature at different times, and then when it matures, what happens to that money?

MR. AYERS: Well, Mr. Chairman, Mr. Tillery, the -- what Mr. Storer and I have talked about, and what he is suggesting is that if we know that we're going to be having an annual meeting, like today, is following another investment or payment -- a payment from Exxon, then there would be an annual meeting anyway where you'd be talking about investments. At that time, you would have a maturity, you would schedule this so you would have a maturity coming before you at that time also. Based on the market conditions, you would then make a decision about what to do with that particular fund or those -- those funds that would be maturing at that time would -- would be available for the Council to make a decision at that time to reinvest. You also would be making a decision about additional funds, if you were going to make an annual investment of some amount. You'd be making an investment anyway, so you'd look at what are the market conditions at that

time, interest rates, etcetera, and you would have this maturity and any additional funds you make -- you make a decision then about how to invest that -- that particular pot of money.

MR. TILLERY: And, the plan would essentially be not to have anything maturing past 2002.

MR. AYERS: That would be the plan right now, I guess, annually that would be reviewed as some portion of the funds would be mature each year. The Trustees would make a decision about how does it look in the future, and as Bob points out, you'd be looking on the horizon. But, right now, the point would be that, yes, you would not have funds maturing beyond the year 2002.

MR. TILLERY: My assumption is that once we get to 2002, we're going to need to have this income on an annual basis, not long-term coupons, zero coupons. Is the CRIS -- I assume we have to leave this money in the CRIS, are they willing to implement this kind of a plan?

MR. AYERS: Mr. Chairman, Mr. Storer and I have talked with them. They brought in, as I mentioned, representatives from Texas Commercial Bank, they feel that they are interested, they think this is prudent, and that they are willing to proceed with it. Bob, I don't know if you want to add to that?

MR. STORER: I may. Subsequent to a conference call we made, I did get a call from representatives of Texas Commerce bank and they concurred with our recommendation and informed me that they were going to write a letter to the clerk of the court saying so. So, it's our understanding we have the full understanding that

this would be an appropriate method from the bank.

MR. TILLERY: Currently we're paying fees set by regulation. Would we be paying the same fees, although I didn't think we were going to make another run at those, at waiving them, but if we continue to pay fees would we be paying them to CRIS or are we going to be moving outside of -- and dealing directly with someone else?

MR. AYERS: No, my understanding -- as a matter of fact we got into the conversation about why they picked Texas Commerce Bank, and that other -- that issue in and of itself is another question that the Council may want to talk about at another time, but their interested in hearing if there are other -- actually, I think, what they're talking about is going out with and RFP for servicing them, but based on what they were saying to us, our service is through CRIS. They just happen to use Texas Commerce right now, and that may very well be going out for bid. I don't get into that, necessarily, but the fees would continue to be through CRIS, and although we didn't get into a specific discussion of fees, I anticipate that it will continue to be as it is now with CRIS. They charge us -- I don't remember what they were.

MR. STORER: Five basis points (indiscernible - simultaneous talking)

MR. AYERS: Yeah, I think it was a little over five basis points, but I don't recall, I'll have to check. And that would continue -- what they are not -- we would continue to do

business with CRIS through the courts just as we are now. What we are doing is we would request them to set up a different alternative or opportunity to offer to us, and then we would then after they set up that alternative, we would petition through the court to exercise our option to invest in that opportunity.

MR. PENNOYER: Further questions? Bob, thank you, I guess we're going to do action item this afternoon, so I'll assume you'll standby for further questions if we have our hand up.

MR. AYERS: Thanks a lot, Bob.

MR. PENNOYER: We have ten minutes left, we're about to start the public hearing. What's your druthers? One suggestion is that we go to the IMS, I'm not sure we could complete that before ...

MR. AYERS: Mr. Chairman, I -- I don't know if there's objection, but it seems to me there are plenty of people who would like to testify. It might be a good investment of the time to allow people to ...

MR. PENNOYER: Will we have to take a break to set up the network, anyway?

STAFF: No, we're on.

MR. PENNOYER: Oh, you're on. Okay. Well, fine, we might as well go ahead and get started, I suppose. Normally we give an Executive Director's report on accomplishments, but there have been not too many of those so far, before we start the public hearing -- at this session -- I mean, you've had lots of accomplishments together, I understand that. (Laughter) Wasn't

referring to you hadn't been doing your job. The public hearing period will go from now until about 12:30, and we're going to take a break for lunch and an executive session at 12:30. So, the -- for those of you who haven't been on line, this is a meeting of the Exxon Valdez Oil Spill Settlement Trustee Council. All the Trustee Council members are present. I don't have a list yet of which LIO's are on line, I'm just being handed that. I think we'll go ahead and start, and the ground rules will be, we'll try to limit it to three minutes because of the length of this agenda, for testimony. When you get about there, I'll get a signal from staff member, and I'll ask you to please wrap it up. So, if we could go ahead, and I think I'd start here in Anchorage. Who wants to go first? Nobody wants to go first. Please, sir.

MR. JIM GRAY: Mr. Chairman, members of the Trustee Council, I'm Jim Gray, I'm a fisherman and a tenderman and resident of Prince William Sound. I'm also a board member of Cordova District Fishermen United, past vice-president of the Prince William Sound Seiners Association. It's been a little over a year since the seiners in Prince William Sound blockaded the Valdez pipeline terminal and I began dealing with this Council in earnest.

I must say that this process is beginning to function more effectively -- that Jim Ayers and Molly McCammon and the staff have been an excellent addition to this process. I'd like to continue to voice my support for the SEA plan, and applaud the Trustee Council for its long-term funding commitment to the plan. I'd like to emphasize the importance of the coded-wire tagging and the

thermal mass marking program. These programs must be funded for the long-term. They are the cornerstone for evaluation of salmon stock in Prince William Sound. The effective restoration of Prince William Sound wild stocks is absolutely dependent on the information these projects will provide. We cannot let these programs fall through the cracks over whose-funding-what-struggle among agencies. Please make this happen. I'd also like to voice my support for proposals 950 -- 93 A, B, and C submitted by Prince William Sound Aquaculture Association and the Native Village Eyak Tribal Council. I understand that these proposals have been conceptually accepted by the Chief Scientist and Executive Director. These programs have positive implications towards the restoration in Prince William Sound and the involvement of the Native people is long over due. My concern is that the initial dollar amount for planning and permitting may not be correct. We need to make sure that we are able to follow through with the programs once we commit to them, and that this is done in a timely fashion. Last, but not least, I implore Council to continue to negotiate with the Eyak Corporation and to break the ice jam that has stopped this transaction. Reasonable people can come to an agreement on the purchase of these Native lands. Let there be no mistake about the position of the fishermen in Prince William Sound, the residents of Cordova, the Public Advisory Group and the Board of Cordova District Fishermen United. We support this acquisition. As of today, there have been no land acquisition -- there has been no land acquisition for habitat protection in Prince

William Sound, ground level zero. And, pieces of land that are in imminent danger of logging still have not been acquired. So, I'd like to reiterate one more time that we definitely are in support of continuing in the negotiations and somehow make this happen. Thank you.

MR. PENNOYER: Would you mind repeating those three projects again that you were supportive of, the numbers? I missed that.

MR. GRAY: I don't have the numbers of all of them, but the PWSAC proposals are 95093 A, B and C. I don't know the number of the coded-wire tagging and thermal mass marketing, I don't have it down here. Definitely -- it's very important. That's a very important one, and the -- also the acquisition.

MR. PENNOYER: Thank you.

MR. GRAY: Thank you.

MR. PENNOYER: Any questions of Mr. Gray? Thank you very much. I should have reiterated that the Trustee Council -- sorry -- yeah, go ahead Carl.

MR. ROSIER: Yeah, I started, yeah, Mr. Chairman. Jim, do you -- on 093 you said the 100,000 apparently that is projected here is not adequate. What do you think is adequate?

MR. GRAY: Well, I'm not sure what's adequate, and I didn't bring up the hundred thousand up, but I think that is the figure that got thrown out at some point in the start of this process, and it seems to be some discussion about actually where that figure came from. That -- since the Department of Fish & Game

would probably be doing the environmental assessment and the EISs, I think it's come to the attention of the people that are supporting this plan that it's probably going to cost more than a \$100,000 once we get into the environmental assessment and the EIS portion of this, and our concern is that the 100,000 is probably plenty for planning aspect and may be more than is needed, however, we'd hate to get to some point here where conceptually this plan has been approved and that we have to stop the plan and wait for another meeting to come up with the money to continue with it, because time is of the essence, and if the plan does make sense, it should be continued.

MR. PENNOYER: Thank you. I should have mentioned for those of you who weren't on the network at the start or may not have our -- our agenda, that the action items this afternoon are the Restoration Plan, investment strategy, habitat acquisition, Institute of Marine Science infrastructure and improvements, and the '95 Work Plan. So, just for reference, those are the items we'll be taking action on this afternoon. Torie, you want -- is that a one-two punch, you want to try the second one? Torie Baker, please.

MS. TORIE BAKER: Thank you. My name is Torie Baker and I'm a commercial fisherman in Prince William Sound and I'm also a board member of the Cordova District Fishermen United, and today I'm speaking on behalf of CDFU, which is the oldest regional commercial fishing organization in Prince William Sound. First of all, by way of an update to members of the Council, and as noted in

Jim's Executive Director findings, indeed there was a slight break in the clouds over the salmon returns to the Sound this year. An exceptional return to the northern district to the Valdez hatchery and to PWSAC Cannery Creek facility provided the first sizeable harvest of pink salmon in the Sound in over three years, for those fishermen who could financially participate. But, elsewhere in the Sound and still of major concern is the continued dangerously depressed conditions of the wild salmon in the southwest and northwestern streams and the low return to the PWSAC AFK facility.

As well, on the other hand, with regards to herring, again, we have endured three years of precedented and rapid declines and complete elimination of any harvest, commercial or subsistence this last spring. CDFU would like to specifically thank the Council and staff for their speedy and thoughtful support this last spring in aiding managers in pathology and mortality monitoring efforts. It's our understanding that much important information was obtained as a result of this effort. While the official ADF&G 1995 herring predictions are not yet available, the general consensus appears that this multi-million dollar fishery will again be closed in 1995, and severely curtailed for the next two to four years. Therefore, I'd like to address the '95 Work Plan from CDFU's point of view, going along basically with the organization that's been presented to you by Jim's -- in the Executive Director's report. As outlined in the recommendations under the pink salmon restoration, the SEA program, 95320, also known as the Prince William Sound investigation, again receives our endorsement. The

program has received good technical review and by many measures of a program of this size was highly successful in its first year. The continuation of research on the lingering toxic effects of oil and determination of genetic damage of pink salmon caused by the spill, those contained in 95076 and 95191 A and B, also remain a top priority for us as well. The work being continued in the Coghill area of the Sound in the northwest district, 95259, also receive our support. Probably key, and I'd just like to pick up again on what Jim said, we at CDFU cannot emphasize enough the need for continuation of the coded-wire tag program and the conversion to thermal mass marking techniques in Prince William Sound, 95320 B and C -- up for its second try for the Trustee funding, let me just close with that, we feel that there's been substantial effort made by the department, by the aquaculture interests, and by the Trustee Council to develop the long-term implementation, and cost-sharing needed for this particular program. In closing, we would also like to -- with regards to the herring work and the herring proposals, we feel that that's an aggressive and a comprehensive program that's next on your group of projects, and we wholehearted support them, and again on behalf of Cordova District Fishermen United, we would like to reiterate our longstanding support for the Trustee Council and Eyak Corporation habitat acquisitions. We feel that it's imperative and we feel that with the possibility of Chenega purchases, or purchases of Chenega lands on the western side of the Sound, that for the first time in five years we'll actually have something bought in Prince William Sound that has to

do with coastal habitat and has been directly affected by the oil spill. Any questions, I'd ...

MR. PENNOYER: Thank you, Ms. Baker. Questions from the Trustee Council? Thank you very much. I think we'll go out to the net now and start around the net. Maybe take one person at each location, some rotation. Cordova are you on line, is there anybody there that wishes to testify? Cordova?

MS. THEA THOMAS: Good morning, my name is Thea Thomas. I'm a commercial fisherman in Prince William Sound and a member of the Board of Directors of Cordova District Fishermen United. You've heard Jim Gray and Torie Baker, they've expressed very well the concerns of the people in this area. I would just like to speak for a moment concerning the Prince William Sound investigation, also known as SEA, Sound Ecosystem Assessment program. This program has widespread support, it received very high marks from the scientific review committee during the October workshop in Cordova. Many, many people have worked long and hard to get this program going to make sure it is a success. Interim funding for this program was approved over two months ago by the Trustee Council, yet today a substantial portion of this program is in jeopardy of grinding to a halt. The problem appears to be some minor, budgetary dispute between the Department of Fish & Game and the University of Alaska. Uninterrupted continuation of this program is essential. I would just like to see the Trustee Council assure that this dispute is settled and that these programs receive approved funds in a timely manner. Thank you.

MR. PENNOYER: Thank you very much. Questions of the Trustee Council? Jim would you elaborate the "dispute" we've been asked to resolve. I'm not ...

MR. AYERS: Mr. Chairman, it is my understanding that the dispute, as it's referred to exists within the discussion of language in the RSA. Under the state process, RSA -- Reimbursable Service Agreements -- are made available between two state entities. The university and the Fish & Game in this particular case are two state entities. The State does not have the prerogative to sole source funds to non-profit like the Prince William Sound Science Center without going through an elaborate RFP -- request for proposal bidding process. So, we have chosen, the Council made the decision to fund the 320 effort designed by the scientists, including university scientists, through the Department of Fish & Game, through a Reimbursable Services Agreement with the university, and the university working with the Prince William Sound Science Center. Now, within that chain of management, there are discussions between the Prince William Sound Science Center and the university over a variety of aspects of the contract, including measurables, there are expectations of the university from the Prince William Sound Science Center. They do not see their role simple as pass-through. In addition to that, there is a discussion between the university and the Department of Fish & Game regarding measureables and expectations of fulfilling the contracts as would be expected. I believe that most of those discussions, or problems have been resolved. However, the university is in between

Department of Fish & Game and Prince William Sound Science Center, and there are negotiations that need to be resolved over the university's expectation of Prince William Sound Science Center, and how those are being included and dealt with in this RFS between the university and the Department of Fish & Game. Now, I have talked with them at length, and did a conference call with them the night before last. Molly McCammon discussed this whole issue thoroughly again last night, and we have now prepared a memo -- did it go out this morning? (Ms. McCammon nods head) -- and we have sent them a memo saying, look, identify what the issues are, we'll come to Fairbanks, we'll to go Cordova, we'll go to wherever we need to go, we need to get everybody in a room and sit down and resolve the issue. But it is not a simple issue, and there's not just one issue, it is the variety of issues that are involved between the various parties, and we do not have a resolution today, simple another one of those things that falls within the purview I think of managing this effort, and we need -- we need to get the them all in the same room and resolve the issue, and we intend to do so forthwith.

MR. PENNOYER: That's fine. So, you'll be coming back to us with some type of progress report at some point.

MR. AYERS: We -- immediately.

MR. PENNOYER: The party testifying in Cordova, would you spell your last name, please, there was a break up at the start of your testimony.

MS. THOMAS: Yes, my name Thea Thomas, T-H-E-A T-H-O

M-A-S.

MR. PENNOYER: Thank you very much. Are there other further questions of Ms. Thomas from the Trustee Council? Hearing none, I'll think we'll go on down the net, is Juneau on line? Is anybody in Juneau wish to testify?

MR. CHIP THOMA: Yes, Mr. Chairman, do you hear me?

MR. PENNOYER: Yes, we can, Chip.

MR. THOMA: This is Chip Thoma in Juneau, T-H-O-M-A. This is a preface to my formal comments. Once again there was no public notice of this meeting in Juneau, on our radio, mail or newspaper. Someone is dropping the public involvement ball, and it's come to the point where the public should perhaps be in charge of notification and coordination of testimony. I commend CDFU for staying on top of this. You should be in charge of public notice by contract. Mr. Chairman, I have just a few, brief, caustic comments on what I consider to have been a miserable three years since the Trustee Council was implemented. There was such high hopes for the Council to rectify the physical damage done by the spill through habitat acquisition and necessary science, but the Council has floundered by squandering a substantial portion of the settlement monies, that are doled out by Exxon on administration, double-dipping billings from the agencies, duplicative and unnecessary science that now struggles for a strangle hold on the remainder of the funding. It shall not come to pass, you Ph.D's. I hold two people directly responsible for the tragedy Exxon Valdez spill and the result of the debacle of the Trustee Council. The

first is that union busting Frank Iarossi, the former head of Exxon Shipping who computerized the Exxon fleet and then cut the number and the quality of merchant seaman aboard the vessels by half. It's his management that allowed Hazelwood to continue his inebriated indentured service to the company, and place mental defectives, such as Mr. Cagin at the wheel, a sort of monkey tied by a chain to the accordion. Mr. Iarossi and the Exxon Corporation should have been brought to trial. These practices would have ceased to be the norm or acceptable under law, but the state and federal government has dropped the prosecution line in favor of getting this behind us, as the governor would say, to just about everything. The second person I hold responsible is that glad-handing minor-leaguer from Fairbanks, Charlie Cole, the titular father of the Trustee Council. At the behest of the governor, Mr. Cole dropped the charges, let Mr. Rawls and Exxon off the hook and set up the structure the Trustee Council that haunts us today. Mr. Cole's legacy in my view consists of the veto of HB 411, which would have purchased every bit of important habitat that you are now considering for fifty million dollars from willing sellers. Not the present situation of one phony, biased appraisal after another, with timber companies and corporations colluding to raise the price and the stakes time and time again. It was also Mr. Cole who stacked the Public Advisory Council with five more political friends of the governor. We have gleefully ignored the demands of the impacted areas to purchase habitat. Instead we have visitor centers, study areas for U of A Fairbanks folks, and endowments for

any other hair-brained study that comes down the U of A pike. That's the legacy and the tragedy. So, watch out you Ph.D's on public welfare; I'm after you big time. I'll be here in Juneau to scrutinize the science budgets for the university system and to submit testimony to budget and audit at every opportunity. You Johnny-Come-Grab-Bags are going to rue the day if you start divvying up the settlement pie. One good thing that Mr. Cole did was insist that the Trustees travel and work on the agency dimes, not Trustee money, but I hear even that has not come to pass. You too are dipping at the Council trough. So, a final word to the state Trustees, adios, good riddance and thanks for nothing. Thank you, Mr. Chairman.

MR. PENNOYER: Thank you, Mr. Thoma. Other comments or questions from the Council? Mr. Ayers.

MR. AYERS: Yes, Mr. Chairman, I'd just like to point out to Mr. Thoma that on Wednesday, October 26, on page eight of the Juneau Empire is an eight-page ad notifying the public that the Exxon Valdez Trustee Council meeting is to be held at 10:00 a.m. Wednesday, November 2nd, and I'll be happy to make the page available, Mr. Thoma, if he would like to have it.

MR. THOMA: I appreciate that, Mr. Ayers.

MR. PENNOYER: Further comments or questions? Thank you, Jim. Going around the net further, Seward or Kodiak? Anybody in Kodiak that wishes to testify?

MR. NORMAN SUTLIFF: Good morning, Mr. Chairman. My name is Norman Sutliff and it's a bad stormy day over here. I came in

- I've been in Kodiak for 55 years. I went to New York State College of Forestry. I've done Kodiak Fish & Game Board for 20 years, last guide work for five years, and I was the first boy scout master in the Territory of Alaska. Private pilot -- I owned and managed a lumber yard for 20 years. My hobby is hunting and fishing. I was active in many, many projects during the time that the federal government transferred the management of the fish and game over to the state. So, today I'm here to testify in favor of the State of Alaska to acquire the lands on the northern end of Afognak Island, which includes Falls Lake drainage. I favor this purchase before it becomes clear-cut. I have no financial interest in any person, organization or business connected with Afognak Island, and I represent no one. This area includes the oldest, purest stand of spruce timber in Alaska, and perhaps in North America. It includes the Falls Lake drainage that has the best sport fishing I have ever known: rainbow trout in the spring, an early run of red salmon and an August run of silvers, surrounded in the most beautiful forest, unspoiled by man. This area is also the home to the healthy, thriving and well-protected and well-managed brown bear population. Hunters have little success here because of the good cover. The deer -- the deer and the elk population is in a stable and good condition. I have fished this drainage at least three times each year for 45 years. I also have checked and maintained the two fish ladders that was put in -- what was installed when we were still a territory. I hope you will be successful at acquiring this great piece of land, it's a great

piece of real estate. I am hoping I can make -- take my grandson here some day to enjoy what I have been so lucky to enjoy. Thank you.

MR. PENNOYER: Thank you very much, and thank you for your feelings and observations on the north Afognak land. Are there questions of the Trustee Council? Would you repeat your name please, sir, and spell it for the record.

MR. SUTLIFF: Norman Sutliff, S-U-T-L-I-F-F.

MR. PENNOYER: Thank you very much. Would other people as they come on to testify, please spell their last name for us so we get them for the record. Let's try Seward, is there anybody in Seward that wishes to testify?

STAFF: Yes, Mr. Chairman.

MR. RICK SMERIGLIO: Hello, my name is Rick Smeriglio, that's spelled S-M-E-R-I-G-L-I-O. I live at Mile 24-1/4 on the Seward Highway, and I'd like to speak in favor of habitat acquisition for Kenai Fiords National Park. I'd like to see all the parcels remain in public ownership regardless of the low, medium or high ranking that they received in the habitat protection process. And I see the necessity for ranking the parcels because the funds are limited, but I'd argue that no parcel in the Kenai Fiords National Park deserves a low ranking for acquisition. They all lie within an integrated whole in terms of management of the park and in terms of their biology, and compared to other parcels at the tip of the Kenai Peninsula, all the parcels in the park are more closely tied to coastal resources, and if any of this gets

left out, what will result is a checkerboard pattern of land ownership, which is a well-known management problem that's going to plague the park for years if it happens. As I say, I see the necessity of ranking, but I certainly don't like it. I prefer that all the parcels in Kenai Fiords National Park receive funding for acquisition, and by enforcing a ranking and probably funding only the high ones, the Trustees force the Park Service and the public to make a tough choice. It's like forcing a grandparent in an emergency to choose which of his many grandchildren he wants to save. It's like forcing the City of Seward to choose between a major project like the Sea Life Aquarium or the National Park, but not both, and I think that's an awful choice to have to make. It's one that I don't want to have to make, and it's one that I don't think the public want's to make. The public seems to want both, and if the Trustees don't fund all of the parcels, I think basically Seward won't have a national park. I genuinely fear what will occur on those parcels in the checkerboard that don't remain in public ownership. So, to close I'd like to say again that I favor using EVOS settlement funds to acquire all the private land potentially for sale in Kenai Fiords National Park. Thank you for your time.

MR. PENNOYER: Thank you, sir. Are there questions of the Trustee Council? Thank you very much. Let's move on to Soldotna, is there anybody in Soldotna that wishes to testify? Soldotna? I guess not. I have a single name here, Chuck Meecham, Chuck are you on? Okay, we'll come back to Mr. Meecham, if you get

on later. Homer, Alaska -- Homer, anybody in Homer that wishes to testify?

MR. CHRIS MOSS: Yes, this is Chris Moss, M-O-S-S. I'm representing Cook Inlet Seiners Association. I'd like to testify on the Work Plan. Our group fishes salmon -- or the members of our group fish salmon in an area between Prince William Sound and Kodiak, on the outer Kenai Peninsula. We also fish in all the areas below Anchor Point. At this point, we'd like to urge you to fund project 95139A, Port Dick spawning channel. Port Dick is or was the largest natural contributor to pink salmon production in lower Cook Inlet. It also was the largest -- it has the largest production of chum salmon on the outer coast. In 1994 the salmon harvest was less than a thousand fish there. We're very concerned about the downward trend in this outer area. Please fund this project. This area was heavily impacted by the Exxon Valdez oil spill. This is the first project in lower Cook Inlet to begin the restoration project -- process for salmon in lower Cook Inlet. We've been very concerned about the lack of projects for these -- these salmon streams in this area and also the lack of research done in this area, and we're excited to see this project to help restore this to it's natural production and historical level. So, please fund this, we're really hurting down here.

MR. PENNOYER: Thank you, Mr. Moss. Are there questions from the Trustee Council of Mr. Moss? Okay, thank you. We'll come back now to Anchorage, and who wants to be next in Anchorage? Yes, sir.

MR. HOWARD FERREN: Good morning, Mr. Chairman, the Trustee Council members. My name is Howard Ferren, F-E-R-R-E-N. I'm Special Projects Manager and Planner for Prince William Sound Aquaculture Corporation. I'm here to speak to proposal 95093, restoration of Prince William Sound natural spawning salmon resources and services, and integrated and collaborative approach. This proposal is presented as a suite of three subprojects designed to rehabilitate injured natural spawning stocks, to maintain the bio-diversity of the Prince William Sound ecosystem and restore resources and services to people and communities of the Prince William Sound area. Subproject A addresses pilot scale supplementation activities in three oiled streams. Subproject C is similar to A, however, the activities are to take place in three unoiled streams identified by subsistence users because of their importance to them. Subproject B addresses the version of fishing effort from oil damaged stocks. Project 95093 can be initiated in 1995 within constraints of planning and permitting time lines. Valuable time must not be further lost to initiate restoration. The Chief Scientist and Executive Director recommend that significant work still remains to adequately plan -- prepare the project, including complying with national environmental -- Environmental Policy Act, and that funding be allocated for the further work on these tasks with additional funding in FY '95 as may be appropriate depending on approval of a revised proposal. The \$100,000 recommended appears to be in an arbitrary figure derived without input from the project proposers. Therefore, it

must be clearly stated that, one, planning can be initiated within that allocation, although certain project details can only be completed after initiation of stock surveys and site evaluations. Three hundred thousand dollars is recommended for this. NEPA compliance process must be initiated, must not be delayed, and may require more funding than is recommended within the \$100,000 figure. Project 95093 collaborators recommend in order to proceed in good faith with the Executive Director's recommendation, that the Executive Director be given an administrative authority to fund NEPA as required, based on project detail. This action will expedite the NEPA process and emphasize the Trustee Council commitment to proceed with restoration of injured and lost resources and services. The Trustee Council revisit the proposed work no later than April 1995 to consider funding level for proposed project components that are feasible for implementation in 1995. It is vital that we proceed in this fashion, recognizing that by May 1995 when our field season can begin, more than six years have elapsed since the Exxon Valdez oil spill, during which time little in the way of active restoration of the Sound's resources -- injured resources -- has been initiated. Thank you.

MR. PENNOYER: Questions from the Trustee Council? Thank you very much. It's been pointed out to me, I do have the sign-up sheet in Anchorage, although Mr. Ferren was not on it, so we'll go ahead the list, I think, and try one more from Anchorage. Arlis Sturgulewski. Senator Sturgulewski are you there. Oh, there you are, thank you.

MS. ARLIS STURGULEWSKI: Arlis Sturgulewski, S-T-U-R-G-U-L-E-W-S-K-I. I learned that one. I really want to come up and -- not to just counter Mr. Thoma, but to really say a heart-felt thank you for a lot of work on the part of a very dedicated staff and previous staff, as well as to the Trustee Council and previous Trustee Council. I came about what ended for me -- really this is kind of a culmination of four years of trying to see a longer term look taken at the -- in the spill area in terms of research and restoration. I was an advisor to the International North Pacific Fisheries Commission, and even though we dealt mainly with the salmon on the high seas, we also got a lot of information of various species, and we hear in the high seas in the Magnusson Act area, there's a lot of information that is simply not available, and even though we talk about conservative management, we really don't know -- there are just too many imponderables, and it seemed to me that this area that's under consideration is a wonderful place for us to really find out a lot of things about how to really look at the whole ecosystem and I have to thank, particularly Jim and Molly and the work that they have done to help focus and bring us toward with the Trustee's approval, that ecosystem approach. So, I'm really here today to say that, thank you, you did not have a road map, you had to build your own road map in a sense because of the magnitude of this and what you've been involved with. I think that you're on a very good course. I appreciate your consideration of maximizing the investment return. I certainly compliment you for having established a beginning, to establish a

reserve, and I would hope that you do adopt the restoration plan with the longer view. It's not been easy, but I think you're on the way, and if this can become then, a prototype, maybe we won't keep picking up the paper and reading what's happened off of New England, and off the outer banks and other areas around the world, and, so, I hope you'll put this in the perspective of a much larger picture that you're really doing some fine work, and it hasn't been easy and you have had your critics, but I just want to say thank you.

MR. PENNOYER: Thank you for those words, Senator.  
Questions of Senator Sturgulewski from the Council?

MR. TILLERY: Mr. Chairman.

MR. PENNOYER: Mr. Tillery, Arlis, we've got one question here.

MR. TILLERY: Senator, I was just wondering, you are, I assume, familiar with the current, the way in which the restoration reserve is now envisioned. Is that -- does that comport with your views of how it should be constructed?

MS. STURGULEWSKI: You know, I have to say that this has gone through an awful lot of iterations, and as I understand now, there will be some flexibility to that in case -- needs come up, but you're -- you're -- as I understand it, you're looking toward a hundred million, plus and I certainly think that's fine. I had a vision at one time, a foundation, more of a separate approach, but I think the practical thing and the politics that they are, that it's -- it's best this way. You have a structure for the

public to have input, and rather than creating a dual structure that I am certainly am satisfied. Nothing is every quite the way you want it to be, and we had a lot of views during the process. There's been a lot of people that have spoken for -- for an approach, and differing views, and that's been the process. It's worked to where it is and I say hallelujah and amen, go for it. Okay, thank you.

MR. PENNOYER: Further questions? Yes, Mr. Janik.

MR. JANIK: No question, just a comment. That was very gracious of you to come here and deliver your statement. Thank you.

MS. STURGULEWSKI: Hey, honey, I've been here many times. (Laughter) I thought rather than haunting you, I would come and say thank you. No, I'm serious about that. Thank you.

MR. JANIK: Thank you.

MR. PENNOYER: Appreciate that, I think we'll go back on the net again. Cordova, anybody in Cordova that still wants to testify?

MR. JAMES MYKLAND: Yes, good morning, my name is James Mykland, you spell that M-Y-K-L-A-N-D and I am one of the commercial fishermen that still fishes in Prince William Sound. I also reside in the City of Cordova. I thank you for the opportunity to address the Trustee Council today, and the views I express here are my own. It has not been even one year since Jim Ayers became the Executive Director and during that time there has been a big change on how the public interacts with the Trustees. I want to thank Jim

Ayers and Molly McCammon and their staff on a good job done during this past year. I also appreciate the Trustee's work and the hard job of weeding through all the proposals that come before their desks. I am both interested in letting the Council know my views today on the very proposals contained in the '95 Work Plan that are of high interest to myself. I congratulate the Council for funding the Sound Ecosystem Assessment program, the SEA plan, in the '94 year, and I encourage the Council to continue full funding of this SEA program in '95. Research studies and field work to find out what has happened in Prince William Sound is of the utmost importance to fishermen. As a member of the public the recent SEA peer review and workshop in Cordova that was just recently held was very interesting and gave us some clues in the quest for finding out what is wrong with the Prince William Sound ecosystem. In discussing pink salmon, which in my opinion were the hardest hit species in the whole spill, I support the continuation of coded-wire tag program and the funding and the implementation of the otolith thermal mass marking proposal. We desperately need the funding of these two proposals to continue the work on stock separation in Prince William Sound. This is an integral part of a total restoration of Prince William Sound pink salmon. So, I encourage you to do so. I also support the joint proposal by the Native Village of Eyak, the Prince William Sound Aquaculture Corporation, and the University of Alaska Fairbanks. This proposal number 95093 is the restoration of pink salmon in Prince William Sound. After five and a half years of pink salmon restoration --

oh, excuse me, after five and a half years, we are still waiting for pink salmon restoration to begin in the streams of Prince William Sound. Adequate funding for planning and permitting are not enough. If you cannot agree today on full funding of this proposal, then please revisit this proposal in early spring 1995, after the planning and the permitting has been done. Do not let this golden opportunity to begin pink salmon restoration to go by.

I was one of the 160 purse seiners that was finally catching pink salmon in the Sound this summer. After three years of no pink salmon, I finally felt like a fishermen again. Only problem was, the majority of the pink salmon production came from the northern streams in Prince William Sound. Oil still impacted areas. Northwestern and southwestern streams still were very weak. Concerning habitat acquisition in Prince William Sound, I -- I support the Council's efforts fully. Watershed protection is the only answer to viable long-term help. I encourage the Council to continue negotiations with the Eyak Corporation concerning their habitat acquisition. It would be a bad day if the timber is cut in Prince William Sound, when the monies are available to purchase timber rights. I implore both the Council and Eyak Corporation to settle their differences and make a deal. We are all getting tired of this long delay. In closing, I wish to applaud the Council and the staff on the hard work this last year, and I appreciate the time and effort extended by all. The restoration of Prince William Sound has finally begun, and now it is up to all of us to keep going what had been started. Good luck in your deliberations

today, and thank you once again for letting me speak. Thanks.

MR. PENNOYER: Thank you, Mr. Mykland. Any questions for the Trustee Council? Mr. Ayers.

MR. AYERS: Mr. Chairman, I do not have a question, but I -- I feel compelled to first of all say thank you, I appreciate the comments. Certainly the Trustee Council has taken major steps forward in developing the comprehensive plan as noted by the last two speakers. However, let me also say that the speaker before Arlis Sturgulewski and then this speaker raised the question of the commitment with regard to pink salmon, and I've been thinking about that a great deal myself, and I just wanted to point out that through 1994 the Council had invested over seven and a half million dollars devoted specifically to pink salmon projects and pink salmon restoration. In the '94 Work Plan, those projects that are directly related to pink salmon are an additional 2.1 million dollars, and, in fact, we are working very closely with the SEA program and there is -- I -- as people talked earlier today, we're doing a number of things to try and support that project, which is an additional 4.6 million, the majority of which is devoted towards the ecosystem and better understanding the ecosystem's relationship to the recovery of the pink salmon. I just wanted to point out that that's some 9-1/2+ million dollars in addition to the 4.6 million dollars that we are investing again, or recommending for investment in the SEA plan this year. We're approaching some 15 million dollars in an effort devoted specifically related to pink salmon and the restoration of pink salmon,

and I -- I know that there may be discussions about well those weren't the projects that -- that someone else picked, but those were the projects that were identified, and have been funded, and devoted specifically to the restoration of pink salmon, and I understand that there is now an effort and a clear focus, which is a separate issue having to do with the issue of 95093, which is a specific wild stock restoration effort and I -- and we'll deal with that and we'll discuss that and certainly we've talked about that.

But, I just wanted to point out that there has been a commitment by prior Trustee Council efforts devoted to the Prince William Sound, and in particular the pink salmon restoration effort, and there will continue to be, and I think -- you know, I know we're very supportive of that and will continue to support that effort.

MR. PENNOYER: Thank you for those observations, Jim. I think we'll continue around the net now. Juneau, is there anybody else in Juneau that wishes to testify? Okay, Kodiak, anybody further in Kodiak that wishes to testify?

KODIAK LIO MODERATOR: I did have some testimony that was dropped off and they asked me to read it. Would that be possible, or should I fax it to you?

MR. PENNOYER: You can go ahead and read it if it's within the time limit.

KODIAK LIO MODERATOR: Yes, it is. A letter written by Mark Thissen of Kodiak and it's read by the moderator here in Kodiak, (indiscernible), "Dear Members of the Council: Thank you for the chance to testify. I am a Kodiak commercial fishermen

presently employed as a carpenter. I am a supporter of the Council's decision to make certain habitat acquisitions in the spill-affected areas, and see it as a prudent use of the settlement monies over which you as Trustees preside. I supported and appreciated the Council's acquisition of what is now known as Afognak State Park Seal Bay area. Adjacent land to the west known as Pauls and Laura Lakes area are being looked at for potential logging in the near future. I have personally spent time in this high quality wilderness. It is an intact ecosystem featuring the pristine lake, the timber stands, rugged coastline and the species of fish and mammals dependent upon them. Your own studies have given us -- given this high -- given this area the highest biological rating. It would truly be a high quality acquisition. If the Native corporation, the timber company, the Council and whatever parties may be involved can come to a mutual agreement on this acquisition, I would fully support it. Thank you.

MR. PENNOYER: Did you get that name? Would you spell the last name, please, on the letter?

KODIAK LIO MODERATOR: Yes, that's Martin Thissen, T-H-I-S-S-E-N.

MR. PENNOYER: Thank you very much. Let's go to Seward then, anybody further in Seward that wishes to testify?

MR. MARK LUTTRELL: Good morning, Chairman Ayers and members of the Council. My name is Mark Luttrell, that's spelled L-U-T-T-R-E-L-L. I've been a resident of Seward for over ten years, and I'm also a member of Friends of Kenai Fiords, and

advocacy group for the park. I would like to speak in favor of habitat acquisition for land within Kenai Fiord National Park, and I'd like to do so from an economic point of view. I'm not sure how many people realize the economic impact that the park has on the economy of Seward. Some quick figures here, 204,000 visitors have shown up in Seward, just this year, and that accounts for 559 percent increase over the last 10 years. Over half of those visitors come here to see the park, and approximately \$72 is spent per person per day, in Seward. Multiply those two numbers and you come up with \$14,688,000, which to me is a very large chunk of change that I don't want to jeopardize. So, I'm asking that the Trustee Council do what they can to provide money for the purchase of private in-holding within the Kenai Fiords National Parks. These are lands that are owned by Port Graham and English Bay Corporations, and to my knowledge they are willing sellers and we certainly have willing buyers here. I think it's very much like a win-win situation. Most of the community here is in favor of it. It certainly would assist the local economy. We don't believe that tourists coming to Seward would be as likely to come here, actually, if they knew that the park that they would be visiting was checkerboard, or had certain developments, logging perhaps, the restriction of access. If you can see to do the good work you did in Kachemak Bay State Park and Afognak Island, do the same for Kenai Fiords, we certainly would appreciate it here. That's all I have.

MR. PENNOYER: Thank you very much, Mr. Luttrell. Any

questions of Mr. Luttrell from the Trustee Council? Okay. Let's go around the net one more time. Soldotna, is there anybody at Soldotna that wishes to testify? Nobody in the Soldotna? Is Chuck Meecham back on line? Homer, anybody in Homer that wishes to testify?

MR. MICHAEL MCNIVEN: Yes, my name is Michael McNiven, M-C-N-I-V-E-N. I'm a fisherman and resident of Homer, and I'd like to speak towards the small parcel land acquisition. I would like to encourage the Council to favorably consider the acquisition of what's called the Overlook Park area in -- just outside of Homer on the shores of lower Cook Inlet. This is a piece of land that at the moment is -- is still maintained in its pristine condition, and although that may not be the case for much longer, this land is surrounded by state lands, and has been considered as a state park in the past. I would encourage the Trustees to -- with their high priority as far as acquisition, this is a unique piece of land, and not only does it harbor large animals, also birds and other wildlife, and it's boarded by a large reef that's support a large variety of intertidal and tidal creatures. Thank you.

MR. PENNOYER: Thank you very much, Mr. McNiven. Questions of the Trustee Council? Thank you. We'll come back to Anchorage now, and Carol Boehnert, please.

MS. CAROL BOEHNERT: Hi, my name is Carol Boehnert, B-O-E-H-N-E-R-T, and I'm speaking today on behalf of the Alaska Center for the Environment. First, I'd like to thank the Trustees for all their hard work, and especially Jim Ayers and Molly McCammon for

what they have been doing. I know everyone has been putting in long hours. Some of the good news is that the people are very involved in the negotiations on habitat acquisition. The banner outside is signed by hundreds of Anchorage residents advocating for Eyak and Afognak deals. In addition, it's my understanding that somewhere in your packet you have many, many letters from people within the spill area, saying what it is that they are worried about. These areas that are getting a lot of worried people writing you are usually Eyak and Afognak. This is partially because these areas are imminently threatened. If you look back in the Trustee Council records of what's happened to the other areas that were on imminently threatened lists, Two Moon Bay is an example, Fish Bay, Delphin (ph) Point, these areas have been clear cut and we feel that it would be naive to assume that Eyak and Afognak lands would not also be clear cut. That's one reason that we are advocating so strongly that negotiations be pursued in whatever creative form that's necessary to get deals. We also strongly support a land deal for Kenai Fiords. This is an area that has a lot of economic need for the community of Seward, and it's a very popular area. In addition, we have real concerns that the areas that are acquired, are acquired in comprehensive large amounts of land. The Forest Service now is dealing with the whole issue of viability and viable populations, and what conservation biology says is that creatures need large areas to roam around in rather than little bits of areas interspersed with large clear-cuts, and we feel that it would not be the same to us if you get

tiny acquisitions all over the map. We strongly advocate from a scientific point of view that we need comprehensive acquisitions. One suggestion we might have because we know how difficult and tiring it is to have negotiations go on and on, is that you have a public meeting in Cordova where you discuss the deal that is made to the corporation, and let the corporation and yourselves talk about it so that the citizens can understand what's happening. I thank you for the time and again thanks for all your hard work.

MR. PENNOYER: Thank you, Ms. Boehnert. One second, is there any question of the Trustee Council? Yes, Mr. Rosier.

MR. ROSIER: It's about -- do I take it then that from your perspective anyway, that you are not supporting any of the small parcel purchases?

MS. BOEHNERT: No, it's my understanding that small parcels are going to be considered after large parcels. I'm talking about if we are talking about large parcel acquisitions, let's not just get tiny areas in the Sound, and say, oh, we've acquired areas in the Sound. We really need comprehensive areas. But, I support small parcel acquisition when they come up for consideration. Thanks.

MR. ROSIER: Thank you.

MR. PENNOYER: Oh okay, let's do one more here, Theo Matthews. Theo, did you want to testify, it doesn't say yes or -- I'll put yes down for you.

MR. THEO MATTHEWS: I didn't realize you were going to have a comment period, I mean this early. My name is Theo

Matthews, that's spelled with two Ts, I reside in Kasiloff, Alaska.

I'm going to try and speak with two hats this morning. I hope I have enough time. First, I'd like to speak to you as Vice-President of the United Fishermen of Alaska. UFA is comprised of 20 regional commercial fishing associations from Ketchikan, basically up to the Yukon drainage. Out of those twenty groups, approximately seven reside or are based in the oil spill area of Prince William Sound, in lower and upper Cook Inlet and Kodiak. I should also probably say that I was unfortunately UFA president at ground zero when the spill happened. As that, I have lived with this issue since ground zero. UFA has negotiated in the clean-up, we involved with negotiations with Exxon for payment to fishermen, we were involved in the state and federal criminal settlements, we were heavily involved in the passage of OPA 90, we were involved in the recently partially completed civil suit by the fishermen plaintiffs, and last but not least, we consider this process vital for the long-term. The trustee process will go on. The lawsuits will be over, the clean-up is over by in large, but this process is vital to the areas that were affected, in particular commercial fishermen. I'd like to first of state that UFA firmly supports the restoration reserve idea. We have been working with Senator Sturgulewski and others for two, at least two years. All the affected groups met, we had a clear consensus within UFA, not just the affected groups, that this would be vital for a broader understanding of the ecology of these area, you know, which would benefit all users. She spoke to it eloquently, I'll leave it at

that. We firmly support continued funding in that. I'd also like to say that habitat acquisition is clearly understood as a vital part of this process. I mean, you have heard from Prince William Sound, that they are waiting. I think what you're going to find from Upper Cook Inlet is probably due to the salmon -- sockeye situation, there will probably be small parcel acquisition proposals coming forward, and clearly you've had some from Kodiak, and you'll have more. But, we do consider that as a vital part of this process, and I would like to conclude with the UFA remarks, just generally state that it took a long time to get commercial species recognized as harmed by this spill. I mean, Kenai River sockeye and Kodiak sockeye, the first year we went to a big policy discussion, they were finally recognized. Finally, Prince William Sound pink salmon and herring, after a collapse, were recognized. But, that's behind us. We clearly would like you to continue funding those projects. I mean, to the extent that they -- they have merit. I mean, we do not propose projects that don't have merit, but they're vital for all areas and I'd like you continue funding them. If I -- could I put on the second hat for thirty seconds. I'm also Administrative Assistant of United Cook Inlet Drift Association. We're commercial salmon fishermen in Cook Inlet. I'd strongly like to urge the continued funding of 95255 and 258. They're ongoing projects. We do see an end to them, but we feel it would be premature not to continue funding them now. We also are very interested in 95105, which is pilot study for possibly being able to help the fry over-winter in the Kenai

system, and frankly there was another category -- project -- category 1 project, 95408, we simply haven't had time to look into the merits of that issue. It was category 1, and I thank you for the time, Mr. Chairman.

MR. PENNOYER: Thank you, are there questions of Mr. Matthews? Well, thank you very much for both -- both of your hats, that was very well done, thank you. I think we'll go back on the net again. Cordova, any body further in Cordova that wishes to testify?

MR. HENRY MAKARKA: Hello, Trustees. Henry Makarka is my name, last name is spelled M-A-K-A-R-K-A. I am a senior and registered and enrolled to the Chugach Region, enrolled to the Eyak Village Corporation. I would like to make comments to the Trustees and to the fact that I realize that you have had ongoing negotiations with the Eyak Corporation and as far as the acquisition, within our area here. I would hope (indiscernible) because of the fact that it has been going on for so long, that you would come to some reasonable and fair settlement with the corporation for the good of all people and the good of -- and the common good of all people. So, I thank you.

MR. PENNOYER: Thank you very much. Any questions from the Trustee Council? If not, thank you. Let's go to Kodiak, anybody further in Kodiak that wishes to testify?

KODIAK LIO: No one else in Kodiak, thank you.

MR. PENNOYER: Thank you. Seward, anybody further in Seward that wishes to testify.

HOMER LIO: Not at this time, Mr. Chairman.

MR. PENNOYER: Homer, anybody further in Homer that wishes to testify?

LIO: No, no one further down here.

MR. PENNOYER: Thank you very much. Okay, we'll come back to Anchorage, then, and finish out our list here. Mark Buckley, please, Buckley Fisheries.

MR. MARK BUCKLEY: Yes, good morning. Before I begin my brief remarks, I'd like to say that I've been asked to inform the Chairman there may be some people in the audience who did not see the sign-up sheet.

MR. PENNOYER: I intend at the end to have sort of an open hand.

MR. BUCKLEY: Okay, all right. Yes, my name is Mark Buckley, that's B-U-C-K-L-E-Y, I'm representing myself, I'm from Kodiak, I'm a commercial fisherman there, and in the past I was a biologist for the Alaska Department of Fish & Game. I was a fisheries biologist and habitat biologist, I hold a degree in wildlife management. I'm here to testify in favor of the habitat acquisition of parcels AJV 03 and AJV 01 on the north end of Afognak Island. As a user of Afognak Island for sport fishing and sport hunting, I can testify to the wonderful species -- diversity up in these parcels and the great habitat value that they possess.

I see that AJV 03 is rated as the highest valued parcel that you have on your study here on this comprehensive habitat protection process, these large parcel analysis, and I urge you to seriously

consider and to in fact proceed and purchase this parcel. Thank you very much.

MR. PENNOYER: Thank you, Mr. Buckley, are there questions? Thank you very much. Can't see if that's a yes or a no, but Shannon Randall, please.

MR. SHANNON RANDALL: Good morning, my name is Shannon Randall, I am a 26 year resident of Afognak Island. I have hunted seal with my husband, full time, and trapped, and now for the last 21 years we've owned the Afognak Wilderness Lodge in the heart of the acquisition area. First of all, I'd like to thank each of you and the past Trustee Council for acquiring the lands on eastern Afognak which are prized by the whole community of Kodiak, and other people further -- further spread. And, we've had guests over the last twenty years who have traveled the world much further than I ever have, and they all testify and educated us that our preference for this area was valid and that there is no other area in the world that they've seen in their extensive travels that are as prized. In fact, we had one banker from Texas, you were talking about Texas bankers here today, and his wife said, honey, let's buy a place like this, and he said that there isn't another place like this, honey. And, now your own study had confirmed the same. With regard to logging which is the thing that we're trying to avoid, there is an extensive ash debris of volcanic from Katmai at the early turn of the century, and when it fell it was about three foot thick over these islands and now it's compressed down to about three inches, and even though -- when they log, the new growth will

start, but it doesn't get very far, and it will look like a fresh new little forest starting, but we have -- we've got trees on our property that are the same height now as they were twenty-six years ago when I first moved there, and they have -- they still look green and healthy, but they have not grown, and there is this three inch layer of ash that they cannot penetrate through, and it's -- it's sterile, and it's almost -- it's not as strong as cement, but it's -- every gardener in Kodiak knows you have to get rid of that volcanic ash in order to do any gardening. And, it's in the wilderness condition. The trees -- the new growth cannot penetrate through it, so you'll get trees -- these trees that are on our property are six to seven feet tall, and that's how tall they have remained for the twenty-six years that I've been there, and I don't know how long before that, but they -- they were there. So, it's -- it's -- and I know a lot of reforestation efforts on Afognak have failed, and there is -- in the last decade I heard of reforestation projects for the summer that just, they didn't -- they didn't work, and further, down in the south end of Afognak, forty years ago, fifty years ago, they did extensive logging and it's a stunted forest there now. It's some growth, and it looks promising, but people say it's stunted and it's certainly not the development that should have occurred naturally. So, thank you for your work in the past, and we're looking forward to you acquiring this prized jewel of the Kodiak Island area. Thank you.

MR. PENNOYER: Any questions from the Trustee Council?  
Yes, Mr. Tillery.

MR. TILLERY: Ms. Randall, one of the proposals before the Trustee Council in the '95 Work Plan is to put some, I think some of the overburden back on some of the roads on that clear-cut that's down near the oceans, there, do you have any comments on this? I assume you're familiar with the clear-cut area.

MS. RANDALL: It's in my back yard. Well, the -- apparently in the agreement between the State and the Native corporation, there's a logging outfit, whoever specifically handles that -- handles that, there was no requirement that they had to pull out the slash. There is slash, and it's very ugly. And, it prohibits the -- the game from walking through the forest, and they're forced to go up in the road, where the loggers come by day and night and hunt the roads, and there's been a couple of culverts pulled out, that I'm aware of. And I don't know, I know the -- the Fish & Game biologist, Roger Smith, in Kodiak, has advocated that they block the road so that they can't be used anymore, because there's not going to be anymore logging effort in that area, and still it seems justified that they would block it.

MR. TILLERY: In your experience, what seems to happen there, if you don't put the overburden back on the road, if you just leave it there, will things grow up through eventually, or does it just stay there?

MS. RANDALL: No, it doesn't, as far as I know.

MR. TILLERY: It does not grow up?

MS. RANDALL: No, There's, well, I imagine in fifty years or a hundred years it would, like everything else eventually

does. It -- it's -- there's not much soil. There's just not much soil on Afognak. We built several log cabins on pilings, and it's just two feet down to bedrock. And, when they cut those roads through, then they're right down at bedrock, and there's not much soil to work with to have an overgrowth start.

MR. PENNOYER: Thank you very much.

MS. RANDALL: Thank you.

MR. PENNOYER: Next is Tom Dooley, please, Mr. Dooley.

MR. TOM DOOLEY: Mr. Chairman, members of the board, my name is Tom Dooley, D-O-O-L-E-Y. I'm a thirty-one year resident of Kodiak, commercial fisherman, member of the Fish & Game Advisory Board, and pretty avid hunter and fisherman. I've come to -- before the board to plead with you to tie up and buy the north Afognak, the joint venture proposal that was -- I think you all picked out as number one to save. One thing we've got on Afognak and Raspberry Island, and a little bit on Kodiak, I think it's probably the only amount of -- or elk anywhere in the State of Alaska, and the herd has been kind of knocked down a little bit. We had four hard winters in a row, and plus road system in an area that's been logged, has took quite a toll on our elk herds, but they seem to be on a rebound now, and the area that we're talking about on the north end of Afognak, and all the brown areas in the Afognak map over here, the light tan, is -- that's what we're talking about, and if you -- if you do go ahead and acquire this land, what I understand they've been waiting eight years from logging it, and their plan is if they don't sell it they are going

to log it, and if they do they're going to virtually take the rest of the old growth timber on Afognak, and open it all up with road systems. And, it's going to hurt our elk herds, it's going to hurt our deer herds, and just from my own account there's ten good spawning streams in the area with -- that's put up right now. They're good producing streams, and they'll be damaged. One thing to, is if you -- if you do acquire the land that's -- that's offered in this purchase, it's going to tie in the northeast, the north and the northwest part of Afognak, and it will also tie directly into the -- the federal lands that's refuge area there. So, it's going to set aside and protect a very large part of Afognak, and when they're done cutting land, cutting trees and tearing up the rest of the island, the one thing is the south part of the island, the southwest part of the island don't have a lot of trees, so hopefully, they won't -- won't log that. But, I think somewhere down the line, be years from now, the State will be able to get the majority of the rest of Afognak to -- but if we can save the north part, and the trees, some of those trees are four and five hundred years old. They're really the -- the old growth trees, the ones that seeded. We get a lot of prevailing northwest winds in the winter time and it'll help with a natural reseeding, I think, to -- there's many, many advantages of saving this old growth timber, the elk herds, deer herds, the fish. Also, I'd like to mention that country got oiled, most of it light to medium, but most of it's -- it's pretty well come back now. I guess that's all I've got to say. Thank you very much.

MR. PENNOYER: Questions of Mr. Dooley? Thank you.

MR. DOOLEY: Thank you.

MR. PENNOYER: Next will be Kelley Weaverling, Kelley.

MR. KELLEY WEAVERLING: Mr. Chairman, members of the Trustee Council, Secretary Frampton, thank you for this opportunity to speak. My name is Kelly Weaverling, that's spelled W-E-A-V-E-R-L-I-N-G. I'm the past mayor of Cordova. In the sake of time, I will not make the same comments that's been made before, but I would like to voice my support for the points that were made by members of Cordova District Fishermen United, United Fishermen of Alaska, and Prince William Sound Aquaculture Corporation. I'm here today speaking as a private citizen and I will confine my comments to someone who has some insight into the social fabric of the Cordova Community -- the Community of Cordova with regards to a petition that was recently delivered to you. This petition was circulated in a period of two days, and it contains approximately ten percent of the total population of the Community of Cordova. It probably contains a little in excess of twenty percent of the adult voting population of my community. This fact, in itself, is remarkable, but beyond that an inspection of the names that appear on this petition indicates there is a great broad popular support for a comprehensive plan for habitat acquisition in the Cordova area. This is a remarkable achievement, gentlemen, for my community. We pride ourselves on taking strong stands on one side or the other of an issue and try to divide ourselves as equally as possible. (Laughter) In this case, I'm almost totally

flabbergasted by the overwhelming support for this project, and I would encourage you to continue the good work and seek to close a deal on this very important matter to my community. Thank you very much.

MR. PENNOYER: Thank you, Mr. Weaverling. Any comments or questions from the Trustee Council? Thank you very much.

MR. WEAVERLING: Thank you.

MR. PENNOYER: I understand that Valdez is back on the net and there are two people there who wish to testify. Valdez, anybody there who wants to comment at this time?

MR. PAUL ROETMAN: Yes, Mr. Chairman, my name is Paul Roetman, I am the -- that's spelled R-O-E-T-M-A-N. I'm the Executive Director for the Prince William Sound Economic Development Council. I'm here this morning, or now this afternoon, to speak to you on behalf of project 95115, that's the Sound waste management plan. We see this project through the culmination of over a year's efforts with a regional group of people made from -- or represented from Cordova, Whittier, the two Villages of Chenega and Tatitlek, as well as Valdez. We have come up with this proposal that you have before you. This is a comprehensive plan to identify and remove the major sources of marine pollution and solid waste in Prince William Sound that may be affecting the recovery of resources and services injured by the Exxon Valdez oil spill. The first phase, this is a three phase plan, will identify the major sources of marine pollution and solid waste. It will identify their significance and recommend solutions to reduce the effects

that can be implemented by several groups, the municipality, state and federal governments, private industry and yourselves, the Trustee agency. The following phases of the plan will be to implement these solutions. Only the first phase is before you for FY '95, and it will be implemented using funds from yourselves, should it be funded, and also the Department of Commerce and Economic Development, as well as the ongoing efforts of the -- each community, at this time. Other -- some other points that I would like to make, as a project in your own restoration plan that you adopted a year ago and again this morning, on page 16 of reduction of marine pollution, it references reducing marine pollution can remove a source of stress that may delay natural recovery. More specifically, restoration projects whose primary emphasis is to reduce marine pollution, may be considered, and this gets even more clear of whether marine pollution is likely to affect the recovery of a part of the injured marine ecosystem or of injured resources or services. We feel that this regional plan will do this. Also, this will assist injured resources recovering from the spill by removing these stresses, the oil pollution, and as the Trustee Council reviews the '95 Work Plan, certainly there is a lot of dollars going to be spent on upland habitat through acquisition. This is the way to protect directly the marine habitat through the reduction of marine pollution. We're very excited about this proposal. Again, it's a year's efforts of communities that -- in Prince William Sound, like Kelley was just saying, communities that traditionally haven't communicated have combined efforts to come up

with the only regional plan that there is. This is it, the Sound waste management plan. I can -- in closing, I just want to mention that I'm very pleased with the support that we've received from the EVOS staff, Mr. Ayers, Molly McCammon, also Commissioner Sandor, I very much appreciate his efforts through Mark Broderon and Bob Loeffler, helping us to formulate or clarify our proposal that you have before you. I just want to thank you for this time. Thank you.

MR. PENNOYER: Thank you, Mr. Roetman, any comments from the Trustee Council, or questions? I believe there is somebody else in Valdez who wishes to testify, is there further testimony?

MR. ROETMAN: No, there isn't.

MR. PENNOYER: Okay, thank you very much. Coming back to Anchorage, Charles McKee, please. Mr. McKee.

MR. CHARLES MCKEE: My name is Charles McKee, last name is M-C-K-E-E, and I'm here to give you copies of the article, public notice, in the Alaska Journal of Commerce, dated October 31, 1994, and it's in brief, a judgment I had to render against -- in lieu of my copyright and my statements there, and I make reference to United States Code 18506 and indicates that any authorization of any department seal or treasury, agency seals, constitutes a felony, and it indicates it's counterfeit, and the federal reserve not using the current treasury seals and valid. Therefore, the that the Internal Revenue Service is also committing aiding and abating a felony, and I have for those people who wish to review it, at the bottom on the article, the original treasury seal, which

in case -- the copyright case, which is TXU 545416, is what I have copyrighted, the copyrighting case, gives me the right to amplify the regional treasury seal. Consequently, above that is the math that indicates that -- that I have achieved the overlap of what, you know, pi times two equals 343-34H, indicating that when you -- the H stands for when you burn hydrogen you create helium. We don't need to use hydrocarbons anymore for propulsion or heating of our homes or industry, but, yet, I've been having difficulty in promoting my cause. Not to mention the treasury seal, which is ratified before the Bill of Rights, the Constitution, it's actually what you would call a survey marker. That's my benchmark, and what it indicates. So, you people have -- need to reassess what justice is in relationship to me, as well as you, unless, of course, scientifically considering you people are animals with lodging. Do you want to be reduced to a little area referred to as a digit? Truly. That's where we're heading. Digital information, you'll be places right on it, and it's not very big. I heard a lady comment earlier that animals need a large area to sustain themselves, so what's the point if you don't have a Justice Department working in your behalf that will not look at the -- the case, I've been told by reporter, Daily News, Ron McGee, that the judge couldn't make a decision because the treasury issues out paychecks with the current treasury seal on it, he couldn't make a decision on the case because it would be in violation of his won pay, United States court. So, you people are dealing with the same currency. All I want to do is generate more money, the legal kind, the stuff that's

backed by resource extraction, which I indicated in brief out of the Turnagain Arm, the mineral there would back it. It wouldn't be borrowed with interest accrued, which is what's driving our capitalistic society at the time, at this present time.

MR. PENNOYER: Mr. McKee, could you wrap it up, please.

MR. MCKEE: In summary, you need to reassess this because you're not going to receive any justice, if I don't.

MR. PENNOYER: Thank you, are there questions of Mr. McKee? Thank you very much. Mr. Karl Becker, please, Mr. Becker.

MR. KARL BECKER: Good morning, Mr. Chairman, members of the Trustee Council, for the record my name is Karl Becker, K-A-R-L B-E-C-K-E-R. Just a moment. (Pause) I'm a member of the Board of Directors of the Prince William Sound Aquaculture Corporation, the Prince William Sound Conservation Alliance, I'm a commercial fisherman and an eighteen year resident of Prince William Sound. I'm speaking on my own behalf. I'd like to say that I support the projects in 95093, restoration of Prince William Sound natural spawning salmon resources and services. I would like the Trustee Council to authorize administrative authority for Mr. Ayers to fund the NEPA process as necessary, so that some or all of these critical projects can get into the field in 1995, should they prove feasible. I further support that the projects be funded at the level Mr. Ferren recommended, in order to meet the requirements of the NEPA process. The projects in 95093 will be a first necessary step for answering some of the genetic issues involving both wild and hatchery stocks in Prince William Sound. Answers

from this research could in the future facilitate better management or salmon fishery toward reducing impacts on impaired or depleted wild stocks. The collaboration of the Community of Eyak and other residents of Prince William Sound with agency and academic researchers in the Sound is important from an economic standpoint, and also because of the sense of stewardship and empowerment that is fostered within the communities of the Sound is a consequence. Moving on to other projects, I'd like to add my support to the Cordova District Fishermen United's support of the coded-wire tag and thermal otolith marking projects, which are so important for the understanding and sustainability of our salmon fisheries. I'd like to thank the Trustee Council for your support of the SEA Program, the Sound Ecosystem Assessment Program, which is an integrated and collaborative approach to ecosystem research that is working well. I also support the monitoring and research of killer whales in Prince William Sound. These magnificent animals are a significant component of our ecosystem and have unmeasurable value for the tourism and recreational industries in our area. With respect to research, I'd like to comment on the funding of the projects. I urge the Trustee Council to search for mechanisms to forward-fund critical research and to bypass pass-through funding. I feel that some of the last minute paper-chasing and funding uncertainties, for whatever reasons, only create economic inefficiencies and a drain on researchers time and morale. Finally, I congratulate the Trustee Council and Chenega Corporation for the significant progress made on acquiring habitat in the

southwest Sound. I urge you to proceed with all diligence to come to a similar agreement with the Eyak Corporation. Thank you very much.

MR. PENNOYER: Thank you, are there questions for Mr. Becker? Thank you, Mr. Becker. Pamela Brodie.

MR. PAMELA BRODIE: Thank you, Mr. Chairman and members of the Trustee Council, I'm Pamela Brodie, representing the Sierra Club. I'd like to say that I appreciate the work of the Trustee Council and the staff for completing the Restoration Plan and the NEPA process on time, and I think making some significant improvements in the process. I think the 1995 Work Plan is much more understandable for members of the public, and has much more clear goals than previous work plans. I very much hope that today the Trustee Council will be able to complete some habitat acquisition projects, and I want to thank you for your hard work in that -- with that goal. If, in fact, the Trustee Council is able to complete some deals in Kodiak, that would be a tremendous advance for conservation of fish and wildlife, and for the economic advancement of the Native corporations in Kodiak. Kodiak National Wildlife Refuge is truly a unique place in the world. I am, however, disappointed that there is apparently not going to be comprehensive habitat acquisition throughout the oil spill area at this time. I'm particularly disappointed that it appears that none of the areas in Prince William Sound are ready for acquisition. The Hickel administration will soon be leaving, and I had hoped, I still hope, that you will be able to complete more habitat

acquisition during the Hickel administration. I'm afraid that with a change of administrations, there will be a lot of momentum and efficiency lost, perhaps worse. I want to say that I do not blame the Hickel administration for the delays, in fact, I would like to thank Governor Hickel for his willingness and ability to do more in that regard. I disagree with some of the things Mr. Chip Thoma in Juneau said, in particular I'm afraid Mr. Thoma is misinformed about House Bill 411, which I strongly supported, but it would by no means have completed comprehensive habitat acquisition throughout the oil spill area, and I'm sure you all know I disagree with him in terms of my opinion about former member Charlie Cole. I -- it seems to me, rather, that the main causes of the delay have been red tape with the federal government. The Seal Bay deal was negotiated before there was an approved appraisal. It happened very quickly, very efficiently, and everybody was very happy about it. I know that the federal attorneys insist that an approved appraisal is necessary before negotiations begin. My own opinion of these appraisals, especially appraisals of non-timbered areas, is they are extremely subjective, they seem to have enormously wide ranges, and they can be worse than useless. I hope that the Trustees will look hard at ways to streamline the process, and if there are cases in which the state can complete the task more efficiently than the federal government, I hope the federal government will consider turning authority over to state agencies to do that. Finally, I'd like to thank you for the opportunity you've given me to serve as a representative of the environmental

community on the Public Advisory Group. I hope I will be able to continue to do that. Thank you.

MR. PENNOYER: Thank you for your input too, Pam. Are there questions of Ms. Brodie? Thank you very much. We're well past what we would, but obviously made up some time ahead of time, I hope, so it would be my intention, I think, to run through 1:00 o'clock on public testimony, if we finish by that time, I hope. It's my understanding there are people here that didn't sign-up on the sign up sheet who wish to testify. Yes, sir.

MR. FRANK PETERSON: Good morning, Mr. Chairman, or good afternoon rather. I'm sorry I didn't realize there was a sign-up sheet there, but being from Kodiak, was delayed because of weather, and I'm here now, and I'm glad I'm having this opportunity to speak before you. My name is Frank Peterson, P-E-T-E-R-S-O-N. Past speakers gave long list of what their titles were, I'd like to belay that, I'm currently a President of Ayakulik Incorporated out of Kodiak. We own property interest on the south end of the island, within the Wildlife Refuge, and we own interest in the Afognak Joint Venture. Before I go and make any statements, what I'd like to ask you is, how long is the record going to be open for written testimony? Because -- I'd prefer to submit a written testimony than take up your time.

MR. PENNOYER: Well, I suppose the written testimony is open at any time, but to influence actions we have to take this afternoon on action items, we'd have to have it now.

MR. PETERSON: On the action items, does that include the

acquisition of the Afognak?

MR. PENNOYER: Yes, it does. No, not at Afognak, not this afternoon (indiscernible).

MR. PETERSON: Not at Afognak. Are we sure there's not going to be any ...

MR. PENNOYER: Not this afternoon. (Laughter)

MR. PETERSON: Okay, if there's not going to be any acquisition discussions or actions taken regarding the Afognak, Laura Lake, Paul Lake or Shuyak Strait area, I will not verbally testify, but instead would like to submit written testimony.

MR. PENNOYER: That would be fine.

MR. PETERSON: Okay, just to inform you and the Council, Ayakulik Inc. is one of seven, very small village corporations, okay. Our membership in Ayakulik is only 27 members. We own one section of land within the Wildlife Refuge on the south end of Kodiak. There are six other small village corporations similar to us that have existed since the inception of the Alaska Native Claims Settlement Act. We have not had any great success, or any success at all in any economic development activities, because of our small numbers, okay. Had to go back to school to get three years of college and business management in order to try to digest what the heck this Alaska Native Claims Settlement Act was all about. I still don't understand a lot of it, okay, but I do understand some parts of the business development activities which we are required to do as village corporations. Now, I don't represent the other small corporations, but I want to say that we

are in the same dilemma and have been for the past 24 years, and the reason I say I want to submit written testimony regarding the Afognak acquisition proposal is that this looks like one of the greatest opportunities that we have for our corporation shareholders and members for any economic development for our people. So, I will look forward to submitting this testimony, and I thank you for your time.

MR. PENNOYER: Thank you very much. Anybody else that wishes to testify. Yes, Dave.

MR. DAVID CLINE: Mr. Chairman, members of the Trustee Council, I'm Dave Cline, that's spelled C-L-I-N-E. I'm testifying briefly as Chairman of the Kodiak Brown Bear Trust, and Alaska representative of the National Audubon Society. It's my understanding that good progress is being made to restore the integrity of the Kodiak Island ecosystem to the acquisition of both small parcels and larger tracts of Native owned lands on a willing seller basis. So, I would urge you to proceed. I think this is really a milestone, a history of this Council to proceed and quickly consummating those deals as a first major step toward acquisition of habitats throughout the spill area. I want to compliment particularly the Department of the Interior, and I think one reason we're starting to see this kind of success is that they made a commitment to assign a high level negotiating team to work with what I think has been some outstanding leadership on the part the village and regional corporations on Kodiak. So, my compliments to Interior and to this negotiating team, and I would

urge all of you on -- the people that are so concerned about habitat acquisition to see if we can't use these kinds of people and skills to now move on to the acquisition of other high priority habitats throughout the spill area, including Afognak, Kenai Fiords and Prince William Sound. So, thank you very much.

MR. PENNOYER: Thank you, David. Any questions of Mr. Cline? Thank you very much. Other testimony, here, yes.

MR. GREG PETRICH: Mr. Chairman, my name is Greg Petrich, and I'm representing myself today. I just want to add just a little bit of historical note. Some people had testified today on behalf of the Afognak, north of Afognak acquisition, and just as a historical note, I recently read a book about the history of the Forest Service and Alaska, and it's a fascinating book. Mr. Sandor was a significant contributor to that book. Afognak Island itself was established as the first forest reserve in the country by Benjamin Harrison, President Benjamin Harrison in 1892, and it was established as reserve, as a fisheries research reserve, where they were looking at problems in the Lower Forty-eight as the result of mining operations, sawmills and other pollution activities that affected government salmon enhancement projects. They were looking for a pristine area to study the habitat of salmon and the science of them, and they found it in Afognak Island. President Theodore Roosevelt in 1908, subsequently transferred the area into the Chugach National Forest, under a conservation designation, and it remained as such until the mid-1960's when the Forest Service brought public plans to conduct

large scale clear-cut operations on the island. These plans subsequently brought about some pretty stiff opposition from the Kodiak community, the Kodiak Island Borough is on record as being staunchly opposed to those activities, The National Rifle Association, I can go on and on, the center for the -- representing the Kodiak area. I guess, to sum it up, the island itself has had a long rich history of conservation efforts. When it was transferred in -- during ANILCA, I think there's a -- eighty percent of the island went into private hands, and since then extensive operations have resulted, clear-cut logging operations, and extensive road system, and there documents facts on when the main resources on the island, primarily the hunting resources, the elk seasons, have faced significant restrictions and emergency closures, as a result of accessing the key areas. What we're looking at on the north end of the island is very significant winter range areas, and several people have come forward and, you know, voiced their interest in those. I guess, at this point in history, the Trustee Council is about the only entity that can step in and conserve, you know, these valuable habitat areas, and I hope that something significant works out in the next couple months. I know the landowners have been very patient, and I'm appreciative of their efforts to stay in this process as long as they have. I know that they feel somewhat frustrated by delays in certain areas. So, I guess to sum it all up, it's in your hands. I hope that we can do something good in the area, and I appreciate your past work. Seal Bay was excellent. Thank you.

MR. PENNOYER: Thank you, Mr. Petrich. Comments or questions? Thank you very much. Further testimony in Anchorage? Yes, sir.

MR. ROBERT HENDRICKS: My name is Robert Hendricks, I'm President of the Eyak Tribal Council in the Native Village of Eyak.

I'm here today to speak in support of our joint venture with PWSAC and the University of Alaska. I want to get this funded and I want to get it in the field next year. I don't equate study and research with actual restoration. Restoration means you get out and you restore it. Prince William Sound is our home, it's been our home for the last five thousand years. I want the damage that has been done by the oil spill to be restored as we were promised.

The SEA plan, fund that; coded-wire tagging fund that; thermal marking, fund that. As far as habitat acquisition is, I'm also on the Board of Directors of Chugach Alaska Corporation, and we own all the subsurface rights of every Native village corporation in Prince William Sound. I don't feel you guys have been honest with the public or any of the village corporations because I've been on that board for a year and a half, and you guys have not come around and talked to us about our subsurface rights. So, I don't think you're serious about buying any village corporation lands. If you guys go behind our back and make a deal without consulting us, I guaranty you there will be hell to pay. You will deal with the Chugach Alaska Corporation on the subsurface rights. Personally, if the only alternative is to sell the title of Native corporation lands, the only alternative is to clear-cut them, I say start the

chain saws because I don't think those lands should ever get out of the hands of the Native corporations or the tribes. We fought too hard to get those lands returned to us. We always knew that someone would come for those lands and try to get them back. I didn't think it was going to be the Trustee Council or the environmentalists or the Sierra Club, but I don't care who it is, I don't think the title of those lands should go out of Native hands ever. I have no problem with selling the timber rights or recreation rights. That's all I have, have you guys got any questions?

MR. PENNOYER: Thank you very much, Mr. Hendricks. Questions by the Trustee Council? When we get to the habitat acquisition, we'll probably want to talk about subsurface rights. Anybody further? Okay, we'll take one more, and then I think we'd better break and do the -- yes, sir -- do our lunch and executive session.

MR. CRAIG MATKIN: My name is Craig Matkin, M-A-T-K-I-N. I've been a commercial fisherman and marine mammal researcher in Prince William Sound for eighteen years, and I would like to echo a little bit of Pam Brodie's comments. I'm real concerned that there's been no substantial habitat acquisition in Prince William Sound, and particularly in the western, southwestern portions of the Sound which were heavily impacted by the oil spill. I see some momentum being generated now toward habitat acquisition, and I'd like to keep that going. I hope that both the Native corporations and the Trustees will bargain in good faith, and I hope to see

lands at Chenega, Chugach lands of the western Sound considered in the near future. I appreciate your -- opportunity to let me comment.

MR. PENNOYER: Thank you, Mr. Matkin. Comments? Questions? Okay, I think we're going to take a break now. We're going to take a lunch break and then go to executive session. I guess we'll probably take until about 2:00 o'clock, or 2:15 before we're ready to start back in public session. If we say 2:00 o'clock, it will probably be 2:15.

(Off Record 1:03 p.m.)

(On Record 1:06 p.m.)

MR. PENNOYER: Craig, we need to reconvene for a minute and take one more piece of action that we didn't do formally. Mr. Tillery.

MR. TILLERY: Mr. Chairman, I move that we go into executive session for purposes of discussing negotiations and strategy relating to potential habitat acquisition.

MR. PENNOYER: Do I have a second?

MR. JANIK: Second.

MR. PENNOYER: Is there any objection. Let's do it.

(Off Record 1:07 p.m.)

(On Record 3:07 p.m.)

MR. PENNOYER: Let's get started -- it's now 2:00 o'clock, so as we announced, so it's time to get back to it. I think I can also say -- certainly say we're not going to finish this afternoon, we'll probably try and break by 5:30 or so, and

take it up again tomorrow morning at 8:30, 8:00 o'clock. 8:30 tomorrow morning. I guess, we'll just go ahead and proceed now down through the agenda and to the action items that were listed on the agenda, and the first item, of course, is preparatory to the (indiscernible) actions is the adoption of the Restoration Plan. Before we went to lunch and the executive session, Executive Director Ayers had passed out a resolution that goes to the Restoration Plan, with the appropriate thing at this time be to have Molly, let's see Jim, read the resolution into the record, and then discuss it as necessary, and then decide what we're going to do with it. Could you go ahead and read it into the record then.

MS. McCAMMON: (Indiscernible)

MR. PENNOYER: Thank you.

MS. McCAMMON: Whereas, the Restoration Plan provides for long-term guidance for restoration that will help the Trustee Council achieve its mission to "efficiently restore the environment injured by the Exxon Valdez oil spill to a healthy, productive, world renowned ecosystem, while taking into account the importance of the quality of life and the need for viable opportunities to establish and sustain a reasonable standard of living;" Whereas, having long-term direction for the restoration process will aid restoration and help the recovery of the injured resources and services; Whereas, the Restoration Plan is the culmination of a multi-year process, directed by the Trustee Council, with considerable participation of scientists, the public, and the Public Advisory Group; Whereas, over 2,000 people from inside and

outside Alaska participated in developing the Draft Plan, and hundreds more helped by reviewing the Draft Restoration Plan or its accompanying Environmental Impact Statement; Whereas, the plan was the subject of a year-long NEPA process, and the plan reflects the policies chosen in the preferred Alternative of the Environmental Impact Statement and recorded in the Record of Decision signed on October 31; and Whereas the Public Advisory Group helped develop the Draft Restoration Plan, and reviewed and supported it by recommending Alternative 5 of the EIS, which the Plan reflects. Therefore, be it resolved, the Trustee Council hereby adopts the Exxon Valdez Oil Spill Restoration Plan to give long-term guidance to the restoration process.

MR. PENNOYER: Do I hear a motion?

MR. ROSIER: Move to adopt.

MR. PENNOYER: And seconded?

Unknown: Second.

MR. PENNOYER: Is there a discussion? Is there any objection to the adoption of the plan? I think this is a milestone we've worked for a long time to get to, and with a lot of different restoration plans, I remember documents that thick along the way we plowed through and the staff, unfortunately, have prepared and went back and redid, so it's been a real effort, and Jim we've really appreciated the efforts that you and the staff, and all the agencies, our staff directly, in getting this thing done. So, I think it is a milestone. Thank you. Next item on the agenda is an investment strategy. We had a presentation this morning by Bob

Storer and Executive Director Ayers. Jim, do you want to lead us through that, the action part of that agenda item?

MR. AYERS: Yes, Mr. Chairman, we are just working on -- pardon me.

MR. PENNOYER: Oh, here comes the motion, thank you.

MR. AYERS: It's where I was -- am. Further conversation earlier this morning and in conversation with Mr. Storer, our recommendation is that we proceed as you note in the language in the motion, that we invest the restoration reserve fund in strip treasury securities with laddered maturities, as discussed by Mr. Storer, and as included in your packet. But, with regard specifically to the restoration, the joint trust fund balance that we invest at this time, the joint trust fund balance in equal amounts into weekly liquidity option portfolio and the quarterly liquidity option portfolio and that we would revisit these investment decisions in six months.

MR. PENNOYER: Do I have a motion?

MR. FRAMPTON: So moved.

MR. PENNOYER: Second?

MR. ROSIER: Second.

MR. PENNOYER: Is there a discussion of the recommendation? Is there any objection to adopting this motion? (No objection) So adopted. Thank you. Next item on the agenda is the habitat acquisition option. Mr. Ayers, do you want to lead us through that?

MR. AYERS: Yes, Mr. Chairman, but before we do that,

I would really like to extend my personal appreciation to Mr. Storer who has been extremely helpful in looking at the Trustee Council finances, our investment strategy, working with the court registry investment system and their parameters, and then working with actually the Texas Commerce Bank, and I appreciate, for the Council, I want you to know that Bob Storer has been extremely helpful in his effort, and is now committed to do so with the understanding that, I think, at some point we would want to make sure that we are offering to provide him, at least necessary expenses for those assistance in the future.

MR. PENNOYER: Seconded, I'm sure. Thank you, Bob very much.

MR. AYERS: Thanks, Bob.

MR. PENNOYER: Okay. Habitat acquisition, do you want to lead us through the discussion, Jim?

MR. AYERS: Yes, Mr. Chairman. The -- over the course of several months, we have proceeded with efforts regarding habitat protection and acquisition. The map behind you -- are the map that first -- an overview of the spill area is identified under the court decree, the actual spill area. There's been a comprehensive habitat analysis and over the course of two and a half years staff, and in particular the Habitat Working Group has developed the comprehensive habitat evaluation and ranking. There have been a number of public hearings, there's been a number of public solicitations with regard to comment, and there's been overwhelming support for the issue of habitat protection. The -- as we know,

that many of the injured resources are not recovering. There's been both biology -- biological reasons, as well as geographical reasons of why the spill-wide approach, the comprehensive balanced approach to habitat protection is essential with regard to those non-recovering resources, and in particular that habitat protection be not located in any particular one region, but be a comprehensive approach. We do know -- a number of people including members of the public have pointed out that many of the species are migratory and rely on a variety of habitat throughout the spill region. With that said, let me walk through those items which are briefing items, and let's start with Prince William Sound. Don't know how clear this is, but ... (Aside comments) (Using maps for illustration) Prince William Sound area major impacted area as we know. There are major -- there are significant high value habitat throughout the area, and let me also mention that simply because a particular parcel is identified as either moderate or low does not mean it doesn't also include habitat that is of high value to some specific species. Now, we have been in discussions, as many people have talked about today, with the Eyak Corporation regarding the surface land, and in particular those areas that are important to species within the western Sound area, in particular Port Gravina, Sheep Bay and Windy Bay. We're also talking about the Orca Narrows, and what has been referred to as the core parcels around the lake. I think that it's very comfortable in saying that we've had positive efforts on both sides and currently as you know, we have rejected, again rejected the May 24th proposal by Eyak, and

proposed -- which was a comprehensive approach of the lands, but the Council found that that particular proposal did not provide adequate protection for the injured resources, and we needed to work in a different direction to ensure that lands or interest acquired did provide adequate protection. We've been working with Eyak to accomplish that. We did send the letter at your direction and are talking with them now, about particularly threatened areas of the core and the Orca Narrow revised, as we call it, which includes down into Simpson Bay. They have -- Eyak has notified us that they are willing to respond subject to conclusion of the small parcel that we acquired within previously. So, subject to that issue being resolved, we'll proceed and I think that we are moving forward with that effort and we will be able to move although it's going to be slow and challenging. With regard to Tatitlek, Tatitlek has brought forward a resolution as of early this morning proposing that we move forward with Tatitlek. I think that at some time, particularly if we're going to look at another meeting the end of November, the first of December, that we ought to review and work with Tatitlek with regard to the proposal that they have, but not take necessary action on that proposal, but take a look at that. See if we can't help develop that a little further and bring it back to the Council for consideration at a later meeting -- as I say at the end of November or the first of December. And, in particular one of the reasons is, is because Chenega has been working diligently, forthright with us, that's in a final appraisal stage, and we hope to have Chenega accomplished in the near future,

and actually bring that forward for your consideration. They're both high values in Eshamy and Jackpot areas, as well as -- which are being proposed as fee simple acquisitions, as well as protection for some of the other important drainage areas that are rated either moderate or low, and we're talking about that package which is outlined in a working briefing document that we'll work on later. That is essentially the Prince William Sound area effort at this time, and maybe I'll stop there for just a second. I don't -- I saw Walt earlier, and John Harmony, but I don't see them -- then -- Phil did you want to add anything to this particular Prince William Sound effort at this time.

MR. JANIK: Maybe just a few more details for both the -- of course, these parcels have complications in time because they have timber on them, and that adds another dimension of complexity with appraisals, but in all cases -- of Chenega, for instance, we are anticipating that that appraisal will be finished by the end of November, so that one will be in the hopper. Shuyak similar, end of November, and as Jim mentioned, we are actively working with and continue to be negotiating with Eyak on finishing up with some of the technical aspects of the appraisal and then hopefully moving on into negotiations. So, that's about all I'd like to add at this point, Jim.

MR. PENNOYER: Do you want to add anything else about the Tatitlek questions, that's been sort of hanging out there for quite awhile with the Council, being interested but no -- nothing happening and you mentioned we just got something. I don't -- not

talking about detail, but do you want to just elaborate the timing, or is this a fairly -- look like it's going to be something we can conclude?

MR. AYERS: I ...

MR. JANIK: Mr. Chairman, if I may add just one comment, again before you do that Jim, on appraisals. Tatitlek does have some additional field work with regard to the timber resources. That's one of the reasons there has been somewhat of a delay on that. That field work will commence again as soon as the weather breaks next year, but -- beyond that.

MR. PENNOYER: So, Tatitlek might be next year sometime before we get ...

MR. JANIK: I'm only speaking in terms of the appraisal. Just finishing up the appraisal.

MR. AYERS: And, let me say, my recommendation -- our recommendation would be that we consider perhaps a Seal Bay approach to provide some expedited effort in the Prince William Sound effort -- in area. In particular with regard to Tatitlek, they have moved forward, made a draft offer proposal to us, that I think we need to take seriously and review, we've just received it.

But, I think if we, as I say, our recommendation would be that we consider (indiscernible) where we actually work with the landowner and -- in developing the proposal to actually bring to the Council, and I would hope we hope we'd be able to do, and then, at the next meeting try anticipate the end of November, the first of December. The same with Chenega as -- as Mr. Janik points out, that is in the

final stages. Wherever there is timber, we all now know that judging the value of timber, which I had never thought about in the past, hope to one day never think about again, is an extremely complex feat. It is no simple task, and those areas that do have timber involved are much more complicated and time consuming to cross that from the others. I'm going to move to Kenai.

MR. PENNOYER: Sure. Questions? Go.

MR. AYERS: Kenai, a couple of things have happened and I notice somebody raised their eyebrows -- went just a little -- as I moved towards Kenai. But, let me say that I think that there has been a good faith effort, it's all of these efforts of habitat protection, have their own unique challenges, and in particular, that habitat protection is not all of our restoration, it's simply a part of our restoration effort, and how to protect those high value and other value habitat lands, or doing so fair and reasonably has been a challenge. The effort here has been difficult because of the issue of appraisal again, and in this particular case, a question of appraised value and coming to a final, approved appraisal that could be accepted first officially under federal regulations, but also by the landowner. So, that's been in particular, a challenge here, but I think we're moving forward with that effort, and I hope to have -- I'm hoping that there's actually an effort to come forward in the near future, at least with English Bay, but we're waiting to see. Port Graham and English Bay are the two primary landowners in this area. Both of them have high value lands in their area. The Port Graham, eight

I believe, isn't it, Art? -- is the high value land in this particular area, and that's the right drainage isn't it, Art?

ART: No.

MR. AYERS: I'm sorry, I'm down here in Seldovia, but the -- but I don't see the Port Graham eight on here (aside comments -- pointing to wall maps). This is the high value, isn't it? This Port Graham eight. (Aside comments). There's a better map, I'm not familiar with this one, but the Port Graham eight is a high value. English Bay, in particular has a significant parcel of high value, there's not a major timber appraisal issue on these lands, but there is a significant appraisal value discussion on this land.

(Aside comments -- regarding Port Graham 5)

MR. AYERS: Putting the (indiscernible). Well, it's English Bay 6 and Port Graham 5. (Aside comments) The results of the discussion of Port Graham seven, and that discussion has also been ongoing, but in particular this area here has been a prime area importance. We're continuing to talk with them, and in particular we're hoping that, again that the log jam could be broken in this particular area, but until the issue of appraisal is, again, is resolved, there's no progress, nor is there much to report, except a geography lesson to be taken by the Executive Director. (Laughter). On Afognak, we can move out to Afognak going west, the Shuyak Island and Shuyak Strait area in northern Afognak, this area is all of significant high value. In particular, in this area, we've been able to make, I think progress

with Shuyak Island. The timber appraisal is currently being concluded. It has slipped some, as some would note, recently, but again it's the issue of there's a lot of high, not only high value habitat, but there's also timber in the area. Until the timber value is completed, we will not be able to complete the appraisal, but we hope to do that again before the end of the month to bring that forward for the Council's consideration. On the other side is the AJV parcel, this is high ranking area here. The Seal Bay area is the area that has been -- it was a previous acquisition, but in these areas, the effort has been to utilize existing information, using that existing timber information, again these are timbered areas, but to use the information that's available on the timber values and put together a final appraisal. It's unlikely that we'll complete a -- an appraisal by the end of the month, however, I think it possible to work, hopefully with the landowner and invite a proposal perhaps so we can move forward perhaps with, again the Seal Bay model concept. And Jerome said he was going to be here and said if he was here, he wanted to say something, but I don't see Jerome. Kodiak Island Borough owns these lands of Shuyak Island, some 29 thousand acres, as I recall, and the AJV is a joint venture of shareholders in Koniag is the primary -- either forty percent landowner here, and primary lead in those negotiations for the seller. They -- by the way, let me mention that one of the things that all the landowners have been clear on is that "creaming" or taking only the high value is not something that they're interested in seeing happen. And, in fact, we are

interested in some of the other lands of AJV and trying to, again, put together the right package within the reasonable price so as to be consist with commitment that we will not extend all of the money in one area. That's been one of the challenges here, since there's a lot of high -- high value habitat, there's other valuable habitat and there's timber with high economic or finance value, and we don't have the final on it.

(Aside comments - about wall map)

MR. AYERS: The other issue, of course, out here is also Shuyak Island and this area are anticipated to be a part ultimately and managed consistent with the state park effort. Whereas, we also know that other aspects of Afognak are of value as well some of the area, and I think it's this area of interest because it would be compatible and is contiguous with refuge area, and that -- in a core area -- in of itself creates a couple of issues that need to be resolved if we proceed with those, but again, we would hope to bring something forward that the Council could at least consider at the end of the month, or the first of December.

MR. PENNOYER: Jim, you've mentioned that several times. Maybe at an appropriate point to talk about the scheduling question versus what we're doing here and what we might do in that meeting. We haven't actually formally adopted another meeting yet, but you are planning one for the end of November, early December to again consider some of these options, that look like they might be ready, is that correct?

MR. AYERS: Yes. I mean, I think that we -- months ago we were all -- well I certainly was more optimistic and had less reality with regard to the complications of appraisals. But, I do think that it's important now that we've got the momentum and that we know of the values and we have a good working relationship going on with willing sellers to proceed, and I think that there are some things that we could get done, and some -- and we do need to have another meeting near the end of the month, or the first of December. I think it is possible, and I would recommend that we begin to think about another meeting within, probably within a month, to look at, in particular those that we know we could bring forward. Those that are on the agenda today for action items, and I'll give a brief overview and then I'd like to turn it over to Buff Bohlen. Buff is with the Department of the Interior, and I'll introduce him in just a second, but we've been working together over the last week or so, habitat working group and others have been working for months in preparing analysis of all of these, but including southern Kodiak, and a number of people, including the people on Kodiak Island have been working for years to work out the opportunity to have lands managed for habitat protection, primarily -- but also -- while allowing economic opportunities. We've been working close with the landowners recently to see if we can't build a strategy that would in fact allow the restoration efforts to go forward, and habitat protection that's needed, while also providing the landowner with economic opportunities, and I think that we've been able to do that. These areas are Old Harbor's lands, which

include some thirty plus thousand acres down in this area, and Akhiok-Kaguyak lands which are primarily this area, some 120,000+ acres in the southern tip of the island, and then Koniag lands which are in this area up in Uyak and Karluk area, Thorson Bay, Uyak and Karluk area. Buff Bohlen has been working with the Executive Director and other staff people from -- from Interior representatives of the State, Alex Swiderski from the Department of Law -- with the landowners over the last few weeks, and the proposal themselves -- Buff, if you wouldn't mind, I'd like to have you kind of go over kind of what you've kind of constructed with us over the last few weeks. You may have to go Kodiak. (Laughter)

MR. PENNOYER: I've been asked to check and make sure that Chuck Meacham is on line.

MR. MEACHAM: Chuck Meacham is on line.

MR. PENNOYER: Good afternoon, Chuck, thank you. That was just quick.

MR. BUFF BOHLEN: Well, Trustees, it's a great privilege for me to be able to present to you on behalf of the joint state-federal negotiating team, a proposal to protect the southern part of Kodiak Island. A proposal that will soon lead to protection of at least three hundred thousand acres, and I believe the three agreements I'm going to propose to you are, as Jim has said, they'll protect habitat while providing economic opportunity for the people that live in these villages, and I believe they will provide maximum value for restoration, while giving a fair price to the Native shareholders. The first one I will discuss is Old

Harbor, and under the proposed agreement there, we would protect a total of about a 110,000 acres, and of this 29,000 would be conveyed in fee to the federal government. The village -- or the corporation, I should say -- has claimed additional selections of 12,000+ acres in the refuge, of which at least 4,400, they believe are valid selections. They, under this agreement, would waive any further selections so that those 4,400 acres remain as part of the refuge. In addition, they would convey roughly a hundred acres of small islets that they currently own, and they would place easements on 3,000 acres around Barling and Midway Bay here, and those easements would allow them to continue their subsistence use, they would be right around the village, but they would agree to no further development on those 3,000 acres. In addition, they are willing to convey an easement, a conservation easement, on Sitkalitek Island, while retaining the rights to conduct some activities that will produce economy benefit to the shareholders, such as eco-tourism. I would ask that the Trustees consider the offer that you have before you from Old Harbor and would hope that you would agree to this proposal. You want to go through all three first, or do them one at a time?

MR. PENNOYER: Well, no, I -- I suppose we could just do one at a time, if we can get the detail on them. Would you just for the record spell out which parcels are in fee and -- of these on our map. Let me see which ones they are.

MR. BOHLEN: I'm going to need a different map if I'm going to do that, or I need the agreement. Glen, do you have

copies of the agreement?

MR. AYERS: Barry's right there, Barry do you have the specific (indiscernible).

MR. BOHLEN: Thank you. (Pause) This doesn't have it either.

UNKNOWN: Maybe I can speak (indiscernible).

MR. AYERS: You're talking about Old Harbor.

MR. BOHLEN: Yes.

MR. AYERS: It's -- it's Old Harbor 1 and 2. The reservation is in Midway and Barling Bay which is in 3 and 4, and I don't recall the acreage in Barling.

MR. GLEN ELISON: The reservation at Barling Bay is approximately 1,000 acres and Midway Bay was a parcel of three, in fact only 2,000 acres. That parcel is parcel 5 at (indiscernible - out of range of microphone)

MR. PENNOYER: It's the last parcel that's fee.

MR. AYERS: Yes, that's the last parcel that's fee. It's down in Old Harbor five. You might just -- and that is (indiscernible) Bay, that's also were the over-selection of Afognak Island comes into play, but with that over-selection it increases the land area of Old Harbor one, including fee simple, and would improve significantly the habitat value of that particular area.

MR. BOHLEN: And -- let me just say that this total package would be at a cost of \$14.5 million.

MR. PENNOYER: And, the terms on that?

MR. BOHLEN: The terms are fifty percent on closing and

fifty percent next September.

MR. FRAMPTON: How much of that is being sought from the Trustee Council joint funds?

MR. BOHLEN: I obviously didn't bring all my papers with me.

MR. AYERS: Four million.

MR. PENNOYER: Four and three I think.

MR. AYERS: From the civil trust, and the down payment will be four million dollars, and then the subsequent September payment would be \$7.25 million for a total of 11.25 from the civil trust.

MR. FRAMPTON: And the remainder from the federal -- joint or no, criminal funds.

MR. PENNOYER: And, then one last question then, if I might. One of the questions that has been continuously brought up was the purchase of high, moderate and low value, and we've got everything that's -- we wanted to get in this agreement relative to a resource value?

MR. BOHLEN: We do, and in one case, an area that had been marked here as moderate, actually on re-evaluation because of the shift of landownership here comes out to be high priority.

MR. AYERS: We should keep going. Do Akhiok-Kaguyak. Let's walk through all them (indiscernible)

MR. PENNOYER: You want to do all them, okay. Mr. Bohlen, go ahead.

MR. BOHLEN: The AKI proposal would protect a total of

120,000 acres at total cost of \$46 million. Of that, 76,000 would be in fee, and 43,000, the ownership would be retained by the corporation, but an easement would prevent any further development.

Part of this agreement would also consolidate management so that all the lands on this peninsula here and this peninsula would be in refuge ownership, and all the lands in this area right here would be in corporate ownership. This will enable, not only a consolidation, which would make management much easier, but this will be an area that can produce economic benefit for the shareholders. What the outline the ...

MR. PENNOYER: The time payments on that. How are the payments set up, what's criminal and what's joint settlement funds.

MR. BOHLEN: I'm embarrassed, I left all those papers upstairs, but they are ...

MR. AYERS: The down payment, Mr. Chairman ...

MR. BOHLEN: Twenty-three million down

MR. AYERS: Fifty percent down, which would be \$23 million, total acquisition price for those lands including the additional protection is \$46 million. Twenty-three at closing, which includes \$13 million from the joint trust fund and some \$10 million from the federal resources, a combination of funds. The payments then would be from the joint trust fund of annual payments, the first being \$8 million, then \$7.5 (million) and a final payment at \$7.5 (million) in '97. Those are -- that is the total.

MR. FRAMPTON: The easement, the non-fee conservation

easement lands, what is the arrangement about public access.

MR. AYERS: Glen would you like to ...

MR. ELISON: The easement which covers 43,000 acres is a conservation easement that does provide for public access. It specifically acknowledges the public's interest in fishing and hunting. It does reserve to the grantor, Akhiok, the right to control and collect revenues from commercial activities relating to natural lands, specifically things like guiding for hunting fishing, eco-tourism. As far as public access to the general populace, the easement provides that Akhiok can require in its options, permits and fees. There's a mechanism in the agreement which ensures through working with the Kodiak refuge that issuance of fees is a reasonable and user-friendly, if you will, process for the public and that fees in fact are reasonable. Generally pegs them to fee charged elsewhere for use of public lands by the public where at the same time recognizing the increased costs associated with activities in rural Alaska. The fees are set through a process of interaction between the refuge and the corporation to arrive at a reasonable fee.

MR. PENNOYER: Well, perhaps one last question. I've got a map here that we originally had of high value lands, moderate and low and so forth, but I don't have a map exactly of how the -- overlay we've got now matches up this. Did we acquire most of the high value lands in this parcel area?

MR. BOHLEN: We will wind up, after the land exchange and the purchase, acquiring all the high value except possible 108

here -- 08 I guess it is, which would be retained by AKI, but covered by the easement just described.

MR. PENNOYER: Any further questions about AKI?

MR. BOHLEN: I'll proceed, we just mentioned Koniag. Koniag has not finished its own appraisal yet, on all of its land, and particularly on the Karluk and the Sturgeon Rivers they feel that they cannot proceed to further negotiations until that appraisal is finished. So, the proposal we would put before you today, is to acquire in fee roughly 60,000 acres and that includes everything except the Sturgeon and the Karluk drainages, and that they would grant to the federal government a seven year easement covering all the remaining -- that is covering the Sturgeon and the Karluk, and -- which -- an easement which would prevent any sale or lease of those lands or any development of them for that seven year period. This is a total package of \$28.5 million. Two million of that is considered part of the arrangement with the easement, and that would be refundable -- I shouldn't say refundable -- that will become a credit toward the purchase of the Karluk or Sturgeon lands to the extent it has not been spent over those seven years.

MR. PENNOYER: What's the breakdown between joint and federal funds.

MR. BOHLEN: The -- three million from the Council and seven million from the feds, the payment is ten million down, five million in September, and 4.5 each of the three years thereafter.

MR. FRAMPTON: Mr. Chairman.

MR. PENNOYER: Yes.

MR. AYERS: That was before he added up the right ...

MR. PENNOYER: Yes.

MR. FRAMPTON: Could you -- could you give us the total acreage or the price for the entire -- if all three are consummated, then I won't ask another question.

MR. BOHLEN: If you disregard the easement, the seven year easement, the total acreage in southern Kodiak, that would be protected is two hundred and ninety thousand for a total cost of \$87 million.

MR. FRAMPTON: And, of the \$87 million, we're -- would be ...

MR. BOHLEN: The two million is on top of that for the easement, so the total package is \$89 million.

MR. FRAMPTON: And, then the \$87 million, the federal criminal funds and other sources would be putting in ...

MR. BOHLEN: \$28.2 million.

MR. FRAMPTON: So, it's approximately \$67 million being sought from the joint trustee fund.

MR. AYERS: The entire package includes, and our recommendation is that we do that eventually, but the total is -- yes. My recommendation would be that it would include the total from the civil trust of sum \$67 million.

MR. FRAMPTON: My -- my understanding is that what you are seeking, or what Interior -- we are seeking from the Trustee Council is approval of two agreements in the case of Old Harbor and AKI, and to proceed to finalize the contracts and approval to make

an offer along the lines which you outlined to Koniag.

MR. BOHLEN: Yeah, I forgot one very key part of Koniag agreement. And that is that we would jointly set up with Koniag a process that will lead to a fair negotiated price on the Karluk and the Sturgeon, and we would ask that the Council set aside \$16.5 million for that purpose.

MR. PENNOYER: That's on top of the \$87 million?

MR. BOHLEN: Correct.

MR. PENNOYER: Okay.

MR. FRAMPTON: Which brings that ...

MR. PENNOYER: Sorry.

MR. FRAMPTON: Which brings that total on top of the \$67 from joint funds brings the total that would be -- if we spent all that money, it would bring the total (indiscernible - simultaneous talking)

MR. BOHLEN: Would bring the total to \$105.5 million.

MR. FRAMPTON: Of which \$80.45 would be from the joint -- from the Trustee Council fund.

MR. PENNOYER: How do you wish to proceed then on the question of approval. We have motions or specific documents that you want to introduce, you're asking for approval on?

MR. FRAMPTON: I believe we have draft resolutions on the first two because what's being sought is (indiscernible) support this, and then, I guess it would be appropriate then I would move with respect to the Koniag deal that the Council approve the offer being made as described.

MR. PENNOYER: Maybe we should take them one at a time then, so we can get them straight what's in front of us, and the first one I believe is the resolution relative to Old Harbor. Is that appropriate to work directly from that resolution, Mr. Ayers?

MR. AYERS: Mr. Chairman, I was just arranging this resolution when I thought that Barry had brought that copy of the resolution. I have the original here, and I think Barry now has a copy, that resolution copy. We have -- is that the Old Harbor 1?

UNKNOWN: This is Old Harbor.

MR. AYERS: Old Harbor is as described. Let me say that the resolution -- the intention of the resolution is to provide detailed of the background of the proposal, and it also authorizes then the lead agency, which in this case is the Interior, to work with the seller to actually put together a purchase agreement, so if it is details of -- of the proposal, and the authorization to have the lead negotiators go forward.

MR. PENNOYER: Mr. Ayers, specifically where -- if we adopt this, where does it leave us then in terms of what's going to come back to us, or what do we end up with? Where are we?

MR. AYERS: Glen, did you want to say something?

MR. ELISON: Well, I just wanted to add to Mr. Bohlen's presentation that, the Fish & Wildlife Services, as lead to the negotiation in Kodiak, did an analysis of the restoration benefits of this acquisition, which we have pulled together relying heavily on products produced by the oil spill office as well as information that we have obtained from the Kodiak refuge as well as the Alaska

Department of Fish & Game, and have compiled that, in fact showing that it appears that this is an extremely favorable package for comprehensive restoration throughout this island ecosystem. That was all.

MR. AYERS: In the Old Harbor area, the high values include those with bald eagles, pink salmon, Pacific herring, harbor seals, harlequin ducks, intertidal and subtidal resources, archeological resources as well as subsistence resources in all parcels. There are also moderate values, but in some cases range in the higher area for pigeon guillemot, river otters, intertidal, as I said, common murre, and there are some lower value areas, but there are presence of black oystercatchers and common murre. There's details of those restoration benefits in your restoration benefits report with regard to those injured resources.

MR. ELISON: That's correct.

MR. AYERS: That is and that will be a part of the record, but this particular resolution on Old Harbor which is what's before you.

MR. PENNOYER: Subsurface rights, that was ...

MR. AYERS: Good question, Mr. Chairman, and, Glen, why don't you just review briefly the subsurface retention rights.

MR. ELISON: Mr. Chairman, Trustees, the subsurface rights underneath Old Harbor lands within the Kodiak refuge, as well as Akhiok and Koniag holdings are -- the subsurface is all owned by the United States.

MR. PENNOYER:ER: So, it's not a question in this case?

MR. ELISON: No, sir.

MR. PENNOYER: Jim, so the resolution in front of us reflects the presentation we had, and do you want to take a few minutes and just look through it quickly?

MR. FRAMPTON: Mr. Chairman.

MR. PENNOYER: Yes.

MR. FRAMPTON: The resolution -- the written resolution on Old Harbor references attachment A, I assume that's -- Barry, excuse me, attachment A that's referenced in the resolution?

MR. BARRY ROTH: Attachment A is the offer from the sellers.

MR. FRAMPTON: This is a letter dated November 1?

MR. ROTH: Yes, sir.

MR. FRAMPTON: ... to Mr. James Ayers, Executive Director, from C. Walter Ebell, with five pages of attachments, which is the offer.

MR. AYERS: This is in your packets, that's correct.

MR. FRAMPTON: Thank you.

(Pause)

MR. AYERS: Glen, while they're doing that, why don't we run through, kind of a discussion, of those restoration benefits that the staff and the Habitat Working Group have identified with regards to the values, including those that now are included in the -- by the lifting of the -- the over-selection. Walk through them, Old Harbor and Akhiok-Kaguyak, let's focus on Old Harbor values first, and -- while we have that resolution in front of us.

MR. ELISON: To focus first in your comment about lifting into the selection values, this is perhaps most significant in parcel 05, which is the Three Saints Bay area, included the upper reaches of the bay, where you've indicated there. The lifting of those selections that are bringing them back into the public ownership if you will, greatly increases the value of that parcel by significantly eliminating a threat. It brings into public lands the mouth of a significant anadromous fish stream that includes a silver salmon run. It's an area that's got important archeological values; it was the site of the first Russian occupation in Alaska. More broadly, throughout the Old Harbor lands, several species do show high values on specific parcels. Bald eagles are widely distributed throughout the area. There have been 48 documented nests throughout the area. Three of the parcels, I'm sorry, two of the parcels show high values for pink salmon, up to 250,000 fish worth up to \$140,000, originate in those parcels. Pacific herring are another particularly high value species, spawning occurs along the coastline. The figures I have from 1992 indicate 635 tons of herring roe were harvested at a value of approximately \$600,000. Harbor seals have high value, particularly in parcel 02 which is along the Sitkalitek Strait there to the east, and where there are hauls outs, harlequin ducks also have high values, they're found throughout the coastal area where they molt and feed, and they nest in the free-flowing streams that flow into the marine environment. I move onto Akhiok-Kaguyak lands, they involve a combination of fee and easement. Perhaps the

easiest way to describe them is the values that they don't have. Cutthroat trout, one of the nineteen injured species and services are totally absent from Kodiak. The only other specie or service which they are not high values in the Akhiok lands are sea otters.

All of the other species and services receive very significant values from this acquisition. Of particular note, I think are the values of the fisheries, the systems flowing into Olga Bay, parcel 06, the Akalura parcel and 08, Olga Lakes, have tremendous salmon values, harvest from fish originating from those systems, in the case of pink salmon, up to six hundred twenty-five thousand fish valued up to \$360,000 have been taken. South Olga Lakes represents one of the four most productive sockeye systems on the island, upwards of two million fish, I'm sorry, upwards of 1.1 million sockeye valued at up to \$9.3 million we can harvest from that area.

Similarly, the Pacific herring catch is of significance up to 523 tons worth up to \$494,000 has been harvested from those waters surrounding the parcels. Putting the fisheries of that area of Old Harbor and Akhiok in the order of \$11 to \$12 million, on an annual basis. There are again significant values for bald eagles, pigeon guillemots, the Alutak Peninsula represents the only parcel in the entire oil spill zone that was ranked high for common murre. There is a net -- parcel 04 on the Alutak Peninsula, the red one, right there, it extends all the way down to the tip, very significant parcel for not just murre, but fisheries as well. Recreation is significant in several of the parcels, particularly the Akalura drainage and Olga Lakes area, were rated for high

values, number of guides, outfitters operate in the area, and the general public frequented the area, hunting deer, bear and fishing, several guides operate in the area as well. Both Old Harbor and the Akhiok lands are particular high value to subsistence, primary focus is on hunting deer, marine mammals, salmon fishing and clamming. The Koniag lands, represent essentially all the parcels except the Karluk drainage and the mainstem of the Sturgeon. Brown's Lagoon, parcel 01 is -- got a very significant pink salmon run and up to 50,000 fish annually escape into that system. Uyak Bay is highly significant, it's got high values for sea otters which both parcels 01 and 02 have those high values where pupping, feeding and haul-outs have all been documented. Offshore these areas, in addition to the injured species, and services involved, sea lions have been documented off of several parcels, particularly in the Uyak Bay, Larson Bay area, parcel 05, Halibut Bay and Grants Lagoon, as well as some of the parcels on Akhiok and Old Harbor lands. So, it's a very rich mix of resources scattered throughout these coastal areas. I think it's significant to point out that in addition to greatly helping to restore these injured resources and services that there are significant management and public values that accrue as a result of the proposal. And, one of the most significant, I think is, bringing into public ownership three weir sites along the north shore of Olga Bay. These sites currently on Native land will become into public ownership, and the Fish & Wildlife Service is working closely with the state to develop a lease that will provide an operation of those weirs n perpetuity by

the state for the benefit of both the state and the Fish & Wildlife Service as the manager of the Kodiak refuge. And, additionally I think it's very significant to point out that the public will gain access to a broad amount of fee acreage here for fishing and hunting, of which these areas are prime locations. I think that can -- extremely significant at this point. I'll be happy to answer any questions that you may have, or at least try, and I do have the document here that lays out these restoration values again assembled through much of the work done here at the oil spill office. Thank you.

MR PENNOYER: Are there further questions, relative to resource studies? I have one question then, you mention under Koniag a resource value, exception of Karluk and Sturgeon. Karluk and Sturgeon are broadly covered under the easement, are they not?

MR. ELISON: That's correct, Mr. Chairman, the Karluk and the Sturgeon do fall under the easement, and we would look forward to moving steadily along to develop a process that hopefully leads to successful agreement for acquisition.

MR. PENNOYER: Process (indiscernible) long-term easement or fee simple purchase, whatever was ...

MR. ELISON: Whatever is doable and agreeable.

MR. AYERS: Further goal as understood, Mr. Chairman, that the effort will be protective in perpetuity the Sturgeon as well as Karluk, and that is exactly what is intended. I believe that is the intent that Mr. Bohlen mentioned with regard to some sort of reserve up to \$16.5 million for funds additionally reserved

so as to ensure that our good faith effort is represented, and they're -- that we would move forward with -- with a process to protect those areas. (Indiscernible - aside comments)

MR. PENNOYER: Yes.

MR. FRAMPTON: I move we adopt the resolution on Old Harbor as distributed.

MR. ROSIER: Seconded.

MR. PENNOYER: Moved and seconded to adopt the Old Harbor resolution as distributed. Is there any further discussion...?

MR. TILLERY: Mr. Chairman.

MR. PENNOYER: Mr. Tillery.

MR. TILLERY: The Old Harbor resolution references a conservation easement that is, I believe an attachment, or would be in on an attachment. The AKI agreement -- resolution, also does that and it notes in it that the terms and conditions of the conservation easement would be subject to Executive Director approval. The Old Harbor does not contain such a statement, at least that I can find. Does that mean that we are adopting the language that's in the attachment to the resolution as being the easement?

MR. BOHLEN: My apologies, I was (indiscernible).

MR. AYERS: We were -- we were actually trying to find the specific language in the Old Harbor resolution to which you refer. It's (indiscernible - simultaneous talking) these are draft documents. But, the concept that is embodied here, not the language, but the concept that that protection would be developed

in the purchase agreement is what's intended, not that these words would be the final words in these -- in the purchase agreement. Is that correct.

MR. TILLARY: And that is correct for both Old Harbor and Akhiok-Kaguyak.

MR. AYERS: And that is correct for both -- Yes.

MR. FRAMPTON: So, even though, Mr. Chairman -- even though in the AKI resolution that we'll be considering a moment, there is specific provision in the resolution that makes the purchase agreement subject to Executive Director approval of the easement, conservation easement, because in that case it's really complicated. The -- the intent of the Old Harbor resolution as well, is to have a satisfactory final agreement of the conservation easement, not in exactly the same words necessarily, as what's in the offer.

MR. BOHLEN: As long as the intent does not change, that there was no issue of which we were aware or on controversial in the Old Harbor easement. We're working with the new areas in the AKI one, and we want them to go an extra step further, that's the only difference between the two.

MR. PENNOYER: Further discussion of the Old Harbor agreement? Is there any objection to its adoption? You object, Mr. Janik?

MR. JANIK: No, I have a comment. Jim Wolfe just discussed with me -- I'm not sure about the technicality of the wording with regard to Executive Director approval. I know we just

discussed that generally in terms of the agreement being the final place to bring that home, but it might be more appropriate to have that as a Trustee Council check, if there is going to be any reference. But, I think that's something we can deliberate and talk about in -- in a follow up here and not necessarily contingent on this vote.

MR. AYERS: Well, I think that -- Mr. Chairman -- I think that probably reasonable. On the other hand, let me say, one of the things it said, and that was that the Trustee Council wanted to be sure that there was some follow up in the resolution of the conservation easement language. It has not been (indiscernible) you'll recall, it's not been brought to anyone, with regard to the conclusion of that kind of language. If the Council's indication, certainly Mr. Sandor and others have brought that issue in the past with regard to a (indiscernible) point, and I think that -- you know, it's certainly the Council's pleasure, it matters not to me. It was simply to reflect what I had been, what had been said by the Council in the past, which it is that once it left resolution stage, that there needed to be a conclusion brought to the language with regard to conservation easements. Where it goes matters not.

MR. PENNOYER: Mr. Frampton.

MR. FRAMPTON: In the past, I think, that when we have done this with respect to Executive Director's approval, in effect that means that anyone who is concerned on the Council has been consulted by the Executive Director. So, if the problem arises,

then that can come back (indiscernible - simultaneous talking).

MR. AYERS: And the Executive Director would work with the individual Council member with regard to acceptance or working through that language. It was an extra step, not the reduction of a step. It was an added step to ensure that you would be involved in that final look at that language.

MR. PENNOYER: Mr. Janik.

MR. JANIK: Thank you Mr. Chairman, I was simply making a protocol check, I have no further concerns.

MR. PENNOYER: Mr. Tillery.

MR. TILLERY: Appreciate if we could take about a five minute break so that I could (indiscernible - simultaneous talking).

MR. PENNOYER: Take a five minute break.

(Off Record 4:11 p.m.)

(On Record 4:28 p.m.)

MR. PENNOYER: Can we get started again, please. We're not going to get finished this afternoon, but I'd like to get through this and maybe IMS before closing time. Commissioner Rosier. Okay, I think we're all present again. We have in front of us a resolution relative to the Old Harbor land purchase agreement. We had a motion, I think it was seconded, did we not on this, so is there any further discussion on this particular resolution?

MR. SANDOR: Call for the question?

MR. PENNOYER: Is there any objection to the adoption of

this resolution? (No Objection) It is adopted, therefore, Mr. Ayers.

(Applause)

MR. AYERS: Mr. Chairman, let me just say that there are some members of the public who would like to comment, but I would ask them to hold their comments until after we finish the resolution effort here on Kodiak, before we -- if that's acceptable to the group.

MR. PENNOYER: I'm sorry, Mr. Ayers, are you proposing another public hearing on this individual item, or what -- are you proposing opening the public hearing on this item?

MR. AYERS: No, Mr. Chairman, I am not, but I think that the landowners -- as you complete this effort, those landowners are involved in this particular effort would like a couple of minutes to speak to the Trustee Council.

MR. PENNOYER: Okay, we have second resolution that's been put in front of us, Akhiok-Kaguyak. We have had a presentation on both the resource values and the deal, can we take three minutes and just look through it to make sure that you're all comfortable with it.

MR. AYERS: You have the resolution in front of you.

MR. PENNOYER: It is in front of you. Let's stand at ease for about five minutes and look at it.

(Long Pause)

MR. PENNOYER: Okay, are we ready to go again. You have in front of you a resolution relative to Akhiok-Kaguyak lands on

Kodiak Island, acquisition thereof. The resolution is there, it's as was presented earlier to you -- previously by Mr. Bohlen. Do I have a motion?

MR. FRAMPTON: So moved.

MR. JANIK: Second.

MR. PENNOYER: Second. Is there further discussion on this resolution? Is there any objection to this resolution? Resolution to acquire Akhiok-Kaguyak lands on Kodiak Island is adopted.

(Applause)

MR. PENNOYER: We've got keep (indiscernible) in a row here. Mr. Janik.

MR. JANIK: Could someone just sum up briefly, for clarification I think, many folks would like to know, now that we've done what we did, what other hoops have to take place before we have a so-called done deal?

MR. PENNOYER: (Indiscernible - simultaneous talking) asked Mr. Ayers before and I think said the hoops don't involve coming back to us specifically, so Mr. Ayers, would you elaborate?

MR. AYERS: Mr. Chairman, with the two actions that you've just taken with regard to resolutions on Old Harbor and Akhiok-Kaguyak, respectively, the next hoop, so to speak, is to begin to work with the willing seller to develop the terms of the purchase agreement that are -- that reflect the concepts that are embodied in your resolution. Those purchase agreements respectfully will be developed with the input of both the state and

federal attorneys, and, of course then, the language with regard to easements will also be developed with the understanding that I will stay in touch with both that work effort, developing efforts agreement, and each of the Trustee Council. That purchase agreement, then, will be signed, which will be the next hoop, would be officially signed by the lead agency, and that purchase agreement and the terms need to be taken to the shareholder. Now, subsequent to the shareholders' authorization, the seller's authorization, then the court request would come back for the signature of the Trustee Council members, for the official withdrawal. Now, with that said, so affirmatively and so definitely, let me do some eye contact with the attorneys to make sure that ...

(Laughter - Long Pause)

Mr. Ayers: Yeah, but that's the process. That the -- what he's suggesting (Mr. Roth) is that the authorization of the purchase agreement can be executed through a court request, but it is already subject to the resolution that you have signed. So, it does not -- that particular aspect does not have to come back before you, but it is subject to shareholder approval, which is something I want -- the other thing that -- I guess there's a difference of opinion, so let me say it this way, it is also clear that giving -- given the fact that the recommendation of the Executive Director for a fair and reasonable price with the seller is different than any of the appraised values, then it is also subject to the approval under whatever the federal process is for

approving those. I have -- if we have exercised our general prerogative in authority invested in the Trustee Council to make prudent decisions with regard to fair and reasonable price, and since that price, which you are approving within this resolution, is different than any of those appraisals, certainly within the fair and reasonable price, but -- that those will have to be ...

MR. BOHLEN: Subject to congressional review.

MR. AYERS: ... subject to congressional review.

MR. FRAMPTON: Mr. Chairman, that is, I think, incorporated in the resolution.

MR. AYERS: It is.

MR. FRAMPTON: Before the -- before the Fish & Wildlife Service or the Secretary of Interior signs a purchase contract, a congressional review will occur.

MR. AYERS: Yes, and it something that we did not cover in the overview, that I failed to cover in the overview, but certainly is a matter both to be recognized by the record, and is a matter of course that I think no one would overlook.

MR. FRAMPTON: And, that is in the form of a letter to the Appropriations Committee chairs in the House and Senate.

MR. AYERS: And a purchase agreement would not be signed until that had occurred.

MR. ROTH: There would not be binding purchase agreement until that has occurred.

MR. AYERS: There would not be binding purchase agreement until that has occurred. It might get signed, but it

won't mean anything. (Laughter)

MR. PENNOYER: Mr. Ayers, Mr. Roth, is it all right to leave this now, is it all right to proceed? Okay, thank you. Next item please, was the Koniag deal, and how do you wish to proceed on that?

MR. AYERS: Mr. Chairman.

MR. PENNOYER: You want to go first, go ahead.

MR. ROSIER: Yes, thank you, Mr. Chairman. Mr. Chairman, on this particular subject, I will in fact be conflicting myself out due to the personal relationship I have with the president. Chuck Meacham, who has had access to the information on this subject, will in fact be voting as my designated alternate, on this particular issue.

MR. PENNOYER: Just to make it clear since Mr. Meacham isn't here, we'll take a roll call vote on this particular item when we get to it. So, make it clear to you.

MR. AYERS: Mr. Meacham, are you on line?

MR. MEACHAM: Yes, I am.

(Aside comments)

MR. AYERS: Mr. Chairman, Chuck, there is a two page proposed Koniag acquisition framework for possible agreement that is before you. It is essentially the terms that have been outlined by Mr. Bohlen. I would recommend that the Council authorize the lead agency and their counterpart on the state to -- to work with the Koniag corporation to develop the terms of a purchase agreement, but in specifically -- and specifically, a resolution

that would reflect the concept embodied in this two-page framework, and to bring that back before the Council at the next scheduled meeting, that I anticipate to be the December 2nd.

MR. FRAMPTON: Mr. Chairman.

MR. PENNOYER: Yes.

MR. FRAMPTON: I think the action that's required here, and I guess -- well, I move that the Council authorize the lead agency and the negotiating team to make an offer to Koniag along the lines of this two-page document, which I would ask be put in the record -- as agreed, actually, by the -- both sides of the negotiating team, to move forward to consummate a purchase agreement.

UNKNOWN: Second.

MR. PENNOYER: Action has been moved and seconded relative to the Koniag agreement. Is there further discussion, or questions on it? Okay, we'll proceed to take a roll call vote then. Mr. Janik?

MR. JANIK: Yes.

MR. PENNOYER: Mr. Sandor.

MR. SANDOR: Yes.

MR. PENNOYER: Mr. Frampton.

MR. FRAMPTON: Yes.

MR. PENNOYER: Mr. Tillery.

MR. TILLERY: Yes.

MR. PENNOYER: Mr. Meacham.

MR. MEACHAM: Yes.

MR. PENNOYER: Yes. It's passed unanimously. What's the next item on the agenda?

(Applause)

MR. PENNOYER: Can't wait until tomorrow. Okay, the Institute of Marine Science is the next ...

MR. AYERS: Mr. Chairman, before we ...

MR. PENNOYER: Mr. Ayers.

MR. AYERS: Thank you, Mr. Chairman, Trustee members. The landowners would like a couple of minutes of the Trustee time.

MR. PENNOYER: Oh, that's right, I'm sorry. Fine. Would you please come up then?

MR. LARRY LANDRY: Good afternoon. My name is Larry Landry, and I have spoken to your before, and on behalf of Ralph Eluska, President of AKI Corporation, Emil Christiansen, President of Old Harbor Native Corporation, we want to commend you for your leadership, courage and diligence for the actions you've taken today. Not only is this a great habitat protection plan, but it's what the local communities want and the way each individual arrangement was put away, put together and worked out was in concert with local priorities, as well as habitat protection. It allows economic opportunities, subsistence, and habitat protection.

So, we just wanted to sincerely thank you, Mr. Ayers, and the negotiating team for all your support and diligence, literally hundreds of hours have occurred since our last discussion. We just want to thank you very much.

MR. PENNOYER: Thank you for you comments, appreciate

that. Mr. Frampton.

MR. FRAMPTON: I think that it's important having made very substantial progress with respect to protecting the entire ecosystem of southern Kodiak, that we make it clear, and I think is certainly implicit, it's not explicit in the report that the Executive Director gave, that simply because we have been able to take formal action today, only on this one set of acquisitions, that we remain committed to a geographically balanced habitat acquisition plan. Just as over the last year we have worked to put together and today approved a balanced Restoration Plan, which includes science, monitoring, direct restoration, a reserve and habitat acquisition, so the habitat acquisition portion of the overall Restoration Plan also must be balanced, and that means this is not going to be a complete restoration habitat acquisition, restoration effort, unless we are able to conclude further deals in Prince William Sound and eastern Prince William Sound and western Prince William Sound, in Shuyak, Afognak and Kenai, assuming that we can reach agreements that have integrity with willing sellers in all those areas, and that our desire to have a meeting in about a month and to push forward as hard as we can over the next month to see if we can consummate some more acquisitions, particularly in Prince William Sound, is evidence of our commitment not to feel as though we can go home and rest, now having done something important on Kodiak, and that we are, you know, determined to make this a balanced plan. And, I think the fact that we have -- we're moving forward on Kodiak with a more or less predetermined some portion of

funds, which we hope eventually will be used for acquisition, indicates that just because one, in this case, happen to get to the table thirty days before some others, didn't mean that we in anyway were prejudicing our strategy or ability to make acquisitions in Prince William Sound and elsewhere. I think that's -- I'm certainly -- I'm obviously speaking for myself, but I think I speak for all of us in terms of our intentions and our desires in this matter.

MR. PENNOYER: Thank you, Mr. Frampton. I thought that we were going to memorialize that concept somehow, in a document of some kind, and is this -- is not the appropriate time then ...

MR. AYERS: Mr. Chairman, indeed it is the appropriate time, and as you -- right before your very eyes, you are seeing the endeavor of what it takes to produce a document that makes everyone feel comfortable. Never is there consensus, but we're about to get informed consent and a copy of the language of that's acceptable to all parties. Now, while we're waiting on that magic to occur, what I would like to bring up on this particular item, Mr. Chairman, is the issue -- is on the agenda, under habitat acquisition, which is the resolution with regard to the Exxon Valdez Oil Spill Trustee Council on Seal Bay. It has been determined that we need the further resolution to provide for the -- the installment that is due, and if we can do that first, then we'll come back to the other general resolution that embodies the concepts and thoughts that Mr. Frampton just presented.

MR. PENNOYER: One other thing. We are fairly well

committed then, before people leave tonight, the meeting something in the last week of November or early December for this very purpose, and are we all committed to that? Several individuals have said, but I think everybody ought to know that that is our intend. I hear a -- lot of head shaking and no nos, is that generally accepted? I hear no objections, thank you.

MR. AYERS: Mr. Chairman, do you have the general resolution, everybody happy. Mr. Chairman, this is a resolution that in fact recognizes the effort that has gone on to prepare for habitat protection. It also embodies in the resolve that, that which Mr. Frampton just described, which is, "designating and authorizing lead negotiators and Executive Director to continue to pursue efforts to negotiate proposals for the acquisition of large parcels in accordance with the 1994 resolution, but in particular to pursue invitations in developing proposals" -- you can tell how many times this language has been changed since I saw it last -- "with willing sellers within Prince William Sound, Kenai Fiords, and Afognak Island to develop and submit proposals for the Council's consideration at a December meeting." And I think we're looking at December 2nd. But, this is a -- a definitive expression to those who are concerned to bring proposals back in the immediate future for the Trustee Council's consideration.

MR. PENNOYER: Do you want to read some particular parts of it, or should we have a short at-ease and read it ourselves?

MR. AYERS: Mr. Chairman, I would appreciate it a short at-ease.

MR. PENNOYER: You were reading from the last page, so I was just wondering if you were going to -- we're at ease for five minutes.

(Off Record 4:53 p.m.)

(On Record 4:55 p.m.)

MR. PENNOYER: Can we -- can we get back together again, please. Jim Ayers, slight change in direction here. I've had a strong request to try and finish the IMS part by tonight, and we only have another half hour to work on it. I think it's going to take awhile to get through it, and so what I would suggest, and has been suggested to me, I should say, is that we defer the land acquisition resolution and the rest of it until tomorrow morning first thing. People know we have it and they know we're working on it.

MR. AYERS: There seems to be a general and conformed consent over this resolution.

MR. PENNOYER: Okay, if you -- all right.

MR. SANDOR: Move adoption of motion.

MR. FRAMPTON: I second it.

MR. PENNOYER: Well, that was quicker than I thought it would be. (Laughter) Is there any further discussion of this resolution? (No objection) Thank you, that's one way to get it done. Jim if you have any further on land acquisition? I know you mentioned something else. Let's hold it until tomorrow morning if that's all right with you.

MR. AYERS: Yeah, that's fine.

MR. PENNOYER: Go on -- go on to the IMS question. You want to introduce the IMS action item, Mr. Ayers?

MR. AYERS: Yes, Mr. Chairman. The next item on the agenda is research infrastructure improvement (aside comment) -- research infrastructure improvements affiliated with the School of Fisheries and Ocean Sciences and the Institute of Marine Science in Seward in Alaska. This particular item, Mr. Chairman, has been through a variety of evolution and iteration, and in particular, this facility is developed as needed infrastructure for conducting the long-term research and monitoring program that are unique and specialized capabilities for the studies of marine mammals, marine birds and fish genetics. The Trustee Council specifically recognized that, there were individual biological resources that were injured as a result of the Exxon Valdez spill. They included, I'm sure that we're familiar, but in particular those that relate to this particular project are marine mammals, in particular sea otters and harbor seals, sea bird, common murre, harlequin ducks, marbled murrelets, and pigeon guillemots. There's also a variety of complex -- complexes of intertidal and subtidal organisms that were injured and certainly the capabilities of this improved infrastructure will provide opportunities for research and restoration related to those organisms, and several fishery resources, the least of which is pink salmon and Pacific herring which have been discussed today. The facility improvements play a unique role in addressing restoration needs associated with those resources. The infrastructure does not currently exist in Alaska

to provide the necessary laboratory capabilities for the research and monitoring that are associated with these injured marine mammals, and marine birds of the spill area. This facility is proposed to include wet and dry labs, it would be furnished for fish genetics to examine the possible spill-caused heritable, genetic damage in the salmon, and potentially herring, and for the live studies of bioenergetics disease, reproduction, neurobiology associated with fish and invertebrates in the spill area. That -- that facility -- that infrastructure does not currently exist in Alaska today, or certainly not available in Alaska for the various projects that have been proposed and the research as anticipated. Anticipated restoration and research has been discussed, in a detailed project description, including an extensive statement of purpose and need for this facility. This facility has been discussed at the previous two Council members -- meetings -- and in detail at the last Council meeting. The resolution that is proposed to be before you today -- is not in my hands -- but is in -- is attached -- but, also has been included in the packet that has been submitted to you. The appropriate location for the needed research was also an issue that has been discussed. And, during the assessment of the purpose and need for the project, and the potential for expansion of existing marine research facilities, and an alternative to the proposed project site, was thoroughly examined. Important factors and review of the site location was necessary, included location of the site to be within the spill area; availability of high quality fresh water and sea water for

use in life support systems, which was discussed in detail by experts during the last Trustee Council members, and advisors, science advisors to the project; availability of existing State of Alaska commitment of some \$12.5 million for this specific facility development with the spill area; accessibility of the site to researchers and the public is an essential issue that -- that was involved in the consideration of the site, including quality road access and quality port and airport facility. A couple of those may be debated at another time. Existing -- the existence of an existing marine research program and infrastructure was essential, and in particular the fact that there is science, Institute of Marine Science, present and has been for quite some time at the location. The availability of the immediate land for the development of the project without significant cost was also a factor in the consideration of the site location. The availability of not only high quality but adequate water, sewer and power utilities, and opportunity for the site, in particular, to generate revenue that could in the long term offset the operational costs that make this project a self-supporting research project. The attributes of Seward site include the location, the close proximity, a twenty-one year record -- a demonstrated record of high quality sea water, affiliation with the existing University of Alaska School of Fishery and Ocean Science and the Institute of Marine Science, and their support and commitment, both of staff as well as the endowed chairs that are currently available that was discussed during our last meeting. The accessibility and the

opportunity to become a self-supporting research facility in the long term that supports the restoration of those injured resources previously described. The scientific peer review of the proposed facility is also in your packet and has had exceptional support and advice as this structure has been designed and developed, and we will continue to have the Chief Scientist and the core scientific reviewers participate with us in the development of the construction plan for this project. Let me add, that the Trustee Council's Public Advisory Group has reviewed the project in detail and proposal, and formerly expressed its support for the facility at its October 13, 1994, meeting, and the resolution is attached as Attachment C in your packets. The facility ownership and operation of the structure, which was an additional question that was asked by the Trustee Council and directed the Executive Director to review has been addressed. The facility will be owned by the City of Seward and operated by the Seward Association for the Advancement of Marine Science. The Trustee Council's funded activities and restoration research needs will have the highest priority for the use of this facility in particular. The facility director will establish a working relationship with the Trustee Council, and the Executive Director of the Trustee Council, and the Council Scientific Review Program. All of the scientific research programs at the facility will be coordinated by the facility Chief Scientist who also will be a representative of the University of Alaska. The University of Alaska will provide not only quality assurance and scientific leadership, but will also provided

direction by serving either on the Board of Directors and/or the Board of Governors. The board will have a direct reporting relationship to the Executive Director -- through the Executive Director to the Trustee Council. In conclusion, Mr. Chairman, I am confident that the project that currently is before the Council for consideration, which is the expansion of the existing infrastructure to provide for the research and the long-term research regarding the injured resources, is embodied in the resolution that is before you today, and with us today is, not only the Chief Scientist, Dr. Spies, who has been reviewing the project, but also Lief Selkregg, and Tyler Jones, Kim, and A.J. Paul to answer detailed questions.

MR. PENNOYER: Thank you, Mr. Ayers. Are there -- before we get into the resolution text are there further questions at this point? I know the resolution addresses some of the things that have been brought up and probably will answer some of our questions, but in terms of the facility itself and capabilities and so forth, are there further questions? Would you -- Dr. Spies has been closely related to our development of our research program for all these years, and probably is in a unique position to comment again as to the necessity of this facility to carry out our research and restoration goals. You've mentioned many of those things, but perhaps if Dr. Spies came to the table and just reiterated or elaborated on his conclusions in a letter that he and the peer reviewers have sent us relative to the need for this facility. The unique opportunity it presents, and anything else

related to our Work Plan. of you might want to elaborate on them.

DR. SPIES: Thank you, Mr. Chairman. I'm pleased to do so. I wrote a letter of support along with the peer reviewers, Dr. Charles Peterson and Dr. Philip Mundy. We believe, first of all that the -- that there is a net loss of goods and services to the ecosystem because of the spill, and that the public has not really been fully compensated for the long period in which the goods and services provided less than normal levels. We think that such compensation could be provided, why investments made by the Trustee Council that will pay dividends in the form of enhancing ecosystem values in the ecosystem, and beyond those that would have occurred in the absence of the spill. Investment in the Seward Marine Science Center, we believe, would represent such an enlightened investment of resources by the Trustee Council, establishing such a facility in the spill area for conducting research on Alaska's marine resources will provide long-term benefits for better management protection enhancement of the biological resources in the spill area. Secondly, there is no adequate marine research facility in the northern Gulf of Alaska region that can carry out the sorts of research, particular support of work with live animals, marine mammals and birds, and given the very extensive coastline in this region, (indiscernible) living marine resources and the large numbers of outstanding marine science and university system in the state and federal agencies as well, and in the private sector there is compelling demand and need for a modern laboratory facility for housing and promoting vital

research efforts. Third, as Executive Director Ayers indicated, Seward is an ideal location for such a facility. It has an accessible road to a large number of Alaskans both in the scientific community and general public, and I don't think we need to dwell on that point particularly further. Fourth, the planning conducted for the Institute of Marine Science has been absolutely world class and a lot of thought and review has gone into this by talented and experienced professionals in all sub-specialties to design a state-of-the-art facility. This careful planning includes specialized engineering and architecture, education, scientific research and animal care. The experience of both success and failures of previous projects built around the world has been used to maximize the effect of this and success of planning in the case of this facility. Further, we think that the planning is -- has highlighted some of the most unique, attractive and important components of the ecosystem in the northern Gulf of Alaska, sea birds, marine mammals and fishes. These groups suffered a great deal of damage. Many of them have not recovered to pre-spill levels, and they present the greatest challenges for restoration and management, so the -- so the match to the Trustees mandated it, in our view excellent. Fifth, the use of such a facility by scientist to work on spill studied will fill legitimate research needs for study of non-recovery or slowly recovering species. Also, because the availability of a scientific facility where none existed before does generate new possibilities to address real research needs. It is difficult, we believe to accurately predict

the exact future demands for the unique research space that the Marine Science Facility will be, however, we think if you build it, many people will come, it will be highly utilized. There's a lot of work that's going on presently and in the proposed work plan before you in this meeting, that to be carried out, and I think specific examples would include, studies on harbor seals, both health studies and stable isotope studies, to look at nutrition and health of harbor seals, similarly with sea lions. Both of these species are in sharp decline in the norther Gulf of Alaska. This facility will also be useful for assessing health, disease and reproductive biology of both marine mammals and birds, also for fish. Genetic stock identification work on salmon and herring and possibly other species could be done at this facility. The facility will have a lot of flexibility in terms of its design and could be reconfigured to be adapted to any number of projects as the scope of the Trustee Council assign plan changes in that future. This is kind of a minimal list of our reasons for -- our endorsement of the facility, but we believe that it represents a unique opportunity for marine science in the State of Alaska at the present time, and are -- are endorsing it for those reasons.

MR. PENNOYER: Any questions? Any questions of Dr. Spies?

MR. PENNOYER: I have one, later on in the '95 Work Plan we've got about \$15.5 million dollars worth of research, not counting the reserve and others in this outline. In your view, that a substantial amount of that would be logically done or

headquartered out of or some how worked out of this facility? Would it make a contribution of the Work Plan we now have in front of us?

DR. SPIES: I think it would, and I think they will be looking at. A definite contribution -- a sizeable contribution this year, and as -- if it was in place right now, I think people would use it and that use would grow as -- as people thought about the kind of work they were going to do, and how that facility could be used to accomplish those goals.

MR. PENNOYER: Do you think our work has been largely field work, and lesser in the laboratory (indiscernible - simultaneous talking).

DR. SPIES: It has been some laboratory work, of course, that your familiar with at your Auke Bay facility there in -- outside of Juneau, but I -- I think there would be a greater opportunity for field work, and it's been my experience personally in multi-disciplinary studies that you need a combination of field and laboratory work. You can't isolate all the factors that you want to get at just from field work, and that you need some laboratory work to -- to test specific hypotheses and things that can't be done in the field under less controlled conditions.

MR. PENNOYER: Further questions of Dr. Spies? Thank you. Other questions of other - A.J., Paul, or anybody, people want to ask? Thank you very much. Mr. Ayers

MR. AYERS: One of the things that, at your instruction, that we have also done is, along the lines of the

question you just discussed with Dr. Spies, and that is who would use this facility, and it's clear to us that the commitment is currently existing. If we had it today, we know that people would be utilizing it, as Dr. Spies mentioned. In 1997, the projected date for opening, the faculty personnel are expected to be three -- at least three university faculty, one endowed chair, and two research faculty as we discussed somewhat at the last meeting, and those are confirmed. There would be essentially six fisheries biologists and three students, six technicians and two administrative personnel. The research personnel will include a mix of university and agency scientists and technicians and students, and in 1997 a part-time research staff are expected to include additional wildlife biologists and we -- we are in the process of discussing that with the Fish & Wildlife Service. We also believe that it would include, and we have -- we know that there's been a couple of veterinarians that have been very close to the project, and a veterinarian and animal care technician and one lab technician would also be there. Well, let me also say that we believe that another additional leap of faith in this would be the interest of that facility from the general public, which continues to be overwhelming. So, it is not, at this time, a dream, so to speak. There are people who would utilize that facility the day that it's open, and there are many people who are interested in visiting the facility as we speak.

MR. PENNOYER: Thank you. Further questions of the Executive Director? I know there were many questions raised by the

PAG and others on the management of the facility, how the board would operate, what happens if, in fact, the revenue stream is not as anticipated? What happens if you don't collect the anticipated public donations to build the educational facilities and so forth.

I think many of those are addressed in your resolution, and perhaps the best way to proceed would be for you to introduce the resolution and discuss some of these other factors under the part of the resolution that instructs the Executive Director to ensure that certain things take place. So, if you care to, and the Trustee Council would like to proceed that way, perhaps you could introduce the resolution and we can continue our discussion based on what is either in it or what not in it.

MR. AYERS: The resolution is in your packet, I believe you all have it. We have additional copies here if you need them.

MR. PENNOYER: If there a difference, Mr. Ayers, in the drafts, I've got something dated 11/1, something dated 11/2 revised, and -- which one should I be looking at?

MR. AYERS: 11/2 revised.

MR. PENNOYER: Thank you, sir.

MR. AYERS: Should be in the upper right hand corner.

MR. PENNOYER: Could you take us through that then, briefly, and then we'll read it.

MR. AYERS: Mr. Chairman, the Council directed me to prepare a formal recommendation concerning the proposed research infrastructure, which included taking the needed steps to secure

the compliance into the National Environmental Protection Policy Act. Let me say that, that task, which we have discussed before, and that ROD, which was just recently signed and concurred in by the State, was a very intricate, involved process that I can take no credit for and absolutely want to commend the people that were involved in that, including the lead, Nancy Swanton, who worked with a number of various staff people and ensuring that that particular effort was completed. It was completed not only in an expeditious manner, but in a very public, considerate manner, and there have been a number of people, even those who do not necessarily support the project, who have talked about the professional and open manner in which that effort was carried out, and the many times that the public has had to participate in the discussion of this facility. I was also directed to consult with appropriate entities including the University of Alaska, the City of Seward, the Seward Association of The Advancement of Marine Science, and Trustee agencies to review the assumptions related to the proposed improvements and capital operating budget. We have done that on numerous occasions, not the least of which was with you at the October 5th meeting where we went through the very details of the issue of the budget. We also talked at length, I've met with the Board of Regents from the university, the president on several occasions, the -- Dr. Alexander from the School of Fisheries and Ocean Sciences, that staff and the Advisory Group of the School of Fisheries and Ocean Sciences, and discussed with them that commitment, and in particular reviewed the budget

with them. I am beyond consulting, I think, at this point, and become very involved in discussions with each of those bodies about this project, and have individual commitments in writing and support from each of those. The Board of Regents, and the president himself, Dr. Alexander, the School of Fisheries and Ocean Science, and the Public Advisory Group, which involves not only Alaskan scientists but national scientists on that advisory group, the Advisory Board of the School of Fisheries and Ocean Sciences. Is that the right title for them Doctor?

DR. SPIES: Yes.

MR. AYERS: I was to develop an integrated funding approach which assures that the use of the trust funds is appropriate and legally permissible under the terms of the Memorandum Agreement and the Consent Decree, which I have done and which is also embodied and recognized, and we have been through that a number of occasions, including a very professional and detailed beyond-the-call-of-duty commitment from the attorneys from the Department of Interior, as well as others within the federal departments and the Department of Justice. We have actually worked with the architects on the project to ensure that the architectural structure of this facility is clearly permissible under the court decree and that the budget that is -- that is associated with those projects are -- with that aspect of the construction, is all that is coming from the civil trust funds. I was also directed to prepare a recommendation of the appropriate level of funding for consideration by the Trustee Council that would be legally

permissible and that is embodied within the budget, which is also before you in your packet, which I need. The detailed project description and the supplemental materials that were prepared and put in the September 26th project detailed all of those things including NEPA, but in particular, we have done, in addition to that, we've done a finding regarding the infrastructure improvements, and affiliated with the Institute of Marine Science in Seward. And, let me say that with regard to the findings which is also in your packet, people were working on as recently as this weekend, there has been an overwhelming commitment, and I don't believe that the hoops necessarily, although they were painful, were without reasonable content and questions. Those hoops have been difficult to get through, but they've been very helpful in focusing this project in the research related to the injured resources. The Public Advisory Group has reviewed the project description and also participated in refining the project description to ensure that the aspects include the research towards injured resources, but also include the opportunities for the public to participate, not only in education aspect, but to find out what's actually going on with regard to research related to these injured resources. The budget, which I thought somebody just had, the budget has been discussed several times, we've discussed that not only with the architect, but also the City of Seward and the SAAMS organization. The budget which, per the fourth directive of the Trustee Council, which is being handed to you now, reflects the reality that the research component of this project can be

constructed for some \$36 million and that includes the construction costs, the design, the contingency, as well as the EIS planning. This total is for the research and has been reviewed, I guess in excess of ten times that I'm familiar with, to ensure that that aspect -- those aspects of the facility related to the research of the injured resource is the major focus and the total focus of that \$37 million. The additional aspect which is the education component, a portion of which can be -- the expenses could be defrayed under the criminal settlement funds, and the -- an additional amount of money to be raised through private and philanthropic resources. There is a high level of confidence as you heard at the October 5th meeting, that the additional funds for those particular aspects will be raised and can be raised. But, at this point, I am confident that, subject to the conditions or the provisions that are embodied in the resolution, which are that the director approve -- see and approve a detailed construction budget and a detailed operating plan that reflects a realistic cash flow for the successful construction and operation of this facility, and by the way, we certainly would use the resources that are available from the state agencies, since these funds would be passing through the Department of Fish & Game, and ultimately the City of Seward, that would be reviewed and brought to the individual Council members as we progress so that it would be in concert and discussions with you. That there would be approval by the Executive Director of an agreement to be entered into by the State of Alaska Fish & Game and the City of Seward providing this

facility will be owned by the city, and that the city will provide for the operation and maintenance of the facility. And, we have been in contact -- in discussions with Tyler Jones, the City Manager, who is here also today, we'll continue to work together as I think what's happening here is that Tyler and I are being handed a responsibility that I suspect will keep us busy for time to come.

Approval by the Executive Director of a showing by the City of Seward that future mitigation measures identified for the construction and operation of the facility will be given due consideration and implemented to the extent practicable. Now, I'd like to be able to explain to you in detail what that means, but let me say that it's a condition that I understand to be a requirement that needs to be considered, and, Nancy, I -- it's a recommendation to ensure that as we proceed with this project that we do have a commitment, that anything that might have an impact we would mitigate to the maximum extent practicable. So, we're not saying that we ...

MR. PENNOYER: It's a NEPA consideration, I believe, Jim.

MR. AYERS: Pardon me.

MR. PENNOYER: ...NEPA consideration -- mitigation is in terms of NEPA consideration.

MR. NANCY SWANTON: That's correct.

MR. AYERS: And -- but what we do not know what those things are, this just says that we anticipate there may be some, and if there are we certainly will do a finding and do whatever we can to maximum extent impossible to mitigate the impacts. Fourth,

is the approval by the Executive Director of a detailed governing and management structure for this facility that clearly identifies the role of the University of Alaska in providing a scientific leadership of the facility, and ensures that the facility is managed so that the research activity appropriate serves the Trustee Council restoration mission. That particular provision, I think has progressed significantly over the last sixty days in particular, working closely with the City of Seward and the existing board of directors of the SAAMS organization, and as I mentioned the Board of Regents of the University. We are now in the process of developing a strategy of how to expand the depth and the breadth of that board of directors and will do so in the near future, and that until that's accomplished there will not be funds released. In addition, as with all other conversations, but I want to say that in particular with regard to putting together a strong foundation of a governing and management structure, there's been tremendous progress already and commitments made from -- throughout the scientific communities, but in particular with the university.

The fifth is an annual financial report and project status be submitted to the Trustee Council by the City of Seward, and the Executive Director will carefully monitor the construction of the facility and provide regular updates to the Trustee Council regarding the project's progress. Again, it certainly was not that I was asking for an additional activity for my weekends, but that we will work with all of the involved parties, particularly the Department of Fish & Game and the City of Seward and the

construction party to ensure that we know what's happening and we are providing updates to the Trustee Council so that you can monitor your investment as it proceeds to evolve into a research facility. And, I guess with that let me say that the final resolve that's embodied in the resolution is an actual resolution by the Council that it is the intent of the Council to provide the funds, but to provide the funds as requested and to petition the United States District Court though with -- with draws on specific dates to begin in September of 1995 and again a withdraw in September of 1996. The final resolve has to do with the facility's unique capabilities and that there would be approval of individual laboratory research projects, including the facility at which they will be located that we -- that the Trustee Council, that in the future that in authorizing funding for this project, we would also adopt a policy that we would utilize the facilities in particular recognize its capabilities for marine mammals, sea birds and fishery genetic research, and that the Council would concentrate the research projects and resources at this facility through the maximum extend practicable, and that approval of individual laboratory research projects, including facilities in which they might be located will be based on the resources required for that project and its cost effectiveness, including the cost savings available to the Trustee Council, at this facility as a result of this capital investment, which is consistent with what Dr. Spies said, which is what we will do, is that if we see research projects that are necessary for restoration coming before the Council, we

will utilize this facility and would review that research project and the ability of this facility to respond to those needs in making that decision.

MR. PENNOYER: Thank you. Questions of the Executive Director regarding the resolution? Before we further discuss it then I assume you want this adopted at this meeting, so is there a motion to adopt.

MR. ROSIER: I would.

MR. PENNOYER: A second?

MR. FRAMPTON: Second.

MR. PENNOYER: It's been moved and seconded, okay, are there further discussions? I feel compelled to say a couple words about it. We've started talking about this facility a considerable time ago. I think it's changed its direction and scope, at least the part that the Trustee Council was involved in dramatically over time, and that a lot of good research scientist that I respect worked with the people to develop this are -- do say we've got a world class design here, and a facility that capable of doing many of -- most of the things -- all of the things that have been discussed with us. I know it's been an arduous task and several meetings like the one in Juneau with massive presentation on the design, but I think it's been very worthwhile, and I think we've ended up with a project and a capability that this Council can be proud of having available for its use. And, I really do compliment the people that worked on it. I know it was a tough job by the people from Seward, and University of Alaska folks, many of the

agency people, SAAMS and others, and I'm very appreciative of the fact they dug into it that far. I would point out that many of the questions that have been brought were brought up by the Department of Justice, and you had mentioned that we do have a letter from Bill Brighton, in essence saying that many of his concerns have been satisfied regarding the facility. I don't know if we need to do any -- say anything further or comment any further. I -- again commend people for the work that's been done. Does anybody have any further comments on this? Are you ready for the question on it? Is there anybody opposed to this motion? (No objection) No objection then the motion passes, we adopt the resolution as exemplified here, and, Executive Director Ayers, we trust you're going to bring all these back to us, or not back to us but (indiscernible - applause). We're on such a roll, we probably ought to adjourn. (Laughter)

MR. AYERS: Before we adjourn until tomorrow, there will be a number of folks as I understand, it that will not be able to be here tomorrow, and there have been a number of people that have talked to me today about a number of things that the Trustee Council has been able to move forward on today, and the amount of progress that you all continue to make. And, let me say that in particular there are an inordinate amount of hours that have gone into this effort by Molly McCammon and Rebecca, and Eric, and Bob Loeffler, and Sandra Shubert (ph), and a number of other people that work in this building day and night, seven days a week, over the course of the last few months, and I -- I know there are

additional people who have -- who have assisted and worked hard, like Nancy on the IMS, and Barry Roth has moved into our building to make sure that we continue to move forward in a manner that's acceptable. I sometimes feel like when I start to open my mouth that actually Barry could just -- Barry will just start speaking. But, I want -- I want to say that much of the progress that you've been able to make is because I have seen -- I've never seen such dedication in years that I've worked on the railroad or with the ferry system, or with the Department of Fish & Game, or in the governor's office, it's the most devoted, dedicated, hard-working staff that I've ever been privileged to be associated with. So, I just would like to -- I just like to thank them in particular while we're still here today, and I know we have work to do tomorrow, but I just wanted to mention that.

(Applause)

MR. PENNOYER: Mr. Frampton.

MR. FRAMPTON: Well, I'd just like to add our thanks. You know, I think the fact that we are able to do so much today is in part -- small part a testimony to the fact that the Trustee Council has developed, you know, a personal working relationship, and a, you know, I think a common vision to try to -- that takes time and it takes a lot of effort, but I think we are just really the tip of the iceberg and we couldn't do most of this or any of it without the tremendous amount of work that I'm sure people out there have only a sense of when you see the paper that moves across here, and what you don't see is the things that say, fourteenth



**EXXON VALDEZ OIL SPILL SETTLEMENT  
TRUSTEE COUNCIL**

RESTORATION OFFICE  
Simpson Building  
645 G Street  
Anchorage, Alaska

November 2-3, 1994

**VOLUME II**

November 3, 1994

P R O C E E D I N G S

(On Record: November 3, 1994, 8:50 a.m.)

(Deborah Williams is seated as Trustee Representative for Mr. George Frampton, Assistant Secretary of the Interior)

MR. PENNOYER: Can we go ahead and get started. It seems as though the Trustee Council members are all here. I notice that George Frampton has left us and Deborah Williams is substituting. Thank you very much for being here. As we adjourned yesterday, there was some uncompleted items, I think on the things we were working on. I'll just -- we did mention yesterday, as we went through and approved the ROD, the Restoration Plan, and so forth, it was mentioned in a work down, I think it probably should be mentioned more specifically than that. Excellent work down in completing the EIS and the ROD and the Restoration Plan in the time available, and a lot of work and effort went into it, and we wanted to mention specifically some of the people that worked on it, but if I omit anybody I apologize, Rod Kuhn from the U.S. Fish & Wildlife Services, leader (corrected by EVOS members) -- Forest Service -- oh, U.S.F.S., all right, all right. It's early, I apologize. Karen Clingy (ph) from the U.S. Forest Service, Jerry Sanger (ph) from the U.S. Fish & Wildlife Service -- got that one right -- Bill Hoser (ph) from ADF&G, Tim Holder from -- you know, Management Service, and Fred Clark from the U.S. Forest Service. So, again, we appreciate your work very much. I know it was a very difficult task and I'm glad we got through it, although I'm sure we've got a lot more planning to do. I think, as we left

yesterday, Jim, I thought there was some item left on land that we hadn't finished. We didn't ...

MR. AYERS: The item -- the item, Mr. Chairman was the installment payment resolution on Seal Bay. As you recall, we have a Seal Bay payment, and that resolution was handed out, and I believe that resolution has been signed, and I don't know if that's acceptable, or if you want to actually take oral action on that particular resolution.

MR. PENNOYER: I'll refer that to our state and federal attorneys on the Trustee Council, but I assume we need to bring it up.

MR. TILLERY: ... do it on the record.

MR. PENNOYER: I think we need to do it on the record. Jim, would you reintroduce that resolution? Highlight it for us.

MR. AYERS: The Seal Bay resolution provides for the total required to meet the first installment of \$2,916,667 plus interest accruing on the unpaid balance at a rate equal to the 52 week United States Treasury Bill rate compounded and adjusted, which was \$312,375. This provides, in accordance with financial operating procedure adopted by the Council, that those funds will be requested from the joint trust funds and for those payments to be made. Accordingly, the amount to be withdrawn from the funds would be reduced to some degree because of the last distribution and the unobligated balance. The total withdrawal will be in the sum of \$3,111,204, and it's my understanding that we are going to do an annual resolution for payments in order to accommodate the

withdrawal.

MR. SWIDERSKI: So that resolution authorizes DOJ and the Department of Law to do all three of the remaining payments.

MR. AYERS: Well -- we further request the Attorney General of the State of Alaska and the Assistant Attorney General of the Environmental and Natural Resources Division, the United States Department of Justice, to petition the United States District Court for the District of Alaska for principal plus interest to make the second and third payments in a timely fashion.

Since those will be based on the 52 week average, that amount is not included, but this resolution then satisfies the obligation of the Trustee Council to take action, and so subsequent payments will simply be the withdrawal from the court by means of this resolution. Is that correct?

MR. TILLERY: Mr. Chairman.

MR. PENNOYER: Go ahead.

MR. TILLERY: It's not a 52 week average.

MR. AYERS: It's a 52 week United States Treasury Bill rate compounded.

MR. TILLERY: Right, but it's rate as of the beginning of the period.

MR. AYERS: Strike average.

MR. TILLERY: Expunged.

MR. PENNOYER: Record will reflect that.

MR. AYERS: Record is having a hard time with the needle this morning, it's skipping.

MR. PENNOYER: Are there any other comment, Mr. Ayers?

MR. AYERS: No, Mr. Chairman. We recommend this. Let me also say that in -- in subsequent land acquisition efforts, it certainly seems that this will be the reasonable approach, and particularly once we put together our cash flow program. I think it's important for us to consider this type of approach, so that we actually have a planning mechanism, and then a formal resolution mechanism for ensuring payment without getting encumbered in annual meetings for a variety of payment programs which could bog the system down, and I think that that is what the State Attorney General's office is recommending, and I think that the Department of Justice has been satisfied with that approach. But, we won't want to reconsummate an acquisition package and it has payments included. We would do one resolution, not annual resolutions.

MR. PENNOYER: Okay, but for the present we're acting on this particular resolution.

MR. AYERS: This particular resolution is, in fact, constructed in that manner for the Seal Bay acquisition that is before you now.

MR. PENNOYER: Do I have a motion?

MS. WILLIAMS: So moved.

MR. SANDOR: Seconded.

MR. PENNOYER: It's been moved and seconded to adopt the Seal Bay resolution governing the further payments on a package we already agreed to purchase. Are there any comments or discussion? Is there any objection to the motion? Hearing no objection, the

motion is passed. Thank you. Anything further on land? Mr. Tillery do you have small parcel comments of some kind?

MR. TILLERY: I believe there was the -- have we done the briefing on small parcels yesterday?

MR. PENNOYER: Mr. Ayers.

MR. AYERS: Yes.

MR. PENNOYER: Question is on the land acquisition, have we done the briefing on small parcels yesterday? Mr. Tillery is concerned.

MR. AYERS: No, Mr. Chairman, we did not. We noted only that it was in the packet and we did not discuss it. We discussed it briefly in the overview, but under the habitat -- when we actually got to the action item. There's no action required on that particular item, but we can go back and do the update, and I believe Art Wiener is here, Habitat Working Group, and we could discuss that.

MR. PENNOYER: Since there's no action, is that needed for something between now and the December meeting, or do you desire that it be done? Mr. Sandor.

MR. SANDOR: I would ask that we have the briefing (indiscernible) several part -- small parcels that come to our attention, the state's attention that might need protecting.

MR. PENNOYER: Fine. Mr. Ayers.

MR. AYERS: Yeah, Art would you join us please? As noted in your packet, Mr. Chairman, actually I think there is two issues. One, is a status report on the small parcels that have

been nominated, and the other issues, I believe that needs to be addressed by the Council, Mr. Chairman, is the issue of parcels that might be noted as important, or considered to be important, or should be reviewed, that have been noted after the closing date of the solicitation. So, perhaps we could talk about what the status is of the nominations thus far, and then discuss what type of process the Council would like to see for habitat -- other small parcels that might come in subsequent to this.

MR. PENNOYER: Art.

MR. ART WIENER: Good morning, at this point in time the Habitat Work Group has reviewed approximately 244 small parcels that were submitted by landowners throughout the oil spill affected area. The closing date on nominations was July 15 of this year. At the present time, the status that we're at, is that all of these parcels have been reviewed for compliance with threshold criteria. Those that have not met threshold criteria have not undergone further evaluations. Those that have met the five threshold criteria have been evaluated for the most part against the paradigm that we developed that's somewhat similar to the paradigm that we developed for the large parcel process. We, at the current point in time, are now doing a quality control assessment on all of those parcels that we scored and are about to rank. We are checking specific data points with experts to make sure that we're correct in the assessment and evaluation of the parcels. So, we should be able to come to you all sometime in, hopefully late December with our ranking of the small parcels that have made the nomination

deadline by July 15th. And, just in short I would say that we have approximately, I would say, about ten to fifteen small parcels that look very good, and we will probably recommend them as high can recommend them for further work in terms of appraisal and negotiation, out of the 244.

MR. PENNOYER: And, you are prepared to do that at the November or December meeting?

MR. WIENER: Hopefully by the December meeting. If it's December 2nd, I'll pull back on that, but if it's in late December we probably should be able to make that deadline.

MR. PENNOYER: I said November or December, you said December 2nd would be okay. Mr. Tillery.

MR. TILLERY: Mr. Chairman, you use the phrase of the closing date, which I assume was the date by which we asked people to try to get their stuff in, their nominations in. I guess my own view is that there is no real closing date if a small parcel comes to our attention today, and it's something really good and it achieves restoration goals, then I would certainly be willing to consider it, much as we have done with the large parcels in entities like Tatitlek and so forth. That would be my understanding, but I wondered if there was some other understanding on the Council.

MR. AYERS: No -- I -- Mr. Chairman, Mr. Tillery, it seems to me that we need a process, however, to allow us to set some sort of priority and dates for the working group so that what we don't have is just an open-ended multiple entre into -- into

nominations, and by that I mean phone ringing, people saying, geez, you know, I just decided maybe I want to sell some parcel, will you score this. I mean, that -- that became the case there for awhile until we set up a formal solicitation process. So, I would recommend that the Council consider having a process that provides that through a Trustee or a respective agency, a parcel that the -- that the respective agency could take a look at and simply then submit to the Habitat Working Group, would be a process that would, at least, manage in the in-flow. So, -- that's a little -- that's a little modification of what you're saying, but I think that then could accommodate what you're suggesting.

MR. PENNOYER: Deborah.

MS. WILLIAMS: I concur with Executive Director's comments as modifying Craig's comments. I think that's a very good compromise, but to the extent there are small parcels that did not go through this process, they should only be brought to the table if there's an agency sponsoring with them.

MR. PENNOYER: Is that acceptable to the rest of the Trustee Council? Yes, Mr. Rosier.

MR. ROSIER: Yes, thank you, Mr. Chairman. Jim on that is this something that we could implement then right away.

MR. AYERS: I'd be ... I'm sorry.

MR. ROSIER: Yeah, I mean, we do have people that have complied with the deadline here on this, but certainly, you know, from my perspective I think it would be a good idea if could accept those, or at least begin to run them through a, the agency process

here to bring them back. If that's acceptable, and if it will fit with what the working group is, in fact, has been doing here on this thing, I would certainly agree with your suggestion.

MR. PENNOYER: Art, do you have any comments?

MR. WIENER: Well, my only comment would be in response to Commissioner Rosier, we did notify the public that there was an opening and closing date, and if, in fact, we are changing that direction, I think we should make the public aware that there is essentially a re-opener of the process that the public can get their parcels in. At this point in time, they would not be aware that there's a possibility for additional parcels to be submitted to -- for review. So a newspaper ad -- we used newspaper advertising last time, and we submitted to the respondents of the advertisement a -- essentially a nomination form and a description of the process.

MR. PENNOYER: So, you're saying there's really no way to avoid the phone-off-the-hook type of thing that Mr. Ayers was talking about.

MR. AYERS: Well, I think that we just need to work with the agencies and figure out the right process, the right way to notify -- you know, a way to accommodate the public's interest and at the same time set up a process that doesn't get -- that's managed and that is manageable. I -- I think we can work it out Mr. Chairman, and I think we -- I think Art is absolutely right. We need to find a way to let the public know that there is a process set up, and I suspect we also need to work with each of the

respective agencies, so that -- that there is some sort of process for them nominating a parcel and getting some information about the parcel so that it can move smoothly. But, I think we can work with the agencies to put that together.

MR. PENNOYER: Will you come back to us at the -- this early December meeting then, and tell us what the resolution of that is, or ...

MR. AYERS: Yes, yeah, I think we can do that, and Art I think what we can do is actually put -- use the form that you used before, but work with the agency -- the respective agencies, make sure they have the form, and if they have nominations or if there is somebody that comes to them with a nomination pertinent to their management, we'd put it together.

MR. PENNOYER: Is this still acceptable the Executive Director to bring that back at the early December meeting, we will approve the process. I don't think anybody intended we were closing a gate for all time, even on our research and monitoring, we've made it very clear that we can't define all the resources that might have been harmed because of the spill or what's happening with them, so we have to have some flexibility. Okay, anything else on that item, Mr. Ayers? Mr. Sandor.

MR. SANDOR: Mr. Chairman, just a point of clarification, then, any landowner could contact one of the agencies involved and essentially ask that this parcel be nominated, or in fact, the agency itself, or agency could identify a parcel that came to -- that was threatened or was a good

candidate and could -- could propose it to the Trustees. Is that true?

MR. PENNOYER: I -- I guess that's true in general. The question was whether people would feel disaffected by the fact that they didn't know that they could submit something after the deadline, and there needs to be some type of -- I think Mr. Ayers was trying to work out some type of notification process, whereby through the agencies -- we can control it, but people wouldn't feel that they've been cut off at a deadline, and somebody else just calls somebody and got it done. So, I think that's what Mr. Ayers is going to come back in early December with a process to accomplish both things, allow the flexibility we desire, and at the same time make it clear that the public is not disaffected in their ability to put parcels up through agencies or however.

MR. SANDOR: Well, Mr. Chairman, because this is not just a theoretical situation, but there is a parcel that's come to the attention to the State Department of Fish & Game and Environmental Conservation that involves habitat in the wetland, near Homer, where the species involved are in decline. It seems to me that situation has somewhat of a sense of urgency. The process ought to be flexible enough, it seems to me, that if -- if a case such as that or one that requires prompt action, that either an individual through an agency, or the agency itself ought to feel free to be able to come forward, and that's what I understand we can do with what's concluded here.

MR. PENNOYER: Deborah.

MS. WILLIAMS: That's certainly my understanding of the sentiment of the group.

MR. AYERS: Mr. Chairman, Commissioner, let me understand. It's certainly my view that Art and I can sit down and work out a process and then actually have that be available and work with you or Commissioner Rosier, and put -- once we figure out what the process is, we don't have to wait until December 2nd to -- to get this information, if that's the pursuit. So, -- but let me be clear on the record then with the Council, it's -- what I'm understanding Commissioner Sandor to say, and it certainly is acceptable to me, that Art and I put together what that process is sooner rather than later, and get it going, and actually get this information of this parcel or another parcel through the agency, and get it into -- into the process, rather than wait until December 2nd, and come back with a formal process, and then have the parcel submitted. Is that the Council's pleasure?

MR. PENNOYER: Mr. Rosier.

MR. ROSIER: Yes, that would certainly be my -- my pleasure on this. I had a question though. Are there parcels -- did we receive applicants after the deadline? Is there anything that's outstanding there beyond the 242 that you apparently evaluated.

MR. WIENER: No, sir, we -- we played hardball on the deadline. There may be one or two that slipped in one or two days beyond the deadline, but in general we told folks that if they didn't get it in by the deadline, that they weren't going to make

it.

MR. ROSIER: Well, was it a matter of receiving items after the deadline, this was the discussion prior to the deadline, and contacts made by those people.

MR. WIENER: That's correct. The advertising was spill area wide. We put numerous advertisements in the newspaper. We did our best to notify the public that this process was available and that the closure date was July 15.

MR. AYERS: Mr. Chairman.

MR. PENNOYER: Yes, Mr. Ayers.

MR. AYERS: Do you have a list of those that came in after the deadline?

MR. WIENER: No, I don't think we do. I think we just turned them back.

MR. AYERS: Turned them back?

MR. WIENER: Yeah, I think -- most of those telephone calls primarily, calling up afterwards, and they were just too late. They called in August, we just said that we just didn't have the ability to deal with it.

MR. PENNOYER: Mr. Ayers, I -- I guess I'm still a little bit concerned by that fact, that we did play hardball with the deadline, and I think we clearly want the flexibility to, obviously, get anything that's going to help the restoration process, and not be artificially restrained by a deadline we achieved earlier, but, I still think you need a process of some kind to go out and tell people that yes, through agencies or

however, we're accepting applications to look at and decide if they're high priority and want to proceed with them. It needs to be done somehow because, if we did turn people back, if they clearly knew that, oh, I guess the deadline is gone, too bad, I missed it so I'm not going to do anything, and then be -- actually have some people advance pieces of property through agencies or through people they know on the Trustee Council, that could create some difficulties. So I still think you need a process. But, I think it's clear the Trustee Council's intent is that we have that flexibility, we'll be able to address restoration opportunities we didn't know existed at the time we set the deadline up. So, I guess what I'm saying is fine, if you've got something, advance it through the process in terms of evaluation, but you probably should come back with a process in December that takes care of this concern. My -- yes, Mr. Ayers.

MR. AYERS: Mr. Chairman, seems to me there are three things. One, set up a process to provide for the opportunities for addition small parcels to be considered, and that process needs to include coming through a respective agency. Secondly, that we will let the public know that that process is now available for additional small parcel consideration, and thirdly, that in fact, if there are those that are -- that have come to the attention of one of the respective agencies, that we would proceed with moving them in for -- for scoring and evaluation.

MR. PENNOYER: Is that acceptable as a process for the Council? Fine. I don't know if we need a motion or not, but it

seems to me that is an acceptable process.

MR. AYERS: Thank you. Thanks, Art.

MR. PENNOYER: Do we have any other unfinished business before we dive into the '95 Work Plan? I use the word dive advisedly. We did it, I think. All the other action items are completed except the '95 Work Plan, is that correct?

MR. AYERS: All other action items on the agenda have been completed except for the '95 Work Plan. We could add something.

MR. PENNOYER: And, of course, recess or adjournment and decision for the next meeting. Okay, why don't we proceed then with the '95 Work Plan, and it's a large and complex document covering a very large variety of projects addressing a number of different areas of concern for a significant amount of money. And, I know the Executive Director had organized this into major areas, interest areas. There are some overlaps and there were other ancillary considerations and concerns. I know, there was some legal concerns relative to certain projects as we get to those. It may be wise for the Executive Director to say how those have or have not been addressed. There's questions of NEPA compliance, and if those exist I would expect the Executive Director to point them out. Rather than go through project by project, perhaps the way to do it is to have Executive Director and Dr. Spies introduce how this was done, the work that led up to its formulation, how the decisions were made, and then address these project areas that have been outlined as an area, with a discussion as to the relevance of

that area, and why the general mix of things in that -- that particular area are appropriate. For example, the first one is Prince William Sound system investigation, and then maybe individual Council members could raise concerns about individual projects they may have, rather than go through the list one at time through day after tomorrow, probably. So, Mr. Ayers, do you want to lead that off then.

MR. AYERS: Mr. Chairman. In your packet there are three items, and I call your attention to the -- under the '95 Work Plan, there's a memo from me that actually gives the overview of what is before you today. In addition to that, there are five attachments that accompany that recommendation, including specific Chief Scientist review memos. Attachment A is the spreadsheet, and as you noted, Mr. Chairman, the project funding recommendation has been developed around what we have called clusters that basically follows the Restoration Plan's overview of an ecosystem approach. For example, the cluster in attachment A, these spreadsheets, provides the -- the first one is the Prince William Sound system investigation effort, which includes a look at Prince William Sound and primarily the focus there is, of course, those features of the ecosystem, the function of the system that may be preventing the recovery of primarily pink salmon and herring. We would follow your recommendations today, Mr. Chairman, and we would like to continue that approach as -- in looking at the budget, and so we will, we would propose to do an overview like that, starting with the Prince William Sound system investigation, and then going

through. We'll take all of the pink salmon projects and talk about the specific ecosystem features that may be impacting and causing the injured resource not to recover. And, as you noted, there is some overlap. The other attachment that I call your attention to, Mr. Chairman, and we intend to continue to follow this format, if it meets with the Council's approval, and that is in attachment B, there's actually an Executive Director's findings for the fiscal year '95 Work Plan, and that effort is to provide you with both the background of how we approached the solicitation and review a project. This would follow the synthesis in the adaptive management process, we'll synthesis the information, have the workshop, have the annual review session, and get a status of the various injured resources in the ecosystem, and then proceed with solicitation. In the Executive Director's finding it opens with that kind of background, that there was a solicitation and then a review of projects, and then it walks through the findings and the recommendations. For example, it begins then with a discussion of what's happening with pink salmon. So, that overview then is the - - is a summary of what we have found in our work sessions that is the backup and provides the basis for the budget, the project funding recommendation. The subsequent attachments then are specific Chief Scientist's findings and the core reviewers, which you have asked for and discussed in the past, that provides both you and the public an understanding of what we know today, about the ecosystem, and in particular the injured resources. So, with that said, let me say that that's the basis, it's the foundation

that follows the Restoration Plan, there's specific work by the core reviewers, and the other scientists that then build the package, and then this budget is a reflection of what we think needs to happen next with regard to restoring the injured ecosystem.

MR. AYERS: As you go -- I think that you've done an excellent job in laying a lot of that out, and we've had a chance, I'm sure all of us to read through it, but for the record and the public, as you get to each of these interest areas, you might say a little bit about the type of workshops you had, or the type of other review because this is not simply projects we've gotten without much description and come in. There has been intensive individual review and work shops and peer reviewers, and so forth.

The only other thing I might mention for the Trustee Council's consideration, is as we go through this, we do have an opportunity with this late November, early December meeting, and if there are things that require further information, we could rather than trying to dredge it all out here -- I'm not sure the project leaders are here, or others -- could put those things off until a decision in early December, if there are projects of that nature, and if we get to that, you may want to comment about what that damage may do our getting the project in the field by the next year.

MR. AYERS: I think we can do, don't you Dr. Spies.

DR. SPIES: I think so.

MR. AYERS: Mr. Chairman, I would like to note one

other thing that is -- is a reality that I -- people have heard me do this in some of our work sessions, but I'd just like to note and begin today, we talked about it yesterday, and the reality is that there are far more demands on the funds available than we can ever meet, and it is -- it is a reality that that means that we cannot fund everything that comes before us and frequently we've had to make decisions about recommendations to you, and that after this meeting and now that we've accomplished the ROD, we need to put in place, and we need to work through, probably at our December meeting, a discussion of our cash flow plan, at least for the next year, and I'm trying to build a five-year plan with the Chief Scientist and our work groups, but it is the case that it's going to continue to be difficult to -- to meet all of the demands and certainly we will have to set priorities, and we've tried to do that based on what we know is happening in the ecosystem, and what we think is most appropriate and the priorities, and that is what is before you today. That becomes ever more difficult as we proceed because eventually, what I believe that you've said is that we need to make sure that first of all it is the priority for the injured resources, and secondly, if it's long-term research that is sustainable, there are certainly more projects again this year than can be sustained for the indefinite future, and it will be the case that over these next two years, we've got to continue to focus on priorities and bring the budget down, and we have made some major strides this year, but I have to say that I've not been able to reach what I think is a package that we will be able to sustain.

So, in some cases, the term "phase out" shows in the Executive Director's recommendation, but I suspect the appropriate term where I say "phase out" ought to be "phase in." That what we need to do is work closely with the management agencies of the State and the United States, and ensure that as we've developed those restoration tools to provide for the recovery and then ultimately the long-term management of those injured resources, that we work with the agencies to make sure that someone is going to pick that up. So, where I say phase out, I probably should have said phase in.

MR. PENNOYER: Very possible, thank you. Ms. Williams.

MS. WILLIAMS: Mr. Chair, one thing that I would like to say as an introductory matter, and I think as we go through this it will become more apparent is the need on the part of the Trustee Council for a science policy, to help do precisely what Jim is describing, and in the future to help Trustee Councils go through and call balls and strikes on the projects. We have been extraordinarily busy as everyone knows working on everything that was accomplished yesterday, and other things, but I would hope this next year, that we can focus a lot of attention of the Trustee Council on developing a science policy, because I think that will be necessary to help us come up with a sustainable and maximumly appropriate work plan year after year. And, Dr. Spies if there's anything that you would like to comment in that regard as we go through, I'd appreciate it. But, I do look forward to that as one of our objectives and, probably, if enough Council members shake their head up and down as we go through this, we'll probably make

that in the form of a motion towards the end of the Work Plan discussion.

MR. PENNOYER: Thank you, are there other comments for the Council in the methodology in working through this process? Commissioner Sandor.

MR. SANDOR: I think another important to -- point to keep in mind is that we're partners in this effort with the communities, with the various organizations, institutions, that are not represented on the Council, and that they too may have, you know, some very relevant scientific or -- or other observations and opinions that need to be woven into the process. So, it's important that this information be displayed to the various public entities long enough in advance to be able to respond to them -- because you have a university, you have science center at Cordova, at Seward, Kodiak, elsewhere, and this should be a very open process, in my opinion. And, so, I think, whatever we do we ought to have this interchange as open as possible and provide as much leave time as possible so that we can benefit by both public and private observations, because there's some private scientists as well who -- who have knowledge that would be beneficial to us. So, I'd make this as open as possible. That's all I have, Mr. Chairman.

MR. PENNOYER: Mr. Ayers.

MR. AYERS: Molly and I were just talking about, it's a good point that Commissioner Sandor raises and one of the things that we will note in a couple of places throughout this year's work plan is that we intend to follow up with the work sessions that we

began this year, and we'll have annual work sessions beginning in January, January 17th through at least the 20th, where we intend to do just as Commissioner Sandor suggests, and that you've noted as we've gone through the structure of how to have the various projects, field scientists and core review come together with the communities, and with representatives of the communities, to talk about what we've learned, the status of the injured resources, and where we need to go from here, so that they are participating in the development of that science plan, and we do intend to do that in January to a full synthesis and work session of where we are with the communities, and as we move in towards an annual meeting, which would be in March at the anniversary.

MR. PENNOYER: Thank you. Further comments before we start? Mr. Janik.

MR. JANIK: Just some quick comments and endorsement of all that's been said here. I do think we need a science plan. I think it will help us put in context how all these projects are connected, and more importantly improve how we design and fit them together. I think there's also some dove-tailing that will be necessary with the facility we resolved yesterday, in terms of Seward. And, all that initial scoping and preparation with full public involvement would be very healthy and would better tie this all together because, although those efforts have already been made and they're reflected in here, and my compliments to those already involved in that, we still have some improvement that we can accomplish along those lines. And, I do think that we should maybe

start thinking about more firmly identifying of what we expect of that science plan, and maybe prepare something like that, perhaps, for our next meeting.

MR. AYERS: Mr. Chairman, Mr. Chairman ...

MR. PENNOYER: Mr. Ayers you don't have to have a science plan by the next meeting ... calm down. (Laughter)

MR. AYERS: A point of clarification, Mr. Janik.

MR. PENNOYER: The request, I think, was to reflect to us the parameters that you might need from us, initial policy decisions, relative toward developing a science plan, because that's something that I think is needed, but you know, it's all unclear to me exactly what's going to be in it, as it's unclear to me as to where some of these are going to end up going. So ...

DR. SPIES: Need an outline.

MR. AYERS: Mr. Chairman, Dr. Spies and I have talked considerably about this, as we did with the core reviewers on a couple of occasions, as far back as the original, the first Prince William ...

DR. SPIES: In January.

MR. AYERS: Yeah, in January, actually in Cordova, and it is the case that, as somebody pointed out yesterday, and I think it was Senator Sturgulewski, that -- that we're kind of in the forefront here. Each time we move forward based on what the world of science has advised us and the world of lawyers will allow us, we make a step forward, but suddenly we find that then we're in, in kind of unchartered waters, I think was Dr. Spies' term, about

ecosystem approaches. Although it's been discussed, and it certainly -- the world of the future as -- as they -- they've said, we need to talk with some other people who are engaged in that same effort, and I think I've mentioned this in the past. Dr. Spies and I have talked about that, and he proposed that in the contract, that we really need to sit down with some people that are engaged in that activity, and I think it will help us bring forward a process, people are facing it in the Everglades, people are facing it in the Great Lakes, people are facing it in Chesapeake Bay, and I know, Mr. Chairman, that you and your agency have been identified as a lead in some of those cases, and I think that we need to take a look at what the alternatives are with regard to a science plan, because it rolls so easily off the tip of -- of my tongue, and yet when I ask Molly and staff, who usually put the stuff together, they say well just what is it that you mean. We'll be glad to get one of those, if you just tell what that is. I just wanted to note for the record that I -- we really are out there, and you know, I think with the help of Dr. Spies and the core reviewers and then some interaction with some other people in the country, that we'll be able to pull that together. I don't think we can do it by the next meeting.

MR. PENNOYER: I guess your request Mr. Janik wasn't to do it by the next meeting, it was simply to come back to us with where you are on and some of the parameters that might be considered and let us interact with you at that point on it. Mr. Janik.

MR. JANIK: Yeah, my intent was only to describe the commitment to proceed with that and prepare it. We've had other discussions, informal, talking about maybe the need to have something better identified as we prepare the next such list of things for the upcoming fiscal years.

MR. PENNOYER: Now, it's taken us an hour to get to the '95 Work Plan. Do we wish to proceed on it? Mr. Ayers.

MR. AYERS: I see no alternative, Mr. Chairman. Mr. Chairman, as just described and without further belaboring that point, we have clustered these projects to provide for the beginning of a science policy approach around an ecosystem approach of the Work Plan. The first cluster of projects before you is the Prince William Sound system investigation, and those projects are listed in the beginning there, and Dr. Spies if you -- Dr. Spies, as you recall during our October meeting, Dr. Spies and the core reviewers were in Cordova working with the scientists, working on the Prince William Sound investigation project, and reviewing that, and Dr. Spies, why don't you give us an overview and also walk right into kind of recommendation of where we are -- where we're going with that.

DR. SPIES: One way to handle this might be to talk about pink salmon and herring, since they're on the first three pages, and since the SEA program is addressed as pink salmon and herring. We can talk about kind of the overall objectives and where the status of those resources are, and move into the SEA Plan as one approach to dealing with those resources. Before I start,

I would, however, like to take a moment to personally thank the Trustee Council for renewal of our contract with Applied Marine Sciences to provide scientific support for the Trustee Council next year, and hopefully years to come. We're very pleased and excited to be associated with this effort, and it's the largest coastal restoration program in the world, and it presents other great challenges. There's other things that we could certainly be involved in, but this is probably the most exciting thing that I've been involved in for most of my professional career, so I'm looking forward to continuing that association. So, let's start off by considering pink salmon which are on the first several pages of Attachment A, under the Prince William Sound investigation, as well as other pink salmon projects on the second page. In 1992 and 1993, the hatchery and wild runs of pink salmon in Prince William Sound were extremely poor, and in 1994, however, there was the third highest run on record for pink salmon in Prince William Sound. That was probably due mostly to the great strength of the return to the northern district in the Prince William Sound. There are -- there were, however, escapement goals in -- net -- for the southwestern district of Prince William Sound, and I think that we can look at the -- at this as a success of one of the Trustee Council's programs, and specifically the coded-wire tag that the Trustee Council has -- those programs that they have funded in the past, is because there were coded-wire tags in those returning fish that the managers of the salmon resources in Prince William Sound were able to more finely adjust the harvest during the season and

achieve those escapement goals. So, I think that's a solid accomplishment from our past programs. We still have the continuing, apparent problem with high egg mortality in oiled streams in Prince William Sound. There's poor survival of eggs in the oiled streams compared to -- the comparison streams -- is extremely solid finding, high statistical significance, and something that is of a continuing concern because of the damage that it indicates ongoing from the spill. Of course, the goal of this -- our goal with pink salmon is to restore the system so that the wild stocks are again healthy and plentiful as they would be in the pre-spill conditions, and just because we had one year of good returns doesn't necessarily constitute recovery in anybody's mind.

I think we're looking at a sustained effort over several years at least. The objectives that we can use to achieve that goal include acquiring an ecosystem level of understanding of what controls pink salmon production in that system, and that is mainly accomplished through the SEA plan. Secondly, we want to use our understanding to more accurately forecast the population responses to natural and human perturbations in the system. Now to -- Director Ayers described the method we went through to solicit proposals for the work plan, and in order to further evaluate these proposals there was a number of different review sessions that were held, in the last several months. Three reviews in particular addressed pink salmon. There was a review in September, and the results of that review were summarized in the finding of a memo to the Executive Director dated October 3rd, that's in appendix D. There was also

this aforementioned SEA plan review in October, and those findings are summarized again in another memo of -- to the Executive Director on the 21st of October, also in your package under attachment D, and finally there was a fish genetics review that was held in early October, both for pink salmon, sockeye salmon and herring, and the results of the findings from that are in another memo dated the 21st of October in attachment D. So, those provide a little bit more detail that went on in those -- in those particular reviews and where we were with the state of the resources and what we can look forward to and need to do in the coming years. As you know the SEA plan is a very ambitious cutting-edge program looking at the -- the ecosystem supporting the production of pink salmon and herring and to try to understand the changes in physical oceanography and plankton and climate, and so forth, that are involved in supporting and producing a healthy pink salmon populations in the -- in the system. There's a -- of course, physical oceanography component and trying to understand how the current and climate are interrelated and how that relates again to the planktonic production, the understanding of the annual planktonic bloom, the strength of the bloom, how it's distributed in space and time, understanding the -- when the larval fish come out, what kind of food conditions are available for growth, what sort of predators are there that may start to erop the population, and what the currents are in terms of distributing those larval fish in the early marine phase through the system. There are fourteen projects there that are recommended for a total of \$4.6

million. I think that when you approved this group of projects last October -- last April, it was quite clear it was going to have to be some sort of a multi-year commitment to really have full fruition of the -- of this particular program, and -- the review certainly being in early October, only several months after the program, we can't report a lot of specific detailed findings, such as we'll be able to probably by the January work shop, and further on as the -- the data -- the samples are analyzed and the data is reduced, but we can say that the program has been very successful and getting the cruises into the field. The equipment has been deployed, the samples have been taken. The samples are being analyzed. Everything is on track, and the hydracoustic sampling was done, the plankton sampling, there was a lot of physical oceanography done, and so that -- the whole program is pretty much on track, and the reviewers are very impressed. We have a number of specific recommendations as to how to further improve the plan and the interactions of the investigators in the coming year, both from the technical and from the management perspective, and those are included in the memo of October 21st.

The next area where we're taking a -- some action and restoration is looking at the possible lingering toxic effects of oil on strain and reproduction. There are two projects under this, project 95076 which would be on the second page there in that group, and project 95191. 95076 is a new project that's being proposed to look at the effects of the incubation of eggs and alevins of pink salmon in oiled gravel, and to look -- to see if

that has any effect on the return and the wandering between streams of pink salmon when they do return adult -- as adults. Project 95191, the egg and the alevin mortality is a -- is in the third year. It involves both field -- continued field documentation of the problems with egg and alevin mortality in the streams, and also an experimental component being carried out by NOAA, and where the eggs are being oiled and -- and the alevins raised, and the juveniles kept in net pens, and all the way through to the adults to look at the possible genetic effects and see if we can duplicate some of the effects seen in the field. The third approach to these project groups is this -- is those projects directed at better management of wild stocks, and there are two projects that came out of -- highly recommended out of the pink salmon work shop in late September, and those are the 95320C, which is the otolith thermal mass marking that was -- has been discussed for some time, it was considered by you last year. There is tremendous support for a transition to this particular method of marking hatchery fish, in order that the managers can better differentiate between hatchery and wild run fish in mixed stock areas of Prince William Sound, and thermal mass marking will enable us to mark every single fish that comes out of a hatchery, and thereby identify the composition of wild stocks and hatchery fish in those mixed stock fisheries, and that will lead to protection of wild stocks, as it did this year with the coded-wire tags, but this is even a better method of doing that. And, in that connection, we'll have to also fund a year or two of overlap in project 95320B which is the coded-wire tag.

You've supported this in the past, and we need a couple of years of overlap, if you decide to go to this thermal mass marking, which we are highly recommending. The transition would be a -- what's being requested is three years of funding to make the transition to otolith thermal mass marking in '95, '96 and '97, and then by '98 the projection would be that the Department of Fish & Game and the Prince William Sound Aquaculture Corporation would assume full cost of this program. So here is, I think, an excellent chance for the Trustees to leverage a -- a particular action, provide a better management tool for Fish & Game, and PWSAC to manage the pink salmon returns to the Sound every year.

The fourth area in pink salmon where we can look at particular types of restoration action is in replacement enhancement. You have in your package one particular proposal that has already been drawn to your attention in the public testimony yesterday. Project 95093 which is proposal by Prince William Sound Aquaculture Corporation, and other groups in the Cordova area. It's -- was submitted originally, undergone a -- it underwent a review by the peer reviewers, they've raised a couple of concerns.

We obviously had a situation where we were going to be involved and -- in a evolving type of proposal. It was -- those concerns were addressed in a subsequent revision by PWSAC, and that again was reviewed, and we are recommending that the -- we think that they've made very good progress in developing this proposal, but we're recommending that another -- that \$100,000 be used for further proposal development and integration along with the other

entities,

other scientists and peer reviewers so that this becomes then an acceptable approach to direct or replacement enhancement. It has a number of different aspects to it, which we'd go into if you wish.

But, that pretty much concludes my remarks on pink salmon, so if we want to stop there and discuss those, we can move then onto the next cluster.

MR. PENNOYER: Seems like a good time to break and ask questions. Are there members of the Council that wish to ask questions about this part of the presentation? Mr. Rosier.

MR. ROSIER: Yes, Mr. Chairman, thank you. Bob, during the course of the public hearing yesterday, we heard a bit of conversation about the Prince William Sound Aquaculture restoration of pink salmon resources. 95093, and as to whether or not the \$100,00 was in fact an adequate budget on this. What was the -- what was the thought process that went into the -- into the \$100,000 figure. Perhaps it should go to Jim Ayers, rather than to you. I apologize for that, but ...

DR. SPIES: Well, I think -- I think this -- I think everybody would agree that this is probably a good enough figure for further development of -- of the proposal, but to get into the NEPA process, and I think the concern there is that there be enough money for NEPA, that it'll probably take additional funds, and we envision a two-step process, where the further planning would identify exactly what needs to be done, and then that's the basis for going ahead with the NEPA action.

MR. ROSIER: So, at this -- Mr. Chairman, if I may.

MR. PENNOYER: Go.

MR. ROSIER: So, at this point there's -- there is no real project in sight that -- that might give some hint that -- that the NEPA process might be triggered sometime in the near future under this type of project?

MR. AYERS: Mr. Chairman, Commissioner Rosier, there have been several work sessions, let me just sit here, on the issue of pink salmon, and the discussion of the wild stocks in particular, and the problems with the wild stocks, and there have been several discussions among the scientists and certainly at work shops in Cordova, and recently this fall with Dr. Spies, core reviewers, and representatives of PWSAC, and other people involved in the fishery. The issue has to do with actually three areas, has to do with the legal questions, which we could get into in a moment with the aspect of -- of NEPA, is it a restoration or restoring the injured resource, and have we clearly laid that out. It quickly raises the questions, the second area, which is the scientific question, and what we have -- what we have said is we want to hear from the core reviewers that they're satisfied that there's a plan and a sound scientific methodology. There have been several concerns that were raised in the original proposals, many of those have been satisfied. Dr. Spies, Dr. Mundy, actually discussed it, they've gone to Cordova and looked at it, they've gone around with the current proposal. But, the scientific -- the second area, scientific -- the methodology and planning needs to be developed. For our view is that there is -- there is sufficient funds within

\$100,000 to develop sound methodology to develop a plan, a long-term plan, of what it is they're proposing, and then to come back.

Certainly, this body is going to meet in December and January, and March for sure, and probably February. Now, our view is that we need to take this a step at a time, do the planning and methodology, be sure that that's sound, the scientists are supporting it, bring it back, if we need additional funds for permitting, there certainly is not going to be much delay because fortunately or unfortunately, this body will continue to meet monthly practically, for the foreseeable future so they can -- once we have the methodology and the planning, we can come back. Once we have that we'll proceed to the legal question, and under NEPA we'll go forward with an EA, or, if in fact, if we have to, it will be an EIS, which could be expensive, laborious and time-consuming, but that is the next step before we would be able to move forward.

Then you will actually get to the policy issues, which -- which would come back to the Council, which is the major investment in the long-term impact this is going to have and are we concentrate -- are we going to be -- is it the priority, and that's -- that's consistent with our earlier conversation. I'm confident, although I know that some people do not believe \$100,000 is enough. I'm confident that \$100,000 is plenty for this first stage of the effort, which is to develop a plan and a methodology.

MR. PENNOYER: Mr. Rosier, you going to finish up?

MR. AYERS: Yes, I'll finish up. Yeah, I certainly concur with your plan there on this. It seemed to me that in my

review of the project that we were kind of -- there was a fair amount of duplication that was involved here, as related to some of the earlier work that had already been done, the inventory work and this type of thing, and that really what we need out of this is a project that kind of builds perhaps on that earlier work on this thing, so I certainly agree with -- with the basis for your \$100,000 decision.

MR. PENNOYER: Mr. Tillery.

MR. TILLERY: I think I just got a little confused. I understood your recommendation that this \$100,000 was for planning, and then for NEPA to the extent that there was money left, and I thought I just heard you say, this is only now for planning, we -- they would have to come back for NEPA.

MR. AYERS: Mr. Chairman, Mr. Tillery. What I think I heard yesterday, and what some people have said to me in these discussions are, geez, \$100,000 isn't enough once we get into the EA, we're liable to have an EIS that could cost hundreds of thousand dollars, and I've said, my recommendation to the Council is that we first get the planning methodology and engage in the EA, an environmental assessment. I think we can get that far. If there is additional permitting costs, if in fact we get into additional costs, the Council will be meeting frequently enough that we can add the money then, particularly if we get into the EIS situation. Is that clear, Mr. Tillery?

MR. TILLERY: Thank you.

MR. PENNOYER: Yeah, I sort of detected yesterday in the

public comment that some people thought NEPA was something you started coincidentally with starting planning, and I don't know how you do NEPA until you know what it is you want to do. So, I think your sequence is probably more correct. Any further comments? Ms. Williams.

MS. WILLIAMS: I believe I just have one question and a comment. The question I have is on project 95320U, somatic and spawning energetics of herring/polluck, which is at the bottom of the first page, I notice that the PAG voted to reduce the amount and it's my understanding that they believe that this project should be funded of approximately \$50,000, as a pilot project. I would like further discussion of that given the PAG recommendation.

DR. SPIES: I think I can clarify that, as the situation happened. On the initial review that was done in June by the core reviewers, we thought perhaps this could be reduced because there was -- it had a lot to do with the assumptions about the structure of the stock of herring in Prince William Sound, and the fact we needed to get a stock structure model in place, and since that time we've received assurances from Fish & Game -- when we get to the herring project, I think you'll see that, that stock structure model will be developed during '95, and so I subsequently changed my recommendation after the PAG meeting, so they were following kind of my lead here and my recommendation. So, that's how that situation developed.

MS. WILLIAMS: And, if I could make one observation, again, I may be going back to the science policy thing, but one --

one thing that I hope will be reflected in the science policy is that -- the concept that our restoration research and monitoring be comprehensive. There is, of course, a tremendous emphasis on fish, I believe in this package, and there are many reasons for that, but I think we want to make sure that our science plan protects and promotes restoration of the other resources, and that's one thing I'll be looking for.

DR. SPIES: Certainly, I think I should have made this comment perhaps earlier in the discussion, but one of the things that will be apparent as we move through this work plan is that there is a number of clusters of ecosystem-type projects, and clearly SEA is leading the charge, they've got an earlier and longer period to plan than some of the others, like the nearshore predators and the forage fish studies which both involve birds and mammals to a larger extent, had a little later start in getting their planning, and there is also, I think, connected to that is the fact that it's a little more challenging to put together these integrated ecosystem studies, than it is to do a single species study, and so that's going to be reflected in the work plan here that the -- this is going to be a little bit more emphasis on fish, and I -- we hope that those other packages, the nearshore predators and forage fish/bird interaction packages will -- will come along in the future and we'll be able to fit those into an overall science plan over the next several years, that will make a lot of sense and give more balance.

MS. WILLIAMS: Thank you.

MR. PENNOYER: Mr. Rosier.

MR. ROSIER: Thank you, Mr. Chair, Bob, I had a questions. I thought you were talking about a four year program, and yet the comments in here say cut-off by fiscal year '98 on this. Was there no funding provided for '98?

DR. SPIES: My -- my understanding of that was that there was '95, '96 and '97, I'm not sure that I have the latest figure on that.

MR. AYERS: Mr. Chairman, the -- this is -- let me answer the question, first by saying that it was my understanding in the discussions -- I don't see Jeff King is here, but that's who we had the discussion with that day, and -- you know, I'd be happy to sit down and talk with him again. The primary focus here is to establish that we are not recommending a continual, annual, indefinite, or in perpetuity support of that management program, and it was our understanding that we needed to provide for coded-wire tagging -- we're talking about coded-wire tagging and the otolith marking overlap. And, it was our understanding that it would take two years. We will have to begin the otolith marking now by upgrading the facilities, so to speak, and providing for the otolith marking capability, the boilers -- i.e. boilers and there was some other equipment that I don't recall, but ...

DR. SULLIVAN: Things to house the them in -- trailers.

MR. AYERS: The facilities to house -- and that provides otolith marking. Then there would -- so there is two years of overlap, which I thought was '95 and '96, and then one

funding of the year of otolith and marking by the Council, and we continue to recover the coded-wire tags out to that end, which I think was the end of '96, the collection -- whatever that fall is -- and then we would fund that first year, or partial that first year of '97, and that the -- the other management capability which would be private and public would take over in '98 -- State of Alaska and private would take over that management responsibility.

So, we're continuing to provide for the management support and the development of the tools to provide for the major focus of the restoration of wild stock by developing the tool for stock separation and management. Jerome was suggesting, as I understand it, that there's '98 involved ...

DR. MONTAGUE: That's correct, the marks will be applied in '96, and then the two years you're talking about was two years of overlap between otolith and coded-wire tagging. So, '97 we'll recover both otolith and coded-wire tags, and '98 we'll recover both otoliths and coded-wire tags, and then '99 the Department and the hatcheries would take over funding of a pure otolith program.

MR. AYERS: Molly is pointing out that she recalled that Jeff King and I were having this interchange in the work -- in the work session that day, and they were going to develop what the actual plan was. They clearly understood what I was saying. We didn't have the information that we're talking about. Molly is saying that's the reason that it says by '98 -- it was clear to us.

I thought that Jeff was going to come back with kind of a program that laid out how the management and private phased in, and I don't

know if it's '97 or '98. I think it says by '98. It was my understanding that it was by '98. It seems to be a questions. I think the wording is -- it needs to be worked out. We need to figure out what it was. I don't have -- and I don't have the spreadsheet in front of me, and that's what I really need to do is sit down with Jeff and find out what it was.

MR. PENNOYER: Just a follow-up on that one question, I think the pertinent question is not -- is, yes, we do need to know the phase out schedule if one's appropriate, but why -- how do you determine when the phase-out should occur. How many years does the Trustee Council have to fund this methodology, rather than actually fund the continuation of it as a management tool, and if you -- why do you require overlap between coded-wire tags and otolith marking and to what extent, you know are we simply proving up on the two before we decide because the State wants to adopt it, or what is the pertinence of the '98, or any number of years, once you provide the tool, which is an acknowledged tool by providing the wherewithal to start with, the boilers, then beyond that, what is the Trustee Council's responsibility in doing this, to achieve ...

DR. SPIES: Mr. Chairman, I might just say that the reviewers felt that the -- and, also I think the salmon biologist in the Fish & Game, also felt that the mass marking of this magnitude had never been carried out -- never been carried out before and we really needed to have some insurance in terms of coded-wire tags to make sure that it would work on that -- on that basis. It is such an important resource that I think we just don't

want to take a gamble, but -- maybe Joe Sullivan might magnify on those comments.

DR. JOE SULLIVAN: Well, first of all I did -- I agree with what Dr. Spies has said. The other advantage of doing this, of course, is that it is a new tool and that as you go from one very good tool to a -- which I -- to another tool, which I think is a major technological leap forward, and I think a very good tool to be going to. You still need to be able to compare those two tools to see what they mean in relationship to each other. You see. In other words, the coded-wire tagging has -- with coded-wire tagging for example, you're tagging a portion of the population that you can afford and that you have the ability to afford, but otolith marking you're tagging the entire population. And so in one method you're tagging a sub-sample, the other you're tagging the whole thing, and with a marked recaptured techniques, you really need to be able to compare how these two compare to each other. Do you see what I'm saying? Am I clear or not? Did I answer your question?

MR. PENNOYER: It seems to me one might be more for validation of the other than the other way around. If you're marking them all, then your sampling problems and so forth, have sort of diminished. You're saying that whether the marks of all them are actually effective is going to be judged by the sampling process you've already devised under coded-wire tagging. You're assuming that coded-wire tags works, and then you're going to compare that to the mass marking results, to accommodate the mass marking results?

MR. SULLIVAN: In a manner of speaking, the -- in other words with the marked recaptured techniques, there are downsides to that particular method and you need to know what those are. For example, with coded-wire tagging, the difficulty we have is training people to do that, and a lot of times you kill the fish just marking them, so you have to -- there's a lot of quality assurance that needs to go to make sure that that works. There's placement of the tag. If you miss the right spot, you conceivably can screw up a number of different things. We think that a lot of those things are eliminated though otolith marking, as well as tagging the -- you know, allowing you to tag the entire population. You really need to be able to move from one to the other, and as Dr. Spies said, if you don't do it right, you at least have the coded-wire tagging to fall back on. But, I really do think this is going to be the technology of the future to handle these fish. There are a whole lot of benefits to otolith marking that puts it a leap ahead of coded-wire tagging.

MR. PENNOYER: Mr. Sandor, you have a question on this?

MR. SANDOR: Different subject ...

MR. PENNOYER: Can I finish this one, and then -- before we go on. Would it be my presumption that the cost of this project will go down in the future, since you bought the equipment the first year, or is it offset by the recovery problems?

DR. SULLIVAN: Yes, that is true. The -- the -- some of the figures that we have estimated are guesses, I mean they're educated guesses. Our perception is that they will go down in the

future, but the -- technically, the right answer we would need to go through the drill, that's what I'm getting at. I mean right now, we're talking about -- what about -- what were we saying about 400,000 or ...

DR. SPIES: I think the figure is about 650,000 for the first year and then it goes down to, I believe, 350,000 or 250,000 in subsequent years, that's being requested from the Trustee Council.

MR. PENNOYER: As long as we're on this particular project, just to finish up on that, are you, in terms -- Dr. Spies, when you start out talking about the goals in pink salmon, you talked about the understanding needed that was affecting their status and recovery and ability to forecast, you sort of left the third one out, which is the punch line, is what you do about it, and is the Trustee Council going to be able to restore. Is it your view now after working with coded-wire tags that Department of Fish & Game feels that this technique in terms of managing wild stocks in Prince William Sound is one you would have raised -- improved by mass marking perhaps, and something that would be worthy of long-term funding for restoration and maintenance of those stocks. What you've done so far would enter into your budget process to accommodate this type of management?

DR. SPIES: Certainly, I think that they -- as long as we perceive a need to restore those wild stocks and the Trustee Council feels a responsibility to participate in that process, that these are tools that can be used and applied, and I think we saw a

success this year with the application of coded-wire tags, and I think with thermal mass marking we can look forward to even better and finer management in the future.

MR. PENNOYER: So, this is one of the only, so far, restoration methodology that we've seen that works on -- we are fairly well assured will work on pink salmon stocks, and one worthy of pursuing further.

DR. SPIES: Certainly.

MR. PENNOYER: Thank you. Commissioner Sandor, sorry.

MR. SANDOR: Yeah, the question, Mr. Chairman, I had goes back to really just the process that was discussed with respect to 95093. If, in this instance, is the understanding that for this project at least, whatever the Council may meet, and if it is determined that environmental impact statement would be necessary, whatever additional funding could be added any time through the year. That's somewhat peculiar to this process -- this specific project, I take it, that isn't -- this is not an expectation that all projects are subject to -- to funding adjustments upward, at subsequent meetings in the year. Do you understand my question?

MR. AYERS: Mr. Chairman, Commissioner Sandor, if I understand the question, is it that this is a unique feature that this particular project needs to go through certain steps in order to get to the funding of the project. It's consistent with some of our other approaches as you -- my recall, we certainly required that of the original Prince William Sound investigation effort that

they elaborate on their brief project descriptions, and that they complete EAs for certain aspects before we started funding the project, and -- and actually it kept it -- it kept it having some prudent management structure around it. So, the answer to your question is, I don't recall if there's any in this work plan, but this is not the first time we've taken this approach, and I think it's -- it's the right approach, particularly when we have our peer reviewers saying you've got some serious biological questions here, it's probably a good -- it's an interesting concept, might be good for restoration, but we need to explore it through methodology. So, the answer to your question is, it's not the first time we've done it. It's the prudent approach for the Council. I don't recall if there's any other like this is this Work Plan, but I think that it's -- it's the approach we might take with some others, particularly with an ecosystem -- when it involved ecosystem.

MR SANDOR: Mr. Chairman, I certainly agree that the increase is going to be desirable, particularly if it turns on an environmental impact statement is necessary, but if there are other projects that have the prospects of having additions like that, I think the Council should be apprised of that.

MR. AYERS: Mr. Chairman, Commissioner, I think Dr. Spies did mention that the nearshore, which we'll get to in a minute, the nearshore projects are very similar to this. We're saying it needs additional work, it needs to have the methodology really ferreted out, and then we need to take a look at what the

NEPA requirements are going to be. The issue of forage fish is a little bit different, but it's the same type of approach. We're saying they need to clearly define a methodology, and they need to find a way to integrate the various projects that have come in that are related to forage fish and nearshore efforts as it relates to understanding the biomass hydroacoustic effort to have a little better integration of those projects. So, there are, that nearshore is very similar, and forage fish to some degree.

MR. PENNOYER: Bob, perhaps just backing up a little bit.

We've got about \$8 million worth of projects here on fish, for pink salmon and herring, we're going to see programmed, and we talked about some of the individual ones, things like the mass marking are expensive but obviously lead directly to a tool that I think was already proven is a restoration methodology for pink salmon in Prince William Sound, stock separation and applied management. That's fairly clearly a tool, but in the short term and then probably in a longer term is the most viable way that we see now of restoring and maintaining of the stocks of concern. We haven't really gotten to the herring yet, so, but in detail, but the SEA plan relates to it. Generally, the SEA plan at the moment is \$4.6 million plus other aspects that relate to it in the other - other program areas. We have identified the need for an ecosystem approach in the Sound to try and sort out what is affecting the recovery of stocks of fish and birds and marine mammals in the Sound, so we've agreed on that direction. I guess, part of my question is that -- when do we get validation of whether

this

approach is appropriate and should be continued. I've heard that any type of plan of this nature might take five to ten years to do, that's \$40 or \$50 million, and I recognize that in the first year we haven't had enough time to get results to -- to sort out exactly what's what. But, we need to proceed with the expenditures so we don't have a gap in the data collection, and so forth. When -- when in your view will we get our first sort of report back as to whether the direction we're taking and the size of the expenditure is appropriate or it should be more or less?

DR. SPIES: I think in probably one or two years, and -- and certainly a clear indication of -- in three years of -- of how this might pay off. Certainly, to get to the question of inter-angle variability, which is one of the key things -- concerns that is woven throughout the planning and the hypothesis of the SEA program. That's probably going to take five to ten years to try to get a great handle on this, but I think that certainly in the next year or two we're going to have a very clear indications of the approach that's being taken is appropriate, and certainly we're suggesting in there, a kind of adaptive management approach, in that -- if you'll read the detail in the memo that, for instance, one example, we're -- we're indicating we really need to pay a little bit more attention to wild stocks eventually. The whole effort right now is focused on a hatchery release fry, and those are a little easier to study. They're in the fall and they're moving down in a group, and you can pick them up with hydracoustic signals, and you can sample these, and like -- you know, the

question is then, okay, how does that really apply to the wild stocks, because the wild stocks is the -- the stocks are trying to -- trying to restore here, and those are a little bit more defused, the timing is different, and so forth, and so the project probably, once it gets its teeth cut a little bit on these hatchery releases, probably needs to move into that -- that sort of area. So, those are the kind of -- that's one example of the kind of changes that need to take place, and I think as the data starts to roll in, they'll see if they're on the right track and they may well have to, you know, pull this different hypothesis or change hypothesis, and that's kind of the change of nature of large study like this. Does that address your question?

MR. PENNOYER: Yeah, we're going to have to wait and see.

MR. AYERS: Mr. Chairman.

MR. PENNOYER: Mr. Janik.

MR. JANIK: Relating to that in the general sense, even though I share the optimism, Jim that you described earlier in terms of using the word "phase in" instead of "phase out," I think that question really brings to mind the importance of examining this closely as we move along because for those studied and/or projects that we are expecting out year benefits from and investments leading up to that pay off, and the need to continually look at priorities from year-to-year with regard to decisions made here by the Council. The assumption that agencies are going to be picking up in transition then, as we're having to perhaps tighten up that allocation, as we go along, it's going to be critical, and

I think we really need to look at that very carefully, especially with some of these higher cost items, and what we may be setting ourselves up for, and granted we can't make all those decisions here in this particular year, but we're going to have to be very careful with that -- very similar to building a facility and worrying about the maintenance costs, so to speak, and where that's going to come from in the long haul.

DR. SPIES: Certainly, and I think that we're concerned more -- more than just with the ecosystem of Prince William Sound. We're concerned with the -- the whole spill area, and I think that this is a study that's starting off in Prince William Sound, and we have to think about how we're going to get to that whole spill area concept in the ecosystem approach eventually.

MR. PENNOYER: Mr. Ayers.

MR. AYERS: Mr. Chairman, not to belabor it, but to clarify, perhaps a summary of what's been said here. There are kind of four areas that we've -- we've engaged in here, as Bob laid them out. There's this ecosystem system approach, but it's primarily closest to Prince William Sound of understanding the system itself. We have a wild stock concern and enhancement approach which includes 093 that we're talking about, but we've also engaged recently, as you recall, in some efforts of actually looking at streams and working with the department and the local communities, and actually looking at how to restore some of the anadromous streams or certainly enhance their ability to support some of the wild stock. And, the third area is toxicity area,

which Dr. Spies talked about, and the fourth area was the area of management -- we've called it, I don't recall exactly what Dr. Spies' term was, but it's the area of management. We're actually engaging in developing tools, and we're actually involved now in supporting managements efforts, the Department of Fish & Game primarily, by developing otolith marking tools, funding a broad aspect of the biology that's involved and the biologists that are involved, and you see this approach is actually kind of a thread throughout as it relates to the species, kind of -- those four areas is the general areas that we're now seeing kind of evolve out of this that are categories that you can actually pick up, and as you pointed out, and I think that, as I understood what Mr. Janik was saying and in my opening remarks and the term "phase out," all relates to the aspect we cannot sustain in the long-term, and when Dr. Spies and I talked about this and we say five years. Once you get beyond '99, it certainly is the case, and it has -- we have to -- we cannot sustain it even for the next five years at the level is that are in here on all of these various projects. You're talking actually well over \$10 million just in this -- in this area, once you talk about the nearshore fish projects that are not necessarily funded. And so, Senator Sturgulewski pointed out yesterday and it's followed this very closely, that when you look at the reserve and what's proposed is hopefully to get to a \$100 to \$120 million. We've been working Dr. Storer on how to maximize a long-term sustainable program for the spill area, with regard to these resources, you're talking about a -- you know a sustainable

level of maybe \$8 to \$10 million in the long-term. A total effort beyond seven years from now. And so, those kind of things -- those realities, I guess I'm just reemphasizing what's being said here, and you're pushing us to develop a science plan, as well as a long-term cash flow plan. It -- the point is well taken, and well understood, and I think that we need to bring that open -- bring that out in the open and work with the public in understanding that during these next work sessions this year.

MR. PENNOYER: Bob, one last question I have is on the SEA plan composition and one of the projects. One of the most expensive projects, the most expensive project is information system and model development. It talks about communication links and a lot of other things. Could you just give us a few minutes on the necessity for that?

DR. SPIES: Well, that's kind of the heart of the program. The tremendous amount of data is being gathered, as you might appreciate, particularly the hydracoustic data, massive amounts of data in that particular project, as well as the oceanography data. They're moving into continuous sampling of the environment, and the oceanography studies, and this project really represents a way to integrate very carefully all those data together to get an integrated picture, and they're developing, particularly some visual tools for displaying those data, and there's a -- just like a -- essentially an easy way of thinking this is a three-dimensional GIS system, although that's kind of a simplification. Part of the effort here, and the data is all being

displayed. In the review we say some of that happening. In three-dimensions you can see where the aquashuttle did it's cut for plankton all the way through the sound, you can see the different layers and where they were. You can see, hopefully, it will eventually see the currents overlaid on that, where the plankton -- where the plankton and where the larval fish are, and where the predators are, and so that a big part of it. Also, the -- the mathematical modeling that goes on, both in terms of the physical and biological processes is -- we give that some pretty close attention that particular project and we have -- and we want to continue to very closely monitor that aspect of the program. It is a key. It's a heart of that program, but it is all as you indicated, very expensive, and we want to make sure that they're doing things that are appropriate, and I think the reviewers feel fairly comfortable with it now, although there are some specific recommendations in that memo with regard to modeling, and making sure that the -- their goals are not too ivory towered and strictly mathematically that are only going to be satisfied five or six years. You kind of need some intermediate products in terms of model development. So, we're on top of that.

MR. PENNOYER: Brings up a question. Where you've made recommendations and for the final -- now, my understanding of this process is that the final project plans developed based on this approval, where you've recommendations, are those going to be incorporated in the design of the programs?

DR. SPIES: We would assume that those would be --

MR. PENNOYER: Further funding is provided.

DR. SPIES: Yeah, I think we're going to be instructing the -- the principal investigators that prepare -- in this case we're going to actually go into an integrated detailed project description. Last year we had a series of separate ones, with kind of an umbrella document, and one of the ways we think we can improve the integration within the project itself is to request a single description of how this thing fits together, and they're going to be doing that and taking, I think, we're going to be making sure that the recommendations that came out of the work shop, and it was a very positive interaction, I think, the recommendations, as soon as they were out on the table, people recognized the need for them, that came from reviewers. It was a very positive interaction, and I think that those will be incorporated in the final detailed project description for this project.

MR. AYERS: Mr. Chairman, in my opening comments I referenced a memo, in particular my memo which also referenced Dr. Spies's specific memos regarding the work shop and work sessions he's had with the various PI's as he mentioned, and the specific projects, and by reference in the motion -- we're working on the motion -- but by reference, we would like to incorporate Dr. Spies's memos into the motion as conditions of the funding. And, I think that it's important, in particular as we begin to get involved with these projects so deeply that those recommendations by Dr. Spies's, the core scientist, be actual conditions of the

motion for the funding.

MR. PENNOYER: Is there any problem with the direction in that regard with the Council? You might highlight in case we do that if there are any significant disagreement between your recommendations and the (indiscernible) then let us know.

MR. SPIES: In some cases, I think we may have to have, kind of a feedback loop with there with the PI's to make sure that -- that they would agree, and see the -- the quote, unquote, wisdom in the -- the recommendations. Another thing that might -- I might bring up at this time, is also the -- we may want to consider what conditions might be put on acceptance, if we're going to go through another peer review step in -- in the review of the detailed project descriptions. Whether we want to put any similar conditions on those or not, is an issue, but it might make sense to consider that.

MR. PENNOYER: As you do this feedback, you can report back to us that there is a serious disagreement.

DR. SPIES: Certainly.

MR. PENNOYER: Shall we -- Mr. Tillery.

MR. TILLERY: At the risk of slowing down this process slightly, I have to make a phone call to my office.

MR. PENNOYER: I was ready to approve some money and then take a break. Should we go ahead and take a break now, and then come back?

MR. TILLERY: If we're ready to move, let's move.

MR. PENNOYER: I thought we'd -- perhaps discuss whether

we were ready to approve 320 anyway, and do that -- for \$4.612.8, as recommended by the Executive Director and the Chief Scientist. We could either do the whole thing, but I think maybe if we take a piece we could get it done with. Is there any -- can I have a motion to adopt the 320 recommendations of the Executive Director.

MR. TILLERY: So moved.

MS. WILLIAMS: I think -- (indiscernible) did we go through, I think we went through pink salmon, so I'd be happy to move all projects that we've -- all projects under Prince William Sound system investigation and other pink salmon projects.

MR. AYERS: If that's the motion (indiscernible)

MR. PENNOYER: 4612 and 2104.4.

MR. SANDOR: Second.

MR. PENNOYER: Is there any further discussion?

MS. WILLIAMS: I will just add on, if my second will add, "as reflected in the Executive Director's memo and in attachment A, with the conditions and recommendations of specific projects as described by Dr. Spies in his series of memos in attachment B."

MR. PENNOYER: And that will apply to every motion from here on.

MS. WILLIAMS: Yes, that is correct.

MR. PENNOYER: That's understood. Okay, so we're dealing with 320 package, the system investigation, other pink salmon and other pink salmon projects for 4612.8 and 2104.4.

MR. AYERS: Mr. Chairman, just a matter of clarification. I believe on your's the totals are at the top, so

at the very top of your page where the numbers are, you have approved interim funding of \$1077.4 for the Prince William Sound investigation. The amount ...

MR. PENNOYER: I stand correct, \$3535.4 and \$1637.9 for additional fund. Thank you. But, the total still remains ...

MR. AYERS: The total that you all approved for the year is that.

MR. PENNOYER: Thank you. Do -- any further discussion on this motion? Is there any objection to the motion? We'll take a ten minute break.

(Off Record 10:25 a.m.)

(On Record 10:43 a.m.)

MR. PENNOYER: We have one time constraint here. One of our members has an appointment at 12:15, so we either finish by then, or by noon, or we take a lunch break and come back. And I don't want to in any way diminish the discussion of the projects, but just that we work along, we do have that time constraint. So, we'll have to take a break for lunch if we're still going at that time. The next series of projects, I believe, that we have not gotten to specifically yet, although they're embodied to a degree in the SEA project, the 320 project, but the other herring projects, \$1,379,000 of new funding and \$1,425.3 of total funding for FY '95. Can either Mr. Ayers or Dr. Spies lead us through the herring projects.

MR. AYERS: Dr. Spies, why don't you go ahead and talk about the herring, with the understanding there are inter

relationships again with the -- with the 320.

MR. PENNOYER: I think it's you, Dr. Spies, for you to go ahead.

DR. SPIES: Waiting for my final one ...

MR. AYERS: Just trying to remind you that there are relationships back over to the projects that have just, some of the projects that have just been ...

DR. SPIES: Right, we will notice as we proceed through here. Very briefly, on the status of the resources. As you all know, there was oil-related injury to eggs and larvae of herring in 1989 and 1990, and in 1992, 1993, especially '93 and '94, runs were below the forecast, and a large number of the returning herring had diseased conditions related possibly to viral hemorrhagic septicemia and also -- of the latest information is that there is a fungus called *ithiathomus* (ph) that's been isolated from them. So, there's a concern about the disease. And, also, of course, the very low runs -- there was essentially no herring fishing in Prince William Sound in 1994. This caused a great deal of distress and economic hardship for the fishermen in the area. The goal, of course, as with the pink salmon is to restore the stocks in Prince William Sound to pre-spill conditions, and the objectives again are to acquire an ecosystem level -- understand what controls herring production, and this of course is related again back to 95320 project. Secondly, to investigate the disease problems that continue to occur in the population over the last two years, and thirdly, to improve the management of herring. It's a

harvested resource, of course, and one way we can improve the -- affect the restoration of harvest resource is to provide better management tools for the management agencies. I think the same general comments that I made about the SEA plan under pink salmon could -- I won't bother to reiterate those. There -- they certainly apply here. And, I think one of the directions that the SEA plan is going to have to take and will be taking in the next several years is to include herring more in -- as a target species, in addition to the pink salmon work that's currently going on. Second project group that address -- again, this repeats kind of the structure we used in pink salmon, are the toxic effects of oil, and also a consideration to disease, and there are two projects under this grouping, 95320S, which is a two-step process initiated by the Alaska Department of Fish and Game. They had a request for qualifications followed by a request for proposals aimed at the disease problem of hearing. They're in the process of evaluating that. There is \$400,000 requested this year to -- to award -- hold in abeyance to award to a successful contractor there that proposes an appropriate set of studies to address the disease problem in herring in Prince William Sound. The second project under this category is 95074, which is reproductive impairment. This is the second year of a NOAA study. They're investigating by way of laboratory exposure of herring -- early life history stages to oil, the possible reproductive impairment that might result. The third group of studies are those addressed to -- to improving management for the purposes of protecting stocks and affecting restoration.

There's two projects here, 95166, which will be looking at mortality in the early life history stages of herring, and will also, and I think this is very important step, will develop information that may lead to an -- a possibility of another management tool, and during the review process, we brought reviewers up from -- from British Columbia, where they are using this tool, and what it is, is a zero-plus juvenile age class strengths survey that's done every year at Tenadeck (ph) Stations in the Strait of Georgia, and the reviewers felt that the -- this was probably one of the better predictors of age class strength, and from the age class strength, one can put together some sort of better forecast, hopefully, of the total run return. So, we had a strong recommendation for the information to develop this, and that would come out of project 166 as well as other aspects of the natal habitat of the herring. And, the other project under this group is the genetic stock identification, project 95165. The object here is to try to see how many stocks of herring we have in Prince William Sound, and -- Alaska Department of Fish & Game will be putting out a contract -- they propose to put out a contract to begin to apply some molecular techniques. We know now that the -- that the electrophoretic techniques that are used -- the proteins that are used to kind of do stock separation will only work over very large areas, such as the differences over large parts of the northern Pacific, and the recommendation from the reviewers was to look at a molecular technique that we might be able to see if there's one or two stocks, or more stocks of herring in the Prince

William Sound, and so, be an important foundation for the future management of the stocks in Prince William Sound. And, that concludes kind of my introductory comments on herring.

MR. PENNOYER: Thank you. Ms. Williams.

MS. WILLIAMS: Mr. Chair, we have no questions. I would move that the other herring projects be funded with the supplementary language that staff has given us.

MR. ROSIER: Second.

MR. PENNOYER: I have a couple of questions. Do other Council members wish to discuss any items in here? I guess, my question, Bob, just again, by the way I applaud the maturity of this Council. Two years ago we had a hard time dealing with a \$150,000 herring project, and now we're dealing with three and a half plus, so we obviously have matured in our outlook on injured resources in the Sound. You outlined a three-step process with pinks -- understand, forecast and then do something. And, how does that apply to herring here, I mean, I don't see any phase out comments or some of this is spawn deposition work which is not unnatural management tool to use in managing herring fisheries anyway, as you pointed out in -- in British Columbia. So, what's your view in timing and how this applies in some type of (indiscernible).

DR. SPIES: I think that's an area that certainly deserves, in this case, further consideration. I would -- I would -- when I made comments about the juvenile age class strength survey, I think this is another example of a tool that we could

develop and the Fish & Game thought it was appropriate. We certainly have some indications from the herring biologists there that it would be -- that this is something that could be turned over for phase in to Fish & Game regular management, if they judge it to be useful, adjunct to the other tools that they have, such as the spawn deposition surveys. And we are supporting spawn deposition surveys next year, under this package, if you do accept it as proposed, and that we do have to give -- I think you're correct some consideration as to how long we're going to be doing that.

MR. PENNOYER: So, as part of Mr. Janik's original discussion, this would apply here as well. What -- what -- in terms of the pay off, the pay off right now is potentially managing stocks separately to -- particularly benefit injured portions of the stock, or something of that nature?

DR. SPIES: Yeah, I think the point that the reviewers and fisheries made, and the reviews that we held on herring, were that we -- we needed to find -- one basic question is we needed to find out -- we either needed -- we need to have a stock structure model that reigns right now, then we have to test whether that's in fact the case, and -- and in order to get down the road with management, we have -- we have to figure out if we've got one or more stocks in Prince William Sound, and if we have more than one stock, then we may have more than one stock, and I believe that we're more or less managing by default as a one stock system right now. If we have more than one stock then we should know that, and

that will help improve our management. So, that information will come from the genetic stock identification program, as kind of a cornerstone of this thing.

MR. PENNOYER: One last question, and in terms of -- for the record, what does disease have to do with the oil spill, and why should we be studying it?

DR. SPIES: We don't really know. We think -- there is certainly suspicion that it may be related. It would be relatively unprecedented, as far as I know, for the disease to show up this many years after a spill, but it certainly -- this is a very well studied spill and we don't -- we really don't know all the ends and outs. So, we don't really know the answer to that question to be ...

MR. PENNOYER: I notice that the project proposals it's an RFP process. We're not voting on a final, am I wrong, disease impacts from Prince William Sound herring? The cost is an estimate only as to actual scope of the project will be determined through the RFP process, so ...

DR. SPIES: That's correct.

MR. PENNOYER: Yeah, are you looking at -- is this part of the overall, quote, understanding of what might be affecting a resource so we can separate out cause and effect and manage better for (indiscernible)

DR. SPIES: Hopefully, yeah. First the burning question is, are these disease conditions related to the crashes of -- of the herring population in the Sound, and I'm not sure we'll

be able to fully answer that question, but certainly make some headway.

MR. PENNOYER: Okay, so you do the RFP, I think it will be constructive to get back the proposal so we can better understand how this does fit together. Any further questions on the herring projects?

DR. SPIES: I just want to mention that that's one of the, kind of the -- the management issues we have to deal with where we don't have a fully integrated research program when we go to an RFP. I think it's desirable to have these RFPs, and when you vote on the funding for them, we don't really know what we're going to get in terms of response and how that integrates into the program, so that has to be taken into account.

MR. PENNOYER: And you would come back to us on that?

DR. SPIES: Yeah, we would come back on that.

MR. PENNOYER: Okay. Thank you. We're voting on the motion to approve \$1,037,900 of additional funding to the \$1413.1, we've already -- I mean the \$387.4 we've already provided. Any further comments? Is there any objection of the motion. (No objection) The motion therefore passes. Next is sockeye salmon program. \$944 already approved, an additional \$625.6 for a total of \$1569.7 recommended by the Executive Director. One of you?

DR. SPIES: Right, I'll continue. I think, Mr. Chairman, it would be appropriate to consider the sockeye salmon under three separate geographic areas: Kodiak Island, the Kenai Peninsula, and Coghill Lake. In Kodiak Island, the two systems

that were overescapened in '89 were the -- the two main systems that we're concerned about are Red and Akalura Lake or lake systems. In 1994, the runs were below escapement goals in those systems. However, the previous decline in the zooplankton populations in the Red Lake system had been identified as a -- associated with overescapement event are now past us. Red Lake does have a healthy zooplankton population at present. Akalura Lake still has a lingering shadow of this overescapement -- effect on zoo plankton.

It looks like the zoo plankton has not recovered from the overescapement events in '89. There is, in addition, an adult to the egg survival problem in Akalura Lake -- it -- and we're not sure if that's particularly related to oil spill or not. Moving onto the Kenai Peninsula. The 1994 run to the Kenai Peninsula, the Kenai mainstem system, excuse me, was fortunately a lot better than had been forecast. The forecasting of that -- of that run is a very difficult process, and as you know, it's hard to hit it right on. There are two -- there are approximately two million fish in the run. and that was quite a bit better than had been forecasted.

The escapement goals in the Kenai were met, and we do have, however some -- some continuing -- one can look at the limnological data that has been gathered around the Trustee Council programs for the last four years, and some of that data does point to a density-dependent effect on the system from the overescapement in '89 and also in previous years. Also, the return for spawner ratios are relatively low.

Moving onto the Coghill Lake system, the Trustee Council

has funded last year the third year of a five year projection program for restoration of the Coghill Lake program, mainly through lake fertilization, that's been the approach of the Trustee Council has taken. There's also some efforts by the Department of Fish & Game, both in terms of some transplant of -- of smolt into that system, as well as some adjustments that have been taken in the intercept fishery and the Ester Island area, in terms of the return of -- of fish to that system. The historical returns in the early '80s were over 100,000 fish, we're now down to the level of about 5,000 fish. So, that system continues to have problems. So, the overall goal, of course, is to restore the stocks and Red and Akalura Lake and Coghill, and in the case of the Kenai, is to continue to monitor and possibly take protective action to make sure that the escapement goals are met in that system. We can do this by a number of different -- relying on a number of different objectives. One would be to, of course, monitor the stocks, the second would be to develop better tools for management, and that applies particularly in the case of the Kenai, and particular in the mixed stock fishery, and finally we can -- I think that's the only two points I want to make on the objectives. The approach that we're taking to these particular group of sockeye projects are done in the area of monitoring. Project 95258, which is to monitor fry protection and lake limnology in the Kenai and the southern Kodiak Island. Under management -- improve management to protect the injured Kenai stocks, we have project 95255, which includes both area wide sonar enumeration, which was supported by the

Trustee Council last year, and genetic stock identification. This is the fourth of the fifth year of genetic stock work that's been carried out. I might just pause here just for moment to say that this -- both of these programs, and particularly the genetic stock identification work, have produced very, very solid, almost exemplary results in terms of applying science to restoration objectives. We have a great -- really detailed characterization now of the genetic stocks in upper Cook Inlet to the extent that we can allocate from the mixed stock fishery, based on modeling, at least, at over 80 percent of the system -- to the Kenai system, and that -- I think is due to a really tremendous effort over the last year and a half of the Department of Fish & Game and the Seeb's Laboratory. I think that's been a stellar accomplishment of the -- of the restoration program of fisheries. And, if I might move on then to the next group of projects, those that address and -- enhancement and replacement, and that would be the Coghill Lake restoration project. The lake has responded to fertilization. The zooplankton has returned. There is some concern about how the match-up from the other non-Trustee Council funded activities and Fish & Game in terms of supplementing the stocks, and the methods that are used in this supplementation, and what's effective, you know, trying to get that match going. So, there's continuing -- there's quite a bit of discussion in one of our reviews about that particular approach. So, that concludes my introductory remarks on the sockeye return.

MR. PENNOYER: Do I have a motion? Motion to approve

this funding of the sockeye salmon program.

MR. SANDOR: So moved.

MR. JANIK: Second.

MR. PENNOYER: Other further questions? Ms. Williams.

MS. WILLIAMS: I have one question regarding the Kenai River sockeye restoration. If you could just explain a little bit more for the Trustee Council and the public-at-large, what role you see the Kenai River having in overall restoration goals and objectives, and science. I would appreciate that.

DR. SPIES: Certainly. Just as -- just as a way of a little bit of introductory background, that system was overescaped in '89, third year of overescapement in that system, and the concern was that the Skilak Lake system would not be able to support the number of fry that are being produced in the system. We have some indications that -- that there are something going on with the limnology, we're not sure of the full ramifications. Certainly there are some density-dependent things going on, and the out migration of the smolts have indicated that there could be a serious problem. There are some questions as to how -- how those smolt traps trap different sizes of smolt coming out. We now know that they're -- that they do trap the smaller smolt a little bit more effectively than the larger smolt, which I think has caused us to revise our opinions about how drastic, at least, in '94 the situation was. We're trying to take a multi-pronged approach to restoration with sockeye in that system. One is to understand on a basic level what's going on with limnology, and a second approach

is to develop these tools such as genetic stock identification, and also area-wide sonar enumeration so that the size of the returning stocks in upper Cook Inlet can be identified with the use of sonar.

And, those are the main kind of approaches that we're really -- we're looking at here.

MR. PENNOYER: Ms. Williams.

MS. WILLIAMS: Follow-up question, and Mr. Ayers, if you would like to add to this answer to, but just in general do we believe both as a scientific matter and a Council matter that the oil spill may have or did have an impact on the Kenai River and that there are restoration activities that are warranted on the Kenai River as a result of the oil spill?

DR. SPIES: Yeah, I think we're still -- the effects are still going to be played out in front of us in the next couple of years as -- as the returns from the '89 and subsequent brood years come in. Certainly, I think it was prudent to take the restoration action that we've taken so far in terms of the value of that fishery, and I think we have to kind of reassess where we are every year on the situation.

MR. AYERS: Mr. Chairman, Ms. Williams, I -- we had a long discussion about this issue, and as you can see that the -- that the PAG also struggled with the question, and I have a lot of questions -- although I've had the advantage of sitting down with Dr. Spies and Jeff King, and Joe Sullivan, and looking at the issue. There is a -- there is a problem -- there was a problem, primarily with the overescapement as Dr. Spies has described. From

a policy perspective, the thing I've struggled with is at what point does the Council's responsibility engage, and then at what point does it disengage. And, I think that Joe Sullivan and Jeff King have been very helpful in explaining two things: one, the Council has done a tremendous job, this Council has provide the State of Alaska with the ability to take a look at sockeye in the Upper Cook Inlet and figure out a way through the investment of the Trustee Council fund, of how to separate stock and then assist the fleet, which is what Theo Matthews was here supporting yesterday, assist the fleet so that the fleet is able to move based on the information from the -- and the action by the Department of Fish & Game, so that the commercial fishery is -- is able to continue commercial fishing activity while protecting these stocks that we're concerned about, in particular the sockeye runs in the Kenai, and the way that they've been able to do that is to distinguish what has -- as Bob describes it, the characteristics of the biomass in that area -- in the Upper Cook Inlet, so you're separating so the fleet can actually go -- move to the Susitna stocks, as I have had described to me, and away from those stocks, they've been able to locate in a separate area, which are the Kenai stocks. But, then even in the Kenai drainages, as a result of the investment of the Trustee Council, they're actually able to separate the stocks in the Kenai, the Skilak Lake run from the Russian run, and then begin -- and there's another run ...

MR. SULLIVAN: Hidden Lake, as well.

MR. AYERS: Hidden Lake, and then be able to

distinguish which of those stocks are actually continuing to have trouble. Now, is that a general perspective? You may want to elaborate on that.

MR. SULLIVAN: That's about right. There's also a large component of Kasilof fish that we're -- that we're separating out there as well.

MR. AYERS: I guess the answer to your question is, that the consequence of the spill -- there were consequences of the spill that had significant impact on the sockeye in the Upper Cook Inlet, they're an injured resource. The Council's action have in fact made a major difference in providing for the recovery through assisting management developed tools in order -- in order to manage the allocation. It's also been very helpful to commercial fisheries, I might add, to allow them to go (indiscernible - coughing), and that's why you did hear the vice-president of UFA here yesterday saying, you know, he supported and thanked the Council for what they'd done, and in particular wanted to urge them to continue to do this at least for the time being. We've talked - - if this year -- if the methodology now is sound, and they can -- and they actually believe they can improve that to some degree this year, then there would be one more year where you would see the returns. If the returns are good, and they're actually able to differentiate each of these different stocks, then the Council will have done two things, helped those stocks recover, but also give the State of Alaska a tremendous management tool, to be used in the future.

MR. PENNOYER: Any further questions? Just quickly, I notice that we're continuing the sockeye salmon overescapement studies in the Kenai, and we're also continuing to work on development of the management tool to protect the injured resources, and protect them into the future. Do you have the phase-in/phase-out, whatever, concept here, and I presume we'll get something back on that in the future, but why -- why would we continue the in lake studies at this point?

MR. AYERS: Joe might want to answer that.

MR. PENNOYER: Dr. Sullivan, as a Trustee Council endeavor, I -- I understand the department might want to from the forecasting standpoint, or something like that, but we've carried through the time that the fish were in the lakes, that might have been directly affected by the event of the spill, and we are looking at the development of a technique to further protect that particular cycle, if it does continue to come back as a poor adult return. Why would we continue the studies in the lake itself?

MR. SULLIVAN: Well, because the -- our perception on recovery is when the lake itself has also recovered, and down the road we would like to be able to say, now it looks like the lake recovered, and then several years beyond that you want to say, oh, well, here are the fish coming back that demonstrates that we were right then. But, the lake has not recovered. We had an episode where it appeared that a bloom of -- copepods that they normally don't favor occurred in '93, and therefore helped us with putting out a pretty decent number of smolt this year. That's not

necessarily -- that's not what they normally eat. What we really need to know -- in other words, talking about particular year class, the 1989 year class, is not the end of the line because that, as -- as Dr. Spies had pointed out, was three years in coming. It was the impacts on the food base in the system are not something that goes away when those fish are out the door. It's a -- one theory of what has happened is that because of the intense number of juveniles that you had for several years running, you wiped out or at least severely reduced the number of copepods that make a -- that stay at the surface, and copepods that make a diurnal migration were favored and, therefore, site feeding sockeye had more difficulty getting the copepods. Until the limnology of the system returns to a pre-spill condition, then it's really unlikely that the juvenile sockeye will have a sustainable food base on which to build out the numbers of smolt going out each year. Let me see if I'm -- I'm not sure that I'm getting to the point or ...

MR. PENNOYER: Yeah, I think you got to the point is, but you still don't know when the system is recovered, and it has not recovered in your view yet, and the cause and effect linkages aren't exact -- proven yet, you can't say that the system has recovered and therefore the resource is -- is recovered, and that judgment is still to be made, and I presume when you do the phase-in/phase-out portion of the analysis, we'll have a better idea of where that all is going to take us. I'm not totally sure you're going to get the punch line, at some point, you're going to say

Eureka, this is -- we know that there are other things aren't effecting it. Clearly, you've determined that the system has not totally recovered yet for whatever balance of reasons, and you need -- you want to finish out looking at that.

MR. SULLIVAN: Right. Do you want to amplify that, Bob?

DR. SPIES: I'd just say that it's complicated by the fact that the Kenai system -- the river and lakes are glacial lakes and our understanding of overescapement effects come mainly from clear water lakes where the expected effect is the reduction of zooplankton. There has not been -- that population, little reduction of zooplankton, and then the Skilak Lake, which are the main one that's been studied by Department of Fish & Game, so it -- but there are some density-dependent effects with size fry and lipid contents and so forth, and possible, some theories about diurnal migration that -- we don't quite know how to interpret yet. But, I think it would be fair to say we -- we can't say with a great sure the systems recovered.

MR. PENNOYER: Thank you. Are there further questions on the sockeye portion? Do I have -- did I have a motion, I had a motion, I forgot. Is there any objection to the passage of the additional funding of \$625.6 for sockeye? Hearing none, it is concluded. Oh, my favorite subject marine mammals and research, ecosystem and research projects. Mr. Ayers wants to talk about marine mammals.

MR. AYERS: Mr. Chairman, just before we talk about marine mammals, I have, we just -- looking at an issue that I -- I

thought we had covered in our presentation, the memo and the appendices, but it is not adequately covered in my view. The project that we have just presented to you, and those that you have approved, those dollars include a considerable amount of equipment and gear and charters. Without getting into the issue of whether or not, and in my view, I have not spent enough time in the details of budgets this year, I'm comfortable that we've done a good job of raising the issue, that the budget responsibility lies in the sponsoring agency or entity bringing the project forward, that I think that there's 90 percent credibility with the request. I do believe, however, that the Council needs to take specific action with authorizing us to proceed with requiring as a matter of funding that any participant in the Trustee Council activities -- this isn't the one I have, which one do you have?

MR. PENNOYER: We've got the second motion.

MR. AYERS: No, where's the other motion? (Aside comments)

MR. PENNOYER: We'll pass this one based on your previous explanation. (Laughter) Then we get the right one to go with the right motion, we'll pass that too.

MR. AYERS: My apology.

MR. PENNOYER: Ms. Williams, I think we've got the motion, now that he's discussing it.

MS. WILLIAMS: So moved.

MR. AYERS: The issue is equipment, and we need a property management system that requires all participants to -- to

submit a property list that would be consistent with the uniform system, and let there be no doubt about it. What I'm suggesting is that we have a single software program that everybody will participate in so that everyone submits a consistent program with regard to the property that they have in the format that we require. But, we've got to get a better handle on our property, and that's what this does.

MR. PENNOYER: Do I have a second?

MR. SANDOR: Second.

MR. PENNOYER: Mr. Tillery.

MR. TILLERY: Mr. Chairman, this is what we mandated, as I recall with some lengthy discussions during the financial operating procedures debate. I understand this is just a way to implement it, and I would strongly support this.

MR. PENNOYER: Question might be when?

MR. AYERS: We intend to move forward with this year.

We intend to have people require -- particularly give us a property inventory list, give it in a format in which we request it, and then any new property that's acquired, and there's considerable new property in those projects that you just approved.

MR. PENNOYER: Ms. Williams.

MS. WILLIAMS: This is for the record and for the benefit of the people listening, I should read it, and it says "move that these projects are approved contingent on a review of each project's equipment needs and submission of an Exxon Valdez oil spill property list consistent with the uniform system of managing

Trustee Council inventory."

MR. PENNOYER: It's been moved and seconded, is there any objection to the motion? Hearing none the motions adopted and will apply to all these projects.

MR. AYERS: Thank you, Mr. Chairman.

MR. PENNOYER: Okay, we were starting marine mammal ecosystem and research projects.

MR. AYERS: Mr. Chairman, as a matter of introduction to this effort, I'd like to say that I think that in many instances the issue of marine mammals is as complex certainly as any of those that we've faced with the fish from my point of view, and in particular, the reality that the problems as you're probably much more familiar than I, but the public is generally concerned about with regard to the help of harbor seals and their continued decline. In addition to that, there is a complexity of the issue of the killer whales and in the killer whale issue there are a multiple of issues that face us. Not the least of which is that there are a number of people that want to participate in the activity and they've taken a variety of approaches to try and participate, including various pressure approaches, some of which are less entertaining to me than others. In addition to that, the killer whale issue raises a question of legal participation, which has been raised, and has been submitted to me, and Dr. Spies and I have talked about the project, outside of the question of -- and outside of all of those complexities, have talked simply based on the resource itself. So, the recommendations that you have before

you and that you will hear Dr. Spies discuss do not deal with the issue of legal objections from the Department of Justice.

MR. PENNOYER: So, you want to get the discussion of Dr. Spies before we go into the individual projects?

MS. WILLIAMS: I think it might be useful to lay out -- two questions with respect to killer whales, and I think it makes sense to ask them now and then Dr. Spies -- make sure that he addresses them. And one is on monitoring of killer whales, and the question is, and hopefully you can answer it, how will monitoring lead the Trustees to consider restoration or replacement actions relating to killer whales? I mean, how will knowing how many whales help us to do something about killer whales and restoration activities? And, the second question is with respect to the predation study, and the question there is how will the information be obtained by the study contribute to the making of better restoration decisions for the harbor seals? I mean, what -- if we find out that the killer whales eat lots of harbor seals, how can we use that for restoration actions? And I -- I look forward to hearing responses to those two questions.

DR. SPIES: I'll try to address those I move through the package (indiscernible) way of doing so.

MS. WILLIAMS: Yes.

MR. SANDOR: Mr. Chairman, before proceeding with that, in reference to the Department of Justice's legal opinion. I learned last week that there was a draft opinion on a number of projects, thirty-some projects. I did not -- I guess Craig got a

copy of that. I hear there's a final Department of Justice listing of its legal opinions on -- on projects, which I have not had access to, and I guess I'm troubled by the prohibition of all Trustees having that opinion. I don't deny that federal government has the right to issue opinions and have an attorney-client privilege, but I really would ask the Department of Justice and the federal Trustees to reconsider restricting the legal opinions to just the federal Trustees or to lawyers. I do that for several reasons. One, the whole process by which we're involved in here is a partnership effort between the communities impacted by the oil spill, the individuals organizations impacted by the oil spill, and what we're really trying to do is to really restore the injured resources and services. If there are legal questions with respect to that, these really should be publicly displayed and discussed. Because, certainly, communities have their own attorneys, the State, of course, has its attorneys, and I think it would be presumptuous to believe that federal and state attorneys themselves have a final say of this taken by Jim Ayers' reference in the introduction of this with the phrase "what the world of lawyers will allow" and I kind of chuckled at that at the time. I think it's what the "world's lawyers will allow" because you can get different opinions here, different opinions there, but I guess in the interest of a complete disclosure, and I guess in the interest of understanding what really should be authorized, and it is appropriate, and ought to be more openly discussed. I'll -- I guess I would ask that the Department of Justice and federal

Trustees reconsider this restriction on the access of that information to the state Trustees. I really believe it ought to be open and be able to be openly challenged. In the absence of that, this Trustee has no alternative but to reserve judgment on whatever opinion has been written because, of course, we have not had the privilege of reading it, and I would submit that what the worlds of lawyers will allow may or may not be what Judge Russell Holland would allow, and perhaps that's the final authority. So, I guess, I would just urge reconsideration of this, and this particularly as we get into perhaps other references to -- to legal opinions, that ought to be done. Finally, I guess, it seems to me what would have been helpful, and this is really a major step forward and what we've done in the past, if in fact there's a legal questions, it would help to have a column saying, you know, DOJ or whoever else in the Department of Justice, State or whatever, but anyway, we really should, I think, Chief Scientist, Public Advisory Group, communities, public-at-large need to be brought into that process.

So, I guess for whatever objections that the Department of Justice may have introduced, until such time as -- and all of the state Trustees have had access to that opinions and had the opportunity to collectively discuss and to appeal to Judge Holland or whatever else, we would think that a question needs to be -- remain on the final decision on that point. Thank you, Mr. Chairman for allowing me to (indiscernible).

MR. PENNOYER: Any further comments on this particular aspect? I would assume that as we go through these projects, that

we're going to discuss reasons why they may be appropriate to funding by the Trustee Council, not simply accept the fact that somebody said they might not be. So, I assume that as Ms. Williams brought up, the possible questions are the applicability of the killer whale project, we would in any case discuss and come to some agreement on whether in fact we believe the project is applicable to our mission. But, with that general cautionary the Commissioner has represented, are there any further comments on this aspect?

DR. SPIES: I just might say that Ms. Williams' question and a subsequent discussion embrace a pretty basic concept in restoration and in the adoption of the Restoration Plan. It's been my understanding, and I think that the Trustee actions have been consistent with this and in the past that we have monitored injured resources until they return to full health. And, we've done this consistently with out regard to whether we could actually -- necessarily make a real difference in the rate at which the system recovers naturally. Certainly, with harvested resources we can -- we have a greater opportunity because of the adjustment of the harvest effect, but if we adopt this principle, and we'll only be dealing with fish and a few other resources, so I just make that observation in passing.

MR. PENNOYER: Mr. Tillery.

MR. TILLERY: Along those lines, I think, and maybe perhaps we differ from the Department of Justice in this view, but in my view, the action of monitoring and determining that a resource, particularly one like killer whales that have a lot of

public appeal, has returned to full health, is in itself a restoration action because to a large extent the damage that was done by the spill was not only biological, but it was damage that was done to the perception of the people as to the existence of wild animals and so forth in the Sound, And, in fact, that's where we got the money from. We didn't get the money because we didn't catch any commercial fish, we got it because people believe that the pristine nature of the Sound had been destroyed. To fund a project that would then allow people to say, yes, I understand it is now recovered, and I feel better about it, that is in itself, in my view, a restoration action.

MR. PENNOYER: Thank you. I thought to that in the past we've argued about how often you had to monitor resources that have been injured and might be recovering, and the argument centered around the number of years in between the times that you conduct the monitoring, common sense type things, rather than the fact that whether you should actually do it, and on a number resources, we have not had a real pay-off yet. There are things that we might do, but we don't know. So as a prudent measure we've monitored them, but there's been big argument whether you do it every other year, every third year, every fifth year, every tenth year. I think all those are still germane, but I was a little bit surprised at the opinion, that unless you've got a known pay-off -- we don't have the known pay-off on a lot of these yet. That's part of the ecosystem monitoring of Prince William Sound, that's part of even on herring and salmon. There are areas we don't have no pay-offs,

but we're still looking at them. And, so I think that was very well -- very well stated. We're getting a little ahead of ourselves. Do you want to go ahead and introduce marine mammals, now that we've already delved into the worst controversial one, you want to introduce the topic briefly and tell us what ...

DR. SPIES: Yeah, quite briefly the -- we've got, of course the continued decline of harbor seals throughout the northern Gulf of Alaska, particularly in Prince William Sound, and sea lions in the northern Gulf of Alaska, although those that were not identified as injured species, they're part of an ecosystem, that we are concerned about, and we want to restore to full health if we can as part of that system, or at least see a return of full health. We have, in addition, no certain indications that sea otters in Prince William Sound, where we've done most of the monitoring, although we identified the injuries on a wider bases, have fully recovered from the spill. Killer whales, particular AB pod which sustained tremendous losses during '89 and '90, is recovering. There have been a number of births and there's some new younger killer whales joining the pod, and the numbers are growing, and hopefully we'll see that population if all goes smoothly sometime around the year 2000, perhaps, so that's a wild guess by -- I don't know if Craig Mattkin will agree with that, but I think -- it might get back to a full health of killer whales and full strength of AB pod decreased their levels somewhere around that time. Of course, the goals are -- are healthy pod relations of these marine mammals that we're concerned about, and we can

under restoration options, if we can monitor the populations, we can possibly achieve some further understanding of the factors that may be restraining recovery and for those species that haven't recovered. So, the initial focus in our efforts in the package before you are on harbor seals and killer whales. Project 95001 looks at the health of harbor seals, 95117 looks at the storage of blubber and lipids and of using lipid compositions as fatty acid ratios as a tracer for diet to understand what harbor seals are eating. This is kind of a pilot project in a way that is promising a new way of looking at (indiscernible) interactions, feeding interactions and marine food webs, and we'd like to give this one some funding to begin to explore that for one of the important species that we're studying. And also 95012 which is the comprehensive killer whale monitoring project, it does have a component as I referenced earlier, it looks at predation of killer whales on harbor seals. So, 95012 has both predation on harbor seals, some monitoring of the Prince William Sound pods, particularly the AB pod, and one other transient pod that may have possibly been injured during the spill. Although there will be a wider net cast, I think, in terms of -- if they're out there with the boats, they certainly would like to be looking at other pods, and then there is a genetic component which is an attempt to identify genetic differences between what have been tentatively identified as transient and resident pods of killer whales in the Sound. So, that -- that's the killer whale, I mean that is the marine mammal package, excuse me.

MR. PENNOYER: Do we have a motion to approve \$798.5 of additional funding for a total of \$913.2 for marine mammal ecosystem research projects?

MR. SANDOR: So moved.

MR. ROSIER: Mr. Chairman

MR. SANDOR: Go ahead.

MR. ROSIER: Second.

MR. PENNOYER: Is there further discussion?

MR. SANDOR: Jim, I just so moved.

MR. PENNOYER: Okay, Ms. Williams.

MS. WILLIAMS: I think you responded -- collective response on monitoring was a very good one. I don't think you addressed quite as directly the question about what are the potential restoration benefits of, you know, determining predation by killer whales. What could the Trustee Council do with that information?

DR. SPIES: Well, I think it comes under the objective of understanding the factors that may be restraining recovery. Now, whether we can actually do something about it is certainly a valid question, and one that I, in fact, share, but I think these are important parts of this ecosystem. They've got some problems and I think we that we need to understand interactions as fully as possible for these injured species, so that would be the way I would look at.

MR. PENNOYER: Might be somewhat the same as disease on herring, which may or may not have been caused by the spill, but

restrict our ability to have recovery occur through other actions or whatever, so. Is there further discussion on this item? Is there any objection to adoption of the \$798.5? Given all the other motions that we've added to it on equipment and other aspects that apply to all these projects. Hearing no objection, continue on then to seabird and forage fish interactions, which is -- previously approved interim funding of \$249.9, the request is an additional \$180 for a total of \$429.9.

DR. SPIES: Mr. Chairman, as you all realize we've been facing some long-term declines of seabirds in the northern Gulf of Alaska, and particularly in Prince William Sound. It's thought by many of the seabird biologists and other people working in the system that these may be due to some sort of as yet undetermined shift and the availability of forage fish for feeding.

In other words, food may be limiting factor in this case, and the -- this is a very viable kind of principal hypothesis that is driving this package that's been put together so far. Included are many of the injured species in the spill, such as pigeon guillemots, to some extent murrelets, and birds -- excuse me, and murre. The -- we've funded a '94 pilot project for \$600,000. They've already conducted one cruise, gathered hydracoustic data, and they are scheduled next, in fact, to go out in a second cruise to gather hydracoustic data again on the abundance of forage fish and doing some net sampling. What has happened here as a result of the workshop that was held last winter is that the principal investigators put together an initial package of proposals in the

range of about \$3.2 million. It was reviewed, and the peer reviewers thought that they were addressing a major hypothesis -- appropriate -- there a lot of questions about the integration and further evolution of this project that was needed to really put it in the field. There was a second revision, greatly improved. We just got that a few weeks ago. The package consisted of nine separate proposals at a total cost of about \$1.2 million. On further consideration, we feel that they have made great progress but there's still some more steps that need to be gone through in terms of -- particularly the management, and the question of leadership, and how this is -- further integration that needs to take place, and addressing particularly -- the sub-hypotheses have to be laid out, although they're implicit in what's been done, they have to be laid out to a greater extent. So, what we're recommending here is a further \$150,000 for planning under 95163I, and that the rest be deferred and I think that we may see this as a request sometime during the year to come back to the Council, possibly with -- with a full package, if the remaining -- further evolution of this project brings to a point where we can feel can recommend it to go forward.

MR. PENNOYER: Bob, you do recommend, I guess funding on a couple of separate projects, don't you, that selective forage fish, fatty acid signatures for \$30,000 and the -- I guess we already -- and the kittiwakes is no additional funding, that was already funded -- wait a second. Pigeon guillemot -- or that's already been funded, okay.

MR. SPIES: We're not recommending -- except of the fatty acid signatures that -- which we'd like to -- we'd like to see encourage a little bit of work here to go forward immediately, except for that, we really want to see the whole package move forward as one integrated package here.

MR. PENNOYER: Okay. Do I have a motion on approval of the \$180,000 part?

MS. WILLIAMS: So moved.

MR. PENNOYER: Do I have a second?

MR. JANIK: Second.

MR. PENNOYER: Further discussion? Thank you. Very lucid explanation. Put it off until later. Okay. Next one I believe is the nearshore ecosystem studies for additional recommendation of \$130,000.

DR. SPIES: Yes, Mr. Chairman, this is a somewhat similar situation to the forage fish project in that the projects are in this package are similarly evolving into a higher state of readiness to -- to go out in the field. This package, of course, focuses on a nearshore resources, particularly predators that were injured by the spill and include such species as sea otters and pigeon guillemots. There are eight projects that are in this bundle of proposals. They address the abundance and distribution of prey, particularly sea urchins, clams and mussels, and the interactions of the predators with the prey species and their abundance, and also the toxicity components under one of the projects. It's undergone one cycle of review, and the investigator

-- the reviewers feel that further integration and planning is needed, perhaps not quite as far along as the forage fish group, but they are planning a meeting, should the -- they are planning a meeting should the Trustee Council approve this initial recommendation for further planning of \$130,000. They will be meeting next week in Fairbanks to try to bring this particular package along.

MR. PENNOYER: Bob, one question on both of these, where it says we're going to do these meetings and all this planning and integration, are we talking about bringing something back to us for going in the field with something in '95, or is this a planning process (indiscernible - simultaneous talking).

DR. SPIES: That's a -- I think it's a -- certainly a strong possibility that forage fish and certainly it is possible that the nearshore package too, and so, that has to be taken into consideration here.

MR. PENNOYER: Okay, thank you. Do I have a motion for the \$130,000 nearshore planning process?

MR. ROSIER: So moved.

MS. WILLIAMS: Second.

MR. PENNOYER: Is there any further discussion on that? Mr. Ayers, you (indiscernible).

MR. AYERS: Mr. Chairman, over the course of the last year we put together the Restoration Plan, which also included the discussion of the management structure, including the proceedings from the workshop that we had last year, which I think you all have

a copy of now, but we've just completed this. Within this, you might recall this particular management science planning organizational diagram, which is a structure that we put together to make sure that the people, scientist, communities are in -- as well as the Council, are included in designing our science plan, essentially and carry that out and implementing that. What we are now seeing is that during this transition, where we're going from the masses of project approach to a science and ecosystem approach, we have in some cases an overlap where people are still coming in with individual projects and we're trying to gear them towards two things actually, one is what's the priority in working through an ecosystem approach, and the second is, beginning to realize that we've got to get into this structure because we cannot afford to do all of the things, and that's -- that's in particular the case here. We -- we are about to embark on a course of looking at nearshore, but it's got to be coordinated because most of these projects are proposed to be long-term looks, and we cannot afford to do everything, as I mentioned before, and that's the major effort here is to drive this effort back into this structure, where we actually have a coordinating committee, get together with the peer reviewers in the communities, and actual design, in this case, the nearshore plan, as Dr. Spies discussed, and then take a look at that and see how it fits in our ecosystem approach, then move a recommendation to the Council. And, that's what the \$130,000 is designed to do. I suspect that will not be easy.

DR. SPIES: I think that -- just to amplify a bit on

Jim's comments, I think that one other thing we have to look at is how many of these packages and how do they fit together. Right now, we're worried more about the internal structure of these particular packages, and I think we have to look at the science plans, look at how these things -- there's obviously connections in terms of even methodology in hydracoustics and so forth, between the SEA program, forage fish program. We're looking at similar and related questions. So, we have to really get a -- as these things move forward, we have to really make sure that they're fully integrated to the point that they should be.

MR. PENNOYER: So, the request is for the \$130,000 for planning. Is there any objection to the motion? (No objection) It's approved. Next is intertidal/subtidal community structure. The request is for \$615,700 additional dollars, we've already approved \$48.3 for a total of \$1064.0.

DR. SPIES: Yes, Mr. Chairman, there were thirteen projects submitted in this category. As we all know, the upper intertidal zone was -- was tremendously affected, and it has been slow to recover from the spill. There are some preliminary indications of recovery in that system, but it still has not completely recovered, despite the way that the people played fast and lose with the definition of recovery in other quarters. The Trustee Council has spent literally millions of dollars investigating the spill-wide damages and their recovery, as well as the dynamics of intertidal communities in such places, in particular in Herring Bay and Knight Island. These projects are

now coming to fruition. We've got the final, got the final damage assessment -- or the near final damage assessment -- on the intertidal projects with us. We've got also the results of the Herring Bay project, at least the first couple of years in final form, and what we're recommending here are two projects, 95106, the subtidal eelgrass monitoring. The last visit of this injured area, that is the eelgrass bed and the fauna associated with the beds was -- in -- several years ago. It's time to look at this -- if this system has recovered. This is not new in the sense that we've done this sort of work before, and we know it will work. And, also the second project if 95086, the Herring Bay work, and I see 95 -- just give me a chance to look at the numbers on the sheet here ...

MR. JANIK: That's page 8?

DR. SPIES: Right. We're recommending 95086A, coastal habitat intertidal monitoring and verification, but we're recommending a revision of that project to -- that we just reduce the project to visiting the previously located sites within Prince William Sound. 95106 the subtidal monitoring, I just went through that, and finally 95185 which is the close-out, and that you've already funded that particular project. For the Herring Bay study, 95086D, we're suggesting a reduction of that project to finish up on the ongoing experiments and write up that and report on the results of that particular project. I might also mention that it is our intention to get a intertidal workshop conducted in this coming winter to see where we are in the intertidal studies, and fully appraise the situation in terms of, now that we have a lot of

the final reports in, where we need to go with this particular part of the ecosystem.

MR. PENNOYER: By coming winter, you're not referring to what's out here, you're referring to next year?

DR. SPIES: The snow's a little bit deeper.

MR. PENNOYER: A little bit this winter, all right, thank you. Are there further discussion? Do I have a motion on the \$615.7?

MR. JANIK: So moved.

MS. WILLIAMS: Second.

MR. PENNOYER: Is there further discussion on the intertidal/subtidal community structure? One question, Herring Bay, it seems to me we've spent a lot of money over a long time on that. Are you happy that we're getting something that's going to be useful?

DR. SPIES: I think, yeah, that's one of the things that one -- people said the Trustee Council never funded ecosystem research, I always took exception, based particularly on that -- that program, because they were looking at dynamic process in the ecosystem and indirect effects of the spill on the intertidal community, and interactions between organisms as a result of the spill. So, I think that -- I'm satisfied that we took a good approach there, and we've had a couple of years of that have been reported in the final report, and we're looking forward to the, you know, the wind up of that particular project. We may have come to getting as much as we can out of that project. I don't want to

prejudge the latest results.

MR. PENNOYER: Further discussion? Is there any objection to the motion. (Indiscernible) Okay, thank you. Next project is as suite of projects are the subsistence projects. That request is \$1,298,100 additional to add to \$329.5 interim funding we already approved, for a total of \$1,627.6. Subsistence, Mr. Ayers, Dr. Spies.

MR. AYERS: Joe do you -- one of you should join Dr. Spies on the subsistence issue. Mr. Chairman, the subsistence projects, as you might recall, was actually a phased effort we provided funding for the Department of Fish & Game, Division of Subsistence, to work with local communities to take a look at what has happened with subsistence with regard to oil spill, and in particular to identify projects that would be related to restoration. Now, through the Department of Fish & Game personnel, we were able to make good community contacts. In addition, the Department of Community and Regional Affairs, you might recall, had state criminal settlement funds that were appropriated by the legislature for the purposes of addressing subsistence issues with regard to the oil spill as well. What we did was work with the State in this particular case, in the outreach effort, through the Department of Fish & Game Division of Subsistence and working with the communities. So, when we reviewed the efforts of the community and the Division of Subsistence, what we tried to do is identify those projects which we thought were consistent with the consent decree for the civil trust, and then -- in some cases you'll see

that we recommend that the projects be considered perhaps by the state or some other source of funding, and did not necessarily see those consistent with restoration efforts of the joint civil trust fund. In addition, let me say that one of the things that we'll talk about is that -- I think we need to increase our outreach, our community relation -- spill -- relationship with residents of the local communities and working with them in utilizing local knowledge and energy in the effort of restoration, and that too is included in this recommendation. But, perhaps you want to walk through the -- the projects themselves briefly and see if -- just do the overview and then see if there are questions.

DR. SPIES: Why I don't I start here. Rita (Miraglia) knows a lot more about subsistence than I do, but I have a set of notes in front of me anyhow, and she can jump in as needs be. We're taking four approaches to subsistence. The first would be -- or four strategies, if you will, the first would be restoration of the natural resources themselves, using subsistence, and I think in a broader sense that we can look at, what we're doing for salmon and herring, as well as harbor seals and sea otters in the '95 Work Plan, as a strategy that's all -- that addresses this in many ways.

There is a particular -- one particular project that has been brought forward, has a concern by the communities that it's been addressed, as suggested from one of the reviewers came to actually do this work, and we think it's -- it's a very interesting project that we want to see developed. It's a project to assess abundance of chitons and octopus, 95009D, is being proposed for about

\$125,000. The second strategy, if you will, will be the shoreline clean-up. There are continuing questions about the -- the contamination of shoreline around Native villages, in the spill area, in Chenega and also in Kodiak. We have two projects in front of you, 95266 for \$75,000 that would review the available treatment technologies, and do some pilot clean-up on some of the beaches around Chenega, and the second project, 95027 for \$447,000 is the Kodiak shoreline assessment. We have not been out to these areas before. There is a continuing concern about contamination, whether there is contamination, would it be related to spill, perhaps there's some other sources as well, but this is an attempt to go out and reassess the Kodiak shoreline, through the rest of those concerns. The third strategy includes information, planning and safety. There's a number of projects which I won't name by number, but there is one project that is a close-out of a subsistence plan that were to identify community needs and priorities for resources and services, and the others really address community outreach and involvement in one way or another, and there's five projects in this group, for a total of \$602,000. And the fourth strategy is for enhancement for replacement of subsistence resources. Included are two -- a second year of a five year effort to create a run of chinook salmon near Chenega Village by remote releases of smolt. A second effort to do NEPA compliance port proposed salmon, remote release near Tatitlek and Prince William Sound, and a pilot project to raise littleneck claims for replenishing natural stocks, and this has been requested by Nanwalek on Port Graham, and I think

there's been, also some participation by Tatitlek. These three projects under the fourth strategy total approximately \$279,000. I don't know if it really has any further comments to make. Jim already covered the possibility that subsistence projects that have been identified by the outreach process that are not fundable by the Trustee Council because of policy and legal concerns could be addressed by an action of the -- as the legislator -- in the case of the criminal settlement.

MR. PENNOYER: Dependent on how long this discussion is going to take, we need to adjourn this meeting at about 12:00 o'clock, so you've got about five minutes to get as far as you can get with this, and we may have to take it up again at 1:00. Are there any initial questions people want to ask before we break? I don't think we're going to finish this by noon, so ... Mr. Rosier.

MR. ROSIER: Thank you, Mr. Chairman. I had one question in regard to 027, I'm not sure I fully understand what's involved with the -- with the request here. We're talking about a final comprehensive assessment of Kodiak Island shoreline in the tune of about a half -- roughly a half a million dollars. In this process, what we know about retained oil and so forth at the present time, is there such a thing as a final comprehensive list and what are we going to accomplish with this particular program?

MS. MIRAGLIA: (Indiscernible) like DEC project to go in and assess what oil remains on the beaches in Kodiak. I know that in some of the oil spill meetings the Subsistence Division had down in Kodiak, people talked about residual oil on their beaches, and

this is seen as an opportunity to go out and either verify that it's there or find that it's not there.

MR. AYERS: Mr. Chairman, Commissioner Rosier, at the request of the Council, one of the things that we had done over the course of the last few months, when we weren't doing some other things is visit some local communities. We did visit Kodiak, and spend some time talking with elected officials, but also local community people about the various aspects related to the Exxon Valdez oil spill. Mark Broderson and I were both out there together at one point, and then Mark revisited and talked with some of the local community people. I did spend some time with Jerome Selby, Mayor of Kodiak, and some of his staff who has actually taken the time and energy and cost to actually go photograph areas where there were -- where the tide was still leaving traces of -- and what he described as significant traces, of oil. We looked at the photographs, we spent some time talking with people, DEC did some follow-up work with the local communities and discussions with the local communities. It's not clear that there is a significant amount of subsurface oil, but it's also not clear that there has been since there is such a massive shoreline, it's not clear those locations where communities are concerned, we need to go take a look with the community and see exactly what is there and make a decision. I think there is enough question that's been raised, that it warrants a look at some of those locations, and in particular in this case, you mentioned the amount of money and the effort, certainly you could exhaust far more than this, and that

was the original proposal in going out, but we thought we would identify those areas where the communities seem to be most concerned or seems to be some general agreement that those are the areas that ought to be looked at and see actually what's there and do a comprehensive final report. It may lead to something, but -- it may lead to some further restoration effort, but the one thing that we -- we know it will do, is it will help us work with the local community to resolve the issue of whether there's oil there or not, and if there's not, then it will satisfy that concern that it's just a working of some light oil. On the other hand, if there is some subsurface oil on some of those sites, then we'll have to make a decision about what is significant amount and take action on it.

MR. SANDOR: (Indiscernible)

MR. PENNOYER: Okay, Commissioner Sandor.

MR. SANDOR: It's clear we're going to break. After lunch Mark Broderson will represent the Department of Environmental Conservation as I have an appointment out at Elmendorf, but I wanted to say how pleased I am with the amount of work that's been done and the process that's been developed, and particularly the actions taken yesterday in the Work Plan package that we have. This has worked so much better than in the past. It's really been remarkable, and what's especially good is to see the products of close coordination between the Chief Scientist and the Executive Director. The other thing, I think we've set some kind of a record on in approving the Restoration Plan, the same day we approved

Restoration Plan to actually approve so many items to implement that plan, as opposed to putting a plan on the shelf. So, I know I certainly commend the staff and folks that worked on this proposal and the public input. Finally, with regard to subsistence, Mark will represent what the department is doing. But, please keep in mind that these communities, Tatitlek and the other villages are partners, they were heavily impacted by the spill, and if for any reason you propose to reduce funding for legal or whatever reason, give them a voice. Thank you, Mr. Chairman.

MR. PENNOYER: We'll take a break now until 1:00 o'clock this afternoon.

(Off Record 12:01 p.m.)

(On Record 1:06 p.m.)

(Mr. Mark Broderson is seated as alternate for Commissioner John Sandor, Alaska Department of Environmental Conservation)

MR. PENNOYER: I think we're all present and accounted for. I know there are less people here than there were this morning, but we announced 1:00 o'clock, so if everybody is ready would you please take your seats and let's proceed down the list. As we -- we still waiting for DEC.

(Long Pause)

MR. PENNOYER: I think as we left the discussion this morning, we were still on subsistence projects, we'd just asked some questions about the Kodiak shoreline assessment. I'd asked Commissioner Rosier do you have further questions about that

project or want further information from Mr. Broderson.

MR. ROSIER: Not at this time, Mr. Chairman, thank you.

MR. PENNOYER: Okay. I guess, Dr. Spies had generally presented the information, categorized it into two or three separate pieces. Are there further questions about any of the projects? Ms. Williams.

MS. WILLIAMS: Mr. Chairman, yes. I would like to, if we could, elaborate a little more about the restoration benefits, particularly of 95138, the elders/youth conference, and also 95052, community interaction/use of traditional knowledge. If you could take one at a time though, and I'm particularly interested in -- in your analysis of the restoration efforts of the elders/youth conference.

MR. AYERS: Mr. Chairman, perhaps one of the things that I think would be helpful is to represent that we've been engaged in a number of conversations about these projects, and in particular this project, we've discussed with the division ...

MR. PENNOYER: Which is this project ...

MR. AYERS: Mr. Chairman, Ms. Williams, were you referring to 95138?

MS. WILLIAMS: Yes.

MR. PENNOYER: And then 95052.

MR. AYERS: Yeah, but then she was -- Mr. Chairman, Ms. Williams, my understanding you wanted to discuss 95138 first. Okay. Mr. Chairman, Ms. Williams, 95138 has been a project where we have on numerous occasions talked about the importance of having

local people involved in our restoration efforts, and in particular, there are a number of people, not just in Prince William Sound, but throughout the villages that are within a spill area, that have talked to us about the importance of them -- those people actually living in those villages participating in this effort, and more importantly finding a way to convey the importance of restoration efforts and management to the next generation. That, in fact, their participation in these restoration efforts and, I am convinced that restoration is going to improve if the people that are living in the area, actively interacting with many of the injured resources are more involved. This particular project has had numerous conversations, and in particular, providing the opportunity in an actual -- I don't want to say formal setting, but a structured setting that would allow elders to discuss their common experiences, their concerns and knowledge and information, and allowing them to help others in the community understand the importance of restoration, what's going on with restoration, and how the youth might also understand the recovery of injured resources depends on how they behave and interact with those injured resources. This particular project, however, is one of those that has been objected to by Justice, as I understand it.

I have talked with Justice about this project, and, I guess, it's my feeling based on what I heard from Bill Brighton -- and I don't see Jean in the room ...

MS. WILLIAMS: I wish she were.

MR. AYERS: Yeah, so I don't want to represent Justice

in general, I specifically talked to Brighton. Their concern was that this project needed to be more specific along the lines that I'm talking about.

MS. WILLIAMS: I mean, what you just said was very compelling.

MR. AYERS: And that is exactly what I talked to them about. It is indicated -- that is a reflection of what is intended in part of this project with Justice, as I understand it, saying they accept that part of it, but they think that part ought to be the more elaborate part of this project, rather than just a general subsistence, elders/youth conference. I think we understand that.

MR. PENNOYER: You're differentiating this from general education projects, which, I know, a lot were discounted early on. This is not just a general education for the public, this is specific education relative to implementing restoration that (Indiscernible - simultaneous talking) might have to be done through management measures or something of that nature?

MR. AYERS: That's exactly right, Mr. Chairman, and one of the perfect examples of that, I think, is our discussion about harbor seals. What is -- what is going on with harbor seals, and how can we interact -- how can we provide information and provide for the opportunities for the local communities to interact with us with regard to the management of harbor seals, and in particular the knowledge about harbor seals needs to be shared with us and it can be very helpful in restoration, and youth need to understand what -- how management works and what is actually going

on with that injured resource. And, without that knowledge, that exchange of knowledge, we're going to continue to struggle with, at least with that particular interaction with that injured resource.

MR. PENNOYER: Mr. Ayers, why is that different from 95052 then, which is an outreach program to get more information about injured resources in communities?

MR. AYERS: What is intended, and you'll see a couple of other conferences in here, this -- this 95138 is a specific work session, let's call it, much like the other work sessions that we're talking about. This is a particular work session to allow communities to talk about the injured resources, for the elders to share information with us and to impart that knowledge with the youth about how they can help restoration. The other project 052 is an effort for us to extend that commitment throughout the communities and to continue to work with the communities with regard to restoration on an ongoing basis. One is a specific workshop, the other is a general outreach effort to keep the local communities involved in restoration.

MR. PENNOYER: Mr. Janik, do you have a comment?

MR. JANIK: No.

MR. PENNOYER: Is there any further discussions of this? Are there other discussions of the subsistence? Ms. Williams.

MS. WILLIAMS: So, Jim, will 95138 be modified to reflect what you said?

MR. AYERS: Yes, I think we need -- we've already been talking about that, and I don't -- do you have the -- I don't see

the recommendation. The recommendation says discussion of means to assist in the recovery of injured resource, and that -- that is the recommendation, to fund the project as revised and to focus on discussions on means to assist in the recovery of injured resources, and we need to -- probably need to do some further elaboration in the brief project description, but certainly when we do the detailed project description, that's exactly what that would do.

MR. PENNOYER: Are there further questions? Do I have a motion on subsistence for \$1,298.1 additional funding?

MR. TILLERY: I move to adopt.

MS. WILLIAMS: Second.

MR. PENNOYER: I have one more question before we vote on it. There is a program that Chenega -- Chinook release program. I know, salmon release programs have raised a lot of questions as to where we going to go with them, and we've got one thing, and we're going to do planning, and this is not -- we only funded that this one year. Can you elaborate on the rationale for this project, a little bit? How it relates to subsistence particularly, how it relates to services that might have been lost.

MR. AYERS: My sidekick and loyal companion has now educated me on this particular project.

MR. PENNOYER: That was quick. (Laughter)

MR. AYERS: Subsistence harvest in -- in most, or actually all Alaska Native villages, Prince William Sound, Lower Cook Inlet and the Kodiak Island, have dropped notably in the year

following. But, these particular, the effects of the spill remain in some of these communities, but the two Prince William Sound communities, Chenega Bay and Tatitlek have been the slowest to show signs of recovery of subsistence use patterns. The traditional harvest in these two communities, which are exclusively Prince William Sound, contains the largest number of resource populations, which were injured. In the year after the spill, the harvest in Chenega and Tatitlek fell at least sixty percent, and the range of subsistence resources use dropped by half. Unlike other spill area communities, there has been no increase in harvest levels during the second post year -- post spill year in Chenega Bay and Tatitlek. They remain abnormally low, and the -- I guess the important feature here without going on, but certainly we could go on, is that the diversity of resources used for subsistence remains unusually low in Chenega Bay and, on an average, households in this village used about nineteen kinds of wild foods per year before the spill. In '93, the average was below sixteen, and in particular, these projects are directed at Chenega and Tatitlek. They are designed to provide for subsistence opportunities primarily, to restore subsistence, and in particular to either phase out or become self-sustaining, at least economically self-sustaining efforts. It is not the intention that we would do these annually, indefinitely, but to provide for the subsistence resource recovery -- subsistence -- trying to avoid the word service, so that I don't ...

MR. TILLERY: You can use that.

MR. PENNOYER: As long as you're using a natural resource to restore that service.

MR. AYERS: This is actually -- I guess, as Molly points out, the word that would probably be most acceptable would be the word "replacement," and so, this satisfies -- this satisfies, we think, the concern about that this is a replacement resource for subsistence users and it satisfies what we thought was another concern by, in particular the Department of Justice, that we weren't engaging in a long-term commitment. This will become a self-sustaining project. Eventually, this project will be managed through the return.

MR. PENNOYER: The planting has already occurred for one year under previous funding?

MR. AYERS: The EA on Chenega has been completed, and I think it was a multiple year EA, which was a question that somebody had raised. There has not been an EA on the Tatitlek release, but it is proposed in that project that we complete a -- an environmental assessment prior to proceeding with the project. So, it would be like the previous projects we've discussed. There would be an EA completed, if that was completed satisfactory then we would proceed.

MR. PENNOYER: The only other comment I've heard is that we should, whenever possible, try and restore the injured resource rather than just substituting, and I guess in this case, we're saying that this is the best option to provide the service through, or replacement resource, and we haven't yet found out how to

restore the injured resources that they were depending on.

MR. AYERS: That's exactly right, Mr. Chairman, I think that is the issue. Pink salmon, herring and the harbor seals that are usual subsistence resources are injured resources in this particular case, and that those subsistence users, in fact, deserve, so to speak, a replacement resource, while those other injured resources are recovering. It is not reasonable to assume that they would wait for years while those other resources recovered before -- and then -- before they would actually be able to engage, or continue their subsistence way of life. This is replacement resource and it seems reasonable to me, and that's why we're recommending it.

MR. PENNOYER: Mr. Tillery.

MR. TILLERY: Mr. Chairman, the proposal for the Tatitlek coho, the lease -- which is listed 127, is just a NEPA compliance, which my suspicion is it could be done fairly quickly in light of the work that's already been done on Chenega. Is the plan to come back to the Council for funding this year before the summer plan?

MR. AYERS: Yes.

MR. TILLERY: Okay.

MR. AYERS: That's in our whole plan, yes. And, as we mentioned earlier, we don't think that -- we don't think finding a meeting time will be a problem.

MR. PENNOYER: Perhaps one last question before we finish this. Can you tell me what role octopus plays in subsistence

economies in these areas and for \$125,000 worth of survey effort.

MR. AYERS: Mr. Chairman, actually, we might put a -- Rita and Dr. Spies on the -- on the assignment here, but Rita do you want to just take crack at it -- and I -- Dr. Spies does have some information. In particular, Dr. Peterson has been -- has been pretty emphatic based on his personal view of this all along, but Rita why don't you ...

MS. RITA MIRAGLIA: I don't have percentages in front of me in terms of, you know, what percentage octopus has been in the diet, but I do know from spending quite a bit of time out in the Prince William Sound villages, from right -- you know, from 1990 on, people have been talking about octopus in the nearshore being gone, not even down, but gone, and that's been a consistent thing that people have reported over the years, and it's something that people are very concerned about. I don't think that octopus, per se, make a very large portion of the diet, it's an important -- it's important to people to have that. It's part of the diversity that they really enjoy, and their concerned about what it may mean, the fact that those octopus are no longer there, what it may mean for what's going on in that nearshore environment.

MR. PENNOYER: Further questions:

MR. JANIK: I have just one comment. Thank you, Mr. Chairman. I guess I feel obligated to make this comment, even though there was earlier discussion on project 95207, the Kodiak shoreline assessment. I think the discussion on purpose and need was very persuasive. A number of questions came up on the level of

funding associated with the project that \$447.8, and the answers were provided. Over lunch, as so often happens, though, I was approached by three people questioning that number and I'm just suggesting to both Dr. Spies and the Executive Director that to really look into that as you start getting closer to the actual planning of this and the detailed way, and make sure that all the existing data that already exists with regard to oiled beaches and so on, and some of the inventories that were done be well utilized, and if any cost savings can be realized from that, that obviously is something we should be disciplined and be doing. Just wanted to give that feedback.

MR. PENNOYER: Thank you. Mr. Ayers.

MR. AYERS: Mr. Chairman, one of the things that I mentioned in my earlier comments and perhaps it was -- I meant to -- some people said you constantly are sending this message about budgets that are not sustainable, and certainly this year exceeds that, and let me say that, I have not and cannot say that I -- I have all of the details of each of these budgets, but I can tell you that we've spent a lot of time on these budgets. Most of these budgets have been reduced. Earlier I -- someone pointed out that I said that I believe most of these budgets have a ninety percent credibility. I suspect that it is the case that most of these budgets fall within the category and -- and the comments by Mr. Janik could apply to almost any of these, that there has been -- they probably could be reduced. I don't know what the right amount is, I don't know that perhaps we shouldn't take ten percent out of

all budgets. I have a -- at the work of Tracy Cramer and additional staff, you know, we've been trying to go back and go through the details of the massive amounts of -- of bullets and boat charters, and boats, and lab equipment, and computers, now that was the basis of the earlier motion about equipment. In this particular project, it is the case that there's been a lot of research done on the shoreline. We talked to DEC about that, if you went back and looked at this original proposal, it was for some \$800,000. We reduced it to \$400,000. Certainly, there are people that approach me on this project, probably the same people that approach you and said you could do helicopters spotting and do some pilot or some sample work and get the same analysis. I don't know if that would satisfy the public's interest and actually working with some professionals in looking at these beaches. So, let me be crystal clear here. I do not recommend this project based on the fact that I believe that there's a good substantial basis, or scientific basis for saying that beach probably has oil on it. I'm suggesting that there might be oil on that beach, but perhaps just as importantly, the communities want to know that there isn't, and that it is more than just the issue of is there oil there or not, it is the issue of the communities want us to go look, and they want to participate in that looking, and that is why it's boat charters and a lot of travel. It's probably excessive with regard to a comparison to a helicopter spotting of is there oil, but it also is the case that this particular project has a commitment to the local communities to spend the money to involve the communities

and go in and looking at those beaches. So, there's two issues. One, is this specific project. This specific project is about having the communities involved and the issue of looking at the beaches. But, there's also the issue of how much did something cost, and that particular principle applies to all of these budgets. And so, I haven't got a recommendation that you reduce all budgets ten percent, but I don't know that it wouldn't be a reasonable thing to do.

MR. PENNOYER: You looking for a motion?

MR. AYERS: I'm just suggesting that -- I'm just suggesting that Mr. Janik raises two good points. One is specifically about this project, and the other is what is the right amount of funding?

MR. PENNOYER: Well, then specifically the follow-on question might be as you get the work plans are you intending to do any further cost savings or is this money, quote, a guaranty.

MR. AYERS: We intend to -- and many of -- and actually all these projects are subject to detail project descriptions which is what's in the general memo that you adopted, and we intend to work with -- and that is a lot of the discussion that's going on and around -- going on in the background. Yes, I intend to implement ...

MR. PENNOYER: So, we would expect none of them would go up, but some of them might go down?

MR. AYERS: I would expect most will go down some, and none will go up.

MR. PENNOYER: Thank you. Any further discussion on the subsistence package of proposals? Ms. Williams.

MS. WILLIAMS: Jeana with Justice was not in the beginning part of the conversation, and I just wanted to, not to reiterate, but to ask Jeana to meet with Jim. We had an extensive discussion, Jeana, on 95138, in particular, and came up with a modified focus, which you'll want to discuss with Jim, and that is the motion now on the table.

MR. PENNOYER: Okay. I forgot, do I have a motion? Okay, I have a motion for \$1298.1, and is there any objection to that motion? (No objection) Fine, thank you, it's passed. Turning two pages, two and a half pages ...

MR. AYERS: Mr. Chairman, to close out that previous comment, if I may, one of the things that we were just talking about that probably would be worthwhile, is to let people know that we expect that their brief project descriptions and budgets will come in with a ten percent reduction with -- with some sort of specific identification of what would happen if they were reduced ten percent.

MR. PENNOYER: Fine, thank you. Next category is other fish/shell fish projects. We've already authorized interim funding as \$365.9. The request is only \$53.7, under a large list of projects for a total of \$419.6. Do you want to take us through that?

MS. WILLIAMS: Mr. Chairman, did (indiscernible) make a motion on what Mr. Ayers just said?

MR. PENNOYER: Like what are you saying, this is an accepted procedure we've already adopted?

MR. AYERS: Mr. Chairman, I certainly would appreciate the motion.

MS. WILLIAMS: I think you need it.

MR. PENNOYER: Do I have the motion for ten percent reduction with the impacts noted to each project leader, request that they pass that.

MS. WILLIAMS: So moved.

MR. PENNOYER: Do I have a second? I didn't say we were going to adopt it. It says each project leader is suppose to come in and tell us what it would do their budget if we reduced it ten percent, and the you make a judgment of that. Correct?

MR. AYERS: That's correct.

MR. PENNOYER: You haven't asked them to reduce by ten percent. Mr. Tillery, question before you second.

MR. TILLERY: What is then ...

MR. PENNOYER: I don't have a second.

MR. TILLERY: What happens, the Executive Director would then decide whether to cut it ten percent or what? I don't understand -- to make it clear.

MR. PENNOYER: Whenever you go through a detailed project -- process anyhow, there is a possibility of projects being altered or reduced or something happening to them. Would you explain how that happens. Do you come back to us if you're going to make a significant change in the project.

MR. AYERS: My experience thus far is that, generally speaking, people do not come in and volunteer that there will be a reduction in their budget. However, during -- there have been cases where the detailed project description raises some questions by the peer reviewers about that project. It also has been the case that in a couple of cases, when it came in a detailed project description, issues like boat charters, for example, become a little clearer. It also raises the question about boat charters -- where boat charters are purchased but other boat charters are purchased and they purchase food and fuel and some of those things, and when ferreting out we take -- it's removed. In this particular case, I guess what's -- I don't guess -- what you would be doing is exactly as Mr. Tillery suggests, you would be authorizing Dr. Spies and I to look at those detailed project descriptions, and the detailed -- what ten percent would mean, and make a judgment call about whether or that it would -- it would be devastating to the project to have the ten percent removed. I suspect that the Washington Monument approach will come to play here, but I think it's a worthwhile task. The question is, I guess, before the Council is, do you want to delegate ten percent authority to Dr. Spies and I?

MR. TILLERY: Second.

MR. PENNOYER: You're seconding it? Okay. So, it might be ten percent, it might be less, it depends on what the (indiscernible - simultaneous talking).

MR. AYERS: I doubt that anyone would come forward and

say they could do their project, but ...

MR. PENNOYER: But, that you might choose more than that at some point. If it went beyond ten percent would you bring it back to the Council?

MR. AYERS: I would accept that, yes, that seems to be the prudent approach.

MR. PENNOYER: I don't know how this works exactly. Well, are there any objections?

MR. AYERS: I suspect there's a limit to the six (indiscernible).

MR. PENNOYER: Are there any objections to this proposal?

MR. ROSIER: I object.

MR. PENNOYER: Okay, is there any further discussion or modification of this proposal, or just leave it the way it is, come back with detailed project descriptions to review them and reduce if -- again, I am not sure I'm not sure I got an answer to the first question. They come in with a detailed project description, and you think they could get by with ten percent less money, what happens? Do you just do that, or does it come back to the Trustee Council?

MR. AYERS: No -- just far I think that most of the agencies and the contractors have made it clear that they don't think that I have that authority.

MR. PENNOYER: So, you would come back the Council, then?

MR. AYERS: They -- it is clear that I -- now, let's -- now -- (indiscernible) clear here. I do believe that it is

within the authority of the Executive Director to withhold the funds from being releases if they haven't satisfied the conditions of the project that you've approved. It's also the case that some projects have been, at least delayed, if they haven't been able -- if they don't submit detailed project descriptions that are satisfactory to the peer reviewers and the Chief Scientist.

MR. PENNOYER: So, again, absent this motion, you go through and review the detailed project descriptions, make your own judgment as to whether they get by some less money or not, and then you just hold the money out that you couldn't come to agreement with, and until you came back to us.

MR. AYERS: That's -- that's correct.

MR. PENNOYER: So, the only difference ...

MR. AYERS: We have not been able to do -- we do not have the authority to reduce ...

MR. PENNOYER: Okay, so the only real difference then, the motion would require project leaders to actually come and say what would happen to your projects if it was reduced ten percent. Other than that, it's the same, effect. Anybody have a substitute motion, or shall we just pass on from this. Okay, thank you. Other fish and shellfish projects, \$53.7.

DR. SPIES: Mr. Chairman. There's two projects that are being recommended here. First, is project 95139, which is wild -- funds to do -- carry out a wildstock supplementation workshop, and the issue that's being addressed here is that we're getting lots of projects for on the ground, hands-on, restoration for --for

restoration of wildstock of fish, and such activities include, channel clearance, transplantation, of smolts, stream side egg boxes and so on, and there's a variety of opinions in the biological community about the appropriateness biologically and genetically of some of these things, and there's also an issue of cost effectiveness of these types of approaches. So, we think it would be appropriate to hold a workshop with a small amount of funding here, \$750,000 through the Department of Fish & Game to get together and access the different types of things that are being proposed in this direct restoration of fisheries, and come to some common understanding so we can proceed with the policy for our future work with the Trustee Council, on this issue.

MR. PENNOYER: What's the other project?

DR. SPIES: The other project is the Montague Riparian rehabilitation project, 95139C1, it's for \$46.2. This is a continuation of work done in the past. There is a situation on Montague Island where there is a marsh area that's filled in over - - over the period that I think would be considered the replacement action, where we've gone in and removed some of the fill from the stream bed, rehabilitated the stream bed, and removed some of the vegetation, as I understand it, and there's a -- this is to complete the work and to continue monitoring the situation. It also includes a provision for money for the Forest Service to participate in the workshop mentioned above, that's in 95139.

MR. PENNOYER: Questions by the Trustee Council? Mr. Tillery.

MR. TILLERY: Do I understand that this -- it's going to take \$7500 for Fish & Game to put on and participate in a workshop and it's going to take \$7500 for the Forest Service to be there? Is that the same workshop?

DR. SPIES: Excellent question, Mr. Tillery, and I think the only ones that are going to attend it -- there are others, I think, there will be contributions certainly from the peer review side of the ledger here in terms of getting peer reviewers there and so forth. We have a representative from the Forest Service would might be able to answer Mr. Tillery's question.

MR. PENNOYER: Dr. Gibbons.

DR. GIBBONS: Yeah, Mr. Chair, the -- the recommendation was for a symposium or a workshop of \$15,000 to conduct for this -- for a workshop. We felt that we could take that money -- it was suppose to be chaired or headed by the Forest Service and Fish & Game. We said we would include that funding under our existing funding under the project for Montague Island. So, it's -- it's not for our participation, it's for our helping Fish & Game to conduct this workshop.

MR. PENNOYER: So, we just sort of moved it from one place to another (indiscernible - simultaneously talking).

DR. GIBBONS: Right. Instead of putting \$15,000 in 139 and then funding \$46.2 for Montague, we said we could do that both for the \$46.2.

MR. SANDOR: You save some \$500, you got a discount.

MR. PENNOYER: Bob, can you explain what a wildstock supplementation workshop differs from 093, which is wildstock supplementation in Prince William Sound on the pink salmon?

DR. SPIES: Well, I think that the -- the workshop would encompass some of the issues that are being proposed under 093, and that the peer reviewers have alerted us to potential -- some potential concerns there that we have to -- to work through, so I think this -- this would be an excellent forum to bring those issues forward that have been raised in the review of 093 and deal with it.

MR. PENNOYER: Would this be in time to assist in the planning of 093?

DR. SPIES: That particular point was brought up to my attention yesterday, and I think that we have not scheduled that workshop yet, and we would want to schedule that as soon as we can if the Trustee Council approves funding, so that can be taken into consideration in our planning.

MR. PENNOYER: Seems it would be a shame to plan 093 to hold the workshop and discover it didn't work.

DR. SPIES: Exactly.

MR. PENNOYER: Further discussion on \$53.7, do I have a motion on it.

MS. WILLIAMS: So moved.

MR. PENNOYER: No second, oh.

MR. JANIK: Second.

MR. PENNOYER: Moved and seconded we approve \$53.7 for

other fish/shellfish projects as outlined by Dr. Spies. Any objection? (No objection) Thank you. Next item is ...

MS. WILLIAMS: Mr. Chairman, I do have a substitute amendment to the previous item. Can I put that on the table now?

MR. PENNOYER: Sure, go ahead.

MS. WILLIAMS: Because I don't know whether Commissioner -- there were really two issues that were embodied in the first commitment, and that was, I think that we gave the Executive Director the authority to ask everyone to come in with a budget that justified 100 percent as opposed to 90 percent, or what would happen with that ten percent margin. And then, the second aspect of the motion that we give the Executive Director ten percent discretion. That Executive Director working with Dr. Spies and whomever else, has the discretion to cut budgets by as much as ten percent. Now, I -- I think both of those have merit, but the one that I am more interested in is the second aspect of it. Candidly, I think, all of us probably have some concern that in these budgets which we can not be intimately acquainted with, there might be some room for cutting, and I think fiscal prudence would warrant our giving the Executive Director as he and his staff go through and really roll up the sleeves on these budgets, some discretion to trim back, as trimming seemed appropriate. We put a lot of faith into our Executive Director and his staff, and I think that faith is warranted. I have been a past Executive Director in the past, that's the kind of authority that I would like to assure the Trustee Council really that we are being fiscally prudent. That in

the press of recommending and endorsing this many projects, we still have one further step to assure that these are very tight projects, and that if any cost savings can be generated with further scrutiny, they will be generated and implemented. So, with that background, I will have a revised motion which would cut out the first part, everyone has come in with revised budget or a justification budget, I can see how that is burdensome. Drop that, but just look at the second half, and that is I would move to give the Executive Director authority to go up to ten percent cuts to implement costs saving measures in the projects that we have heard.

MR. PENNOYER: Got a second? I have a mind it would be easier issue to do the first one. (Laughter)

MS. WILLIAMS: Well, I'm more interested in the second candidly. The first one, I mean if someone has a replace budget it wouldn't force them to go through that process. The second would give our Executive Director and his staff the authority to trim up to ten percent.

MR. PENNOYER: I don't hear a second. Thank you very much.

MS. WILLIAMS: You're welcome.

MR. PENNOYER: Okay, we're back to other bird projects and the amount that we approved already for the interim was \$132,000. The amount requested here is \$682.8 for a total of \$814.8. Dr. Spies or Mr. Ayers, do you want to take us through other bird projects. There are a lot of them.

DR. SPIES: About a half a dozen projects here that address birds that were injured by the spill, one way or another, and their monitoring and restoration activities. 95091 (95021) is a project to look at seasonally use and pelagic habitat use by common murrelets from the Barren Islands. 95029 is population survey of bald eagles to check the population status. There's a -- the reviewers' comments small chance to a loss of productivity could have been detectible -- at what had occurred in 1989 could be detectible now, and so we want to check and make sure that we've got a stable and possibly growing population of bald eagles, and this would be the recommended final survey for bald eagles after the spill. 95031 would be a -- is a study of reproductive success of murrelets. This is very challenging as originally proposed for about \$400,000. We're suggesting on the basis of a peer review that a pilot study be done to demonstrate that the things that the investigators are attempting to do can be carried out successfully, and that pilot study would be for about \$250,000. 95039 is common murre productivity study, there's interim funding, and it's recommended for \$30K and the idea here would be to try to integrate some of the questions with common murrelets with the -- with the changing scope of the forage fish, bird group of projects. 95041 is a -- is ...

MR. AYERS: Bob -- Dr. Spies, Mr. Chairman, I think before we do that -- I apologize. What did you say about the status of marbled murrelets?

DR. SPIES: That question was asked by Commissioner

Sandor yesterday, and marbled murrelets were definitely injured by the spill. We do not have reliable -- that was not a measurable population. In other words, you go out and survey marbled murrelets, they -- you will not see it show up in the numbers. We know large numbers are killed. They're difficult -- they're a fluctuating population, and they're difficult to count and the -- the numbers are fairly variable from survey to survey. Does that answer your question?

MR. AYERS: Well, I thought that's what you said yesterday, and somebody asked me just to follow-up, if I might, Mr. Chairman, because we've had that conversation a couple of times and I -- and I guess, I think the public is interested. I mean, there have been conversations about marbled murrelets as well as the common murre and we'll get to harlequin ducks, and I know you're going to talk about harlequin ducks separately, but in particular I think it is important to note that the public knows that there were a number of marbled murrelets, at least carcasses found. There was some injury.

DR. SPIES: Yeah, there was probably several thousand marbled murrelets in Prince William Sound alone that were killed by the spill.

MR. AYERS: And yet -- we've not been able to ascertain exactly what that injury is and whether they're recovering. Is that correct?

DR. SPIES: That's -- that's correct.

MR. AYERS: And I just say that for the record.

DR. SPIES: But we can -- I think -- to amend my comment just slightly, I think we have very good estimates based on modeling and carcass recovery kind of data, that is actually go out and count birds and see the impact we didn't really detect then.

MR. AYERS: So -- and I just was saying that because that is one of the cases where the public has interest, it's gotten some publicity, it's a bird now that people have become familiar with and are interested in knowing what the status is, and I guess what we're saying is, it's a very complicated question. There were hundreds, thousands that actually died. We know that they're an injured resource. The recovery is in questions, and this particular discussion talks about the pilot project and starting to look at whether -- whether or not we can actually -- the effectiveness of that.

DR. SPIES: Well, we spent quite a bit of money in the last couple of years looking at habitat of marbled murrelets, and this is an attempt to get at some of the other aspects of its biology, particularly the reproduction success, and it raises questions that are allied to the questions raised during -- by the people that are concerned about the forage fish base and the effect of that forage fish base on other seabirds.

MR. AYERS: And the common murre? Did you talk about the common murre, and I ...

DR. SPIES: Yeah, the -- we've done a lot of work on common murre. Surveyed over the last four years by the Trustee Council of funding, and my original recommendation was to skip a

year in the absence of, you know, stringent scientific evidence that -- that we actually need to go out in 1995 and do it again. The thinking here is that if we're looking at a long recovery period, which most of the reviewers say that we could be ten, fifteen or twenty or even beyond that in terms of recovery. Why are we doing it every year, and that questions has been raised many times in the past. And, based on that I had originally thought we didn't -- wouldn't need to do those particular kinds of surveys, but since this is also a bird that is linked to the forage fish base that I think that bringing that aspect of it into it at this next year would be certainly useful to do, so the small amount of money, the \$30K that you had recommended seemed appropriate to make those links with the forage fish projects.

MR. AYERS: Mr. Chairman, if I could -- just go on (indiscernible) for another minute because we also are going to talk about pigeon guillemots at some point, in particular, it's my understanding that actually these seabirds, and there are a number of questions about the recovery, but it is the case that some of the scientists also think that those seabirds are also a reflection of what's happening within the system. Because, and I think it was the satellite time space of a particular common murre that was incredible of the amount of territory, was it common murre?

MR. ERIC MYERS: I think it's the telemetry of the common murre.

MR. AYERS: Yeah, that showed the incredible area that the murre covers and that there is some discussion of the

importance of understanding what's going on with them because they are reflective of what's going on throughout the system, and their health is becoming -- and I'm trying to avoid using the word indicator, Dr. Spies because I think we're not ready to say that, is that correct?

DR. SPIES: It's kind of like recovery, different meanings to different people.

MR. AYERS: But, I just wanted to note that there are a number of scientists who believe that this effort is important and I guess that's all we -- up to that discussion, which I know there's a lot of questions on the issue of a symposium, but there are a lot of questions regarding the approach to the -- the seabird issue and in particular the common murre and the -- and the marbled murrelet, and there are a lot of questions that we do not have answers for. So, and yet the public continues to ask us numerous questions about those particular species.

MR. PENNOYER: Okay.

DR. SPIES: The fifth project is 95041, which is the -- continue to work on Shumigan Islands for removal of introduced predators such as foxes, and these are funding to do follow up surveys. 95427 the harlequin duck recovery monitoring. We've -- this is to do a spring population composition and a summer birding survey in 1995. The projections here that -- by the Department of Fish & Game biologist is that we may need to do this in '95, '98 and possibly the year 2001, so they're trying to project a reasonable schedule for harlequin duck -- the recovery monitoring

surveys. And that is the -- that's the package for the birds.

MR. PENNOYER: Thank you, further questions on other bird projects?

MS. WILLIAMS: Move to adopt.

UNKNOWN: Second.

MR. PENNOYER: It's been moved and seconded to adopt the other bird projects \$682.8, is there further discussion? Is there any objection? Being no objection the amount of \$682.8 for other bird projects is approved. Next item on the list is River otter monitoring (indiscernible) I notice the recommendation is for zero. Would you -- Dr. Spies you wish to elaborate?

DR. SPIES: Well, it was felt that the -- while there certainly is some indications that river otters were injured by the spill, and they are of continued concern, that other projects had perhaps higher priority here, and the -- we haven't brought a closure as well to all the river otter final reports, so we're going to go forward to you with a recommendation that we perhaps consider this some other time.

MR. PENNOYER: Do I have a motion? Do I need a motion. I don't need a motion. Is there any objection to going onto the next category? Thank you. Oil toxicity project. We've funded \$252.3, the request is for \$496.8 additional.

DR. SPIES: Mr. Chairman, there are three projects here, 95026, which is hydrocarbon monitoring and integration of microbial and chemical sediment data, and this is to take past the data that was gathered, chemical data and microbiological data,

which, we think, are very -- very -- key to understanding the actual distribution of oil after the spill. We've got the database -- this is not to gather new data, but to integrate that data that's already available in the NOAA hydrocarbon data base and also the extensive work done at the University of Alaska on the distribution of hydrocarbon degrading microbes. So, this is a project to integrate the hydrocarbon data with the microbial data and complete that picture of contamination.

MR. PENNOYER: Sounds like we'd better acquire that piece of habitat quick. (Laughter) Go ahead.

DR. SPIES: It's kind of a boring accompaniment, isn't it. 95090, the mussel bed restoration and monitoring in Prince William Sound and Gulf of Alaska. Oiled mussel beds are a continuing concern and there have been some clean-up efforts in the past year or two. After evaluation of the technologies, we think we have some methods that work, and this is to -- to do follow up monitoring and follow up clean up work, in this project, for \$278,000. 95290, hydrocarbon data analysis, interpretation and database maintenance for restoration and NRDA environmental samples associated with the Exxon Valdez oil spill. This is a project that -- is a -- been very helpful to me, and it's a continuing -- it's continuing maintenance of the database, provides continuing detailed interpretation of the hydrocarbon data that's being gathered in this whole process and a highly recommended project. And that's the extent of our recommendations in this category, Mr. Chairman.

MR. PENNOYER: Are there further questions on this suite of projects. Do I have a motion on the \$496.8?

MR. ROSIER: So moved.

MR. JANIK: So moved.

MR. PENNOYER: You both moved -- is that clear -- way to move and second, I'll take it as such, okay. It's been moved and seconded that we approve oil toxicity projects in the amount of \$496.8 for FY '95. Is there any objection to the motion? Hearing none, it is approved. Next suite of projects is called reducing marine pollution. We funded \$232.2 of interim funding, the request is for \$284.5, Dr. Spies.

DR. SPIES: Yes, the project -- the one project in this category that you'll be addressing is then the Sound waste management plan. This, as we heard in the public testimony yesterday, the goal of this project is to -- is to develop a Sound waste management program so that the -- during the recovery period and the restoration period, that we don't have -- we can minimize the amount of contamination that's going into the marine environment. The total requested here is \$284,000, as you noted.

MR. PENNOYER: Dr. Spies, for the record, could you tell me what a Sound waste management plan is?

DR. SPIES: This is a -- as I understand that a community -- between community effort to try to identify the sources of contamination and ways of dealing with them, and forming a plan between all the different communities, I think mostly in Prince William Sound.

MR. AYERS: Mr. Chairman, the project is like a -- a project that was a pilot project that was conducted actually in the Southeast at one time. It turned out to be a very successful project in removing primarily waste, toxics from the streams. In particular we know that the -- many of the species are still subject to waste effluent that's entering those streams further exacerbating injuries. This project is an integrated community effort. This is to develop a plan, an integrated community effort of how to keep that waste from entering the streams. In fact, developing a -- a stream of those toxics and that waste away from our anadromous streams.

MR. PENNOYER: Mr. Ayers then, once the plan is developed, who funds it? Does it have an outcome, or do we just have a -- what is the projected outcome of the development of such a plan?

MR. AYERS: We might want Bob Loeffler to join us. He's been working with the communities on this project. It certainly my view that -- that the communities -- our effort is to develop a tool of how to develop a program of how to remove those wastes from the streams and have the communities take over that project. I don't know what the ...

MR. BOB LOEFFLER: (From audience) That's correct, the vast majority were being funded through other federal and state and local programs. It is possible, depending on the outcome of the plan that something may come before the Trustee Council in succeeding years at some point, but by -- we're certain that the

vast majority would be funded through normal state and federal (indiscernible).

MR. PENNOYER: (Excuse me - coughing) Any further questions on this project? Do I have a motion for the \$284.5?

MS. WILLIAMS: Move to adopt.

MR. PENNOYER: Do I have a second?

MR. TILLERY: Second.

MR. PENNOYER: Is there any objection of the funding of this project? Hearing no objection, the project is funded to \$284,500. Next suite of projects are archeological projects. Dr. Spies.

DR. SPIES: Yes, there's two projects for your consideration, Mr. Chairman, 95007A, archaeological site restoration index monitoring. This project would develop index sites for continual monitoring in the future for vandalism, which is one of the major problems that we're trying to address in the restoration phase with regard to archaeological resources. The second project, 95007B, archaeological site restoration, the funding for a restoration of the last identified site with severe damage, and the amount being requested here is \$83.8.

MR. PENNOYER: Questions of Dr. Spies? Bob, what does, the hundred and fifty is to -- a placeholder until you have the session with peer reviewers or is it -- how do you envision what that means?

DR. SPIES: I think that's essentially correct. We felt that the -- that the remaining requests in the second column

of \$194 was a little bit high, perhaps and that we would look at some reduction of that being developed before the detailed project description is submitted, and we would bring peer review into that process as well.

MR. PENNOYER: And this peer session review and project development would occur in time for this next season then, presumably?

DR. SPIES: I hope so, but I think it would follow along with the development of the detailed project description in the next several months.

MR. PENNOYER: Further discussion of the archaeological projects. Do I have a motion?

MR. JANIK: So moved.

MR. PENNOYER: Second, somebody second it?

MR. TILLERY: Second.

MR. PENNOYER: Mr. Tillery, further discussion.

MR. TILLERY: My understanding is somewhat different on the index site monitoring. I was under the impression that the \$150,000, there actually was a plan to go -- at this point of how to go forward with that amount of money. Is that incorrect?

DR. SPIES: We were suggesting a reduction of this amount that we -- that it would be incorporated in the detailed project description. I hope my previous comments weren't misleading in that respect.

MR. TILLERY: But, will you reduce it from 194 to 150?

DR. SPIES: That's what we're suggesting, right, my

recommendation.

MR. TILLERY: I guess my understanding was at this point there was a plan of how to go forward with -- at the 150 level, is that correct? I guess I'm wondering what is this further setting?

MR. AYERS: Mr. Chairman, Mr. Tillery. There were a number of things about this project that led us to believe, including the discussion with the peer reviewers, that led us to believe that what needed to happen was the involved agencies, which includes the Forest Service and DNR, needed to sit down and talk about what the long-term plan was for this, and in particular to develop a compilation of the data, and actually, I think there's -- is there four participating agencies? There's three or four different agencies that are ...

MS. GILBERT: DNR

(Indiscernible - simultaneous talking out of range of microphone.)

MR. AYERS: Interior, also. But, to come to some -- but to develop a plan of how to involve the communities and to try to focus a coordinated effort, or perhaps a better coordinated effort, that would involve the communities in identifying the site, getting that coordinated, and then developing a process would involve the community of some site monitoring, as opposed to what -- what was originally proposed in this, which was a variety, and I want to be careful here because part of it is that we're funding different agencies, archaeologist, depending on the management regime of that particular archaeological site. And then we're

funding a variety of some \$13,000 or \$14,000 worth of trips and then different curation efforts. So, what we think is for a \$150,000, that they can devise a site monitoring master program, that would involve the local communities and reduce the long-term budget. This is one thing that apparently is going to go on indefinitely, and it seemed that we ought to have a -- have a master plan, so to speak of managing of archaeological sites with the communities. Is there a \$150,000 plan? I think the answer is -- there isn't one written, but there can be.

MR. PENNOYER: Mr. Tillery, did that answer your question?

MR. TILLERY: I think so.

MR. PENNOYER: That's why I asked you. I wasn't sure.

MR. AYERS: Molly's just saying and Katheryn or Dave , if ...

DR. GIBBONS: DNR has the lead on this project, Veronica might want ...

MR. AYERS: Do you want to join us Veronica?

MR. VERONICA GILBERT: May I join you from here.

MR. AYERS: Please do, no problem.

MS. GILBERT: DNR and the different agencies, DOI as well as the Forest Service, have gotten together subsequent to Jim's proposed recommendation of a reduction from 194 to 150, and they have developed the proposal which is to take the original plan of monitoring eight sites this year, and instead monitor six sites, that would account for the reduction cost. There would be the four

index monitoring sites which would give us some discipline over time to keep going back to site periodically, as well as two additional sites, which would be -- be proposed from communities in terms of their areas of local concern. So, the agencies have gotten together, they've figured out how they could do it very efficiently, but still has to be done to implement the recommendation is to work with communities and also to work with the peer reviewer and to have a one-on-one discussion with them, much as has been done for the pink salmon resource as well as herring, and so you can develop a long-term plan. But, we know how to spend \$150,000.

MR. PENNOYER: Further discussions?

MR. TILLERY: One more.

MR. PENNOYER: Mr. Tillery.

MR. TILLERY: On the other project it talked about funding for restoration of the last identified site with severe damage. What does that mean, the last identified? Have we taken care of the rest of them? Or, is that just the (indiscernible - simultaneous talking).

MR. PENNOYER: Dr. Gibbons.

DR. GIBBONS: Mr. Chair. During the process of response, we identified, I believe nineteen sites that were injured by either oil cleaners or oil. In the past the Trustee Council has funded clean-up or rehab of these sites, and I believe eighteen of them are done. This is the last one that needs to be restored in - in some manner, either recovered and put in a museum, or

stabilized and left in place.

MR. TILLERY: This will be the last time that we see this.

DR. GIBBONS: This is SEW, it's a lamp oil site if you want to know which site it was.

MR. PENNOYER: Okay. Mr. Rosier.

MR. ROSIER: My question was on 07A, in regard to the sites, are these sites that we're talking about here, are they are private lands, are they on Forest Service lands, whose lands are all of these sites on.

DR. GIBBONS: Mr. Chair, during the damage assessment on archaeological resources, we did not do any work on private lands. So, this is all publicly owned sites.

MR. PENNOYER: Any further questions on the archaeological projects. Do I have a motion for the \$233.8?

MR. JANIK: Yes, so moved.

MR. PENNOYER: Second.

MR. ROSIER: Second.

MR. PENNOYER: Thank you. It's been moved and seconded, is there any further discussion? Are there any objections to the approval of the \$233.8 for archaeological projects. Hearing none, the \$233.8 is approved for FY '95. Next suite of projects is called recreation projects. We have interim funding approved so far is zero, the request is \$851.8. Who would care to talk about this project?

MR. AYERS: Mr. Chairman, I'll be happy to lead off.

The Fleming Spit recreation area enhancement project to me was a project that seemed to have merit particularly with regard to recreation. This project has been discussed with the Department of Justice. I think that perhaps my comments in my recommendation, which is that Department of Justice objected to the initial response and that our revised proposal is designed to address Justice's objection. I guess -- I would want to say that I don't want that to be misleading. I do not think that there's a way for me to describe this project in a way, at this time, that would be acceptable. I think there's going to have to be further discussion among the attorneys about the question of recreational project or recreational enhancement of this nature, and it certainly is not, at this point, something that I can say I'm able to resolve.

MS. WILLIAMS: Mr. Chairman.

MR. PENNOYER: Ms. Williams.

MS. WILLIAMS: I am extremely pleased that we were able to get through as many projects as we have, and the spending that we have, and one thing some of thought about beforehand is that we'd have a basket B to put projects that really need some additional work before the Trustee Council could vote on them. We have made it all the way to page, wherever we are, without a basket B entry, but I would move that this be a basket B entry. I would ask that staff and the attorneys and the proposers work harder on this and hopefully come to an agreement and bring this back to us in our late November, early December meeting.

MR. ROSIER: Second.

MR. PENNOYER: It's been moved and seconded, is there further discussion of that proposal? Is there any objection to that proposal. Hearing none, this project is postponed until the December meeting, while people have time to work on it and see if it can be modified to meet various rejections. The next project is habitat protection/acquisition. Did I miss one? I missed miscellaneous research projects, but it says zero. Anybody want to argue about that? Okay, we'll pass. Next one is prehistoric ecological baseline -- how did I ever miss that one. That's the last one of those research projects. I said how did I ever miss it, I'd like to discuss that one. I'd -- I'd like to know what it is -- never mind, you can talk -- I'll talk to you later. Habitat protection acquisition, we funded \$770.2 interim funding, the request for \$786.3. Who wants to talk about that?

MR. AYERS: Mr. Chairman, I'll talk about this particular aspect. I don't see anybody from the Habitat Working Group, but somebody might give Mark or Art a call, they won't want to miss this. The -- this is a suite of projects all related to habitat protection and acquisition. In particular, this suite of projects has a variety of issues, but the variety of issues seems to be different depending on which project, so let's take them one at a time. The assistance to private landowners is at the request of a majority of the PAG. This project originated from discussion with some of the PAG members who felt like we ought to provide some sort of assistance to private landowners in particular that are working with the timber industry and harvesting trees on private

land. We might be able to assist them in what kind of efforts they might implement that would -- that would enhance the restoration of the injured resources, and this included helping them identify migration corridors of various species nesting areas, actions that could be taken with regard to nesting areas, including perhaps where they ought to build bird boxes for certain species of birds.

It also, if we had recommendations about -- how they might better -- I don't want to say restore or reacclimate, but how they might better implement their harvest activities so as to mitigate any harm to anadromous streams, and then to work with them, in fact identifying projects that they might want to bring before the Council. Now, the latter part of that, I'm not necessarily thrilled about, I'm not sure that we ought to be out farming for projects at this time. But, the previous idea that we work with private landowners in helping them identify the injured resource on their property and how they might mitigate any kind of harm to those injured resources is essentially what this projects about.

MR. PENNOYER: Mr. Janik.

MR. JANIK: Question, maybe a comment, just for concurrence. I've discussed this project with a number of folks. My main interest was the tone of what it is this assistance would amount to, and I've been assured that the tone is to assist willing landowners who come forward saying they want to engage in this kind of effort with no implications whatsoever of the state and/or federal government imposing instructions or expectations of them in that kind of sense, and I think that's a very critical part of the

expectations here, as we are assisting private landowners as they come forward voluntarily wanting to engage in that kind of a relationship.

MR. PENNOYER: Do we want to treat this one at a time, or do we want to go through the whole list. They're quite different.

MR. AYERS: They're quite different, Mr. Chairman.

MR. PENNOYER: If that's true, let's treat them one at a time.

MR. JANIK: Do I have concurrence on that? Basically, what I have said is that the implication?

MR. AYERS: That's my expectation, and I don't know that anyone has anything different. Dave, I don't -- Dave actually has helped us put this project together, and I don't know, Dave, if you want to comment.

DR. GIBBONS: Mr. Chairman, yeah, basically that is the correct tone. It's not unwilling landowners at all. It's aimed at -- perhaps a better title might be is helping restore public resources on private land. And, that's -- that's the real key. There's injured public resources that don't see any boundaries between public land and private land, and this is to help the -- the private landowner in -- in working with the restoration of some of those resources, that's the intent.

MR. PENNOYER: One of the -- I'm sorry, Ms. Williams.

MS. WILLIAMS: Go ahead.

MR. PENNOYER: One of the questions we've had from legal counsel is the -- whether the Trustee Council is going to get

embroiled in disputes between regulatory agencies and the private landowners, since this is occurring on private lands, and how much further liability and contentious issues we'll get into by sponsoring this project and participating. And, I'd ask for a comment on that, and secondarily, exactly what are we buying for this -- people, concrete, whatever -- two questions?

MR. AYERS: Mr. Chairman. Let's take them in reverse order because I can answer the second question easier than I can the first. This essentially buys the assistance of three part-time people from the respective agencies that would be involved in the project. You will note that the recommendation is that they would for the purposes of this project report to the Executive Director's office, which I also think is important, and that's another small feature for those who are concerned that the Executive Director is gobbling up either territory or responsibility, either of which I can -- use interested in -- it is the case that my view is that, that is what will occur here. I believe that if people are going to work on this project, they ought to report to this -- on this effort that they ought to be responsible to the Executive Director's office, particularly since the Council's going to fund this activity. It is three part-time people that have the backgrounds from the agencies, from the respective agencies, to review projects or to work with willing landowners, and let me also point out that this project actually was supported by not only some landowners and the PAG, but actually the industry who has contracts with those private landowners as well.

DR. GIBBONS: If I may add, yes, we -- it also provides for a workshop with the landowners. On an information transfer on needs for -- of the species for their habitat needs and those types of things, and so its an information transfer built into this also.

The people that would be involved -- at least from the Forest Service have -- have not been determined yet, it's as needed. If you need somebody with a timber background, they may go there. If you need somebody with a fisheries biologist background, then they may be involved. It's an assistance.

MR. PENNOYER: Somebody answer the first part of the question now, question of liability to the Trustee Council in getting embroiled in disputes between regulatory agencies and private landowners.

MR. AYERS: Mr. Chairman, that has been -- that's been the issue since this project was first mentioned. We're all familiar with the difficulty that those who were involved in the timber industry have in both the state and federal level. There is a Forest Service Practices Act of the state, there are numerous federal regulations, and it certainly is not my view that we ought to engage in the activity or even in that particular aspect of it.

Those regulations are set. This is simply having to do with injured resources and providing recommendations to the landowners if they solicit information about what they could do different with regard to those injured resources, not getting into the discussion of management plans and some of those other things.

DR. GIBBONS: Mr. Chair, it's not the intent to design

timber sales or anything else for the landowners. This is (indiscernible - out of microphone range).

MS. WILLIAMS: Mr. Chairman.

MR. PENNOYER: Ms. Williams.

MS. WILLIAMS: My first question, perhaps my only question was partially answered by Jim, but I would like a little more elaboration, and that is the issue of demand for these services. I think some concern that the Department of Justice has expressed is, it's not clear where the demand is, who -- who would use this, what area would effect what injured resources, it might benefit, and so forth. So, if you could elaborate in more detail who has expressed a strong interest in this effort.

DR. GIBBONS: Mr. Chair, I know John Sturgeon from Koncor has directly contacted me personally, as well as Kim Benton who represents the forest products industry, the consultant for them here in Anchorage, has also been involved with the project, and if I recall we have a letter from the state Trustees as of March of this year recommending the project also. So, we've got -- you know, there's support from the private industry for this. We're not out trying to sell it.

MR. PENNOYER: Commissioner Rosier.

MR. ROSIER: This project, and now we're talking about structuring it, bothers me a little bit, and no reflection on the Executive Director on this, but it seems to me when you start talking about three bodies that are apparently temporaries, as I understand it ...

MR. AYERS: Part-time, we would pay some portion of their ...

MR. ROSIER: ... part-time people here on this, I'm not sure where you're going to find the people that can in fact have the expertise without coming back to the agencies and using the divisions and the personnel and the expertise within that. You know, I would much rather -- much prefer to see this thing as a lead agency thing for the coordination either by the Forest Service or whoever here on this, and these people then, you know, are assigned to the agencies and see if the demand is there for their use, and then bring it up to the Executive Director, myself. I -- I think that makes a great deal more sense in terms of making all of the -- all of the agency capabilities available to the project, quite frankly.

MR. PENNOYER: Mr. Janik.

MR. JANIK: Thank you, Mr. Chair, an associated commented on that, I think Dave Gibbons touched on it. I would envision this working, in fact, as a called for a number of disciplines on occasion. He mentioned fish bios, foresters, whomever, and I think what this will do along the lines you're suggesting Mr. Commissioner is, if we did have this in fact coordinated among the agencies, with the assistance of the Executive Director, and again, don't take that personal, but it would fit some of our other cooperative programs we already have in motion, and this would empower us to simply have the resources to provide that additional help to those private landowners. I think

that's a good observation, and maybe we should consider that as an expectation.

MR. PENNOYER: Jim, do you think with the discussion of the voluntary nature of the assistance and everything, we have overcome the concern of, particularly legal counsel, have very strong recommendation against getting embroiled in some type of potential dispute between private landowners and the regulatory agencies. Do you think we've avoided all of that by the way you structured this?

MR. AYERS: Well, I think in answering that question I can answer one of the concerns. I agree with Commissioner Rosier and also Mr. Janik that this is an issue for the agency. Since it was a Council activity, I wanted to be sure that we weren't building expectations out in the world some place and there are several things that have happened to us recently where we got ourselves involved in situations and we built expectations, and what we did was sent somebody out, and what then what happened was we got a big list of projects back, and I didn't want to build different expectations in different places was the reason that I was recommending that it be controlled out of our office. We were clear about what the expectation was. I don't know if you're going to be able to clarify -- we need to clarify what the expectation is. My view is, is that if this is the approach we're taking, then we ought to say that what we're going to do is provide up to \$50,000 for each of the respective agencies, and that for questions with regard to landowner assistance, we would then provide -- we

would send them off to -- to DNR or Department of Fish & Game or the Forest Service, and they would make a determination about what they thought was appropriate in that regard to provide that assistance, and we would simply supplement what they are doing, so to speak, as related to injured resources, and some sort of discussion about what their activity is, and if we're going to do it that way, that we simply provide those fundings for those agencies, they manage it, they figure it out, they work together, but with the understanding that that what they are not doing is representing the Council in those activities and building expectations they're suppose to go develop, you know, projects or - - or work plans, nor are they going to represent the Council in getting involved in the Forest Practices Act, or a timber sale by the Chugach National Forest.

MR. PENNOYER: Commissioner Rosier.

MR. ROSIER: You know, just following on what you're saying and -- it appears to me, you know, that the agencies would actually act in kind of a screening process here really, in terms of whether the project would, in fact, not whether they would come forward, I think that's anybody's prerogative to bring a project forward. But, at least if there's some way of working out something with the landowner on this, at least he has got the opportunity, in fact, bring a project forward, that is, at least, reasonably sound in terms of whatever the issues may be, the expertise, or having the benefit of funding a project from the expertise of the individual agencies. So, I don't think we're out

there to build expectations, we have more projects now than we can in fact fund. I think that's -- that's kind of the key.

MR. PENNOYER: I'm not -- still not sure where we are on this in terms of avoiding getting ourselves embroiled. Right now, it looks like we're funding advice, but that's all the expectation we're putting forward, but I'm not clear on that. Do we want to develop this further and come back and put this one as well in the early December basket, and have a presentation on it.

MS. WILLIAMS: Yes.

MR. PENNOYER: Is there a consensus on that?

MR. JANIK: Yes, if I made one additional comment, I think we do have to have some type of coordination responsibility with the Executive Director, and I would like us to give that some thought too. Even though I'm in full favor of what Commissioner Rosier has suggested as far as the agencies having lead.

MR. PENNOYER: Okay, then I hear consensus that we will take this up again in early December, or whenever the next meeting is to -- and review a more flushed out project along the lines we have discussed. Thank you. The next project on the list is spruce bark beetle infestation impacts on injured Fish & Wildlife Species of the Exxon Valdez oil spill. Who wants to do spruce bark.

MR. AYERS: I can do it briefly, Mr. Chairman. There continue to be discussions, there was also a letter sent to the state Trustees to me and to -- and I think that the federal Trustees were copied, continue to be interested in proposals with regard to spruce bark beetle. This project is to satisfy, what I

think, what has been an ongoing question about what is out there with regard to spruce bark beetles. It's been represented at a -- different things have been represented to the Council at different meetings by different parties, some of which are not -- are lay people, not professionals in the field. We're suggesting that in this particular case, we spend some amount of money, I don't know if it's \$5,000 or \$25,000, and actually do a literature search and compile a report to the Council, if it's appropriate regarding spruce bark beetles. It may be that the U.S. Forest Service or DNR already have a project like that underway, and if so, we may not need to do that, but this was to provide a literature search, and it did, like I say, at one point I know Commissioner Sandor was interested, Mark may want to speak to that particular interest, but that's what this project is designed to do, is to compile all the information in one place, and if it already exists, perhaps we don't need to this. If one of the agencies has it going, that would be fine, or if they don't and the agency, DNR, Forest Service, thinks this is a reasonable thing to do, we put it out for an RFP and have somebody write their thesis on spruce bark beetle.

MR. BRODERSON: Mr. Chairman.

MR. PENNOYER: Mr. Broderon.

MR. BRODERSON: I should talk to this one for just a moment I guess. Basically, I think you can categorize habitat protection activities into three broad categories too, which we've just now sort of dealt with. One of which is buying private land or getting easements on private land, protect it that way. Another

one is assisting private landowners to restore the natural resources on their land, and the third one is through change in management practices on existing public lands. Commissioner Sandor has spoken to this several times in the past. That's what this one is primarily aimed at, is that there is an awful lot of public land now that has spruce bark beetle infestation or appears to be subject to it in the near future, and that there really has been quite a bit of discussion in the past about what are the effects of this, and there's been no real resolution of it, and this is an attempt to find out, cheaply, what is known in the literature on this particular insect as to what are it's effects and what can be done about it, and get that compiled and to the agencies that have to do the management of these public lands. It's primarily habitat protection project.

MR. PENNOYER: And, it is a reduction from the original \$200,000 request down to a literature search for \$26.8, and any further decision will be based on the results of that literature research, I presume.

MR. BRODERSON: Yes.

MR. JANIK: Mr. Chairman.

MR. PENNOYER: Mr. Janik.

MR. JANIK: I certainly want to endorse that point of view of the extensiveness of this problem and its implications are far-reaching, and this would be a small price to pay for additional (indiscernible) and how to address this restoration context.

MR. PENNOYER: Do I have a motion on the \$26.8?

MR. JANIK: Yes.

MR. PENNOYER: Second.

MR. ROSIER: Second.

MR. PENNOYER: One last question, then -- once literature search is done, who tells us all what it all means? You don't buy that for the \$26.8, I suppose.

MR. BRODERSON: Mr. Chairman, I would assume that this would go to the land management agencies that have responsibility in this area, primarily the Forest Service and DNR, and we would then look to them for further guidance on where the Council might want to go with this.

MR. PENNOYER: Thank you. Commissioner Rosier.

MR. ROSIER: Thank you, Mr. Chair. I would like to offer that my habitat sections is -- I think already has a fairly substantial document in this particular area, and we'd be glad to make it available. I don't know to whoever, for whatever purpose here on this.

MR. BRODERSON: Thank you.

MR. PENNOYER: Further discussion on the \$26.8. Is there any objection to provision of that amount of money? \$26.8 is therefore provided for a spruce bark beetle infestation literature search. Next ...

MR. AYERS: Mr. Chairman, next item that actually is recommended for funding is project 95126. Now, this particular project now includes a variety of support services. We need to -- we need to further scrutinize the budget, we need to sit down

actually with the agencies, and in particular sit down -- need to sit down with Dr. Gibbons and also the representatives of the Habitat Working Group. This effort now provides support for the habitat acquisition effort. It also -- and that includes continuing to provide support as we continue through the small parcel effort, as well as some of the large parcel effort, for example the Tatitlek effort recently expanded, and it's being scored some of those additional efforts, and there was some amendments that were included to the comprehensive habitat analysis based on that. That kind of work would continue, and I think it's three months for each of the Habitat Working Group -- is that right -- and 126 now, as well as some support with regard to appraisal efforts. So this project is now a mix of the support for the habitat acquisition efforts. We don't know -- I don't know if it's a half a million that we need, or a million, or \$250,000 at this point, but based on all of the information that we have today, it looks as though half a million dollars would be -- would take us through all of the things that we know are currently on the table.

(Indiscernible - aside question by Mr. Pennoyer)

MR. AYERS: Because the agencies do their project of what they need to carry out the functions that we described and in some cases, I guess they have formula with regard to the personnel costs and then the support service, and then, of course, there's general administration that is an interest ...

MR. PENNOYER: That was a semi-facetious question, but all right. Any further question on this item?

MR. AYERS: Good question though.

DR. GIBBONS: Mr. Chair, if I can clarify a little bit about the appraisals. There's \$80,000 placeholder in here for small parcel appraisals, and it's purely a guess. We don't know how many small parcels are going forward, you know, how many you'll authorize, but there's \$80,000 in here to conduct those small parcel appraisals. So, just clarification.

MR. PENNOYER: Mr. Tillery.

MR. TILLERY: When does the interim funding leave off in terms of the calendar, and when does this new one pick up?

MR. AYERS: The -- what we ask people to do with regard to the interim funding was the first quarter. So, in fact the interim funding in this particular case, I think provided -- I don't have the interim funding budget -- in front -- but in this particular case, for example, it provided some support, and I think, was it three months, Mark, do you recall?

MR. MARK KUWADA: Yeah, I think we had three months of interim and I think this funding starts January first.

MR. AYERS: So, this would begin -- so the first three months, October, November, December, were in the interim funding, then this would go, January, February, March, as the completion.

MR. PENNOYER: But the money didn't go away, I mean, it carries over. If you have interim funding it doesn't get cut off and be zeroed out, it's available to you.

MR. AYERS: It's available and that's the other part, and that's what the recommendation notes is that we're -- we don't

know -- there's also '94 monies that have not been expended that were associated with 126, we need to go back and look at. So, there's one -- there's '94 monies with regard to 126, you funded interim funding, and now this is -- this is funding for an additional three months as far as personnel is concerned and in support services as Dave indicates for appraisal services.

MR. PENNOYER: Mr. Tillery.

MR. TILLERY: I certainly understand the need for the appraisals, they were going to continue on into the summer if not the millennium. The -- however, I guess -- I understand the large parcel analysis is over, I don't believe we have anymore, unless something else shows up, but if it does it's going to be on a highly intermittent basis. The small parcel analysis, I thought I heard yesterday, was going to be completed before January first. I guess, what I'm wondering is, why do we have funding for continued parcel analysis in the next quarter.

MR. AYERS: I think other than the small parcel and some of those -- with regard to the large parcels, it is the case that some of those -- some issues like the Tatitlek issue have come up. It's also the case that we have asked questions, although they did -- Habitat Working Group didn't do a complete analysis. We asked them to give us their best analysis on a particular proposal, but I think that by enlarge you're correct. The comprehensive habitat analysis evaluation and ranking of large parcels for -- is complete -- is essentially complete and the small parcel, it is anticipated to be complete by January. So, I don't know that

there's any reason that we need to fund the additional three months, unless we anticipate having some additional changes in the large parcels that will need to be analyzed. But, it would only be on an intermittent basis. Whether we could solicit that through the agencies, I guess is a question for the agencies.

MR. KUWADA: But, we're available for negotiations support, if the negotiators need a specific evaluation, that's what we would do. Less than fee evaluations, boundary adjustments, repackaging different -- different parcels to assist with negotiations, that's really what the function ...

MR. TILLERY: Mr. Chairman, Mr. Ayers, do you anticipate that as being sort of a full-time job, or is that something that one would just go and borrow somebody from the agency? I just haven't seen that as being a major event in the past.

MR. AYERS: Mr. Chairman, Mr. Tillery. If the small parcels are completed by January, I think that we -- we can significantly reduce this budget, and I see no need except on an on-call basis for the agency services. The question is, is whether or not the agencies have other work, so to speak -- I mean, do they have personnel available for that intermittent effort, but I think that essentially you're correct, that by January we ought to be able to simply have funds set aside for an intermittent request for assistance and ought not to continue the project as it's laid out.

MR. PENNOYER: This is, in essence a placeholder, in a way, is it not (indiscernible - simultaneous talking).

MR. AYERS: That's right, but the question is -- and

the question is, is it too large of a placeholder, and the answer is yes, and that's the reason it says we need to scrutinize the budget and come to some understanding with the agencies about when those personnel need to be brought back into their agencies and reassigned. And then, that we may need their help on occasion.

MR. PENNOYER: Mr. Broderon.

MR. BRODERSON: I was wondering if perhaps we should put this one off for consideration until December 2nd and request the Executive Director to give us a price on it without further habitat protection support -- or further Habitat Work Group supported.

MR. PENNOYER: Is that acceptable with everybody. Okay, we'll defer action then on this proposal until the December 2nd ...

MR. AYERS: Is that a specific assignment?

MR. TILLERY: This isn't -- this wouldn't -- there is still enough money for appraisals, right, and there is enough money go through?

MS. WILLIAMS: This is for Juneau (indiscernible)

MR. KUWADA: Right, there is plenty of that.

MR. AYERS: Yes, we're still in interim funding and there is also a significant amount of money for a placeholder, for appraisals and we still have some money left over from the original appraisal, from the '94.

MR. PENNOYER: Mr. Janik.

MR. JANIK: If I understood you correctly, Dave, the money you mentioned for appraisals, this particular project does

involve large parcel, at all?

DR. GIBBONS: That's correct. This has always targeted the small parcel appraisal.

MR. PENNOYER: So, we're all right. Mr. Broderon.

MR. BRODERSON: Would it be reasonable to request the Executive Director to check with the other agencies to make sure that intermittent services are available, and how ...

MR. AYERS: Sure, I'll do that.

MR. PENNOYER: Start the process again, and report that back at the December meeting (indiscernible).

MR. BRODERSON: We'd also have a better idea of how far along we'd gotten in negotiation process by then and the need.

MR. PENNOYER: Okay.

MS. WILLIAMS: Perhaps, since we have established that this justifies to small parcel appraisal, one thing we probably will want to do is take a quick look before we all leave at where we are in terms of money for large parcel appraisal -- double check with Forest Service on -- on the status quo.

MR. PENNOYER: Before we leave here?

MR. WILLIAMS: I just want to get through the Work Plan, I think I would like to have confidence that we have enough money.

MR. PENNOYER: Okay, so if agencies get done, they could make a report at the end of the Work Plan on that? Did very good on the next half hour probably, hopefully. Okay, so we've deferred action on 95126 until the December meeting, pending a report from the Executive Director. Next project.

MR. AYERS: Mr. Chairman, the next project is a project that raises the issue of precedent with regard to the acquisition of properties and some interim management support to provide for that transition. This particular is the Afognak Island State Park interim work. This is the Seal Bay property, and the proposal is from DNR that the project that's included here, is actually two pieces. One would be to provide funds for park management, develop a management plan, and to transfer that protection during a two year phase to them. The other part, is as noted, is to go in and deal with the -- the issue that was discussed with the woman from Kodiak yesterday, and I can't recall her name, who lives in the area who talked about the fact that there is roads -- that there are roads through the property, and that unless somebody does something, that it will probably be significant -- significant long time before there's any natural overgrowth of that road, and that it continues to be a problem. The Department of Natural Resources has requested that -- that the Trustee Council provide some interim funding to phase in the management of this, and to do so by putting overburden on that road, and doing some efforts to have that area become -- that road are returned to a more natural state and to develop, as I point out, the management plan. We've recommended \$25,000 to develop the management plan. We'd probably recommend another \$25,000 next year, but it is the case, this raises the question of shall we -- shall we get in the situation of recommending funds. Do you want to see us look at these lands, determine what's necessary to put

them in a restoration character, and should the Council be funding that transition, for management and any activity that would ...

MR. PENNOYER: Mr. Ayers, that's two rather separate pieces you're bringing before us that don't necessarily have anything to do with each other.

MR. AYERS: I think the first principle involved is -- the first principle is, is the Council going to get involved in a transitional nature of the lands acquired.

MR. PENNOYER: That's the first question?

MR. AYERS: Yea. There are two parts then to that question, one is to develop a management plan for that area by the respective agency, and the second is, general restoration efforts on that property.

MR. PENNOYER: Want to take the first question first, the one you recommended \$25,000 for, deal with that to start with. Discussions, questions by the Trustee Council member? Mr. Rosier.

MR. ROSIER: Thank you, Mr. Chairman. Well I say for \$25,000 we can designate this as a refuge and we won't have to go through that step.

(Laughter)

MR. PENNOYER: Well, seriously I thought when we first ...

MR. TILLERY: Can I?

MR. PENNOYER: Mr. Tillery, go ahead.

MR. TILLERY: I guess what I understood this \$25,000 to do was the State Park System has this park, it was created, they've

agreed to take it, they've agreed to manage it, but state parks in Alaska have been cut severely over the past few years, to the point where they primarily fund themselves out of revenue producing projects, either through public use cabins or they use a lot of volunteers, and so forth and so on. Having this given to them, they are not at this point, it is not in their budget, it's not in their planning, they don't have anything sewed up. We hope through the criminal -- through some of the criminal funds to be able to do some things like public use cabins. It may provide the kind of revenue and justification for rangers and so forth in there in the future. But, I believe the thought behind this was that in the transitional period, until those can come on line that it would be appropriate to provide some kind of operational support.

MR. PENNOYER: Ms. Williams.

MS. WILLIAMS: Mr. Chairman, Trustee Council. I believe this is a very difficult precedent, and I don't think I'm prepared to step into this precedent. I think Mr. Tillery did point to, in his discussion, really an alternative logical source of funds, and that is the state criminal monies -- state criminal restitution money.

MR. PENNOYER: Mr. Tillery.

MR. TILLERY: There is nothing in the state criminal appropriation that could be legally used for this purpose. The state criminal monies could be used for an improvement, such as public use cabin, that would down the road generate funds that could be used for this purpose, but the state criminal monies are

themselves not a source for this. Just as a matter of law, an appropriation law.

MR. WILLIAMS: But if we change those, with the next legislature. (Laughter)

MR. PENNOYER: I guess I'm troubled by what I thought was the agreement when we originally started buying land and assigning it to people who were going to manage it and when they took that obligation, I thought that they took the obligation and the management of that land, too, and I'm not -- unless I'm -- unless I'm mistaken in exactly -- implications that might have gone along with that. I'm -- all of us are suffering budget cut -- I'm not managing land, so why am I saying this. All of us are suffering budget cuts and lost positions, and any new obligation have to be looked at very, very carefully. But, we're getting things from the North Pacific Council all the time that you have to really think twice about whether you're going them on even if they're worthwhile. So, I think this goes against the spirit of that agreement, and I -- I'd have to be convinced it didn't to vote for it. Any further motion on this item? Let's discuss the overburden and that -- as a separate item. But, on the first part, the actual development of management plan and management of the land. Is there any further discussion on that item? Is there any motion? Hearing no motion that part would fail. The discussion of the overburden, and we want to do that, we did hear the public testimony, we've heard briefly part of a presentation. I don't know, Mr. Broderson do you want to elaborate on the presentation as

the need for this type of an approach and how we might get to it?

MR. BRODERSON: Mr. Chairman, during discussion on purchasing of these lands, there was quite a bit of discussion at the Council level and staff level as to what would be done with logging roads on this parcel. To the best of my knowledge, this is the only parcel that we have purchased or are contemplating purchases that actually has logging roads on it. There's, I believe sixteen miles of road on it, the method on Afognak of building these roads is that they scrape off the overburden down to I believe it's shale or slate, I forget which one, but it basically does not support much in the way of regrowth without putting the overburden back on the roads again. I have to admit a certain lack of knowledge on the dollar amount here. Is it two hundred ...

MS. GILBERT: (from audience) \$270,000

MR. BRODERSON: \$270,000 to replace the overburden on nine miles worth of the road. I believe the intent is to make trails out of a lot of these and -- but not leave them as roads so that there would still be access into the park, but not access so much that the area would be subject to -- the resources that we're trying to protect would be subject to over use.

MR. PENNOYER: Why wasn't the road maker required to restore it to some natural -- semblance of natural habitat.

MR. BRODERSON: The logging contractor is required to put the roads to bed, which in large part means preventing erosion, removing culverts, which I believe has been done. But, that does require the contractor to put the overburden back on top of the

roads. In Southeast, those of us who lived down there are familiar with this, we'd think that the alder should come in in a couple of years regardless that on Afognak that doesn't seem to be the case from what I'm told. I have not actually gone out and stomped the ground to look for myself, but I'm -- I'm told that roads can be seen years, and years later because the alder does not grow back onto these because of the lack of soil.

MR. ROSIER: Mr. Chairman.

MR. PENNOYER: Yeah.

MR. ROSIER: Is -- thank you, Mr. Chairman. Is all of this on the land that we've purchased, all of the road is on that land?

MR. PENNOYER: It is -- the -- we view improvements to the land we bought in a same fashion we view development of management plans and "management." There's two questions, one is, is this project worthwhile, and how do we develop cost estimate, what are you going to do, and the other one is related to the first question we answered, which is, is this part of the obligation of the managing entity, or do we do further program and project -- or if we wanted to go in and put a fish ladder in, for example. That wouldn't seem to me to be the obligation of the agency that agreed to management or the entity that agreed to manage the land. It would be a further improvement to the property. I'm a little hung on this. I don't -- I don't know what the cost is yet, or exactly how you do it. I haven't seen the project description, but do we -- do we feel differently about improvements, even if they're just

really re-improving the way it used to be, than we feel about things like general management?

MR. TILLERY: I think what you're saying is it's not an improvement; it is restoration, in the pure sense of the word. There are two parts of this. I gather its -- its to put the overburden back, and at the same time, sort of create a trail. The trail part, which really is just not putting the overburden back, so it would be an improvement. By putting the overburden back, it's just really allowing this thing to come back. It's also a way of protecting the resource by preventing use of it by sort of larger vehicles and so forth. They do have access from part of the road system is still connected on (indiscernible - simultaneous talking).

MR. PENNOYER: So it's different than the general management consideration.

MR. TILLERY: In my view it is different ...

MR. PENNOYER: I just wondered ...

MR. TILLERY: It is, and I guess I would correct one more thing, I believe. This may not be the only place where this comes up with respect to Tatitlek, if we were able to negotiate some acquisition in the Two Moon Bay area, the Trustee Council may want to -- there have been reports of severe erosion in that area, the Trustee Council may want to consider doing something there that would -- that would help to preserve the land sort of for the very reasons that we're buying it, to support restoration goals.

MR. PENNOYER:ER Would we be interested in seeing a

project

of this nature developed and brought back to us at this December meeting, with a dollar amount on it and a peer review as to the value of doing it. Mr. Janik.

MR. JANIK: Mr. Chairman, there is an existing project that had this portion on it, although I'm sure DNR would be glad to expand upon that.

MS. GILBERT: (From audience) May I elaborate from here, Mr. Chairman?

MR. PENNOYER: Go ahead.

MS. GILBERT: The proposal that was submitted and there is a project description was the 309.5 and that included 20,000 for the interim management which is part of the proposal that was rejected. The remaining part of the project, the description has been developed and the estimate is \$270,000 to contract to have the overburden moved back onto the logging road, and with general administration that would bring the total project cost to approximately \$290,000, and there is a project description, I think available. We have made available.

MR. BRODERSON: We have made it available, it's in their brief project description packet.

MS. WILLIAMS: And, just because I can't get to it as quickly as you, Jim, and representative from DNR, my -- the analysis I'm reading for Justice talked about the following parts of the project, and maybe all of them fell off, except the restoration of the road, but talked about visitation of the park by seasonal staff, development of a land use and management plan,

identification of cabin sites, sensitive to injured resources, monitoring of public use, then development of road to trail conversion plan, and the redistribution of -- they have things beyond it. Did you -- were you -- were those other things still in the two hundred and some odd thousand?

MS. GILBERT: The items you mentioned that were objectionable to Department of Justice were in the \$20,000 for management. That's the part you've already rejected. It's the fourth item you mentioned, which is restoration of the roads themselves, restoring habitat -- for habitat of those roads that is part of the project that still seems to be alive and would cost around \$220,000.

MR. WILLIAMS: That's all that's in the ...

MS. GILBERT: And that would be entirely a contract we have restoration work.

MR. PENNOYER: Mr. Janik.

MR. JANIK: Mr. Chairman, I think a number of questions have been raised that ring of precedent setting, and I do think we do need a little time to discuss this and look at it and would suggest we add this to the hopper.

MR. PENNOYER: Is there an objection to that process? (No objection) Thank you. We would then delay it to decision and discussion at our next meeting and would hope that the project description again gets circulated adequately and perhaps relationship to injured resources that would be benefitted by carry out this project are highlighted. Okay, I think that finishes,

certainly you got one more, go ahead.

MR. AYERS: Just a point of clarification, about the question that you would like to bring back before you has to do with the overburden issue.

MR. PENNOYER: Yes.

MR. AYERS: Period.

MR. PENNOYER: Period, correct.

MR. AYERS: Yes, good.

MR. PENNOYER: You have one more project, I believe, under this category that you're recommending for funding?

MR. AYERS: The data analysis for stream habitat is a project to improve the existing data base, and it's my understanding that actually this project is a Forest Service project, but the information that's gathered rolls in to the anadromous stream catalog, and this project provides for an aerial identification of the characteristics of stream which provide a basis on judging two things, one, both the productivity -- or the potential productivity of the stream, and also the spawning capability and support capability of that particular steam. I don't know, Dave, if you want to add anything to that or not, or if you think that's ...

DR. GIBBONS: (Indiscernible).

MR. AYERS: Okay.

MR. PENNOYER: Any further questions on the project 95505B, for \$17,200, do I have a motion?

MS. WILLIAMS: Motion to approve.

MR. ROSIER: Second.

MR. PENNOYER: Is there any objection? Hearing no objection then this is funded for \$70,000. Next item is administration/science management/public information. Now, previously designated as interim funding is \$3,992,000, an additional request of \$286.9 is before us for a total of \$4,208.9. Jim.

MR. AYERS: Yes, Mr. Chairman, and I to assume that the -- was there action taken on the previous item, items one by one, which were ...

MR. PENNOYER: Yes they were.

MR. AYERS: ... an you have that.

MR. PENNOYER: Motions were done one by one or they were deferred.

MR. AYERS: ... and you have that. Right. We have that because those will be separated in -- okay. The meeting notes you will want for the December 2nd meeting when you bring the others back. This particular category or cluster, Mr. Chairman, there are two projects, one is the information management system, and that is the project 95089 that we separated and did not ask -- and asked you not to fund as a matter of interim project, but it is -- it is the effort to develop an information management plan and then the beginning of the development of an interactive computer program. This is a two part project. One is to develop overall information management system plan, so that we can actually begin to integrate all the various pieces of information that are coming

into the system, to provide the public better access to what's occurring, to provide scientists more readily accessible information, and also to provide PI's and others the ability to quickly access the information regarding their projects in the area in which they are working. The inter-active portion of this project is to improve upon our ability to provide the public with information about what's occurring in this ecosystem. We currently do that through the library at a very elaborate, high cost process, and it's our view that we can develop an inter-active computer program system that gives a quick overview, user-friendly overview of the ecosystem, of the resources, and could be updated annually so that the public could actually have a point and click access to what's happening with the Exxon Valdez Oil Spill Trustee Council efforts, and in particular some information about the status of these resources. The other project -- do you want to take these ...

MR. PENNOYER: No, go ahead and do it all.

MR. AYERS: The other projects, and I don't know if you have the breakout of the \$68.9. I mentioned back on our -- during our meeting of October -- or August 23rd that there were some oversights on my part. This particular funding is for \$68.9, and it corrects the oversight. United States Forest Service at \$27.9, and then ADNR, Department of Natural Resources, \$41,000, and as I say, those were oversights on my part when we submitted the August 23rd budget.

MR. PENNOYER: Any questions on these projects? Do I

have a motion for the \$286.9. Dies for lack of motion.

MR. BRODERSON: Motion for approval.

MR. JANIK: Seconded.

MR. PENNOYER: It's been moved and seconded that we approve \$286.9 for administration, science management and public information, these two projects. Is there any objection to the motion? No objection it is so accomplished. Next item is the Institute of Marine Sciences. We sort of did quite a bit on that yesterday, I think, so that's recommended zero, do I hear any objection to it staying at zero? Thank you.

MR. PENNOYER: The last is the restoration reserve for \$12 million. And, who wants to talk about that?

MR. AYERS: Mr. Chairman, I'd like to speak to that.

MR. PENNOYER: Not proportionately to the rest of it though, please. (Laughter)

MR. AYERS: The number of digits does not necessarily require a direct proportional presentation.

MR. PENNOYER: Thank you.

MR. AYERS: This particular proposal has been discussed. It is identified and discussed in the Restoration Plan.

There are two points that I wanted to make about this particular item. Dr. Spies and the peer reviewers, and the PIs and others, have discussed as we've gone through the review and the status of the various injured resources, that recovery in many instances is going to be some twenty to thirty years. In addition to that, the Council has talked about the importance of an ecosystem approach

would certainly, is a long term effort. It's important for us to realize, and as Senator Sturgulewski pointed out yesterday, that this -- that this provides, hopefully, at some point, a reserve of some \$100 million to perhaps a \$120 million that would generate an \$8 to 10 million annual research and restoration capability that would be ongoing after the Exxon Valdez payments have ceased. The second point that I want to make is that as the Restoration Plan indicates and as we've discussed as we've gone along and developed this, that the goal -- and as we discussed with the investment officer, the goal is to have a reserve of some \$100 million to \$120 million by the time we get to the year 2002, so that we can sustain the long-term research and restoration that's necessary. It is the case as it is discussed in the Restoration Plan that the amount that actually would be deposited, would vary based on the other demands for restoration annually, and I think it's important to note that the goal was to have the 100 and 120, but there very well may be some years we cannot deposit the total \$12 million. This particular year, it is our recommendation because of the cash flow and the cash available, that we fund \$12 million, that the long-term goal is to get to the \$100 to \$120, but I certainly think that that figure may vary, so above \$12 million and below \$12 million over the next five years, depending on what the restoration needs are. I just wanted to be clear on the record that's what the Restoration Plan says, and that's what's indicated here.

MR. PENNOYER: Could you refresh my memory as to the reserve purpose there for -- stated purpose was to just give us the

flexibility in the future to do whatever type of restoration was required. Is that correct?

MR. AYERS: That's correct.

MR. PENNOYER: Includes research and monitoring, and land acquisition, whatever it happened to be ...

MR. AYERS: Any of those restoration efforts which are consistent with the court decree that these funds would be available to address those issues in the future, and that this reserve could be dealt with by whoever those six Trustees are, and depending on what the need of restoration is at the time, and let - let me also say that it's also been indicated from members of the public, their view is that they hoped that we would -- we would begin to think about it in terms of a long-term, perhaps even indefinite reserve capability, so that the earnings of those reserved is what would be spent towards restoration efforts, with a focus on the spill area, or the northern gulf. But, it also has been discussed, others have -- certainly propose that it ought to be a declining reserve, which means that you would continue to fund it, perhaps to \$10 million or \$12 million that would be -- that would actually be based on -- above you would spend more than the earnings, which would have it decline for fifteen years. So, that you could have a higher level of spending from 2002 to 2010, but it would exhaust that reserve at the end of the year 2010 or 2015.

MR. PENNOYER: But, both the configurations and the utilization of these funds is still left for further decisions from the studies we're doing, from the science plan we're going to do,

for all of that. So, we're not in anyway precluding our goal to use these funds.

MR. AYERS: That's correct. That there is no decision today to preclude opportunities in the year 2002.

MR. PENNOYER: I guess it's open. Mr. Tillery.

MR. TILLERY: There has been no, Mr. Ayers, there's been no Council resolution that defines the reserve, has there?

MR. AYERS: No, not that -- there's been no resolution that defines the reserve. There's been discussion, and there is certainly language in the Restoration Plan that discusses the reserve. The restoration -- the ROD discusses the reserve, but there is no -- there has been no definitive resolution by the Council to define the long-term purpose of the reserve, but simply to establish the reserve.

MR. TILLERY: It is my recollection, Mr. Chairman, that the Public Advisory Group was presented with a draft resolution for the reserve, was that suggested that it was the purpose of the reserve that it be used for research monitoring and associated general restoration activities, but that ultimately, if the Council determined that it was needed for other lawful purposes, that that could occur, and that is as close as I'm aware of anything that to date has defined the reserve.

MR. PENNOYER: Ms. Williams.

MS. WILLIAMS: Mr. Chairman, I would move that we approve the \$12 million investment into the reserve consist with the language contained in the Restoration Plan and Record of Decision.

MR. ROSIER: Second.

MR. PENNOYER: It's been moved and seconded that we approve the \$12 million to the restoration reserve, consistent with the -- for use to be consistent with the Restoration Plan. Presumably it would have to be to be used legally because the Plan is subject to the Decree. So, it's been moved and seconded. Is there any further discussion? Is there any objection?

MR. TILLERY: I object.

MR. PENNOYER: Okay, we don't do the \$12 million. Is there a way to re-do this or are we just going to -- bring it up in December again, does this go in the hip box or is it just dropped?

MR. TILLERY: Perhaps ...

MR. PENNOYER: There's a lot of public anticipation that we're going to set something aside for future years, research, or whatever, since we don't know what our plan is at this time.

MR. TILLERY: It seems to me that maybe it would be useful to come back to this in December and try to come -- at the same time -- I think we tried this last year, actually, to have a resolution that defines the purpose of the reserve and how it's going to be used and the intent of the Council, and so forth.

MR. PENNOYER: I guess, the only question I have about doing that is since we're creating a reserve because we don't know what we want to do, how do we specifically preclude legal restoration purposes, in some way or (indiscernible).

MR. TILLERY: Not -- you don't -- you cannot preclude legal restoration purposes. It's really a question of just

establishing what the Council's intent or purpose is, this Council's intent and purpose. Nothing would ever preclude ultimately any future Council would do.

MR. PENNOYER: Well, I don't know if there's any option but to bring it back in December, anyhow. So, is that -- does the group agree to bring it back and revisit it at the December meeting.

MR. ROSIER: I would so move.

MR. PENNOYER: I guess it could take a motion, do I have a second? (Mr. Janik seconds the motion) Got a second. Is there any objection to reconsidering it with the concept Mr. Tillery brought in, which is attempting to deal with a resolution of the purpose of this reserve fund.

MS. WILLIAMS: I would disagree with that, and so I will object to the motion. I am happy to revisit this in December, but I disagree with Mr. Tillery's motion that we attempt to preclude or define in any way how the Trustee Council of 2001 is going to use this money. I am certainly not omniscient enough to know or to suggest to them, or be presumptuous enough to suggest to them, how they should use that fund other than for the legal purposes set forth in the court decree.

MR. PENNOYER: It could be what the resolution said, I suppose, but -- okay, so we have an objection to this motion then.

MS. WILLIAMS: I move to bring this forward at our December meeting.

MR. PENNOYER: Can we simply move to bring the topic back

up at the December meeting and see if we can, and resolve it at that time? Is that acceptable?

MR. TILLERY: Second.

MR. PENNOYER: Do I hear any objections to that procedure. All right, that's what we'll do then. Are there further items on the '95 budget, Mr. Executive Director. The appropriate answer is no.

MR. AYERS: No.

MR. PENNOYER: We have another topic before us certainly, and we had a couple of other things we might talk about, but one we need to solidify is the time of the next meeting, the fact we're going to have one and anything about the content of that meeting. Mr. Executive Director, are you proposing a date for the next meeting of this Trustee Council?

MR. AYERS: Mr. Chairman, we would proposed December the 2nd, depending on the availability of the respective members, and perhaps this is a good time to do so, since we also would like to -- there's a couple more items of business to come before us, but if you have your calendars, that would be helpful.

MS. WILLIAMS: Mr. Chairman.

MR. PENNOYER: Yes.

MS. WILLIAMS: My only concern with that is whether -- we have quite a few things that I think are scheduled to be discussed December 2nd, including the outline of the science policy and so forth -- or the outline of a process to develop a science policy. The question is whether we can anticipate that it will be all done

in one day, or whether we ought to schedule a day and a half.

MR. PENNOYER: I'd like to anticipate that we'd be done in one day. (Laughter)

MS. WILLIAMS: I would like the Executive Director to think about that.

MR. AYERS: Well, does that mean that there would be a different day than December 2nd, or that there might be an additional day with December 2nd.

MS. WILLIAMS: Additional day.

MR. AYERS: So, December 2nd is the day that we're recommending, and we're recommending also that it would be in Juneau, and be in Juneau for a couple of reasons. One that the weather conditions are such that the probability with all due respect, five to one, that the members would be present.

MS. WILLIAMS: No two. Four to two.

MR. AYERS: That's right -- excuse me -- four to two, I'm sorry. Anyway, we would recommend that it be December 2nd and possibly the 3rd and that it would be in Juneau.

MR. PENNOYER: December 2nd is Friday, December 3 is Saturday, and I start a North Pacific Council meeting up here the following week, so ...

MR. AYERS: I suspect we can get it all accomplished in one day, Mr. Chairman.

MR. PENNOYER: I suspect you could if you started early that one day, but if we wait and do this 10:00 type business, will guaranty you'd be stretch in three days.

MR. AYERS: It means that those traveling from the north to the south would have to come in the previous night.

MR. PENNOYER: Either direction, we

MR. AYERS: Or, depends on whether they're coming from the north or the east or the south.

MR. PENNOYER: Either direction we go, east, south, north or west, I suggest we start to get in the previous night and start early the first morning.

MR. AYERS: Okay, so do you propose that we start at 8:30 a.m. on the morning of December 2nd.

MR. PENNOYER: Wonderful.

MR. AYERS: So, we'll put an agenda together to include the hopper that's now been developed, this science policy outline, and the other items that were identified yesterday in the resolution, including the potential Koniag resolution, Chenega, Afognak and others that may be before the Council, that were discussed yesterday.

MR. PENNOYER: Mr. Ayers.

MR. AYERS: Yes, sir.

MR. PENNOYER: Please sign these resolutions. Okay, are we done?

MR. AYERS: No, Mr. Chairman, as soon as you sign those.

MR. PENNOYER: Sign them first before we're done? That I can do quickly.

MR. AYERS: Yes.

MS. WILLIAMS: Can we -- we were going to, also Mr. Chairman, have a very quick update on funds available for large parcel acquisition. That's the only thing I'm interested in discussing with respect to large -- I mean appraisals, excuse me -- that's the only thing I'm interested in discussing with respect to large parcel appraisals, but just an update on funds available.

MR. PENNOYER: Okay, you want to do the funds available, first?

MR. AYERS: Yes, Dave if you'd help us down here, that would be great. While he's ...

MR. PENNOYER: Waiting for us ...

MR. AYERS: No, Mr. Chairman, Dr. Gibbons had to get some of his notes to respond to the question asked by Ms. Williams. As a great legislator once said, never pass up the opportunity to sit down and shut up.

DR. GIBBONS: Mr. Chairman -- slide this a little closer -- I believe Trustee Council member Janik passed out a status report yesterday or the day before to the Trustee Council, and if you want to follow along with me and turn to attachment G, I'll try to walk through where we are. I might just -- do you want this real short or you want this real long?

MS. WILLIAMS: Real short.

MR. TILLERY: Mr. Chairman, can I just clarify that all we're asking is whether there's sufficient funds available for appraisals through the December.

DR. GIBBONS: There is.

UNKNOWN: Semi-yes and no.

MR. TILLERY: That was good, that's it, that's okay.

(Laughter)

MR. AYERS: Who has those resolutions?

MR. PENNOYER: Mr. Tillery, we thank you.

MR. AYERS: Who has the resolution? Oh, I thought the Chairman was going to read it. Someone should actually recognize them.

MR. PENNOYER: What are we doing.

UNKNOWN: MR. Chairman, I have the letter I mentioned to you earlier, also.

MR. PENNOYER: Do you want to give me the letter?

(Long Pause)

MR. PENNOYER: I have here three resolutions from the Trustee Council recognizing the excellent work the staff has done in preparing the documents that were before us at this meeting, and particularly the EIS, ROD on the Restoration Plan, and the IMS facility, and the resolutions I will read you. I think I can read you one, and then give you the names, it says: Whereas, Sandy Rabinowitch has served as a representative of the Department of Interior, the National Park Service, in planning restoration of the resources and services injured by Exxon Valdez oil spill since 1990; and Whereas, Mr. Rabinowitch has made significant contributions to the development of the comprehensive balanced approach to restoration adopted by the Trustees to the Restoration Plan; and Whereas, Mr. Rabinowitch has been diligent in his efforts

to advance meaningful public involvement in the Trustee Council process; and Whereas, Mr. Rabinowitch has given it his time, energy and his talents in the efforts to aid recovery and restoration of the resources and the services in the areas affected by the Exxon Valdez oil spill. Therefore, be it resolved that the Exxon Valdez Oil Spill Trustee Council recommends that Mr. Rabinowitch for the excellence of his performance and extends appreciation for his efforts on behalf of the injured resources. And before we conclude that, the -- similar resolution for Nancy Swanton, difference in the fact that it talks about the process of compliance of NEPA, for the proposed Institute of Marine Science infrastructure improvements in Seward, to filing a notice of intent identifying the scope of issues to be addressed, developing a draft environmental impact statement concerning, conducting public meetings and taking public comment on the document and addressing those comments in preparation of a final EIS and Record of Decision. Whereas, Ms. Swanton served as a focal point for total coordination of the EIS process and accomplished all of these objectives within extremely limited time schedule; and Whereas Ms. Swanton gave of her time, energy and talents in the efforts that aid recovery and restoration of the resources and services in areas affected by the Exxon Valdez oil spill. Therefore, be it resolved that the Exxon Valdez Oil Spill Trustee Council commends Mr. Swanton for the excellence of her performance and extends appreciation for her efforts on behalf of the injured resources. The third resolution is: Whereas, Rod Kuhn has served the Exxon

Valdez Trustee Council as a representative of the Department of Agriculture, the U.S. Forest Service, since January 1994; Whereas, Mr. Kuhn managed for the Trustees the process of compliance with NEPA for the Restoration Plan through assembly and multi-agency team, filing a notice of intent, identifying the scope of issues to be address, developing that draft environmental impact statement, conducting public meetings and taking public comment on the document, and addressing those comments in preparation of a final environmental impact statement and Record of Decision; and Whereas Mr. Kuhn has accomplished all of this objectives in an extremely limited time schedule, and within budget, all while maintaining an equitable disposition. (Laughter) That's the tough part. And Whereas, Mr. Kuhn has given it is time, energy and his talents in the efforts to aid recovery and restoration of the resources and services in the areas affected by the Exxon Valdez oil spill. Therefore, be it resolved that the Exxon Valdez Oil Spill Trustee Council commends Mr. Kuhn for the excellence of his performance and extends appreciation for his efforts on behalf of the injured resources. Could the three of you come, if you're all here.

(Applause)

MR. PENNOYER: Rod, thank you. I know you're getting out of this, but thank you. I really don't want to delay the procedure much longer by a lengthy discussion, but I have here a proposed letter to go to a man I've heard of, the Honorable Dr. James Baker, regarding the OSRI and the possible acquisition of \$23 million to OSRI through the TAPS fund. This is, I think, in my view takes



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 04 through 339 contain a full, true, and correct transcript of the Exxon Valdez Oil Spill Settlement Trustees Council meeting taken electronically by me on November 2 and 3, 1994, commencing at the hour of 10:00 a.m. on November 2, 1994, at the Restoration Office, 645 G Street, Anchorage, Alaska;

That the transcript is a true and correct transcript requested to be transcribed and thereafter transcribed by Sandra Yates and me to the best of our 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 14th day of November, 1994.

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