

**EXXON VALDEZ OIL SPILL SETTLEMENT  
TRUSTEE COUNCIL**

RESTORATION OFFICE  
Simpson Building  
645 G Street  
Anchorage, Alaska

**Trustee Council Teleconference Meeting**

**Anchorage, Alaska  
March 1, 1995  
3:00 p.m.**

**TRUSTEE COUNCIL MEMBERS in attendance:**

**In Anchorage**

STATE OF ALASKA

**MR. CRAIG TILLERY**  
Trustee Representative for  
**BRUCE BOTELHO**, Attorney  
General, Alaska Department of  
Law

UNITED STATES DEPARTMENT  
OF THE INTERIOR

**MS. DEBORAH WILLIAMS**, Special  
Assistant to **MR. GEORGE**  
**FRAMPTON**, Assistant Secretary

**In Juneau**

STATE OF ALASKA DEPARTMENT  
OF FISH AND GAME

**MR. FRANK RUE**,  
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;  
and **MR. BILL HINES**, Trustee  
Representative

STATE OF ALASKA DEPARTMENT  
OF ENVIRONMENTAL CONSERVATION

**MS. MICHELLE BROWN**, Deputy  
Commissioner and Trustee  
Representative for **MR. GENE**  
**BURDEN**, Commissioner

**TRUSTEE COUNCIL STAFF**

MS. MOLLY MCCAMMON                      Executive Director, EVOS Trustees  
Council, present in Anchorage

MR. ERIC MYERS                              Director of Operations, EVOS Trustees  
Council, present in Anchorage

MS. L.J. EVANS                                Information Officer, EVOS Trustees  
Council, present in Anchorage

**PUBLIC on line who testified:**

**In Anchorage**

MR. PAT BARNES                              MR. DAVID GRIMES  
MS. MARYBETH HOLLOMAN

**In Cordova**

MR. JAMES MYKLAND                        Teleconference, Cordova

P R O C E E D I N G S

(Executive Session 3:00 p.m. - 4:25 p.m.)

(On record at 4:25 p.m.)

STAFF: Anchorage is on line now and we are all here.

MR. RUE: Molly, this is Frank Rue. Are you there?

MS. McCAMMON: Yes, we are. Are you going to be chairing, Frank?

MR. RUE: Yeah, I've been asked to chair, if that's all right? Hearing no objection, I'll chair. I'd like to call the Exxon Valdez Trustee Council into public session. We've been in executive session for days now, I guess, discussing the Eyak proposal, and so I would like to ask Phil Janik if he'd like to bring the Trustee Council up to speed here on where we are.

MS. McCAMMON: Frank, could you please first indicate who all is there for each Trustee member.

MR. RUE: Okay, I'm sorry. Phil Janik is here for the U.S. Forest Service, Michelle Brown for DEC, and Steve Pennoyer for National Marine Fisheries Service.

MR. PENNOYER: And in Anchorage, you've got?

MR. RUE: Who is in Anchorage -- you've got Craig Tillery for Law and Deborah Williams for Interior.

MR. PENNOYER: Mr. Chairman, I'd like to make an observation. I'm going to have to leave; I've got a 4:30 appointment that I can't get out of. So I remind you (indiscernible -- interference on teleconference) consideration.

MR. RUE: All right. Bill Hines will be sitting in for Steve Pennoyer. All right, Phil, are you ready?

MR. JANIK: Yes, Mr. Chairman. What I'd like to do is just describe maybe a few of the events leading up to today, and that is this Council on December 2nd passed a resolution that provided a comprehensive offer to Eyak with regard to the (indiscernible -- interference) of Eyak lands and arrangements that the Council preferred to enter into. That was responded to by Eyak in what they refer to as the "Eyak concept for change" which pretty much documented rejection of that resolution offer by the Council by Eyak. The Eyak Concept For Change, which was received from them, was examined by the Council, and also was rejected by the Council, and in an attempt then to resolve a problem that was emerging, and that is the moratorium on the Orca Revised Lands per se, with regard to harvesting of timber that had been agreed to between Eyak and the Council in, I believe it was, May of 1994 is about to expire -- in fact the expiration date is today -- and Eyak had intended -- excuse me -- had announced an intent to begin logging in the Orca Revised parcel by March 2nd, meaning tomorrow. In an attempt to respond to that date and see if the Council could come up with strategy that would buy some further time for negotiations, the Council came forward a supplemental type of resolution offer to the December 2nd resolution, seeking to purchase a seven year moratorium on commercial timber rights in the Orca Revised parcel for the sum of 4.13 million dollars, seeking as part of that offer no

development rights from Eyak, and also as part of that offer were seeking a seven year moratorium as a donation from Eyak on the so-called Other Lands, and there were some expectations there with regard to development rights. That offer, in a meeting in Cordova of last week between several members of the Trustee Council and Eyak board members, that offer was rejected and counter-offered by Eyak indicating that they would not commence timber harvesting if the sum of money was provided to them of \$15,000,000, as compared to the Council's offer of 4.13. They also indicated that commencing on March 2nd a daily price of \$100,000 from the Council would be needed to in fact stop them from logging, commencing March 2nd until a deal was closed. That offer was examined by the Council and rejected, and at that point we apparently were at an impasse and, in an agreement between Eyak and the Council, we entered into a non-binding mediation session that lasted two days. It occurred this past Sunday and Monday. We did have a mediator helping with the negotiations that continued on during those two days, and what has emerged from those negotiations is what we are about here today to discuss and what was discussed during the executive session. And at this point, Mr. Chairman, I would suggest that Mr. Wolfe, Jim Wolfe, go through what has been crafted as a so-called Statement of Intent between the Eyak Corporation and Sherstone Incorporated and the Trustee Council, to basically go over the features of the agreement that we are considering today, and then afterwards we can go on, perhaps, into some discussion on that Statement of

Intent.

MR. RUE: All right, Mr. Janik, do you want to have Mr. Wolfe do this in the form of -- what form would you like him to do this?

MR. JANIK: I would simply ask Mr. Wolfe to go through the features of the Statement of Intent, one by one, to make sure we all understand what is contained in the elements of the agreement that has emerged from the recent negotiations.

MR. WOLFE: Okay, we're passing copies of the Statement of Intent around here so that everybody has a copy, and basically I will just go through what is written, and then when we get through if there are questions, we can deal with them at that point. So, let me go ahead and start. I might add that it has been a very intense three or four days of negotiations with a tremendous number of people, and I appreciate everybody's efforts and forbearance in staying with this, pass through this period. We did bring in a mediator, and I believe he has helped us to come a little closer towards meeting both our objectives -- the Trustee Council's objectives -- for protecting the habitat in the Sound for restoration purposes, and at the same time allowing Eyak and Sherstone to proceed with meeting some of their resource development objectives for their lands with the Sound.

One of the first items that has been agreed to generally is that -- to redirect timber harvest to reduce impacts to Orca Narrows/Nelson Bay area, and most of you, I believe, are familiar with the area that we're talking about. Sherstone generally

proposes to redirect timber harvest plans scheduled to start tomorrow from highly visible areas along Orca Narrows/Nelson Bay area to within the vicinity of Simpson Bay in consideration of the actions of the Trustee Council and the United States Forest Service contemplated by this Statement of Intent.

Timber -- the second item of agreement is timber rights exchange -- or component -- is timber rights exchange and/or land conveyance. In order to avoid timber harvest in the highly Visible Areas along Orca Narrows/nelson Bay, the Trustee Council has agreed to support efforts by the Forest Service to immediately determine the value of timbered lands on the south side of Simpson Bay, within the Orca Sub-parcel, for the purpose of making an equal value (timber-rights for timber-rights) exchange with Eyak and Sherstone, for timber rights in the highly visible areas along Orca Narrows/Nelson Bay that would otherwise be harvested.

The next component is Eyak, with the active support of the Trustee Council will seek expedited conveyance of lands within the Simpson Bay drainage, Sections 15-16 of Township 14 South, Range 3 West, in order to supplement the volume of timber available for harvest in the Simpson Bay area. And it would help if Eric would point out for those in here the Sections 15 and 16.

Okay. Those are isolated parcels currently under National Forest ownership that are within the boundaries of Eyak and Chugach Regional Corporation lands. Concurrent with efforts to expedite conveyance, the Forest Service will explore

opportunities to

exchange timber rights from those sections with Eyak and Sherstone for timber rights along the Orca Narrows/Nelson Bay viewshed. The Trustee Council, Eyak Corporation and Sherstone Incorporated all regard this approach as the preferred way to supplement timber volume for Sherstone's harvest from Sections 15-16 in the Simpson Bay area.

Timber rights that may be acquired from Eyak and Sherstone through such an exchange will be applied to those highly visible lands along Orca Narrows/Nelson Bay, starting at the eastern edge of the Orca Sub-parcel and then progressively -- Eric is pointing it out -- then progressively further to the northeast toward the Rude River drainage. It is recognized that as a result of timber right exchanges contemplated by this agreement and the redirection of timber harvest activity, Sherstone would experience an increase in road costs across those lands along Orca Narrows/Nelson Bay being protected that it would otherwise harvest. It is intended that these incremental costs be mutually identified, agreed upon and compensated.

For the purposes of the timber exchanges contemplated by this settlement (sic) of Intent, the valuation shall be completed on a basis that establishes a value as if the timber had been cut by Sherstone using existing and applicable log prices and expenses.

Another key component of this agreement is the limited conservation easement for Orca Revised parcel. The Trustee Council will authorize funds for the Forest Service to acquire a

limited conservation easement on the Orca Revised lands along Orca Narrows/Nelson Bay for \$200,000 consisting of -- \$200,000 -- consisting of commercial timber harvest rights for a period of time from March 1, 1995, through and including May 15, 1995. If the timber exchange for the Orca Sub-parcel is completed on or before May 15, 1995, the term of the limited conservation easement shall be extended through July 15, 1995. The Forest Service will work with Sherstone to complete a purchase agreement by March 10, 1995, reflecting the above.

The sum of \$200,000 shall be paid to Sherstone for the limited conservation easement if by May 15, 1995, the timber rights on the northwest side of the Orca Sub-parcel have been exchanged with Eyak and Sherstone; and two, by July 15, 1995, the timber rights for Section 16-16 have been exchanged with Eyak and Sherstone, or Section 15-16 have otherwise been conveyed to Eyak, then Sherstone will allow \$200,000 to be offset against any amounts due Sherstone as a result of increased costs described in (2) above or as a credit for acquisition of other additional timber rights.

At this point, I'd like to point out that this is -- there is one concern for Eyak Corporation in this area that is not addressed in this agreement at this point in time, and that's that the -- to be able to actively harvest on those lands that we exchanged will require that they obtain timber harvest permits, and there is concern that this might encumber their ability to operate. However, we are assuming that they will be able to

actively and prudently obtain their permits to be able to continue harvesting uninterrupted, as long as it is on the offside of the hill from the viewshed.

Okay, item (4), access for logging in Simpson Bay -- the Trustee Council recognizes that in order to access planned cutting units in the vicinity of Simpson Bay, road access from the log transfer facility in Orca Narrows/Nelson Bay across a portion of the Orca Sub-parcel will be needed and was provided for in the purchase agreement for the Orca Sub-parcel. This is primarily to alert folks that there will be some road construction within the parcel that -- the timber area that we acquired an easement on earlier.

The fifth item, road access along Orca Narrows/Nelson Bay to the Rude River drainage. The Trustee Council recognizes that Sherstone's logging plans include the harvest of lands in the Rude River drainage and that this will require road access along Orca Narrows/Nelson Bay. Sherstone recognizes the need to develop such a road in a manner that reduces or minimizes negative impacts to restoration values to the extent practicable.

Item (6), during the process of negotiations on the small parcel, there was some timber that were harvested -- er, felled and bucked -- but never taken from the Orca small parcel, and what this relates to is those timbers, and it's called the downed timber on the Orca Sub-parcel. The Trustee Council and Sherstone recognize that if they can reach a mutual agreed upon value for the presently downed timber on the Orca Sub-parcel, approximately

10 acres, the net value of that timber will be applied to offset any payment or other value due Sherstone as a result of implementation of the provisions described in this Statement of Intent.

(7) -- further negotiations schedule -- recognizing that there are other important habitats owned by Eyak/Sherstone, the Council -- the Trustee Council, Eyak and Sherstone agree to develop a schedule by April 1 for further negotiations which are intended to address habitat protection on Eyak's and Sherstone's interests in the Other Lands, west of Shepard Point primarily, including Sheep Bay, Port Gravina, and Windy Bay and other areas which have high restoration values of particular interest to the Trustee Council. This will include authorization by Eyak and Sherstone for the Trustee Council to complete the appraisal of the Other Lands. It is also intended that the Trustee Council, Eyak and Sherstone will work to identify those remaining highly visible lands along Orca Narrows/Nelson Bay to the mouth of the Rude River that would not be protected from timber harvest as a result of the timber exchanges contemplated by this Statement of Intent and to negotiate cooperatively to reach an agreement for their protection. Additionally, it is intended that negotiations will continue to proceed on acquisition of the Core Lands, as it is currently going.

Use of mediation is the last item. The Trustee Council, Eyak and Sherstone agree that they will work cooperatively as described above and will use mediation, to the extent deemed

appropriate by both parties, as a means of furthering these negotiations.

No contractual obligation enforceable against any party is created by this Statement of Intent. And basically, this, we believe, represents what has mutually been agreed to. The final version of this has not been totally reviewed by Eyak at this point in time, but in the interests of moving forward we have decided to bring it to everybody's attention at this point.

MR. RUE: Thank you very much, Mr. Wolfe. Mr. Janik, do you want to add to that?

MR. JANIK: Yes. Just briefly I'd like to point out that those of us, and there were many -- several of the Trustee members as I mentioned earlier, and staff, as well as representatives from Eyak and Sherstone -- worked long and hard to develop these deal arrangements, and we consider them very positive in terms of a number of interests. We believe these deal arrangements are responsive to the Eyak economic interests and logging activities -- that became very obvious during the negotiations that was very important to them in terms of their economic pursuits. It also is responsive, we believe, to the Trustees' interest in the restoration values and services in the portion more finally targeted than previously in terms of all the Orca lands, as far as those areas that coincide also with the interests of the community of Cordova and adjacent locations in terms of the interests and the viewshed there in the Nelson Bay area, and in crafting these deal points, all of those

considerations were taken into account, and those of us who were involved in the negotiations feel very positive of the outcome here.

MR. RUE: Okay. Thank you very much. What I was thinking might be good now is -- and I'd like other Trustee Council members to give me their thoughts on this -- is perhaps if other members of the Council would like to make comments, that would be fine, but let's let the public, give the public a chance at this point to give us their thoughts. What would other Trustee Councils like to do, does that sound all right to you if we open this up and allow the public to give us their reaction to this proposal? Mr. Janik.

MR. JANIK: I think that would be very productive to give the public an opportunity to comment on the features that Mr. Wolfe just described.

MR. RUE: Are there other Trustee Council members who would like to make a comment now, or should we ask members of the public who may be in attendance in, I believe, Cordova and Anchorage.

MS. McCAMMON: Mr. Chairman, I believe we have Cordova, Anchorage and Valdez.

MR. RUE: Valdez, okay. What's the will of the Council on this? Any objection to asking the public if they'd like to give us their thoughts at this time? Okay, hearing no objection -- yeah, I would ask if there is anyone in Cordova who would like to give us their comments on this proposal. I would

hope that they could keep it very short. It's late in the day, and we'd like to keep moving on this, but we'd certainly like to hear from anyone in Cordova.

MR. JAMES MYKLAND: Yes, I'm here in Cordova. My name is James Mykland, and I am commercial fisherman for the last 20 years here. I just want to say I was here at the public hearing when the EVOS Trustees came here last week, and I just want to say that I appreciate the Trustee Council and their diligence and their hard work and their patience concerning this habitat imminently threatened here, and I appreciate their hard work in working out a deal here, and I hope everyone will be happy with their negotiations.

MR. RUE: Thank you, Mr. Mykland. Is there anyone in -- why don't we go around to the different sites, and then we'll keep coming back. Anyone in Anchorage?

MS. McCAMMON: Mr. Chairman, there is a Mr. Pat Barnes who would like to speak. (Aside instructions)

MR. PAT BARNES: Well, I don't represent anybody here except myself. I'm not on the Eyak board or I don't represent any group of any people here, but I would like to make some statements here that I think might help this situation along if you run into a problem here in the negotiations. It is my opinion that the seven year moratorium is too long, as a shareholder of Eyak. It is too long. I'm in favor of selling all the timber to the Trustee Council. I would like to suggest to them that they consider a two year moratorium with a renewable

clause for the \$4.13 million, which would automatically stop the logging, which would give them a two year grace period to negotiate and give them a little breathing space. They told me in Cordova that there's a good possibility on that seven year moratorium that that issue might be settled within one year. Now, if you give them two years here, it gives them a little breathing space to sit down and talk to Eyak and to all the people concerned and stop logging, and I would like them to consider that: a two year moratorium with a renewable clause in it for the same amount of money at the end of two years, if you have not reached an agreement. I think it would be to everybody's benefit, Eyak's and the Trustee Council, to do this.

I think that they'll work hard to try to get it finalized within the first two year period so it wouldn't cost them any more money, and of course, if it goes past that point, of course it will be beneficial to Eyak, but I don't want to string out for seven years because it's holding up, in my opinion, our right to go out and make a living off of what we have, and the federal government gave us this land to administer to the best of our ability, and I think that the Trustee Council probably realizes that. We got this land from Congress, and I personally don't want to lose any of it. You can have all the trees outside of the core area, but it is my opinion that you should not have any of the land. And if you want to buy all the trees, I will go along with you a hundred percent.

MR. RUE:           Okay. Thank you, Mr. Barnes. Is there

anyone in Valdez who would like to give us their thoughts? And perhaps, before we go to Valdez, we might want to clarify that this -- Mr. Janik.

MR. JANIK: If I may. Mr. Barnes, I hope you are still there listening. Just for a point of clarification, the negotiations, the recent ones over the past few days, no longer are Eyak and Trustee Council looking at the kind of moratorium arrangement that we discussed when we visited there in Cordova with you, but rather now are looking at the arrangements that were described by Mr. Wolfe, which involves allowing -- or I shouldn't say allowing -- but Eyak would be simply proceeding with some logging activity, but that would be redirected away from the viewshed, in Nelson Bay, and where the Trustee Council has the most interest in terms of habitat values that coincide with that. So, the moratorium arrangement is no longer being considered with regard to the Orca Revised land. So that is the change that has occurred since we visited there in Cordova with you. And we have agreed to keep negotiating and implementing the arrangements on the other parcels that are under negotiation with Eyak, including the Core Lands as well as the so-called Other Lands.

MR. RUE: Okay. Hopefully, that clarifies it. Is there anyone in Valdez who would like to speak to the Trustees at this time?

UNIDENTIFIED VOICE AT VALDEZ LIO: No. No comment -- just listening here. Thanks.

MR. RUE: Okay, back to Cordova. Is there anyone else in Cordova who would like to speak to the Trustees.

UNIDENTIFIED VOICE AT CORDOVA LIO: We have observers only.

MR. RUE: Okay. Is there anyone else in Anchorage?

MS. McCAMMON: Mr. Chairman, there's a Mr. David Grimes.

MR. RUE: Okay, Mr. Grimes.

MR. DAVID GRIMES: Yeah. I just wanted to -- get a clarification of what the changes might mean then if logging is redirected to Simpson Bay area. Is that what we're being told is the idea here? And so, what would -- would the moratorium then effectively be over tomorrow, or is there some exchange of lands that needs to take place before logging starts, or what's the implementation of this document before us?

MR. RUE: Mr. Janik, would you like to answer that?

MR. JANIK: Yes. Recognizing that this has not yet been passed by the Trustee Council, we're simply working off the Statement of Intent in discussion, but should this -- should this actually get approved, what you might expect is whenever Eyak would decide to commence logging, that logging would commence as part of this agreement in the Simpson Bay area, as compared to the face of Nelson Bay, a portion of Orca Revised. And then, depending on these other elements successfully being implemented,

the intent would be to provide full protection from where the log transfer facility is now located there up to the area where Rude River is located, that being looked upon as of most interest to the Trustees and, again, as we understand it, of most value to the community with regard to viewshed values.

MR. GRIMES: Yeah, thank you. Do you folks from Eyak have any clarification on that, or is that as you understand it?

UNIDENTIFIED VOICE (one of Eyak's representatives): That's as we understand it, yes.

MR. GRIMES: So, would that mean that road building would go ahead and begin tomorrow into the Simpson Bay area or are we having to wait -- I'm still not sure if we're having to wait -- effectively there is an exchange that has to take place before operations start?

MR. RUE: Is this question directed at Mr. Janik? Mr. Janik, would you like to answer that?

MR. JANIK: I think that perhaps the person that could better answer that is Mr. Wolfe in terms of either he or someone from Eyak as far as the actual road construction necessary to go up into Simpson Bay and whether there would be any additional permits or whatever required before that could commence. My understanding is there are no odd complications with that, but I'd better ask Mr. Wolfe to respond, and maybe someone from Eyak as well.

MR. WOLFE: Let me state one thing, and then I think it would be Eyak's response and Sherstone. Right now, we don't

have any agreement, and even under the proposed Intent Statement if we were able to reach final agreement on that, the Eyak-Sherstone corporations would be allowed to start road construction at any point. So, they could do it with or without this conservation easement. It's a matter of where they would harvest timber that's addressed by the intent of this statement.

MR. JANIK: Yeah. I think one of the reasons I wanted you to respond, Jim, is there might be some question about anything associated with the Sub-parcel negotiation that was finished recently and whether there were any complications with that, but there are none, to my understanding.

MR. RUE: At this time, I think the public questions really ought to be directed at the Council. Unless Eyak would like to, you know, answer questions, I'm really interested in having comments directed -- questions directed at the Council at this time.

MR. GRIMES: Yeah. No, I appreciate that. It's that people have been on kind of pins and needles for sometime waiting for this process to hopefully come to a positive resolution, and so since the moratorium effectively ends today, we were wondering what we might expect tomorrow -- and I just have a few comments, but since this -- this is a statement of intent that we're discussing today, I'll hold most of what I had to say 'til later. But I just wanted to thank everybody also for pursuing very difficult negotiations and moving into mediation, because I know it's been an emotionally difficult thing for many people, and we

all want to do what's best for this area and for the restoration of Prince William Sound. I also do want to say though, that in some ways I still look at this as a complete failure of the Trustee process because, as my understanding is, four years ago the federal Trustees and the Clinton Administration had offered a deal that consisted primarily of just timber rights and all there is outside the core tracts, and in the core tracts either fee simple or some limited conservation easements, and that was for around \$50,000,000, and the Trustee Council has stated over and over again many times that this area that we're discussing today is extremely important to restoration, and Eyak Corporation, to their credit, has offered all of its timber rights on, as I understand it, all of its lands and wanted to keep a few development options open, and I personally agree with that proposal from the Eyak Corporation. I find it hard to understand how the Trustees, in desiring to protect and restore Prince William Sound, and as I understand it protecting the forest is probably the most important alternative there, can look at this current deal as a victory of any kind. There is the opportunity to protect all of the forests in this region, still allow Eyak Corporation to have certain development rights, and protect all the viewsheds. People who live in the Cordova region primarily get out on boats, so if you are protecting the viewshed you effectively protect all of eastern Prince William Sound, and particular in this area Hole-in-the-Wall is one of the most popular places, and I know people who grew up in that area, and

cutting in Simpson Bay is not going to make them happy. I do want to thank you for your work, and I would really encourage to look at this draft Statement of Intent as a step towards bringing you even closer together, and I would really want to second Mr. Barnes' statements that you continue to look to see if you can't come to some way to protect all the timber rights in this area and compensate Eyak Corporation fairly and allow them to have future development rights on their lands. So, thank you.

MR. RUE: Thank you, Mr. Grimes. Is there anyone else who would like to speak to the Council at this time?

MS. McCAMMON: There is one more person, Mr. Chairman.

MR. RUE: Thank you. Go ahead. If you'll state your name.

(Aside comments)

MS. MARYBETH HOLLOMAN: My name is Marybeth Holloman (ph). I'm an Anchorage resident. This is not a logical appeal. I couldn't sleep last night. I kept hearing a tree falling. I kept hearing the cracking thunder of a great trunk breaking and then the thud of it hitting the forest floor. I felt the same sense of doom I did nearly six years ago. I couldn't sleep then either. I kept seeing a sea otter coated in oil, shivering, and then finally sinking like a stone to the ocean floor. What can I say? Forgive them Lord, for they know not what they do. No, we know what we do, and we know that there is no excuse for cutting one more tree in Prince William Sound. So, all I have to say is, refuse to forgive, cherish your anger, remind others.

MR. RUE:           Okay. Thank you, Ms. Holloman. Anyone else in any of the stations who would like to address the Council? All right.

MS. WILLIAMS: Mr. Chair, since Mr. Grimes represented his understanding of the development rights that Eyak was seeking to preserve, I do not believe that was an accurate representation, and I would like to defer to the Forest Service to clarify the record on that. Because it was my understanding that Eyak's offer to us was that they retain all development rights: industrial development rights, commercial development rights, homestead development rights; every conceivable development right except timber harvesting on their land after a certain amount of time in the future, and if that is the case, I think the record ought to be clarified to specify that, because that was the offer that we were dealing with was that they be allowed under their development right proposal to build a LNG facility, if that was in their economic interest, a coal slurry facility, if that was in their economic interest, and so forth; that they were not willing to forego any development rights in the future -- in the distant future.

MR. RUE:           Thank you, Ms. Williams. Mr. Janik, would you like to clarify the record for that.

MR. JANIK:        Yes. Ms. Williams is correct in her general references there, and development rights in the Orca Revised negotiations were in fact the most contentious part of those negotiations, and one that the Eyak Corporation and the

Trustee Council were not able to come to agreement on. So, let me just briefly explain the last kinds of things that were being considered, and that is, in the form of the offer that went from the Trustee Council to Eyak which dealt with commercial timber rights in perpetuity, that involved also a request for rights that we were trying to define that would give some indication of restriction on the kinds of activities that Ms. Williams described, as well as other features with regard to commercial kinds of operations, and so on. Eyak Corporation did come back with what they referred to as "concept change" that I referred to earlier, indicating that for the first 10 years on 652 acres they would basically look to maintaining development rights on that much land of the total Orca Revised; between 10 years and 35, they would be looking for an additional 652; and then beyond that period, meaning 35 years, all development rights would be returned to them and retained to them. And as part of the overall negotiations that were going on, that was deemed to be unacceptable by the Council with regard to the anticipated price we were considering that would be calculated based on appraised values and so on. But that was a point of contention, and we never came to agreement on that, and that's one of the primary reasons we ended up going into the moratorium offer, and then subsequently and most recently the negotiations on the features we heard today.

MR. RUE: Thank you, Mr. Janik.

MR. GRIMES: This is Mr. Grimes. If I could just

make a comment, since I was brought back into that, and it's very brief, and that is that if the development rights are not for sale, you can't get those, and they're not really relevant to the conversation. But what is relevant is protecting the timber here, and you still have the ability to protect the timber, if you are willing to pay fair market value, and you have listed in your documents that acquisition of any interests in this area is important to restoration of Prince William Sound, and I would still maintain that probably the number one thing that you can do for restoration, if you are going to acquire any interests whatsoever, is to acquire the timber rights. I look at the development in the next 10 years, or 10 to 35 years, of 1,000 acres for development as a much preferable option, which you -- as opposed to clear-cutting many thousands of acres -- and that seems to have been lost in this process. I think the Trustees can still acquire those timber rights, but as I understand it, the other development rights are not even in the picture anyway -- and, thank you. I just wanted to help clarify that.

MR. RUE: Thanks. Thank you very much. Are there other members of the Council who would like to address issues at this point? All right. What is the -- we've heard from the public, we've had the Forest Service describe what they've come to in terms of a Statement of Intent, what is the will of the Council at this time?

MR. TILLERY: Mr. Chairman, I have a motion to propose.

MR. RUE: All right, Mr. Tillery.

MR. TILLERY: Mr. Chairman -- actually, I have two motions, but I first move that the Trustee Council recognize and accept the Statement of Intent, as described by Mr. Wolfe.

MR. RUE: Do I hear a second?

MS. BROWN: Second.

MR. RUE: Seconded by Ms. Brown. All right. Any discussion of the motion? Hearing none, are there any objections to the motion? Hearing none, no objection, the motion passes. Mr. Tillery, you said you had a second?

MR. TILLERY: Mr. Chairman, I move that the Trustee Council request the Alaska Department of Law and the Assistant Attorney General of the Environment and Natural Resources Division of the United States Department of Justice to petition the District Court for the withdrawal of the sum of \$200,000 to be paid at closing on the limited conservation easement.

MR. RUE: Do I hear a second?

MS. BROWN: Second.

MR. RUE: Seconded by Ms. Brown. Any discussion? Hearing none, any objection to the motion? Hearing none, the motion passes. Are there any other Trustee Council action? Mr. Janik? Mr. Janik.

MR. JANIK: Mr. Tillery, help me out here. We do need to deal with the actual language dealing with the resolution.

MR. TILLERY: That's correct, Mr. Janik. I -- I

suggest we request the Executive Director to draw us a language -  
- pass the Statement of Intent around to be signed, and ask the  
Executive Director to draw up language to reflect the resolutions  
passed here today, and send them around for signature.

MR. RUE: Do we need to do that as motion or can  
we just direct the Executive Director to do that? Molly, is this  
. . .?

MR. TILLERY: Molly appears to be so directed.

MR. RUE: Okay. Molly, you will do that then,  
great.

MS. McCAMMON: I will.

MR. RUE: Okay. Is there any further business  
that the Trustee Council would like to undertake at this time?  
Okay. I'd like a motion to adjourn.

MR. JANIK: So moved.

MR. RUE: So moved. Second? Seconded by Ms.  
Brown, moved by Mr. Janik. Any objection to our Trustee Council  
adjourning? Hearing no objection, this meeting is now adjourned.  
Thank you very much.

(Off Record 5:10 p.m.)

END OF PROCEEDINGS

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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 03 through 26 contain a full, true, and correct transcript of the Exxon Valdez Oil Spill Settlement Trustees Council meeting taken electronically by me on March 1, 1995, commencing at approximately 3:00 p.m. 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 me to the best of my knowledge and ability from that electronic recording.

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

DATED at Anchorage, Alaska, this 3rd day of March, 1995.

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