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1 EXXON VALDEZ OIL SPILL
2 TRUSTEE COUNCIL
3 TRUSTEE COUNCIL MEETING

4 Tuesday, July 2, 1997
5 10:30 o'clock a.m.

6 Fourth Floor Conference Room
7 645 G Street
8 Anchorage, Alaska

9 TRUSTEE COUNCIL MEMBERS PRESENT:

10 STATE OF ALASKA -	MR. CRAIG TILLERY
11 DEPARTMENT OF LAW:	Trustee Representative
12	for the Attorney General
13	(Chairman)
14 STATE OF ALASKA - DEPARTMENT	MR. FRANK RUE
15 OF FISH AND GAME:	Commissioner
16	(Telephonically)
17 U.S. DEPARTMENT OF INTERIOR:	MS. DEBORAH WILLIAMS
18	Special Assistant
19 U.S. DEPARTMENT OF AGRICULTURE -	MR. PHIL JANIK
20 U.S. FOREST SERVICE	Regional Forester
21 U.S. DEPARTMENT OF COMMERCE - NMFS:	MR. STEVE PENNOYER
22	Director, Alaska Region
23 STATE OF ALASKA - DEC:	MS. Ginny Fay
24 Proceedings electronically recorded then transcribed by:	
25 Computer Matrix, 3520 Knik Ave., Anchorage, AK - 243-0668	

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1 TRUSTEE COUNCIL STAFF PRESENT:

2 MS. MOLLY McCAMMON

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4 MR. ERIC MYERS

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6 MS. REBECCA WILLIAMS

7

8 MR. ALEX SWIDERSKI

9

10 MR. BUD RICE

11 MR. JIM WOLFE

12 MR. DAVE GIBBONS

13 MR. BILL HINES

14

15 MS. CLAUDIA SLATER

16

17 MS. GINA BELT

18 MS. CAROL FRIES

19

Executive Director

EVOS Trustee Council

Director of Operations

EVOS Trustee Council

Executive Secretary

EVOS Trustee Council

State of Alaska

Department of Law

National Park Service

U.S. Forest Service

U.S. Forest Service

National Marine Fishery

Service

Alaska Department of Fish

and Game

Department of Justice

Department of Natural

Resources

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P R O C E E D I N G S

(On record - 10:47 a.m.)

CHAIRMAN TILLERY: We can begin this meeting of the Exxon Valdez Trustee Council, July 2nd, 1997. This is a continuation meeting from a previous meeting. Present are Ginny Fay representing the Department of Environmental Conservation; Craig Tillery representing the Department of Law; Deborah Williams with the Department of Interior; Steve Pennoyer from the National Marine Fishery Service; Phil Janik from the Forest Service; and Frank Rue is not here physically but is on line in Juneau representing as the Commissioner of the Department of Fish and Game.

The first order of business would be the approval of the agenda, and I just want to clarify the agenda, we are running a little late getting started, but we got a couple of items. The Executive Director's Report, there will be a discussion of the proposed Eyak land acquisition and, if there's time, of the KAP 91 proposed acquisition followed by a public comment period at 11:30. There will -- any action on the Eyak would not be taken until following the public comment period.

And with that explanation, is there a motion?

MR. JANIK: I so move.

MR. PENNOYER: Second.

CHAIRMAN TILLERY: Anyone opposed?

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1 (No opposing responses)

2 CHAIRMAN TILLERY: Okay, the agenda is
3 approved. The next item is the approval of the May 23rd and
4 June 23rd meeting notes.

5 MS. D. WILLIAMS: Move to approve.

6 MR. PENNOYER: Second.

7 CHAIRMAN TILLERY: Anyone opposed?

8 (No opposing responses)

9 CHAIRMAN TILLERY: The meeting notes are
10 approved. Our next item would be the Executive Director's
11 Report. Ms. McCammon.

12 MS. McCAMMON: Thank you, Mr. Chairman. I just
13 wanted to call your attention to a couple of items in the
14 packet. One is the transcript of the public meeting that was
15 held on May 29th in Seward. If you weren't able to attend I
16 think it would be very helpful to get some sense of the
17 discussion from the public at that meeting.

18 I also have copies of the meeting summaries of the two
19 most recent Public Advisory Group meetings for your information
20 and those are the meeting in March and a recent meeting in May.
21 And the Public Advisory Committee is meeting again on July
22 16th, we're having a public hearing at 7:00 o'clock the evening
23 of July 15th to take comments on the recommendations for the
24 Draft Work Plan and then the Public Advisory Group will meet
25 the next day and make their final recommendation to the Council

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1 on that.

2 Kind of in conjunction with the Work Plan at this point
3 the Council is scheduled to meet on August 6th here in
4 Anchorage to take final action on the Work Plan. We do
5 anticipate that this year, I think, we'll be close to being
6 able to take action on about 90 percent of the plan and
7 actually defer only a few projects until December. So you
8 should be able to get a good idea of what will be coming ahead
9 in the Federal fiscal year '98.

10 Also in your packet is a copy of the financial report
11 as of May 31st, 1997 showing the amounts in the liquidity
12 account and also in the restoration reserve and also noting
13 future Exxon payments.

14 Based on some discussion from various Council members
15 and with the Department of Justice I have been meeting with the
16 Alaska Department of Revenue and they are preparing a report
17 for the Council with some possible options and recommendations
18 on some different strategies for investments of not only the
19 reserve funds but also the current funds in the liquidity
20 account. And I'm hoping to get a report in the next couple of
21 weeks, we'll take a look at it and see if there's any revisions
22 from staff and then present that to the Council, hopefully at
23 the August 6th meeting. What we're trying to do with this is
24 to see if there's a way to still preserve security with the
25 account but also increase the revenues that are generated

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1 through the investments. So that hopefully we'll get something
2 to you in the next couple of months.

3 On the habitat side we have in the packet two reports,
4 one is on the status of the Small Parcel Program, the other is
5 the status of the Large Parcel Program. Just to call your
6 attention on the large parcel, a couple of items. The Chenega
7 acquisition closed last week, title to those lands was
8 transferred to the United States Government and the State of
9 Alaska. Funds were transferred back to Chenega Corporation, so
10 that is a done deal. And I think there should be a lot of
11 congratulations to all of the staff on all sides who worked
12 very hard to get this done, it was a very complicated deal. If
13 you'll recall, the Council took action in May, it took a full
14 year to actually get this acquisition completed but it is a
15 done deal as of last week.

16 Also wanted to bring to your attention that we are
17 continuing negotiations with Afognak Joint Venture. We have
18 had two recent field trips with various groups of people out to
19 see different portions of those lands on Afognak Island. One
20 group went out over Memorial weekend, another group went out
21 about 10 days ago. It was very helpful to actually get on the
22 parcels that we've been discussing and look at the various --
23 the kinds of trees on there and the kinds of habitat. Mike
24 Weidmer from the Department of Fish and Game has been devoting
25 an extraordinary amount of time to our effort and we're very

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1 appreciative of the Department's indulgence in this effort.
2 And it's been very helpful to actually -- as we get into more
3 intense negotiations to actually see what we're talking about
4 rather than just flying over the lands, which I think most of
5 us have already done.

6 There is another trip scheduled for July 17th and 18th
7 and those of you who were not able to make the past trips I
8 strongly encourage you to go out if you at all can, it is
9 really helpful to get a ground's eye view of these lands.

10 The other thing I did want to note is that there was a
11 nomination for an additional large parcel acquisition from
12 Leisnoi Corporation for a large amount of acreage, and I don't
13 even have the total figure here, at Cape Chiniak which is south
14 of Kodiak Island. Under our process in order to go forward the
15 lands, first of all, have to be in a spill area, have
16 restoration value, and third they have to have a potential
17 managing agency willing to accept potential ownership of these
18 lands. In the initial -- this is kind of the initial
19 screening. That nomination did not pass the initial screening
20 because neither the State nor the Federal agencies have any
21 particular interests in long term acquisition or management of
22 those lands. So I did want to bring that to your attention
23 that at this point that nomination has not met our threshold
24 criteria.

25 On the Small Parcel Program I also wanted to bring to

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1 your attention two items. One is that the Roberts parcel,
2 formerly the Schillings parcel is expected to close today and
3 that transaction will be done. And then secondly there is a
4 proposal, a nominated parcel that has been ranked and
5 evaluated, it's called the Blondeau Parcel, it's 100 acres in
6 Valdez, it was ranked low. It does have a sponsor, the
7 Department of Natural Resources. The City of Valdez and
8 various members of Valdez have generated a petition drive to
9 bring this higher on the Council's evaluation. And I do have
10 copies here of all of the materials that we've received so far
11 on that. So I just wanted to bring that to your attention.

12 Does anybody have any questions on the status on any of
13 the habitat activities at this point?

14 And the other item I did want to mention to you is the
15 status of the Chenega Clean Up Project. Ginny Fay with the
16 Department of Environmental Conservation did go out and observe
17 the project last week, I will be going out next week to take a
18 look at the project, and I've asked Ginny to give a report to
19 the Council members on what's happening with that.

20 MS. FAY: I was out last Wednesday and they
21 were just finishing up cleaning one of the beaches and so I
22 didn't see them in complete operation, they were mostly just
23 winding up, but they were probably at pretty much 90 percent
24 capacity. There were a couple of things that I was really
25 impressed with -- was just how much oil is still out there and

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1 when you walk through there you can't really -- if you are an
2 untrained eye, which I would say I would qualified as when I
3 first got there, you can't really tell that much until you
4 start moving rocks. Because it was definitely like an inch
5 thick asphalt topping and then once you were persistent enough
6 to pry some of that off there was a lot of very oozy brown deep
7 mud that when NOAA went out and were excavating they found
8 about that's in some places up to a foot deep.

9 So I was impressed with how much oil there was and how
10 effective they were being with removing it. The crew was
11 working very hard and the thing was that I was really impressed
12 with is my image of the project was very different than it
13 actually being carried out. They have basically been using
14 absorbent pads and picking up almost all the oil and PES-51
15 before it even reaches the water's edge. So I think the
16 effectiveness of the oil removal and the impact it is having is
17 much less than I had anticipated.

18 The other thing that I was really impressed with is how
19 -- I mean the project has really been embraced by the
20 community, they're fully engaged, it's -- they might have some
21 Foss people there who are there as technical advisors but they
22 are not dominating the project, it's really being run on the
23 beach by the villagers of Chenega, they're working real hard
24 and they're very proud of it. They're -- I think it's going
25 very well. I think they're working real hard, long days, about

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1 10 to 12 hour days for 10 days at a time and I know that's
2 probably a little bit different than the pace of life in most
3 villages, but assuming they can keep up that hard work effort,
4 which is more than -- I mean, I think it'll go -- it's going
5 very well.

6 CHAIRMAN TILLERY: Are there any questions of
7 Ginny or.....

8 MR. PENNOYER: Mr. Chairman. So, Ginny, the
9 status is they've done how many beaches now, one, and they're
10 shifting to another; is that the.....

11 MS. FAY: Well, I just read -- reviewed our
12 consultant's weekly report which I get and they're done with
13 the first long beach segment. They are about -- and they're
14 about halfway done with the second large beach segment. And I
15 think they're expected to finish that this week and then they
16 start going to some more of the sort of pocket beaches that are
17 a little bit smaller, but they're pretty much on schedule.

18 MR. PENNOYER: Mr. Chairman, one additional
19 question. And you mentioned that by use of absorbent pads very
20 little, if anything, is actually even getting in the water.
21 They're still boomed off of that though and what is in the
22 water is being picked up?

23 MS. FAY: Right, they're completely boomed off.
24 What happens is there's like a header hose that comes across
25 the top of the beach that they start flushing with ambient sea

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1 water, the beach before they start, and then as they use the
2 air-knife injection they have a whole -- half of their crew is
3 basically using absorbent pads to pick up the oil, PES and
4 water mixture as it comes down. So it's not even reaching the
5 boom, but the boom is there and being left in place and there's
6 -- you can just look and there's -- I had this image of there
7 being all this oil and sheening and all this stuff reaching the
8 water, but it's just not reaching it, so I was very pleasantly
9 surprised.

10 CHAIRMAN TILLERY: Are there any further
11 questions? Commissioner Rue, do you have any questions?

12 MR. RUE: Nope, I'm -- that's interesting.

13 CHAIRMAN TILLERY: Thank you. Ms. McCammon, is
14 there anything additional?

15 MS. McCAMMON: That's it. That concludes my
16 report.

17 CHAIRMAN TILLERY: Okay, thank you. At this
18 time we would move to a discussion of the Eyak land
19 acquisition. Mr. Janik.

20 MR. JANIK: I think what we would like to do
21 with this is have Alex and Jim Wolfe and Dave Gibbons give us a
22 description of just what has been laid out here on the table in
23 terms of both an understanding of the restoration values of the
24 Eyak parcels that are under consideration as well as the
25 resolution that the Council will be addressing today in terms

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1 of the specifics of the understanding of the negotiations and
2 the deal. So, Jim, I don't know how you want to handle this
3 with the three of you but.....

4 MR. WOLFE: I'll start, but we've lost part of
5 our forum the we were working with here. Let me go ahead and
6 get started. Let's see, there are small maps that maybe you
7 could hand out.

8 MS. McCAMMON: Yeah.

9 MR. WOLFE: It works better that way. Thank
10 you. I'll try to kick it off here. We'll review the details
11 of the map as well as the restoration benefits report. But
12 before we did that I wanted to just acknowledge and express my
13 appreciation for being able to present this package to the
14 Trustee Council today and at the same time to express our
15 appreciation to the board members and their representatives
16 from the Eyak Corporation for staying with us in this effort
17 all these years. Some of us sitting around the table and
18 around this room have been discussing the Eyak negotiation for
19 the better part of four, maybe five, years at least. And it
20 really is a pleasure to see things -- it really pleases me to
21 see things starting to come together and I think we have a very
22 good package to present to the Council today.

23 Given that, I would like to let Alex, he's ready, to
24 present the basic details on the map of the deal. Do you want
25 to talk and let me.....

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1 MR. SWIDERSKI: Yeah, why don't we do that.

2 MR. WOLFE: I can be happy doing that.

3 MR. SWIDERSKI: Mr. Chairman, members of the
4 Trustee Council, members of the public and particularly members
5 of the Eyak Corporation Board of Directors, I would like,
6 initially, to echo the remarks of Jim Wolfe and thank the Eyak
7 Board for the remarkable persistence and patience that they
8 have shown over these past four years, and longer, in getting
9 us to the situation where we are able to present to you a
10 proposal for an acquisition that I think more than adequately
11 addresses the requirements of the Council and the Board and
12 shareholders of the Eyak Corporation.

13 The proposed acquisition is for a total -- or will
14 result in the protection of a total of 75,425 acres. Of that,
15 more than 55,000 acres will be fee. The fee acquisition areas
16 are at Port Gravina, Sheep Bay, the Rude River area. And by
17 the way there in the red hatch marks on the map which will be
18 attached to the proposed resolution, which is identified as
19 Exhibit A, also at Windy Bay, Canoe Passage and what we have
20 called the Eyak core lands, including the lands extending down
21 the Eyak River.

22 There is 6,667 acres in conservation easement, all of
23 that land will have permitted public access. It's primarily
24 located around the eastern portion of Simpson Bay. There's a
25 little in the core lands that will also be conservation

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1 easement land.

2 MR. WOLFE: At the head of Eyak Lake.

3 MR. SWIDERSKI: That's right, at the head of

4 Eyak Lake.

5 In addition, there are 13,401 acres that will be timber
6 conservation easement lands in the Orca Narrow/Nelson Bay area.
7 And finally Eyak has agreed to make available to public access
8 1,250 acres of the land where the Council -- or the Forest
9 Service, pursuant to a Council resolution, acquired timber
10 rights only at Bomb Point and in addition has agreed to include
11 a 40 acres fee site within the Bomb Point site. Significantly
12 the lands in Port Gravina and Windy Bay will have no
13 development sites and no homesites locate in them. The Sheep
14 Bay lands will have no development sites in addition to those
15 which are already there. There are two that are currently in
16 existence and there will be restrictions on the nature of the
17 development on those sites.

18 Eyak has agreed to limit the number of shareholder
19 lease sites on the fee lands and conservation easement lands to
20 no more than 95 sites in the areas that are designated in
21 yellow on Exhibit A. They're primarily in Simpson Bay and
22 there in a number of areas on Hawkins Island. And specifically
23 no more than six sites in the fee lands on the eastern -- I'm
24 sorry, on the western shore of Simpson Bay. There will be no
25 homesite leases in Windy Bay or Port Gravina.

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1 Eyak will retain a five acre access site for bear
2 viewing in Sheep Bay. Eyak will also retain in the core area
3 four sites at Power Creek for the power -- it's actually two
4 sites, I think, at Power Creek for the power facility. A
5 cultural spirit camp near Crystal Falls on the Eyak River and a
6 gravel pit site located on the development lands. And in
7 addition Eyak will retain two sites for mariculture -- to
8 support mariculture facilities, one of which may be located in
9 the fee lands in west Simpson Bay, that site would be in near
10 proximity to the homesite easement -- homesite lease sites in
11 west Simpson Bay if it's there.

12 And I think that pretty much describes the package. If
13 the Council has any questions, Mr. Chairman.

14 CHAIRMAN TILLERY: Are there any questions from
15 Council members?

16 MR. WOLFE: Probably one addition is there is a
17 limited conservation easement along the lower portion of this
18 fee lands here for cultural reason.

19 MR. SWIDERSKI: That's correct.

20 MR. WOLFE: Yeah. That hasn't been fully
21 detailed at this point.

22 CHAIRMAN TILLERY: Commissioner Rue, I'm not
23 sure if you have a map. Have you been able to follow this
24 or.....

25 MR. RUE: I am working from memory but I have a

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1 pretty good memory that -- following it.

2 CHAIRMAN TILLERY: Okay. Do you have
3 other.....

4 MR. JANIK: I would just -- at the time
5 appropriate, Mr. Chairman, I would suggest that we give the
6 Eyak Board a chance to introduce themselves. I noticed a good
7 number of them are here this morning and whether we do that
8 during public comment or just before or now, I'll leave that to
9 your discretion.

10 CHAIRMAN TILLERY: I was thinking what we might
11 do is do that during the public comment period and allow them
12 to sort of lead off and make any comments they would have that
13 would be appropriate.

14 MR. JANIK: And I think now we're going to get
15 a description of the restoration values of the parcels being
16 considered for acquisition. Dave Gibbons is going to do that.
17 Thank you, Alex, Jim.

18 MR. GIBBONS: Thank you. Trustee Council,
19 public, I'd like to briefly mention some of the values,
20 restoration values, of the land that is depicted on the map
21 here. It's been discussed with you previously so I'm not going
22 to go into great length, which I could do. There's some
23 extremely valuable habitat for the injured resources and
24 services on the map and I'd like to just highlight some of the
25 things.

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1 The first is that the general character of the land is
2 low forested hills dissected by streams, marshes and muskegs.
3 It has a broken pattern and it is very diverse and that creates
4 some of the good habitat, it's a diverse type habitat for many
5 different types of species. To be specific, we had the
6 interagency group review the habitat values of the lands and
7 they ranked the habitat as either low value, moderate value or
8 high value. And I'm just going to touch on the high values
9 depicted here but I want you to remember there's also moderate
10 values and lower values for species that I won't mention, so
11 there's -- it's a broad range of values, but for the injured
12 species, such as pink salmon, Sheep Bay, Windy Bay and Canoe
13 Pass all provide extremely valuable habitat for pink salmon, as
14 well as Olson Bay.

15 Sockeye salmon, Eyak Lake, Power Creek and the other
16 core parcels provide important spawning and rearing habitat for
17 sockeye salmon. Cutthroat trout very important in Deep and
18 Windy Bay, Power Creek, Eyak Lake and some other core parcels
19 that are valuable for Dolly Var -- for cutthroat trout. And
20 the same for Dolly Varden, the same parcels, they seem to
21 overlap. Pacific herring, extremely important in Outer Sheep
22 Bay. A very important spawning area, habitat for Pacific
23 herring. Bald eagles are found throughout the parcels, they're
24 scattered, there's nesting in perch trees throughout the
25 parcels. It's hard to detail those but they're extremely

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1 diverse. Black oystercatcher are extremely important in Sheep
2 Bay. A critical habitat area for black oystercatchers. Harbor
3 seals use Sheep Bay and Canoe Pass extensively; haul out areas
4 and also feed areas. And Harlequin Ducks are important -- are
5 found in Sheep Bay and Port Gravina, in extremely high.....

6 Intertidal and subtidal biota are important throughout
7 the region, there's a diverse habitat from sandy to rocky to
8 bedrock, so there's a diverse type habitat for the intertidal
9 and subtidal biota. Marbled murrelets extremely important in
10 Orca Narrows, use it for nesting and feeding. River otters,
11 Port Gravina, Power Creek, Eyak Lake and the core parcels as
12 well as the Rude River. River otters are frequent throughout
13 the area. Sea otters, Sheep Bay, Deep and Windy Bays, East
14 Simpson Bay and West Simpson Bay are used by sea otters.
15 Wilderness, the wilderness character is extremely valuable in
16 Port Gravina and Sheep and -- excuse me, in Windy and Deep
17 Bays. The cultural resources are found throughout the area but
18 I think it was mentioned earlier here along the Lower Eyak
19 River, the mouth of Power Creek are extremely important and
20 those recognized in the deals with -- in the negotiations with
21 Eyak. And subsistence basically all parcels are used for some
22 type of subsistence.

23 There are over 80 anadromous salmon streams in the
24 area, a high number. I mentioned bald eagles, those are very
25 important. There's known feeding and latrine areas throughout

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1 the area for river otters. I will make one comment that
2 Eastern Prince William Sound has the highest concentration of
3 sea otters in the Sound so they're concentrated in the eastern
4 side. The Eyak lands are surrounded by national forest lands
5 of high scenic value so this would add to the scenic -- combine
6 the scenic value of the lands. It's uses for wilderness-based
7 recreation, hunting, fishing, sea-kyaking and camping.

8 One thing that wasn't mentioned, on the core parcel
9 there's Cordova's water, city water supply is identified on --
10 next to the core parcel there, that's kind of a long strip as
11 well as the power supply up on the other side of the lake, so
12 it provides resources for the City of Cordova.

13 And basically I just want to end that the scenic and
14 wildlife and fish values are extremely high. And I was one of
15 the ones that has been dealing with this for four of five years
16 and I'm extremely pleased to be here and present this
17 information. So I'll answer any questions.

18 CHAIRMAN TILLERY: Are there any questions from
19 Council members? Commissioner Rue, do you have any questions?

20 MR. RUE: No, I think Dave did a great job of
21 summarizing the values. Thank you.

22 CHAIRMAN TILLERY: Thank you, Dave. Mr. Wolfe.

23 MR. WOLFE: One last shot, see if I can take us
24 through to the offer. As you heard the purchase of these lands
25 are in our opinion an appropriate means to restore a portion of

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1 the injured resources and services in the oil spill area. And
2 the acquisition is consistent with the Restoration Plan that we
3 all approved and are working under. Normally the government
4 makes offers based on the estimated fair market value of the
5 lands considering all the factors involved. In this case the
6 government's estimate of the fair market value for the property
7 being considered is 11.8 million for the lands, timber
8 conservation easements and conservation easements, plus there's
9 an estimated -- the government's estimated value for timber
10 between five and \$30,000,000.00, depending upon the market
11 situation at the time.

12 It is based on negotiations and considering all the
13 values and benefits to restoration the negotiators are
14 recommending to the Council an offer of 45 million to be paid
15 out over six payments over a five year period with a present
16 net value of approximately \$40,000,000.00. This offer is, in
17 our opinion, a reasonable price given the significant natural
18 resources and service values that are protected on the lands,
19 generally in the low probability of significant development on
20 a large portion of the timber conservation easement lands.

21 This area, as Dave indicated earlier, was impacted
22 significantly by the spill and we believe this effort will help
23 to restore both the resources and the services that were
24 impacted over time.

25 I guess that would conclude our position at this point

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1 and recommendations I should say.

2 CHAIRMAN TILLERY: Okay. Thank you, Mr. Wolfe.
3 Thank you, Mr. Janik. We got about 10 minutes before public
4 comment. What I would propose to do at this point is sort of
5 complete this Eyak packet by going ahead and recognizing the
6 Board and having them go head and address us if they have
7 statements that they would like to make. Nancy Barnes is with
8 us as, I believe, President of the Board of Directors. If you
9 could introduce the other members of the Board and if there are
10 some member, yourself included, that wish to make statements
11 this would be an appropriate time to do it.

12 MS. BARNES: Okay, first, my name is Nancy
13 Barnes, I'm President of the Eyak Corporation Board of
14 Directors. And I'd like to introduce, first of all, the Board
15 of Directors, I think all but one are here in person with me
16 today, the other one is in Cordova. We got Catherine Anderson,
17 one of our Board members. Our Chairman, John Johnson. James
18 McDaniels, Verla Club, Berle Parsons, Beverly Babbitt and
19 Mildred Johnson.

20 And at this time I've got some prepared remarks, I'd
21 just like to go ahead and read. And I'll have those available
22 for the Council.

23 Members of the Exxon Valdez Oil Spill Trustee Council,
24 ladies and gentlemen.

25 And I would like to recognize four Eyak Corporation

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1 elders who are here with us today. We have Marie Lange I
2 believe is here, our elder Marie Smith, my mother Anna Mae
3 Barnes and Patricia Borer. Oh, I'm sorry and Vi Tiedeman is
4 here also with us, excuse me.

5 On behalf of the Board of Directors of our village
6 corporation, I'd like to thank each of you for your patience,
7 understanding and commitment to the development of a habitat
8 conservation land package that is fair to the public's interest
9 as well as to that of our shareholders.

10 I would like to express also our appreciation to the
11 negotiating teams for both sides. To Council negotiators Molly
12 McCammon, Jim Wolfe, Alex Swiderski, Dave Gibbons and John
13 Harmening. To our negotiating team also of Roy Jones, Clare
14 Doig, Walt Ebell and Larry Landry.

15 I would like to publicly express our Board's special
16 appreciation to our Corporation's General Manager, Brian
17 Lettich, who has played such a pivotal role in assisting and
18 guiding our Board in reaching the agreement before you today.

19 With this agreement, not only will our lands be
20 protected for the future generations but at the same time we
21 will be protecting the critically important subsistence
22 resources of those lands.

23 The public will gain access to thousands of acres of
24 land for hunting, fishing, camping and other outdoor
25 recreational uses and will ensure the conservation in

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1 perpetuity of fish and wildlife habitat lands and to resources
2 injured by the 1989 oil spill.

3 The proceeds of the sale of a portion of our
4 Corporation's land will go a long way toward helping out our
5 village corporation achieve some of the underlying goals of the
6 Alaska Native Claims Settlement Act. Number 1, the protection
7 of and commemoration of the rich and diverse culture heritage
8 of our people. Number 2, the retention of the Corporation in
9 Native ownership for the benefit of our children and their
10 children. And number 3, the building of a sustainable economic
11 future for the Corporation and its shareholders through careful
12 planning and wise use of the proceeds from this transaction.

13 What we are achieving together here is historic. My
14 late father, Cecil Barnes, who is the founding father of the
15 Eyak Corporation and the Chugach Native Region, would be proud
16 of this agreement before us and of those who have contributed
17 to its success.

18 The final decision on whether to approve this agreement
19 will be in the hands of our shareholders, as it should be,
20 through a shareholder vote once the remaining details are
21 worked out. That vote is to be taken after a recommendation of
22 the members of our Board of Directors, who are here today, will
23 help determine the direction and future of the Eyak
24 Corporation.

25 This moment has been a long time coming. We are so

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1 pleased that through the diligence and good faith of the
2 Trustee Council and our Corporation, we have reached this
3 milestone.

4 We look forward to working with you and your
5 representatives to pursue the remaining steps in seeking
6 further necessary consideration and implementation of this
7 agreement.

8 Thank you very much.

9 At this time I would just like to ask our Chairman, do
10 you have any remarks you'd like make. John Johnson.

11 CHAIRMAN TILLERY: Thank you, Nancy.

12 MS. BARNES: Thank you.

13 MR. JOHNSON: Members of the Council, this
14 isn't my spot to sit like this, but anyways, my name is John
15 Johnson, I'm the Chairman of the Eyak Corporation and I just
16 got a short couple of things to say. First of all, I had my
17 doubt whether this day would come and now that it has I'm
18 relieved that we're here.

19 I believe in considering this, that habitat will be
20 conserved in this agreement and it would be very good for our
21 shareholders, community of Cordova, tourism businesses and
22 commercial fishing.

23 And the effort has had a wide spread support from the
24 Cordova Chamber of Commerce, Cordova Fisherman's United, the
25 Prince William Sound Development Council, the conservation

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1 community and the City of Cordova.

2 We believe the agreement is a fair one on both of our
3 sides and interests. Our Board will consider it and I will
4 urge that it be taken to the shareholders for their
5 consideration. We appreciate your perseverance in working on
6 this agreement with us and look forward to the completion of
7 its consideration.

8 And, again, I say I'm glad we're here at this point,
9 it's been a long, long road and thank you.

10 CHAIRMAN TILLERY: Thank you, Mr. Johnson.

11 CORDOVA LIO: This is the Cordova moderator and
12 we're having difficulty hearing the speakers. Perhaps they
13 could move closer to the microphone, they're breaking up.

14 CHAIRMAN TILLERY: Okay, either we'll turn the
15 microphone up or we'll move it a little bit closer or
16 something.

17 Thank you very much and I certainly want to express the
18 Council appreciation for so many members of the Board coming
19 here in person to be with us today.

20 At this time is there anything additional on this
21 matter?

22 MR. PENNOYER: Mr. Chairman.

23 CHAIRMAN TILLERY: Mr. Pennoyer.

24 MR. PENNOYER: Oh, I'm sorry this isn't on this
25 matter, it was another matter before public testimony starts

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1 officially. You want to mention.....

2 MR. JANIK: Mr. Chairman, I do have a few
3 comments but I prefer to make those after the public comment
4 period.

5 CHAIRMAN TILLERY: Well my proposal would be to
6 go ahead and start public testimony unless you have something
7 you wish to.....

8 MR. PENNOYER: Mr. Chairman, I was just going
9 to inquire, we had the KAP 91 on there before public testimony,
10 are we just going to not do this at this time or is that
11 included?

12 CHAIRMAN TILLERY: I don't believe we're going
13 to have time to do it before public testimony begins, really,
14 in five minutes. I assume, Ms. Williams, we couldn't complete
15 that in five minutes or could we?

16 MS. D. WILLIAMS: I think we probably could
17 complete it in five minutes.

18 CHAIRMAN TILLERY: Would you like to have that
19 discussion now or.....

20 MR. PENNOYER: I'm not sure we can do it, if
21 you.....

22 MS. D. WILLIAMS: I feel very comfortable with
23 going forward with Eyak, keeping on this topic.

24 CHAIRMAN TILLERY: Okay, I think we're on a
25 theme so.....

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1 MS. D. WILLIAMS: Yes, I think we're on a good
2 track.

3 CHAIRMAN TILLERY: Why don't we do that then.
4 So why don't we go ahead and start with public comment. My
5 understanding is that we have Cordova, Juneau, Kenai and Seward
6 on line. Is there anybody else that's come on line since then?

7 (No audible response)

8 CHAIRMAN TILLERY: And I assume there's also
9 people in Anchorage that would like to speak and we'll get to
10 everybody. Why don't we begin with Cordova. Are there people
11 in Cordova who would like to speak, and if so, could someone
12 come forward. Come to the mic.

13 MR. MCKARKA: Yes, this is Henry McKarka (ph),
14 shareholder of Eyak. Do you read?

15 CHAIRMAN TILLERY: Yes, we hear you very well.
16 Go ahead. And we've asked because of time considerations if
17 people could limit their comments to about three minutes per
18 speaker. I'd appreciate your indulgence on that. And go
19 ahead, please.

20 MR. MCKARKA: Yes, I'm very pleased that the
21 Trustees have arrived at a conclusion of the faithful
22 negotiations with the Eyak Corporation after all these years.
23 And I'm hopeful that you would do the best in their interests.

24 Thank you.

25 CHAIRMAN TILLERY: Thank you very much. Is

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1 there anyone else in Cordova who would like to speak at this
2 time?

3 CORDOVA LIO: No.

4 CHAIRMAN TILLERY: Okay, is there anyone in
5 Kenai who would like to make a comment at this time?

6 REPRESENTATIVE HODGINS: This is Representative
7 Mark Hodgins, I was just -- had one question and that was
8 basically are we -- does the price include the subsurface
9 rights? And other than that there's no one else here to
10 testify.

11 Thank you.

12 CHAIRMAN TILLERY: Mr. Janik.

13 MS. McCAMMON: The answer is no.

14 CHAIRMAN TILLERY: Thank you, Representative
15 Hodgins, we're.....

16 MR. JANIK: The answer is no to that.

17 CHAIRMAN TILLERY: The answer is that there is
18 not -- the subsurface is not included in that. I don't believe
19 actually we've had any negotiations with Chugach Alaska on
20 that.

21 MS. McCAMMON: We have had -- actually,
22 Mr. Chairman, we have had discussions with Chugach Alaska about
23 subsurface rights for all of these lands and the Kenai Fjords
24 lands and they have indicated that they are not interested in
25 selling those rights.

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1 CHAIRMAN TILLERY: Okay. Thank you.
2 Representative Hodgins, do you have any other comments?

3 REPRESENTATIVE HODGINS: No, thank you very
4 much.

5 CHAIRMAN TILLERY: Okay, thank you. Is there
6 anyone else in Kenai who would like to comment at this time?

7 REPRESENTATIVE HODGINS: No, there's no one
8 else in Kenai to comment at this time, thank you.

9 CHAIRMAN TILLERY: Okay, thank you. Is there
10 anyone in Seward who would like to comment at this time?

11 SEWARD LIO: We are listening in at this time
12 but (phone cut out) testify at this point.

13 CHAIRMAN TILLERY: Okay, thank you very much.
14 And how about in Juneau, is there anyone who would like to
15 comment?

16 MR. MEACHAM: Yes, this is Chuck Meacham.

17 CHAIRMAN TILLERY: Okay, Chuck, go ahead.

18 MR. MEACHAM: Yes, thank you. I'm a member of
19 the EVOS Public Advisory Group but I'm speaking here on my own
20 behalf this morning. I would like to address agenda item six,
21 dealing with the request by the SeaLife Center. I understand
22 that they want to initiate equipment purchase, although there's
23 a few items on the list that I'm not certain about, including
24 boat charter training and insurance. But anyhow it, by and
25 large, is equipment for their facility. And I understand they

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1 want to use accrued interest on the dollars already approved
2 for the SeaLife Center.

3 I'm very pleased to see that the rapid construction
4 progress there has allowed them to initiate things maybe a
5 little bit earlier than they otherwise would be able to, and in
6 view of this early completion date I think it's very
7 appropriate to authorize dollars for earlier than expected
8 equipment acquisition. I, therefore, support the request from
9 the SeaLife Center and urge the Trustees to approve that
10 request.

11 CHAIRMAN TILLERY: Thank you, Chuck. Any
12 questions for Mr. Meacham?

13 (No audible responses)

14 CHAIRMAN TILLERY: Is there anyone else in
15 Juneau who would like to speak?

16 MR. MEACHAM: No, I'm the only one here, thank
17 you.

18 CHAIRMAN TILLERY: Okay, thank you. What we'll
19 do is move to Anchorage and then when we go through Anchorage
20 and then we'll come back to each of the other locations to see
21 anyone has shown up a little bit late.

22 Do I understand that Brian wanted to say something or
23 not?

24 MR. LETTICH: I'll wait.

25 CHAIRMAN TILLERY: You'll wait. Well.....

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1 MR. LETTICH: Unless I.....

2 CHAIRMAN TILLERY: This is the time for public
3 comment from Anchorage, so if you wish to speak, it's -- this
4 is a good time.

5 MR. LETTICH: Okay. My name is Brian Lettich,
6 I'm Manager of Eyak Corporation. I guess first I'd like to
7 make sure we recognize a Board member who's not here but should
8 be in Cordova on teleconference, Faith Barnes. And then thank
9 you all. It was, I think, the beginning of '96 that we got
10 together the last time in Cordova and at that meeting we
11 initiated, I think, a more proactive approach to this
12 transaction. We've worked hard over the last year and a half
13 to put together what we felt was the best package that we had
14 available, and I appreciate the hard work that your negotiating
15 team put in to working with us to come up with the offer that
16 we expect to receive here shortly this afternoon.

17 I do believe that the easy part is over and now the
18 hard part begins. The hard part in quantifying and selling
19 this transaction to our shareholders and protecting the funds
20 and the lands in perpetuity to benefit the Native community of
21 Eyak.

22 Again, just thank you for what has happened and we'll
23 look forward to working with the group to make this thing a
24 reality, hopefully, here sooner than later.

25 CHAIRMAN TILLERY: Thank you, Mr. Lettich. Is

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1 there any questions or comments from Council members?

2 (No audible responses)

3 CHAIRMAN TILLERY: I guess according to the
4 sign-up sheet we only have two people in Anchorage who have
5 requested to speak. Rick Steiner.

6 MR. STEINER: Thank you. I'll be brief as
7 well. And I guess I'd have to agree with John Johnson that
8 many of us had our doubts whether we'd ever see this day and
9 also I would agree with Nancy that this is a historic occasion.
10 And I just wanted to thank all of you deeply for making this
11 thing happen and particularly the Eyak Board of Directors.
12 This has been a contentious issue in Cordova, it's caused a lot
13 of enmity between people and it's sort of prolonged the social
14 impacts of the oil spill. What you're doing today, hopefully
15 doing today, will bring a lot of that to a close and it'll go a
16 long way toward healing. I'm convinced of that. So thank you
17 very much.

18 And also I have just a very short letter that I just
19 received about 10 minutes ago from former President Jimmy
20 Carter that he wanted read into the record and distributed to
21 the group. Many of you will recall that he was interested in
22 this deal being resolved back in February of '95, I believe.

23 To the Board of Directors of the Eyak Corporation and
24 the Exxon Valdez Oil Spill Trustee Council. I'm please to
25 learn that you have reached a tentative agreement to preserve

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1 old growth coastal forests of Prince William Sound. I
2 understand the arrangement provides substantial protection in
3 perpetuity on over 75,000 acres of coastal habitat and cultural
4 resources as well as providing for the sustainable economic
5 future of the Eyak shareholders. This will benefit the public,
6 the environment and the Eyak people. I trust this will be a
7 model for other important efforts throughout the world to
8 balance culture, environment and economy. You have our best
9 wishes in your efforts to restore and maintain Prince William
10 Sound's delicate environment. Sincerely, Jimmy Carter.

11 I'll pass this around to all of you. And what this
12 does, if nothing else, is it underscores that this is not just
13 a state -- an issue of significance within Alaska or even
14 within the United States, it truly to many of us has global
15 significance in the way we balance culture, environment and
16 economy, so thank you all.

17 CHAIRMAN TILLERY: Thank you. Are there
18 questions or comments for Mr. Steiner from Council members?

19 (No audible responses)

20 CHAIRMAN TILLERY: The other individual who
21 had, at least on this sheet, indicated a wish or desire to
22 speak is Dune Lankard.

23 MR. LANKARD: Thank you. Good morning. This
24 is a really emotional time for me. I think that I'd like to
25 start off by saying that I just spent 10 days in the Lakota

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1 Nation in the Badlands and I was able to spend at least two or
2 three days in about seven different reservations and talk with
3 their tribal leaders about the Badlands. And from what I
4 gathered that there is about \$600,000,000.00 that is set aside
5 to purchase the Badlands from about 20,000 Lakotas. And they
6 have refused to accept the monies and they have stood by their
7 belief that the land is not for sale. And so it was very
8 enlightening and powerful for me to spend time with these
9 incredible people that believed and cared so much in their
10 culture and their heritage and their continued existence on
11 their lands.

12 I believe that the Alaska Native Claims Settlement Act
13 has failed and this is proof of that. That our land can be for
14 sale and like the Cook Inlet Regional Corporation that is
15 facing the loss of their Native stock here next month, I think
16 is also an indication that the Alaska Native Claims Settlement
17 Act has failed.

18 I understand that the Board of Directors, who I respect
19 very much, have been in a very, very difficult situation, as
20 well as yourselves, in trying to figure out how to protect this
21 region. And I know that as difficult as it is the reality is,
22 is that fee simple acquisition is a component and a
23 prerequisite to doing a deal with any of the Native
24 corporations, because they have to be willing sellers of land
25 in order to be able to negotiate any further. And as far as

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1 the deal goes I think the Eyak Lake, Eyak River, Power Creek
2 area, again I will say that the land is, at least for me, I
3 cannot agree that it is for sale. I understand, again, that it
4 is needed in order for this deal to go forward but I can never
5 agree, as well as our Chief, Marie Smith Jones, that the land
6 is not for sale.

7 The acquisitions could very well have an adverse effect
8 on our right of sovereignty. With Indian country on the
9 horizon and certainly going to be argued in the United State
10 Supreme Court I feel that the Trustee Council, you, each one of
11 you, are the ones who are in the position to uphold the trust
12 responsibility with Alaska Native peoples. And I don't believe
13 that purchasing their land is in the best interest of those
14 Native peoples or upholding that trust responsibility. I do
15 believe that purchasing conservation easements or timber rights
16 in perpetuity is certainly meeting your goals of restoration
17 without compromising our bond with our land.

18 Also I was happy to see that there is no purchases of
19 our right of access to hunting and fishing and gathering. I
20 think that with what happened with English Bay, I think it was
21 wrong that the Native corporation felt they were in the
22 position to sell sovereignty and subsistence rights away from
23 their Native peoples. These ANSCA corporations did not and
24 never owned the subsistence or sovereignty rights of Alaska's
25 indigenous peoples and I felt that they did their people a

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1 great disservice by selling that right of access, which from
2 what I understand that that's how it was written out.

3 The question that I have for all of the Eyak
4 Corporation shareholders and all of the Native people in the
5 spill zone that have chosen to sell their land is, what is our
6 way of life really worth? How can money buy life? How can
7 money buy our way of life? I believe that if these monies are
8 invested properly and the tax situation is addressed, and I
9 hope that the legislation is still going forward, I would hope
10 that these settlements with the Native peoples are tax free
11 settlements. I feel that if we are being asked to give up our
12 land in perpetuity, we are being asked to give it up forever
13 then you should give up your money forever and not force us to
14 pay 40 to 50 percent back of whatever the \$500.00 an acre comes
15 to. If it's 40,000,000, if we have to give 15 to 20,000,000
16 back it's another disservice to the Natives in the spill zone.

17 Overall we're looking at about 750,000 (sic) acres of
18 acquisition, whether it be a component of fee conservation
19 easement or timber rights. Out of the \$500,000,000.00 that
20 will be spent about 200 to \$230,000,000.00 will have to be paid
21 back to the IRS or to the Federal government in the taxation
22 and I think this is wrong. I think that if there's any
23 taxation that should be paid by the Native peoples it should
24 come from capital gain off the interest only. Any of the
25 principal that is paid out to the shareholders should not be

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1 taxed. Because, again, if this deal was for one cutting cycle,
2 say, 80 or 100 years, that's one thing, but it's not, it's
3 forever. So the deal with the Native peoples is a treaty that
4 I think it should be acknowledged and respected that the money
5 is also to be given to the Native people in perpetuity.

6 In closing I would like to say that if it comes to a
7 shareholder vote the Eyak people, which are a super minority in
8 this corporation, we only make up 11 to 12 percent of the
9 outstanding shares, we will lose on any vote that comes before
10 this Board and before this corporation. And I hope that
11 everyone can stay calm and focused and a lot of the propaganda
12 that is going to be released over the next 60 to 90 days or
13 however long it's going to take before there is a shareholder
14 vote, I hope that everyone can at least give the best
15 information possible so we can make the best education --
16 excuse me, the best educated decisions that we possibly can
17 under the circumstances.

18 Because, again, this is a very emotional time, I do not
19 like parting with the land. And I am here speaking in behalf
20 of the Eyak people, on behalf of myself and the children yet to
21 come. Thank you very much.

22 CHAIRMAN TILLERY: Thank you, Dune. I
23 appreciate your taking the time to comment on your continued
24 interests throughout these many years. At this time are there
25 any questions or comments for Mr. Lankard from Council members?

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1 (No audible responses)

2 CHAIRMAN TILLERY: Thank you. That is all the
3 people who have indicated on our sign-up sheet they wish to
4 speak from Anchorage. Is there anyone else here who would like
5 to say something about either the Eyak proposal or any of the
6 other items on the agenda?

7 (No audible response)

8 CHAIRMAN TILLERY: Okay, I'm going to run
9 around the various sites then pretty quickly. Is there anyone
10 in Cordova who would like to speak at this time?

11 MR. BECKER: Yes, there is one person in
12 Cordova -- yes, there is as far as I know, two people in
13 Cordova, just one. My name is Carl Becker, I'm a Cordova
14 resident who's been following this process for quite some time
15 and I applaud both the Trustee Council and the Eyak Corporation
16 for their efforts in making this historic opportunity possible.
17 And I certainly hope and wish the best to both parties in
18 concluding this negotiation successfully.

19 Thank you very much.

20 CHAIRMAN TILLERY: Thank you, Mr. Becker. Are
21 there any question or comments from Council members?

22 (No audible responses)

23 CHAIRMAN TILLERY: Okay, thank you. Is there
24 anyone in Juneau who would like to speak at this time?

25 MR. MEACHAM: There's nobody else in Juneau,

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1 thank you.

2 CHAIRMAN TILLERY: Okay, thank you. Is there
3 anyone else in Kenai who would like to speak at this time?

4 REPRESENTATIVE HODGINS: No, sir, Kenai is --
5 there's no one here.

6 CHAIRMAN TILLERY: Okay, and I guess finally in
7 Seward, is there anyone else who would like to make a public
8 comment at this time?

9 (No audible answer)

10 CHAIRMAN TILLERY: Is Seward on line still, do
11 we know?

12 (Pause)

13 MS. McCAMMON: Mr. Chairman.

14 (Pause)

15 MS. McCAMMON: Mr. Chairman.

16 CHAIRMAN TILLERY: Ms. McCammon.

17 MS. McCAMMON: Mr. Chairman, I would like to
18 take this opportunity to note for the record that I had staff
19 here go back through all of our Eyak files, which are
20 extensive, and pull out copies of all of the public comments
21 that the Council has received over time on this acquisition.
22 And I guess -- we didn't count each individual name that's on
23 all of these documents but I think it's safe to say that there
24 are literally hundreds and hundreds of comments that the
25 Council has received over time in support of going forward with

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1 some kind of an acquisition package with Eyak Corporation.

2 I think the earliest dated one is sometime in 1993, the
3 most recent one was just, you know, a few days ago. And I'm
4 sure that if we search some of the other files we could
5 probably receive -- dig up some written or oral comments from
6 as early as 1991 and '92, so I'd like just to note for the
7 record that there has been, over time, an incredible amount of
8 public support for going forward and doing something like this
9 with these lands and it is truly a pleasure here to hear that
10 there is that continued support among the Board and among other
11 residents of Cordova and that region of the state.

12 Thank you.

13 CHAIRMAN TILLERY: Thank you, Ms. McCammon. I
14 understand that Seward is on line.....

15 MS. R. WILLIAMS: Yes.

16 CHAIRMAN TILLERY:but no one has
17 indicated any interest in speaking, so at this time then we
18 will close the public comment period.

19 I think that what we will need to do is to go forward
20 with the KAP presentation, if you're prepared.

21 MS. D. WILLIAMS: Thank you, Mr. Chairman. I
22 would like Gary Muehlenhardt to make the presentation of Fish
23 and Wildlife Service on the KAP Parcel.

24 MR. MUEHLENHARDT: Good morning.

25 CHAIRMAN TILLERY: Good morning.

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1 MR. MUEHLENHARDT: I'm Gary Muehlenhardt, I'm a
2 wildlife biologist with the U.S. Fish and Wildlife Service. I
3 don't have a presentation map for the wall but you'll notice in
4 the back of your packet there's a map of this property and also
5 a brief description of the resource benefits of the
6 acquisition.

7 KAP 91 is located on east side of Kodiak Island on
8 Sitkalidak Strait which is about seven miles to the east of the
9 village of Old Harbor. This property was one of a list of 11
10 parcels that were approved for appraisal in June of '96 by the
11 Council. It took a year to complete the appraisal and get to
12 this point. The property also is an in-holding inside of the
13 former Old Harbor Native Corporation lands that were purchased
14 by the Council two years ago. It's a very strategic access
15 into the Kodiak National Wildlife Refuge.

16 Aside from that some of the injured resources that
17 would benefit from this acquisition are harbor seals, pink
18 salmon, bald eagles, Harlequin ducks and subsistence resources,
19 I mean, subsistence use.

20 Since there already is a write up on the benefits that
21 pretty much concludes my remarks on it.

22 MS. D. WILLIAMS: Gary, if you could just
23 emphasis the restoration benefits?

24 MR. MUEHLENHARDT: Sure. Just off shore of
25 this parcel is a what we'd probably classify as a moderate

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1 harbor seal haul out. Also a portion of the parcel is bisected
2 by a salmon bearing stream, it's used primarily by pink salmon.
3 It also has a small coho run on it. There's a bald eagle nest
4 just to the east of the parcel. Something I'd also like to
5 mention is the significant amount of effort that's already gone
6 into the purchase of those coastline properties. The Council
7 has provided funding for seven of those properties on the
8 Kiliuda Peninsula. The Fish and Wildlife Service has scraped
9 together some money to buy some additional ones and you can see
10 on your maps that the parcels we've purchased so far are marked
11 in red. And we actually have willing sellers on several of the
12 other properties that are in yellow.

13 MS. D. WILLIAMS: Mr. Chairman, I would just
14 urge the Council members to look at the map that Gary has
15 referred to. I think it demonstrates very well how this small
16 parcel acquisition complements our large parcel acquisition
17 efforts. And this KAP 91 is a strategic small parcel for that
18 complimenting effort. We urge the Council to approve this
19 acquisition.

20 MR. PENNOYER: Mr. Chairman.

21 CHAIRMAN TILLERY: Mr. Pennoyer.

22 MR. PENNOYER: Ms. Williams, you said it
23 compliments it. Which part of this map indicates what we
24 already acquired?

25 MS. D. WILLIAMS: The blue.....

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1 MR. PENNOYER: The blue part?

2 MS. D. WILLIAMS:is what we got from Old
3 Harbor.

4 MR. PENNOYER: Okay.

5 MS. D. WILLIAMS: The pink is what we've
6 already acquired in terms of small parcel and, of course, that
7 is located in that area.

8 MR. PENNOYER: Okay, thank you.

9 CHAIRMAN TILLERY: Are there other comments or
10 questions by Council members? Commissioner Rue, do you have
11 any comments or questions?

12 MR. RUE: No, Mr. Chairman.

13 CHAIRMAN TILLERY: Ms. Williams, I have one.
14 With respect to some recent news reports regarding proposed
15 Federal action to allow reopening of Native allotments for some
16 people who did not have an opportunity to get them back in the
17 '70s, late '60s, are any of those in the Kodiak area? Are we
18 going to be in a situation of buying stuff now and then sort of
19 -- and then giving up more key parcels in the future? How does
20 that relate to the Kodiak area? And I guess the other thing
21 was, do you know whether those proposals would supersede
22 conservation easements, for example, on the Old Harbor lands if
23 there were new allotments to be granted on the Old Harbor
24 lands? I assume they would take precedence, they would come
25 out of the refuge, but would they also supersede the

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1 conservation easement that was granted to the State?

2 MS. D. WILLIAMS: Well, Trustee Council
3 members, this will just take a moment to explain. I might have
4 to take a bit of a step backwards to put this into perspective.
5 And I think it is appropriate that we discuss it since it has
6 been in the news, a couple of articles in the newspaper and an
7 editorial in the Daily News today.

8 Several years ago Congress asked the Department of
9 Interior to do a study which analyzed how many Alaska Native
10 Vietnam era vets were eligible but did not apply for
11 allotments. And also to analyze the potential impacts of
12 reopening the Allotment Act of 1906 to allow for reapplication
13 by these individuals. It took us quite a period of time to do
14 this analysis. What we did in terms of coming up with a
15 numerical analysis is we went to the Veteran Affairs, we said,
16 please give us your list of all Vietnam era veterans. We went
17 to the BIA and got the list of all enrolled Alaska Natives and
18 we compared those two lists.

19 We then compared the list of all Alaska Native Vietnam
20 era veterans with those who applied and we determined that
21 there were over -- approximate over 22,000 (sic) Alaska Vietnam
22 era vets who did not apply but appeared otherwise to perhaps be
23 eligible for allotments, the number who applied was very small.
24 We then took the analysis a step further and asked what might
25 have been some of the factors.

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1 And one thing that probably most people know is the
2 Allotment Act of 1906 was repealed with the passage of the
3 Alaska Native Claims Settlement Act in 1971. And what happened
4 in 1970 and 1971, prior to the appeal in December, was that
5 there was a very extensive effort by RuralCap, BIA, Alaska
6 Legal Services to let people know in rural Alaska, bush Alaska,
7 that the Allotment Act was about to be repealed. So a high
8 percentage of all allotment applications that the Department of
9 Interior received occurred in the '70 and '71 time period. And
10 so we asked how many Alaska Native Vietnam era vets served in
11 that '70-71 period. If they were serving during that period
12 certainly there is an argument that they did not have adequate
13 opportunity to apply when that was really the area -- or the
14 era when there was a push to apply. That number is about 600.

15 We then took those two numbers, the 2,200 (sic) plus
16 number and the 600 plus number and asked where were those
17 Alaska Native Vietnam era vets located. And we looked at the
18 village in which they enrolled. And we did an analysis of
19 where most people apply versus where they're enrolled and came
20 up with circles and so forth.

21 I did not bring the report with me but it was
22 determined that there would be a significant number of
23 potential allotment applications if Congress reopened this
24 under either the full Vietnam era period or the '70-71 period.
25 There would be a significant number of allottee applicants in

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1 the spill area, particularly in Kodiak and some other areas in
2 the spill area. So it is of interest to the Trustee Council
3 this process is going on since we are obviously in the process
4 of negotiating with willing sellers and people who otherwise
5 want to sell their allotments in this area.

6 The most important fact here is that Congress would
7 have to make a determination, an affirmative determination, to
8 reopen the act. And in making that affirmative determination
9 they would be writing on a blank slate. So they could if they
10 chose to reopen the act for all or some Alaska Native Vietnam
11 era veterans, they could define it, restrict it however they
12 wished. One would expect that if they were to open it it would
13 be a logical restriction that lands would not be available
14 where we -- where the Exxon Valdez Trustee Council has acquired
15 those lands. And that what we did in this report, and I will
16 make a copy available to Molly and she can distribute it as she
17 deems appropriate. What we did in this report is not make
18 recommendations but list considerations. This is one of the
19 issues we discussed in the report. We also discussed in
20 general the fact that a lot of water has passed under the
21 bridge since 1971. And one of the considerations we urged
22 Congress to take into account, if Congress chose to reopen the
23 Allotment Act, is the fact that a lot of land transactions and
24 land status changes have occurred. So since '71 lands have
25 been conveyed to Native corporation, lands have been conveyed

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1 to the State, lands have been conveyed to the other Native
2 allottees, lands have been put into conservation unit status as
3 a result of ANILCA.

4 One of our considerations was that where land has
5 changed status that unless there is consent of the village
6 corporation or the State or whatever, that those lands not be
7 available to allottees. And if, in fact, that is land that
8 allottees claim that there be substitute land or a monetary
9 substitute offered to those allottees. Again, that was one of
10 our considerations, we don't know in the first instance whether
11 Congress will act to reopen and if they act to reopen what will
12 be the parameters of the reopening.

13 CHAIRMAN TILLERY: Thank you. Are there any
14 other questions or comments from Council members?

15 (No audible responses)

16 CHAIRMAN TILLERY: Are you ready to read.....

17 MR. JANIK: Yeah, this is.....

18 MS. D. WILLIAMS: Mr. Chairman, if we could
19 just quickly ask if there's any public on the KAP parcel? I
20 don't think -- I think probably the public would have come
21 forward during the period we just had.

22 CHAIRMAN TILLERY: Yeah, I think the public --
23 right, we -- the public comment period was open for comment on
24 this already and there was none.

25 MS. D. WILLIAMS: Okay.

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1 MR. JANIK: Mr. Chairman.

2 CHAIRMAN TILLERY: Mr. Janik.

3 MR. JANIK: If I may on the Eyak proposal. I
4 do have a prepared motion here I'm prepared to deliver after
5 any comments by the Trustee members that may still be ready to
6 be delivered by them but I would just like to add my
7 congratulations to the Eyak Board and to the negotiators on
8 both sides with great appreciation for the long hours that it
9 took to develop this proposal.

10 I think the public comment period that we just had and
11 some of the differences of opinion that we heard reveal the
12 kind of struggle, I'm sure, that the Board had to go through in
13 developing this proposal with the government negotiators. And
14 I just want you to know that we on the Council appreciate that
15 struggle and we know what difficulty that must have generated
16 in your discussions.

17 Personally I think we are looking at very, very fair
18 deal. I think the Council over and over has concentrated on
19 the willing buyer/willing seller commitment and I think that is
20 very visible here. And I also believe that it's the kind of
21 deal that we can all walk away with delight and again I
22 emphasize the word fairness. I think that this is a good deal
23 for the government, State and Federal agencies, I think it
24 meets the requirements set forward by use of this money,
25 purpose and need, and based on the feedback we're getting,

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1 certainly from the Board, it meets the needs of the corporation
2 and I am prepared to submit a motion on this following any
3 other comments by other Trustee members.

4 CHAIRMAN TILLERY: Mr. Pennoyer.

5 MR. PENNOYER: Mr. Chairman, I'm not sure,
6 should we have a motion on the table and then discuss it?

7 CHAIRMAN TILLERY: I think that would be the
8 more appropriate way to do it, so if you'd like to go ahead and
9 make your motion.

10 MR. JANIK: Okay. What I'd like to do, taking
11 the benefit of the map that's already been presented and the
12 description of the proposal on the table, I've chosen to
13 highlight just a few of the things that are included in the
14 resolution associated with this, and the map will certainly be
15 identified as it has been Exhibit A and serve as a principal
16 reference so I have chosen in my motion just to use a few
17 examples of what's contained in this deal.

18 The formal motion is: I move that the Trustee Council
19 authorize funding for \$45,000,000.00 to be paid out in six
20 payments over a five year period for an offer to purchase a
21 total of approximately 75,000 acres of surface estate fee
22 simple. And in addition conservation easement interests from
23 the Eyak Corporation as depicted on the map identified
24 previously as Exhibit A.

25 The offer shall include among other things, not total

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1 here, but among other things, that no development shall occur
2 on the fee and conservation easement lands except at two
3 existing five acre development sites that have been identified.
4 That the number of shareholder homesite leases shall be limited
5 to 95 and located in those areas described on the map. No
6 homesite leases shall be issued in Windy Bay and Port Gravina.
7 That public access shall be provided on about half of the
8 previously acquired Orca Narrows subparcel.

9 That timber conservation easements shall protect the
10 view shed for the community of Cordova from new commercial
11 timber harvesting activities. That road access shall be
12 ensured for a proposed deep water port at Shepherd Point and
13 that such an offer will protect significant lands surrounding
14 Eyak Lake, Eyak River, and allows Eyak to conduct eco-tourism
15 activities and protects the habitat of resources and services
16 injured or reduced by the spill.

17 I submit that as a formal motion.

18 MS. D. WILLIAMS: Second.

19 CHAIRMAN TILLERY: The motion has been has been
20 made and seconded. Is there comment or questions from Council
21 members? Mr. Pennoyer.

22 MR. PENNOYER: Yes, Mr. Chairman, there are a
23 number of us that have been involved in this discussion over a
24 long period of time, practically the first damage assessment
25 research activity was staged out of Cordova and, of course,

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1 Valdez, but it's been very, very important to this Council,
2 particularly the lands around -- in the west side of Prince
3 William Sound and in Prince William Sound, the spill area in
4 general. I'm extremely pleased that we seemed to have come to
5 a convergent interests here and that taking into account
6 everybody's needs that we've seem to have come up with
7 something that everybody can work with. I waited a long time
8 for this and I'm just, again, very pleased that we're at this
9 point. So I'm very much in favor of the resolution.

10 Thank you.

11 CHAIRMAN TILLERY: Thank you, Mr. Pennoyer.

12 Are there additional comments from Council members?

13 Ms. Williams.

14 MS. D. WILLIAMS: Mr. Chairman, members of the
15 Trustee Council and most importantly the members of the Eyak
16 Board of Directors. I want to extend my most enthusiastic
17 congratulations to the negotiating teams and to the Eyak
18 Corporation Board of Directors for reaching this agreement. It
19 is an extraordinary agreement. And I support it
20 wholeheartedly.

21 Unquestionably Cordova was the economic and emotional
22 ground zero of the Exxon Valdez oil spill. Cordova more than
23 any other community and the members of Eyak more than any other
24 Native corporation suffered tremendously from the spill. I
25 think what we are doing today is something remarkable in light

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1 of that devastation. We are as I think Nancy Barnes so
2 beautifully pointed out, far more beautifully than I could,
3 making several things whole. First and foremost, as Nancy
4 point out so well, we are providing to the Eyak Native
5 Corporation \$45,000,000.00 to advance your cultural and
6 economic needs and hopes and dreams. That is a lot of money,
7 it is a lot of opportunity and it is a great pleasure, from my
8 perspective, to be able to provide that amount of funding to
9 you for your future and your children's future. I know that
10 you are going to do wonderful things with that money that will
11 provide benefits again to you, your cultural heritage, your
12 children and grandchildren and their children and
13 grandchildren.

14 We're also of course able, thanks to your agreeing to
15 share some of this precious land you have, have this land be
16 enjoyed by the public at large. And what is wonderful about
17 that sharing, of course, is that you will continue to use and
18 enjoy it. You will continue to be able to exercise subsistence
19 opportunities on the land, you will continue to enjoy the
20 recreational opportunities. You'll be able to continue
21 enjoying the emotional and cultural opportunities that that
22 land of yours provides but be able to do it in tandem with the
23 rest of the public. That is so generous of you and I thank you
24 so very much.

25 This was an exercise in patience and persistence and

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1 good judgment and ultimately being able to achieve an
2 extraordinary resolution. I am also mindful of what Dune said,
3 but one thing that allows me to vote enthusiastically for this
4 package is knowing that Eyak's land entitlement is
5 approximately 150,000 acres. You are generously sharing with
6 the rest of the American public and the rest of the world,
7 50,000 acres of that in fee. And so you will have remaining
8 over approximately 100,000 acres both in fee and with some
9 conservation easements. So Eyak is able then to use the
10 \$45,000,000.00 to also advance your use and enjoyment, both
11 culturally and economically, of the lands that you retain. You
12 still have, as you all know, you know better than I do, and I'm
13 sure it was an important part of your consideration, you still
14 have a very substantial land entitlement and heritage base for
15 your people and your corporation.

16 So, in short, thank you very much. This is one of the
17 happiest days I think we've had as a Trustee Council, certainly
18 one of the happiest days that I've had and I will joyously vote
19 in favor of this resolution.

20 CHAIRMAN TILLERY: Thank you, Ms. Williams.
21 Commission Rue, do you have any comments or questions?

22 MR. RUE: Yeah, I've actually agree with all
23 the comments that folks have made so far and agree (phone cut
24 out) I know many of us sat through literally stormy meetings in
25 Cordova discussing this issue.

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1 I guess I'd like to extend particular thanks to the
2 Eyak Board and the people of Eyak. I think that, you know,
3 this is a very big decision for them. I think it's something,
4 as Deborah said, we all should thank them for. I think future
5 generations will truly appreciate this land, enjoy this land
6 and their sharing of this land. And certainly the resources
7 that at this moment I am charged with managing will benefit
8 from it as well as those that were injured by the spill. So as
9 someone who sat through a number of negotiations and listened
10 to the concerns and cares of the people in Cordova, I'm very
11 pleased that we've reached this point and have a proposal
12 before us that we can move on, so I intend to support it.

13 Thank you.

14 CHAIRMAN TILLERY: Thank you, Commissioner Rue.
15 Is there anyone else? Ms. Fay.

16 MS. FAY: I just wanted to convey for
17 Commissioner Brown that she was sorry she couldn't be here
18 today but she wanted to thank the Eyak Board and the people of
19 Eyak that she appreciates their persistence on this land
20 acquisition. She very delighted with it and she has kept that
21 beautiful picture that was on a lot of our packets and
22 information and she was hoping that it could be made into a
23 poster for the signing ceremony. This has been one of her
24 favorite land parcels.

25 Thank you.

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1 CHAIRMAN TILLERY: Thank you. I would echo the
2 comments that have been made here today. I think I was a part
3 of some of those very first discussions that happened a long
4 time ago in a land far away it seems like. It has been a long
5 road, it has been a very worthwhile road. I think the very
6 length of these negotiations, the very amount of difficulty
7 that we had in them I believe indicates to some extent the fact
8 that the parties did well and that we have come to a resolution
9 that truly benefits everyone concerned.

10 With that and hearing no further comments, I believe we
11 should proceed to a vote on the motion. All in favor of the
12 motions signify by saying aye.

13 IN UNISON: Aye.

14 CHAIRMAN TILLERY: Opposed.

15 (No opposing responses)

16 CHAIRMAN TILLERY: The motion carries.

17 MR. RUE: (Indiscernible)

18 CHAIRMAN TILLERY: Excuse me, Frank.

19 MR. RUE: Yeah, I'm here.

20 CHAIRMAN TILLERY: Okay.

21 MR. RUE: I don't know if anyone.....

22 MS. D. WILLIAMS: Frank, do you want to say aye
23 for the record.

24 MR. RUE: Aye.

25 CHAIRMAN TILLERY: The motion is carried. What

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1 I would just propose, as we do have a couple more items, I
2 propose we take about a five minute break here.

3 MR. JANIK: May I say something before we do,
4 Mr. Chairman.

5 CHAIRMAN TILLERY: Mr. Janik.

6 MR. JANIK: We've had the government
7 negotiators visible presenting information on the Eyak
8 transaction and so on, John Harmening was mentioned, he's now
9 retired from the Forest Service, he played a very instrumental
10 role and I see a few of the government attorneys back there,
11 Gina Belt and Maria and if you two would please stand up.
12 Along with -- Walt, would you mind please? Walt Ebell, Roy
13 Jones, Larry Landry. You know these are the folks that really
14 gutted out the negotiations. Please stand up. In addition to
15 those that you saw earlier and I just wanted to acknowledge you
16 folks. Thank you for all your intense effort.

17 CHAIRMAN TILLERY: Okay, we will take about a
18 five minute recess, thank you.

19 (Off record - 12:12 p.m.)

20 (On record - 12:37 p.m.)

21 CHAIRMAN TILLERY: Okay, we will -- the Council
22 meeting is back in session. The other -- the two items
23 remaining on the agenda are the KAP 91 Parcel and then the
24 Alaska SeaLife Center. I guess I'd suggest we go ahead and
25 finish up the KAP 91. Is there a motion to the Council?

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1 MS. D. WILLIAMS: Thank you very much,
2 Mr. Chairman. The Trustee Council members all should have in
3 front of you a resolution regarding KAP 91 in your notebook
4 under the KAP 91 tab. And, Mr. Chairman, for all of the
5 reasons discussed by Gary Muehlenhardt and for the reasons
6 discussed in this resolution I would move that the Trustee
7 Council approve the resolution for the purchase of KAP 91.

8 MR. PENNOYER: Second.

9 CHAIRMAN TILLERY: Moved and seconded. Okay,
10 is there discussion from Council members?

11 (No audible responses)

12 CHAIRMAN TILLERY: I think.....

13 MS. McCAMMON: There's been a few
14 modifications, that's not the most recent one.

15 CHAIRMAN TILLERY: I think that's correct and
16 that's what I want to make sure, is we reference the most
17 recent version.

18 (Pause)

19 MR. PENNOYER: I'm sorry, Mr. Chairman, the
20 resolution we got in our book is the most recent one?

21 CHAIRMAN TILLERY: There were a few
22 modifications is my understanding.

23 MR. PENNOYER: Oh, okay.

24 MS. McCAMMON: Mr. Chairman, I could just go
25 through the changes.

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1 CHAIRMAN TILLERY: That would be probably a
2 good thing to do.

3 MS. McCAMMON: If I remember what they are. I
4 know there's a change on page five, the portion on by unanimous
5 consent following one, execution of the purchase agreement
6 between the owner and the United States which is consistent
7 with the foregoing conditions. And then section two was
8 clarified, it now reads: certification by the acquiring agency
9 that it will comply with and has executed a purchase agreement
10 that is in accordance with the foregoing terms and conditions.
11 We authorize the executive director to request the Alaska
12 Department of Law. So this ensures two things that the terms
13 and conditions are not only in the purchase agreement but the
14 acquiring agency certifies that they have complied or will
15 comply with them.

16 I believe that was the major change in it.

17 CHAIRMAN TILLERY: That was the major one that
18 I recall.

19 MS. McCAMMON: Yes.

20 CHAIRMAN TILLERY: Is there any discussion on
21 the motion?

22 (No audible responses)

23 CHAIRMAN TILLERY: Hearing none, all in favor
24 say aye.

25 IN UNISON: Aye.

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1 CHAIRMAN TILLERY: Oppose.

2 (No opposing responses)

3 CHAIRMAN TILLERY: No opposition, the motion
4 passes.

5 MS. D. WILLIAMS: Thank you very much.

6 CHAIRMAN TILLERY: The next and final item on
7 the agenda is the Alaska SeaLife Center equipment request. Who
8 is going to be making that presentation?

9 MS. McCAMMON: I will. Mr. Chairman, in your
10 packet you have a letter dated June 16th, 1997 from John
11 Hendricks, Executive Director of the Alaska SeaLife Center.
12 What the SeaLife Center has requested is an additional
13 \$724,000.00 in funds for equipment for the research portion of
14 the facility. I think what has happened in the last year, and
15 as some of you know who took the tour when we had our meeting
16 in Seward, is that this project is on budget and ahead of
17 schedule. And as a result of it being ahead of schedule there
18 actually have been some additional operating costs during the
19 start-up year because the tanks and utilities and things of
20 that nature need to be operational in October as opposed to
21 February or March which was the original date.

22 Rather than coming to the Council and asking for some
23 assistance in operating expenses for the first year they took a
24 look at the existing budget and decided that what they would
25 do is request additional funds for research equipment to be

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1 used in that portion of the facility. What this does is allow
2 them to leverage the Council funds also as match for a couple
3 of foundation grants that they have been successful in
4 acquiring thus far. So it kind of does two things, it not only
5 relieves some of the pressure that they're feeling during this
6 initial start-up year because of the additional operating costs
7 but it also allows them to leverage some of the additional fund
8 raising that they've been able to successfully acquire over the
9 last year.

10 I did look at the list that was submitted with the
11 request and circulated it to the agency staff. We've had some
12 discussion about it and as a result of that I have a motion
13 that I think accommodates some of the issues and concerns that
14 I've heard so far.

15 I also wanted to make a point that when the Council
16 made the grant, the original grant, to the SeaLife Center for
17 24.9 million the way it was structured was through the Alaska
18 Department of Fish and Game who holds the money and in order to
19 maintain sufficient control over the funds those funds stay
20 within the EVOS account in the State treasury. And so the full
21 amount was not given to the SeaLife Center. If the full amount
22 had been given to the SeaLife Center -- well, first of all the
23 Council would have lost a lot of control over those funds, but
24 then secondly they would have been able to invest those funds
25 and use the interest for additional aspects of the construction

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1 project. But under the agreement I did agree to keep track
2 separately of the interest that was being earned off those
3 funds and based on what has been spent thus far and the
4 projections for the remainder of the expenditures of the 24.9
5 million it's estimated that there will be an additional
6 738,000, approximately, in interest accumulated over the life
7 of this grant.

8 In addition to that there's the approximately 525,000
9 that the Council approved last year for the fish pass which was
10 also an amendment to the SeaLife Center agreement. I would
11 anticipate that if the Council were to act positively on this
12 request that it would require an amendment to the contract that
13 Alex Swiderski has been working with the Department of Fish and
14 Game and the City of Seward to do that.

15 So the motion that I have prepared for your
16 consideration is to approve the request from the SeaLife Center
17 for use of the remaining interest earning from the 24.9
18 million, not to exceed 724,000, for purchase of equipment and
19 other durable goods at the facility necessary to support
20 research. And also the dry exhibitry pertaining to the
21 Restoration Program at the facility. This has been a separate
22 project that we've been working with is to -- with the Center
23 is to develop an exhibit that would go in one of the large
24 exhibit rooms for the first six months or first year of the
25 Center's operation which would describe the Council, the spill,

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1 the Restoration Program, the status of the resources and things
2 of that nature. We've been looking at some kind of a cost
3 somewhere around 15 or 20,000 for developing that exhibit. The
4 cost of that exhibit would be absorbed within this expenditure.

5 This authorization is subject to the executive
6 director's approval and consultation with agency staff
7 scientists of, one, a revised list of items to be purchased
8 that excludes any operational expenses, such as training and
9 insurance, excludes or prorates equipment to be used in the
10 public display educational portion of the facility. So if a
11 tank is used for both research and public display, if there
12 were some way of prorating, say, half or whatever the percentage
13 was. Or maybe looking at some different equipment or whatever.
14 And includes equipment and goods needed for restoration
15 research projects anticipated to proceed in FY98, as well as
16 the design and budget for dry exhibitry at the Center that will
17 interpret the Trustee Council's Restoration Program. We would
18 anticipate if the Council did go forward with this that the
19 projects proposed for FY98 would not have an equipment line
20 item that those requests that are currently in the budget
21 proposals would be deleted because they would be absorbed
22 within this request.

23 And we do have Lief Selkregg, John Hendricks, Maureen
24 Sims and Claudia Slater from Fish and Game here to answer
25 questions on any of these items.

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1 CHAIRMAN TILLERY: Okay. Is there any
2 questions of Molly, Council members? Mr. Pennoyer.

3 MR. PENNOYER: Mr. Chairman, the -- basically
4 the comment here that "includes equipment and goods needed for
5 restoration research project anticipated to proceed in FY98".
6 And then the counterpart of that was your last statement that
7 you would also expect to not have any research projects come to
8 us for which the equipment had already been purchased. I'm not
9 sure those are automatically flip sides of the resolution, but
10 that is the flip side of what you said?

11 MS. McCAMMON: Yes.

12 MR. PENNOYER: But we haven't approved any
13 project for '98 yet.

14 MS. McCAMMON: That's correct.

15 MR. PENNOYER: So how do you decide then if
16 somebody -- let's say a \$40,000.00 fiberglass tank that I saw
17 in here just for the heck of picking one out. And that is a
18 major component to some study that somebody wants to do in '98,
19 how do we figure out whether -- how do you figure out, looking
20 at this list, whether we would have approved a project that
21 included a \$40,000.00 fiberglass tank in '98?

22 MS. McCAMMON: Mr. Chairman, I have a list of
23 the projects that so far have received a tentative
24 recommendation to go forward. And within those budgets there
25 are equipment line items that total \$68,000.00. Now they

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1 include things such as wet lab equipment, \$5,000.00 for a
2 genetics project. We don't know if that equipment is already
3 included in this or whether it's new equipment but it would be
4 our goal to work that out before the final agreement was
5 developed. One thing we really haven't worked out is whether
6 computers are included as part of this equipment, there's a
7 request for two computers. And some of this gets into what's
8 included as part of our bench fees and whether computers are
9 provided as part of a regular wet lab or dry lab space or
10 whatever. We just haven't had the time to work out to that
11 level of precision.

12 But what I would anticipate is that all of these
13 requests for equipment that's already in the budget, you would
14 not see these in the budgets in August if this recommendation
15 is still to go forward with these projects.

16 CHAIRMAN TILLERY: Mr. Pennoyer.

17 MR. PENNOYER: Mr. Chairman, I guess -- first
18 of all I don't have a real conceptual problem with doing this
19 myself and the interest money, as you said, could have been
20 handled differently originally and I don't have a problem with
21 that. I just have a problem with what is appropriate for us to
22 buy for this Center or one in Cordova or any other place. What
23 should a facility be providing as basic infrastructure support
24 to future research project that may or may not be in that
25 facility? I'm not -- I guess I don't know in my own mind how

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1 much a lab has to have some of these things to serve as a basis
2 for future research, so I'm comfortable with you and scientific
3 staff and the chief scientist looking at this and trying to
4 make some of those decisions, right now I don't know how I'd
5 make that. I'm just not clear in what a facility
6 infrastructure ought to be and what ought to be in there.
7 Computers, for example, that's clearly -- most facilities if
8 they don't have adequate computer facilities probably aren't
9 going to attract serious research scientists to try and work
10 there. But when it gets farther than that down, how much the
11 particular X-ray stuff do you have to have? How much of the
12 particular support for genetic labs? Are you equipping the
13 fish and game genetics lab, per se? Is that what we want to
14 do? I don't know the answers to all those, but -- and I don't
15 know how this list relates to them.

16 MS. McCAMMON: Mr. Chairman, maybe it would be
17 helpful if someone there could answer that question, they may
18 know a little bit better how this list was developed. And then
19 what additional equipment isn't included on this list.

20 MR. SELKREGG: Lief Selkregg. Mr. Chairman,
21 members of the Trustee Council. The origin of the list started
22 with the scientific work group that was under the leadership of
23 ADF&G through the design process and that list reflects, from
24 the scientific work group's perspective, the necessary research
25 equipment to support research activities in the labs. It has

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1 not received the final coordination with proposed fiscal year
2 '98 projects, we would expect that we would do that to make
3 sure there was no duplication of funding request going before
4 the Council.

5 There is equipment within the construction budget,
6 major pieces of fixed equipment, these are massive walk-in
7 coolers, for example, that hold the food for the animals that
8 are part of the research programs. A large -- a surgery area
9 and surgery table, so major pieces of fixed equipment are
10 already incorporated into the construction program. This is
11 what is called level two and level three equipment which are
12 the moveable pieces of equipment that we were intending to
13 purchase through our University of Alaska Foundation private
14 fund raising campaign. Those dollars are actually arriving
15 over a longer period of time, there's about a five year cash
16 flow, and because we are starting research activity now in
17 January of '98 we're about a year ahead of where we thought we
18 would be in terms of delivering the project. And this allows
19 us now to fully equip the research areas in a way that will
20 meet the standard of the original objective of the cold water
21 research facility as intended.

22 MR. PENNOYER: Mr. Chairman.

23 CHAIRMAN TILLERY: Mr. Pennoyer.

24 MR. PENNOYER: Are you then comfortable with
25 the recommendation that Molly in concert with agency scientists

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1 and her staff review the list and see if it does conform to
2 those objectives?

3 MR. SELKREGG: Absolutely. We really, I think,
4 have a history of partnership on the project with the agencies
5 and working particularly through coordination with the Fish and
6 Game Project Manger who has been the lead individual in that
7 coordination role. Happy to do that.

8 MR. PENNOYER: One more.

9 CHAIRMAN TILLERY: Mr. Pennoyer.

10 MR. PENNOYER: Well, just as a follow up. What
11 is a \$40,000.00 fiberglass tank?

12 MR. SELKREGG: John, \$40,000.00 fiberglass
13 tank?

14 MR. HENDRICKS: I'd have to look at the
15 specific one.

16 MR. PENNOYER: I didn't mean -- I just -- that
17 popped off the list.

18 MS. McCAMMON: His staff picked it out.

19 MR. SELKREGG: We'll come back with a specific
20 response to that.

21 MS. McCAMMON: The boats, too.

22 MS. D. WILLIAMS: John, top of page five.

23 MR. HENDRICKS: Top of page five.

24 MR. PENNOYER: That doesn't tell you much
25 except the price though.

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1 MR. RUE: Mr. Chairman.
2 CHAIRMAN TILLERY: Commissioner Rue.
3 MR. RUE: Do we have a motion on the floor?
4 CHAIRMAN TILLERY: Not yet.
5 MR. RUE: Okay.
6 CHAIRMAN TILLERY: There is a -- Molly
7 described a motion.
8 MS. McCAMMON: And I believe you all have
9 copies of it.
10 MR. PENNOYER: She read it.
11 CHAIRMAN TILLERY: Yeah.
12 MR. RUE: I'm not sure I do. It wasn't in the
13 original package.
14 MS. McCAMMON: No, it wasn't.
15 CHAIRMAN TILLERY: Is there a fax number we can
16 send it to?
17 MR. RUE: Oh, that's all right, she read it and
18 I got the gist, that's good.
19 CHAIRMAN TILLERY: Okay.
20 MR. RUE: But if we're going to discuss it, we
21 should discuss it after the motion is on the floor.
22 CHAIRMAN TILLERY: It would probably be
23 appropriate as.....
24 MR. PENNOYER: I move that we approve the
25 motion that Molly read into the record that starts out "To

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1 approve the request from Alaska SeaLife Center for use of the
2 remaining interest earnings from the 24.9 million, not to
3 exceed 724,000" et cetera.

4 MR. RUE: Second.

5 CHAIRMAN TILLERY: Is there -- and,
6 Commissioner Rue, do you need that -- the whole thing read it
7 its entirety or do you think you have your understanding of it?

8 MR. RUE: I think I understand the intent of
9 it.

10 CHAIRMAN TILLERY: Okay. Is there -- are there
11 further questions then on the -- Ms. Williams.

12 MS. D. WILLIAMS: Thank you, Mr. Chairman. I
13 had two primary concerns when I reviewed the list and happily
14 Molly has essentially addressed those but I just want to state
15 them for the record to give perhaps a little more guidance to
16 the people that will be going over this in some more detail.
17 My first and foremost concern was that given both the
18 quantities of certain items and the types of certain items that
19 we need to be careful that we are not funding the part of the
20 Seward SeaLife Center that Justice and other says we can't fund
21 and, of course, that is the public segment of the Seward
22 SeaLife Center.

23 And so just, for example, the commercial side-by-side
24 refrigerators on page three towards the bottom when I saw the
25 number six I asked myself, are in fact all six of those going

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1 to be used just for the science side of the effort or was it
2 expected that some of those would be used for the public
3 exhibit side of the sector. So I would ask when you go through
4 not only to look at type but also quantities. And I want to
5 feel confident in representing to both Justice and the
6 Secretary that we have maintained a pretty bright line and that
7 we have done that well. And that also then folds over to the
8 proration. I have no problem sharing a piece of equipment with
9 the public exhibit side of the operations but we just want to
10 make sure that it is appropriate.

11 The other, and this is something I'm actually not going
12 to ask Molly or anyone to look at but some of these prices
13 obviously take your breath away, don't they? It's the
14 proverbial military, you know, \$1,000.00 screwdriver. And I am
15 not disputing how much these cost, one thing -- and I was going
16 to call last night and you know how things come up, like
17 badminton games, but I was going call, for example, on the --
18 also on page -- well, on page three, small blenders, two. You
19 know, I thought, oh, gosh, what can you buy a small blender
20 for, you know, and then I see \$125.00. I don't know, that was
21 one thing that I felt that I had, you know, if the price were
22 right I would have guessed \$30.00 for, you know, a small
23 blender.

24 (Indiscernible remark - laughter)

25 MR. RUE: You can't even get a coffee grinder

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1 for that.

2 MS. D. WILLIAMS: Yeah, exactly. But most of
3 these, of course, I have no consumer basis to judge the price,
4 but, you know, no doubt about these prices are breathtaking and
5 we might just think to that just a little bit. But I have no
6 objection, under the circumstances, as long as Justice has no
7 objection to having the Seward SeaLife Center use interest that
8 is earned on our appropriation to fund this kind of equipment
9 just as long we move on it brightly.

10 Thank you.

11 CHAIRMAN TILLERY: Mr. Janik.

12 MR. JANIK: Ms. Williams pretty much described
13 my concerns that I came here this morning with, they have been
14 addressed, I think, in the motion in large part. The principal
15 concern, and the one that's been responded it, is that this
16 list be given additional scrutiny before any final decisions
17 are made on what will be funded for all of the reasons
18 Ms. Williams just stated.

19 CHAIRMAN TILLERY: Commissioner Rue, did you
20 have any comments?

21 MR. RUE: Well, I think I share the concerns
22 and I think that Molly has taken -- you know, takes care of the
23 concerns that I think I got. I think this is a good idea, I
24 think (phone cut out) very good and I'm getting (phone cut out)
25 budget on time. I'm really encouraged about the kinds of

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1 research they're going to attract, so I think this could be a
2 great help and as, I think Lief said, leverage other funds, so
3 I think it could help make the facility a success, so I plan to
4 support it.

5 CHAIRMAN TILLERY: Okay, thank you. Is there

6 -- Ginny?

7 MS. FAY: (Shakes head in the negative)

8 CHAIRMAN TILLERY: I have one question in your
9 letter, Mr. Hendricks, you indicate that equipment will remain
10 in the ownership and physical possession of SeaLife Center,
11 then you say, and then ultimately ADF&G. Exactly how does that
12 "and ultimately" work? Who does own this stuff and when?

13 MR. HENDRICKS: This goes back to some history,
14 so I think Lief would be the best one to answer that.

15 CHAIRMAN TILLERY: Okay.

16 MR. SELKREGG: Lief Selkregg. Mr. Chairman,
17 members of the Trustee Council, the structure of the agreement
18 that exists and allows the nonprofit corporation to develop and
19 operate actually has ownership of the facility, resting with
20 the City of Seward. If for some reason the City of Seward
21 should some day resort to giving the facility back, the
22 facility first goes to ADF&G who has first right on all
23 equipment and facility prior to any disposal. So the ownership
24 structure is City of Seward, ADF&G. The nonprofit is simply
25 the operator under an operating agreement with the City of

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1 Seward and who has an agreement with the Department of Fish and
2 Game.

3 CHAIRMAN TILLERY: Okay, and thus this would
4 simply be consistent with.....

5 MR. SELKREGG: With the agreement structure of
6 ownership.

7 MR. JANIK: If I may ask an additional question
8 along those lines. What is the protocol currently, let's say,
9 if -- and maybe Commissioner Rue can answer this as well. If
10 there's a need that ADF&G may have for some of the equipment,
11 even though it doesn't go to the extreme example that you gave,
12 Lief, let's say they need something for a project and you're
13 able to let it go for a few weeks or whatever, is there that
14 anticipation of free exchange of this equipment?

15 MR. SELKREGG: I won't answer on behalf of the
16 Commissioner. One of the advantages of having the research
17 equipment purchased directly through this request as opposed
18 through the University of Alaska Foundation is that through the
19 University of Alaska Foundation purchasing mechanism the
20 equipment would, in essence, be owned by the university and
21 could be relocated at any time the university wished. When
22 you're trying to conduct and maintain a world class research
23 facility that sort of flexibility of sharing equipment could
24 work against the operator's agenda.

25 We would hope that ADF&G would consider that this is

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1 the permanent home for this equipment. We haven't had that
2 sort of detailed discussion regarding flexibility of use, our
3 intention would be to endeavor to try to keep this as being
4 based at the facility so that we know when research programs
5 are being considered that, in fact, the equipment is there in
6 resident in the facility.

7 MR. JANIK: Is that your.....

8 MR. RUE: Mr. Chairman, I'm not sure if there's
9 a question addressed to me but you all have been fading in and
10 out, so you might want to speak closer to the -- I don't know
11 if it's on my end or your end but there's a problem. I'm
12 having trouble hearing.

13 MR. JANIK: The question was what, if any,
14 opportunity might exist based on protocol here and expectations
15 of this equipment being used by ADF&G if you should have a need
16 and the research center is able to relinquish that temporarily.
17 Do you have an expectation there was, I guess, the question I
18 asked?

19 MR. RUE: I think the answer -- I think that
20 was Lief giving the answer; is that right?

21 MR. JANIK: Yes.

22 MR. RUE: Yeah, I think that was, as he said,
23 there's been no detailed discussion I'm aware of, but I think
24 the expectation he expressed sounds correct.

25 MR. JANIK: Thank you.

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1 CHAIRMAN TILLERY: Are there further questions
2 from Council members?

3 (No audible responses)

4 CHAIRMAN TILLERY: Well there is a motion on
5 the floor, seconded. All in favor say aye.

6 IN UNISON: Aye.

7 CHAIRMAN TILLERY: Opposed.

8 (No opposing responses)

9 CHAIRMAN TILLERY: Hearing no opposition the
10 motion passes.

11 That is all we have on the agenda, we are early, we're
12 on budget, I don't know what that entitles us to.

13 MR. PENNOYER: Lunch.

14 CHAIRMAN TILLERY: But it may entitle us to a
15 motion to adjourn.

16 MR. PENNOYER: So moved.

17 MS. D. WILLIAMS: Second.

18 CHAIRMAN TILLERY: All in favor.

19 IN UNISON: Aye.

20 CHAIRMAN TILLERY: This hearing of the Trustee
21 Council is adjourned.

22 (Off record - 1:03 p.m.)

23 (MEETING ADJOURNED)

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1 C E R T I F I C A T E

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

5 I, Joseph P. Kolasinski, Notary Public in and for the
6 State of Alaska and Owner of Computer Matrix do hereby certify:
7 THAT the foregoing pages numbered 4 through 76 contain
8 a full, true and correct transcript of the Exxon Valdez Oil
9 Spill Trustee Council's Meeting recorded electronically by me
10 on the 2nd day of July 1997, commencing at the hour of 10:30
11 a.m. and thereafter transcribed by me to the best of my
12 knowledge and ability.

13 THAT the Transcript has been prepared at the request
14 of:

15 EXXON VALDEZ TRUSTEE COUNCIL, 645 G Street,
16 Anchorage, Alaska 99501;

17 DATED at Anchorage, Alaska this 5th day of July 1997.

18 SIGNED AND CERTIFIED TO BY:

19 _____
20 Joseph P. Kolasinski
21 Notary Public in and for Alaska
22 My Commission Expires: 04/17/00