

00103

1 EXXON VALDEZ OIL SPILL
2 TRUSTEE COUNCIL
3 VOLUME II

4 PUBLIC HEARING WITH THE PUBLIC ADVISORY GROUP
5 Friday, January 22, 1999 - 8:30 a.m.

6 TRUSTEE COUNCIL MEMBERS PRESENT:

7 STATE OF ALASKA - DEPARTMENT MR. FRANK RUE
8 OF FISH AND GAME: Commissioner
9 (Chairman)

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

13 U.S. DEPARTMENT OF INTERIOR: MR. GLENN ELISON for
14 Bob Anderson, Acting
15 Special Assistant to the
16 Secretary for Alaska

17 U.S. DEPARTMENT OF AGRICULTURE - MR. DAVE GIBBONS
18 U.S. FOREST SERVICE Trustee Representative

19 U.S. DEPARTMENT OF COMMERCE - NMFS: MR. STEVE PENNOYER
20 Director, Alaska Region

21 STATE OF ALASKA - DEPARTMENT MR. DAN EASTON for
22 OF ENVIRONMENTAL CONSERVATION: Commissioner
23 Michele Brown

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1 PUBLIC ADVISORY GROUP MEMBERS PRESENT:

2 Mr. Rupe Andrews, Chairman

3 Mr. Jim King

4 Mr. Chuck Meacham

5 Ms. Stacy Studebaker

6 Mr. Charles Totemoff

7 Mr. Dan Hull

8 Mr. Dave Cobb

9 Ms. Torie Baker

10 Mr. Chris Beck

11 Ms. Pamela Brodie

12 Ms. Sheri Buretta

13 Ms. Mary McBurney

14 Ms. Eleanor Huffines

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1 TRUSTEE COUNCIL STAFF PRESENT:

2 MS. MOLLY McCAMMON	Executive Director
3	EVOS Trustee Council
4 MR. ERIC MYERS	Director of Operations
5	EVOS Trustee Council
6 MS. TRACI CRAMER	Director of Administration
7	EVOS Trustee Council
8 MS. REBECCA WILLIAMS	Executive Secretary
9	EVOS Trustee Council
10 MS. SANDRA SCHUBERT	Project Coordinator
11 DR. BOB SPIES	Chief Scientist
12 MR. STAN SENNER	Science Coordinator
13 MR. JOE HUNT	Communications Coordinator
14 MR. HUGH SHORT	Community Facilitator
15 MS. CHERRI WOMAC	EVOS Staff
16 MS. VERONICA CHRISTMAN	Department of Natural
17	Resources, EVOS Staff
18 MR. ALEX SWIDERSKI	State of Alaska
19	Department of Law
20 MS. CLAUDIA SLATER	Alaska Department of Fish
21	and Game
22 MR. BUD RICE	Alaska Department of Fish
23	and Game
24 MR. STEVE SHUCK	U.S. Fish and Wildlife
25	Service

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P R O C E E D I N G S

(Anchorage, Alaska - 1/22/99)

(On record - 8:43 a.m.)

CHAIRMAN RUE: Shall we all get together and start? Apparently we have no one at the remote sites who wants to testify this morning, but there may be people here in Anchorage who would like to testify, continue our public hearing from yesterday. I know Steve Pennoyer is flying in this morning, so he'll be with us in a few minutes. So if it's all right with members of the PAG and Council, we could go ahead with public testimony in a minute here in Anchorage, finish that up. And, as I look at the agenda, what we had scheduled was public testimony this morning from 8:30 to 10:00, then we'll move into other items with this combined meeting of the Council and the PAG. I use PAG, for those of you don't know, the Public Advisory Group. And we've scheduled time until about 1:00 o'clock for the Trustee Council and PAG members to listen, not only listen to public testimony, but also have a discussion about the Restoration Reserve and the other topics that we're considering right now.

So if that's all right with the PAG and the Trustee Council members, should we go ahead with testimony this morning? Maybe we should introduce ourselves again, there may be some new members of the audience. And also remind everyone in the audience that we ask for public comment on three things,

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1 the Restoration Reserve option the Council has been
2 considering, the proposed update on injured resources that has
3 been in the public, and finally the archaeological restoration.
4 Those are the three things that we're accepting public
5 testimony on today.

6 So with that, I'm Frank Rue, Commissioner of the
7 Department of Fish and Game. Dave, you want to.....

8 MR. GIBBONS: I'm Dave Gibbons, the
9 representative for the Department of Agriculture, U.S. Forest
10 Service.

11 MR. TILLERY: Craig Tillery from the State of
12 Alaska, Department of Law.

13 MR. ELISON: Glenn Elison from the Fish and
14 Wildlife Service representing the Department of Interior.

15 MR. KING: Jim King with the PAG and I
16 represent the public at large.

17 MS. McBURNEY: I'm Mary McBurney, the
18 aquaculture representative.

19 MR. MEACHAM: I'm Chuck Meacham,
20 science/academic representative from the Public Advisory Group.

21 MS. STUDEBAKER: Stacy Studebaker from Kodiak,
22 I'm the recreation rep on the PAG.

23 MR. TOTEMOFF: Chuck Totemoff representing
24 Native landowners.

25 MR. COBB: Dave Cobb representing public at

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1 large from Valdez.

2 MS. HUFFINES: Eleanor Huffines representing
3 commercial tourism.

4 MS. BURETTA: Sheri Burette representing
5 subsistence.

6 MS. BRODIE: Pam Brodie representing
7 environmentalists.

8 MR. BECK: Chris Beck, one of the five public
9 at large seats.

10 MS. BAKER: Torie Baker, Cordova, commercial
11 fishing.

12 MS. McCAMMON: Molly McCammon, Executive
13 Director of the Trustee Council.

14 MR. ANDREWS: Rupe Andrews representing sport
15 hunting and sport fishing on the Public Advisory Group.

16 CHAIRMAN RUE: Okay, thank you. I'm not sure
17 who -- how many sites we have on line, right now there's no one
18 there that wants to testify, but I assume if, during the
19 morning if someone from one of the remote sites wants to
20 testify they will let us know. If not, I'll go through the
21 list of people who have signed up here in Anchorage.

22 Now, the first person I have here on the list is Mr. G.
23 Baker, is that Greg; is that right?

24 MR. BAKER: Grant.

25 CHAIRMAN RUE: Grant Baker, of course. Come on

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1 up. Are the microphones set up the same way they were, Molly,
2 as last night?

3 MS. McCAMMON: Yes, but we're not on -- are we
4 on hold now?

5 MS. R. WILLIAMS: Well.....

6 CHAIRMAN RUE: We're at listen only. Is no one
7 on? Grant, go ahead.

8 MR. BAKER: Good morning. My name is Grant
9 Baker and I'm a faculty member at the University of Alaska-
10 Anchorage and I'm also a commercial fisherman in Prince William
11 Sound and I'm here to talk about support for creating a
12 research endowment. And, first, I'd like to just say that the
13 word research can be interpreted to be many different things.
14 And in this case it's not just monitoring and test tubes, but
15 it's whatever the Trustee Council needs to have done, which
16 includes testing and monitoring, but also development of
17 restoration fisheries, development of cleanup techniques,
18 whatever the Trustee Council needs. And I think that's one of
19 the reasons why I urge the Trustee Council to work with the
20 university or to talk to the university, to see what they can
21 do because the needs of the Trustee Council, I think, mesh very
22 well with what the university could do. And a lot of the
23 things that need to be done could be done by the university in
24 the best or efficient way.

25 I see the Restoration Reserve as not really the last of

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1 the funds, but really the start of something that could be
2 really great. I see it as something that could be used to
3 create something permanent that grows in time to ensure that
4 that the Sound and the other oiled areas of Alaska were
5 restored and also to protect them. I think using, you know,
6 for instance, many universities have endowments and the rate of
7 return is about 15 percent. Using something like that, at the
8 end of 20 years it would generate about \$50 million to be used
9 each year and the fund would go from -- if 100 million was used
10 in the beginning it would be worth 600 million in 20 years, and
11 that's without the additional monies that could be obtained
12 from matching funds, from patents, educational materials or
13 processes, you know, for marketing of the materials that would
14 come from the research. And so that can enhance it
15 tremendously. For instance, Stanford University, I think,
16 obtains about \$120 million a year from its patents.

17 So the main point I'm trying to emphasize here is I see
18 this Restoration Reserve as an opportunity to make something
19 permanent and to satisfy the needs that are before the Council,
20 whether it's the purchasing of small parcels as they're
21 identified as being needed or the identification of why some of
22 the fish stock is sporadic and depressed and haven't returned
23 and how to implement it, to find out what's wrong, to find out
24 how to fix it and how to implement the fix.

25 Anyway, that's it for today. I'll be happy to answer

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1 any questions.

2 CHAIRMAN RUE: Okay. Great, thank you very
3 much. Do any of the panel member have questions of Mr. Baker?
4 (No audible responses)

5 CHAIRMAN RUE: No, great. Thank you very much.

6 MR. BAKER: All right, thank you.

7 CHAIRMAN RUE: Okay. Sheri Buretta is the next
8 person I got on the list. Sheri.

9 MS. BURETTA: Thank you. I'm Sheri Buretta and
10 I'm on the Public Advisory Group, I've been on the Public
11 Advisory Group for three years, over three years now, and
12 previously I was representing public at large, but now I'm
13 under subsistence, so I'd like to speak to that briefly. But
14 I'd like to ask for support for the archaeological repository
15 that was submitted, the proposal submitted by Chugach Alaska
16 Corporation and Chugachmiut. And I'd actually like to thank
17 this process for allowing the region to unite on this issue.
18 Because of all of the hurdles that we've had to go through and
19 meetings and conversation we have come together on this and it
20 is very important for the region to be able to have control
21 over the artifacts and have an opportunity to build display
22 facilities in the communities and have ownership of that. So I
23 look to you to be -- to consider that proposal strongly.

24 I'd also like to support the community project from the
25 Reserve. I think that in my capacity as Tribal Development

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1 Coordinator at Chugachmiut in the last three years I've worked
2 closely with the tribal councils and their ability to develop
3 infrastructures that can support their economies and I think
4 that it's important to allow them to participate more in this
5 -- with this settlement. It think that in the past the
6 technical level that the scientific proposals have been at have
7 not enabled the communities to become competitive and I think
8 that this opportunity will allow them to do that.

9 I'm concerned with the large parcel sales. I know that
10 when the devastation we heard from Virginia Aleck in Chignik
11 Lake last night, her heartfelt feelings about that, and I think
12 that the communities are starting to heal and they're getting
13 stronger and more able to talk about what happened. But the
14 concern that I have with the large parcel sales that have
15 already occurred, on the subsistence level, is that traditional
16 subsistence areas were supposed to -- are supposed to be
17 continued and there's some indication that I received that this
18 is not happening. There has been some areas that have closed
19 for sheep and possibly for crabbing and different areas like
20 this, and I'm just concerned that because of the devastation
21 that happened to these communities and the fear that the
22 subsistence food source was contaminated, there's the lag [sic]
23 of passing that on to the next generation, that it could die
24 off. And if the agreements that were made through these large
25 parcel sales is not upheld that that culture and that

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1 availability to that subsistence lifestyle will diminish, and
2 I'm concerned about that.

3 And I'm also concerned -- I know that the premise
4 behind the large parcel sale is to protect the environment from
5 possible development which the land holders were looking at as
6 far as continuing their economic resources. But on the other
7 side of that also is when you open it up to public access, if
8 you look at 10 years ago, the amount of traffic that was in the
9 Sound and you look now today, it's like almost a traffic jam in
10 some areas and there's also, you know, economic repercussions
11 from that situation and I'm concerned. And I believe the
12 Forest Service is developing a plan to address those issues,
13 but those are just issues that I see as far as on a subsistence
14 level.

15 And I appreciate the opportunity to share that with
16 you. And, again, I'd like to ask for your support for the
17 archaeological repository, the proposal that Chugach Alaska,
18 Chugachmiut and Qutekcak Native Tribe has submitted. Thank
19 you.

20 CHAIRMAN RUE: Thank you. Does anyone have
21 questions for Sheri?

22 MS. BRODIE: Yes. It's also been my
23 understanding with the large parcel acquisitions that these
24 areas would still be opened for subsistence use. And with the
25 possible exception, I think, of Kenai Fjords, some Kenai Fjords

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1 lands for English Bay, but English Bay had not been using those
2 lands, but I'm not sure about that. But could you tell us what
3 areas you heard there's been a problem?

4 MS. BURETTA: The head of Fidalgo Bay for goat
5 and there's -- just -- I heard talk about closing the crabbing
6 in some areas around that area, too. Those are just some
7 things that I heard recently from somebody that lives in that
8 area and uses that -- has used it for all his life.

9 MS. BRODIE: Does anyone know more about this?

10 CHAIRMAN RUE: If it was crabbing, it probably
11 had nothing -- it wouldn't have anything to do with the
12 uplands. If there's a crabbing problem it would be because
13 there's something with the stocks going on. I'm not sure about
14 the goat issue, but there may be.

15 MS. BURETTA: Well, this is just -- you know,
16 obviously subsistence is a huge issue that the State's
17 struggling with right now. You know, if there's an opportunity
18 to come up with a solution, I think that the communities that
19 aren't practicing a subsistence lifestyle would be very useful
20 in helping to identify that.

21 CHAIRMAN RUE: I know from the Department of
22 Fish and Game we've always pushed very hard to make sure there
23 continued to be hunting and fishing allowed on these lands, but
24 thank you. Rupe had a question.

25 MR. ANDREWS: Sheri, it's been my impression

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1 that the largest group that's expanded in Prince William Sound
2 has been the visitor/tourist industry. And I just assumed
3 that's brought benefits to all the residents of Prince William
4 Sound. I haven't been aware that there's been a lot of
5 increase in the hunters and fishermen actually extracting
6 resources in Prince William Sound. Does that mesh with your
7 thoughts about this? You had me a little bit off base on that.

8 MS. BURETTA: I'm not exactly sure what you're
9 asking.

10 MR. ANDREWS: Well, you were referring to the
11 Prince William Sound like a traffic jam now, is it a traffic
12 jam with tourist and visitors or hunters and fishermen?

13 MS. BURETTA: All the above, I think.

14 MR. ANDREWS: All the above you think.

15 MS. BURETTA: It's just -- and I'm not saying
16 that any of it is bad, I'm just saying that it's an issue that
17 affects that type of lifestyle. And, potentially, to the
18 lands, to the -- you know, of course, you're going to have
19 responsible people out there that are, you know, using the land
20 and access responsibly, but also, you know, with the Whittier
21 road coming through you're going to have a lot of people just
22 weekends getting out there and cruising around and so those --
23 I'm just concerned that we have some protections in place
24 for.....

25 MR. ANDREWS: Mr. Chairman, just a follow up.

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1 It's also been my impression that the communities of Chenega
2 and Tatitlek would like to get into the tourist business and
3 they're making efforts in that direction. Right now, I'm not
4 sure how much of the tourist traffic they handle, I know it's
5 mostly out of Whittier. Is that still the direction of these
6 communities that they want to expand the industry of tourism in
7 their communities?

8 MS. BURETTA: Well, I think that, yes, they
9 have to, I mean that's -- they have to establish their
10 economies and these different avenues that they're looking
11 into.

12 CHAIRMAN RUE: If I could, Dave has got a
13 question, but we have Sheri on the panel here, so we can ask
14 some of these when we get into the discussion of this, and we
15 have several people, but go ahead and ask.

16 MR. COBB: Just a follow up on what you were
17 saying. On the crab stocks, traditionally they close the crab
18 fishery in Prince William Sound this time of year, and that's
19 exactly what the Department has done. They did, for the first
20 time, include Fidalgo in a long time, so there's not Tanner
21 crab or king crab fishery this winter in that area. The goats,
22 there is a lot of pressure on the goat population in Prince
23 William Sound and that's because of, as people start to come in
24 from Seward and from Anchorage and places like that, we got
25 guides that are bringing people into those areas, so there is

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1 additional pressure and goat populations in that area have not
2 been real strong, they've been fairly stable, but they're not a
3 big population, so they do realize a lot of pressure and I
4 think that's the effect you're going to see because of the
5 increase in that area. Sheri is exactly right with the
6 villages, with Chenega and Tatitlek, and that's why I think
7 it's important for this community endowment, \$20 million
8 community endowment would help somebody like Chenega build a
9 marina or build a fuel dock, which is probably the biggest
10 areas that's going to be needed out there in the western part
11 of the Sound because that's where the influx of people are
12 going to be coming from, so it's really important that an
13 opportunity is given to the people in the villages and the
14 small communities to have something to fall back on to develop
15 economics.

16 CHAIRMAN RUE: Okay. If there are no other
17 question, thank you, Sheri. And thank you for keeping your
18 comments fairly short. I forgot to mention that at the
19 beginning, we would like to keep it to three minutes if we can,
20 so that we can get onto the discussion part.

21 The next person I have on the list is who wants to
22 testify is Lora Johnson.

23 MS. JOHNSON: My name is Lora Johnson and I'm
24 the Director of Tribal Development and Operations at
25 Chugachmiut. I think I've met a number of the Trustees and

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1 Public Advisory Group members over the years here. And I'll
2 try to keep my comments brief this morning.

3 The first point that I would like to make is that I
4 would also like to thank the Trustee Council for their efforts
5 in including public comment and discussion in the decisions
6 made regarding the EVOS restoration and here now with the
7 Restoration Reserve. I've observed that, in terms of forums of
8 public comment, there's been quite a wide range from public
9 hearings, such as today, from public presentations, such as the
10 one planned for Valdez in the coming months, the Public
11 Advisory Group itself, visits to the oil impact communities,
12 programs such as the Community Involvement Program and also a
13 project such as the Comprehensive Community Plan. Each of
14 those different forums I see reaches different segments of the
15 public and I think that it is important that the Trustee
16 Council continue to explore alternate avenues to bring in more
17 of the public. I don't have specific ideas of these, but I
18 think it's just one -- that one just needs to continually think
19 about because in terms of public hearings I know, personally,
20 this is not my favorite form of giving some sort of input on
21 the topic.

22 So again, I would just recommend that the Trustees
23 continue to explore other alternate avenues of incorporating
24 public comment.

25 The second issue that I'd like to address, and again,

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1 this will be real brief, is regarding the archaeological
2 restoration. And, as you all know, we have been working on a
3 proposal, we've been working on a plan over many years. And I
4 also wanted to thank the Trustee Council staff and agencies for
5 their work with us in helping us develop plans over the years.
6 Again, in terms of looking at -- into retrospect, I think back
7 to 1989 when I was called to come in and be part of an oil
8 spill response team for Chugach Alaska Corporation and the
9 villages. And it's like I look at this 10 year anniversary,
10 it's like, yes, there is a long history and I remember walking
11 around on the beaches that had inches of oil and worrying about
12 the artifacts. I remember, even at that point, the villages,
13 individuals concerned about the artifacts, what was happening.
14 I have firsthand knowledge of various incidents with theft,
15 vandalism, damage, this type of thing. So this is something
16 that is real for the communities and it's something that
17 continues to be part of life there.

18 So again, I just want to urge the Trustees to continue
19 their efforts with archaeological restoration. And, secondly,
20 again, to continue working with the communities, I think it is
21 very important, both with archaeological restoration and the
22 Reserve, that it is important to involve the communities in the
23 oil impact area in this process. And I think that there are a
24 lot of benefits in terms of the restoration benefits there.

25 Finally, with regard to the proposal submitted by

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1 Chugachmiut, Chugach Alaska Corporation and Qutekcak Native
2 Tribe, I see that with the process, in terms of restoration
3 that one often looks to public agencies and public means of
4 support for these programs. I think it's also important to
5 look to the private sectors, whether it's corporations, this
6 type of thing, and individuals. And this is one project that
7 really does have broad private support for bringing it about,
8 but also for the long-term operation and maintenance of these
9 facilities and ongoing programs. I think with any endeavor
10 there always is risk in it, but I can say on behalf of these
11 organizations and the communities that there really is a
12 commitment to making this work and I would like to urge the
13 Trustees to help bring this about.

14 I guess that's my comment today. Thank you.

15 CHAIRMAN RUE: Okay. Thank you very much. Any
16 questions for Ms. Johnson?

17 (No audible responses)

18 CHAIRMAN RUE: And I haven't been having people
19 spell their names, is that okay?

20 REPORTER: (Nods in the affirmative)

21 CHAIRMAN RUE: We're okay so far. No

22 questions?

23 (No audible responses)

24 CHAIRMAN RUE: Thank you very much, it was
25 great. The next person I have on the list is T.N. Obermeyer.

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1
2 morning.

MS. OBERMEYER: Yes, sir. Mr. Rue, good

CHAIRMAN RUE: Good morning.

MS. OBERMEYER: How are you?

CHAIRMAN RUE: I am fine.

6 MS. OBERMEYER: Teresa Obermeyer and I have
7 just gotten out of jail again. And I was thinking about it, in
8 my life I could never have imagined what might be possible.
9 All of this is the challenge of a lifetime.

10 Would you just pass these out, please?

11 Briefly, just to mention, and I'd like to stand back
12 here, if I may, if I can be heard. Just to follow up on what
13 the gentleman spoke about the University of Alaska. Now, of
14 course, I came here to work at the University of Alaska. I, of
15 course, sued the University of Alaska, and I don't want to take
16 too much of your time, but I then lost my career as a college
17 administrator. And I was made to pay \$17,161, that was as long
18 ago as 1987. So what I can say is that I hope that all of my
19 experience has helped all of those that come after me. I don't
20 know who might have sued the university since I did, but I now
21 see a military officer as the university president. This, to
22 me, is not education. I try always to keep an open mind and
23 I've met Mr. Hamilton, he seems like a very fine man, but to me
24 it's a death knoll to communications and to public discourse,
25 so I'm only mentioning my opinion, and I do have documents

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1 about my suit against the university if anybody would like
2 those.

3 Now, what I wanted to mention today is, yes, I would
4 like to be an honest person, I'd like -- now, Mr. Rue, I'm
5 remembering your wife is the President of the Juneau School
6 Board.

7 CHAIRMAN RUE: Retired.

8 MS. OBERMEYER: Oh, she retired. And, of
9 course, I admire her. Anyone that has taken that on, that's
10 just a tremendous undertaking, but I passed out to you who the
11 Permanent Fund members are, because I hope, Mr. Tillery, that
12 we know that this group is not even so much as confirmed by the
13 Legislature. And they have \$24 billion. At the same time this
14 Governor is asking that we pay taxes. There is absolutely no
15 level of accountability. I could explain all morning long the
16 things I've heard. I could never have imagined the things that
17 I would find out. And I have asked repeatedly, as I have gone
18 to the Permanent Fund Board meetings, may I have a transcript
19 of what my comments are? There's nothing, you don't get
20 transcripts, their documents do not cross reference, they don't
21 even add up right. And then we're supposed to pay taxes.

22 Can we all, as thinking Americans, start to rise up now
23 and start asking questions about what goes on? It's time,
24 Mr. Tillery. I certainly assume you're all very fine people.
25 I come in here and I look at your work and it's all so

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1 interesting, I wish I could have learned all this, instead I
2 had to be jailed. I've been in court for about the last seven
3 years. This is a career. And I say now, and, Mr. Tillery,
4 what do you think, a law license, it's coming now. Justice
5 Carpeneti will be sworn in on February 12th, and I think that
6 there's an event here in Anchorage on the 18th, and good things
7 are going to happen now. I know it has to be because it's
8 uncivilized, there's nothing that has gone on is at all
9 thinking, decent -- I don't know how to size it up. It doesn't
10 even make sense the way Obermeyers have been treated, but it's
11 a great challenge.

12 So thank you for letting me say hello. Did anyone have
13 a question? I'd be more than happy to field questions if
14 anyone has them.

15 CHAIRMAN RUE: Does anyone have a question?

16 (No audible responses)

17 CHAIRMAN RUE: No? Thank you very much.

18 MS. OBERMEYER: And we all understand about
19 Eric Wohlforth and his law firm? Can I just mention.....

20 CHAIRMAN RUE: We're trying to.....

21 MS. OBERMEYER: That law firm, Wohlforth,
22 Argetsinger, Brecht and Johnson, they are the attorneys for the
23 Alaska Housing Corporation, 100,000 homes. They are the
24 attorneys for ADA and then also the attorneys for PERS, TRS,
25 the pension, umbrella pension investment board, and then Eric

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1 Wohlforth chairs the Permanent Fund Board. All roads lead to
2 Wohlforth, Argetsinger. Did you know this, Mr. Tillery? You
3 don't have to answer, but your own retirement is right there on
4 Eric Wohlforth's desk. I just want you to understand that.

5 CHAIRMAN RUE: Ms. Obermeyer, thank.....

6 MS. OBERMEYER: Thank you so much.

7 CHAIRMAN RUE: Thank you very much. All right.

8 We have one last person who has signed to testify and that's
9 Bob Henrichs. I saw Bob, oh, here he is. We might ask you to
10 spell your name, just in case they didn't catch it.

11 REPORTER: I got it.

12 CHAIRMAN RUE: You got it?

13 MR. HENRICHS: You know how to spell my name,
14 man. H-e-n-r-i-c-h-s, Bob Henrichs. I'm President of the
15 Native Village of Eyak Traditional Council. Nice to see
16 everybody here today, seems like a few more of you guys than
17 there was last time.

18 You know, on that Restoration Reserve, I'll throw a few
19 little ones on that. I don't think you guys ought to buy any
20 more land, I think you ought to do restoration, go out and
21 clean up the rest of the oil that's out there. I think you
22 ought to fund the community fund. There's still oil out there
23 that should be cleaned up, I've seen it myself, and I think you
24 guys are derelict in your duty if you don't go out and take
25 care of it because you have the money to do it and I don't

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1 think you should be buying any more land with that Restoration
2 Reserve until you get all the oil cleaned up.

3 We support the TEK, Traditional Knowledge Project, the
4 Community Involvement Project, the archaeological repository to
5 go to Chugachmiut and Chugach Alaska. I just got in from
6 Seattle here early this morning, my mind is still spinning
7 here, so what else do we support? Let's see. That's about it,
8 that all I can think of offhand. Anybody got any questions?

9 CHAIRMAN RUE: Does anyone have questions of
10 Mr. Henrichs?

11 (No audible responses)

12 CHAIRMAN RUE: I've got one. Have you, I'm
13 sure, let Molly or Dan Easton's group at DEC know which beaches
14 you've seen oil?

15 MR. HENRICHS: Oh, I'm sure I can come up with
16 a list for you.

17 CHAIRMAN RUE: Would that be useful? Seems
18 like it might be if it -- we are planning a beach survey as
19 some point. We certainly ought to make sure that that
20 information is brought in, so thanks.

21 MR. HENRICHS: I'd be happy to help.

22 CHAIRMAN RUE: Okay. If there are no other
23 questions, thank you, Bob. Okay, that's the last name I have
24 on the list in Anchorage. Is there anyone else in Anchorage
25 here who didn't get a chance or would like to testify? Is that

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1 a hand that went up? There's one back there. Come on up.

2 MS. WHITTINGTON-EVANS: There's one over there.

3 CHAIRMAN RUE: And one over there, two people.

4 You choose. Come on up. You have to give us your name and
5 spell it.

6 MS. WHITTINGTON-EVANS: Hi, everyone, good
7 morning. My name is Nicole Whittington-Evans and that's
8 N-i-c-o-l-e W-h-i-t-t-i-n-g-t-o-n-E-v-a-n-s, and I'm here
9 representing the Wilderness Society. I have a relatively short
10 message for you all. We have submitted written comments on the
11 Restoration Reserve and just want to make sure, since I'm not
12 sure where we are in this process at this point that we are on
13 record and that people here know that the Wilderness Society
14 would like to see a majority of the Restoration Reserve Fund
15 spent towards habitat acquisition.

16 We also would like to be on record saying that we
17 support scientific research, but we feel that this is a unique
18 opportunity in the Sound for habitat protection.

19 That's really all I have to say.

20 CHAIRMAN RUE: Okay. Do any members of the PAG
21 or Council have questions of Nicole? Here's one. Chuck.

22 MR. MEACHAM: Yeah, do you have any knowledge
23 of what percent of the land within the oil spill area is
24 already in ownership by State or Federal government entities?

25 MS. WHITTINGTON-EVANS: Actually, no, I'm not

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1 sure I have that figure.

2 MR. MEACHAM: Okay. I think it's on the order
3 of 80 percent or something of the land within the oil spill
4 area. And do you think it's important, then, to spend the
5 Restoration Reserve or a substantial portion to acquire
6 additional land, that's more important than understanding,
7 through research activities, some of the biological events that
8 are taking place?

9 MS. WHITTINGTON-EVANS: We feel that it's very
10 important to continue to protect lands in this area for
11 restoration purposes. That is not to say that we don't think
12 scientific research is important or even as critical, but we do
13 think that there are other ways of getting money for scientific
14 research whereas habitat acquisition, I don't believe, has as
15 many alternatives for funding. And this is a real unique
16 opportunity for this type of protection in the Sound.

17 CHAIRMAN RUE: Does anyone else have questions
18 of Nicole?

19 (No audible responses)

20 CHAIRMAN RUE: Okay, thank you. Good to see
21 you again.

22 MS. WHITTINGTON-EVANS: Good to see you.

23 CHAIRMAN RUE: We got one other person, come on
24 up.

25 MR. SCHMIDT: Hi.

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1 CHAIRMAN RUE: Hi.

2 MR. SCHMIDT: My name is Ryan Schmidt and I'm a
3 Chugachmiut shareholder and I now work for Alaska Rain Forest
4 Campaign as the Grass Roots Organizer. I came here because I'm
5 from the area that was affected by the spill and I, too, also
6 still seen oil out there. And I think that, while science is
7 important, I think that science just funds more science. And I
8 think that in order to restore this area it needs to be
9 protected from further development by habitat acquisition.

10 I also think that the spill money boundary that runs
11 down the middle of the Copper River, that's a political
12 boundary and not a scientific one. And I would like to see the
13 boundary extended to the Bering River. The Kodiak people on
14 Kodiak Island and Afognak, they also said that they might be
15 willing to go into a conservation easement deal and the
16 Ouzinkie Native Tribe as well.

17 I guess that's about all I have. Try to use at least
18 75 percent of the Reserve for habitat protection for both large
19 thousand acres and small habitat programs. I think this is a
20 good chance to make a difference in the places that were
21 affected by the spill, but also the places that could be
22 affected by another spill. And having spent a lot of time
23 close to the land and lived off the land, I have a good
24 appreciation of what is out there and what was out there and I
25 just would really like to see that this money go to someplace

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1 that could be used in a way that would perpetuate a healthy
2 subsistence lifestyle, fisheries economy and cultural
3 protection.

4 So, thank you, that's all I have.

5 CHAIRMAN RUE: Thank you. Does anyone have
6 questions for Ryan?

7 (No audible responses)

8 CHAIRMAN RUE: No? Great, thank you very much.
9 Is there anyone else in the audience who would like to give us
10 their thoughts?

11 (No audible responses)

12 CHAIRMAN RUE: Okay. It sounds like we haven't
13 had anyone on the teleconference, do we.....

14 MS. McCAMMON: You might just check though.

15 CHAIRMAN RUE: Is there anyone on the
16 teleconference at any of the sites who would like to.....

17 MS. L. KALMAKOFF: Yes.

18 CHAIRMAN RUE: Okay, go ahead.

19 MS. L. KALMAKOFF: Can you hear me?

20 CHAIRMAN RUE: I can hear you. Why don't you
21 give us your name and where you're from?

22 MS. L. KALMAKOFF: My name is Lori Kalmakoff
23 from Ivanof Bay Village.

24 CHAIRMAN RUE: Can you spell your last name? I
25 can guess at it.

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1 MS. L. KALMAKOFF: Yeah, it's
2 K-a-l-m-a-k-o-f-f.

3 CHAIRMAN RUE: Okay, thank you. Go ahead.

4 MS. L. KALMAKOFF: Yeah, I just wanted to
5 convey on behalf of the village council that we'd like to see
6 some of the Restoration Funds go towards local projects to
7 replace some of the subsistence that we've lost. That there's
8 a scallop or oyster farm. We see a decline in our main clam,
9 the cockle clam with the blue shell taking over, it would be
10 nice to have that supplemented.

11 CHAIRMAN RUE: Okay. Is there anything else?
12 Go ahead.

13 MS. L. KALMAKOFF: There's one other person
14 here that would like to comment.

15 CHAIRMAN RUE: Okay. Go ahead, why don't you
16 have that person go ahead.

17 MR. G. KALMAKOFF: Yeah, this is Glenn
18 Kalmakoff from Ivanof Bay, also, and I guess our main concern
19 is that some of that money be used in the villages that were
20 impacted, there is certainly quite a change in our way of --
21 and the ability of getting our subsistence foods. For
22 instance, like Lori said earlier, our clam beds were taken over
23 by blue shells and certainly there's been a great decline in
24 our main source clams, which is cockles, in some of the bays
25 here, so, you know, when the oil spill happened there was quite

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1 an influx of sea otters into our region from out east that were
2 -- actually showed up in the bay here, like 50 to 100 and
3 that's pretty rare, but that's one of the impacts that we
4 noticed that happened.

5 And there is, you know, all the other species, birds
6 and stuff like that and I noticed a lot of stuff still dying
7 off, even during the summer months, young birds and stuff, sea
8 gulls and herring gulls dying -- their young dying and floating
9 in the ocean. So, you know, there has just been a great impact
10 here and I guess, like Lori said earlier, we sure would like to
11 see some restoration to some of our subsistence foods in Ivanof
12 Bay.

13 CHAIRMAN RUE: Okay. Was that it, do you have
14 other things you'd like to mention?

15 MR. G. KALMAKOFF: Not at this time.

16 CHAIRMAN RUE: Okay. Does anyone have
17 questions for either Lori or Glenn?

18 (No audible responses)

19 CHAIRMAN RUE: No? Okay. Is there anyone else
20 on line who would like to testify?

21 (No audible responses)

22 CHAIRMAN RUE: No? Okay. Sounds like we have
23 no one else who wants to testify, no one else here in
24 Anchorage. Then why don't we call the public testimony to a
25 close or, Molly, do you have a suggestion?

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1 MS. McCAMMON: Mr. Chairman, the only one I
2 know about is Mark Hamilton from the university is going to
3 come in and probably won't be here until about a quarter till
4 10:00. I don't know of any others, but if anybody comes in, we
5 could go on with the agenda and then come back if we need to.

6 CHAIRMAN RUE: Okay. Is that all right with
7 everyone if -- okay, why don't we do that. If Mark Hamilton
8 arrives and wants to talk to us, that's fine.

9 All right, should we go ahead with the rest of our
10 agenda? We basically need to approve our agenda. We're
11 supposed to be at 10:00 o'clock, but we're moving quickly here.
12 What we've got on the agenda, why don't we just go through it
13 and make sure we feel okay with it, is to have the Executive
14 Director give us a report, then a briefing on the proposed
15 update to injured resources and then a discussion with the
16 group here on the Restoration Reserve options. That was what
17 the plan was for our joint session. And I think this is the
18 one opportunity we had to have the Council and the PAG sit down
19 together and discuss the options, so I think it's a good
20 opportunity. Does that agenda sound all right to everyone? So
21 should we move right into the -- since we just approved the
22 agenda, Molly, would you like to give us an Executive
23 Director's report?

24 MS. McCAMMON: Yes, Mr. Chairman.

25 CHAIRMAN RUE: Thank you.

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1 MS. McCAMMON: And Rebecca went to see about
2 the status of Mr. Pennoyer's plane. And then when he does
3 arrive we can go back and have the meeting minutes approved
4 also, take formal action on those.

5 CHAIRMAN RUE: Okay.

6 MR. TILLERY: Mr. Chairman.

7 CHAIRMAN RUE: Yeah.

8 MR. TILLERY: I didn't realize we were going
9 through the whole agenda, but on the agenda, the executive
10 session that's planned for this afternoon, do we need to add
11 the Executive Director evaluation to that list?

12 CHAIRMAN RUE: Yes, we do. So we will add the
13 Executive Director's evaluation to the executive session. We
14 wanted to surprise you, Molly.

15 MS. McCAMMON: I was going to say, do I get to
16 see it first?

17 CHAIRMAN RUE: No.

18 (Laughter)

19 CHAIRMAN RUE: So we'll wait to approve the
20 minutes, but we'll go ahead with your report.

21 MS. McCAMMON: Thank you, Mr. Chairman. There
22 are a couple of things I wanted to report on today. You do
23 have the most recent financial report in the packet. We also
24 have the FY98 audit currently underway by Elgee, Rehfeld, so
25 all of the agencies should have been contacted by now and have

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1 the auditors working through all of their financial
2 information.

3 We're continuing to pursue the issue of the CRIS fees.
4 This is an issue that was noted by the GAO audit, it's been
5 highlighted by the Public Advisory Group, by the Trustee
6 Council. We've not made much progress on it. We have some
7 good news and bad news with CRIS. We protested the way they
8 were charging fees on the Restoration Reserve and they wrote a
9 letter back saying, oh, you're right, but on the other hand
10 we've reviewed our fee schedule and we shouldn't have reduced
11 the fees like we did last month, so we're upping the fees back
12 to 10 percent again. So good new, bad news there.

13 We're still continuing to pursue other Federal accounts
14 that we might be able to transfer the funds into, such as the
15 NRDA Fund and, hopefully, seeing if we can do something with
16 that, but the procedures aren't currently in place.

17 I was informed by Senator Murkowski's staff last week
18 that the Senator does plan to introduce legislation allowing
19 the Trustee Council to invest the EVOS funds outside of the
20 court registry and Federal Treasury. However, he still intends
21 to put restrictions on how the interest funds could be used.
22 This is something that the Council opposed last year.

23 So we'll continue to pursue all avenues to see if we
24 can get those fees reduced and get the investments for the
25 Trustee Council funds at a higher rate, but it's been slow

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1 progress at this point. One thing that has helped us is that
2 we were able to, for the first time, this fall to do an
3 electronic transfer and that has -- we saved quite a bit of
4 money by doing that because we didn't have checks floating
5 around the country for a week uninvested. That's been a big
6 improvement.

7 CHAIRMAN RUE: Molly, before you go on.

8 MS. McCAMMON: Yeah.

9 CHAIRMAN RUE: Have you been keeping a running
10 total of the opportunity costs that we've endured, if you will,
11 how much money we lost by having to keep that account in CRIS?

12 MS. McCAMMON: We first approached the
13 delegation to get legislative authority to take our money out
14 of the court registry system a year and a half ago, and we feel
15 that we have lost, because of the inability to resolve this
16 issue, that over last year and this year that we've lost
17 probably, at least, \$17 million in revenue as a result of this.
18 Conservatively.

19 CHAIRMAN RUE: Seventeen million?

20 MS. McCAMMON: Yes.

21 CHAIRMAN RUE: Okay.

22 MS. McCAMMON: Moving on to the 10th
23 anniversary, we've been extremely busy getting ready for the 10
24 year commemorative event. We have been contacted by numerous
25 media. National Geographic is having a big article coming out

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1 in their March issue, which should be hitting the news stands
2 probably in mid February. National Geographic TV also has a
3 piece coming out. CNN, CBS, ABC, all the major newspapers are
4 doing major issues. Most of them have already done their
5 preparatory work. I'm not sure how many will be here for the
6 event itself, because most of them have done their interviews
7 in advance. But the 10th anniversary is getting a lot of media
8 attention, so next month, probably starting in mid February,
9 you'll be seeing a lot nationwide.

10 We do have, in your packet, a draft day one agenda and
11 we actually have some revisions to that because we've been
12 getting some confirmations from various people on who will be
13 attending. And you'll notice that some of the Trustees are
14 getting moved around a little bit to various spots here. And
15 this is a very full agenda, still, we're trying to get it
16 confirmed by early to mid February, but it's still kind of a
17 moving target. But we do have a confirmation from the
18 Governor's office and we've had some folks decline. So you'll
19 see that some of your positions have changed here.

20 CHAIRMAN RUE: We're all switch hitters.

21 MS. McCAMMON: You're all switch hitters here.
22 But there's a lot of attention, I think, going to be placed on
23 this first day and we anticipate quite a few people being
24 there.

25 CHAIRMAN RUE: Okay.

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1 MS. McCAMMON: We do have a one-page flyer that
2 will be in color and will be included with the flyer about the
3 scientific symposium and this will be going out probably next
4 week or the week after. And we're encouraging everyone to be
5 sure to register. And I think we have all of the Trustees
6 preregistered so we're assuming you will all be there.

7 CHAIRMAN RUE: You don't get lunch if we don't
8 register.

9 MS. McCAMMON: Yeah, right. We have a 150
10 presentations planned for the scientific symposium, about 100
11 of those will be oral presentations and 50 of them will be
12 poster sessions.

13 We also have out for review now a draft annual status
14 report, and you should be shown that, if you haven't already,
15 by your liaison. It will be in full color, it will be an
16 expanded version, much larger than the ones we usually put out,
17 but kind of similar in tone. And if you have any questions or
18 comments on that, it would be very helpful if we could get
19 those as soon as possible, since we have to get those to the
20 printer by March 1st.

21 We also, if you'll recall, funded a 30-minute video
22 about the Restoration Program and restoration and recovery
23 efforts and we saw the final dub of that yesterday with the
24 music in place and the narration and it looks really nice.
25 Chuck Meacham with the PAG was here yesterday and was able to

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1 see a version of it. It will air statewide, most likely in mid
2 to late February will be the first time. It will show a couple
3 of times and we'll have copies made to all of the schools and
4 hopefully it'll get national airing also. But it's turned out
5 really nice.

6 And the other thing we're working on is the FY2000
7 invitation. We're calling it the FY00 and I don't know how we
8 call this ot-ot, not-not, zero-zero, somebody called it FYOOP.
9 So I don't know what it's going to end up being, but it is the
10 FY2000 invitation. We'll be talking about that a little bit
11 later this morning about our target for that.

12 On the habitat front, I just wanted to note that the
13 Eyak acquisition, the purchase agreement was signed and
14 recorded on December 31st. The State and Federal negotiators
15 are still finalizing the closing documents and setting up an
16 escrow account as required by the purchase agreement. Because
17 there were some changes between what shareholders voted in
18 October and what's in the final agreement, there was a
19 requirement added to the purchase agreement that those changes
20 be ratified by the shareholders in a proxy vote. Once the
21 papers are all closed, which we anticipate early next week,
22 then that proxy vote will go forwards. So we're hoping that
23 this will be all complete, assuming the shareholders approve
24 the changes, by late February.

25 We've also had recent discussions with Koniag about

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1 permanent protection of the Karluk and Sturgeon and we'll be
2 reporting on that in executive session.

3 CHAIRMAN RUE: Okay.

4 MS. McCAMMON: And that's the conclusion of my
5 report.

6 CHAIRMAN RUE: Does anyone have questions of
7 Molly?

8 MR. HULL: What's the amount in dispute on the
9 construction of the SeaLife Center?

10 MS. McCAMMON: I beg your pardon.

11 MR. HULL: The amount in dispute of the
12 construction costs of the SeaLife Center, that's what you --
13 you mentioned that first; is that correct?

14 MS. McCAMMON: No, I did not. This is the fees
15 from the court system. The SeaLife Center, they do have a
16 conflict with the construction company there and, I believe,
17 going through the court system right now.

18 MR. HULL: Okay.

19 MS. McCAMMON: But I think it's -- I'm not sure
20 what the amount is total.

21 CHAIRMAN RUE: Okay. Any other questions of
22 Molly? Go ahead, Dave.

23 MR. COBB: Not necessarily a question, but just
24 a follow up to the planned legacy of the oil spill, 10 years
25 after the Exxon Valdez here in Anchorage. On the 21st and 22nd

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1 there is also Partners in Prevention Workshop and Session in
2 Valdez that's also being put on in conjunction with this.
3 Everyone is certainly invited to that.

4 CHAIRMAN RUE: Is that being broadly
5 advertised?

6 MR. COBB: Yes, it is.

7 CHAIRMAN RUE: Great. Okay.

8 MS. McCAMMON: And we have included information
9 about that in our packet also.

10 CHAIRMAN RUE: Okay. Great. I was going to
11 ask if the Legislature was asking for any kind of briefings
12 yet, but I wasn't.....

13 MS. McCAMMON: Not yet.

14 CHAIRMAN RUE: Not yet.

15 MS. McCAMMON: And, Mr. Pennoyer's flight was
16 an half an hour late, it arrived at 9:15.

17 CHAIRMAN RUE: Okay. What would -- would we
18 like to take a little break here, maybe let Steve arrive and we
19 can all recharge and then get back together, should we do that?
20 Does that sound all right? Because it's about 9:35 now, want
21 to take 10 minutes, quarter to 10:00 we get back together?
22 Does that sound all right, quarter to 10:00? Let's all stretch
23 and.....

24 (Off record - 9:38 a.m.)

25 (On record - 10:02 a.m.)

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1 CHAIRMAN RUE: We've been joined by Steve
2 Pennoyer, National Marine Fishery Service, so the Trustee
3 Council is fully represented now.

4 Steve, for your information, we've had public hearings
5 last night and this morning. And.....

6 Could those of you on the teleconference hit your mute
7 button? We're getting started here again.

8 MS. McCAMMON: Are we on mute?

9 CHAIRMAN RUE: Or are we on mute? Can you hear
10 us?

11 (No audible responses)

12 CHAIRMAN RUE: All right. Well, we're getting
13 back together here. I was just telling Steve Pennoyer, who's
14 joined us, we had the Executive Director's report and public
15 testimony this morning, Steve, and we're now moving into the
16 briefing from Dr. Spies and Stan Senner on the update on
17 injured resources list.

18 MR. PENNOYER: Thank you very much.

19 CHAIRMAN RUE: And the FY2000 Work Plan and
20 then we'll move in, after that, to a general discussion on the
21 Restoration Reserve options with the PAG. Since this is our
22 first and, perhaps, only opportunity to sit down with the PAG
23 and have an interaction, interchange on what their thinking is
24 and our thinking is on the Restoration Reserve. That was the
25 agenda for today and then we'll move into an executive session

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1 after 1:00 o'clock. Okay?
2 MR. PENNOYER: Great.
3 CHAIRMAN RUE: Okay. So, Molly.
4 MS. McCAMMON: Stan and Dr. Spies to start out.
5 MR. TILLERY: Mr. Chairman, do you want to
6 approve the meeting notes while we're here.
7 CHAIRMAN RUE: Oh, the meeting notes.
8 MR. TILLERY: Want to do that now?
9 CHAIRMAN RUE: Just a second, if we could.
10 Mr. Tillery had a good suggestion.
11 MR. TILLERY: Mr. Chairman, I would move that
12 we approve the December 15th and December 30th meeting notes.
13 CHAIRMAN RUE: Is there a second?
14 MR. PENNOYER: Second.
15 CHAIRMAN RUE: Okay. Any discussion of the
16 meeting notes?
17 (No audible responses)
18 CHAIRMAN RUE: No? Is there any objection to
19 approving the meeting notes?
20 (No audible responses)
21 CHAIRMAN RUE: Hearing none, they're approved.
22 Thank you, Mr. Tillery, I kept missing that on the agenda.
23 Okay. Dr. Spies.
24 DR. SPIES: All right. Good morning. We're
25 here today to talk about some proposed updates to the injured

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1 resources list. As you all realize the Trustee Council has
2 maintained a list of injured resources since the initiation of
3 the Restoration Plan in 1994. This list serves two purposes;
4 one, it is representative of injury from the spill. It
5 includes species that are important to the public, but it is
6 not comprehensive with regard to the injury, that is, not all
7 species that were injured are called out on that list
8 specifically.

9 And, secondly, this list helps guide the priorities for
10 the Restoration Program and helps the public track the recovery
11 of the ecosystem. As I said, the first edition of this list
12 was included in the Restoration Plan of 1994, there was an
13 update to this list in 1996 and you have before you this
14 morning a draft proposal for further changes in 1999, as the
15 system is recovering. There are currently 29 resources or
16 services listed on that list.

17 I think it's important to keep in mind that we're not
18 dealing just with single species of animals. We've taken an
19 ecosystem approach to recovery and we have a definition of
20 ecosystem recovery that reads "Full ecological recovery will
21 have been achieved when the population of flora and fauna are
22 again present at former or pre-spill abundances, healthy and
23 productive and there is a full complement of age classes at the
24 level that would have been present had the spill not occurred.
25 A recovered ecosystem provides the same functions and services

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1 as would have been provided had the spill not occurred."

2 We have attempted, in dealing with this list, to use
3 recovery objectives that we believe are measurable and
4 concrete, since it is difficult to, with a great deal of
5 certainty in some cases, to actually identify what the
6 ecosystem would have been had the spill not occurred, because
7 the system is always changing. To the extent possible, we have
8 tried to adhere to our own original objectives, but we realize,
9 as new information becomes available, it may be appropriate to
10 incorporate a wider view of what factors should be considered
11 in changing resource status.

12 One further point. Our goal concepts of injury are
13 formulated about an ecosystem for which we have had
14 insufficient baseline data for species at risk in the spill and
15 which we now understand, even better than we did before, is in
16 constant flux from other, including natural factors. That is
17 to say, as time passes, it is more and more difficult to
18 distinguish with a great deal of certainty spill and other
19 effects on injured species. We know now that there are strong
20 interactions between spill recovery processes and natural
21 processes in the marine environment.

22 I think a good example would be the recovery of the
23 common murre. I think when Mr. Tillery and Molly and I went
24 out and visited the ornithologists that were working in the
25 Barren Island in 1997 we saw a great number of common murre on

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1 the rocks there. That was the most they had seen since the
2 spill and it looked like recovery was underway. In '98 we had
3 a large El Nino and a lot of those birds did not come back and
4 breed in the numbers they had, so obviously that's an
5 interaction.....

6 (Voices on the teleconference)

7 CHAIRMAN RUE: Could I ask that folks on the
8 teleconference sites keep their phones on mute, because if you
9 talk it comes through and we can't hear the speaker. Thank
10 you. I'll turn this thing down a little bit, too.

11 DR. SPIES: That wasn't as disruptive as the
12 cell phone call we picked up last year. It was entertaining.

13 CHAIRMAN RUE: Yeah.

14 DR. SPIES: So with that introduction, I'd like
15 to turn it over to Stan Senner, who has done a lot of the
16 yeoman's work here in trying to trying to pull together this
17 proposed list of changes in the injured species list.

18 MR. SENNER: For purposes of this discussion I
19 refer you to the handout, January, 1999 "Update on Injured
20 Resources and Services." And, particularly, if you would look
21 on page four. There's a table on that left-hand column on page
22 four which simply summarizes the proposed listing. And what
23 I'm going to do is take these categories in reverse order,
24 starting with "recovery unknown" and then working backwards to
25 the fully recovered species or those proposed for full

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1 recovery.

2 Before we actually get into some of those details, just
3 a couple of caveats. One thing is to mention that all of these
4 drafts -- or all of the recovery accounts and designations were
5 circulated to appropriate PIs and resource managers at the
6 agencies. This was done over the holiday season and on into
7 January. We got pretty good feedback and some of them, I
8 think, very careful review, others, probably at this point,
9 less so, but an attempt was made to get the benefit of the
10 expertise of our PIs and resource managers. And we welcome any
11 additional information and perspectives that may come in before
12 you take final action on this. That's one item.

13 And the -- well, I think I'll leave it at that for the
14 introduction. Oh, I know, the other item was that there have
15 been, to date, only three public comments that bear on these
16 recovery objectives and the listings. One was a comment from
17 someone who didn't like the fact that in our document that we
18 were using photographs, in some cases, that go back to 1989 and
19 '90 when there was lots of oil about on the beaches and oiled
20 wildlife and that we weren't putting the year down. And so
21 that someone might have had the impression that they were
22 recent photographs from Prince William Sound and other areas
23 affected by the spill. So that comment didn't bear directly on
24 the objectives, but more a matter of the presentation that we
25 made. So that's something that we'll take into account.

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1 Last night at the public meeting there were two people
2 commented on the recovery objectives. Riki Ott in Cordova did
3 not agree with the recommendation that pink salmon should be
4 considered as recovered. She recommended that they remain in
5 the recovering category. Sea otters and Pacific herring are
6 recommended in the recovering category and in both cases she
7 felt that that was inappropriate and that they ought to stay in
8 the not recovering category. And we can talk a little bit
9 about those comments as we get into the individual species.

10 And then, lastly, there was another individual from
11 Cordova, I believe a Mr. Carpenter, who also felt that the pink
12 salmon recommendation inappropriate and that it should be
13 considered as not -- or as recovering, but not recovered yet.

14 So those have been the public comments to date. I
15 believe we've invited comments through February 5th. And so at
16 your next meeting where you will actually take actions on these
17 recommendations, we'll give you an update on any additional
18 comments.

19 Then the last caveat is that I think our goal this
20 morning is to brief you on what we've come up with and get your
21 sense about those recommendations that you feel are weak,
22 inappropriate or need additional homework before you take
23 action on them. So this is not an action item today, but we do
24 very much want your sense for those that need more attention.

25 CHAIRMAN RUE: Stan, could I ask the group

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1 something and, perhaps, with your indulgence. Mark Hamilton,
2 the President of the university is here and had wanted to do
3 some public -- give us some public comment. I thought that
4 maybe before you got rolling and in the midst of it, if we
5 could take a short break, let him come up to give us his
6 thoughts, he can only be here about 20 minutes, and then we can
7 get back.

8 MR. SENNER: Absolutely.

9 CHAIRMAN RUE: Is that all right? Is that all
10 right with the group?

11 Okay. Mr. Hamilton, is that -- does that --
12 Dr. Hamilton, does that work?

13 MR. HAMILTON: Thank you very much, I
14 appreciate it.

15 CHAIRMAN RUE: Thank you for being here.

16 MR. HAMILTON: I'll just take a bit of your
17 time, but I did want to have the opportunity to talk to this
18 group in person and just express to you a couple of things.
19 One is the admiration, as I've gleaned over the six months I've
20 been in the state, the admiration for the job that you have
21 done to date, because I can't begin to imagine a group taking
22 on this responsibility and somehow still be considered
23 admirable Alaskans by virtually everybody you meet, so you
24 really have done something there that's quite remarkable.

25 I think that the idea about money for research and

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1 endowment is one that you've wrestled with for some time, and
2 I'd like to talk to that for just a moment. I think that there
3 is that need, that we establish some sort of an endowment for
4 continued research. I do not believe it is necessary that
5 those research monies would be placed directly in the hands of
6 or at the specific disposal of the university. I think we
7 would be a trusted agent and a good recipient of that, but I
8 express to you that I'm solidly behind the idea of a
9 establishing a significant sum of money that would endow
10 continuing research, whether or not the university would be the
11 specific recipient of that. The ability to direct such endowed
12 research, over a long time, seems to me to ensure that the aims
13 of this Commission [sic] continued to be pursued for quite some
14 time.

15 As another matter I would ask you to consider the
16 endowing of specific positions. In universities they're most
17 often chairs. In this case I have specifically in mind
18 positions in the Marine Advisory Program and in the Cooperative
19 Extension Program. These are public service oriented programs,
20 they are highly regarded, and I think you'll discover that as
21 you talk with folks around the state. And these are the
22 instruments by which we can distribute basic and applied
23 research and marine conservation and fisheries development and
24 spill cleanup technologies and the like. I think these are
25 worthy investments in endowed chairs and positions. And, once

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1 again, that endowment could direct the posting of these
2 particular individuals, paid for by those funds, to areas
3 designated by this Commission, as opposed to saying "here is
4 some money, go post them wherever you will." They could be
5 posted specifically in the area. It's not nearly so important
6 to me that -- as I -- in this item as I mentioned with the
7 research endowment, that somehow the university has the reins
8 on this thing or the hold on this thing.

9 I just think that these are in keeping with the kinds
10 of efforts you've made thus far and, frankly, I think that both
11 of these are opportunities for this Commission to really set
12 forth a legacy as these, both the research endowment and/or
13 these endowed chairs would allow you to continue the work long
14 after this Commission has gone on to other public service.

15 And that is the essence.

16 CHAIRMAN RUE: Okay. Thank you very much. Do
17 members of the Council or the Public Advisory Group have
18 questions of Mr. Hamilton? Go ahead. Mary, first.

19 MS. McBURNEY: Well, I'm really intrigued by
20 the idea of endowing positions through the Marine Advisory
21 Program and Cooperative Extension Program. How many positions
22 do you have in mind?

23 MR. HAMILTON: I would think six to 10 would be
24 what I'd be looking at. The money involved in that would be
25 something between 18 and \$20 million.

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1 CHAIRMAN RUE: You asked the question I was
2 going to ask.

3 MS. McBURNEY: It's the obvious one, isn't it?
4 And just out of curiosity, but if such an endowment could be
5 set up, would those positions be able to be leveraged as far as
6 further funding from the SEA Grant Program and that sort of
7 thing to also support programs?

8 MR. HAMILTON: No, there's no question.
9 There's no question. What happens with these things, despite
10 the best intentions, and I hold no judgment on decisions made
11 before I got to the university. These are kinds of positions
12 which everybody recognizes the enormous value of them. I mean,
13 frankly, they're a good thing for the university because they
14 get a -- these are people who are saying -- instead of this
15 university out here somewhere, these are people who are doing
16 something in the community.

17 Having said that, they are understandably vulnerable to
18 budget squeeze. And the reason simply is they're not in a core
19 teaching kind of environment and so that program, so vital,
20 would be just the perfect program, essentially, insulated
21 because of the requirements of the endowment. You know, that
22 endowment is used for a person in that community or within this
23 community set, it would ensure that this kind of direct
24 interface with the citizens of the state would be maintained.
25 It just seems to me to be the right kind of thing to do.

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1 MS. McBURNEY: So, if I could just follow up,
2 Mr. Chairman?

3 CHAIRMAN RUE: Go ahead.

4 MS. McBURNEY: Thank you. Then with this 18 to
5 \$20 million endowment then you envision this to fund more than
6 just positions, but actually some sort of program in these
7 communities or just positions.

8 MR. HAMILTON: No, that would just fund the
9 positions.

10 MS. McBURNEY: And the program money would come
11 from?

12 MR. HAMILTON: Well, the program monies come
13 from a variety, very often they are grants scenarios, or
14 matching grant scenarios.

15 MS. McBURNEY: Okay.

16 CHAIRMAN RUE: I have two others, Craig Tillery
17 and then Jim had a question on this side of the table. Craig,
18 why don't you go ahead.

19 MR. TILLERY: Mr. Hamilton, there's been some
20 discussion about having endowed chairs in specific fields, such
21 as marine mammals and marine birds or something. If you locate
22 a specific facility, such as the research facilities at the
23 SeaLife Center, is that something that the university can work
24 with, with that kind of a designation?

25 MR. HAMILTON: Most assuredly. And I think,

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1 like so many things, it really depends on the wishes of the
2 Commission. I offered -- those are obvious -- a fishery
3 economist is another kind of candidate, I introduce to you the
4 Marine Advisory Program simply because I think it lends itself
5 to the kinds of legacy that we would be looking for here and
6 allows the Commission to more specifically direct the endowed
7 chair. I frankly think it's a less controversial kind of
8 endowment that might be -- what I would consider to be a very,
9 very viable candidate, but a fisheries economist would be a
10 wonderful endowed chair, but the direct application, what is
11 that person doing for the kinds of things that you have been
12 concerned about? It's harder to trace than when you get it
13 directly down to Marine Advisory Program.

14 You, however, mentioned one that had not come to mind,
15 I mean, directed chair at the SeaLife Center, the
16 (indiscernible) seems to be unknown. But the idea of the
17 endowment, the specific chairs, the specifically directed
18 utility is the key point I want you to address -- consider.

19 MR. TILLERY: The concern I would see with the
20 Marine Advisory Program that you have suggested is that any
21 endowment would have some fairly strict limitations on what
22 that person could do, and I don't guess I know fully what
23 people in the Marine Advisory Program do, we have contact with
24 some of them, but my suspicion is that they do a lot of things
25 now that would not be legally permissible with our funds and I

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1 would wonder whether that might sort of compromise their
2 ability to do what needs to be done or if you wouldn't end up
3 having to then sort of duplicate them again to complete sort of
4 what their mission is.

5 MR. HAMILTON: I'm certainly not familiar
6 enough with your -- with the kinds of limitations that you talk
7 about to have sensed that. I mean, I'm willing to be informed
8 on that. It would surprise me if what they do would not fall
9 very, very neatly within the umbrella of what you intend, you
10 know, what you've intended with this work so far. And that is,
11 of course, one of the big advantages of an endowment, you can
12 be fairly specific in terms of what you want. I mean, the
13 university would always wish you to be most general as you
14 possibly can, but that's -- that would be -- it's the option of
15 the endower.

16 MR. TILLERY: We would have to be fairly
17 specific under existing law. I think perhaps having some more
18 information about what these people do now would be somewhat
19 helpful in looking at that. Also, just to confirm, these would
20 replace the existing, they wouldn't complement or be an
21 additional marine advisory person in a community, it would
22 replace the one that's there now, sort of to go with the
23 funding for that current positioning.

24 MR. HAMILTON: It would be both. There are
25 certainly positions that we would like to have on the Marine

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1 Advisory and individuals stationed where they have been
2 historically, where they have been removed because of budget
3 cuts over the last several years.

4 CHAIRMAN RUE: Could you get us information on
5 the Marine Advisory Committee.....

6 MR. HAMILTON: Absolutely.

7 CHAIRMAN RUE:so all of those of us who
8 aren't.....

9 MR. HAMILTON: Lay out the whole program of
10 what they currently do and then we can discover if there's any
11 concerns. I would be very, very surprised to discover that.

12 CHAIRMAN RUE: Probably Molly McCammon would be
13 the person to get it to and she can get it to the rest of us.

14 MR. HAMILTON: Okay. I can do that very
15 shortly.

16 CHAIRMAN RUE: I think Jim -- Jim King, did you
17 have a question?

18 MR. KING: Yes. My charge from the Trustee
19 Council is to speak for the public at large and as such I may
20 have a little different perspective than some of the other
21 members of the Public Advisory Group, who have different
22 constituencies, but from the point of view of the public, I
23 think of the university as us, not an us and them kind of
24 relationship. And I have had the feeling that we would get
25 more for our money if we created something through the existing

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1 infrastructure at the university than developing a whole new
2 infrastructure to manage money, manage property, manage
3 buildings and so forth and so on. And I have had the
4 impression that it is possible for people with money to go to
5 the university and design whatever it is they want and that the
6 Trustee Council could go to the university and design a Exxon
7 Oil Spill Institute that would accommodate the needs of the
8 settlement, would accommodate the vast public input that we've
9 got on the specific areas. This might be an institute that had
10 some endowed chairs, it might have some contracting ability.
11 Have the outreach ability that we hear about which I think of
12 the university as having through the connection with public
13 television, the libraries and extension service. I see a lot
14 of this stuff as being in place. My question is, is this a
15 correct assumption that the Trustee Council could get together
16 with your people and design something that would accommodate
17 all these needs that we've been hearing about?

18 MR. HAMILTON: There's no question that we
19 could and it could take the form of an institute, as you talk
20 about, or take the form of simply directing the board of
21 advisors that would oversee this research endowment and direct
22 its application from year to year. It could, as recently
23 Senator Stevens gave the university a kind of trusteeship of
24 \$6.6 million to investigate research opportunities in
25 fisheries. That was specifically caveated with "in concert

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1 with" and named other agencies. It would be very possible to
2 set up a research endowment arrangement that said the board
3 will consist of two of these, two of these and two of these and
4 all decisions must be made after consideration of public
5 testimony for the State's view of research needs. Approval by
6 Fish and Game and Department of the Interior or whatever, you
7 can -- you know, you really have an awful lot of latitude, it
8 isn't just -- again, any university would rather have funds
9 that were the least possible restricted, but I wouldn't let
10 that frighten the opportunity to do something here that, I
11 think, can be very, very important. The university can be an
12 excellent instrument because, for one, we do this, we're
13 organized to deal with these kinds of research grants. But
14 we're not afraid of competing for it.

15 I mean, it doesn't have to be ours, it can be -- if the
16 commitment is there to fund fisheries research in a specific
17 area over a long period of time, then an endowment is exactly
18 the way to do it. And, as was brought up earlier, that is the
19 kind of thing that ends up having wonderful seed money,
20 matching grant kinds of possibilities that can actually expand,
21 many fold, the research dollars available to this state. But
22 creating the instrument is limited only by reason and
23 imagination.

24 MR. HAMILTON: Are there questions of
25 Mr. Hamilton? Go ahead, Chuck and then.....

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1 MR. MEACHAM: First of all, I'd like to thank
2 you very, very much for being here, I think it's important to
3 have someone of your stature confirm the university's interest
4 in the endowed chairs approach and so forth, so again, thank
5 you for being here.

6 I really like what you said and it kind of matches the
7 way my thoughts have been developing along these lines. I
8 think that you could easily link some endowed chairs to the
9 Seward SeaLife Center, one for Seward, perhaps in Cordova the
10 Prince William Sound Science Center and then maybe Valdez
11 Community College. Anyhow, a number of these places, one in
12 Kodiak would work perfectly. But in addition to that I would
13 like to know if there is, as part of your 18 to \$20 million
14 conceptual approach, if there's room in there for a scholarship
15 program for the local communities in the spill-affected areas,
16 so that you could link in, you know, more closely to some of
17 the communities that have been affected. And, furthermore,
18 even perhaps some very modest funding for kind of a Youth Area
19 Watch involvement where you have high school youths, not
20 necessarily graduate or that would go on to school, but would
21 be a part of some of the activities associated with what the
22 endowed chairs might do. Would that fit together in your
23 packages or something?

24 MR. HAMILTON: Yeah, well -- of course. I mean
25 I think those are all wonderful ideas.

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1 MR. MEACHAM: Again, thank you very much for
2 being here, I'm happy to see the university interest.

3 CHAIRMAN RUE: Glenn, you want to.

4 MR. ELISON: Mr. Hamilton, it sounds like a
5 very interesting concept. Could you address the issue of --
6 for the funds that go either into an endowment or funds for
7 operational research, what percentage would the university
8 charge for overhead for those?

9 MR. HAMILTON: For endowments?

10 MR. ELISON: Endowments or for research, you
11 know, coming from.....

12 MR. HAMILTON: Endowments are managed by the
13 university foundation and they are managed almost exactly the
14 way the Permanent Fund is, as a matter of fact, a great
15 majority of the endowments are specifically invested in the
16 same formulae and they don't charge any overhead for that.

17 But what I think you're referring to is in research
18 grants that are gotten from Outside, it is one of the most
19 misunderstood or least properly explained on the part of the
20 university because the numbers are scary when you see these.
21 Oh, my gosh, I mean, the Federal government allows 52 percent.
22 But let me tell you what it means. When you're going to do
23 research you have to utilize people and you have to utilize
24 labs and spaces in those labs. One of the big expenditures
25 that is, just because it's just called "overhead", one of the

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1 big expenditures is the fact that you are, in essence, hiring
2 the professor. Because if the professor is going to do
3 research, the professor will not be teaching his or her
4 courses, so one of the first things you do out of a research
5 grant is you buy the replacement professor for the one who's
6 going to be spending all of his or her time on the thing, so
7 that it can add up to a significant amount of money. But this
8 is not a surcharge, I mean, there's no surcharge for monies, I
9 mean, there's a very strict, very thick document, because most
10 of ours end up being Federal grants, that spells this out in
11 enormous detail. But an endowment is managed just like the
12 Permanent Fund is managed and it would pay out a certain amount
13 of money that would be directly paid to salary and it isn't the
14 same thing. An endowment is not the same thing as the overhead
15 associated with a grant, which is what I thought your question
16 implied.

17 MR. ELISON: Actually I asked both questions
18 and you indicate that they're handled differently?

19 MR. HAMILTON: Yes, sir, very differently.
20 Very, very differently. See, the endowment -- I mean, just to
21 rehash this just again, because I may have not been absolutely
22 clear, you're given a chunk of money for a research grant.
23 That has to cover everything, the hiring of the people, the use
24 of the labs and all of that kind of stuff and ends us -- that
25 overhead charge can end up being as much as 50 percent of the

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1 grant, depending -- like, if the grant is (indiscernible) you
2 can understand that. But an endowment would actually hirer --
3 I mean if it was for a chair, it would actually hire the chair
4 and you wouldn't have to use any of it to rehire the pers --
5 because that chair ostensibly would not have been doing
6 anything but what that endowment wants him to do, so you don't
7 have to replace anybody. It creates a position, rather than
8 forcing you to replace the use of a currently hired employee,
9 so it would be very, very different in terms of administrative
10 expense.

11 MR. ELISON: If I could follow up?

12 CHAIRMAN RUE: Okay, Glenn, yeah.

13 MR. ELISON: In the case of that, an endowed
14 chair, clearly part of the spinoff of the funds would be to pay
15 for that salary.

16 MR. HAMILTON: No question.

17 MR. ELISON: That's obviously the obvious part.
18 Are there additional costs then associated with the university
19 to provide space and general support that the university would
20 assess to cover that new position?

21 MR. HAMILTON: What it amounts to is it would
22 depend on whether or not we were funding a professor of
23 fisheries economics or a professor of economics with expertise
24 in fisheries where a full professor salary might be somewhat
25 higher or if we were hiring somebody in the Marine Advisory

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1 Program that may be, perhaps, not be the Ph.D. level and it
2 simply means you need to, in greater or lesser amounts of
3 money, to generate in perpetuity the salary level and that's
4 why.....

5 MS. BRODIE: So the range is two to three
6 million depending on (indiscernible - interrupted).....

7 MR. HAMILTON: Depending on what kind of salary
8 you're going to have for the individual being hired, yeah.

9 MS. BRODIE: Okay. The other is also a
10 technical question. I didn't follow this about doing research
11 with an existing professor, you said you have to pay for the
12 replacement.

13 MR. HAMILTON: Right.

14 MS. BRODIE: Are you saying you have to pay the
15 salary of the person doing the research and pay for the
16 replacement? Sounded like a double charge.

17 MR. HAMILTON: What it amounts -- yes, what it
18 amounts to is that the individuals giving you the research
19 grant are, in essence, hiring away your facilities and your
20 human resource, your professor, if you will. Often it not only
21 pays for the classes that need to be cut, but the salary of the
22 professor and often the funding of graduate assistants to do
23 that research, which is why there is a significant amount of
24 that money that gets utilized just for the human resource.
25 Although, if you really think about it, that doesn't surprise

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1 you very much because in most organizations the price of the
2 human resources is by far your greatest expenditure. And
3 that's what happens here, but the unfortunate label for this is
4 "overhead" and often the university -- it's associated with
5 somehow this is a surcharge for having the money go through
6 your hands and that's not the issue at all. It's simply a
7 matter of the human resource charge.

8 CHAIRMAN RUE: Okay. Does anyone else have
9 questions of Mr. Hamilton?

10 (No audible responses)

11 CHAIRMAN RUE: Hearing none, thank you very
12 much for coming by, appreciate it.

13 MR. HAMILTON: Thank you very, very much, I
14 appreciate it.

15 CHAIRMAN RUE: Okay. Shall we continue
16 with.....

17 MR. FRENCH: Is it possible to (indiscernible -
18 away from microphone) very briefly on Mr. Tillery's question
19 regarding some of the legal aspects of.....

20 CHAIRMAN RUE: Well, we've got a pretty tough
21 schedule here, I don't know.

22 MR. FRENCH: I'll try to keep it very, very
23 brief.

24 CHAIRMAN RUE: What do you all want to do here?

25 MS. McCAMMON: I can get the information from

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1 him for you.

2 MR. FRENCH: I think it's pertinent for your on
3 -- for your upcoming discussion, but.....

4 MR. TILLERY: If you'll, perhaps, just get that
5 to Molly and then she can provide it to us, that'll work.

6 MR. FRENCH: Okay, the only reason I wanted to
7 say it now is because I think it's directly pertinent to the
8 discussion you were having this morning or earlier this
9 afternoon.

10 CHAIRMAN RUE: Okay. Why don't we continue on
11 with Stan and Dr. Spies. Thank you for indulging us there.

12 MR. SENNER: It's your call. Okay. So we're
13 back to page four table. I'll try and march though most of
14 this quickly.

15 If you start at the bottom, recovery unknown. There
16 are four species and one additional resource designated
17 wilderness areas that are in the recovery unknown category.
18 None of these are -- there's no change recommended in the
19 status of any of these resources. This category reflects
20 several different factors, one is sometimes, that although
21 there was clear evidence of injury to a resource, like
22 Kittlitz's murrelets for which there were a number of carcasses
23 found following the oil spill. In that case that was a species
24 about which very, very little was known and it's simply very
25 hard to really put the -- what we know to be the injury in any

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1 kind of context and, therefore, it's also very difficult to
2 identify recovery objectives.

3 Three of these resources, though, cutthroat trout,
4 Dolly Varden and Kittlitz's murrelets are the subject for
5 ongoing studies and when final reports are submitted and
6 evaluated on those resources it may well be possible to change
7 their status from recovery unknown to something a little more
8 definitive. In addition, the designated wilderness areas, the
9 primary reason they were put in there is because of oil washing
10 ashore on wilderness beaches and there will be a shoreline
11 survey of Outer Kenai coast and the Katmai National Park
12 shorelines, part of which is designated wilderness and that
13 survey will be carried out in fiscal year '99. So we think
14 again, following that work, there may be a substantive basis to
15 come back and revisit the status of that resource.

16 So are there questions on the recovery unknowns? Dave.

17 MR. GIBBONS: Yeah. On the designated
18 wilderness, there's land in Prince William Sound being managed
19 as wilderness, you know, until Congress makes the decision but,
20 in fact, it will just be managed as wilderness. Would that be
21 considered in the decision rather than the outside of Kenai
22 and.....

23 MR. SENNER: It certainly could be, Dave. In
24 fact, our recovery account mentions that there are wilderness,
25 congressionally designated wilderness study areas, and we do

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1 not have a Prince William Sound shoreline survey scheduled
2 right now, although our draft invitation for fiscal year 2000
3 indicates that sometime over the next one, two or three years
4 there's probably need for another shoreline assessment in
5 Prince William Sound and oil remaining on wilderness study
6 areas in the Sound is something that could be considered.

7 MR. GIBBONS: Because I heard Bob Henrichs,
8 that's the reason I'm bringing this up.

9 MR. SENNER: Well, any other questions on
10 recovery unknown?

11 CHAIRMAN RUE: Got one back there.

12 MR. SENNER: I'm sorry.

13 MR. COBB: Stan, and, Bob, too. If we don't
14 know what the baseline prior to the spill on some of these
15 species, such like rock fish and others, how do we know when we
16 -- particularly when recovery begins, or how do we know? Do we
17 have to make assumptions? I mean, that is the reason that some
18 of the questions were asked last night by some of the public
19 was, how do we know when we're recovering? How do we know that
20 they're at the recovered stage or how do we know that they're
21 recovering or not recovering when we don't have any baseline
22 data?

23 MR. SENNER: In some cases, and the rock fish
24 is the best example, we may never have a basis to evaluate any
25 more than simply that there was injury and we may never be able

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1 to say any more than that. In the case of cutthroat trout and
2 Dolly Varden, there the determination that there was injury due
3 to the oil spill had to do with growth rates in oiled versus
4 unoiled areas, and that is something we can go out and measure.
5 We've not done it in the last several years, but again in the
6 fiscal year 2000 invitation we, at least tentatively, have
7 invited a proposal that would involve going out and revisiting
8 growth rates of those two species, so we would have an
9 objective means of deciding whether recovery has been achieved
10 or is underway.

11 DR. SPIES: We're going to try and look at
12 everything that we have in terms of what the injury was.
13 Obviously a very high precise estimate right before the spill
14 is one of the more ideal things to have, in many cases we're
15 not going to have that. But there are some things, like Stan
16 mentioned, growth rates, egg mortality rates and other sorts of
17 injuries you can use as recovering objectives. We can
18 certainly use indicators on the population levels, such as a
19 stable or increasing population as an indication that the
20 species is probably recovering, as a way to get at the same
21 sort of thing.

22 MR. COBB: Sort of like, with these rock fish,
23 for instance, the Department had -- the regulations now are one
24 fish per day for sport fisherman in Prince William Sound. And
25 I guess that the concern in talking to people in Valdez, for

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1 instance, the charter boat people, is it because of the oil
2 spill? Is it because of the data you presented and found that
3 the regulation -- or is just because they're overharvested? Or
4 is it because the pressure is beginning to cause an overharvest
5 of those populations?

6 MR. SENNER: Dave, in the case of rock fish
7 with the -- the Trustee Council has not sponsored any studies
8 that bear on their population status, so it would not have a
9 relationship there to the spill. I think there is concern in
10 general, but they're long-lived.....

11 MR. COBB: Right.

12 MR. SENNER:species and so on and so that
13 maybe taking a very cautious approach and setting those
14 levels.....

15 CHAIRMAN RUE: That's right.

16 MR. SENNER:but it's not because of spill
17 studies. Okay on recovery unknown?

18 (No audible responses)

19 MR. SENNER: All right. For those not
20 recovered, cormorants, harbor seal, harlequin duck and killer
21 whale and pigeon guillemot were all previously in that category
22 and the only addition there is common loon, which we have
23 recommended moving from the recovery unknown category to the
24 not recovered. And the reason for that move is
25 straightforward, and that is that the Trustee Council has

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1 continued to support a series of marine bird boat surveys in
2 Prince William Sound and they've now been done often enough
3 that we have good statistical power and growing confidence in
4 what those numbers tell us. And those surveys do include data
5 on loon populations, we've not seen any -- they clearly have
6 not returned to prespill level, nor is there an increasing
7 population trend for common loons. And, thus, we believe that
8 the not recovered status is most appropriate.

9 CHAIRMAN RUE: Steve.

10 MR. PENNOYER: Well, Stan, I'm expected to ask
11 questions, you'll have to bear with me and I'll do that,
12 although the question might a little bit in reverse. They're
13 listed as not recovered and I'm not sure that compares with the
14 write-up you've got in here and I'd like you to elaborate a
15 little bit on what you mean by that. "Very hard to bear out
16 that circumstantial evidence, plus the unusual decline in the
17 AB pod is enough to say that they have been affected and that
18 we should study it and the importance of the resource." But in
19 here it specifically says "possible recovery is underway," it
20 quotes the positive gain and individuals versus loss in AB pod,
21 but it does talk about the transient pod diminishment, perhaps
22 diminishment, at least in part of what we were looking at, the
23 AB pod particularly. What you're saying doesn't track. It
24 looks to me like it's more like -- at least in the write-up,
25 something that's "recovering" but "not recovered", so I don't

00171

1 know how you differentiate between recovering, not recovered
2 and so forth.

3 MR. SENNER: For each resource we try and look
4 at the recovery objective and look at whether there has been
5 substantive progress toward that objective. And so if there's
6 a species for which we lack confidence that there's substantial
7 progress we recommend leaving it in the not recovered. If we
8 believe there has been significant progress we, at least,
9 recommend elevating to recovering. The reason in this case
10 that we chose to keep the killer whale in the not recovered
11 category is that the recruitment of calves here has been
12 positive, but it's also very recent. And we thought it made
13 sense or it would be prudent to get another season under our
14 belts and if there continues to be a net gain of calves,
15 relative to the loss of adults, then it would certainly be
16 appropriate to move it into the recovering category.

17 DR. SPIES: That would be consistent with what
18 we've done with harbor seals as well. One or two years with a
19 long marine [sic] mammal, like a seal or a killer whale, we
20 want to see several years of.....

21 MR. PENNOYER: I agree with you, I just wanted
22 to get on record what was -- and it wasn't just a Pennoyer
23 killer whale study going on.

24 (Laughter)

25 MR. SENNER: It's erring on the side of caution

00172

1 for a long-lived mammal is what it amounts to, but all of
2 these, as will be readily apparent as we move through
3 discussion, there's a judgment call on all of these to be made.

4 MR. PENNOYER: Sure.

5 MR. SENNER: And we try and have recovery
6 objectives that are measurable, but that doesn't take away the
7 fact that there's a subjective judgment that must be made.

8 MR. PENNOYER: All right, thank you.

9 DR. SPIES: Got to get rid of these AB and AT
10 kind of impersonal investigation of these pods and name some of
11 the people that contributed to these studies.

12 MR. PENNOYER: Yeah, significantly you're
13 dealing with three to five individuals, that's difficult,
14 right. Okay, thank you.

15 MR. SENNER: Are there other questions on the
16 not recovered? Yes, Mary.

17 MS. McBURNEY: Well, actually it was just a
18 follow-up to Steve's question, he has to ask a marine mammal
19 and whale questions and I feel compelled to ask pink salmon and
20 herring questions. But it does kind of concern me that it
21 seems to be a very fuzzy line between this recovering, recovery
22 unknown, not recovering. And that -- for example, I'm just
23 going to talk about herring for a moment. This one has been
24 moved from, what was it, recovering.....

25 MR. SENNER: It was not recovering.

00173

1 MS. McBURNEY: From not recovering to
2 recovering, but yet we haven't yet had that highly successful
3 year class recruited yet and, furthermore, the recovery
4 objective only requires one highly successful year class,
5 whereas many of the other long-lived species, as you just said
6 with seals, get at least a couple of bites of recovery apple
7 there with two or three, you know, years of recovery. And it
8 would seem to me that with some of these species, especially if
9 they're of commercial importance, that policy implications of
10 -- it's a much lower threshold for the herring fishery to
11 suddenly be bumped off the "more critical we're going to pay
12 more attention to it list" to the "it's getting better so now
13 we can go on to other things list." And that is the comment
14 that I wanted to make.

15 DR. SPIES: I think we would anticipate that
16 before we get a highly successful year class the population may
17 have to build a little bit, first, and that's what we're
18 seeing. We're seeing the biomass increase in Prince William
19 Sound, in particular, to the level where Fish and Game feels
20 comfortable opening a harvest up. It doesn't mean to say that
21 it's recovered, but it's a step in the direction of recovery.

22 MR. SENNER: If we want to jump -- we're sort
23 of moving a little bit ahead here into the next category, but
24 let's talk about herring since you raised it. The objective is
25 very clear, and is certainly opened to discussion if we need to

00174

1 change it, but we have not yet recruited a highly successful
2 year class into the Prince William Sound fishery and it is
3 those big year classes that really drive that whole fishery and
4 the importance of herring, both commercially and ecologically.
5 So clearly recovery has not been achieved.

6 However, after four years, with no commercial openings,
7 the biomass dropping as low as about 16,000 metric tons, we
8 then had two seasons, 1997 and 1998, where we have a biomass of
9 30,000 or more metric tons and, in the judgment of the
10 professional resource managers at the Department of Fish and
11 Game, that was a sufficient biomass to justify a commercial
12 opening. On that basis it's very hard for us to draw the
13 conclusion that, at least -- on that basis we believe that
14 supports the conclusion that, at least, recovery is underway,
15 that they are on the way to recovery. And that clearly does
16 not indicate that they have recovered, and there's a very
17 significant gap there yet, and this is a species that warrants
18 a lot of attention for that reason.

19 But if there are sufficient numbers of fish to harvest,
20 two successive years and a biomass that's more than double what
21 it was when it crashed, we think, in our judgment, that that
22 means recovery is underway.

23 CHAIRMAN RUE: So we either have Riki Ott's
24 suggestion that why do we have this fishery going on and/or
25 maybe the recovery objectives are different? You could

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1 question it, it throws both into question.

2 MR. SENNER: Well, Mr. Rue, even if a judgment
3 were made that the fishery shouldn't be supported at this
4 level, we still have a biomass that's more than double what it
5 was when it crashed and it's sustained it now for two years,
6 plus a project of an even greater biomass in the spring of
7 1999.

8 CHAIRMAN RUE: Uh-huh. Go ahead.

9 MS. BAKER: If I can make comment, too. I mean
10 I think what Riki and many people, and as a commercial
11 fisherman myself, I mean it has been a very long, long haul
12 waiting for these fish and watching this ecosystem come back
13 around and be able to be out there and to look in the spring
14 through the traditional methods of assessing the biomass. And
15 I think that Riki's comments is taken very seriously. And I
16 think that when the managers are making decisions and we are
17 watching these decisions being made, there is a lot of soul
18 searching as well as a lot of historical hindcasting and
19 looking back and looking at historical databases, and none of
20 those decisions are made lightly or frivolously by any of the
21 managers or by the people that are participating in those
22 fisheries.

23 And I think I echo Mary's sentiment there, that because
24 of the ecological importance of particularly the herring, to
25 sit there and say well, boy, we've given so much money to

00176

1 herring and to looking at acoustic surveys and the disease work
2 that's been done in there. There's been more money put in --
3 and since that they may be moving ahead a little bit, we can
4 slack off. I have a real hard time -- I guess I want to
5 support Mary's comment in saying that that is such a key
6 element to that ecosystem, economically, commercially, but
7 primarily ecologically. I think that it bears a lot of
8 continued support and I know that it is highly important to so
9 many aspects of recovery of that entire ecosystem.

10 So, I don't know, it's -- I think these comments are
11 all well taken.

12 MR. SENNER: And I think that yours are well
13 taken, however, I don't think anyone is talking about slacking
14 off in herring.

15 MS. BAKER: No, and I don't think that was my
16 sole point there, but I think that this is a very -- I think
17 Riki's comments were very well taken, but I think that the
18 Department has done some amazing work at looking at their
19 modeling and their forecasting. I think we have an age class
20 that is coming up, I think we have -- I mean, the amount of
21 juveniles that have been seen over the last two years -- we're
22 all very hopeful, but no one is "going to the bank" on that
23 yet, but are watching very, very thoroughly at this.....

24 CHAIRMAN RUE: Chris Beck had a question
25 on.....

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1 MR. BECK: I was just going to throw out. Part
2 of the problem, I think, is the word "recovering." I think
3 sort of what Mary is saying is it implies that a trend has been
4 established and all that is needed is time for the recovered
5 state to be achieved. And, you know, it's a subtle thing, but
6 I think more what you've described here this morning, I'd want
7 to say something like some evidence of the recovery is visible
8 without the implication that all that matters is patience and
9 we'll reach it. And that's a subtle thing, but it's the
10 difference between what Mary described, people saying "oh,
11 well, it's either recovered or it's on the way, let's go on to
12 the important stuff." And that isn't what's actually meant, I
13 don't think, by the research results you're getting, for
14 example, and/or herring under this recovering category.

15 MR. SENNER: We could do another footnote.

16 CHAIRMAN RUE: I think these are all good
17 suggestions and I don't know how we want to accommodate it,
18 but.....

19 MR. BECK: Just need to get that message across
20 in some manner.

21 CHAIRMAN RUE: Yeah. We probably ought to keep
22 moving though, what do you think?

23 MR. BECK: That's fine, we have many things to
24 cover.

25 CHAIRMAN RUE: Yeah. Jim, do you have a really

00178

1 important question?

2 MR. KING: I just wanted to ask Stan about the
3 rationale for including the common loon and not the yellowbill?

4 MR. SENNER: Mr. King, that was only on the
5 basis of the carcasses that came into the morgue. And it's
6 been a little while since I looked at those numbers, but
7 something like 90 percent of them were common loon carcasses
8 and that was the only one we felt we had sufficient information
9 to go ahead and put it on the list. And as Dr. Spies said in
10 his introduction, this list is not a comprehensive list of
11 everything that had any kind of injury due to the oil spill, it
12 really is a representative list of things that we think there
13 was consequential injury and that we got some reasonable
14 evidence.

15 So, particularly in the case of birds, where some 90
16 different species of birds were actually found in the morgues.
17 One could well add additional things here, but common loon is a
18 representative species for the loons.

19 CHAIRMAN RUE: Okay.

20 MR. KING: Thanks.

21 MR. SENNER: Mr. Meacham.

22 MR. MEACHAM: I have kind of a general
23 question. Does the category in which a specie finds itself
24 listed influence or not influence, then, the funding of
25 projects related to that species?

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1 MR. SENNER: Mr. Meacham, in the early days of
2 the Restoration Program one of the reasons for developing the
3 list itself was to serve as some guidance for setting
4 priorities. As the program has become more ecological in
5 character and much less attention to single species kind of
6 work, the specific status of something in terms of a
7 classification, I think, has become less and less important in
8 setting those priorities. And a good example would be the
9 herring, which is clearly of paramount importance ecologically
10 and commercially. And moving -- a change from not recovered to
11 recovering I don't think has any bearing on whether we continue
12 to do work on herring.

13 MR. MEACHAM: I kind of sense that a lot of the
14 public testimony that we received last night, and some of the
15 comment today, really are kind of coming from that concern
16 because it is so important ecologically, it's so important to
17 people that -- but the feeling is by having a relisting it will
18 reduce the amount of interest in that species and the funding
19 associated with it. I'm glad you clarified that. Thank you.

20 CHAIRMAN RUE: Okay. Any other questions?

21 MR. TILLERY: Mr. Chairman, just a point.

22 CHAIRMAN RUE: Yeah, Craig.

23 MR. TILLERY: When would this come up in front
24 of the Council for a decision?

25 CHAIRMAN RUE: I thought Ms. McCammon said

00180

1 next.....

2 MS. McCAMMON: February 9th.

3 CHAIRMAN RUE:yeah, next meeting.

4 MS. McCAMMON: We have a teleconference meeting
5 scheduled for February 9th.

6 CHAIRMAN RUE: Is when we'll actually make a
7 formal -- take action on this recommendation.

8 MR. TILLERY: Because I think there is an issue
9 and particularly in this recovering category about degree. And
10 I also think that there is sort of a trigger point when you get
11 there, and particularly in respect to Pacific herring, but also
12 with respect to sea otters and marbled murrelets, I have doubts
13 that we're there yet, but I'd like -- I just wanted to see how
14 much more time we would have to talk about it.

15 MR. SENNER: Okay. Well, I was going to move
16 to that category right now if that's all right, Mr. Chairman.

17 CHAIRMAN RUE: Yeah, why don't we.

18 MR. SENNER: Okay. Five species are proposed
19 to move into the recovering category. We already talked about
20 the herring and I don't think I need to revisit that.

21 In the case of the sea otter, there was a public
22 comment last night that that ought to stay in the not recovered
23 category. However, we have recommended it for recovering for
24 the following reasons. First off, the comment last night was
25 that sort of, of course, the injury occurred in oiled bays on

00181

1 Northern Knight Island, and if you haven't seen recovery there,
2 how can you say that the species is recovering because it
3 doesn't matter what happens elsewhere? Well, that's not the
4 basis -- or that's not the reason for which the sea otter was
5 listed as injured to begin with, the injury went far beyond the
6 oiled bays of Knight Island and really was throughout oiled
7 Western Prince William Sound.

8 We have very clear evidence that recovery is underway
9 throughout oiled Western Prince William Sound. We have
10 statistically significant aerial surveys that indicate a trend
11 toward recovery, with the exception of those very heavily oiled
12 bays on Knight Island, where some of the greatest injury did
13 occur. And we're still seeing a lack of recovery and also
14 potential evidence of hydrocarbon exposure. It's very hard for
15 us though, as biologists, to look at the larger area in which
16 the area occurred, look at a population that is healthy and
17 growing and not conclude that the recovery process is underway,
18 because we believe that it is.

19 That's the analysis on sea otters and if we want to
20 talk about, well, what's the threshold to trigger that, I mean
21 that's an appropriate area of discussion, but we're looking at
22 a population that's growing with the exception of those bays.

23 CHAIRMAN RUE: Any questions? Mr. Pennoyer.

24 MR. PENNOYER: Mr. Chairman, I think that we
25 got a number of points raised here on what we use these

00182

1 categories for and I think we're going to have to make that
2 fairly clear. I think -- Mary, I would have asked a question
3 on pink salmon and herring, I didn't get a chance, killer
4 whales seem to be the first one I got to, but I think it --
5 certainly if something is said it's recovered, and that's going
6 to be another discussion here in a couple of minutes, I know,
7 but that may lend you some viewpoint or whether you need to
8 know more about it except to go back once every four or five
9 years, like marine surveys or something. I know you disagree
10 with the category right now, but we had the concept that if
11 something was recovered we might only judge -- we're going to
12 go back every now and then to make sure that we were right or
13 it's continuing.

14 I hope we're not quantifying these to the point that if
15 it's in this category you get 25 percent of what maybe somebody
16 wanted for research or study, in that category it's 60 percent.
17 I don't think that's the way this should operate. Recovering
18 might mean it's going to take two years or 200 years. It might
19 mean that you still don't know enough about it. It certainly
20 might mean you don't know enough about its interaction with the
21 ecosystem with a bunch of other things that you think need to
22 recover, or at least need to be maintain recovery on, so when
23 we get to this decision I really hope that we can clarify this.
24 This seems to be really stuck in a lot of peoples' minds. And
25 those of us making funding decisions could be stuck in that,

00183

1 too, depending on what the category is called, so I think we
2 need to, up front, deal with that somehow.

3 I don't disagree with you, I think you're right if you
4 see evidence of it, and it's significant evidence, now, we
5 might argue about that, then, you know, you got to use a
6 judgment call in presenting a score card. But that score card
7 shouldn't be for the purposes of quantifying the amount of
8 research on something or the management action on something or
9 something like that. Because I don't think the categories lend
10 themselves to that very well.

11 DR. SPIES: Or even assuming, necessarily, it's
12 going to reach recovery status, soon, or at all.

13 MR. PENNOYER: You've assumed that recovery
14 means it's going to be soon?

15 MR. SENNER: No, he's saying you don't assume
16 that. It could take a long time.

17 MR. PENNOYER: Yeah, right, okay, fine.

18 MR. SENNER: Yeah.

19 CHAIRMAN RUE: Perhaps what we need to do when
20 we finish this discussion is give ourselves some direction and
21 the staff some direction on what we want to discuss in
22 February. And it sounds like one of the things we want to make
23 sure we look at is the purpose of this list and what do we use
24 it for. We want to clarify what its value is to us as the
25 Council making decisions versus the public understanding what's

00184

1 going on in the Sound. That's one thing.

2 And then, I guess, the criteria, degree of recovery, we
3 need to have some -- I don't know if we need any preparation
4 work for that, but certainly that's going to be an issue we'll
5 want to discuss.

6 Ms. McCammon.

7 MS. McCAMMON: Mr. Chairman, what we were
8 hoping as staff is to do this briefing for you and get some
9 indications from you in terms of what additional information
10 you would like to see where there might be some areas of
11 concern that we need to follow up on between now and any final
12 decision. So the more guidance and feedback you can give us
13 from that perspective -- or whether you want more detailed
14 briefings on specific resources or whatever, that's the kind of
15 guidance we'd like.

16 CHAIRMAN RUE: Okay. We have until 1:00
17 o'clock. It's already 11:15, we want to get through this and
18 then we got a few other things, so everyone keep that in mind.

19 MR. SENNER: Okay.

20 CHAIRMAN RUE: You all are doing great.

21 MR. SENNER: We are moving along here,
22 Mr. Chairman. In the recovering category, then, we've spoken
23 about Pacific herring and sea otter. Marbled murrelets are a
24 difficult species because they, along with harbor seals and
25 pigeon guillemots are ones where the recovery objective --

00185

1 excuse me, those three species were ones that had declined or
2 were in decline at the time of the oil spill. And so the
3 recovery objectives for the three of them read a little bit
4 differently and they basically all make reference to either a
5 stable or increasing population. The notion being that we
6 could not necessarily expect to see a return to some prespill
7 numbers given that it was a species that was already declining
8 or had declined already before there was a spill. So we tried
9 to recognize that in the recovery objective that you adopted.

10 Marbled murrelets are also monitored by the same boat
11 surveys that monitor loons and cormorants and the other sea
12 birds. We've not seen any further decline in marbled murrelet
13 numbers, but more importantly a recent analysis by the Fish and
14 Wildlife Service also does not detect -- no longer detects any
15 oil-related affects in distribution and density of murrelet.
16 Previously there had been what we called oiling effects where
17 birds in oiled areas were less dense or on a different trend
18 than birds in the non-oiled areas. We're no longer seeing that
19 with marbled murrelets.

20 In addition, we are seeing evidence of productivity
21 within normal bounds from marbled murrelets. Both of those
22 signs, to us at least, indicate that a recovery is underway,
23 again, not achieved, but is at least underway.

24 MR. ELISON: Mr. Chairman.

25 CHAIRMAN RUE: Glenn.

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1 MR. ELISON: Stan, Mr. Semalli's (ph) point
2 about further clarification and guidance is what's needed, I
3 think, for the Trustees. Just reading the recovery objective
4 for marbled murrelets, you stated that "its population is
5 stable or increasing." Then in the write-up it says "there's
6 no evidence of increase, nor is there evidence of decline,"
7 which indicates to me that it's stable, therefore recovered, by
8 your proposed definition. And I'm just suggesting that there's
9 an inconsistency between that and what obviously appears here.

10 MR. SENNER: And we don't in these sort of
11 summary write-ups necessarily get all of the elements of a
12 judgment in there, but, again, that's a species that we'd like
13 to see another year or two survey data indicating some
14 stability before a recommendation of recovery could be fully
15 supported. So we're just -- again, we're not there yet.

16 CHAIRMAN RUE: Okay, great and not great.

17 MS. McCAMMON: But you think that could be
18 clarified between.....

19 MR. ELISON: Well, I think that there's a
20 disconnect in logic the way it's written. You know, I
21 understand what you're saying and what I suggest is that there
22 be some clarification or some additional equivocation.

23 MR. SENNER: We can equivocate.

24 MR. ELISON: Being a biologist I can relate to
25 that.

1 MR. SENNER: That's helpful. Okay. The last
2 two that we are recommending a change in status are clams and
3 oystercatchers. Clams are one of those resources that had been
4 on the recovery unknown list and the Trustee Council, itself,
5 had not sponsored detailed studies on the status of clams
6 themselves. However, the NOAA program, Hazardous Materials
7 Program out of Seattle has been working on intertidal recovery
8 in general. They did document some effects in some kinds of
9 shoreline treatments on clams that persisted through 1996. And
10 what we looked at especially though was the Trustee Council
11 Nearshore Vertebrate Predator Project which was working on both
12 Montague Island and then Knight Island, which was a heavily
13 oiled area. And this is the -- the clams were looked at in the
14 context of prey for sea otters, it wasn't a clam study, per se,
15 but there was extensive work done on clams in oiled Knight
16 Island and they found healthy, thriving, actually very large
17 populations of clams on Knight Island.

18 Now, this is not a lot of information to go on and so
19 we want to be very clear about that uncertainty there. We,
20 again, think that that's probably sufficient reason to say that
21 some kind of recovery is underway, particularly again since
22 it's heavily oiled bays on Knight Island that have thriving
23 clam populations. If you're uncomfortable with that level of
24 uncertainty, this is one that can certainly remain in recovery
25 unknown, but we think that this is a good indication that

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1 positive things are happening.

2 Okay, the last one in this category is the black
3 oystercatcher. The Trustee Council did not sponsor any work on
4 the oystercatcher after 1993 until this past field season,
5 1998, when we did fund a study specifically to go back out and
6 kind of reassess the original basis for injury. Well, looking
7 at the factors that put the oystercatcher on the injured list
8 to begin with, we have a preliminary report from that field
9 assessment and the results are very encouraging. They do
10 indicate that oystercatchers have fully reoccupied and are
11 nesting in all of the oiled sites in the Sound where previously
12 some injury had been detected. The breeding phenology (ph) of
13 the nesting birds was essentially the same in oiled and non-
14 oiled areas. The investigators didn't detect any oil-related
15 differences in clutch size, egg volume or chick growth rates.

16 They did find that Green Island, which is considered
17 part of the oiled area, did have a very high nest failure rate,
18 but that was almost certainly due to predation and the
19 investigators could not get any link there to an oiled effect.

20 One might ask, given that fairly glowing report, why
21 isn't it recommended as fully recovered? And, again, we're
22 erring a little bit on the side of caution and that is these
23 are preliminary results, we don't have the final report in
24 hand, it's not been given full peer review. We think these are
25 very positive signs that, quite clearly, indicate that recovery

00189

1 is underway, but we would be reluctant to go farther than that
2 on this basis.

3 CHAIRMAN RUE: Mr. Pennoyer.

4 MR. PENNOYER: I have a question on the
5 category, not the oystercatcher, so if somebody has an
6 oystercatcher question I'll defer to them but, if not, the
7 category, at least in the front part, indicates, and you're
8 sending it out, that one of things that you're talking about
9 doing is moving sockeye salmon from recovering to recovered, I
10 think it specifically says that in the public distribution.
11 For example, moving sockeye salmon from recovering to recovered
12 category, and that's not done here, and yet the write-up.....

13 CHAIRMAN RUE: Nitpicking.

14 MR. PENNOYER: Sorry?

15 CHAIRMAN RUE: Nitpicking.

16 MR. PENNOYER: Well, I'm just nitpicking a
17 little bit because the write-up -- that might not be reason for
18 doing it, okay. But the write-up, to me, doesn't define what
19 sockeye salmon are right now, maybe I'm missing something. It
20 sort of indicates that we're getting back into normal range.

21 MR. SENNER: That's an error.

22 MS. McCAMMON: We can explain that.

23 MR. SENNER: Can we come to sockeye? Can we
24 talk about sockeye now?

25 MR. PENNOYER: I don't know, it's in the

00190

1 category, so.....

2 CHAIRMAN RUE: Yeah.

3 MS. McCAMMON: It's not the question of
4 category, it's the question of sockeye.

5 MR. PENNOYER: Yeah.

6 MR. SENNER: The statement in the front is in
7 error from an earlier version of this. It hasn't moved to
8 recovered, it is still.....

9 MR. PENNOYER: I wasn't -- basically, I was
10 saying it says that and then as I read it I was looking for it
11 and as I read the write-up it seemed to be it sort of was
12 recovered.

13 MS. McCAMMON: Well, because the first version
14 of this write-up had sockeye under "recovered" until the
15 Executive Director read it.

16 MR. PENNOYER: Okay. Well, it sort of -- okay,
17 but I guess still my point is when I read the write-up in
18 detail it still sort of seemed to say that it was recovered,
19 and I don't know.....

20 MR. SENNER: Well, you're stealing my thunder.

21 MR. PENNOYER: Oh, I'm sorry, okay, go ahead,
22 thunder away. I apologize.

23 (Laughter)

24 MR. SENNER: Let me move, then, to the final
25 three species, which are sockeye salmon, pink salmon and river

00191

1 otter.

2 MR. PENNOYER: I thought you were done, okay.

3 MR. SENNER: One of these, the sockeye, is in
4 the recovering category. You might reasonably -- I think it is
5 something that a reasonable judgment could be made that it is
6 recovered. And it's another judgment call. We left it in the
7 recovering category, it arguably is recovered. And the
8 information on sockeye is as follows. The -- your recovery
9 objective that was originally adopted or at least modified in
10 '96 speaks to "recovery will have been achieved when adult
11 returns per spawner are within normal bounds." We're
12 recommending, just as a note here, that that recovery objective
13 be modified a little bit to say that "when adult returns per
14 spawner and other indicators of productivity are within normal
15 bounds." So we're not limiting ourselves just to the return
16 per spawner measure.

17 What has happened with the sockeye is that in the Kenai
18 system the negative effects of the '89 overescapement on
19 sockeye productivity as measured by returns per spawner were
20 readily apparent through 1992. So we had several years where
21 there were clear overescapement effects. These effects, and we
22 think this is important, were corroborated by an independent
23 analysis of scales showing juvenile growth rates in the fish in
24 fresh water. And so we had two entirely different means of
25 checking on the status of sockeye. And those data also

00192

1 indicated effects on juvenile growth in '89 and '90, but in the
2 case of the juvenile growth data it showed recovery by 1991.
3 Since '92 the indications are that the system is less stable
4 and that what we're seeing is more sensitive and it's more
5 sensitive to overescapements and there's more oscillation, more
6 cycling in that system.

7 The returns of adults from the brood years, '93 to '95,
8 are not fully in because these are -- the return in any given
9 year has fish of various ages in them. The returns to date are
10 promising and are suggesting that productivity is within normal
11 bounds. It's also worth noting and Commissioner Rue will know
12 more about this than I do, that the Board of Fisheries is
13 considering a change in the underlying management philosophy
14 for the Kenai sockeye and it would be a philosophy that
15 actually is less geared to preventing overescapement and more
16 geared toward sort of accepting a greater cycling or
17 oscillation in the number of sockeye. So there's some
18 discussion here about this overescapement phenomenon and how
19 much of this is sort of a natural cycling, which is
20 appropriate, and how much you want to try to dampen down those
21 cycles to maintain a steady production of sockeye. So I think
22 there's some difficult questions there.

23 Just very quickly, on the other injury to sockeye came
24 from Red and Akalura Lakes on Kodiak Island. Production of the
25 zooplankton rebounded nicely following the 1989 overescapement.

00193

1 By 1997 Red Lake was within normal bounds for smolt production
2 and adult productivity. At Akalura Lake there were low fresh
3 water growth rates in juveniles, this is the scale data from
4 '89 through '92, that's four years. And, in fact, those
5 correspond with low escapements for the four years when the
6 fish came back, '94 through '97. So we had the low growth
7 rate, '89 through '92 and that corresponded then with poor
8 returns in '94 through '97.

9 However, after '92 juvenile growth rates returned back
10 to normal, the smolts per adult increased, smolt sizes and age
11 composition suggested that the rearing conditions were good and
12 in 1998 there was a very good escapement at Akalura Lake.
13 Current projections also suggest a significant escapement in
14 1999.

15 Given all of the above, we have difficulty in pointing
16 to anything going on in the Kenai system and at Red and Akalura
17 Lakes that would point to any lingering effect of the oil
18 spill. Certainly we think a recovering category is
19 appropriate, but one could argue that recovery has been
20 achieved and it's simply a judgment that can be made.

21 So, Dr. Pennoyer, that's the sockeye story.

22 MR. PENNOYER: Yeah, I wasn't arguing.

23 Mr. Chairman, I wasn't arguing for one category or the other, I
24 was just trying to follow the logic of where it should appear.

25 MR. SENNER: Okay. The last two, river otter

00194

1 and pink salmon. Let me do river otter first and then we'll do
2 pink salmon last because that may have the greater discussion.
3 The recovery objective for river otter reads "that the otter
4 will have recovered when biochemical indices of hydrocarbon
5 exposure or other stresses and indices of habitat use are
6 similar between oiled and unoiled areas after taking into
7 account geographic differences."

8 We're recommending that it's probably appropriate to
9 classify the river otter as recovered because basically the
10 differences that were documented in 1989 through '91, which
11 included such things as home range sizes, body size difference,
12 prey diversity, all of those disappeared over the two or three
13 years following 1991. There were some biochemical differences
14 that persisted through 1996 but none of those difference now
15 have been found in two successive years, 1997 and 1998.

16 In addition, river otters in the Sound that are
17 carrying radio transmitters have shown that the animals are
18 ranging much more widely than had been previously understood.
19 And that, in truth, complicates interpretation of what's an
20 otter in an oiled versus unoiled area. And it makes things,
21 like evaluating indices of habitat use and whether they're
22 similar between oiled and unoiled areas is probably
23 problematic. But primarily, you know, the bases for declaring
24 injury to begin with appear to have disappeared two successive
25 years.

00195

1 MS. HUFFINES: Stan, I have a question.

2 MR. SENNER: I'm sorry.

3 MS. HUFFINES: This is probably the one area
4 I've gotten the most calls from recently from the public. Is
5 it the study where they're feeding the oil that led you to
6 believe that this should be recovered? There's sort of a
7 contradiction there that we're still feeding otters oil in
8 Seward, but they've moved to "recovered." Will that science
9 end? Will that research end or will it continue?

10 MR. SENNER: No, that -- Eleanor, that research
11 is already over. The feeding experimentation is entirely done,
12 the otters there are in recovery, so to speak, and will be
13 released into their habitats. And the rationale for that study
14 was based on -- and the study was designed and funded at a time
15 we were still seeing biochemical difference in the field, so we
16 wanted to have a better basis for interpreting them. This has
17 been -- the river otter oiling study has been a very good study
18 and I think we're all going to be really fascinated with what
19 we're learning about the effects of oil on things like river
20 otter, activity levels and dive time and all of those things.
21 But the reality is we're no longer seeing the kind of
22 differences in the field that justify an injured status.

23 Okay, the pink.....

24 CHAIRMAN RUE: No other questions?

25 (No audible responses)

00196

1 MR. SENNER: I'm sorry.

2 CHAIRMAN RUE: Go ahead, keep going.

3 MR. SENNER: Pink salmon is the last one and
4 the one, again, about which maybe the greatest judgment is
5 required. The Trustee Council's recovery objective for pink
6 salmon emphasized injury to early life stages, since this was
7 the stage where right from the very outset in the damage
8 assessment we felt was the only real opportunity to document
9 injury. And the recovery objective, I'll read it is "that pink
10 salmon will have recovered when population indicators, such as
11 growth and survival, are within normal bounds and there are
12 statistically significant differences in egg mortality in oiled
13 and unoiled streams for two years, each, of odd and even year
14 runs in Prince William Sound."

15 We've recommended a recovered status, which clearly is
16 arguable. And the thinking is as follows. First of all, the
17 reduced juvenile growth rates in pink salmon were documented
18 only in 1989, we have not been able to document any
19 subsequently. There were four consecutive years of differences
20 in egg mortality in oiled and unoiled streams, 1989 through
21 '93. And then we had three consecutive years with differences,
22 those were two even years, '94 and '96 and one odd year, 1995.
23 Then sort of coming along and confounding the interpretation,
24 1997 came along and we did, again, document a difference in the
25 egg mortality between the oiled and unoiled streams.

00197

1 So strictly speaking, we clearly have not met the
2 recovery objective, which is explicit about two even and two
3 odd year. The truth is, we don't know how to interpret '97
4 difference in egg mortality between the unoiled and oiled
5 streams. Is it due to an oiling effect, perhaps storms
6 reexposing some patches of oil in the mouths of streams and
7 thereby causing an effect? We really don't know what's going
8 on there.

9 Thanks to the work of the staff at the Auke Bay Lab and
10 also the Department of Fish and Game we certainly now know a
11 great deal more about the toxic effects of even low
12 concentrations of weathered oil on salmon eggs and early life
13 stages. It is possible that there will be occasional episodes
14 of increased egg mortality due to contact with weathered oil in
15 the intertidal spawning areas. The problem we have is that
16 back in '89 and '91 and '92 when the modeling was done, even
17 back in those days when there was a lot more oil in Prince
18 William Sound, studies indicated that we could only come up
19 with an effect of total of an 11 percent reduction in the
20 southwest district returns. That was when there was a lot of
21 oil in the Sound, we could only come up with an 11 percent
22 reduction.

23 The problem we now have is even if there is some
24 weathered oil in some patches that occasionally, in some years,
25 are exposed in the intertidal spawning areas causing some

00198

1 impact on pink salmon, our sense is that the duration and scale
2 and number of these events is so limited that the impact on a
3 population level is simply going to be negligible.

4 MR. PENNOYER: I'll wait till you're done, I'm
5 sorry. I didn't do that last time.

6 MR. SENNER: And so clearly there's a judgment
7 to be made here, does one look at the overall population and
8 conditions and make a judgement that pink salmon are doing
9 fine, we know the returns are within normal bounds, escapement
10 goals are being met. And, yes, there will be some occasional
11 episodes or there may be occasional episodes of mortality in a
12 certain number of streams. It's a judgment call, it could just
13 as easily be recovering, which is where it was, or arguably one
14 could call it recovered. It really depends on what kind of
15 perspective or approach you want to take.

16 And, Bob, do you want to add anything to that before we
17 open it to questions?

18 DR. SPIES: I would agree and I think it's --
19 the Auke Bay laboratories, in particular, are what raised some
20 concerns with people about potential effects. Now, we know
21 that this so called long lasting polynuclear metahydrocarbon
22 (ph) fraction that's out there weathers very slowly and
23 persists, is relatively toxic to herring and -- to young stages
24 of herring and pink salmon in very low concentrations, you
25 know, about a part per billion, and that is based on our

00199

1 previous literature on hydrocarbon toxicology, that is much
2 lower by maybe a factor of 10 and sometimes much more than that
3 than we really understood, such compounds that have toxin in
4 them before these studies were done. That does not necessarily
5 mean that the remaining oil out there is having a widespread
6 effect and kind of putting the laboratory effects together with
7 what we know about the field populations.

8 For instance, it was mentioned last night that the
9 biochemical indices are still elevated. Well, in those
10 experiments the biochemical elevations did occur, but there was
11 elevations of people that put the enzymes that are, in effect,
12 that the oil exposure did go away in the larvae of pink salmon
13 a year or two after the spill. Those are no longer persisting
14 in pink salmon. There's some other species out there in the
15 intertidal that have reduced enzymes and we're looking into
16 that question, but in the pink salmon we don't have any reason
17 right now, based on the presently available data, that that's
18 happening. I think it does raise, still, some concerns about
19 what's actually going on out there, we don't have direct
20 measurements in the field with pink salmon now to know whether
21 or not they're low level effects.

22 But I think my judgment would be, given the overall
23 situation, the reduction in the amount of oil, there may be
24 some local hot spots of things occurring, but the way these
25 measurements are taken over a very broad area of Prince William

00200

1 Sound, all around Knight Island, for instance, contrasting
2 oiled to non-oiled streams would seem very unusual to have
3 three years of no egg mortality and then have a fourth year
4 where we do have egg mortality. So I think it's not beyond
5 reason that some sort of natural factors may be combining,
6 perhaps, with some limited oil exposure to produce this result,
7 but we just don't know the answer.

8 MR. PENNOYER: Your last observation was sort
9 of getting at the question I was going to ask. How do you
10 track the laboratory results on toxicity on what we're seeing
11 in the wild? I'd say to reverse that and go back to right
12 after the spill. If it really is that bad, why didn't we see
13 more than 10 to 15 percent or 11 percent at the time of the
14 spill? I still don't totally understand our connection between
15 -- heightened view of toxicity of oil of where we are now or
16 where we were then, I don't track these two pieces of
17 information very well and they've been brought up to a lot of
18 public discussion and controversy and argument, and I still
19 don't see that these two are coming together real well, and I
20 don't know why the logic would be that they're not. More
21 compensating mechanisms in pink salmon populations that
22 overcame the effects of toxicity, why didn't see when the oil
23 was more widespread, why didn't we see, more of an effect on
24 the population than what Stan said we could actually measure?

25 DR. SPIES: Well, the 11 percent was an

00201

1 estimate based on modeling that was done by a Department of
2 Fish and Game biologist and it was based on the reduction --
3 two factors, the reduction of growth of juvenile pink salmon
4 that were captured in the Sound that were exposed to oil from
5 tag logs from the hatcheries versus those in unoiled areas. So
6 there was a difference in growth. And the difference in growth
7 made a difference in survival, and the difference in survival
8 is then projected back to the returns. And that was the
9 majority of the 11 percent, a small.....

10 MR. PENNOYER: It wasn't linked to the toxicity
11 question, per se, then, okay.

12 DR. SPIES: Well, there were also juvenile
13 salmon that had elevated biochemical indices of oil exposure
14 and there was oil found in them, so that we know that there's
15 good circumstantial evidence and pretty strong factual basis
16 for making that link to toxicity.

17 MR. PENNOYER: I guess my problem is that we
18 quote the 11 percent as though it had -- it was a known number
19 and it doesn't seem that dramatic a level compared to what we
20 think the damage may have been in the laboratory studies. I
21 can't bring those two together very well.

22 MR. SENNER: It's just simply the best
23 information we had, yeah.

24 MR. PENNOYER: Yeah.

25 CHAIRMAN RUE: As I recall -- I mean there were

00202

1 two events going on, there was the direct oil in the streams
2 and that probably, if you looked at how pink salmon spawned
3 through the Sound -- I don't remember what percentage of the
4 streams actually got impacted, but if you look at the -- pink
5 salmon spawn all over the Sound. And then there was also an
6 effect on copepods and feeding juveniles that -- actually there
7 was some increases, I recall, in some of the food availability,
8 so there's some really interesting, confounding things going on
9 out there that wouldn't make a toxicity of oil on eggs and fry
10 necessarily translate into a percentage of loss.

11 MR. PENNOYER: But then you're saying.....

12 CHAIRMAN RUE: I guess I'm saying I wouldn't
13 expect.....

14 MR. PENNOYER: Are you saying "recovered" is a
15 Sound-wide consideration, so if a big 10 percent of the
16 population that's not recovering at all, fully gone, the
17 population might still be recovered? I'm not clear
18 exactly.....

19 CHAIRMAN RUE: I think Dr. Ott actually raised
20 a very good question, you know, are we -- in the case of the
21 Kenai we're looking at "a river system" as opposed to pink
22 salmon we're looking at, you know, millions.

23 MR. SENNER: There are some differences though.

24 CHAIRMAN RUE: Oh, I know there are.

25 MR. SENNER: And some reasons that support the

00203

1 two different approaches.

2 CHAIRMAN RUE: Right. And I think that's the
3 next point we're going to have to go to, whether it's recovered
4 or not.

5 MR. PENNOYER: That's just the type of
6 information I think we're going to need before we -- because
7 putting it in the recovered category, I think, does, regardless
8 of any other discussions, (indiscernible) or a discussion, then
9 the difference between "recovering" and that whole sliding
10 scale. I think once you put something in the recovered
11 category it really says something different.

12 MR. SENNER: I would allow as how, I think, in
13 some cases we were conservative in holding something in the
14 lower category, like killer whales, rather than moving it up.
15 Or wanting to see some additional year or two of data before
16 making a decision to bump something up. It's quite possible in
17 pink salmon that the more conservative approach is to continue
18 to say it is recovering until we have some clearer evidence.
19 It's important, though, to note that if you reach that
20 conclusion that the Trustees are not currently funding field
21 studies documenting egg mortality and I think it's -- I think
22 one of the things that we would revisit is the recovery
23 objective itself, and this may be a situation where we had a
24 recovery objective that was so specific that, in fact, it could
25 never be achieved. That's a possibility.

00204

1 CHAIRMAN RUE: Okay. Well, clearly this needs
2 to be one of our discussion topics. Thank you, that was good.
3 Does that finish the summary of the.....

4 MR. SENNER: That's the presentation.

5 CHAIRMAN RUE: Okay.

6 MR. SENNER: I think the only thing that would
7 help us, and see if Molly agrees, is you've got a couple more
8 minutes to give us any specific guidance on stuff you want
9 additional information about, reconsideration of. This is
10 difficult stuff, we're working with a system that has been in
11 place several years, we've not recommended wholesale changes of
12 the -- of, you know, recovery objectives or anything, we didn't
13 feel it was appropriate to change target, we were trying to
14 evaluate it against the targets that we set back in '96 and
15 '94. But if you want us to do some more thinking, we would
16 welcome your guidance.

17 CHAIRMAN RUE: I guess if I could summarize
18 what I heard, I think we need to revisit our recovery
19 objectives or what we use the listing for, make sure we're
20 clear about what it means. Correct me if I'm wrong. And I got
21 three that I'm interested in exploring some more, one is
22 herring, but also pink salmon and sockeye and whether they're
23 in the right place and what kind of additional information.
24 I'm not sure if we need additional information, I think we
25 heard a lot, we probably need to take what we've heard and

00205

1 think if we, one, got the right objective for pink salmon? And
2 are we somehow dealing with pink salmon differently than
3 sockeye and is there a good reason for that or not? They're
4 different species, they have different life histories, so there
5 may be a good reason to do that, there may not be.

6 Those are three issues that I'd like to, at least,
7 explore some more before we make a final decision. But I don't
8 know that I need more information at this point.

9 MR. SENNER: Commissioner Rue, can we just
10 comment on the difference between pink salmon and sockeye
11 because we may be able to address that concern right now?

12 CHAIRMAN RUE: Sure.

13 MR. SENNER: The main thing to take into
14 account here is that for sockeye the only evidence that we had
15 of injury was specific to the Kenai River and the Red and
16 Akalura Lakes, we didn't have gene -- we never claimed broad
17 injury to sockeye salmon populations, so it's only appropriate
18 that our evaluation, of course, be limited to those two
19 systems.

20 In the case of pink salmon, however, we have intertidal
21 spawning in dozens and dozens and dozens or hundreds of streams
22 scattered across Western Prince William Sound and elsewhere.
23 And it's not possible for us to evaluate them on a stream by
24 stream basis.

25 CHAIRMAN RUE: Right. Chris, go ahead.

00206

1 MR. BECK: Just a thought, and I very much want
2 to get on and talk about the Restoration Reserve, so I'll try
3 to be quick. I do think that the categories that these are
4 placed in and the ways those are explained are incredibly
5 important. There's going to be this one window at the 10 year
6 anniversary, the world is going to lean in and ask the question
7 of the group "okay, what happened from the spill?" People
8 aren't going to understand or want to hear about the
9 subtleties, they're going to basically say in their minds "ah,
10 recovered, recovering" and be done with it and be on to the
11 next subject on the nightly news. So the categories that are
12 used, the way they're explained, the possibility we need more
13 categories of different labels I think needs the closest, most
14 thoughtful scrutiny it can get because people are going to not
15 care about some of the nuances we talked about today. And I
16 think it goes to my earlier comment and Mary's comment about
17 "recovering". That one word, I think, is misleading given
18 everything I heard today.

19 CHAIRMAN RUE: I know we would welcome
20 recommendations and ideas, so I'm sure.....

21 MR. BECK: We used to let you handle the words
22 being our composer.

23 MS. BRODIE: Be our composer.

24 CHAIRMAN RUE: He had the brilliant thoughts.
25 Okay. If you have suggestions.....

00207

1 MR. BECK: Well, we should think about it.

2 CHAIRMAN RUE: Yeah. Okay, thank you all very
3 much.

4 MR. SENNER: Thank you.

5 CHAIRMAN RUE: Appreciate it. Should we take a
6 short -- can we take about a five-minute break this time?

7 MS. McCAMMON: Mr. Chairman.

8 CHAIRMAN RUE: Yeah.

9 MS. McCAMMON: Can I do one thing real quick?

10 CHAIRMAN RUE: Sure.

11 MS. McCAMMON: And that is to go over the
12 target for the FY2000 Work Plan.

13 CHAIRMAN RUE: Yes.

14 MS. McCAMMON: Can we finish that real quick?

15 You do have a memo in your packet regarding the funding target
16 for FY2000. At the December meeting I had recommended, at that
17 time, that we use an \$8 million target. And several of the
18 members of the Council has asked for additional information
19 about what we thought might be anticipated for work in the
20 coming year.

21 We went back and looked very carefully at the projects
22 that are currently underway and believe that, given what we
23 know to this date, that there are 32 projects that we expect to
24 continue. The estimated costs, and these are costs that were
25 submitted by the proposers and they have not been reviewed in

00208

1 detail, so take this with a grain of salt. We estimate them to
2 be at approximately 3.7 million. There's an additional 17
3 projects that may continue, these are ones that we will
4 evaluate, depending on success, depending on project results
5 and a number of other factors. If those continue those would
6 be approximately 2.7 million. So those continuing projects, if
7 all of those do continue, would be about six and a half million
8 for FY2000, with an additional three million in 2001 and two
9 million in 2002.

10 So these project generally close out the three major
11 ecosystem projects. They conclude the current efforts on pink
12 salmon, herring, harbor seals and several of the seabird
13 species. They continue and conclude a series of the small
14 scale subsistence projects that we've been doing and continue
15 the involvement of communities and youth in the Restoration
16 Project.

17 If those do go forward that would leave -- at an \$8
18 million target, that would leave about one and a half million
19 for new projects in FY2000. We're now preparing the invitation
20 for the upcoming fiscal year, which goes out on February 15th.
21 We anticipate additional work in three broad areas. One would
22 be additional work on continued injury, and this would be on
23 the results that we've been getting over the past couple of
24 years, probably some new work on sea otters, harlequins, harbor
25 seals and several others. So, again, continuing work on those

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1 species that show injury.

2 A big important cost factor here is whether we do a
3 Prince William Sound shoreline survey this year or whether it's
4 in another year or two. Currently DEC is looking at that
5 question about when would be the most appropriate time to go
6 back and do an extensive survey of the Sound. We are going
7 back this summer to the Outer Kenai and Outer Katmai coast.
8 Kodiak was done in '94.....

9 MR. SENNER: '95, it was.....

10 MS. McCAMMON: '95 and that was the last
11 survey of Kodiak/Afognak. So that's kind of a major factor
12 there.

13 The second major element is transition to a long-term
14 program. What we've asked -- we've included in the draft
15 invitation is to start thinking, and a lot of this depends on
16 what the Council decides on the Reserve. It seems there's
17 going to be some kind of -- there will be some kind of a
18 research program after the year 2002, at what level we may not
19 know, but we do know that there will be additional long-term
20 work. And so we are starting the detail planning for a
21 long-term program and this could include a National Research
22 Council review of the Science Plan, looking how we meet data
23 management needs. Looking at some kind of a contaminants
24 monitoring component. Trying to look at what kinds of data
25 gaps do we have now that we may need to fill in the next three

00210

1 year in anticipation of a long-term program. So there may be a
2 few projects in that area.

3 And then, thirdly, one that has been expressed quite
4 often is relating information gained from the Restoration
5 Program and organizing it in a fashion that's useful for
6 natural resource managers and stakeholders, so that they can
7 actually can use the information to affect how humans use these
8 resources to ensure long-term protection and ensure recovery.

9 We've done workshops, we have a database, experimental
10 database project in Cook Inlet right now, it's a human use
11 model for Prince William Sound that's kind of a prototype model
12 that's being developed. We're really looking closely at what
13 kind of things can we do to translate that information into
14 useful forms.

15 So with these three categories I think that if we had a
16 flexible target of eight to \$9 million that that would be
17 sufficient to meet both our ongoing needs and also kind of our
18 expectations for next fiscal year.

19 CHAIRMAN RUE: Is that something we need to
20 make an official action on or just give you guidance?

21 MS. McCAMMON: You don't need to fully adopt,
22 but you need to tell me stop if you have any severe problems
23 with this.

24 CHAIRMAN RUE: Does anyone have any problems
25 with that approach on the Council? Dave.

00211

1 MR. GIBBONS: I don't have any problems with
2 it, but I was going to bring up subtidal. We haven't done any
3 work since '95, it's still sitting in the recovering category,
4 are we looking at either bringing that up into the recovered
5 category or doing some work in that regard sometime?

6 MS. McCAMMON: One of the problems with the
7 subtidal work is that a huge amount of information was gathered
8 as a result of this. And in the last couple of years we have
9 funded a number of the original researchers to go back and
10 synthesize and try to pull out and really look at the big
11 picture of what that data collection means. We do not have
12 those final reports and publications, yet, and we were waiting
13 to do -- before embarking on any additional subtidal work, we
14 were waiting till we got those publications done. So that is
15 something that may be in the future, I'm not sure whether it
16 will be this coming year or not.

17 MR. GIBBONS: My only point, we need to do
18 something to either bring that to recovered or say it's still
19 lingering.

20 CHAIRMAN RUE: Are you all right, though, with
21 what Molly has described?

22 MR. GIBBONS: Yeah.

23 CHAIRMAN RUE: Okay. Steve.

24 MR. PENNOYER: I'm not sure that's a fair
25 question right now. We haven't decided what to do with the

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1 Restoration Reserve, we, therefore, haven't decided what's
2 required for a transition from the current to Restoration
3 Reserve. I'd say that, and my view is for right now, that
4 makes sense, but depending on how we structure all this, we
5 could change our minds, we could find something -- I'm assuming
6 we're not going to have to have everything up to "recovered"
7 before we end up in the year of the Reserve because that,
8 depending how we decide on categories, may not happen anyhow.
9 So we're going to have to -- or is our view we're going to have
10 to know for sure or are we going to have to expend money to
11 make sure that any one of these items is now clear to us? I
12 don't know what the ground rules are to get from 10 years to
13 Reserve, ongoing long-term, so -- but for right now, this is, I
14 think, generally what we talked about, declining investment in
15 current research events and then somehow transitting into a
16 long-term reserve, so I would say for now, yeah, but I'm not
17 sure what we're going to end up with.

18 CHAIRMAN RUE: I guess I don't have a problem
19 with it, it's not that big a difference. It sort of hedges our
20 bet more towards the future rather than the present, but it
21 still gives us plenty to get the work done that we know we need
22 to get done. So I don't think we can precisely measure the
23 difference between nine and 10 to tell you the truth, so.....

24 MR. PENNOYER: Probably not.

25 CHAIRMAN RUE:I just think it's a little

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1 hedge toward the future and I'm fine with that.

2 MR. PENNOYER: I'm not even sure 10 is --

3 anyway, whatever.

4 CHAIRMAN RUE: So are we done with that subject
5 then, Molly, you got enough guidance? Don't stop.

6 MS. McCAMMON: Yes.

7 CHAIRMAN RUE: Thank you both very much, that
8 was helpful. We're going to take a five-minute break.

9 (Off record - 11:50 a.m.)

10 (On record - 12:06 p.m.)

11 CHAIRMAN RUE: Gave everybody 15 minutes
12 instead of five. Okay. We said we were going to have from
13 11:00 till 1:00 to have the PAG and the Council interact. It's
14 now 12:00 o'clock, we still have until one. I assume we'll
15 sort of eat bagels until 1:00 o'clock and take a break, is that
16 right?

17 Okay. We only have an hour. Personally, the benefit
18 of this session would be to have the PAG, perhaps, give us, the
19 Council, their thoughts. I know you all put together a
20 consensus document of the things that you, as a group, agree
21 are important issues that we consider and look at. And perhaps
22 to get -- we don't have any particular structure here, but
23 perhaps to use our hour most efficiently if you all want to go
24 through those issues that you thought about, talked about, have
25 consensus on and your thinking as to why they're important, I

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1 would certainly appreciate that. We've got it in writing, but
2 hearing you all talk about it would be useful. And then those
3 areas where each of you -- there may not be consensus but
4 there's strong feelings, perhaps make sure we get those on the
5 table and talk about them.

6 But, I throw that out as one suggestion. Other Council
7 members or PAG, does that -- Steve.

8 MR. PENNOYER: The other thing that would be
9 useful is that this is not a decision point, we're not going to
10 make the decision here, but I think we want to try and ensure,
11 as we carry out these discussions, that when we do come to the
12 decision point we have enough information in front of us to
13 intelligently make a decision. And certainly, as you said, the
14 views of PAG members and other public members in the hearings
15 you held is important to that. There may be other questions
16 that come up as people raise something. Like, one question
17 that is continually raised to me is what is an endowment and
18 what are the legal restrictions on it? I mean there are those
19 levels of questions that, as we discuss this, may come out and
20 help Molly better, as we talk about on the categories, come up
21 with the information you're going to need to bring to bear at
22 whatever point in time we actually have to make that decision.
23 I forget the date, but I think it's somewhere in early March.
24 And that's correct, the final decision by the Council is March
25 what?

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1 MS. McCAMMON: 1.
2 MR. PENNOYER: March 1st, that was early March.
3 CHAIRMAN RUE: That's what we decided, right?
4 MR. PENNOYER: Pretty early March.
5 CHAIRMAN RUE: Assuming we have six people who
6 agree.
7 MS. McCAMMON: We can get all six people there,
8 too.
9 MR. PENNOYER: So I think that we can do that,
10 too. We can ask for clarification, but I wasn't really
11 prepared to debate people on why this is important. Now, I
12 might get some views or ask questions, but I want to get
13 information and get explanations and make sure that when we do
14 come to this point we've asked the right questions and do have
15 the right information in front of us.
16 CHAIRMAN RUE: Okay. I wasn't planning on a
17 deb -- well.....
18 MR. PENNOYER: I didn't know what you were
19 planning.
20 CHAIRMAN RUE: That's fine.
21 MR. ANDREWS: Yeah, Mr. Chairman, speaking for
22 the PAG, I don't believe this is a time for debate. Six years
23 ago the Trustees created the PAG, Public Advisory Group, as a
24 tool to help them in decision-making, and that's the way we
25 view ourselves. We have spent some time on the Restoration

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1 Fund, you have the goals that we got some consensus on. And I
2 think, along with that, we're really looking for direction, and
3 maybe even approval in the sense that you agree with what we've
4 done so far. We have given considerable thought on where you
5 might like to see us go and how we can help you in further
6 decision-making.

7 CHAIRMAN RUE: So you'd like direction?

8 MR. BECK: If it weren't to be seen as too
9 presumptuous by the group, if you like I can walk through,
10 verbally, what we put together on paper previously. And I will
11 no doubt along the way interject much of my own views on that,
12 and I'm trusting that this group will clarify where I'm
13 speaking as just me rather than as the group as a whole. But
14 Mary has been trying to.....

15 MS. McBURNEY: Yeah. I just want to ask one
16 friendly other question, if I may? I attended a number of
17 other fora where the restoration monies are being very actively
18 discussed as being part of a larger marine ecosystem research
19 initiative. In fact, we got the Governor's Bering Sea Task
20 Force that's meeting right now. And a good part of their past
21 discussion really -- it's almost as if there's an assumption
22 that this money is going to be somehow rolled into this mega
23 research foundation or whatever. And I would like to know what
24 level of discussion has taken place, if any decision may have
25 been made on that part? And whether it is really appropriate,

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1 I suppose, for these different bodies to actually be assuming
2 that this money is going to be rolled into any Dinkum-Sands
3 money or any other disaster monies that may be related to
4 marine research or fisheries?

5 MR. PENNOYER: I guess -- I don't know if I'm
6 even the one to answer that, because I probably haven't heard
7 all these discussions that have gone on but, you're right, they
8 are going on. There are probably -- Chuck and I were talking
9 about this earlier, there are probably six or seven different
10 groups talking about varying pots of money that they may either
11 have or not have. The president of the university referred to
12 the 6.6 million this year in non-Dinkum-Sands money with the
13 North Pacific Research Board that went to the university. How
14 that relates to the short or long-term I don't think anybody
15 knows.

16 So I think it would be very presumptuous of anybody to
17 assume that we've reached -- anybody -- I don't know who we is.
18 Anybody has reached any conclusion on how all that is going to
19 come together. Obviously some of the money that went to the
20 university was in the Interior budget, well, all of that money
21 was in the Interior, I don't even know what part of the
22 Interior budget it played. It wasn't, perhaps, Dinkum-Sands
23 money, so we can enumerate all of those things, and I think
24 there's -- probably, at least, in my personal view, and we
25 haven't talked that over, at the very least you're looking for

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1 some coordination and some way of deciding on priority of
2 things that need to be done and different sources biting off
3 different things that will come together to be a whole. But,
4 obviously they can't all be just rolled in.

5 For example, I think, even in the Reserve, we're
6 talking about most likely the oil spill area for EVOS money.
7 And Dinkum-Sands, for example, is the whole marine environment,
8 from the Arctic Ocean, including the Gulf of Alaska. So you
9 got the Arctic Research Council, you got a whole bunch of
10 people involved in that. On top of that there are other pieces
11 that are lying around for -- special money for sea lion
12 ecosystem re -- I mean, there's all sorts of stuff. Some of
13 it's in my budget, some of it's Frank's budget, some of it is
14 coming from the Interior, some of it is going to be in other
15 places. So, I guess, I would hope that we end up with
16 something coordinated, but I don't think anybody ever said,
17 we're going to take all this money and put it into a huge pot
18 and just sort of spend out of it, because I don't think that's
19 probably legally permissible.

20 I don't know if that answers your question or not.
21 Anyway, I don't think there is an answer right now.

22 CHAIRMAN RUE: My personal view is I don't
23 think Dinkum-Sands even exists anymore. Despite -- I know
24 Jerome Selby said it did, but I don't think that it does.

25 MR. PENNOYER: You don't think it exists

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1 anymore?

2 CHAIRMAN RUE: I don't think so. I mean it is

3 not.....

4 MR. EASTON: Frank, the State position is.....

5 CHAIRMAN RUE: I mean, the money may be out
6 there somewhere in the ozone, but as a dedicated pot of money,
7 I don't think that it exists. I would agree with Steve,
8 there's lots of talk, I don't think there's been any decisions.
9 I think it is important there -- my main urge is to make sure
10 that there's coordination and communication, because, as he
11 said, there's lots of ideas floating out there. There may be
12 chunks of money focused on research and we ought to have a way
13 to make sure we're being as efficient as we can be, that we're
14 answering the right questions, et cetera. And so I would look
15 for coordination mechanisms, but not necessarily lumping
16 everything in.

17 MS. McBURNEY: If I could just follow up?

18 CHAIRMAN RUE: Sure.

19 MS. McBURNEY: I just asked this question for
20 the benefit of the other PAG members that may not necessarily
21 be watching things happening on the Bering Sea side of the
22 North Pacific. And that you do need to be aware that these are
23 discussions that are taking place in other fora and that the
24 decisions that are being made in some of these other
25 discussions could directly impact what we do here. And it has

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1 been disturbing to me that in some cases there has been, at
2 least, this presumption or definitely a perception of
3 presumption that the monies are somehow going to be rolled
4 together into a big mega fund that then can generate even more,
5 you know, foundation interest monies for more wonderful
6 research, this sort of thing. And I just wanted to get some
7 clarification about that.

8 CHAIRMAN RUE: I guess I see our job as trying
9 to focus on what we want to do with the EVOS settlement funds
10 and our responsibilities as Trustees of that fund. That's why
11 I think we need to -- I'd like to -- I understand that there
12 are all these other discussions, but I think we've got a pretty
13 clear responsibility as Trustees to make some decisions and do
14 some things for the spill area. And so I'd like to, maybe,
15 bring us back to that. I appreciate your questions, but maybe
16 we ought to go back to that. I think if we focus on that, then
17 whatever else happens will happen and, hopefully, it will be a
18 coordinated effort or be synergistic and make sure we're
19 getting at those questions that perhaps are larger than the
20 spill impacts or restoration issues, but are related and,
21 hopefully, can build on each other. But, for our purposes, I
22 think we'll be well served if we can just figure out what we
23 want to do and then -- well, actually lead the charge, perhaps,
24 by knowing what we want to do and how to do it.

25 MR. MEACHAM: I would say I really echo your

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1 concern over the need to coordinate between these different
2 groups. I think -- you know, it's kind of an interesting time
3 in which we find ourselves because these things are all kind of
4 new and they're all coming together at the same time.

5 But relative to our session here today, I would support
6 Chris Beck's going through the document that we put together
7 before because it does outline, I think, reasonably well the
8 consensus that the PAG obtained in our dealing with this topic
9 so far.

10 MR. KING: One comment, Frank.

11 CHAIRMAN RUE: Go ahead.

12 MR. KING: You know, the PAG represents quite a
13 broad spectrum of interests and we have a good document about
14 what we agree on and I think once in the past we've gone around
15 and each person talked about how they feel the process is going
16 with regard to their special responsibility. And I don't know
17 whether there's enough time to do that, but it seems to me, you
18 know, the areas that people are worried about are perhaps more
19 important for you to hear than the areas where we agree.

20 MR. BECK: My thought is this. That process
21 has tended to create a sense of polarization that I think is
22 artificial. Listening to the testimony last night, we're
23 hearing, you know, sort of these fervent pleas for more habitat
24 acquisition or for community-based fund or for research. And I
25 think, frequently, those pleas are all driven by the same

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1 goals, but they get lost in kind of the individual voices
2 presenting that information. And so what I was hoping to do is
3 to try to show how a lot of the seemingly divergent goals
4 actually are focused on the same end. And it seems like that's
5 the challenge that the Trustee Council has to resolve, is to
6 think of ways to meet the views of many different people with a
7 single proposal. And what I liked about what we put together
8 as a group before is, I think, it moves that direction.

9 But I'd like to maybe throw it out and then we'll test
10 it to see does it seem to cover most of those diverse goals
11 that we keep hearing from and sort of converge, rather than set
12 up a structure from the beginning that implies many divergent
13 directions.

14 CHAIRMAN RUE: I would suggest for efficiency's
15 sake we do that. We kind of get a sense of the strength of the
16 PAG consensus and then maybe go to the points Jim was making of
17 where are those worries that folks have. Is that all right?

18 MR. BECK: Sure. And, again, I'll describe as
19 if there were was sort of a single view, and obviously there
20 isn't. There's differences in emphasis and, in some cases,
21 maybe a few minority voices that think something quite
22 different is, perhaps, needed.

23 But there was a handout that came out in our package
24 and it sounds like it's been put in front of the Trustee
25 Council as well that says it's a "Record of Conclusions Reached

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1 by the PAG at a Meeting June 1st and 2nd, '98." It's two
2 pieces of paper, three pages. And that the summary was
3 supported by all PAG members participating except as noted
4 below. And it begins by talking about overriding goals.

5 And I noted in the handout that the discussion draft
6 "Elements of a Long-Term Restoration Program" that the Trustee
7 Council staff has put together that it's -- that we're really
8 pretty close, so if you read through these you got a pretty
9 good idea of where we're all headed.

10 The key thing at the beginning, though, is to think
11 about the overriding goals. And what we talk a lot about in
12 the PAG is being clear that a general goal of stewardship of
13 the resources or protecting the resources in a broad sense, the
14 ecosystem, the long-term health of the area, is the foundation.
15 And the challenge is to not do that as if it was some kind of a
16 wilderness preserve, but do so in a way that people are
17 actively using the area. And that's the heart of the
18 challenge. And it leads directly into our recommendations.
19 Which as far -- you know, the elevator speech version of our
20 recommendation, I think, is good management. Everything is
21 sort of driven around this notion of good management. So
22 research needs to be done in a way that contributes to good
23 management, the public needs to be involved in where it leads
24 to good management.

25 And so I'll start into the specifics. That's sort of

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1 the lead in. I think we outlined means to goal. The first was
2 science and research that -- an integrated research and
3 monitoring program, provides ecological information to help
4 solve current and long-term resource management issues. As a
5 component of basic research -- but I think it's been the
6 consensus around the PAG, I know it's been my sense, that maybe
7 the shortcoming thus far in the research is in its application
8 to real decisions. And the example that I'm most familiar with
9 is related to tourism in Prince William Sound where there have
10 really been profound changes in the Sound. And arguably the
11 development of Whittier Road, the dramatic change in visitation
12 that's likely to occur in Prince William Sound in the coming
13 year may have impacts greater than the oil spill itself. And
14 so the issue is how do we craft a research program to respond
15 to those changes which are going to put the resources affected
16 by the spill as much as risk as the oil spill itself. And so,
17 as we go into the future, it's trying to think about how do we
18 structure a research program that's really driven by the need
19 for management in the field? That's that first science
20 research goal.

21 Directly related to that, we talked about education and
22 information, the notion that, in the end, most of the decisions
23 affecting the future of that area are really going to be
24 political in nature. They're going to be the expression of the
25 will of the public. People are going to lean in and either

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1 say, you know, we ought to build this road or we ought not to.
2 And that's going to, to a large degree, be based on their
3 understanding of the health of the resources in the area and
4 how different management schemes might affect the health of
5 those resources. And that, in turn, argues, I think, for doing
6 a better job than done in the past of translating the research
7 into forums that are interesting to catch the attention and
8 really the passion of the public. And so when we talk about
9 information, it isn't just for the fun of people learning about
10 it, it's because it contributes to the management of those
11 resources.

12 Community projects. The idea that has come forward,
13 this \$20 million community fund is a new one since we put this
14 together, and I need to learn more about it, but what I like
15 about what I heard thus far is the notion of co-management. I
16 talked at the beginning about this idea of good management
17 being the foundation of all of this. To me what makes
18 management work successfully is if the people who are most
19 affected are directly involved in that process. And if the \$20
20 million fund is used to give local folks a active voice in the
21 management process, so they themselves become stewards of those
22 resources, I think that's a good idea. If they're involved in
23 collecting data, monitoring change and implementing various
24 field activities that protect, that make them better stewards,
25 then that's a good thing.

1 Land acquisition was probably, of the four main
2 categories we talked about, the one that there was a few people
3 who disagreed dramatically with the consensus of the group.
4 There's a small table that tried to quickly quantify different
5 people's opinions on the percentage of the total fund that
6 should go to acquisition versus other purchases. And while
7 there are a couple of folks who suggested 75 percent towards
8 acquisition, 50 percent, bigger number, as you'll see by those
9 numbers, most folks believed that to be successful in those
10 other three elements it was really necessary to put the
11 majority of the money into this applied research to other
12 activities directly related to stewardship.

13 At the risk of sounding dramatic, my own thoughts on
14 the acquisition issue is a little bit like the failure of the
15 maginot line, you hang on to a little parcel of ground and
16 meanwhile the change just washes right over and changes the
17 whole character of the environment. Owning one parcel is
18 unlikely to really be what, over the long-term, ensures the
19 long-term health of the resources of the region. It going to
20 really require better understanding of what's out there, better
21 management decisions. And given -- if we had all the money to
22 do everything, we'd obviously do a bunch of both, but given
23 only \$150 million, maybe seven, \$10 million a year, it looked
24 to the PAG by putting the majority of that towards this applied
25 research for good management and public education was a better

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1 use of the funds.

2 So I hope that that did somewhat justice to the PAG's
3 discussions earlier. And I'm sure we'll hear clarifications,
4 but that's what I think we all talked about.

5 CHAIRMAN RUE: If there was a consensus around
6 the first two or three points, the community projects, science
7 research and education, but there's a strong disagreement over
8 the land, how can you have the first three if you have most of
9 the money -- did you discuss that issue? If 75 percent of the
10 money went into land acquisitions and you only had.....

11 MR. BECK: I think I wasn't clear on the
12 numbers. We got -- the numbers that show up on this little
13 table were the percentages towards land acquisition that
14 different members of the PAG recommended and they're 10 to 15,
15 15, five, 20, 30, 10 to 15, 10, 20, and then two that spiked
16 higher, a 50 and a 75, so the majority of the PAG felt that the
17 majority of the money should go into things other than
18 acquisition.

19 CHAIRMAN RUE: Did those who, and they should
20 maybe speak for themselves, felt the majority should go into
21 land acquisition, did you feel there was enough money left over
22 to do the other three things effectively or were they mutually
23 exclusive? That would be one question I had, did you all
24 discuss that? Because at some point I think that become -- my
25 gut tells me it becomes exclusive. We can't.....

1 MR. BECK: Yeah, well, I think the majority of
2 the PAG felt that you really didn't have enough money to do
3 both. And while acquisition clearly has benefits, it was
4 thought that -- it was felt that way, that there wasn't enough
5 money to do a good job in the research and also do a good job
6 on the acquisitions. That we've done a lot of acquisitions,
7 given the limited resources, let's put our energy into those
8 management and research tasks that over the long-term will have
9 greater impact.

10 CHAIRMAN RUE: I'm interested in hearing the
11 folks who like the land. I'm also interested in hearing about
12 the science and how you would do the science. We've heard the
13 university talk about how you might do the science versus maybe
14 Mary's concern about a large body that's going to make too many
15 decisions, you know, lumping things. But how about the land
16 first. Is that all right, Council members?

17 MS. BRODIE: In answer to your question,
18 Commissioner Rue, I think that if 75 percent went to land that
19 there probably wouldn't be enough money for a permanent
20 endowment that would, in fact, be a lot of money for research.
21 And I think we need to -- in that, part of what we should look
22 at is the question of how long we need to be doing oil spill
23 research. John French was talking about three marine cycles,
24 which is 42 years, and this is very long-term research and then
25 they might say, well, there's global warming, we need more

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1 cycles. And that would be very long-term research.

2 If you have research over the next 20 to 30 years you
3 can have a lot more money, I mean basically if your principal
4 is going down or even if you're not inflation proofing it, you
5 can have more money per year, but it doesn't go on forever.
6 Part of it is how much are things really related to the oil
7 spill, should we be studying oil spill effects 100 years from
8 now? Will there be oil spill effects still to study? I'm not
9 saying it should just be 20 years, I'm saying that's one of the
10 things we should be looking at is how long we need to do it.

11 And the other thing is, and I hesitate to say this, I
12 think I need to check in more with other environmentalists that
13 I'm supposed to be representing, but as time goes by, I'm
14 thinking more and more that maybe we should be thinking about a
15 lot of flexibility in the Restoration Reserve. That in terms
16 of land acquisitions, we don't know what's going to be
17 available at reasonable prices. And I can understand people
18 not wanting tie up a lot of money for land acquisition if there
19 aren't going to be other big parcels that -- for which
20 reasonable agreements can be made.

21 On the other hand some things will change, and I do
22 believe that large parcels will come up that are going to be
23 important. It gets partly to what Chuck is saying. If 80
24 percent of this land is already public lands, why do we need
25 more? The history of this is that people in the oil spill

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1 communities have been saying, gee, we have a lot of public
2 lands, but it's really important that this particular place
3 doesn't get lost. And for Cordovans it's been Eyak and Chenega
4 and for people in Homer, where I live, it's been the Seldovia
5 Native Association lands that are now in the State park.

6 One of the areas that may or may not be purchased by
7 the Trustee Council is the Karluk and Sturgeon Rivers area,
8 which Rupe can tell you a lot better than I can why that place
9 is unique in the world, and it's not just a matter of it being
10 that we already have 80 percent of the land, there's nothing we
11 have that's like the Karluk and Sturgeon Rivers. Maybe the
12 Trustees can't ever come to an agreement with Koniag on that,
13 but maybe they can. Or maybe they can't now, but maybe they
14 can in five years or 10 years. And if we have flexibility in
15 the system to be able to respond to opportunities for land
16 acquisition and needs for research I think that's the direction
17 we may -- may be the best direction to go in terms of reaching
18 agreement.

19 Sorry to be so long-winded about that.

20 CHAIRMAN RUE: Okay. Well, that was an
21 important perspective I think. But it sounds like the PAG did
22 not subscribe, as a majority, to that, either they felt there
23 was small parcels, some sort of a trust set-up perhaps would be
24 the primary focus. Or I thought it was an interesting idea of
25 preparing purchases for Land and Water Conservation Funds,

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1 could be another idea.

2 MR. ANDREWS: Mr. Chair, I think Pam touches on
3 an important point that if there aren't large parcels of land
4 on the block, why even consider land purchase? When we met
5 last June we were really aware that the Karluk and Sturgeon
6 River watershed might be on the block for possible purchase.
7 And the percentages that you see listed in this table, even 10
8 percent of \$150 million is still \$15 million for land
9 acquisition, which is a lot of money any way you look at it.
10 I'm aware that the price that has been under negotiation for
11 these two systems, the Karluk and the Sturgeon, substantially
12 is more than that, but with an important world class purchase
13 like that, which may be the most important purchase the
14 Trustees could ever make, if it was possible, you know, I would
15 revise that percentage upwards dramatically. I think that's
16 just a chance in a lifetime, maybe a century, to do something
17 like that.

18 And with that I'll just thank you.

19 CHAIRMAN RUE: Steve.

20 MR. PENNOYER: Well, Pam said two things. One,
21 she was talking from the percentage perspective of the 50-75
22 percent for land, but the other question is flexibility. And
23 how much did the PAG talk about how you would take into account
24 something like Rupe just pointed out that, in fact, you might
25 be presented with a golden opportunity? Or do you want to be

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1 frozen into 60, 20, whatever that adds up, 20 or 70, 20, 10, I
2 mean does the PAG consider it's necessary at this stage to keep
3 future, whoever they are, decision makers from making the wrong
4 decision, to bind their hands in a way or did the PAG discuss
5 how you might deal with the concept of flexibility?

6 MS. BRODIE: We haven't really discussed it, I
7 would say.

8 MR. PENNOYER: Okay.

9 MR. BECK: I might just say, though, I think
10 that part of the discussion that led to this was the sense that
11 unless the corpus of the Restoration Reserve is of sufficient
12 size it really could not drive a real useful research program.
13 So you may -- no one wants to give up flexibility for something
14 we can't imagine, but at the same time, on balance, my sense
15 was if we're going to be serious about the research program, I
16 can remember using those words, it requires some relatively
17 stable annual fund that can be used to do multi-year
18 monitoring, to engage the public in a public information
19 program that really succeeds and to really do serious research.
20 So that, on balance, works against a highly fluid solution.

21 MS. HUFFINES: One of the problems we discussed
22 that I think is important, that gets back to Pam's comment,
23 habitat and science and the distinction is, we wrestled with
24 what is agency funding responsibilities versus this body's
25 funding responsibilities as it exists today and what about

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1 change. Because, to me, that's a big portion of this picture.
2 If you find a big science program that some of us or the
3 majority of us agree is important, is that going to take away
4 from the existing agency funding, will that change, will that
5 -- and sort of how these two interplay is a critical part of
6 that decision for me and the group that I represent at least.
7 And I'm not sure if you all have the answer to that, but it
8 seems like that's a critical component of it.

9 CHAIRMAN RUE: Dave.

10 MR. COBB: I think my viewpoint of this was --
11 I put 20 percent down there, now, I've changed my
12 representation from municipal government to public at large and
13 the people in my area say no more land acquisition, period.
14 They would much rather see more effort put into scientific
15 projects. But as the mayor of a community we're constantly
16 faced with declining revenues, declining State support and what
17 we have left we have to leverage. And I guess I look at the
18 Restoration Reserve as having a \$150 million leverage fund.
19 And the more we endow particular areas and use that money to
20 leverage other money, the better off we'll be. And we need a
21 great amount of flexibility to go out -- Rupe talks about the
22 Karluk and the Sturgeon, it's a fantastic system, but can we
23 take \$100 million out of the 150 and go buy it and do nothing
24 else with the monies? Or do we take, as Jerome said, a fund,
25 an endowment and set up that endowment and use that money to

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1 leverage other funds? I think that's the way we have to go.
2 Because we only have a pot of money that's not going to get any
3 bigger unless we do leverage it, unless we do investing.

4 So I think that, you know, it's not \$900 million any
5 more where we can just go out and buy a big chunk of land. And
6 fully I realize that there's going to be those key pieces of
7 land that are going to be significant to an ecosystem that we
8 need to be able to get our hands around and to protect. But I
9 think you do that through the leveraging of what you have.

10 CHAIRMAN RUE: Chuck.

11 MR. MEACHAM: Thank you. I think, you know,
12 had not \$400 million already been spent on land acquisition I
13 would have a very different perspective than I'm currently
14 sharing with you. I think, you know, the land acquisition
15 program has been extremely successful, you know, we've got some
16 fine, fine parcels of land, both large and small. At this
17 time, though, I think with the resources we have remaining it's
18 time to put them in a different direction, that's toward the
19 acquisition of knowledge. I think knowledge is incredibly
20 powerful, it's incredibly valuable. And with land currently,
21 you know, on the order of 80 percent -- I'd like to see an
22 accurate calculation of this, too, I make that request at this
23 point. But I think it's on the order of 80 percent of the land
24 in the spill-affected area is owned by government entities at
25 the present time.

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1 So, incrementally, to spend additional money to buy
2 large parcels of land seems to me to be not the wisest use.
3 However, I do think that there are probably some very good
4 opportunities existing today in terms of small parcels. And I
5 think, perhaps, in the future, where you don't have willing
6 sellers at this point, you will have a willing seller for other
7 small parcels with very good habitat. And so you're going to
8 want to have some funding set aside, my particular percentage
9 was 10 percent of the Reserve be set aside for small parcel
10 acquisition, so that when unwilling sellers become willing
11 sellers you can take advantage of this.

12 So I would like to see that level be directed primarily
13 towards small parcels. Now, there may be some instances where
14 you want to buy a large parcel over time, in which case you
15 could make payments over extended number of years. But
16 primarily the value, at this point, is in increased knowledge
17 of the ecosystem, how elements of the ecosystem interact. I
18 think knowledge of human effects on the various resources out
19 there will allow us to do a lot more in terms of protecting and
20 maintaining what we have than additional purchases of land.

21 And so that's my perspective. And, again, had we not
22 already spent \$400 million on acquiring a lot of land it would
23 be different, but we have and so this is my current
24 perspective.

25 CHAIRMAN RUE: Have we gotten a good feeling

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1 for sort of the land issue? You know, we have about 20 minutes
2 left. Can we go into the science issue a little bit, get
3 people's feeling on that.

4 MR. ELISON: Mr. Chairman.

5 CHAIRMAN RUE: Yeah, Glenn.

6 MR. ELISON: I'd just like to make a comment.

7 Four times, last night and this morning, I heard this figure 80
8 percent of land in the spill area is publicly owned and I
9 suspect that that figure is accurate. I do have a concern
10 that, without context, it's misleading. And certainly, without
11 context, it paints an inaccurate picture of the situation. If
12 land ownership and habitat were randomly distributed throughout
13 the spill zone I'd be much more comfortable with that bare
14 statistic, but the truth of the matter is that I think that the
15 public land managers have done a good job of owning almost all
16 of the mountain tops and the ice fields and the steep cliff
17 faces. But the habitat that is really valuable to restoration
18 of the injured resources is disproportionately found in private
19 ownership, I think that's common throughout the spill zone. So
20 I think that that context to the figure of 80 percent of the
21 land being in public ownership is very significant because as a
22 land manager I deal with it constantly, the ramifications of
23 that. And I just wanted to put that context out.

24 Thank you.

25 CHAIRMAN RUE: I would agree with you, I think

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1 it is. And I argued that exact point on the Tongass. It's not
2 much real good deer habitat on the Tongass.

3 So is it fair to the PAG to -- I think we heard a good
4 discussion of what you all went through in looking at the land
5 issue, how about on to science, are we ready to move on to
6 that? Maybe talk a little bit of your thinking process on
7 science. I think Steve Pennoyer raised a very good question
8 about flexibility and the Restoration Reserve and putting money
9 aside dedicated to research, if you all agreed that that's
10 fundamentally important. And if it is, did you talk about how
11 it might be structured?

12 MR. BECK: I would just throw out one thought
13 on how people answered that question on this. The goals of
14 that of work, maybe I'm being picky about words again, but
15 research, I don't think, is the right way to label that. I
16 think it's information for good management, information for
17 stewardship. And the supporting witnesses I'd bring forward to
18 support that notion is all the folks who stood up and said "we
19 don't need no stinking science, we need to buy land. Why?
20 Because we want to conserve the resources of the area." And it
21 shows that a lot of people don't see the connection between the
22 research that's been going on and good management of land. And
23 I think it's there, but I think more needs to be done to make
24 that connection visible, understandable and real. And think
25 maybe the main point we were trying to convey and the words we

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1 put on paper was that point of trying to -- if there's a change
2 in what's been going on is that it's trying to do research in a
3 way that leads more directly to good information for good
4 management. And I'm arguing that maybe that means some changes
5 in how it's been done. So that's, in general, what we were
6 trying to convey.

7 Tourism is a good example in Prince William Sound.
8 We're getting ready to look at real difficult decisions out
9 there and we have no good information on the most important
10 questions about how many people are using it. Where they're
11 going. What are they doing? What effects are they having on
12 the land? None of that information is there right now. And
13 we're struggling mightily in the Chugach Plan update process to
14 make up for that deficit. It seems harsh that at the end of
15 the 10-year research program that problem would be so
16 powerfully real. So that's an illustration of the
17 transformation of the Research Program that I think we were
18 talking about.

19 CHAIRMAN RUE: Actually, I was lumping your A,
20 B, and C into "research". Unless community projects are bricks
21 and mortar, which I think Dave raised, if it's more the
22 research related "information related", stewardship monitoring
23 of "communities, education, plus public outreach". I was
24 lumping all three, your A, B, C, into that "research" pile, if
25 that's fair.

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1 MR. BECK: Yeah.

2 CHAIRMAN RUE: Torie.

3 MS. BAKER: I'd just like the opportunity to
4 follow up through the juxtaposition, some of the comments that
5 Chris has made in sort of this reality check of how this
6 research is being applied. In his particular case, and I'm not
7 that familiar with the policy workings or the regulatory works
8 in the Management Plan for the Chugach State Park, but as
9 juxtaposed to that, in the marine environment, and you
10 obviously, Frank, have been well aware and I was glad to see
11 finally listed out, and I think this should hopefully elucidate
12 it for many people, of what have been some of the very real
13 management contributions that have been made in the marine
14 environment and in the fisheries through this effort.

15 Everything from otolith marking of pink salmon and then
16 the work on herring. I mean I think that I would like the
17 group to, in the sense of trying to get your hooks into what
18 can science do and how can it be applied in management, I was
19 just very glad to see this list of accomplishments, if you
20 will, integrating applications of this science thus far into
21 the actual management process of many disciplines that we're
22 overlooking here. So I just sort of want to give a yin and
23 yang sort of perspective here, that maybe in this particular
24 management process in looking at the Chugach Forest Management
25 Plan perhaps there are some huge gaps. But I just want to

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1 point out that in some of the very critical issues of fisheries
2 management, some of the very direct work that the Trustees have
3 been able to put forth had been very integral to, I think, the
4 recovery and the restoration of Prince William Sound and our
5 understanding of the ecosystem and how we interact with that.
6 So I just offer that as a comment.

7 CHAIRMAN RUE: See if I understand. Are you
8 suggesting that we have a broad enough mandate for research
9 now? And I wasn't sure if Chris was saying you need to make
10 sure you don't limit what can be looked at, to kind of impacted
11 species or, you know -- did the PAG discuss the mission of
12 research and -- maybe that's exactly what you've been saying
13 and I haven't been quite taking it in. Or has our mandate been
14 broad enough, we just need to look at more applied types of
15 research, rather than the questions we can address?

16 MR. BECK: Maybe I'll feel better about talking
17 so much because I'm taking Chip's slot.

18 (Laughter)

19 MR. BECK: I agree with Torie that the research
20 that's been going on is valuable, I would like to see that
21 value broadened. I think we, as a PAG, would like to see it
22 broadened to the full array of activities in the spill area
23 that affect the long-term health of the ecosystems there. And,
24 to date, the focus has been on sort of a slice of marine that's
25 had implications for management of commercial fishing, but I

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1 think it's been less valuable for other resource management
2 issues. And I think that that can still fall under the
3 umbrella of the original definition of restoration. And we've
4 see the broadening of the research from specific injured
5 species to ecosystems, it's sort of that same trend, just
6 carried on further.

7 But what's been missing, maybe, is thinking what are
8 the future challenges to maintaining the health of the spill
9 area ecosystem and if you start with that question, then you
10 lead to, well, what information do we need to respond to those
11 challenges and they have to do with recreation and with
12 tourism, with ongoing fisheries management, consumptive and
13 non-consumptive tourism, with subsistence. There's a whole lot
14 of tough questions that are still remaining to be solved out
15 there. How can people live and have communities and move
16 between those communities and make a living and not mess the
17 place up?

18 Some of the -- I think, I ought to be starting from the
19 beginning saying, what are the critical challenges, what
20 information do we need to have in hand to answer -- to respond
21 to those challenges and how can we get that information?

22 CHAIRMAN RUE: Chuck.

23 MR. TOTEMOFF: I think the PAG has talked about
24 percentage in a way that leads us to some very rough ideas on
25 how we want to spend this money. For example, we did the

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1 percentages in the land acquisition, which averages out to
2 about a third of the Restoration Reserve. I, myself, put down
3 10 percent because I think most of the large acquisitions are
4 done at this point. I mean if there's any left to be
5 identified later, there will be a Reserve for that.

6 As far as the community projects, we heard from the
7 communities that there's a \$20 million fund that's being
8 proposed. And I have a little question about that. They keep
9 referring to it as tribal entities. What does that mean, is
10 that IRA Councils, Traditional Councils? Does that include
11 Native corporations also because, in the past, Native
12 corporations have submitted projects and I would hate to have
13 the corporations be excluded from that process also. But even
14 the community projects, out of \$150 million, is only 15 percent
15 of the total. So that leaves 75 percent left for research,
16 monitoring, scientific projects, community outreach and these
17 other things that Mr. Pennoyer brought up about being flexible.
18 You know, if there's a larger land transaction, for example.

19 So I don't see that we haven't talked about it, I think
20 we have. And I think we're becoming more clear about what's
21 needed here, especially with the community fund project, that's
22 pretty well defined what the communities are asking for. And
23 as far as habitat protection, I think we've also spoke and
24 wrote it down in black and white here what we want, the PAG, is
25 interested in. I also think the research and monitoring is

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1 important, but the large percentage of what is being proposed,
2 in my mind, is going to go towards those activities.

3 MR. PENNOYER: Thank you, Chuck. Commissioner
4 Rue had to step out for a second, asked me to go ahead and fill
5 in for the moment. Do Council members have any questions of
6 people at this time? Other questions that you can specifically
7 ask or clarification or elaboration? Or shall we just continue
8 to go around the room and get input?

9 Craig.

10 MR. TILLERY: Mr. Chairman, I had originally
11 understood the community projects to be sort of a combination
12 of programs and capital items, like the small boat thing in
13 Port Graham or something. And as I sort of more recently
14 understood it, it really was just kind of a programmatic deal,
15 spirit camps and those sorts of things. And then this morning
16 there was more discussion of sort of capital type projects, a
17 fuel dock was mentioned and stuff like that. I'm kind of
18 curious to know exactly what that is and what it is that people
19 on the Public Advisory Group, whether they support that or not
20 and what -- that's the one -- I think I understand the land, I
21 think I understand the science. The community involvement or
22 the community projects I'm a little fuzzy on.

23 MR. PENNOYER: Anybody want to take a try at
24 that? Rupe, anybody? Chuck?

25 MR. TOTEMOFF: Well, I get the sense it's both,

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1 as far as capital improvement projects and these coordination
2 projects that would be under the community involvement projects
3 that is currently ongoing, so probably a part of that. But
4 more of what I've always advocated is more bricks and mortar
5 projects for the villages.

6 MR. PENNOYER: Jim.

7 MR. KING: I wanted to speak to the endowment
8 idea which came up, I think, at the first PAG meeting that I
9 attended seven years ago or something like that when Dave Rose
10 and others spoke to us. And the rationale for an endowment
11 comes from the enhancement aspect of, I think, the settlement,
12 but if we are looking at enhancement of these things in the
13 long-term, we need to keep some money coming. If we set up an
14 endowment with the 100 million, year one of that is the least
15 amount of money that -- if it's managed like the university
16 manages their money. Year one is when you have the least
17 amount of money available and it continues to grow.

18 Now, watching this process for the last seven years as
19 I have, I remember it was pretty confusing, the work going on
20 and the -- I think everybody had a problem getting off the
21 ground and I watched Dave Gibbons and Jim Ayers (ph) and then
22 Molly put the whole thing together into a really neat
23 organization. It's a well-oiled machine and I like it. I like
24 the way things have trended and, you know, I like the way the
25 Trustee Council has managed things. And how do we build on

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1 that instead of watching it fizz out like your computer files
2 next year?

3 To me, you know, we've had these suggestion to develop
4 an institute for research, there's been a lot of thinking going
5 into that and good proposals. And also I think, in my capacity
6 of thinking what's the best thing for the public at large, I
7 believe it's building a really good institute to perpetuate the
8 wonderful start here and to the enhancement. And I've been
9 accused of having a single-tracked mind with regard to the
10 university, but actually that's not so. What I think is and
11 what the president told us this morning is that the university
12 could design any kind of an institute that the Trustee Council
13 asks for, including an institute that would perpetuate the
14 Trustee Council, perhaps perpetuate some of the staff, an
15 institute that could do contracting as well as teaching and
16 developing its own staff. So I would hope that the Trustee
17 Council would ask the university, give them a list of things
18 you want, these are what we have to have, and ask them for a
19 proposal to do that.

20 And, you know, I'm looking at the -- Veronica told me
21 there's something over 2,000 commentators on what to do with
22 the Restoration Reserve, and I kind of skimmed through those,
23 the way most of you have, and I have the feeling that you don't
24 have to tell anybody "you're out, we're going in a different
25 direction." I think you could design an institute that

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1 wouldn't give everybody everything, but could accommodate the
2 kind of general thinking that has emerged. You know, there's
3 something the villages want, we haven't entirely identified it,
4 but there should be an attempt to accommodate that, and maybe
5 we can't figure it out in the next few months, but we could set
6 up an institute that could try to accommodate that. So I would
7 hope that you would ask the university to come up with an
8 institute. Ask somebody else, ask the Ford Foundation or
9 whoever, but get a good proposal on the table before you have
10 to make a decision.

11 MR. PENNOYER: Thank you, Jim. That comes back
12 to something Mary brought up earlier, and perhaps we were a
13 little bit too glib about putting pots of money together,
14 because it seems to me that, while you're not going to put the
15 pots of money together, many of the things you're talking about
16 doing under research are the same things other people are
17 talking about doing with research with the same people,
18 agencies, university, I mean, it's all -- I don't think you can
19 spend the money interchangeably, but in terms of problems
20 you're trying to solve with the same people -- you mentioned an
21 institute, I will guarantee you the University of Alaska with
22 \$6.6 million for study in the Bering Sea right now already has
23 some research, not an institute, an aggregation coming together
24 to try to deal with the spending of that money.

25 So I think we can't just look at the one system. We

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1 have to look at what we need to do, just like the Commissioner
2 said, there's certain strictures, there's objectives we have,
3 but in terms of ecosystem understanding there are a lot of
4 other things out there and we will be dealing with some of the
5 same people, doing the same work or similar work, under a
6 different standard. So there does have to be a coordination in
7 planning.

8 Did the group discuss any more the mechanism of doing
9 this? I mean we have recommendations on four different areas,
10 are there separate groups doing these things? Is this a
11 research institute for the research part and a land institute
12 for the 10 percent of the lands and a community institute for
13 the 20 percent of the community money? How did you envision
14 that would come together?

15 MR. BECK: It says at the end that we'll take
16 up governance at our next meeting.

17 (Laughter)

18 MR. PENNOYER: That's a fair answer. We will
19 too.

20 MR. BECK: I do think that a number of the
21 characteristics that Jim described did come up, at least
22 informally, and I think are worth drawing attention to, but we
23 didn't get all the answers. Something that endures, you know,
24 some institution that will stick around, that its mission is
25 focused on stewardship of resources in the area and that it's

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1 an institution that is somewhat nimble and able to leverage
2 resources. And I think those are qualities in that, whatever
3 governance body or bodies comes into existence, that I think
4 everybody agrees wanted. You know, so there's a leverage, the
5 right mission and something about nimble. I think that's been
6 a little bit of concern about the university, I don't know if
7 they're right or wrong in those concerns, but listening to the
8 president say "if possible, we'd like to have as little
9 restrictions on this money as possible" adds to my concern
10 about that, because it suggests the university had a fairly
11 complex and broad mission and maybe there would be some tension
12 between that broad mission and the narrower mission that this
13 research, this Restoration Reserve would be focused on. So
14 that's a question to explore further, whether or not the
15 university would -- its mission might not be too broad to carry
16 out the most focused mission this group should be working on?

17 But mostly we didn't answer the question.

18 MR. PENNOYER: Well, you're right, E does state
19 that exactly. And what is the time frame, then, for PAG doing
20 this before we have to deal with this March 1st because
21 that's.....

22 MS. McCAMMON: No.

23 MR. PENNOYER: I'm sorry, Molly.

24 MS. McCAMMON: Just to show you a little bit of
25 the evolution of my thinking in order to kind of facilitate

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1 this process, I thought, well, if we put a lot of focus on kind
2 of the details and the structure and how we would work those
3 things, then maybe the decision on the big question of how much
4 money in each pot or emphasis would kind of fall after you
5 decided those things. And I kind of totally scrapped that idea
6 now, after having had a draft document on the table now since
7 September with absolutely no interest at all from anyone
8 regarding that document. And I think -- and a lot of concern
9 also expressed by people about this concept of what can we do
10 now using existing authorities versus what can be done if there
11 was some sort of congressional or State legislation? As my
12 thinking, evolution, has evolved to the point of let's go back
13 to the main focus of using existing authorities, just what with
14 the existing Trustee Council, the existing structure, what can
15 be done today in terms of deciding how to spend the Restoration
16 Reserve funds, what emphasis should be placed? So kind of
17 going back to the main question of what particular emphasis
18 should be for those funds using existing authorities.

19 And then, if there is an opportunity, because I think
20 ideally we do need -- the only way a lot of these things can
21 really work is by getting the ability to get the funds out of
22 the court system and maybe some other kinds of flexibility,
23 then looking towards what kinds of legislation and all. So I'm
24 actually going back to the structure comes later.

25 MR. PENNOYER: Okay. I guess then in terms of

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1 bringing this -- I think we have to bring it to a close and I
2 think we're going to need a motion to go to executive session
3 at some point here, but in terms of what we need to do between
4 now and March 1st. You said you're interested in coming to a
5 conclusion based on existing authorities, is that pretty well
6 defined? Do we know what our parameters completely are and how
7 we can set this thing up? Or what did you have in mind for
8 March 1st, just making a percentage decision without knowing
9 who gets it or where it goes to or how it integrates with
10 anything else?

11 MS. McCAMMON: I would have a concept for you
12 to start thinking about in the near future, yeah, on that.

13 MR. PENNOYER: Are there other -- yes.

14 MR. COBB: Just thinking about what Molly said.
15 I talked with Craig Tillery a little bit on the last break.
16 After we begin to put this plan together, do we need to
17 identify what changes we need to make in the existing authority
18 so that we can do this plan? Granted, we're working to get the
19 money out of the court system so we can invest it and get
20 better return on our money, but are there other things that we
21 need to look at that give us the flexibility that we believe,
22 the PAG believes that we should have. And, I think, once we
23 start sitting out there and identifying, I think we're going to
24 find there's a lot of things that we have to do with reference
25 to going back to Congress and getting our legislators back

00251

1 there to put something forward to make those changes or whether
2 we have to do it on a State level as well.

3 MS. McCAMMON: I think the big question is the
4 relative emphasis on the various tools for restoration. And,
5 thus far, we basically put the emphasis, two-thirds on habitat
6 protection and one-third on the research, monitoring, general
7 restoration. And so the question before the Council is should
8 that be the same emphasis in the future or should it be changed
9 and how exactly. And I think once that decision gets made,
10 then the focus is how to implement that over a longer term.
11 And there's certainly some difference in what we do in the next
12 three years. Because even when we talk about the Restoration
13 Reserve kind of kicking in, this is all after the year 2002, so
14 we still have two to three years to start implementing it,
15 which was the whole reason for getting the discussion going now
16 so we would have that time to do that.

17 MR. TILLERY: Mr. Chairman, I don't think that
18 you can divorce the -- how we spend the money from how we set
19 things up. I tend to agree that if you can make more money
20 because you can do better investments and there might be a
21 different split that you would do with this money. I almost
22 think there has to be kind of a dual track. I think we have to
23 -- we should decide what is the right thing to do with this
24 money and how should we expend it and how should we manage it
25 and sort of -- even if that requires changes that we don't have

00252

1 control over. At the same time I think we need to figure out
2 what can we do within our existing authority simply because we
3 don't have control over those changes.

4 But I don't think we can do one to the exclusion of the
5 other, otherwise we're going to end up in the year 2000 and not
6 be in the right place and not in position to get there.

7 MR. PENNOYER: Does that -- do you want it
8 back?

9 CHAIRMAN RUE: Keep going, Steve. I apologize
10 for having (indiscernible - simultaneous speech) so why don't
11 you finish it.

12 MR. PENNOYER: Does that lead us to a way to
13 conclude this for the moment, with a request for further input
14 or do we have -- is what we have in front us adequate or do we
15 want people to send us in ideas? How do we want this to occur
16 between now and March 1st? And you said you were going to give
17 us something to chew on, do you have a suggestion?

18 MS. McCAMMON: Well, I think the information
19 that the PAG has put forward is very helpful.

20 MR. PENNOYER: Oh, I do too.

21 MS. McCAMMON: And we try to incorporate it in
22 all of our planning documents and our thinking. The response
23 from the communities, in kind of the meetings that Hugh Short
24 has held, I think has been really helpful. But I think maybe
25 between -- the first decision and I think whatever decision the

00253

1 Council makes on March 1st is just going to be the initial
2 decision, there's going to be a lot more decisions down the
3 road and the PAG is going to be very heavily involved in that.

4 MR. PENNOYER: So you don't think March 1st is
5 the "governance, other legislation requirements and so forth
6 decision point?"

7 MS. McCAMMON: No, I think that's -- no.

8 MR. PENNOYER: It's kind of hard, as
9 Mr. Tillery said to make some of that initial decision you
10 think we're going to make without some concept, at least, of
11 what the parameters are we might look at and what other people
12 are looking at as well. So, it's 1:00 o'clock, Mr. Chairman.

13 CHAIRMAN RUE: Are we ready to move -- I
14 apologize for missing the last 15 minutes. And if we're ready
15 to move on, I need a motion for an executive session, but
16 before I get one I'd certainly like to thank the PAG for
17 closing down this part of the discussion and for all the work
18 you've done and for the opportunity to sit here with you for a
19 day and a half, or a day, I guess, and hear your ideas. And I
20 look forward to subsequent sessions or subsequent dialogue
21 discussion on these issues.

22 So are we ready to finish this and move on to executive
23 session?

24 (No audible responses)

25 CHAIRMAN RUE: Great. Well, thank you all very

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1 much then. I'd entertain a motion.

2 MR. TILLERY: Mr. Chairman, I would move that
3 we go into executive session for purposes of discussing habitat
4 acquisitions, financial and other confidential considerations
5 related to the archaeology RFP, and the Executive Director
6 evaluation.

7 CHAIRMAN RUE: Is there a second?

8 MR. PENNOYER: Second.

9 CHAIRMAN RUE: Okay. Any objection?

10 (No audible responses)

11 CHAIRMAN RUE: Hearing none. Again thank you
12 all very much. I hope it was useful.

13 (Off record - 1:09 p.m.)

14 (On record - 3:41 p.m.)

15 CHAIRMAN RUE: I'd like to call us back into
16 public session. For the benefit of the public, in executive
17 session we discussed the topics of small parcel acquisition,
18 the archaeology proposals and the Executive Director's
19 evaluation. I believe those were the main subjects that we
20 discussed.

21 Now, we're in public session and in our agenda here we
22 said that we would take up the archaeology issue first. Are we
23 ready.....

24 MS. McCAMMON: It's being copied.

25 CHAIRMAN RUE: Okay. It's being copied. We

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1 could take up KAP -- the land acquisitions on Kodiak, if that
2 is all right. Glenn.

3 MR. ELISON: Mr. Chairman, with your permission
4 I'll ask Steve Shuck to come up and talk about the values of
5 the parcels and their status.

6 CHAIRMAN RUE: Great, thank you. Hi, Steve,
7 how you doing?

8 MR. SHUCK: Good. I'm Steve Shuck with Fish
9 and Wildlife Service in Anchorage. I believe the package you
10 have before you has a request for consideration and a
11 resolution to approve funding of two parcels. One is KAP-126,
12 owned by Carl Erickson, it's 40 acres in size, \$72,000 is the
13 appraised value. The second being KAP-124, owned by Sophia
14 Ignatin, appraised value of \$72,300 for 80 acres.

15 Both of these parcels are located at Three Saints Bay.
16 Three Saints Bay itself is significant because it's the site of
17 the first Russian occupation in Kodiak, dating back to the late
18 1700s. The properties, themselves, are valued for subsistence
19 purposes by the residents of Old Harbor for seals, herring,
20 salmon, shellfish, Sitka black-tailed deer and berries.
21 Nearshore marine waters adjacent to the property are important
22 for feeding marbled murrelets and also by pigeon guillemots,
23 harlequin ducks and other sea ducks. They have not had
24 extensive archaeological exploration, but nearby archaeological
25 studies have found a wealth of things, as would be expected,

00256

1 for the long occupational history of the site.

2 CHAIRMAN RUE: Mr. Pennoyer.

3 MR. PENNOYER: Let me just ask a question. In
4 our package we have a map showing Three Saints Bay and various
5 parcels.

6 MR. SHUCK: Yes.

7 MR. PENNOYER: The parcels are designated in
8 sort of a khaki color, it's former Old Harbor lands, and I
9 think the explanation is those are lands that had been
10 purchased already with EVOS funds, they then contribute to the
11 lands that are in white that are part of the current refuge; is
12 that correct?

13 MR. SHUCK: That's correct, but the brownish
14 colored lands were what we purchased in the Old Harbor large
15 parcel acquisition that was completed in '95.

16 MR. PENNOYER: Okay. Then my -- Mr. Chairman.

17 CHAIRMAN RUE: Yes.

18 MR. PENNOYER: Follow-up question. There are a
19 number of parcels in blue or purple or orange that are still in
20 private hands. These two parcels really were the only two that
21 had been offered, then, with willing sellers? That's the
22 reason they have priority over the others?

23 MR. SHUCK: Not completely. The red parcels at
24 the head of the bay were purchased with restoration funds, I
25 believe in '96. The blue parcels on the east side of the bay,

00257

1 one of those is not a willing seller, the second one still has
2 not been approved as an allotment by the Bureau of Land
3 Management. The remainder of the orange parcels are -- we are
4 looking at trying to purchase those through the restitution
5 funds that we have left.

6 MR. PENNOYER: Okay. Thank you.

7 CHAIRMAN RUE: Okay. Any questions of Steve?

8 (No audible responses)

9 CHAIRMAN RUE: No? Glenn.

10 MR. ELISON: I move that the Trustees adopt the
11 resolution to authorize acquisition of the two parcels as
12 described.

13 CHAIRMAN RUE: Do I have a second?

14 MR. TILLERY: Second.

15 CHAIRMAN RUE: Okay. It's been moved and
16 seconded. Is there any discussion?

17 MR. PENNOYER: Noting the parcels are being
18 purchased at the appraised value and as of -- 72,000 for 126
19 and 72.3 for 134, that's correct?

20 CHAIRMAN RUE: Is that correct?

21 MR. SHUCK: That's accurate.

22 MR. PENNOYER: Thank you.

23 CHAIRMAN RUE: Any further discussion?

24 (No audible responses)

25 CHAIRMAN RUE: Okay. All in favor signify by

00258

1 saying aye.

2 IN UNISON: Aye.

3 CHAIRMAN RUE: Opposed?

4 (No opposing responses)

5 CHAIRMAN RUE: It passes unanimously.

6 MR. SHUCK: Thank you.

7 CHAIRMAN RUE: Thank you. Are we ready to go
8 back to the archaeology or should we keep going?

9 MS. McCAMMON: Do that or do Blondeau,
10 whichever.

11 CHAIRMAN RUE: Okay. Why don't we do

12 archaeology?

13 MS. McCAMMON: Veronica will give a

14 presentation.

15 MS. CHRISTMAN: I'm Veronica Christman with the
16 Department of Natural Resources. I have prepared, at your
17 direction, a resolution, actually, capturing the discussion
18 during the executive session. If I might just give a little
19 bit of background for this particular project. Over a year ago
20 now, the Trustee Council passed a resolution addressing the
21 strong interest we had heard for many years in having
22 archaeological repositories in Lower Cook Inlet and Prince
23 William Sound. And on December 18th, over a year ago, the
24 Trustee Council adopted a resolution regarding this issue and
25 directing the Executive Director to issue a solicitation of

00259

1 competitive proposals for a regional repository, not to exceed
2 a million dollars and that repository was to be located in one
3 of the eight communities in Prince William Sound and Lower Cook
4 Inlet in the resolution.

5 And the resolution also indicated that the competitive
6 proposals were to describe a construction or renovation of
7 local display facilities in the remaining eight communities,
8 and those were not to exceed 1.6 million in total, as well as
9 development of traveling exhibits, not to exceed 200,000.

10 And on May 1st of '98, the Natural Department of
11 Resources, on behalf of the Council, issued a request for
12 competitive grant proposals for these facilities. And since
13 that date we have been working with two bidders, Chugachmiut
14 submitted a proposal in partnership with Chugach Alaska
15 Corporation and Qutekcak Native Tribe. Valdez Native Tribe
16 also submitted a proposal in partnership with the City of
17 Valdez. And both groups have been very patient and cooperative
18 in responding to our request. We did submit two subsequent
19 requests after receiving their initial proposals to clarify a
20 number of the issues.

21 The outstanding issues dealt with the longstanding
22 concern the Council had expressed as to whether these
23 facilities would be able to function for the purposes we have
24 in mind, the Council has in mind, for 20 years. You had
25 expressed repeatedly the difficulty in finding funding for

00260

1 operation and maintenance, and the importance of that. And so
2 we did request additional information about those two subjects.

3 Another issue had to do with an aspect of the
4 resolution, which was to obtain a reasonable degree of support
5 from the communities in the affected area. And that language
6 was always difficult to deal with. The resolution makes it very
7 clear that the Council did not expect unanimous support, but
8 did expect a reasonable degree of support to ensure cooperation
9 and that the facility project would support community needs as
10 well as restoration and be successful.

11 And we have, just this week, received the second set of
12 supplementary information from the bidders and the Evaluation
13 Committee evaluated it and reported to you in executive session
14 as to their recommendations. And, in general, the committee in
15 your discussion concurred that the proposals were comparable in
16 that they met minimum requirements in the request for
17 proposals. However, the Chugachmiut proposal did submit with
18 it statements of support from all of the village councils in
19 the affected regions with the exception of the Valdez Native
20 Tribe. The Chugachmiut proposal also had a letter of
21 endorsement from the City of Seward.

22 The Valdez Native Tribe, in contrast, did make a
23 sincere effort to obtain statements of support, and submitted
24 them from the City of Whittier, from Koniag, as well as the
25 University of Alaska, various units of the university, City of

00261

1 Valdez and the Valdez Native Tribe.

2 The resolution before you does attach a number of
3 conditions to use of trust funds for support of the Chugachmiut
4 proposal. And many of those conditions were recommended by the
5 Evaluation Committee to address such issues as being certain
6 that the project manager has the expertise, as well as the time
7 available to ensure the success of this project, as well as
8 being certain that the financial guarantees that were presented
9 as part of the proposal are, in fact, as secure as we would
10 need to ensure the continued operation of these facilities for
11 20 years.

12 And I'd like to conclude with just going through the
13 conditions that are recommended. And one is that prior to
14 authorization of the first phase of the project, the initiation
15 of the project, the planning and design phase, the Executive
16 Director must determine that the project manager designated by
17 the grantee has the necessary expertise, professional
18 qualification and time to ensure successful completion of the
19 project.

20 The second condition is, before the Executive Director
21 may authorize the grantee to proceed to the construction phase
22 of the repository component, an independent review of costs and
23 revenues, the financial guarantees to build and operate the
24 facility and other aspects of the grantee's business plan must
25 be completed, an independent review. The review should be

00262

1 conducted by ADA or a similar organization with appropriate
2 expertise. This is a procedural step that was followed in
3 development of the Alaska SeaLife Center and it's a very
4 constructive one to give the Council more assurance that the
5 facility will be able to remain open, meet your expectations.

6 The third condition is, either the grantee or the
7 grantor may terminate the project after consideration of the
8 results of the independent review of operating costs and
9 revenues.

10 The fourth condition is, before the Executive Director
11 may authorized the grantee to proceed to the construction phase
12 of the repository component, the grantee must provide adequate
13 guarantees to build and support the facility for 20 years. The
14 proposals did include resolutions from -- on the part of the
15 Chugachmiut proposal, they included resolutions from Chugach
16 Alaska as well as Chugachmiut, assuring this financial
17 guarantee. And in the case of Valdez Native Tribe, the City of
18 Valdez essentially provides that guarantee.

19 However, the significance of condition number four is
20 that after the initial year, the first year of planning and
21 design, after the building is actually designed and we have
22 better figures for operation and maintenance of that facility
23 and also after we have the results of the independent auditor's
24 review or the independent review, we would be able to
25 reevaluate whether the financial guarantees are adequate.

1 And the fifth and last condition is before the
2 Executive Director may authorize the grantee to proceed to the
3 construction phase of the local display facility component, and
4 this is the component that would construct -- work with
5 community groups in the remaining seven communities to develop
6 smaller local display facilities, the grantee, in collaboration
7 with the University of Alaska must develop appropriate training
8 programs for staff in the local display facilities. The
9 grantee must finance the training programs with funds other
10 than joint trust funds.

11 And the significance of this final condition is that in
12 the review of the proposals the reviewers who had experience
13 with museums and shipping exhibits out to local areas really
14 emphasized the importance of making sure that, at the receiving
15 end the personnel are well-trained and know how to handle the
16 materials that are being sent to them. And, consequently, we
17 did feel that really underscoring the importance of a training
18 program is significant.

19 And realizing this is a long-term program, as part of
20 operation and maintenance, we included a statement that that be
21 funded by funds other than the Trustee Council part of the
22 long-term operation and maintenance.

23 Do you have questions?

24 CHAIRMAN RUE: Thank you, Veronica. Are there
25 questions of Veronica? Then we need a resolution on the table,

00264

1 probably, to discuss this; is that right?

2 MR. PENNOYER: Want to do that first?

3 CHAIRMAN RUE: Sure, if someone would like to
4 make a resolution. Craig.

5 MR. TILLERY: Well, Mr. Pennoyer was.....

6 MR. PENNOYER: I was ready to second.

7 CHAIRMAN RUE: Go ahead, Steve.

8 MR. PENNOYER: A resolution proposing that we
9 proceed with the proposal as outlined by Veronica to fund and
10 enter into, with the conditions as stated and she read them,
11 proceeding on the development of an archaeological repository
12 with Chugachmiut and based on the conditions here for a total
13 of 2.8 million. And, I think, as the language in here says,
14 plus a reasonable amount of funding for project management and
15 general administration of the Alaska Department of Natural
16 Resources with them administering a grant award to restore the
17 archaeological resources in the Prince William Sound and Lower
18 Cook Inlet.

19 Do you need the whole thing read or is that adequate?

20 CHAIRMAN RUE: I think that's adequate. Is
21 there a second?

22 MR. TILLERY: Second.

23 CHAIRMAN RUE: Thank you. Seconded by

24 Mr. Tillery. You had a question.

25 MR. PENNOYER: Can I ask a question on my own

00265

1 resolution?

2 CHAIRMAN RUE: Yes.

3 MR. PENNOYER: What is the "plus reasonable
4 amount of funding for project management and general
5 administration?" Is that a practical -- what's the practical
6 effect of that?

7 MR. TILLERY: That would take care of my
8 question also.

9 MR. PENNOYER: I made the motion, but I'd like
10 to know.....

11 CHAIRMAN RUE: Perhaps Veronica or Molly could
12 answer it.

13 MS. McCAMMON: Well, we have an actual contract
14 amount and this would, is it seven percent or is it two
15 percent?

16 MS. CHRISTMAN: Seven percent. If it were all
17 done in one year the formula is seven percent of the first
18 250,000, plus two percent of the remaining funds, which in my
19 calculation would be 68,500 in general administration. The
20 proposal, itself, as I recall, envisions spanning three years,
21 period. This is, again, one of those capital projects wherein
22 you could allocate -- approve the funds in one year, we could
23 enter into a contract either for the entire amount at one time
24 or possibly have the allocation be over a three-year period,
25 which would affect cash flow, but would not really affect the

00266

1 proceeding of the project. And that is one of the reasons why
2 in the resolution, at least the work I did on it, I was not
3 able to actually pinpoint what the administrative costs would
4 be.

5 MR. PENNOYER: To follow up, then this money
6 goes to Chugachmiut or the Department of Natural Resources?

7 MS. McCAMMON: Department of Natural Resources.

8 MR. PENNOYER: Okay, that's what I was -- one
9 of the things I was going after.

10 MS. CHRISTMAN: Right, yes.

11 MS. McCAMMON: Mr. Chairman, also on project
12 management, because this is a complicated project that involves
13 eight different facilities, especially in the initial design
14 and planning phases, there will be a lot of work on that. I
15 don't have a complete understanding, yet, of how much
16 additional staff time on the part of DNR or someone at DNR or
17 someone like Veronica, but I think it is going to take somebody
18 a certain number of months to track and oversee this project
19 and we will come back to you later with some more details on
20 that.

21 CHAIRMAN RUE: Okay. Mr. Tillery, do you have
22 a question, first, and then Glenn.

23 MS. McCAMMON: NEPA is also required and then
24 we'll have to figure out the cost for NEPA, too.

25 MR. TILLERY: I guess I had a couple. This

00267

1 reasonable amount of funding for project management and general
2 administration, that's our standard formula for.....

3 MS. CHRISTMAN: Standard, yes. Yes.

4 MR. TILLERY: Okay. In terms of going to the
5 court to request money.....

6 MS. McCAMMON: We won't go to the court right
7 away. We'll have something.....

8 MR. TILLERY: But will the Council come back
9 and adopt another resolution at a later date that will have an
10 explicit amount of money in it?

11 (No audible responses)

12 MS. McCAMMON: We can probably do a budget and
13 a motion.....

14 MS. CHRISTMAN: Yeah.

15 MS. McCAMMON:later that has broken out
16 in more detail.

17 MR. TILLERY: What is the legislative status of
18 this? Has this.....

19 MS. McCAMMON: It's already approved.

20 MR. TILLERY: To what -- for how much money?

21 MS. McCAMMON: I think.....

22 MS. CHRISTMAN: Three million.

23 MS. McCAMMON: Three million, I believe. So
24 the authority was in last year's capital budget.

25 MR. TILLERY: And one more question,

00268

1 Mr. Chairman.

2 CHAIRMAN RUE: Go ahead.

3 MR. TILLERY: It talks about resolving to
4 administer a grant award to Chugachmiut. The proposal is from
5 Chugachmiut with partnership with Chugach Alaska and Qutekcak.
6 Would the grant be just to Chugachmiut or would it be to all
7 three?

8 MS. McCAMMON: All three, I would think,
9 but.....

10 MR. TILLERY: May I suggest that perhaps on the
11 first page in one of the whereases where you reference the
12 partnership arrangements, at the end of that you might want to
13 insert parens Chugachmiut, close parens or quote Chugachmiut,
14 to indicate that when you use the word "Chugachmiut" you mean
15 the entire partnership.

16 MS. CHRISTMAN: Okay. All the partners. As I
17 understand the proposal, Chugachmiut submitted the proposal on
18 behalf of its other partners. In terms of the grant award
19 itself, you know, it may have a slightly different.....

20 MR. TILLERY: Well, what I'm thinking about is
21 when you get into -- like some of your conditions are the
22 grantee must provide adequate guarantees to build and support
23 the facility for 20 years. To my way of thinking, grantee must
24 mean all three of them or the group.

25 CHAIRMAN RUE: I think that's the

00269

1 understanding. Great. Okay. Glenn, you had a question?

2 MR. ELISON: Mr. Chairman. Veronica.....

3 MS. CHRISTMAN: Yes.

4 MR. ELISON:not being familiar with the
5 State's protocols for project management, how long does this
6 run? Is it for the life of the project? You used the figure
7 three years, but I'm not sure where that comes from.

8 MS. CHRISTMAN: Three years, as I recall, is
9 the life of the project. The proposal from Chugachmiut was
10 that it would take them three years to develop this project.
11 And, as you can appreciate, you've got three components and
12 they've got to be timed relative to each other pretty well. As
13 I recall I think their idea was that three of the seven or four
14 of the seven local display facilities might be able to get
15 started first year, but it -- the remain -- there may be three
16 additional ones that would get started [sic], so the work being
17 done under the grant would span three years.

18 MR. ELISON: Mr. Chairman, a follow-up.

19 CHAIRMAN RUE: Go ahead.

20 MR. ELISON: So in concept, once the project
21 goes operational, if you will, then project management ceases
22 under DNR's management?

23 MS. CHRISTMAN: No, it shouldn't cease
24 altogether, although it may change. At that point, instead of
25 dealing with planning and design and developing, making sure

00270

1 your conditions are being met, et cetera, we may be dealing
2 more with compliance.

3 MR. ELISON: So then the DNR involvement could
4 run indefinitely as long as this whole thing is in operation?

5 MS. CHRISTMAN: No, a maximum of three years.
6 And the length of time required may change as you get.....

7 MR. ELISON: But it's not longer than three
8 years?

9 MS. CHRISTMAN: It ought not to be, no. It
10 should conclude with the completion of the project, which would
11 be when the facilities are completed, the traveling exhibit is
12 completed and all the conditions of the grant have been
13 complied with, and at that point, yes, that concludes.

14 MR. ELISON: Okay.

15 CHAIRMAN RUE: Okay. Molly, did you want
16 to.....

17 MS. McCAMMON: Mr. Chairman, could I suggest
18 that I think as we go through grant negotiations in developing
19 this we'll have a better concept of what kind of extra costs
20 there may be. What I would suggest is rather than you
21 approving here "plus reasonable costs" that we actually come
22 back to you with a proposal on that, so you can look at it with
23 it more broken down and it would be a better idea.

24 CHAIRMAN RUE: Could I ask if we've actually
25 proposed amendments to this motion? Did we propose an

00271

1 amendment, because I think this might be one, so we might as
2 well keep track of it. I think Mr. Tillery proposed an
3 amendment which would -- so do we have an amended motion on the
4 floor here? We have to follow the rules I believe, right?

5 MR. PENNOYER: Good idea.

6 CHAIRMAN RUE: Okay. The first one was to
7 amend the language in the first paragraph to include all -- I'm
8 not sure where that was, Mr. Tillery.

9 MR. TILLERY: Right -- Mr. Rue.

10 CHAIRMAN RUE: Yeah.

11 MR. TILLERY: Right in here.

12 CHAIRMAN RUE: On page one behind "all three."
13 Okay. So that's an amendment. Is there any objection to that
14 amendment.

15 MR. PENNOYER: No objection.

16 CHAIRMAN RUE: No, okay. And are you
17 suggesting -- the Executive Director is suggesting that we drop
18 "reasonable costs" or.....

19 MS. McCAMMON: Or "plus the reasonable amount
20 of funding for project management general administration to be
21 approved by the Trustee Council at a later date" or something
22 like that. I don't know.

23 MR. ELISON: Mr. Chairman, I suggest the motion
24 be amended as Ms. McCammon stated.

25 CHAIRMAN RUE: To be approved by the Council,

00272

1 period. Is that a friendly amendment?

2 MR. ELISON: To be reviewed and approved.

3 MS. McCAMMON: Does that clarify enough that we
4 have to come back?

5 CHAIRMAN RUE: I believe that's a clarifying
6 amendment, friendly amendment.

7 MS. McCAMMON: Yeah, okay.

8 CHAIRMAN RUE: Good.

9 MR. PENNOYER: No objection anyway.

10 CHAIRMAN RUE: Good. Okay. Is someone
11 tracking that one? Okay. Any other questions?

12 MR. GIBBONS: No, mine was answered concerning
13 NEPA on the project and how that's going to be handled because
14 it needs to be covered.

15 MS. McCAMMON: Right.

16 CHAIRMAN RUE: Okay. I guess I have one
17 question. You know, my understanding is we've had -- as you
18 said, two very good efforts here and, in some ways, too bad we
19 had to pick one, but I also understand that for both proposals
20 we would have had the same conditions that we were concerned
21 about this regardless of which proposal.

22 MS. CHRISTMAN: Yes.

23 CHAIRMAN RUE: Okay. I think that was my only
24 question.

25 MR. TILLERY: Mr. Chairman.

00273

1 CHAIRMAN RUE: Yeah.

2 MR. TILLERY: I have a comment at the
3 appropriate time.

4 CHAIRMAN RUE: Go ahead.

5 MR. TILLERY: This has been a long process and
6 I think that it started out with a number of different
7 proposals, none of which were quite satisfactory. Eventually
8 we got down to these two, neither of which were satisfactory,
9 and then after some more work on behalf of the staff here and
10 then the staffs at -- the people at Chugachmiut and Chugach
11 Alaska, as well as Valdez Natives and the City of Valdez also,
12 I think we ended up with two good and acceptable proposals.
13 And I, like you, regret that now we have to pick one. It might
14 have been easier if we only had one acceptable proposal.

15 I support this resolution which would award it to
16 Chugachmiut for the reason that, inasmuch as there are two that
17 would do the job, the Chugachmiut proposal does appear to have
18 more support in the region and, in my view, in dealing with the
19 situation for a project such as archaeological repository it is
20 very important to have the support of the people because it is
21 something directly related to the people. And for that reason
22 I would support the Chugachmiut.

23 I would like to thank, though, the Valdez Native Tribe,
24 I think that they did an excellent job with their proposal and
25 the City of Valdez. I don't think the Chugachmiut's proposal

00274

1 would have been as good had the City of Valdez not stepped up
2 and provided the guarantees and so forth that they did. So I
3 guess I'd like to thank both of them, but for the reasons I
4 stated, I support the proposal in this resolution.

5 CHAIRMAN RUE: Thank you, Mr. Tillery. Any
6 other questions or comment?

7 (No audible responses)

8 CHAIRMAN RUE: I would certainly echo what
9 Mr. Tillery said, in fact, exactly the words I would have
10 chosen being this is an archaeology issue and very directly
11 related to the people of the region, I think it's very
12 important that that be a significant criteria for choosing
13 which one. I also hope that Valdez stays involved. I assume
14 that the community will be part of the long-term effort here,
15 so I think that's important as well.

16 So we have a motion, as amended, before us. I think
17 we're ready for a vote. Are we ready for a vote?

18 (No audible responses)

19 CHAIRMAN RUE: Okay. All those in favor say
20 aye.

21 IN UNISON: Aye.

22 CHAIRMAN RUE: Opposed?

23 (No opposing responses)

24 CHAIRMAN RUE: Resolution passes. Thank you
25 very much, Veronica, good job.

00275

1 Okay, let me see, are we ready for the Blondeau parcel?
2 Ms. McCammon, we're ready for that one, you're going to help us
3 through that one?

4 MS. McCAMMON: Yes. Mr. Chairman, this small
5 parcel is Prince William Sound-1056, it's a hundred acres of
6 land within the Valdez city limits at the mouth of Mineral
7 Creek. We have for you a benefits description, a map and
8 attached to that is a resolution from the City of Valdez and we
9 do have the Mayor here. We have our chief negotiator on this
10 for the State, Alex Swiderski.

11 The primary benefits of this parcel is to protect
12 habitat for king salmon, sockeye and recreation/tourism by
13 preventing the loss of wetlands to development. Acquisition of
14 this parcel would also establish beach access for the public,
15 currently only the harbor and Allison Point provide such
16 waterfront access to the public.

17 This land would offer bird and wildlife viewing,
18 beachcombing, hiking, ADA access to the Flats, fishing, kayak,
19 canoe and small boat launching, picnicking and wild food
20 gathering.

21 It has appraised out at \$626,800. Attached the City of
22 Valdez has demonstrated its commitment to this project by
23 offering to sell the adjacent 50 acres for \$10. This would
24 substantially benefit the acquisition of this parcel by an
25 additional 50 acres with 2,650 feet of additional shoreline.

1 The proposal is that State Parks would manage this
2 parcel and maintain public access to the beach. They may also
3 use this parcel to relocate the trail head for the Sheep Bay
4 Trail and improve the parking area on that spot.

5 And we do have -- Alex is here to offer any additional
6 information, and we do have the Mayor who would like to address
7 you on this.

8 CHAIRMAN RUE: Okay. Alex, do you have -- want
9 to offer.....

10 MR. SWIDERSKI: Well, Molly actually covered
11 almost all of it. You do have a proposed resolution in front
12 of you. That resolution provides that -- authorizes the State
13 to offer \$626,800 to buy this parcel. The parcel encompasses
14 approximately 100 acres. A condition of the resolution is that
15 the City of Valdez sell the adjacent 50 acre parcel to the
16 State for the \$10. The resolution also provides that
17 conservation easements on both the 100 acre parcel and the
18 additional 50 acres must be conveyed to the United States,
19 subject to approval by the Department of Justice and the Alaska
20 Department of Law.

21 Discussion with counsel for Mr. Blondeau have indicated
22 that Mr. Blondeau is of the belief that the offer should be
23 higher than \$626,800, and I believe Mayor Cobb has indicated to
24 me that he would like to speak to that proposal as well.

25 CHAIRMAN RUE: Okay. Mr. Mayor, do you want to

00277

1 join us at that table? Thank you.

2 MR. COBB: Thank you. The City of Valdez is
3 still committed to their additional 50 acres for the \$10 fee
4 simple. There is some concern, and I constantly have
5 Mr. Blondeau in my office, at least once or twice a week,
6 discussing this issue, but I know the parameters under which
7 the appraiser was given to value the property. And I have some
8 concerns, as do some of the other public, because this is a
9 very publicly supported project in Valdez. And the concerns
10 have to do with the lack of value given to the intrinsic values
11 of the property.

12 I know the firm that did the appraisal is also the City
13 of Valdez' appraiser, so we -- when I go back and look at how
14 they appraised the property for tax purposes, Mr. Blondeau was
15 -- his property was appraised for riverfront property and for
16 shoreside property, which has a very high value, pretty much
17 anywhere in the State of Alaska. Mr. Blondeau's -- what he
18 felt it was worth, I didn't feel it was worth. He thought it
19 was somewhere in the neighborhood of a million dollars, which I
20 thought was very -- too much, too high. I do believe it should
21 be somewhere in the neighborhood of 750 to 800,000 value, and I
22 think he would probably accept that value. I can't speak
23 directly for him, but I believe that after many discussions
24 with him over it.

25 I know that the Council has battled this concern about

00278

1 how you value intrinsic value when you deal with other parcels,
2 and if you did it strictly on a commercial basis when you look
3 at a large parcel purchase, it has timber and it has other
4 values that add to the commercial value, but when you look at
5 small parcel purchases you purchase it for a reason. And you
6 purchase to protect or restore the environment or injured
7 species. And in this case it does just that. You're paying
8 for a piece of property that has an intrinsic value to
9 restoration and to the injured species. And into the future,
10 providing everything that Molly listed on there.

11 So I would encourage the Council to up the ante
12 somewhat. I don't know if you can do that, but nevertheless
13 the City of Valdez is still committed to the 50 acres that we
14 put in originally. And one of the things that bothers us is
15 the appraisal didn't take that into consideration, the 50 acre
16 contribution to that, and we felt it probably should have.

17 So that's basically what I had to say. If you have any
18 questions.

19 CHAIRMAN RUE: Thank you very much, appreciate
20 your thoughts. Do folks have questions of the Mayor? It was
21 pretty clear.

22 MR. TILLERY: Mr. Chairman.

23 CHAIRMAN RUE: Yeah.

24 MR. TILLERY: What was the tax evaluation?

25 MR. COBB: I can't remember right off the top

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1 of my head, but I.....

2 MR. TILLERY: That was public information,

3 right?

4 MR. COBB: It is, and we can get that to you.

5 MR. TILLERY: Was it less than the 626, I

6 assume.

7 MR. COBB: No, it was higher because he was
8 taxed on the -- it was kind of funny when they did the tax
9 appraisal, the way I understood it was that the stream that
10 flows through there, he was taxed for riverfront lots and then
11 the waterfront bordering Port Valdez he was taxed for
12 waterfront lots value along there, which didn't show up in the
13 appraisal.

14 MR. TILLERY: By the same appraisers?

15 MR. COBB: Yes.

16 CHAIRMAN RUE: Okay.

17 MR. GIBBONS: Mr. Chairman.

18 CHAIRMAN RUE: Are you finished, Craig?

19 MR. TILLERY: Yeah, I'm sitting here a little
20 bit bewildered, so go ahead.

21 MR. GIBBONS: So am I. All the other
22 appraisers I've dealt with, the assessed value sets the
23 appraised value. If a person is being assessed X amount for
24 their property, that's the value of the property set by -- and
25 so I would be very interested to see the assessed value and how

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1 it relates to the appraised value, because our appraiser used
2 to tell us all the time, what's assessed sets the minimum, you
3 know, so.....

4 CHAIRMAN RUE: Okay.

5 MR. COBB: Well, we certainly can find that out
6 for you and get it to you.

7 CHAIRMAN RUE: Okay.

8 MR. TILLERY: Mr. Chairman.

9 CHAIRMAN RUE: Yeah.

10 MR. TILLERY: I guess one other comment to
11 respond to this. The Council, over the years, with respect to
12 large parcels has taken into account things outside of the
13 appraisal and paid in excess of the appraised value where we
14 felt that there was some value to the property that couldn't be
15 captured in a commercial appraisal. But we have never paid
16 more than the appraised value for a small parcel, although I
17 would guess that in 90 percent or more of the transactions we
18 have done with small parcels, we have been asked to pay more.
19 There is absolutely no precedent for us paying more than the
20 appraised value. We're quite willing to work with any
21 individual who believes the appraisal is incorrect and
22 certainly be happy to take into account the property tax
23 valuation stuff, but.....

24 MR. COBB: Well, I know Mr. Blondeau does feel
25 it was not -- the appraisal was in error and, of course, he has

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1 some things that he can't quite understand either. I mean, we
2 had the Heyward parcel on the other end of Port Valdez that was
3 nine and a half acres that the Trustees purchased. It went for
4 something like \$16,000 an acre and his property, which has just
5 as much value, values somewhere around 6,000 an acre. And so
6 there's a -- he can't seem to understand that, and a lot of us
7 can't understand that either. I don't know what you do to
8 that.

9 MR. SWIDERSKI: Mr. Chairman, just for the
10 benefit of the Council, the appraisal was completed late last
11 summer, early in the fall and at that time it was given to
12 Mr. Blondeau and he did prepare written comments to the
13 appraisal, which were conveyed to the appraiser. And I don't
14 recall exactly what the comments were, if they addressed these
15 specific issues, it raised some issues with respect to
16 valuation.

17 The comments were reviewed by the appraiser and the
18 appraisers declined to revise the appraisal based on those
19 comments. Then the comments went to the review appraiser, the
20 State and Federal review appraisers, they then conducted an
21 independent second review of the appraisal, based on the
22 comments and they also declined to review [sic] the appraisal.

23 I do recall the Heyward parcel, I do recall it, there
24 were one or two survey lots with improved gravel pads on
25 those.....

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1 MR. COBB: Uh-huh.

2 MR. SWIDERSKI:that I suspect probably
3 added to the value of the parcel. And, of course, a nine and a
4 half acre parcel is probably going to have a higher value per
5 acre than a 100 acre value would have per acre. And I also
6 recall that Mr. Heyward was very unhappy with the appraised
7 value of his land.

8 MR. COBB: Nobody's happy.

9 MR. SWIDERSKI: We negotiated with Mr. Heyward
10 for quite a long time and as I recall Mr. Heyward complained at
11 the end that, you know, we had not offered him as much as we
12 should have for the parcel.

13 MR. COBB: I think the difference in the
14 Heyward parcel and this particular parcel is that the goal was
15 -- or the goal of the Heyward parcel purchase was that we
16 maintain the integrity of the duck flats. And initially when
17 we did, I think we did a PAG group tour of that and the
18 proposal then was that we would remove those gravel pads
19 because they weren't conducive to the integrity of the parcel
20 itself -- or the overall parcel, so.....

21 CHAIRMAN RUE: Are they gone, I hope?

22 MR. COBB: No, they're still there.

23 MR. PENNOYER: Okay.

24 CHAIRMAN RUE: Who needs some gravel? Okay,
25 any other questions for the Mayor or Alex?

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1 (No audible responses)

2 CHAIRMAN RUE: Do we want to make a motion or
3 do folks feel comfortable putting this on the table now? Or
4 are there enough questions that -- I don't hear a motion yet.

5 MR. TILLERY: Mr. Chairman, I believe that
6 there is a benefit in the Council making an offer, based upon
7 the appraised value. I don't believe that -- again, consistent
8 with the way we have treated everyone else and intend to treat
9 everyone else in the future that it would be appropriate for
10 the Council to make an offer above appraised value.

11 I would move that we adopt the resolution here
12 providing for making an offer for the property at the appraised
13 value.

14 MR. PENNOYER: Second.

15 CHAIRMAN RUE: Okay. It's been moved and
16 seconded that we adopt this. Any further discussion on the
17 motion?

18 (No audible responses)

19 CHAIRMAN RUE: I have one question. I assume
20 that if we make an offer at the appraised value and then the
21 seller raises a legitimate appraisal question that hadn't been
22 considered before, we have a latitude to request a
23 different.....

24 MR. SWIDERSKI: You can always revise your.....

25 CHAIRMAN RUE: Right, if there was something

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1 that was missed before, so we don't foreclose that opportunity.
2 Okay. Any other discussion on this then?

3 (No audible responses)

4 CHAIRMAN RUE: Okay. All those in favor
5 signify by saying aye.

6 IN UNISON: Aye.

7 CHAIRMAN RUE: Those against?

8 (No opposing responses)

9 CHAIRMAN RUE: No? Motion passes then. Thank
10 you very much for your input.

11 I believe that bring us to the close of the business
12 that we had to do today. Let's look at our agenda very
13 quickly. What else did we have on.....

14 MS. McCAMMON: We have one more item, but I
15 don't have the motion on DEC.

16 CHAIRMAN RUE: Which was it?

17 MR. PENNOYER: What did we forget?

18 CHAIRMAN RUE: What haven't we done?

19 MR. PENNOYER: Nothing that's going to take
20 very long, I hope.

21 MR. TILLERY: Is there something about us
22 moving money around?

23 MS. McCAMMON: It wasn't moving money around,
24 it was additional funds for DEC.

25 CHAIRMAN RUE: Was it laundering money?

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1 MR. TILLERY: It wasn't on this agenda, it was
2 on another agenda that I saw.

3 CHAIRMAN RUE: Which agenda? I've lost my
4 agenda now.

5 MS. McCAMMON: (Indiscernible) didn't get it
6 back to somebody, Sandra or somebody, and I thought it went
7 out.

8 CHAIRMAN RUE: Budget amendment Project 99250,
9 Project Management, DEC. There was a DEC issue.

10 MR. TILLERY: It was added late.

11 CHAIRMAN RUE: It was added late.

12 MS. McCAMMON: Yes.

13 CHAIRMAN RUE: Do we need a teleconference to
14 deal with this sometime? No?

15 MS. McCAMMON: Can we add it to the February
16 9th, would that be.....

17 MR. PENNOYER: This is the \$12,700.....

18 MS. McCAMMON: It's \$12,700. We had -- I'm
19 sorry this just kind of flew out. This was a request from the
20 Department of Environmental Conservation for project management
21 for the Kodiak Waste Management Plan Project, which is a very
22 large, complicated, capital project of nearly \$2 million over a
23 three-year period. When DEC first put the budget together last
24 summer they determined that they did not need any project
25 management for that project. Since that time they've actually

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1 reviewed what their commitments are and have come to the
2 conclusion that, in fact, they do need two months of project
3 management to oversee this project, since they also are
4 overseeing two other small projects that they don't have any
5 project management costs for. So the proposal is to add that
6 total amount.....

7 CHAIRMAN RUE: \$12,700.

8 MS. McCAMMON:\$12,700, which is for two
9 months of salary plus general administration to DEC and it's
10 for, I don't even have the project number here.

11 CHAIRMAN RUE: 99250.

12 MS. McCAMMON: Thank you. Project 99250, which
13 is the project management budget.

14 MR. PENNOYER: And this -- okay. Mr. Chairman.

15 MS. McCAMMON: That would be just for this
16 fiscal year. Project management of that project, it's a three
17 year project, so it would just be to initially get it started
18 and then we would look at next year's budget in determining
19 whether project management funds were needed.

20 MR. PENNOYER: That answered my question.

21 CHAIRMAN RUE: Okay. Had you had a chance to
22 look at this and.....

23 MS. McCAMMON: Yes.

24 CHAIRMAN RUE:did you think it was
25 reasonable?

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1 MS. McCAMMON: I recommend that it -- I think
2 that it's a reasonable request, yes.

3 CHAIRMAN RUE: Well, I think we can entertain a
4 motion then, can't we, on this without a written -- want to try
5 that?

6 MR. TILLERY: Do we need to move.....

7 CHAIRMAN RUE: We could do it in February.

8 MR. TILLERY:to change the agenda first.

9 I don't want to get hyper-technical, but it wasn't on the
10 agenda that we approved earlier.

11 MS. McCAMMON: It was on one agenda that went
12 out.

13 CHAIRMAN RUE: It was on this agenda.

14 MR. PENNOYER: The one that was mailed out to
15 me, yeah.

16 CHAIRMAN RUE: Right, it was to.....

17 MR. TILLERY: But not on the one we approved
18 today.

19 CHAIRMAN RUE: Well, if DEC can do it in
20 February, we should just get that.....

21 MR. TILLERY: I'd be happy to move to add to
22 the agenda.

23 CHAIRMAN RUE: Go ahead.

24 MR. TILLERY: I so move.

25 MR. PENNOYER: Second.

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1 CHAIRMAN RUE: And seconded. Any objection?

2 (No audible responses)

3 CHAIRMAN RUE: Hearing none, we've now put it
4 on our agenda. Do I hear a motion on this matter?

5 MR. PENNOYER: Move that we allow the transfer
6 of \$12,700 to Department of Environmental Conservation for
7 administration of this Project 99250.

8 MR. TILLERY: I'll second.

9 CHAIRMAN RUE: Okay, any discussion of the
10 motion?

11 (No audible responses)

12 CHAIRMAN RUE: Any objection?

13 (No audible responses)

14 CHAIRMAN RUE: Hearing none, so moved.

15 Okay, I think that does.....

16 MR. PENNOYER: Move we recess.

17 CHAIRMAN RUE: No.

18 (Laughter)

19 MR. ELISON: Second.

20 CHAIRMAN RUE: Your motion is noted but not

21 heard.

22 MR. PENNOYER: I thought that's what the agenda

23 called for.

24 CHAIRMAN RUE: Is there anyone else that wants

25 to make a motion?

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1 MR. GIBBONS: I'll move that we adjourn.
2 CHAIRMAN RUE: Thank you. Is there a second?
3 MR. PENNOYER: Second.
4 CHAIRMAN RUE: Thank you. You got to have some
5 friends in this group.
6 MS. McCAMMON: Get the next meeting, Steve.
7 MR. PENNOYER: I was just too slow for too
8 long, I guess.
9 CHAIRMAN RUE: Any objection?
10 (No audible responses)
11 CHAIRMAN RUE: Hearing none, we are adjourned
12 until February.....
13 MS. McCAMMON: 9th.
14 CHAIRMAN RUE:9th.
15 (Off record - 4:30 p.m.)
16 (MEETING ADJOURNED)

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UNITED STATES OF AMERICA)
) ss.
STATE OF ALASKA)

I, Joseph P. Kolasinski, Notary Public in and for the State of Alaska and Owner of Computer Matrix do hereby certify:

THAT the foregoing pages numbered 107 through 289 contain a full, true and correct transcript of Volume II of the Exxon Valdez Oil Spill Trustee Council and the Public Advisory Group Joint Public Hearing, followed by a Trustee Council Meeting, recorded electronically by me on the 22nd day of January, 1999, commencing at the hour of 8:43 a.m. and thereafter transcribed by me to the best of my knowledge and ability.

THAT the Transcript has been prepared at the request of:

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

DATED at Anchorage, Alaska this 31st day of January 1999.

SIGNED AND CERTIFIED TO BY:

Joseph P. Kolasinski
Notary Public in and for Alaska
My Commission Expires: 04/17/00