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TRUSTEE COUNCIL MEETING
Friday June 28, 1996
8:40 o'clock a.m.

645 G Street, Suite 401
Anchorage, Alaska

TRUSTEE COUNCIL MEMBERS PRESENT:

U.S. DEPARTMENT OF COMMERCE - NMFS: **MR. STEVE PENNOYER (Chair)**
Director, Alaska Region

U.S. DEPARTMENT OF AGRICULTURE - U.S. FOREST SERVICE: **MR. PHIL JANIK (Co-Chair)**
Regional Forester

STATE OF ALASKA - DEPARTMENT OF FISH AND GAME: **MR. FRANK RUE**
Commissioner

U.S. DEPARTMENT OF THE INTERIOR: **MS. DEBORAH WILLIAMS**
Special Assistant to the Assistant Secretary

STATE OF ALASKA - DEPARTMENT OF LAW: **MR. CRAIG TILLERY**
Trustee Representative for the Attorney General

STATE OF ALASKA - DEPARTMENT OF ENVIRONMENTAL CONSERVATION: **MS. MICHELE BROWN**
Commissioner

TRUSTEE COUNCIL STAFF PRESENT:

1 MS. MOLLY McCAMMON Executive Director
EVOS Trustee Council

2 MS. REBECCA WILLIAMS Executive Secretary
EVOS Trustee Council

3 MR. ERIC MEYERS Staff
EVOS Trustee Council

4 MS. GINA BELT U.S. Department of Justice

5 MS. CATHERINE BERG U.S. Fish and Wildlife Service

6 MR. BUD RICE National Park Service

7 MR. GLENN ELISON U.S. Fish and Wildlife Service

8 MS. CAROL FRIES Department of Natural Resources

9 MR. ALEX SWIDERSKI State of Alaska
Department of Law

10 MR. ERNIE PIPER State of Alaska
Department of Environmental
11 Conservation

12 MR. STEVE ROG PES-AK

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(Tape No. 1 of 1)

(On record at 8:40 a.m.)

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2 CHAIRMAN PENNOYER: I'll go ahead and convene this
3 meeting of the Trustee Council. And here presently Phil Janik,
4 Regional Forest Service, U.S. Department of Agriculture; Frank
5 Rue, Commissioner of Alaska Department Fish and Game; myself,
6 Steven Pennoyer, chair of the meeting, National Marine Fishery
7 Service; Deborah Williams, from the Fish and Wildlife Service;
8 Craig Tillery from the Attorney General's Office, State of
9 Alaska; and soon to join us Cindy Brown, Commissioner of Alaska
10 Department of Environmental Conservation.

11 We're doing this by teleconference from Juneau and
12 Anchorage. We have Kodiak and Kenai and Valdez that are on
13 line. We will be announcing an executive session a little
14 while into this. But I will go ahead now, Molly, and turn it
15 over to you to take us through the agenda.

16 MS. McCAMMON: Thank you, Mr. Chairman. I'd like to
17 just start with the Executive Director's Status Report and do
18 so- -- do that very briefly. In your packets are copies of the
19 most recent financial statements for both the month and for
20 the quarter as well as the most recent quarterly project status
21 summary. And these are all as of March 31st. So they're a
22 little bit dated. We should be getting the new ones in in a
23 couple of weeks. We will be getting those directly.

24 I did want to report for those of you who were not
25 able to attend about the very successful meeting that we had in
Kodiak. The community and the corporations of Akiak, Old

1 Harbor, and Koniag hosted a luncheon on behalf of the Trustee
2 Council. Deborah Williams and Frank Rue and the Lt. Governor,
3 Fran Ulmer, all spoke at that luncheon. And it was very well
4 attended and it was a very warm welcome.

5 The Council also participated in the ground-breaking
6 for the new Near Island Research facility which is adjacent to
7 the Fish Tech Center in Kodiak.

8 And after that, we -- after a reception at the
9 Aleutiq Museum, we convened a public hearing that was attended
10 probably by 30 or so residents of Kodiak. They testified in
11 support of Council action on Termination Point, in support of
12 action on Afognak Island, brought up the issue of PSP and a
13 concern that a number of communities have about that. And
14 we'll be putting together a report about that public hearing
15 and distributing it to everyone.

16 CHAIRMAN PENNOYER: I'd like to note that Michelle
17 Brown has joined us. Michelle, we're just starting the
18 Executive Director Reports. She is now doing a status report.

19 MS. BROWN: Thank you. I apologize.

20 CHAIRMAN PENNOYER: Thank you.

21 MS. McCAMMON: Okay. I'd also like to mention that
22 the draft FY '97 Work Plan is now out for public review. We
23 have a public hearing on that scheduled for August 6th. The
24 Public Advisory Group meets again on it on August 7th. And the
25 Council is scheduled to meet on August 29th on it.

If you look through the draft work plan, the total of
fund, fund contention and deferred projects totals about 17
million dollars, which is approximately a million more than
kind of our target number of 16 million. So we'll be doing a

lot of work on that in the next six weeks.

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1 I also wanted to report that following the Council's
2 action on the Chenega acquisition, that the board of directors
3 of Chenega Corporation did meet and unanimously approve
4 adoption of the offer that the Council made. They have
5 accepted the one payment offer of 34 million dollars. This
6 offer will now go out to a proxy vote by the shareholders. And
7 that's scheduled for probably late September, early October.

8 I also wanted to let you know that the Federal OMB
9 has requested a briefing about the Trustee Council's
10 activities. And that has been scheduled in Washington D.C.,
11 for July 16th. I'll be working with the three federal agencies
12 to include their participation in that and to prepare briefing
13 materials. So I'll be contacting each of you and your staff
14 getting ready for that briefing session.

15 And that's the extent of my report today. And I'd be
16 happy to entertain any questions.

17 CHAIRMAN PENNOYER: Oh, yeah, I have one question.
18 And that is the shareholder's vote in Chenega. I didn't, I
19 guess, realize it was going to be quite that late.

20 MS. McCAMMON: Under the requirements that they have,
21 once you develop the proxy vote, it requires 60 days notice.
22 And they would like to get the purchase agreement and all of
23 the details of this deal basically ironed out before they write
24 up the proxy and take it out to the shareholders. In the
25 meantime, they are conducting a number of shareholder meetings
and doing educational newsletters and things of that nature.

CHAIRMAN PENNOYER: Thank you. Are there other
Trustee Council members questions on the executive director

report?

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MS. WILLIAMS: I have one brief question about the OMB briefing. Molly, did they suggest why they were interested in the briefing?

MS. McCAMMON: I think their feel- -- what I had heard was that their feeling was that they hadn't really kept close track of the council's activities in the past couple of years and just wanted an update of where things were.

MS. WILLIAMS: And that will be in Washington, you said?

MS. McCAMMON: Yes, July 16th.

CHAIRMAN PENNOYER: Is there any other questions on the executive director's report?

(No audible response)

CHAIRMAN PENNOYER: Molly, would you proceed then to lead us through the agenda, please?

MS. McCAMMON: We could go back up to the first part of the agenda which is the approval of the agenda and the approval of the May 2nd, 17th and 31 meeting notes.

MS. WILLIAMS: I move to approve the agenda with the modification Molly discussed earlier. And that is moving Item 4 to the end of the agenda noting that it -- Item 4 will begin with an executive session and then proceed into open public session with whatever action we may take.

MR. TILLERY: Second.

CHAIRMAN PENNOYER: The proposition to move Item 4 to the end of the agenda and to proceed by an executive session in which we will talk more -- in more detail later. Is there any objection?

(No audible response)

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CHAIRMAN PENNOYER: Motion is adopted. Go ahead, Molly.

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MS. McCAMMON: The approval of the May 2nd, 17th and 31st meeting notes?

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CHAIRMAN PENNOYER: They're in our folders?

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MS. McCAMMON: They're in your packet.

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CHAIRMAN PENNOYER: Is there a discussion of this request?

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MS. WILLIAMS: I'll move for approval.

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MR. TILLERY: Second.

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CHAIRMAN PENNOYER: Moved and seconded that we approve the meeting minutes of the May 2nd, 17th and 31st meetings. Is there any objection to that? Hearing none, they're approved. Molly?

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MS. McCAMMON: Mr. Chairman, the next item on the agenda is an update on the CRIS fees. If you'll recall as part of the audit that the council conducted there was concern expressed about the amount of fees that the council had been paying to the Court Registry Investment System. I believe at one of the most recent council meetings the council requested that Department of Justice make a couple of requests for reimbursement of those fees and attempt to get a lower fee schedule established. And Gina Belt with the Department of Justice is on the line to report on the status of those requests.

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CHAIRMAN PENNOYER: Thank you. Could we have that report, please?

MS. BELT: Madam, Chairman -- or Mr. Chairman. I

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forwarded to Mr. Tillery last night and I doubt that he's had a chance to take a look at it, of a draft application to the District Court for return of the CRIS fees. And I'm hoping that we can get that filed sometime in the next two weeks.

CHAIRMAN PENNOYER: Pardon, could you speak up, please?

MS. BELT: Sure. Do I need to say it all over again.

CHAIRMAN PENNOYER: Oh, no. Just the last part.

MS. BELT: Okay. I said I'm hoping that we can get that application to the Court filed sometime in the next two weeks.

CHAIRMAN PENNOYER: Molly, further on that?

MS. McCAMMON: Gina, could you report on kind of your thinking in terms of the reimbursement of the fees that have already been paid and then kind of the plan for getting a new fee schedule in place?

MS. BELT: I'm a little reluctant to elucidate my thinking on this subject at this time because I -- the Department doesn't have a final position on how we would like to do that. I'm not -- I really don't have the authority to say much more than I have already at this point.

CHAIRMAN PENNOYER: Any further questions?

MS. BELT: I'm happy to -- when Mr. Tillery and I have come to an agreement on what we think the application to the court should say, I'm happy to pass a draft around to the trustees if they would like to see it before it's filed.

CHAIRMAN PENNOYER: Are there further questions on this matter?

(No audible response)

CHAIRMAN PENNOYER: Not hearing general. Any further questions from Anchorage?

(No audible response)

1 CHAIRMAN PENNOYER: Okay. Molly, would you proceed
2 then?

3 MS. McCAMMON: Mr. Chairman, the next item on the
4 agenda is the Prince William Sound Residual Oil and Cleanup
5 Proposal. At a meeting in May, the Council requested that I
6 work with staff and the village of Chenega to develop a more
7 detailed plan for further cleanup of eight to ten beaches
8 surrounding the village site. We've been working on that in
9 the last few weeks.

10 You have a version of that plan in your packet.
11 However, you should have before you a new version of that. And
12 I guess this is one of those things that the more you look at
13 it -- there have been some additional -- we're still working
14 with the Forest Service in terms of trying to identify the
15 Forest Service involvement in this project.

16 I do have a draft motion. And what I would recommend
17 at this time that the Council authorize funds not to exceed 1.9
18 million for Phases 1 and 2 of the shoreline cleanup project.
19 Phase 1 is the development of the remediation plan. Phase 2 is
20 the cleanup itself with the actual funding contingent on what
21 plan gets developed in Phase 1. However, under no
22 circumstances would the total cost of the project exceed 1.9
23 million. And funding would be subject to final review and
24 approval by the Executive Director of the detail project
25 description and detail budget.

It is in the intent -- what we've been working with

10 the community and the Department of Environmental Conservation
1 is to do a sole source contract with the Prince William Sound
2 Economic Development Corporation which is a recognized ardor
3 under State law. It is a pretty simple matter to do a sole
4 source contract with them. They would oversee the actual
5 cleanup project, develop -- in its first phase, develop the
6 actual remediation plan, have an advisory committee that
7 includes federal and state agencies and community
8 participation.

9 Go to each site and work out a detailed plan on how
10 to clean up that site. In some cases it may be use of
11 backhoes, picks and shovels; just kind of manual labor. In
12 other cases it would be a combination of that plus some kind of
13 use of chemicals like PES.

14 We would like to get this started in the next two
15 weeks with the planning portion of it. Get the main contract
16 let for the actual cleanup in November. And start cleanup work
17 probably as early as possible in the spring. The intent is to
18 get the cleanup done by June at the latest, before major fish
19 returns start happening.

20 CHAIRMAN PENNOYER: Molly, you've blended some things
21 in there that I think are the elements of both the motion and
22 an explanation of how it's going to go in the longer term. Are
23 there further discussion from trustee council? Are you willing
24 to make a motion and open it to discussion at that point?

25 MR. JANIK: Mr. Chairman?

CHAIRMAN PENNOYER: Mr. Janik?

MR. JANIK: I do believe that the points that Molly
has raised are substantive. I am prepared to present a motion

with regard to this project.

11

CHAIRMAN PENNOYER: Would you please do so and then we can.....

1 MR. JANIK: I move that we authorize funds not to
2 exceed 1.9 million for Phases 1 and 2 of the Chenega area
3 shoreline residual oiling reduction project. I believe that is
4 the official name we've chosen. Phase 1 is development of the
5 remediation plan. Phase 2 will be the cleanup itself with
6 funding contingent on completion of the remediation plan in
7 Phase 1.

8 Again, under no circumstances will the total cost of
9 the project exceed 1.9 million. All funding is subject to
10 final review and approval by the executive director of the
11 detailed project description and detailed budget. That is the
12 end of my motion.

13 CHAIRMAN PENNOYER: Do I have a second?

14 MR. RUE: Second.

15 CHAIRMAN PENNOYER: Moved by Mr. Janik and seconded
16 by Mr. Rue that we proceed with -- that we have -- proceed with
17 the funding of 1.9 million and the concept for this project.
18 And you've heard the details. Is there discussion on it?

19 MR. JANIK: I would just like to add this is -- this
20 is Phil Janik. I would just like to add that in finalizing the
21 document that I believe we're referring to as the project
22 description and budget document, that we really take a close
23 look at the roles of various agencies; the Chenega Corporation,
24 itself. Things such as NEFA, the compliance factor and items
25 of that kind of substance. And we in the Forest Service are
prepared to assist with that effort. And we believe it can be

wrapped up in short order.

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CHAIRMAN PENNOYER: So in effect then the motion is to -- it is as stated. And the other items that are covered in Ms. McCammon's briefing, we would expect the executive director to be in contact with the various agencies to get their input to that. So is that sufficient? Is there further discussion or questions?

MR. RUE: Mr. Chairman, a quick question.

CHAIRMAN PENNOYER: Mr. Rue?

MR. RUE: The concerns you've got, though -- do they have budget implications or is this everything? I'm fit under the proposed budget not to exceed 1.9 million, Frank. I think from what I've read here and understand, that is a good reference not to exceed. But I do think that flushing out further analysis of that budget would also be appropriate as related to the various roles of the agencies as well.

CHAIRMAN PENNOYER: Are there further questions?

(No audible response)

CHAIRMAN PENNOYER: Is there any objection to the motion?

(No audible response)

CHAIRMAN PENNOYER: We will authorize funds not to exceed 1.9 million for Phases 1 and 2 of the Chenega Shoreline Residual Oil Reduction Project are approved. You take it from there. So would you take the next item, please.

MS. McCAMMON: Mr. Chairman, the next item on the agenda are some recommended technical budget amendments. This is towards the end of your packet. The Department of the Interior has requested \$23,000 in additional FY 96 funds for

three specific purposes.

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1 I believe that by the end of this fiscal year the
2 department would be able to -- would be lapsing, probably, that
3 amount. But at this time, they are not able to identify which
4 funds or which projects those monies could come from. And for
5 that reason, I am recommending that new money be approved for
6 these three purposes. These have all been reviewed by Dr.
7 Spies and he is in support of going forward with them.

8 The first is to authorize \$11,400 in personnel cost
9 to the Department of Interior for a new project and that
10 project is 96-326, completion of the NRDA Marine Mammal Study 6
11 for data re-analysis; \$5,300 in contractual costs to the
12 Department of Interior for Project 96-025, Nearshore Bird
13 Predator for additional statistical consultation that was
14 recommended by -- through the peer review process; and \$6,300
15 in equipment costs to the Department of Interior for additional
16 data processing and analysis for Project 96-161, the Harlequin
17 duck project. And again, that was a addition to the project
18 that was recommended by the peer reviewers.

19 MS. WILLIAMS: Mr. Chairman, I move that we authorize
20 this additional expenditure.

21 CHAIRMAN PENNOYER: Is there a second?

22 MS. BROWN: Second.

23 CHAIRMAN PENNOYER: Moved by Ms. Williams and
24 seconded by Ms. Brown to authorize this additional expenditure.

25 Is there further discussion?

(No audible response)

CHAIRMAN PENNOYER: Well, then basically, we -- it's
quite possible that there will be additional funds to cover

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this but it's not -- this is -- we're actually approving new
funding?

1 MS. McCAMMON: That's correct. I believe that given
2 past history that the department would be lapsing at least this
3 amount of money. But at this time they can't identify which
4 projects that would come from.

5 CHAIRMAN PENNOYER: Dr. Spies has reviewed this and
6 found that funding is necessary for the successful completion
7 of these tasks?

8 MS. McCAMMON: That's correct.

9 CHAIRMAN PENNOYER: Is there further discussion?

10 (No audible response)

11 CHAIRMAN PENNOYER: Is there any objection to the
12 motion?

13 (No audible response)

14 CHAIRMAN PENNOYER: Hearing none, the motion for
15 approval of this additional funding, the spending of this
16 additional is approved. Thank you. Molly, the next item?

17 MS. McCAMMON: Mr. Chairman, the next item would be a
18 motion to go into executive session for the purpose of
19 discussing habitat protection and in particular, small parcels.

20 MR. JANIK: Move that we go into executive session
21 for the purpose of discussion of the small parcel acquisition.

22 CHAIRMAN PENNOYER: Is there any objection to that
23 motion?

24 MS. WILLIAMS: Mr. Chairman, I would just like to
25 broaden the motion to talk about habitat protection, both small
and large parcel, because I think there may be some large
parcel habitat acquisition issues we might discuss.

CHAIRMAN PENNOYER: Okay. Is there any objection to 15
that as we're putting an amendment?

1 MS. McCAMMON: Mr. Chairman, could you repeat for us
2 who made the motion and the second?

3 CHAIRMAN PENNOYER: The motion was made by Mr. Janik
4 and seconded by Commissioner Rue.

5 MS. McCAMMON: Thank you.

6 CHAIRMAN PENNOYER: Okay. Then if there is no
7 objection, now to the motion as amended by Ms. Williams.

8 (No audible response)

9 CHAIRMAN PENNOYER: Hearing no objection, it's passed
10 and we will stand in recess for a few minutes and we'll be
11 prepared to go into executive session. And we -- Molly, should
12 we announce about how long we expect to be in executive session
13 for the purpose of the public who might want to rejoin this
14 conference call?

15 MS. McCAMMON: I think that would be a good idea. I
16 would say probably a half an hour to 40 minutes.

17 CHAIRMAN PENNOYER: Okay. Given it's now 9:00, it
18 probably shouldn't be longer than 40 minutes. Okay. Thank
19 you very much. And we'll now stand adjourned -- or in recess
20 for five minutes.

21 MS. McCAMMON: And we'll be calling you back
22 directly.

23 CHAIRMAN PENNOYER: Thank you.

24 COURT REPORTER: Off record.

25 (Off record at 9:00 a.m.)

(On record at 9:52 a.m.)

CHAIRMAN PENNOYER: Okay. Molly, thank you. Can you

tell us who's hooked up back on the com now, please?

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2 MS. McCAMMON: We have Kenai on, Anchorage and
3 Juneau. We may get some others as we go along, and they'll
4 announce them.

5 CHAIRMAN PENNOYER: Okay. Fine. Then thank you.
6 And we have completed our executive session to discuss small
7 parcel acquisition. I would like you therefore to take us
8 through the rest of the agenda items we've got to cover this
9 morning.

10 MS. McCAMMON: Mr. Chairman, at the last time we
11 discussed small parcels, the council requested that I -- before
12 further action occurred on any additional small parcels, that I
13 prepare a status report on the program and develop a
14 recommendation for future action.

15 You have a memo in your packet that summarizes that.
16 Basically, through the process over the last approximately two
17 years, the Council has received about 300 nominations for small
18 parcel acquisition. Of these, the Council has expressed
19 interest in 47 of them. They represent the highest -- those
20 with the highest restoration value as identified by both the
21 public and by the various management agencies. And these are
22 included in Table 1 and Table 2 of the attached report.

23 In addition it includes the contribution to the Kenai
24 Natives Association package and also the one million dollars --
25 up to one million for the Kodiak Island Borough tax parcels.

At this time I just wanted to note in this memo that
a little bit of a concern that we not make a real active --
actively solicit a number of new parcels at this time until we
kind of catch up on the ones that are currently under

17
1 I think needs further discussion and further review by all the
2 attorneys and the agencies and the public advisory group for
3 the possibility in the future of setting up a habitat reserve
4 account within the restoration reserve.

5 I don't think this precludes at all in any way new
6 parcels coming before the Council if something really
7 compelling for restoration value is identified by either the
8 public or the agencies. But I did want to note that at this
9 point we have quite a bit on the table and it's probably a good
10 time to try to complete as many of these as possible.

11 In addition to that, I do have a recommendation for
12 action on -- there are five parcels that the appraisals have
13 been completed and are ready for Trustee Council consideration.

14 And we could go through those or.....

15 MS. WILLIAMS: Mr. Chairman, I would move that the
16 Trustee Council agree to purchase four of the five small
17 parcels before us today. And that's KAP-99, KAP-115, KAP-135,
18 all in Kodiak. Mr. Elison is here to speak to those parcels in
19 more detail. And then also KEN-1034, the Patson parcel on the
20 Kenai.

21 CHAIRMAN PENNOYER: Molly, can you hear Juneau?

22 MS. McCAMMON: Yes, I can. Can you hear us?

23 CHAIRMAN PENNOYER: We can hear you, but for awhile
24 there we seemed to be missing each other. We now have a motion
25 on the small parcel acquisition. I think we can come back
26 maybe a little further of your first aspect after that. Is
27 there a motion and discussion on the parcel acquisition? Ms.
28 Brown.

MS. McCAMMON: Was there a second, Mr. Chairman? 18

CHAIRMAN PENNOYER: Yes. Ms. Brown seconded. Can you hear me?

1 MS. McCAMMON: Thank you.

2 CHAIRMAN PENNOYER: It's been moved and seconded that
3 we acquire four of the five parcels in the list as shown here.

4 MS. WILLIAMS: Mr. Chair, if we could have Mr. Elison
5 speak very briefly to the three Kodiak parcels.

6 CHAIRMAN PENNOYER: Please.

7 MR. ELISON: Mr. Chairman, the three Kodiak parcels
8 are all located within the large parcels acquired by the
9 Trustees; two of them from Old Harbor and one from Koniag.
10 They are all at key access points. Two of them on the south
11 side of Kluta Bay and the other one at Silver Salmon Lake north
12 of the village of Larson Bay. They share a common use for
13 subsistence. They're used extensively for recreation. The two
14 parcels, KAP-99, KAP-135 are located on watersheds in key
15 locations that have pink salmon. The parcel KAP-115 is located
16 on Silver Salmon Lake. It's the sole property -- sole private
17 property within that holding. The lake has dolly varden.
18 There are bald eagle nests in the area. There are also river
19 otters using the area extensively.

20 In the case of the two parcels in Kluta Bay, both
21 parcels have extensive intertidal zones, Pacific herring spawn
22 adjacent to those parcels and they're used by Harlequin ducks.

23 That's a brief summary, Mr. Chairman.

24 MS. McCAMMON: Mr. Chairman, on the Patson parcel,
25 this is 76.3 acre parcel on the Kenai River. It has a quarter
mile of frontage on the Kenai River with a natural spring on

1 the property. The land is undeveloped. Public ownership of 19
2 the parcel would protect habitat for pink salmon, dolly varden
3 and recreation and tourism. It would allow the agencies to
4 better manage stream bank fishing in that area.

5 CHAIRMAN PENNOYER: Thank you. Can you hear us,
6 Molly?

7 MS. McCAMMON: Yes. Can you hear us? We hear you
8 off and on. There's some fuzz on the line, apparently.

9 CHAIRMAN PENNOYER: Yes, that's what's happening.
10 We're hearing everything you're saying so if we cut out, we'll
11 just have to come back in. Any further discussion at this end
12 before we get cut off again?

13 (No audible response)

14 CHAIRMAN PENNOYER: Ready to proceed with the
15 acquisition of these?

16 MR. TILLERY: Mr. Chairman, as I understand it
17 technically what we're doing is authorizing the negotiators to
18 make an offer at the appraised price.

19 CHAIRMAN PENNOYER: Okay.

20 MS. McCAMMON: Mr. Chairman, we apparently have a
21 very bad line. Is -- could you just repeat whether there was
22 any objection on the motion or whether you asked for an actual
23 vote?

24 CHAIRMAN PENNOYER: Yes.

25 MS. McCAMMON: I -- you're cutting out again.
Rebecca is checking with the operator right now.

CHAIRMAN PENNOYER: Okay. Molly, you can hear us for
the moment. Thank you, Mr. Charter (sic) for the correction.
There's no objection at this end. Is there any objection at

that end of the motion?

20

MS. WILLIAMS: No.

MR. TILLERY: No.

MS. McCAMMON: The answer was no.

CHAIRMAN PENNOYER: Molly, can you hear us?

MS. McCAMMON: I can, just when you said, can you hear us.

CHAIRMAN PENNOYER: Molly, I guess you can hear us when we're talking and for some reason. So that has been -- a motion was made and seconded. There's no objection. And the motion therefore passes regarding these four parcels. Do I have some discussion?

(No audible response)

CHAIRMAN PENNOYER: Molly, if you -- can you hear us? If you want to discuss the fifth parcel?

MR. TILLERY: Well, Mr. Chairman, what I would like to do is to bring -- well, I can discuss the fifth parcel which was the Schilling parcel. It is six acres located a strategic -- I guess from a commercial's point of view, location down in Soldotna. It is a parcel that would be used for -- as a means of channeling fishing pressure on the Kenai River to a place where the fishing pressure can be accommodated through the use of a boardwalk that is currently being constructed on the parcel. It is adjacent to the Kenai River Visitor's Center.

I believe from the perspective of the State of Alaska, it is a very important parcel and we certainly urge -- we'll be urging the council to look very closely at this and try to come up with a way to accomplish this acquisition.

CHAIRMAN PENNOYER: Thank you. Is there further

comment on the Schilling parcel? Mr. Janik? Did you have any²¹
comment?

1 MR. JANIK: I'll just add that the appraised value
2 that we have listed for the Schilling parcel and the acreage
3 associated with that, it just seems to me that parcel needs to
4 get a closer look, because it looks like a very expensive piece
5 of property. And I'm not sure, I, as a council member would
6 propose that we proceed with that high number.

7 CHAIRMAN PENNOYER: Further discussion of the
8 Schilling parcel?

9 MS. WILLIAMS: Mr. Chairman, I would just like to
10 underscore what Mr. Janik said. The Council, of course, is in
11 the business of purchasing restoration value. And I think we
12 look forward to the State bringing back to the Trustee Council
13 a package that reflects better restoration value for this
14 amount of land.

15 CHAIRMAN PENNOYER: I don't believe there's a motion
16 here. But that's the sense of the council. Does anybody wish
17 to add anything else or can we leave it at that?

18 (No audible response)

19 CHAIRMAN PENNOYER: Thank you very much. In the
20 first regard, Ms. McCammon brought in the concept before us
21 regarding the small parcel acquisition. And I think it's been
22 generally stated. Mr. Rue, did you wish to add anything to
23 that?

24 MR. RUE: Just very simply I wanted to endorse the
25 way Ms. McCammon put it. I think we will be bringing forth a
couple of parcels in the next -- fairly shortly here. I would
hope they would at least get a review and that we not have the

door absolutely shut on things. Council members are important²²
and acquisitions that happen to be timely. So she did say
that. And that's fine. I think -- so you can look forward to
maybe one or two nominations about it.

CHAIRMAN PENNOYER: So basically, if it becomes a
matter of priorities, we agree that our slate is fairly full
and we need to plan of where we go from here. But we're going
to certainly consider priorities if they are such. So is there
any further comment on that policy?

MS. WILLIAMS: Mr. Chairman, the only other thing I
would like to add is that I do encourage Ms. McCammon to
continue determining how we can maximize our return on the
money that we have available. I believe we have about 32
million dollars now in hand. And so in looking at the medium
term and long term option to determine a strategy that
maximizes the return on our money.

CHAIRMAN PENNOYER: Thank you. Is there further
comment on this?

(No audible response)

CHAIRMAN PENNOYER: Then I think, Ms. McCammon,
you've got the sense of the council and we will just proceed
from there in the August and September meetings and see what
type of funding we come up with.

MS. McCAMMON: Mr. Chairman, I would just like to
note that if there are nominations that come from the public,
too, we would accept those nominations, still have them go
through the evaluation and ranking process and continue to use
that process, too.

CHAIRMAN PENNOYER: And that was the sense I was

getting, although we're certainly not soliciting anything and 23
we need to get a plan together to determine how these all fit
into it.

1 MS. McCAMMON: That's correct.

2 CHAIRMAN PENNOYER: Okay. Is there anything else on
3 small parcels? Craig, were you or Alex going to bring
4 something up?

5 MR. TILLERY: Mr. Chairman, we are hoping to close
6 shortly on the Kenai 29 parcel, known as the Tulin property.
7 An issue has come up with respect to the possibility, although,
8 it is considered a very, very unlikely possibility of there
9 being oil and gas and subsurface issues with regard to that
10 parcel. We've talked with the minerals people in the State and
11 they've indicated that there is almost no possibility of -- or
12 there is no cer- -- almost no possibility of oil, very little
13 possibility of any gas involved in that property.

14 A substantial portion of the property has been
15 protected from any surface interference or surface development
16 associated with subsurface rights. We are working diligently
17 to get the final small acreage that doesn't have that
18 protection on it.

19 We would like to move forward with the closure for
20 this piece of property. And to that extent, we'd like to --
21 I'd like to offer an amendment to the Council's resolution of
22 November 20th, 1995 to amend the first -- or the last sentence
23 on page three of that resolution so that it would now read:
24 "As one of the conditions for acquisition of a number of small
25 parcels that a satisfactory title search is completed by the
acquiring government and the seller is willing and able to

convey fee simple title by warranty deed except that with respect to Parcel KEN-29, the sellers may reserve certain oil and gas rights that will not affect the restoration rights of the property and provided that sellers will make their best efforts to insure that in no event may the surface of the property be used or altered in any way for purposes of oil and gas exploration or production."

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CHAIRMAN PENNOYER: Okay. That's a motion, I believe. Do I have a second?

MR. RUE: I'll second that motion.

CHAIRMAN PENNOYER: Motion made by Mr. Tillery, a second -- seconded by Commissioner Rue. Is there further discussion?

(No audible response)

CHAIRMAN PENNOYER: Any council member?

(No audible response)

CHAIRMAN PENNOYER: Okay. Is there any opposition to this motion?

(No audible response)

CHAIRMAN PENNOYER: Hearing no objection, the motion is passed. Is there anything further to be had before us at this meeting?

MS. McCAMMON: Mr. Chairman, there's no further items for action. And there was an official public comment period scheduled here. But I think before we adjourn, it's my understanding there may be one or two people on line who did want to address the council.

CHAIRMAN PENNOYER: Okay. Molly, I'm going to have to leave, I'm afraid, so.....

MS. McCAMMON: That's correct. I understand that. 25
Maybe if Mr. Janik or Mr. Rue could just chair until we do this
portion?

1 CHAIRMAN PENNOYER: Mr. Janik is going to take the
2 chair and Mr. Hines will sit in my place. So if that's fine,
3 could we -- you go ahead then. And let's open a brief public
4 comment period then. And where is the public comment coming
5 from? Anchorage?

6 MS. McCAMMON: Gail Evanoff, from Chenega Bay wished
7 to address the council. And we're trying to get her on line
8 right now. And I don't know if there's anyone else in either
9 Kenai, Valdez, or other places that wish to address the
10 council. Is anyone here?

11 MR. JANIK: This is Phil Janik. I've just taken over
12 the chair for this session. Molly, I missed the name of the
13 individual at Chenega Bay?

14 MS. McCAMMON: Gail Evanoff.

15 MR. JANIK: Gail Evanoff? Are you there? Would you
16 like to present your comments at this time, please?

17 MS. McCAMMON: I don't believe she's on line right at
18 the moment. We're still trying to get her on line. Perhaps
19 you could ask if there's anyone in Kenai or Valdez?

20 MR. JANIK: How about Kenai? Is there anyone there
21 that would like to present comments?

22 (No audible response)

23 MR. JANIK: Valdez?

24 (No audible response)

25 MR. JANIK: In that case, I guess we'll just wait to
see if we can get a hold of Ms. Evanoff.

MS. McCAMMON: Apparently her line is busy right now²⁶
So I've been trying to call her all morning. And I'll get a
hold of her after this meeting is over.

1 MR. JANIK: It appears then our business is completed
2 for today. Do I have a motion for adjournment?

3 MS. WILLIAMS: So move.

4 MR. BROWN: Second.

5 MR. JANIK: Michelle Brown second that. Is there an
6 objection to that motion?

7 (No audible response)

8 MR. JANIK: We'll be adjourned.

9 (Off record at 10:10 a.m.)
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