

1                   EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL  
2                               Public Meeting  
3                               Wednesday, November 3, 2010  
4                               1:30 o'clock p.m.  
5                               441 West 5th Avenue, Suite 500  
6                               Anchorage, Alaska  
7 TRUSTEE COUNCIL MEMBERS PRESENT:  
8 U.S. DEPARTMENT OF INTERIOR:       MR. KIM ELTON  
9 (Chair)                               Senior Advisor  
10 STATE OF ALASKA                   CRAIG TILLERY  
11 DEPARTMENT OF LAW:                DANIEL SULLIVAN  
12 STATE OF ALASKA - ADF&G:         COMMISSIONER DENBY LLOYD  
13 U.S. DEPARTMENT OF AGRICULTURE, MR. STEVE ZEMKE Trustee Alternate  
14 U.S. FOREST SERVICE  
15 U.S. DEPARTMENT OF COMMERCE,     MR. CRAIG O'CONNOR  
16 NOAA                                Special Counsel  
17 STATE OF ALASKA - ADEC:           MR. LARRY HARTIG  
18                                       Commissioner  
19  
20  
21 Proceedings electronically recorded, then transcribed by:  
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23 Suite 2, Anchorage, AK 99501 - 243-0668

1 ALSO PRESENT:  
2 ELISE HSIEH  
3 SARAH CURTIS  
4 CHERRI WOMAC  
5 CAROL FRIES  
6

Executive Director  
Patton Boggs  
Trustee Staff  
ADNR

TABLE OF CONTENTS		
1		
2	Call to Order	04
3	Approval of Agenda	04
4	Approval of August 26, 2010 Minutes	05
5	PUBLIC COMMENT	
6	MR. JOYCE	05
7	MS. STUDEBAKER	07
8	MS. McCAMMON	09
9	MS. BIRD	11
10	MR. JONES	17
11	Executive Directors Report	25
12	FFY 2008-2009 Audit	32
13	Habitat	44
14	Cordova Center Proposal	49
15	FY-2012 Invitation	69
16	Adjournment	101

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
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P R O C E E D I N G S

(Anchorage, Alaska - 11/3/2010)

REPORTER: On record.

CHAIRMAN TILLERY: Okay. Thank you. This is the November 3rd, 2010 Trustee Council meeting. Present we have myself, Craig Tillery, who will be acting as the state chair of this meeting for the Department of Law; Commissioner Larry Hartig; Commissioner Denby Lloyd; Craig O'Connor; Kim Elton and Steve Zemke. For those of you online and those of you here, we apologize for starting a little bit late but we had to reconfigure the room and it took awhile to get everything organized.

The first item is the approval of the agenda. Mr. O'Connor.

MR. O'CONNOR: Yeah, Mr. Chairman, I would move a modification to the agenda in the form of a deletion of Items Number 8 and 9, the record of decision discussion by me and the Restoration Plan supplement to be discussed by the Executive Director. Those are not ripe for discussion at this meeting.

MR. LLOYD: Second.

CHAIRMAN TILLERY: Okay. Is there any discussion?  
(No audible responses)

CHAIRMAN TILLERY: Is there anyone opposed to the agenda as amended?

1 (No audible responses)

2 CHAIRMAN TILLERY: Okay. Then that will be the  
3 agenda. And the second item is approval of meeting notes  
4 of August 26th, 1010.

5 MR. O'CONNOR: Mr. Chairman, I move their approval.

6 MR. ELTON: Second.

7 CHAIRMAN TILLERY: It's been moved and seconded.

8 Is there any discussion? Is there any objection to  
9 approval of the meeting notes of August 26th, 2010?

10 (No audible responses)

11 CHAIRMAN TILLERY: Hearing none, they're approved.

12 The next item on the agenda is public comment. We ask the  
13 people to try to keep their comments down to three minutes  
14 per person. We have a pretty ambitious schedule today. So  
15 with that, starting -- if we can start online, is there  
16 anybody out there -- do we know what cities we have online,  
17 Cherri? No? Okay. If -- in an orderly fashion I'll --  
18 any of you online who would like to make public comment,  
19 could you speak your name and who you represent?

20 MS. STUDEBAKER: Yes, this is.....

21 MR. JOYCE: This is Tim Joyce. I'm in Cordova and  
22 I am representing myself this time but formally as mayor of  
23 Cordova.

24 CHAIRMAN TILLERY: I'm sorry, can you -- excuse me,  
25 you're a little bit fuzzy there. Can you speak your name

1 again? Is this Tim?

2 MR. JOYCE: My name is Tim Joyce.

3 CHAIRMAN TILLERY: Okay. Thank you, Tim. Okay.

4 And it might be helpful, by the way, if people would spell  
5 their last names for the benefit of the -- of our  
6 transcription.

7 MR. JOYCE: Okay. J-O-Y-C-E.

8 CHAIRMAN TILLERY: Okay. Thank you. Can you go  
9 ahead and begin your comments?

10 MR. JOYCE: Good afternoon. As I said, I'm Tim  
11 Joyce, I'm the former mayor of Cordova. I want to thank  
12 the Trustee Council for this opportunity to speak to them  
13 on our -- the Cordova Center resolution. I have over the  
14 last seven years worked with our congressional delegation,  
15 our state legislators and several different administrations  
16 and all of this time I have been impressed with the  
17 professionalism, the honesty and the interest that I've  
18 received from these people. I want to especially thank the  
19 Trustee Council for traveling to Cordova just over two  
20 years ago to listen to our community. The six and a half  
21 hours of public testimony was above and beyond what many  
22 boards and councils would have taken the time to listen to  
23 on those two subjects dear and of great interest to  
24 Cordova, herring and the Cordova Center. I was pleased  
25 that you were able to hear from the community that there

1 was great support for the Cordova Center project and the  
2 herring projects. All of that testimony you heard  
3 supported those projects. I was glad that you were able to  
4 hear for yourselves the message that I had been trying to  
5 deliver over the years.

6 I also want to thank you for your patience and your  
7 continued support. So thank you again and I appreciate all  
8 that I've had and all the dealings that I've had with the  
9 Trustee Council over the years. And since we have term  
10 limits, I'm no longer the mayor, so with that, I'm going to  
11 say thank you and good afternoon.

12 CHAIRMAN TILLERY: Thank you, Mr. Joyce. We  
13 certainly have enjoyed working with you over the years.  
14 Any council members have any questions or comments?

15 (No audible responses)

16 CHAIRMAN TILLERY: Okay. I think we had at least  
17 one other person wishing to make comment. Can you go ahead  
18 and speak?

19 MS. STUDEBAKER: Yes. This is Stacy Studebaker  
20 calling from Kodiak and today I'm representing the Kodiak  
21 Audubon Society. And do you want me to spell my last name?

22 CHAIRMAN TILLERY: I think we know it, but why  
23 don't you spell it for the record.

24 MS. STUDEBAKER: Okay. It's S-T-U-D-E-B-A-K-E-R,  
25 just like the car. I'm calling today to sincerely thank

1 the Trustee Council for moving forward with the due  
2 diligence and appraisals for the possible purchase of  
3 Termination Point property and the conservation easements  
4 along the Old and American Rivers from Lesnoi Incorporated.  
5 All of these properties are right along our very limited  
6 road system, that some of you know who have been here, and  
7 they are vital to the continued public recreational  
8 activities and access to basic things like fishing, rivers  
9 and hiking trails.

10           And as you probably know, most of the land along  
11 our road system is privately owned, not public. And the  
12 public is getting increasingly restricted and more squeeze  
13 from land for these basic recreational activities, like  
14 hiking, fishing, beach combing, access and picnicking, et  
15 cetera, right along our road system. And I encourage you  
16 to continue negotiating and working on these purchases with  
17 the remaining habitat protection funds. They will forever  
18 be a legacy of the EVOS Restoration Program to the  
19 community of Kodiak. And thank you very much for the  
20 opportunity to speak today.

21           CHAIRMAN TILLERY: Thank you, Stacy. Are there any  
22 questions or comments from council members for Stacy?

23           (No audible responses)

24           CHAIRMAN TILLERY: Okay. None. Is there anybody  
25 else online that would like to speak?

1 MS. McCAMMON: Yes, Mr. Chairman, this is Molly  
2 McCammon.

3 CHAIRMAN TILLERY: Ms. McCammon, welcome back.

4 MS. McCAMMON: Thank you.

5 CHAIRMAN TILLERY: And you can just spell your last  
6 name for the recorder -- reporter.

7 MS. McCAMMON: I'd be happy to. M-C, capital C,  
8 A-M-M-O-N. And I'm director of the Alaska Ocean Observing  
9 System. And I would just like to commend the Trustee  
10 Council and staff for taking up the issue of developing  
11 long-term programs for monitoring the spill affected region  
12 and for herring restoration. And I would urge you to move  
13 forward with action on both the record of decision for the  
14 final SEIS on the Restoration Plan and then also for  
15 issuing an invitation for proposals. I think this --  
16 fulfills the vision of the council over -- from the past  
17 decade for establishing some kind of a fund to ensure that  
18 there will be some kind of long time series of monitoring  
19 of both the resources and the ocean conditions in the spill  
20 affected region.

21 I also think that in order for this to be an  
22 effective program it needs to have adequate funding to have  
23 at least some kind of a robust program that you could  
24 leverage with other funds. I think if enough funding was  
25 provided to start up this program it would really attract a

1 lot of additional funding and really could create something  
2 very substantial. So I urge you to take action on this  
3 today and I'd be happy to answer any questions.

4 CHAIRMAN TILLERY: Thank you, Ms. McCammon. Are  
5 there any questions from council members or comments?

6 (No audible responses)

7 CHAIRMAN TILLERY: Okay. Hearing none, thank you  
8 again for that. Are there other individuals online that  
9 would like to make a comment?

10 MS. COLLINSWORTH: This is Dawn Collinsworth. I  
11 don't wish to make a comment but I had to step out of the  
12 room earlier and wasn't able to identify myself as being on  
13 the phone representing the USDA Forest Service.

14 CHAIRMAN TILLERY: Okay. Thank you very much for  
15 that. Is -- if not hearing anybody else on line wishing to  
16 make a comment, we'll go to Anchorage and then after that  
17 we'll come back to the online in case someone has just  
18 briefly stepped out or something. So, is there anyone in  
19 Anchorage who would like to make public comment? Mr.  
20 Jones? I'm sorry, I saw his hand first, but go ahead.

21 MS. BIRD: Hi. I'm Nancy Bird, president of the  
22 Prince William Sound Science Center. And I assume you  
23 wanted us to come forward, but maybe I didn't have to.

24 CHAIRMAN TILLERY: That is very helpful because  
25 otherwise.....

1 MS. BIRD: Because otherwise.....

2 CHAIRMAN TILLERY: .....we're not going to capture  
3 you.

4 MS. BIRD: And my last name is B-I-R-D, just like  
5 the bird that flies. I will be very brief because I know  
6 you're getting started so late. I did write a letter,  
7 which I emailed to all of you. I have copies here if you  
8 want if any -- if someone didn't get a copy. But  
9 otherwise, I will just let the letter stand with my primary  
10 comment of urging you to release the RFP today and at a  
11 level of funding that will make these long-term monitoring  
12 and herring restoration programs viable and very worthy  
13 programs. If you have any questions, I'd be happy to  
14 answer.

15 CHAIRMAN TILLERY: Any questions or comments?

16 MR. LLOYD: I guess I'd invite you, Nancy, to  
17 articulate a little bit the background of the levels that  
18 you've asked for. The amounts of money that you're  
19 suggesting be incorporated into the RFP.

20 MS. BIRD: Sure. I took a look at the spreadsheets  
21 that you received last month or two months ago, I guess  
22 now, in August, quite heavily and tried to look at a budget  
23 that I thought would allow for programs to last 20 years at  
24 levels of about a million dollars a year, starting, and  
25 then inflation adjusting for the herring program. And 1.8

1 million is the level I've worked from for the long-term  
2 monitoring program. Those end up -- if you release the RFP  
3 and ask for five year programs, I think that you'll be able  
4 to, as time goes by over every five years, sort of take a  
5 look at what your investment portfolio has been doing and  
6 adjust the next five year program to meet what will  
7 hopefully make those programs last 20 years.

8 I've done a fair amount of talking to some of the  
9 researchers and most of them say that anything less than a  
10 million dollars starting out for a herring program is not  
11 going to get you very far, get you very much. That if you  
12 are looking at not having enough money for a longer term  
13 program, a shorter term would be better at a higher number  
14 than trying to spread the money over a longer term. Does  
15 that answer somewhat what you were.....

16 MR. LLOYD: Well, in general. So, for example, if  
17 we were looking at \$750,000 versus a million, is there some  
18 indication that you will give why the additional 250,000 is  
19 important? Or are you going off of generalized  
20 recommendations of scientists?

21 MS. BIRD: Well, I guess a primary importance would  
22 be that to do research cruises, the cost of fuel going up  
23 has been pretty dramatic over the last two years. We are  
24 looking at increased charter costs as well as other  
25 inflationary costs. So just that. I mean, currently we

1 have 10 PIs involved in the herring research program. That  
2 means you're -- you know, if you divided equally, you're  
3 only putting a hundred K into each of those projects, which  
4 doesn't really get you very far. We're looking at wanting  
5 to continue some oceanography work that we think will be  
6 able to be supported partly by the long-term monitoring  
7 program and have the data work for -- you know, be  
8 informing for both programs very heavily. We need to  
9 continue the disease monitoring program. We want to keep  
10 looking at where these juvenile herring actually are in  
11 Prince William Sound. And that means you've got to travel  
12 throughout the Sound. A lot of the fishermen have been  
13 saying in the past that some of the surveys that have been  
14 done have not been covering where fish are to be found.  
15 And so, in order to try to assure that we really are  
16 covering the whole Sound, it takes a lot of money.

17 CHAIRMAN TILLERY: Any further questions?

18 MR. O'CONNOR: Mr. Chairman.

19 MR. HARTIG: Mr. -- oh.

20 CHAIRMAN TILLERY: Mr. Hartig.

21 MR. HARTIG: Okay. Yeah, I'll be short. Nancy, I  
22 appreciate your thoughts on this. And to your mind, have  
23 we done a satisfactory job identifying what the monitoring  
24 needs are and at this point do you feel if we go out for an  
25 RFP we'll be able to target the -- and get responses on

1 what are the best projects, you know, for the -- whatever  
2 amount is made available?

3 MS. BIRD: For the long-term monitoring?

4 MR. HARTIG: Yeah, for the long-term herring  
5 monitoring, because.....

6 MS. BIRD: Yeah, I think you have the -- you know,  
7 the RFP does a pretty good job of covering a lot of the  
8 different species, areas of research. We've started  
9 talking with some of the folks who have been doing some of  
10 the work in those areas and most seem to be in agreement  
11 that they're with a program so long as it's funded at 1.5  
12 to 2 million. To start out, you could cover -- you could  
13 try to set up something where you would cover some things  
14 every year and other species every two to three years and  
15 do a good job of covering the ecosystem as a whole, so.....

16 MR. HARTIG: Okay, good. Thank you.

17 CHAIRMAN TILLERY: Mr. O'Connor.

18 MR. O'CONNOR: I think Larry asked my question.  
19 I'm concerned that we are -- that we're driving by money  
20 and we're not driving by information, by knowledge that we  
21 need to gain. But it sounds from Nancy's comments that  
22 what we're looking for in terms of the RFP and in terms of  
23 our concern for long-term monitoring we're taking a good  
24 step and you feel comfortable that we're going to be  
25 collecting the appropriate amount of information to the

1 degree of precision that we need to have.

2 MS. BIRD: Yeah, I appreciate your concern, Craig,  
3 in terms of I, over the years, I've asked the same question  
4 as you, why are we, you know, setting a budget and then  
5 instead of -- we should be driving it the other way. But  
6 you drive it the other way and, you know, you are going to  
7 end up with a budget that is untenable if you want to have  
8 a longer term program. And so, you know, I started out a  
9 year ago trying to urge you all to do a 40-year program and  
10 I've come down to compromise and say, okay, a 20-year  
11 program is really all that you can do because there's a  
12 balance point there at -- that you've got to come back to,  
13 so.....

14 MR. O'CONNOR: I'm assuming you're one of the  
15 entities that's going to be submitting.....

16 MS. BIRD: We intend to submit for the long-term  
17 her -- the Herring Restoration Program, probably be the  
18 leaders as we currently are. For the long-term monitoring  
19 we've been talking with other folks and are interested in  
20 being a part of that, possibly being the administrating  
21 entity, but we would not likely be running very many of the  
22 programs. We would -- we were looking for another person  
23 to be the lead scientist on that program and, yeah, someone  
24 who will be hopefully identified as being sort of neutral  
25 and objective, able to communicate with a lot of the

1 different researchers because you have a lot of folks from  
2 different agencies and if you want to get the best program  
3 you need to get everybody working together.

4 MR. O'CONNOR: This will be a comment I'll give to  
5 you as well as -- and I didn't interject when Molly was  
6 testifying, but I would hope that the research community in  
7 Alaska, those folks who are going to be suggesting  
8 approaches and bidding on our request for proposals will be  
9 talking amongst themselves and to the extent that we can  
10 have an amalgamated program that leverages and integrates  
11 the work that's going on already by the various entities,  
12 not just EVOS related but those activities that their  
13 knowledge with regard to the ecosystem, Prince William  
14 Sound or Gulf of Alaska, that that is going on and that we  
15 don't have parallel behavior and that you guys are working  
16 together, so.....

17 MS. BIRD: That's certainly my intent, working with  
18 AOOS, NPRB, OSRI, EVOS -- I mean, that's the way you're  
19 going to get the most bang for your buck.

20 MR. O'CONNOR: Okay.

21 MS. BIRD: Thank you.

22 CHAIRMAN TILLERY: Are there other questions or  
23 comments?

24 (No audible responses)

25 CHAIRMAN TILLERY: Thanks, Nancy. Roy, I think you

1 were -- I saw your hand next.

2 MR. JONES: These were some copies. Should I hand  
3 them out or.....

4 MS. HSIEH: They have -- they all were handed  
5 copies.

6 MR. JONES: Oh, okay.

7 MS. HSIEH: Yeah.

8 MR. JONES: Thank you, Mr. Chairman. I'm Roy  
9 Jones, J-O-N-E-S, and I'm a consultant with Old Harbor  
10 Native Corporation. And Emil Christiansen, the president  
11 of the corporation, has asked that I read you their letter  
12 -- I won't do the whole letter because I understand you now  
13 have it, but just a couple of the paragraphs and making his  
14 case to you about due diligence funding request that he had  
15 submitted. He says I understand that there are two reasons  
16 given about the -- not being on the agenda and so forth.  
17 One was the proposed easement is not in final form; and  
18 two, some feel that a conservation might not already exist.  
19 The letter goes into the fact that we've been working  
20 diligently with Gary Wheeler and more recently with the US  
21 Fish and Wildlife Service, the realty office and so forth,  
22 on a conservation easement. I think we're about 98, 99  
23 percent there in terms of good language. It uses a lot of  
24 the language, Mr. Chairman, that you and Alex Swiderski and  
25 Maria Lisowski and all the rest of the -- you know,

1 negotiated over the year, so there's nothing exotic, but I  
2 think it would be -- it will be very effective in terms of  
3 conserving Sitkalidak.

4           On the other point about there not being a  
5 conservation easement -- or there being a conservation  
6 easement, as far as we know and with everything we've seen,  
7 there is not one. There was a -- as the language in the  
8 letter points out, there was a commitment to make a good  
9 faith effort to pursue and so forth working on one. There  
10 was nothing about no consideration involved in the whole  
11 transaction and I can only say that my -- in my own  
12 experience of working on legislation in the Congress for 21  
13 years, sometimes you talk past one another. And I think  
14 this may have been one of those instances. But it's not  
15 there. There is no conservation easement on Sitkalidak.

16           Old Harbor's board right now is committed to trying  
17 to do a conservation easement. As the Emil Christiansens  
18 of the board fall away and pass away, like Swen Haakanson  
19 and George Inga and Annie Pestrikoff, who you all had met,  
20 who were there when we did the earlier transaction, the  
21 impetus, the drive, the commitment to try to conserve this  
22 island, which is, you know, their backyard and ripe for  
23 potent -- potential for development, I don't think that you  
24 stopped it and the best way is to work out an agreement as  
25 you all had hoped and as we had hoped where you have

1 restrictive covenants that will protect it in perpetuity,  
2 just like these other transactions, and yet allow them some  
3 economic use of the land that is -- fits in -- within what  
4 the Fish and Wildlife Service thinks that they can do and  
5 what the state Fish and Game can tolerate with Denby and  
6 we'd work with Denby's person down in Kodiak on this as  
7 well.

8           Emil's closing argument or closing request is that  
9 we believe that this is a moment in time, in history --  
10 this is him speaking -- to achieve a legacy conservation  
11 step of remarkable and lasting benefit to the natural  
12 resources injured by the Exxon Valdez Oil Spill, to the  
13 public, as well as to the people of Old Harbor. We had  
14 hoped that we were all ready to take the next step on that  
15 path today. We request that the council reconsider now or  
16 in the future, near future, helping to advance this  
17 conservation effort through approval of due diligence  
18 funding. And that's the request.

19           We know that you may not be able to do that today  
20 because it was not on the agenda and for the -- any  
21 transgressions of not moving faster earlier I offer you my  
22 apologies, but we would hope that you all will work with us  
23 and see what can be worked out. I think there is a  
24 transaction there. It's not something that has to cost an  
25 arm and a leg. We know that that's not -- you have lots of

1 priorities, so I think something can be worked out that  
2 would conserve this land and still, you know, meet both Old  
3 Harbor's and your expectations. And that's what they were  
4 asking, that you all take the next step, do an appraisal,  
5 find out -- a couple of different appraisals as suggested  
6 by Fish and Wildlife Service, various combinations of  
7 protections out there, and then that will give you all a  
8 range of values to deal with. And the same thing with Old  
9 Harbor, to see whether there's a package that can be  
10 finalized.

11 CHAIRMAN TILLERY: Thank you.....

12 MR. JONES: Thanks.

13 CHAIRMAN TILLERY: .....Roy. Are there questions  
14 or comments for Mr. Jones? Larry, you look expressive.

15 MR. HARTIG: Well, I was thinking, yeah. I was  
16 thinking, you know me. Thanks, Roy, and do appreciate you  
17 bringing this back up to our attention. And I think that  
18 we just want to make sure we kind of take things one step  
19 at a time. And I encourage you to keep working with Fish  
20 and Wildlife Service and I guess have discussions with  
21 staff at an appropriate time and set things up for our next  
22 meeting so that we can, you know, have it all teed up. But  
23 I don't think you need to wait until May at least to have  
24 some discussions with staff and kind of get things lined  
25 up.

1 MR. JONES: Okay. We'll be ready any time to work  
2 through those.

3 CHAIRMAN TILLERY: Anything else?

4 MR. O'CONNOR: Yeah, I have.....

5 CHAIRMAN TILLERY: Mr. O'Connor.

6 MR. O'CONNOR: .....a couple. Some of what I  
7 understand with regard to the position of Old Harbor and  
8 what you're proposing to do with Sitkalidak, one of those  
9 understandings is that you're suggesting that public access  
10 be managed and access to the island be under the  
11 supervision of Old Harbor Native folks and that the public  
12 would be charged for the access to that. Am I -- is that  
13 correct?

14 MR. JONES: Craig, it would be exactly or very  
15 close to the same as Akhiok-Kaguyak, which you all  
16 negotiated with Akhiok-Kaguyak. And in fact we -- the  
17 prices were higher and I recommended to Old Harbor that  
18 they make the prices the same as Akhiok, and we did that in  
19 negotiations with Gary Wheeler.

20 MR. O'CONNOR: Another thing that I understand is  
21 that there may be some substantial development on  
22 Sitkalidak Island, cabins and resorts, that sort of thing.  
23 Is there going to be.....

24 MR. JONES: Is there any.....

25 MR. O'CONNOR: Are you proposing any development on

1 the island?

2 MR. JONES: No. What we were proposing was like 35  
3 acres. Some of what we did, as you all recall in Tatitlek  
4 and Eyak and Chenega, where you find a five acre site here,  
5 ten acre site there, that makes sense in terms of  
6 ecotourism that could help utilize the island for those  
7 purposes but have it worked out with Gary Wheeler and the  
8 refuge so that you're not putting some sort of development  
9 in an area where you had bear trails, you knew that you  
10 were going to have a conflict with wildlife, fish and  
11 wildlife issues. And so the development sites would be  
12 things that would be picked and decided on in concert with  
13 the Fish and Wildlife Service in consultation with the  
14 state.

15 MR. O'CONNOR: Do you have a sense as to what the  
16 cost ultimately will be to the Trustee Council for  
17 Sitkalidak Island if it's -- if the arrangement is  
18 constructed in such a way to be the most favorable to us  
19 in.....

20 MR. JONES: Most favorable to you?

21 MR. O'CONNOR: To us. And that is preservation,  
22 habitat protection and public access utilization of the  
23 resources to the maximum extent practical. What do you  
24 think it's going to cost us?

25 MR. JONES: You're really putting me on the spot.

1 Until -- unless and until there's an appraisal, I can't  
2 give you something definitive. But if you go back and you  
3 look at the exchange that DNR did with Old Harbor, you look  
4 at the land transactions that were done, you had, you know,  
5 a government position of value, you had the landowner  
6 position of value, and trying to apply US -- the Uniform  
7 Standards for Professional Appraisal practices and so  
8 forth. Larger than a breadbox, smaller than a  
9 refrigerator. You're above, you know, two or three  
10 million. I think you're -- you're certainly below, in my  
11 mind, 15. So until you do the bundle of rights, until you  
12 decide the bundle of rights that are being transferred and  
13 figure out, looking at current values, the percentage of  
14 the fee that you would be acquiring in terms of  
15 conservation easements, and those have ranged, Craig,  
16 everywhere from a low of, you know, 20, 30 percent up to 75  
17 or 80 percent depending on how much of the bundle of rights  
18 that are actually transferring. So that's my rough guess,  
19 is in terms of something that would work for you all and  
20 work for Old Harbor.

21           And when we talked with -- frankly, with Fish and  
22 Wildlife Service recently, their thoughts were let's have a  
23 range of things to negotiate, including, like we did on  
24 Bligh Island, as you all recall. Bligh Island has no  
25 public access but some development sites and public access

1 on Busby Island -- it was a hybrid to try to make the whole  
2 package work. And -- but there was no public access.  
3 That's one way to curtail or bring costs down, even though  
4 some would argue that public access, whether it's in or  
5 out, has no bearing on value. You all know that in terms  
6 of how you view it, in terms of the public's benefit, it  
7 certainly is an issue, a key issue. So I guess I would  
8 suggest no one here is trying to, you know, break the bank  
9 or -- we know you have lots of priorities. Our suggestion  
10 was let's find out through an appraisal. We have an  
11 appraisal ongoing that needs to be updated once an easement  
12 is finalized. You all do the same. I am -- I feel fairly  
13 confident that we can then go find something that fits the  
14 public interest as well as the private interest while you  
15 have a board that is leaning forward in the saddle and  
16 wants to do something.

17 MR. O'CONNOR: Well, at this point, as Larry  
18 suggested, we've got some work to do, and work with our  
19 staff and the agency folks. And we're interested in having  
20 this come to closure, for better or for worse, for good or  
21 for bad, get it off the list.

22 MR. JONES: Good. Thank you.

23 CHAIRMAN TILLERY: Are there other questions or  
24 comments?

25 (No audible responses)

1 CHAIRMAN TILLERY: Thanks, Roy. Appreciate it.

2 MR. JONES: Okay. Thank you.

3 CHAIRMAN TILLERY: Is there anyone else in  
4 Anchorage that would like to make a public comment?

5 (No audible responses)

6 CHAIRMAN TILLERY: Okay. I don't see anyone else  
7 in Anchorage. Is there anyone who has come online now that  
8 would like to comment?

9 (No audible responses)

10 CHAIRMAN TILLERY: Okay. Hearing none, then we  
11 will close the public comment period and the next item on  
12 the agenda is the Executive Director's report. Ms. Hsieh.

13 MS. HSIEH: I'll be brief so that we can get Max  
14 Mertz on, who I think has been waiting for awhile. A PAC  
15 update. The 2010-2012 PAC charter was signed on October  
16 1st and was noticed in the federal register and Doug Mutter  
17 let me know that this morning the appointments were sent in  
18 to the Department of Interior Secretary for approval. The  
19 next PAC meeting tentatively scheduled concurrent with the  
20 next council meeting in person is around late March, early  
21 April and will include an orientation for any new members  
22 and the election of a chair and co-chair. We've continued  
23 a monthly update of council office activities for the PAC  
24 as well.

25 The other item on my list is we have for your

1 review and approval today a contract for IT support and  
2 consulting. We are looking to have -- right now we do not  
3 have any IT staff. We've been talking about what is the  
4 best IT support for the restoration office. I'm looking  
5 into options to get an agency to support this office long  
6 term so that we have an entire IT staff to draw small bits  
7 from web, data, desktop versus trying to have one person  
8 who covers all those areas. In the meantime, this contract  
9 for IT support will take us through until we can get an  
10 agency set up to do that, as well as take on some of -- we  
11 have some data projects that are large. We have a lot of  
12 data from the last 20 years that is our next frontier of  
13 trying to figure out the best and easiest way to make it  
14 accessible to the public, so this consultant would also  
15 work with us, including whatever IT agency takes us on.  
16 And we're in discussions on that. So the contract, you  
17 have it on your motion list, it is for John Wojtacha of  
18 Superior Computer Services in the amount of 81,750, which  
19 includes 9 percent GA.

20 CHAIRMAN TILLERY: Okay. Is that it.....

21 MS. HSIEH: Yes, that.....

22 CHAIRMAN TILLERY: .....for your comments?

23 MS. HSIEH: Yeah, we just need a motion now.

24 CHAIRMAN TILLERY: Okay. So we need a motion. Is  
25 there a motion?

1           MR. O'CONNOR: I would so move a motion to approve  
2 what she said.

3           MR. LLOYD: Second, what he said.

4           CHAIRMAN TILLERY: Okay. We have a motion and a  
5 second. Comments and questions?

6           MR. HARTIG: I guess one question, Mr. Chair.

7           CHAIRMAN TILLERY: Commissioner Hartig.

8           MR. HARTIG: It sounds like it's this -- like, did  
9 you go through an RFD process or something and this is the  
10 final proposal that you selected or how did we end up with  
11 this particular vendor?

12          MS. HSIEH: We don't go through an RFP process for  
13 these types of services. We are exempt from going down  
14 that path for this. We just need your approval with the  
15 name of the contractor for this.

16          MR. HARTIG: Yeah, I just wondered how you got  
17 there, so that's why I was asking.

18          MS. HSIEH: You mean how did I find this person?

19          MR. HARTIG: Yeah.

20          MS. HSIEH: To tell you the truth, I asked around  
21 for recommendations and interviewed him and looked at his  
22 resume and he came highly recommended from some people who  
23 we are -- who we work with, so -- this also is a -- he's  
24 billing by the hour with a -- I believe the contract is  
25 with a 30-day termination, so there's some flexibility if,

1 for example, we ended up going in-house with an agency.  
2 But even if we go in-house with an agency, we're going to  
3 have this sort of what I call Bolis (ph) work with data,  
4 because we have a lot of data that has not been updated or  
5 certif -- it's been falling way behind for much of the  
6 history of the restoration office, so we have some big  
7 chunks of work ahead of us to clean up what we've got,  
8 so.....

9 MR. ZEMKE: How far do you think this contract will  
10 go in cleaning up that data? Will there be significant  
11 amounts of it left or.....

12 MS. HSIEH: Well, hopefully if we get an agency  
13 online that we would be partially funding an IT position  
14 which might be distributed within that IT section for that  
15 agency, we can have them do desktop support and some of the  
16 more basic, consistent tasks. Consistent by meaning  
17 certain number of hours every month. And we could use John  
18 to work with that agency's IT department and with us to  
19 figure out the best way to present our data. And also, we  
20 need to -- we have a lot of sort of mundane data tasks that  
21 we need to work on and we haven't come up with a complete  
22 budget for that. That's the next stage as I see it for the  
23 Trustee Council restoration office administratively, is to  
24 clean up what we have. I can't really present a budget  
25 because that's the next stage and we have a bunch of

1 discussions that we need to go through. Also, technology  
2 is changing so rapidly. We're talking about coming up with  
3 a simple, sort of plain vanilla way, a website where you go  
4 in and can get our data sets from trustee funded research.  
5 And we also want to do that in coordination with whatever  
6 groups take over the long term invitation so that our data  
7 is consistent with their format. So that's sort of a next  
8 stage as well. But we have no IT support right now, so  
9 this would be very helpful.

10 CHAIRMAN TILLERY: Yeah, we need that.

11 MS. HSIEH: We do, and we don't really -- it's  
12 difficult to find a full time state employee to come here  
13 and cover all -- we have like five different areas of IT  
14 that need to be covered but just a few hours a month, which  
15 is I why I'm looking into getting an agency to support us  
16 with that.

17 CHAIRMAN TILLERY: Other comments?

18 (No audible responses)

19 CHAIRMAN TILLERY: Ms. Hsieh, is this money  
20 included within the administrative budget for this fiscal  
21 year?

22 MS. HSIEH: Well, this money, you're not going to  
23 see an increase because actually we -- we haven't had our  
24 IT positions filled, so this money, we might be able to  
25 take that money out of the previously distributed funds for

1 our administrative budget that we haven't used. Is that --  
2 was that your question?

3 CHAIRMAN TILLERY: Yeah, that is kind of where I'm  
4 getting at.

5 MS. HSIEH: Yeah.

6 CHAIRMAN TILLERY: And secondly, the -- so then the  
7 9 percent GA goes to who?

8 MS. HSIEH: The 9 percent GA goes to the Department  
9 of Fish and Game, I believe, for administrating this  
10 contract. This is what happens every time we contract,  
11 this 9 percent goes to the contracting agency.

12 CHAIRMAN TILLERY: And do we have to go to the  
13 court with this or have we already.....

14 MS. HSIEH: I'm going to look into it before I  
15 write the court notice, but -- and Melinda and I, we kind  
16 of talked about this briefly, but I think we might be able  
17 to perhaps use previously, just distributed -- previously  
18 authorized funds from our API budget for the IT section of  
19 the budget.

20 CHAIRMAN TILLERY: So is this essentially perhaps  
21 an amendment to the -- a friendly.....

22 MS. HSIEH: Yes. Yes, it could be handled that way  
23 as well.

24 CHAIRMAN TILLERY: Are there additional -- any  
25 other comments or questions?

1 (No audible responses)

2 CHAIRMAN TILLERY: Okay. I'll.....

3 MR. O'CONNOR: Would you like me to restate my  
4 motion, Mr. Chairman?

5 CHAIRMAN TILLERY: With a little more precision?  
6 Sure, Mr. O'Connor.

7 MR. O'CONNOR: Now that I found it. I move we  
8 authorize the Executive Director to enter into a contract  
9 for IT support services for the remainder of FY-11, ending  
10 September 30th, 2011, with John Wojtacha of Superior  
11 Computer Solutions in the amount of \$81,750, which includes  
12 a 9 percent general administration fee.

13 MR. LLOYD: I'll second it again.

14 CHAIRMAN TILLERY: It has been re-moved and  
15 re-seconded with stunning precision. So any further  
16 comments or questions?

17 (No audible responses)

18 CHAIRMAN TILLERY: Then we will vote on the motion.  
19 All in favor of this motion signify by saying aye.

20 IN UNISON: Aye.

21 CHAIRMAN TILLERY: Opposed?

22 (No audible responses)

23 CHAIRMAN TILLERY: The motion carries. Thank you,  
24 Ms. Hsieh. So the next item on the agenda, unless you have  
25 more, would be Mr. Mertz. Did you want to introduce that?

1           MS. HSIEH: Max Mertz has been involved with the  
2 restoration office for -- I believe almost since its  
3 inception, so he's familiar with the history. I think he's  
4 going to give you a very quick overview of that. Max and I  
5 started talking over the last few months about the annual  
6 audit, which costs about \$35,000. And when I -- whenever I  
7 reviewed the audit, I was having trouble knowing what I  
8 should use it for. It was a lengthy document and took a  
9 lot of time and money to prepare, so I asked Max if he had  
10 some suggestions for a bi-annual audit or tailoring it a  
11 little more to the way the restoration office is run now.  
12 And he has been very, very helpful and has suggested an  
13 agreed upon procedures contract which targets the  
14 particular transactions that the Trustee Council office  
15 typically has fiscal issues with. And this would also be  
16 tailored, if the invitation goes out and whichever groups  
17 come in, we would also continue to tailor that contract to  
18 target those money transfers that tend to have issues. And  
19 I believe Max can better speak to it.

20           CHAIRMAN TILLERY: Max?

21           MR. MERTZ: Yeah, thanks, Elise. Yeah, this is Max  
22 Mertz and Elise just concluded my comments. She summed it  
23 pretty well. The -- with the change in the activity level  
24 and the anticipated future changes, a standard audit just  
25 doesn't make sense anymore. And when you combine that with

1 the fact that we're not seeing issues with the way the  
2 agencies are actually spending the dollars on the projects,  
3 you know, it makes sense to design an engagement that  
4 focuses on, you know, where, you know, potential issues  
5 could arise. Not that we've seen any necessarily, but --  
6 and really what that is, is that's the transfer of money  
7 out through NRDA and through the state fund and then  
8 subsequently to the agencies. And then if those project  
9 dollars aren't used, they just -- tracking of those funds  
10 and making them available back to NRDA and to state funds  
11 so that they can offset future transfers out. So that's  
12 really where I think the focus of the engagement would be.  
13 We've talked on both the federal and the state side. We  
14 think it can be done, you know, reasonably cost effectively  
15 and fairly -- should be fairly straightforward. But it  
16 would take us out of the business of actual auditing  
17 individual projects and it would also take us out of the  
18 business of auditing the funds themselves. You know, both  
19 state funds are audited anyway through the state's process.  
20 NRDA-NR (ph), we would still do procedures to track the  
21 funds through NRDA, so we would be continuing to audit it.  
22 We would still present a balance sheet, if you will, and an  
23 income statement for all three of the funds, so that  
24 information would be, you know, at least present in one  
25 spot for future reference. So it does pin down what we're

1 -- what we were previously doing as far as (indiscernible -  
2 away from microphone).

3 CHAIRMAN TILLERY: Okay. Are there questions from  
4 council members for Mr. Mertz?

5 (No audible responses)

6 CHAIRMAN TILLERY: Okay. Is.....

7 MR. O'CONNOR: Not for Mr. Mertz, but just a  
8 general question. I get very uncomfortable when I think  
9 about reducing the oversight for the management of our  
10 money. And we've run into some problems in the past and so  
11 I have a -- an un-comfort level associated with reducing  
12 this particular effort.

13 MS. HSIEH: Max, can you speak to this which  
14 we.....

15 MR. MERTZ: You bet. You know, the -- maybe just  
16 to fill in some of the blanks. When the -- let's maybe  
17 start with the three funds themselves, the state trust fund  
18 and the settlement trusts. Those funds have protections in  
19 place that are -- will continue to go on and are already in  
20 place that exist through the internal control structure at  
21 the State of Alaska over not only the investment process of  
22 those funds but also the controls over the disbursements of  
23 those funds and the audit of those funds. So the  
24 legislative audit provides a certain amount of oversight,  
25 and in fact those funds are both audited through the

1 Department of Revenue's external audit that's provided by  
2 somebody else. So there's a certain amount of duplication  
3 that was happening already with respect to those.

4           Secondly, on the NRDA side, there's substantial  
5 protections in place over the custody of the assets that  
6 are in NRDA-NR. So, you know, the risk of the funds when  
7 they're in NRDA-NR is what I would characterize as low, so  
8 the dollars, the management of those funds, if you will,  
9 the dollars sitting in all three of those funds, you know,  
10 have other protections and controls in place. You don't  
11 need to look to my firm or to an audit of EVOS sheets. It  
12 provides for these.

13           Now, if we look at the other side, which is the  
14 ultimate expenditure of those project dollars, both on the  
15 federal and the state side, our experience has been,  
16 frankly, that we have seen that the agencies are watching  
17 those dollars fairly closely, and that is an experience  
18 over many years now, see, and part of that, I think in  
19 large measure, is due to the fact that as the projects --  
20 or as the expenditures have gotten less, they've become  
21 more precious, if you will. I mean, people are just paying  
22 a lot closer attention to how those dollars are getting  
23 spent to accomplish the DPTs -- DPDs that are laid out for  
24 those projects. So there's been a certain audit effort  
25 that's gone into that that, you know, frankly we just

1 haven't seen a lot of return for your dollar on that we  
2 did, you know, many, many years ago, back in mid nineties,  
3 late nineties. When you talk about the management, the  
4 custody and the control of the dollars, where we need to be  
5 very careful is that when a court notices this done and  
6 dollars go out of the state settlement -- or state  
7 investment fund to either the State of Alaska or to NRDA  
8 for the federal agencies, they would then stand according  
9 to the cash flow plans and the work plans that are set out  
10 for those projects. When those project dollars -- so we  
11 want to make sure that the dollars that are going out from  
12 each of those two funds to those agencies are appropriate  
13 so we're dispersing the right amount. We're going to  
14 continue to audit that.

15           Secondly, when those agencies receive those  
16 dollars, they need to have controls in place so that they  
17 track those projects by -- or track those dollars by  
18 project and then if there's any project dollars that aren't  
19 spent in accordance with the project, those dollars are  
20 then returned to NRDA-NR and are left in the settlement  
21 trust on the state side so that they can be used then to  
22 offset future disbursements. We're going to continue to  
23 audit that.

24           And so where the focus will be is the flow of funds  
25 back and forth between this investment fund and the federal

1 and state agencies and then back for unspent project  
2 dollars. And that, you know, what history has shown us is  
3 where we should have the focus, so that's we're designed  
4 for. So I think that when I look at it from an auditor and  
5 certainly a general contractor, you know, I want to make  
6 sure that we're designing these procedures in such a way  
7 that I -- you know, I feel comfortable that at least we're  
8 covering the bases and I think that, you know, given the  
9 interaction that we've had with the federal liaisons, the  
10 state folks, I think we're accomplishing that through this  
11 (indiscernible).

12 MS. HSIEH: We also have calendared for when we  
13 find out who the proposers are and who the lead proposers  
14 are to the invitation. Max, Dede, the liaisons and I have  
15 all talked about getting back together once we know who the  
16 players are and tailoring these agreements so that it's  
17 appropriate to those entities.

18 MR. O'CONNOR: Okay. All right. Thanks, Max.

19 CHAIRMAN TILLERY: Other questions for Mr. Mertz?  
20 Mr. Elton.

21 MR. ELTON: Well, this has been an interesting  
22 discussion. So, it leads to the question then, as we  
23 transition on several different levels, and as the audit  
24 process has transitioned to reflect those, I mean, we're  
25 prepared under this motion to prepare -- or to spend no

1 more than we've spent in the past.

2 MS. HSIEH: That's correct.

3 MR. ELTON: But the.....

4 MS. HSIEH: The estimations are more like \$10,000  
5 instead of \$35,000 annually. Oh, I'm sorry. Prepared to  
6 spend from Trustee Council funds to fund.....

7 MR. ELTON: Right.

8 MS. HSIEH: Yes.

9 MR. ELTON: Right.

10 MS. HSIEH: Yes.

11 MR. ELTON: And so the anticipation is we're not  
12 going to spend more but we could spend less.

13 MS. HSIEH: The reason why this audit procedure,  
14 why I called Max and said, you know, let's review the audit  
15 procedure isn't necessarily because of the amount. I just  
16 noticed that the audit cost \$35,000, that we received the  
17 document every year, that the document didn't seem to maybe  
18 target or discuss things. It seemed to look the same, no  
19 problem here, no problem here, but it was very lengthy and  
20 took a lot of staff time, a ton of Max's staff time to  
21 prepare. So I called Max and I said is there a better way  
22 to make this widget. And Max said, yes, I'm so glad you  
23 called because if you ask me to do an official audit like  
24 you have from the very beginning of the restoration  
25 program, which was necessary at that time, I have to check

1 all these boxes. But I'm spending a lot of time, as you  
2 see over the years with this audit -- and he's probably  
3 more eloquent -- but fulfilling standard auditing practices  
4 versus actually looking at EVOS and the way we run and  
5 targeting the transactions which really should be looked at  
6 more carefully and spending our time there. So, I don't --  
7 Max perhaps can be more.....

8 MR. ELTON: So, and Max, I guess what I'm getting  
9 to is you would anticipate if you're spending less time  
10 checking all the boxes, that we'll be spending less for --  
11 on the audit.

12 MR. MERTZ: Yeah, that's right. I mean, it would  
13 be, although I'm not quite sure about the quote that Elise  
14 said, that's -- you know, it should be.....

15 MS. HSIEH: Yeah, it's.....

16 MR. MERTZ: .....more in that ballpark, but.....

17 MS. HSIEH: Yeah.

18 MR. MERTZ: .....you know, it depends on exactly  
19 what we end up doing, but it will be substantially less,  
20 Kim. There's no question about it. But Elise hit on a  
21 very important point, is that we're actually changing the  
22 standard. There's more than one or two sets of  
23 professional standards that CPAs follow in providing attest  
24 services. And when you -- previously when we were using  
25 the auditing standards, statements on auditing standards,

1 those require us to use -- to do very specific, very  
2 thorough and detailed administrative steps and to also  
3 issue the report, the document that Elise talked about that  
4 has a certain amount of notes to financial statements, the  
5 disclosures that are just required as the result of an  
6 audit. So a lot of time and frankly cost went into, you  
7 know, areas that really weren't providing value to the  
8 Trustee Council because there's just no use for those.  
9 There's no external user that was really interested in  
10 that. Whereas when we changed the agreed upon procedures,  
11 that's a separate set of standards, the statements on  
12 standards for attest engagements they're called, and those  
13 standards allow us to just target specifically to the  
14 procedures. I mean, we will literally enter into a  
15 contract with EVOSTC that says, you know, we will do A, B,  
16 C and D and report to you on the results of those. And  
17 that is more than anything else is what gets us away from,  
18 you know, the non-value added type of things you're getting  
19 now.

20 MR. ELTON: Thanks, Max. Thanks, Mr. Chairman.

21 CHAIRMAN TILLERY: Any other questions for Mr.  
22 Mertz?

23 (No audible responses)

24 CHAIRMAN TILLERY: Do I hear a motion?

25 MR. O'CONNOR: Well, it's your turn.

1           MR. ELTON: Can I do a generalized one? Mr. Chair,  
2 I move we approve transition from the audit as authorized  
3 in our FY-11 APDI budget to the agreed upon procedures  
4 contract for 2010 with Elgee Rayfield & Mertz for an amount  
5 not to exceed the previously budgeted and authorized  
6 amount.

7           MR. O'CONNOR: Second.

8           CHAIRMAN TILLERY: Okay. It's been moved and  
9 seconded. Are there questions or comments about the  
10 motion? Mr. Hartig.

11          MR. HARTIG: Yeah, Mr. Chair, I think I'll just  
12 summarize what we just talked about, and that is our  
13 objective here is not necessarily to save money but to kind  
14 of focus in a more targeted way on those transactions  
15 accounts that have a higher potential for concern and I  
16 guess just better use of the money that we're putting into  
17 this audit, you know, following all the appropriate  
18 accounting safeguards and procedures. We're not here to  
19 save money, we're here to accomplish that goal. If we save  
20 money along the way, that's fine.

21          CHAIRMAN TILLERY: That's my understanding, Mr.  
22 Hartig. Any other comments? I guess the one question I  
23 had was it talks about the agreed upon procedures. I take  
24 it they're not already agreed upon, so.....

25          MS. HSIEH: No, we're working on them.

1           CHAIRMAN TILLERY:   .....who agrees upon them and do  
2 they come back to the council or is that as approved by the  
3 Executive Director or how does that work?

4           MS. HSIEH:   We.....

5           MR. MERTZ:   If I could just interject on that.  
6 We've done many of these engagements and typically it's the  
7 auditor and management that identify those and then the  
8 governance committee, in your case you, would approve  
9 those.

10          CHAIRMAN TILLERY:   Meaning that it would come back  
11 -- you would work with the Executive Director on the agreed  
12 upon procedures and it would come back to the Trustee  
13 Council for approval of the agreed upon procedures.  Is  
14 that correct?

15          MR. MERTZ:   Or -- yeah.  Exactly.  Yeah, review or  
16 at least -- yeah, review at least and if you guys wanted to  
17 approve those, certainly as well, yeah.

18          MR. O'CONNOR:   I think that's appropriate to  
19 do.....

20          MR. HARTIG:   Yeah.

21          MR. O'CONNOR:   .....ultimately.

22          CHAIRMAN TILLERY:   Okay.  Are there any other.....

23          MS. HSIEH:   So -- oh, okay.

24          CHAIRMAN TILLERY:   Oh, sorry.

25          MS. HSIEH:   So Max has a rough outline at this

1 point, but Max, if we fine tune that outline and get it to  
2 the trustees and if it's approved around March or April is  
3 that in time with your next cycle for -- to review the  
4 2010?

5 MR. MERTZ: Yeah.

6 MS. HSIEH: Yes? Okay.

7 MR. MERTZ: Yeah.

8 CHAIRMAN TILLERY: Additional questions or  
9 comments?

10 MR. ZEMKE: I guess the other one is along with the  
11 procedures there would be an agreed upon amount that we'd  
12 be dealing with, so that would be available also at the  
13 March meeting then.

14 CHAIRMAN TILLERY: Okay. And then we'll move  
15 to.....

16 UNIDENTIFIED SPEAKER: Call the question.

17 CHAIRMAN TILLERY: Call the question and vote. All  
18 in favor of the motion, signify by saying aye.

19 IN UNISON: Aye.

20 CHAIRMAN TILLERY: Opposed?

21 (No audible responses)

22 CHAIRMAN TILLERY: All right. The motion passes.  
23 Thank you, Mr. Mertz.

24 MR. MERTZ: Thank you. Talk to you later.

25 CHAIRMAN TILLERY: Thanks. Okay. The next item on

1 the agenda is habitat, which is Carol Fries and Jen Schorr.  
2 And I'm counting upon Mr. O'Connor to tell me at some point  
3 he needs a break.

4 MR. O'CONNOR: I need a break, Mr. Chairman.

5 CHAIRMAN TILLERY: Tough.

6 MS. FRIES: Hello. My name is Carol Fries,  
7 F-R-I-E-S. I'm with the Department of Natural Resources.  
8 And this is a minor housekeeping item before you today.  
9 We're just asking that you re-authorize the \$175,000 that  
10 was previously authorized as matching funds for the  
11 purchase of the Mutch-Jacobs small parcels that are located  
12 at the mouth of the Anchor River. And this match  
13 compliments a National Coastal Wetlands grant that was  
14 awarded to the Alaska Department of Fish and Game several  
15 years ago. The acquisition -- the parcel is currently held  
16 by The Nature Conservancy because of erosion and accretion  
17 issues. There were difficulties in terms of the legal  
18 description in the appraisal and a variety of other issues  
19 that needed to be resolved. Those have been taken care of.  
20 The grant description and grant requirements have been  
21 addressed by the Alaska Department of Fish and Game and the  
22 closing documents are with The Nature Conservancy,  
23 currently undergoing review. We hope to have those back  
24 shortly and then they will need to go to the Bureau of Land  
25 Management for their review and approval by the solicitor

1 before we can actually close the transaction. So it would  
2 be very helpful if you could re-authorize those funds so  
3 that we can bring this project to completion. I think  
4 we're close to the finish line finally.

5 CHAIRMAN TILLERY: Thank you. Ms. Schorr, did you  
6 have anything to add?

7 MS. SCHORR: No, just that I look forward to  
8 fishing at the mouth of the Anchor River.

9 CHAIRMAN TILLERY: Okay. Are there questions or  
10 comments for Carol?

11 MR. HARTIG: No. Mr. Chair, I move to approve the  
12 re-authorization of the funds for the Jacobs and -- is it  
13 Mutch?

14 MS. FRIES: Mutch.

15 MR. HARTIG: Mutch. Anchor River small parcels in  
16 the amount of 175,000. This authorization shall terminate  
17 if the purchase agreement is not executed by October 30,  
18 2011.

19 MR. ELTON: Second.

20 CHAIRMAN TILLERY: Okay. It's been moved and  
21 seconded. Are there questions or comments?

22 MR. ZEMKE: I guess I have one question. Is there  
23 a definitive need to have this by October 30th, 2011 or,  
24 you know, do you anticipate it going beyond that? Or do we  
25 re-author -- or authorize the funds beyond that period so

1 that we wouldn't have to have another meeting and another  
2 discussion to do that?

3 MS. FRIES: We'll let Jen answer that question.

4 MS. SCHORR: I am very hopeful that we will be  
5 closed. Yeah. And I'm hoping that we'll be closed by the  
6 end of 2010. That may be slightly optimistic but certainly  
7 by the expiration of the.....

8 MS. FRIES: Yeah.

9 MS. SCHORR: .....current date.

10 MR. ZEMKE: By calendar year 2010 or fiscal?

11 MS. SCHORR: Calendar.

12 MS. FRIES: Calendar.

13 MS. SCHORR: Sorry.

14 MR. ZEMKE: Fiscal year 2010 is over with already  
15 anyway, so okay.

16 MR. O'CONNOR: But do you need this in there for  
17 negotiation purposes? Do you need a fuse like this?

18 MS. SCHORR: I don't believe so in this.

19 MS. FRIES: No.

20 MS. SCHORR: No.

21 MS. FRIES: I think all parties want this to close.  
22 We're not dealing with anyone who is intentionally dragging  
23 their feet. I think we've made significant progress, it's  
24 just that it takes time. And I'm not sure that a deadline  
25 is going to speed up the BLM review, which is what I

1 anticipate taking the most time at this point.

2 MR. O'CONNOR: Okay. And the sooner the better  
3 while we're under a continuing resolution, because that  
4 budget is going to be whacked in the future, so -- the  
5 conveyance budget is.

6 CHAIRMAN TILLERY: Okay. Other questions or  
7 comments?

8 MR. O'CONNOR: I would just propose to amend the  
9 motion to delete the October 30th, 2011 date.

10 MR. HARTIG: I don't know that we can have an open  
11 authorization like that though. I assume there has to be a  
12 date in there just as good practice.

13 MR. O'CONNOR: Then we keep it. I withdraw my  
14 proposal.....

15 MR. HARTIG: I mean, I just.....

16 MR. O'CONNOR: .....to amend the motion.

17 MR. HARTIG: In business I never would have  
18 authorized something with an open-ended checkbook.

19 CHAIRMAN TILLERY: Particularly when it requires  
20 unanimous consent then to terminate.

21 MR. O'CONNOR: No, that's fine then. You're  
22 smarter than I am at this stuff.

23 CHAIRMAN TILLERY: One -- just to clarify, there is  
24 a draft resolution in the binder that I assume we'll be  
25 asked to sign, and so am I correct on understanding that

1 this motion is intended to capture this draft resolution  
2 and if it passes then.....

3 MS. FRIES: Right.

4 CHAIRMAN TILLERY: .....the draft resolution  
5 is.....

6 MS. FRIES: It will -- yes.

7 CHAIRMAN TILLERY: .....should be signed?

8 MS. FRIES: Yes.

9 CHAIRMAN TILLERY: Okay. Anything else? Call the  
10 question -- all in favor of the motion, signify by saying  
11 aye.

12 IN UNISON: Aye.

13 CHAIRMAN TILLERY: Opposed?

14 (No audible responses)

15 CHAIRMAN TILLERY: The motion carries.

16 MS. FRIES: Thank you.

17 CHAIRMAN TILLERY: Thanks, Carol.

18 MS. SCHORR: Thank you, Carol.

19 CHAIRMAN TILLERY: And Ms. Schorr, you can stay  
20 right there.

21 MS. SCHORR: Okay.

22 CHAIRMAN TILLERY: The next item on the agenda is  
23 the Cordova Center proposal. Ms. Schorr.

24 MS. SCHORR: Yes. Before I begin, I'm going to ask  
25 Linda -- I'm not permitted to use the computers without

1 supervision, so.....

2 (Pause - setting up)

3 MS. SCHORR: Thank you, Linda. So, as you are all  
4 aware, in May of 2008 the Trustee Council voted to approve  
5 funding of 7 million dollars or up to one-third, whichever  
6 amount was less, for -- towards construction of the Cordova  
7 Center. The Cordova Center, particularly as the Trustee  
8 Council moves towards the phase of winding down and the  
9 services provided here in Anchorage are wound down and  
10 phased out, the Cordova Center offers a unique opportunity  
11 to shift some of those administrative functions to another  
12 facility. This here is an artist's rendering of what the  
13 Cordova Center will look like. So the -- what has been --  
14 as we've moved towards these administrative functions, one  
15 of the things, the new resolution is in front of you today.  
16 There was not a resolution signed following the May 2008  
17 meeting, so the resolution that is in front of you today  
18 clarifies those purposes. And to help do that and to help  
19 explain how the Cordova Center as envisioned fits into the  
20 restoration fund and the restoration plan, Bill Brighton  
21 from Department of Justice is going to address those  
22 questions. Would you like lights on for your portion?

23 MR. BRIGHTON: No.

24 MS. SCHORR: Okay.

25 MR. BRIGHTON: I'm going to speak only briefly but

1 I just want to emphasize that this is a -- kind of a unique  
2 kind of project. It should be obvious to everybody that  
3 building a building isn't ordinarily something that one  
4 would consider to be per se restoration of natural  
5 resources, so this is kind of an unusual arrangement. But  
6 as Ms. Schorr mentioned, the functions of this really are  
7 largely administrative services to be provided over a  
8 substantial period of time. And there's sort of a  
9 confluence of interests. Obviously Cordova had a very  
10 strong interest in creating the center. And Trustee  
11 Council had a need for some facilities in a particular  
12 location, this location, which the council clearly  
13 determined to be a very valuable location to have those  
14 facilities and services available. And so as the  
15 resolution reflects, the arrangement isn't so much focused  
16 on building the building as restoration but rather as  
17 providing funding up front so that that facility can come  
18 into existence in return for a flow of use of facilities  
19 and services over a period of time. And that's the  
20 arrangement that's clearly reflected in the proposed  
21 resolution. That's all I'm going to add.

22 MS. SCHORR: Does anyone have any questions for Mr.  
23 Brighton before he is done?

24 CHAIRMAN TILLERY: Any questions for Mr. Brighton?

25 MR. O'CONNOR: I just got to do this.

1 CHAIRMAN TILLERY: No.

2 MS. SCHORR: Craig.

3 CHAIRMAN TILLERY: Resist.

4 MR. O'CONNOR: This is so obvious; what took you so  
5 long? That's okay. Thank you, Bill, very much.

6 MS. SCHORR: Thank you, Bill.

7 CHAIRMAN TILLERY: I would note that the Trustee  
8 Council does have a binder that talks about the Cordova  
9 Center and what it's going to be doing and some of the  
10 conditions. And I think Ms. Schorr is going to explain  
11 some of that, but I would add that this thing is  
12 substantially better than the record that we had when we  
13 originally did that and it is due primarily, if not  
14 entirely, to the efforts of the Department of Justice and  
15 Mr. Brighton and I really appreciate the fact that they  
16 have helped us hone this into a much better product for the  
17 council.

18 MS. SCHORR: Thank you. Before I walk through it,  
19 I just have a few slides that will sort of go into some of  
20 the details about the services that will be provided by the  
21 Cordova Center. One of the conditions that was envisioned  
22 by the Trustee Council in May of 2008 is that the City of  
23 Cordova would come -- would have firm funding commitments  
24 prior to any expenditure of EVOS Trustee Council funds on  
25 the Cordova Center. That -- and the original deadline for

1 that to occur was the end of December 2010. In the current  
2 resolution, that deadline has been removed, although there  
3 is still a requirement that prior to the expenditure of any  
4 EVOS related funds for the Cor -- for construction of the  
5 Cordova Center that NOAA and the Alaska Department of Law  
6 have approved those expenditures. And later in the  
7 presentation we will walk through the current status of the  
8 fund raising efforts.

9           So, and as Mr. Tillery noted, you do have the  
10 proposal in front of you. The charts that I'm showing you  
11 here today are all in the proposal, so you can study them  
12 at your leisure. This is essentially an overview of the  
13 different components that will be contained in the Cordova  
14 Center and a note -- I'll see if I can explain the math,  
15 which I'm not good at. But essentially the tables --  
16 there's a table for each component in your binder. They're  
17 not all contained in this presentation today. But the  
18 tables for each component quantify the area to be used for  
19 EVOS related purposes as adjusted for the percentage of  
20 time devoted to that use, also known as the adjusted EVOS  
21 square footage, which in this table is the middle column.  
22 The table above summarizes this equation and the adjusted  
23 square footage multiplied by the building cost per square  
24 foot. And in order to demonstrate this in a more,  
25 hopefully, comprehensible manner, what I'm going to do is

1 show you. I hope that you can all see that. Again, it's  
2 in your binder if you can't. This is the chart that  
3 reflects those figures for the conference and meeting  
4 component of the Cordova Center. So what you have is a  
5 description of the elements in that component. For  
6 example, the conference and meeting component contains a  
7 main auditorium that will hold up to 225 people. There's  
8 an AV control room. A prop storage room and shop. Prep  
9 rooms, restrooms, multipurpose community room, et cetera,  
10 et cetera.

11           The column that's second to the left is space size.  
12 That's the square footage of the space. So, for example,  
13 the main auditorium is 3415 square feet. The column, the  
14 third from the left, is the EVOS space that's being used.  
15 So for example, of the 3415 square feet in that conference  
16 and meeting component, the main auditorium, of that space,  
17 all of it will be used for EVOS related purposes. And in  
18 the next column over what's reflected is that all of that  
19 square footage will be used, approximately 40 percent of 9  
20 percent of the time. So, taking those two numbers, what  
21 you come up with is the adjusted square footage, EVOS,  
22 which is 1673. And then multiplying that times the cost  
23 per square foot in the far right hand column -- and I  
24 apologize, that probably should have been flipped, those  
25 two on the far right hand side, but the cost square -- per

1 square foot remains constant at \$660 per square foot. \$660  
2 is multiplied times the adjusted -- by the adjusted square  
3 footage, EVOS, and that leads to the multiplier of square  
4 footage cost for EVOS related purposes. So using those  
5 numbers, this gives you a reflection of the -- sort of the  
6 EVOS dollar value, if you will, on the right hand column  
7 versus the adjusted EVOS square footage.

8           This is the view from the building site out over  
9 the harbor in Cordova. And the Cordova Center is currently  
10 under construction. Groundbreaking occurred in August.  
11 This simply walks through -- and again, I won't belabor  
12 these charts, but this walks through the library component.  
13 It's anticipated that, you know, that good portion of the  
14 space in the library will be dedicated to EVOS related  
15 materials.

16           This is the current status of the Cordova Center  
17 funding commitments. I'll walk through these. I will also  
18 note that Cathy Sherman from the City of Cordova is here  
19 today and if anyone has any questions about this chart I  
20 will defer those to Ms. Sherman. So as of the end of  
21 September, I believe is when these numbers were provided.  
22 Is that correct? The City of Cordova at that time had firm  
23 commitments for the following and from the following  
24 sources. From municipal in secured funding, 1.72 million.  
25 Federal and state sources, secured funding, 16 -- over 16

1 million. Potential sources -- and those, it's my  
2 understanding, are primarily grants through -- smaller  
3 grants through federal agencies, a variety of grants, and  
4 that those are -- have been applied for. That's over two  
5 million dollars. Foundations, 1.27 million. Corporate  
6 donations, 180,000. Local donations and fund-raisers,  
7 secured funding, 23,000 projected. And again, that's -- my  
8 understanding those are, yeah, either firm commitments or  
9 donations that are actually in hand, and that's 106,000.  
10 In-kind donations for a total of 75,000. So the total  
11 secured and projected as far as the numbers is 21,773,000.  
12 The current project budget for the project -- and it's my  
13 understanding that the expected completion will be in the  
14 fall of 2012, so the current project budget is slightly  
15 lower than that secured and projected number that you see  
16 above. Does anyone have any questions for Cathy or me?

17 MR. O'CONNOR: Is this part of the federal, our 7  
18 million?

19 MS. SHERMAN: Yes.

20 MS. SCHORR: And I believe that -- obviously that's  
21 counted in the secured funding category. Anyone else?

22 MR. ZEMKE: With the grant money, when are most of  
23 the grants due?

24 MS. SHERMAN: They're stretched out because we're  
25 phasing the project too, they're stretched out over various

1 times, depending on the stage that we need them. We've  
2 been trying to very carefully apply and time it out, so  
3 it's a couple of different fiscal years.

4 MS. SCHORR: Are there any other questions for Ms.  
5 Sherman?

6 MR. O'CONNOR: Yeah, is our money being used as  
7 matching for the grants?

8 MS. SHERMAN: No, actually not in.....

9 CHAIRMAN TILLERY: Cathy, you might want to come up  
10 if you're going to -- we're apparently going to get more  
11 than just a.....

12 MR. O'CONNOR: No, I'm done after this question.

13 CHAIRMAN TILLERY: Okay. Well, I just -- just make  
14 sure it gets on the record.

15 MS. SCHORR: Commissioner Hartig has question also.

16 MS. SHERMAN: Not -- the EVOS money has not been  
17 used in the grant funding at this point in time because you  
18 hadn't signed off officially on it, so we've used other  
19 sources as matches.

20 CHAIRMAN TILLERY: Commissioner Hartig.

21 MR. HARTIG: Yeah, I'll just note that it doesn't  
22 appear from this that there's any debt on the building. I  
23 mean, there's -- it's all grants and out of pocket, so  
24 there's going to be no debt on this building.

25 MS. SHERMAN: That's our sincere hope. We do have

1 -- and we have spoken with USDA in case we run into any  
2 final shortages in terms of a low interest loan, but we're  
3 pretty sure we can do it all okay.

4 MR. HARTIG: Yeah, the.....

5 MS. SHERMAN: Construction -- actual construction  
6 dollars are all secured at this point in time, counting the  
7 7 million. Everything that -- the grants and the  
8 foundation monies, everything is for FF&E. And so, the  
9 final phases.

10 MR. HARTIG: So I mean I guess that's positive in a  
11 sense that, you know, if we're putting 7 million into this  
12 building I would be worried if I saw a 90 percent financing  
13 or some risk of default. I'm not saying there would be,  
14 you know, but I didn't know if that's one of the conditions  
15 that we have, is that on our percent that there's not debt  
16 -- you know, I mean, not -- that it's not used as security  
17 for debt or -- I guess I'm not sure -- what we do have is  
18 that we would make payments only quarterly and only up to a  
19 third of the billings. And we do have a requirement that  
20 the funding be secured. That we have a commitment -- that  
21 we have continued use of it for its useful life, I think,  
22 projected to be 50 years or something like that. I didn't  
23 read it that closely. But I just wonder if there's a risk  
24 of the Cordova, the City of Cordova losing the property,  
25 you know, if it was used for financing other projects, used

1 as collateral, that thing -- that sort of thing in the  
2 future.

3 MS. SHERMAN: I don't believe that that's something  
4 the city wants to look at either, but we have created a  
5 business plan and, you know, have -- the city has committed  
6 to the long term operation and maintenance of the facility.  
7 It has purchased the land. A lot of those things have been  
8 kind of thought through and are secured.

9 MR. HARTIG: Yeah, I like the current status.

10 CHAIRMAN TILLERY: And certainly I think one of the  
11 key factors in this for us is that there is a guarantee  
12 that no one will come back to the council for  
13 operating.....

14 MR. HARTIG: Right. I saw that.

15 CHAIRMAN TILLERY: .....monies. And not having the  
16 debt I think really makes that very viable.

17 MR. HARTIG: I do too. Scale back their operating  
18 costs to a certain point.

19 CHAIRMAN TILLERY: Are there other questions or  
20 comments at this point for -- about the funding?

21 (No audible responses)

22 CHAIRMAN TILLERY: Okay. Ms. Schorr.

23 MS. SCHORR: Okay. This just shows the artist's  
24 rendering of how the building will look from the street  
25 side approach and the building is designed to sort of lie

1 along the hillside. So, that's all I have. I will very  
2 briefly walk through and I think -- unless anyone has any  
3 additional questions for Ms. Sherman?

4 (No audible responses)

5 MS. SHERMAN: Thank you.

6 MS. SCHORR: The resolution reflects the conditions  
7 in order for Cordova to receive the funding from the  
8 Trustee Council. And I won't go into those in great detail  
9 but essentially the following conditions will apply to the  
10 funding:

11 Number 1, a portion of the facility will be used to  
12 provide administrative support for the EVOS restoration  
13 program, including educating the public and building  
14 scientific knowledge relating to the impacts of the spill  
15 and restoration of those impacts and further restoration  
16 goals.

17 Number 2, the City of Cordova will provide -- and I  
18 referenced this previously -- before any expenditure of  
19 EVOS funds, documentation demonstrating to the satisfaction  
20 of the Alaska Department of Law and NOAA that the city has  
21 firm commitments for the funding of all the anticipated  
22 costs of construction and that the Cordova Center will be  
23 used for the EVOS related purposes as described in the  
24 version of the proposal in front of you today.

25 Number 3, that the city will provide a written

1 commitment that it will fund all operation and maintenance  
2 costs, as Mr. Tillery stated, and it not request those  
3 funds from the EVOS Trustee Council. So the city is  
4 responsible for all of those ongoing costs following  
5 construction.

6           Number 4, the Trustee Council will fund the  
7 expenditure of up to 7 million dollars plus interest earned  
8 on that amount after it is made available to the state, or  
9 one-third of the cost of construction, whichever is less.  
10 Funds will be distributed on a quarterly basis to pay for  
11 not more than one-third of the billings for the  
12 construction phase of the project.

13           Number 5, the city will provide meeting space for  
14 EVOS related meetings and workshops. Those would include  
15 things such as Trustee Council meetings, Public Advisory  
16 Committee meetings, meetings or workshops of researchers  
17 who are conducting EVOS related work or work funded by the  
18 Trustee Council free of any facility charges for the life  
19 of the facility, which as Commissioner Hartig stated, is  
20 estimated at a minimum of 50 years. The conference center  
21 includes the auditorium and theater with a capacity of 220  
22 people, multipurpose community room and small meeting room.

23           Number 6, the museum component of the Cordova  
24 Center in that component, 3450 square feet of the total  
25 5925 will be dedicated to EVOS related exhibits and

1 interpretive displays for the life of the facility unless  
2 otherwise approved by the Trustee Council. And in the  
3 appendices to the proposal you will see an exhibit, sort of  
4 a draft exhibit plan and a draft exhibit museum narrative  
5 that envisioned what some of those EVOS related materials  
6 might look like.

7           Number 7, museum includes a science discovery and  
8 education room that's 850 square feet, a hundred percent of  
9 which is devoted to EVOS related activities for the life of  
10 the facility. That includes a lab equipped with wet and  
11 dry sinks and storage for scientific equipment.

12           Number 8, the library will contain 3450 square feet  
13 out of a total of 5652 of EVOS materials for the life of  
14 the facility unless otherwise approved by the Trustee  
15 Council. Subject to the agreed space limitations, the  
16 library shall accept all EVOS related documents approved or  
17 transferred to it by the Trustee Council. The library will  
18 also serve as a resource for EVOS related media and various  
19 film makers, researchers and authors. As I think the  
20 recent gulf spill indicated, there's still -- particularly  
21 following an event like that, there's increased, greatly  
22 increased interest in the EVOS and the impacts and  
23 restoration.

24           Number 9, all of the facilities and services  
25 described above will be provided to the Trustee Council or

1 any successor organization free of any use or maintenance  
2 charges in consideration for the payments from the EVOS  
3 restoration fund towards the Cordova Center's construction  
4 costs.

5 And the final, Number 10, is a requirement that  
6 conditions above must be made legally binding through a  
7 contract or other appropriate form of agreement reviewed  
8 and approved by the Alaska Department of Law.

9 CHAIRMAN TILLERY: Mr. Elton.

10 MR. ELTON: Thanks. A couple of questions.....

11 MS. SCHORR: Sure.

12 MR. ELTON: .....on the conditions that you just  
13 went through, Jen.

14 MS. SCHORR: Uh-huh.

15 MR. ELTON: On number 5.

16 MS. SCHORR: Uh-huh.

17 MR. ELTON: Two questions. I mean, I understand  
18 that there is a commitment that they will provide free of  
19 facility charges for the life of the facility space for  
20 EVOS related meetings.....

21 MS. SCHORR: Uh-huh.

22 MR. ELTON: .....or potentially other purposes, but  
23 that doesn't get to the question of -- I mean, there's a  
24 management issue potentially here, that if they committed  
25 to a -- if they committed space to a tourism conference,

1 for example, does this commitment mean they have to bump  
2 those people that a space commitment had been given to if  
3 in fact it conflicts with an EVOS related meeting that may  
4 be scheduled after they've committed the space to somebody  
5 else?

6 MS. SCHORR: It's my understanding that -- well, I  
7 think first that probably many of the -- at least as far as  
8 the research type workshops, meetings, those tend to happen  
9 not during tourist season for the simple reason that that's  
10 when the researchers are out conducting field work. But --  
11 and I should perhaps defer to Cathy Sherman on this, but  
12 it's my -- I -- my understanding that the EVOS related  
13 facilities or, you know, gatherings, conferences, would  
14 not, you know, be permitted to bump previously scheduled  
15 items for which the Cordova Center might be receiving  
16 income, but that those gatherings, if previously scheduled,  
17 also would not then be removed for other.....

18 MR. ELTON: So kind of.....

19 MS. SCHORR: .....engagements.

20 MR. ELTON: .....to be determined on the part of  
21 management and what they -- what kind of accommodations  
22 they can negotiate for both parties in this case.

23 MS. SCHORR: Does that sound accurate?

24 MS. SHERMAN: That sounds correct. And I would say  
25 we've looked at it already within the business plan and

1 have talked about that from, you know, bumping the girls  
2 scouts, local girl scouts as far as, you know, an economic  
3 driver too. So we have been working that and building that  
4 into the business plan.

5 MR. ELTON: Okay. And then I guess the other  
6 question, where -- is how broadly do we define EVOS related  
7 meetings. So for example, after the gulf oil spill there  
8 was an awful lot of interest in the Exxon Valdez spill. If  
9 you broadly define EVOS related, a lot of people that were  
10 coming to Cordova and Anchorage and every place else, I  
11 mean, that's -- that was EVOS related potentially, but  
12 would they qualify for free use or is it just EVOS.....

13 MS. HSIEH: But this is.....

14 MR. ELTON: .....Trustee Council?

15 MS. HSIEH: Often people put EVOS when they mean  
16 EVOSTC. Was the intent in this resolution to be Trustee  
17 Council related needs or EVOS, the spill?

18 MS. SCHORR: I think there would need to be a nexus  
19 with the Trustee Council.

20 CHAIRMAN TILLERY: I would think that the  
21 triggering of that would be that there's Trustee Council  
22 funding involved in the meeting. In other words, it's.....

23 MR. ELTON: Okay.

24 CHAIRMAN TILLERY: .....the Trustee Council is  
25 there, the PAC's there, the herring research group is

1 there. Those kinds of things would be EVOS.....

2 MR. ELTON: Related.....

3 CHAIRMAN TILLERY: And maybe it would be more  
4 accurate to say EVOS Trustee Council related.

5 MS. HSIEH: Yeah, just a TC related.

6 CHAIRMAN TILLERY: And I understand your point as  
7 the lawyer, suddenly I think, oh yeah, right, related.....

8 MS. HSIEH: Versus the spill.

9 CHAIRMAN TILLERY: .....bad word.

10 MS. HSIEH: Yeah.

11 CHAIRMAN TILLERY: So.....

12 MR. ELTON: That's it, Mr. Chair. Thanks. Thanks,  
13 Jen.

14 MS. HSIEH: That change could be made throughout --  
15 well, through many of the paragraphs perhaps. Not all of  
16 them, but.....

17 CHAIRMAN TILLERY: Okay. Are there other questions  
18 or comments from council members?

19 MR. O'CONNOR: Could we add a condition 11, that  
20 when we have Trustee Council meetings there we get those  
21 spaghetti dinners we had.

22 MS. SHERMAN: You want king salmon?

23 UNIDENTIFIED SPEAKER: You don't want some salmon?

24 MR. O'CONNOR: I liked the spaghetti. That was  
25 good.

1 MS. SCHORR: I'm pretty sure you'll be able to get  
2 spaghetti, so.....

3 MS. HSIEH: The spaghetti contingency.

4 MR. O'CONNOR: I might not get -- but maybe not.  
5 Thanks, Jen.

6 MS. SCHORR: You're welcome. Is that all?

7 CHAIRMAN TILLERY: Any other questions or comments?

8 MR. ZEMKE: Well, I would just like to say, thank  
9 everybody for working so hard and diligently and finally  
10 getting this up to the council where we can actually work  
11 on passing the resolution and I urge all other council  
12 members to vote in the affirmative for this worthy project.

13 CHAIRMAN TILLERY: I think our first step here is  
14 that we need a motion.

15 MR. O'CONNOR: I move what she said.

16 CHAIRMAN TILLERY: Okay.

17 MR. O'CONNOR: Move to approve funding of the  
18 Cordova Center as detailed in the council's resolution  
19 regarding the Cordova Center blank.

20 MR. ZEMKE: I'll second.

21 MR. ELTON: And I would say with the potential  
22 clarification on the definition of EVOS to EVOS Trustee  
23 Council.

24 CHAIRMAN TILLERY: Mr. O'Connor, is that part of  
25 your.....

1 MR. O'CONNOR: Oh, absolutely.

2 CHAIRMAN TILLERY: .....motion?

3 MR. O'CONNOR: Absolutely.

4 CHAIRMAN TILLERY: Okay. Thank you.

5 MR. O'CONNOR: That was part.....

6 CHAIRMAN TILLERY: Okay. This has been moved and  
7 seconded. Is there additional comment or questions from  
8 the council?

9 MR. LLOYD: Well, Mr. Chairman, it's been a long  
10 process. I'm glad that we're at this point finally and  
11 this project has my strong and heartfelt support.

12 CHAIRMAN TILLERY: Thank you, Mr. Lloyd

13 MR. O'CONNOR: And I would like to add that not  
14 only did Bill Brighton of the Justice Department did a hell  
15 of a job on this but so did you guys and Jen in particular.  
16 And so thank you for that effort, very much.

17 MR. ELTON: I just want to express my appreciation  
18 for being able to vote on this without having to do all the  
19 work that led up to it because, so thanks, Jen.

20 CHAIRMAN TILLERY: And I would like to express my  
21 appreciation to the Department of Justice for the work that  
22 they've put in on this and for helping to make this a  
23 better project and a better process. I think given the  
24 size of this, it would be appropriate to take a roll call  
25 vote. Ms. Hsieh, do you want to call the roll or shall I

1 do that?

2 MS. HSIEH: Oh, go ahead, Mr. Chairman.

3 CHAIRMAN TILLERY: Okay. On the motion,  
4 Commissioner Hartig?

5 MR. HARTIG: Yes.

6 CHAIRMAN TILLERY: Commissioner Lloyd?

7 MR. LLOYD: Yes.

8 CHAIRMAN TILLERY: Mr. O'Connor?

9 MR. O'CONNOR: Yes, subject to the Justice  
10 Department's approval. Oh, wait, that's what I said last  
11 time.

12 CHAIRMAN TILLERY: Yeah.

13 MR. O'CONNOR: Yeah, I think it's a great idea.  
14 I'll vote for it.

15 CHAIRMAN TILLERY: Mr. Elton?

16 MR. ELTON: Yes.

17 CHAIRMAN TILLERY: Mr. Zemke?

18 MR. ZEMKE: Yes.

19 CHAIRMAN TILLERY: And I vote yes also. The motion  
20 is carried and we will have a resolution as slightly  
21 modified with Trustee Council available at the end of the  
22 meeting. Thank you, Ms. Schorr.

23 MS. SCHORR: Thank you.

24 UNIDENTIFIED SPEAKER: Thank you.

25 CHAIRMAN TILLERY: The next two items on the agenda

1 have been removed. That brings us to the FY-2012  
2 invitation, unless Mr. O'Connor indicates that he needs a  
3 break.

4 MR. O'CONNOR: No, I'm doing just fine.

5 CHAIRMAN TILLERY: Okay. Ms. Hsieh.

6 MS. HSIEH: Hello. We have the.....

7 CHAIRMAN TILLERY: Or anyone else.

8 (Off record discussion regarding break)

9 CHAIRMAN TILLERY: Why don't we take a five minute  
10 break.

11 MR. O'CONNOR: See, now that's true leadership  
12 right there.

13 REPORTER: Off record.

14 (Off record)

15 (On record)

16 CHAIRMAN TILLERY: Resuming the November 3rd, 2010  
17 Exxon Valdez Trustee Council meeting, we are at Item  
18 Number, I guess 8 on the revised agenda, the FY-2012  
19 invitation. Ms. Hsieh.

20 MS. HSIEH: The draft invitation for federal fiscal  
21 year 2012 has been out in draft for, oh, in one form or  
22 another, the last six month it's been worked on. The  
23 contents reflects hard work by the EVOS staff; Catherine  
24 Boerner, the science coordinator; the long-term monitoring  
25 panel, which was pulled from our science panel, which has

1 been a fantastic resource; the trustee agency liaisons. In  
2 addition the draft invitation also is intended to append  
3 the IHRP, which you finalized at the last meeting after a  
4 lot of hard work, again, from staff, Catherine Boerner, our  
5 herring panel and Department of Fish and Game comments.  
6 And we appreciate all the work that has gone into this  
7 draft invitation and the IHRP, which is related.

8           This draft invitation, it needs a couple of things.  
9 It needs expected funding amounts and it also needs  
10 guidance with regard to the IHRP and which restoration  
11 option or options the Trustee Council is interested in  
12 pursuing. With regards to the IHRP, our recommendation is  
13 that the -- is for the council to pursue the long-term  
14 monitoring option, option number 2. While the herring  
15 population has not returned to pre-spill levels, it has  
16 remained stable over the last several years. The reasons  
17 for their population -- excuse me, the reasons for their  
18 inability to return to pre-spill levels are numerous,  
19 including a regime shift in Prince William Sound; heavy  
20 predation by humpback whales, whose numbers are growing by  
21 a substantial amount; lack of food availability, possibly  
22 due to the regime shift and over-fishing prior to the  
23 spill. It's been hypothesized that the current population  
24 is the new carrying capacity in the Prince William Sound  
25 based on the factors previously listed and it would be

1 unable to return to pre-spill levels.

2           The other options presented in IHRP have  
3 substantial risks in actually making the situation worse  
4 for herring and other fish, seabirds and mammals in Prince  
5 William Sound. Our concerns about proceeding with an  
6 active restoration technique is that there's a very real  
7 possibility that we could spend a large portion of the  
8 remaining funds and realize that the technique doesn't  
9 work. Thus we recommend that the best use of remaining  
10 funds with regards to herring would be to begin a long-term  
11 monitoring program in collaboration with the Department of  
12 Fish and Game that would increase their ability to  
13 effectively manage herring in Prince William Sound which  
14 could contribute to their continued recovery.

15           Working backwards from that, the expected funding  
16 amounts as a straw dog to lay on the table, I could suggest  
17 herring at one million dollars annually; long-term  
18 monitoring at two million dollars annually; storm water at  
19 1.7; marine debris at one; and response, lessons learned at  
20 700,000. The two -- first two numbers, herring and long-  
21 term monitoring at one and two million dollars annually  
22 would go through federal fiscal year 2032. Again, this has  
23 been discussed sort of repeatedly. These discussions and  
24 the funding amounts are for five-year/multi-year contracts.  
25 Halfway through the contracts are the workshop where the

1 PIs and those long-term programs would come together and  
2 present their work for the state and federal  
3 administrative, the Trustee Council, and members of the  
4 Trustee Council's science panel or science advisors at that  
5 time. So the next five-year contract could be tailored  
6 based on those results.

7           In addition, the funding amounts, expected levels,  
8 what we're working for is five-year/multi-year contracts,  
9 which the first would be -- the funding would be authorized  
10 this August 2011 for the 2012 federal fiscal year. That  
11 would run for five years and then the Trustee Council could  
12 then adjust its funding for the second five-year contract.  
13 Of course the Trustee Council has the legal authority to  
14 adjust its funding at any time and would meet annually to  
15 re-authorize the multi-year contracts. But I would  
16 encourage the Trustee Council to -- as we head down this  
17 path to consider consistent five-year amounts for -- so  
18 that we can get results and have some consistency, which  
19 we've all been working for.

20           In addition, those numbers that I sort of threw out  
21 as a straw dog would be increased by 2.75 percent annually  
22 for inflation, with the exception of the storm water,  
23 marine debris and response, which I just gave you numbers  
24 for.

25           The second topic that I wanted to bring up is in

1 addition a lot of work has gone -- has been done on  
2 lingering oil, which has narrowed our scope of what the  
3 Trustee Council has been looking at, and I would recommend  
4 the issuance of a federal fiscal year 2011 invitation  
5 requesting pilot projects for the 2011 field season,  
6 building on the work of Michel Boufadel, Al Venosa and  
7 Jacqui Michel. That would be a small invitation that would  
8 go out probably to get responses on a fairly short time  
9 line. In addition the responses to the federal fiscal year  
10 2012 invitation would also move along at a fairly fast  
11 pace. We would try and get it out in the next week or so  
12 after just cleaning up our document, get in pre-proposals  
13 for the Trustee Council to review around March and come up  
14 with a lead proposer for the staff and science advisors to  
15 work with to fine tune those proposals for final funding  
16 for the first five-year contract in August of next year.

17 CHAIRMAN TILLERY: Are there questions for Ms.  
18 Hsieh?

19 (No audible responses)

20 MS. HSIEH: Okay. Good.

21 CHAIRMAN TILLERY: Mr. Zemke.

22 MR. ZEMKE: The storm water, marine debris and the  
23 response, you mentioned those weren't annual costs, you  
24 were giving us the total cost?

25 MS. HSIEH: I just gave -- yeah, storm water, 1.7;

1 marine debris, one million; and response 700,000.

2 MR. ZEMKE: And that would be based on a two to  
3 three year contract period?

4 MS. HSIEH: Yes. I guess I would let the -- we're  
5 looking at a two to three contract period to let the  
6 proposers tell us which of those amounts would suit their  
7 needs, so.....

8 MR. ZEMKE: Thank you.

9 CHAIRMAN TILLERY: Other questions for Ms. Hsieh?

10 MR. HARTIG: One question on the.....

11 CHAIRMAN TILLERY: Commissioner Hartig.

12 MR. HARTIG: Thank you, Mr. Chairman. On the storm  
13 water projects and probably in the marine debris and I  
14 don't know about response, lessons learned, but those would  
15 be capital projects, particularly the storm water where,  
16 again, it would be multi-year and where you would have a  
17 proposal you would have more design work and probably a  
18 field season, you know, it would have to be money that can  
19 spent over a minimum of three, maybe five years. And so  
20 for budgeting purposes, you know, we'd want to frame it  
21 that way.

22 MS. HSIEH: And also lessons learned, response.

23 MR. ZEMKE: Yeah, and I expect the others too.

24 MS. HSIEH: Marine debris. So you're elongating  
25 the window to two to five contact years?

1           MR. ZEMKE: I think so. Storm water I'm more  
2 familiar with than the marine debris program. We haven't  
3 funded some of that, but I don't -- I think those could be  
4 shorter term, being on the scope of the project, but.....

5           MS. HSIEH: Yeah. I mean, we could put the scope  
6 in the invitation and let the results come back. We didn't  
7 want to draw it out beyond five years, for example,  
8 also.....

9           MR. ZEMKE: Right.

10          MS. HSIEH: .....because our administration here is  
11 -- the sort of plan is to have less administration and not  
12 drag things out. And these amounts aren't large, but we  
13 could in the invitation put two to five years and let the  
14 proposers come back with what suits them with regard to  
15 time.

16          MR. ZEMKE: Yeah.

17          MR. O'CONNOR: Mr. Chairman.

18          CHAIRMAN TILLERY: Mr. O'Connor.

19          MR. O'CONNOR: With regard to the marine debris  
20 projects, those were things that I'm particularly  
21 interested in, and that's removal of the crap out of the  
22 ocean. You know, fishing gear and that sort of thing. And  
23 my agency has spent a considerable amount of money on that,  
24 on grant programs and so on. And we look to this to be a  
25 way to continue to get rid of some of the stuff that's

1 impacting the fish and the birds and what have you along  
2 the beach line and engaging the public in the process. And  
3 we go through a grant program and we go out and get folks  
4 to do this work and take it back to the communities, which  
5 I think is a very positive thing. And I would anticipate  
6 maybe, once we get it underway, a year or two because of  
7 the level of funding. It was relatively small given what  
8 it actually costs each year for various entities that are  
9 -- some of which are doing on their own nickel who go out  
10 and collect debris. So I wouldn't look at this -- that  
11 amount of money lasting five years. I would think it would  
12 last two or three.

13 CHAIRMAN TILLERY: Other questions or comments?

14 (No audible responses)

15 CHAIRMAN TILLERY: Is there a motion?

16 MR. LLOYD: Mr.....

17 MS. HSIEH: I'm sorry.....

18 CHAIRMAN TILLERY: Mr. Lloyd.

19 MS. HSIEH: .....the motion isn't.....

20 MR. LLOYD: Elise.....

21 MS. HSIEH: Yeah.

22 MR. LLOYD: .....did you say that under the herring  
23 program, the IHRP, the option number 1 is the long-term  
24 monitoring?

25 MS. HSIEH: I believe option number 2.....

1 MR. LLOYD: Two?

2 MS. HSIEH: .....is the.....

3 MR. LLOYD: Where do we see that?

4 MS. HSIEH: .....long-term monitoring. And

5 Catherine Boerner is also on the line. It is enhanced

6 monitoring, it's on Page 14 of the Integrated Herring

7 Restoration Program, which I have here. You probably don't

8 have it in your meeting materials because it was last

9 meeting.

10 MR. LLOYD: Right.

11 MS. HSIEH: Would you like to see the chart of

12 the.....

13 MR. LLOYD: No, I just need the.....

14 MS. HSIEH: Okay.

15 MR. LLOYD: .....proper reference. Enhanced

16 monitoring.

17 MS. HSIEH: Yes.

18 MR. LLOYD: Mr. Chairman, I'll make a stab at a

19 motion, if that's okay.

20 CHAIRMAN TILLERY: Commissioner Lloyd.

21 MR. LLOYD: Working off of the draft motion

22 language under our first tab, I'll deviate a little bit,

23 but I move to approve the FY -- FFY-2012 invitation for

24 proposals. That includes any necessary housekeeping

25 revisions, text in the herring program section limiting the

1 focus of that program to restoration option 2, which is the  
2 enhanced monitoring option and the Integrated Herring  
3 Restoration Program. Further, there's inclusion of funding  
4 for five focus areas in the following amounts: Herring  
5 program, one million dollars annually, increased annually  
6 by 2.75 percent for the first five year contract; long-term  
7 monitoring, two million dollars annually, increased by 2.75  
8 percent annually for a five year contract; and then storm  
9 water for 1.7 million dollars total over a five year  
10 period; marine debris, one million dollar total over a five  
11 year period; and response, lessons learned, 800,000 total  
12 over a five year period.

13 MS. HSIEH: Should we say up.....

14 MR. LLOYD: Up to?

15 MS. HSIEH: For the last three, up to five years,  
16 and then let the proposers -- I think.....

17 MR. LLOYD: That's fine.

18 MS. HSIEH: .....we've heard different.....

19 MR. LLOYD: Up to.

20 MS. HSIEH: .....time lines.

21 MR. LLOYD: That's my motion, Mr. Chairman.

22 CHAIRMAN TILLERY: Thank you, Mr. Lloyd. Is there  
23 a second?

24 MR. HARTIG: I'll second.

25 CHAIRMAN TILLERY: Okay. It has been moved and

1 seconded. Is there a discussion about the motion?

2 MR. O'CONNOR: Yes, Mr. Chairman.

3 CHAIRMAN TILLERY: Mr. O'Connor.

4 MR. O'CONNOR: Herring particularly, I want to  
5 understand what it is we're talking about with regard to  
6 herring when we say monitor. One of the areas that we had  
7 been particularly concerned with over the years has been  
8 what are the limiting factors, why is herring not  
9 recovered, what's going on in that world and is there  
10 anything we can do about it. Now, I know we've talked --  
11 you know, we reached a decision with regard to IHRP at our  
12 last meeting but I want to be sure that we are the  
13 monitoring program engaging in a evaluative program as  
14 well. Instead of just counting fish, I want to be sure  
15 that we are looking at what may be causing the problem with  
16 them and is there anything that we can do about it.  
17 Because herring has been a critical component of the  
18 ecosystem. It is a critical component of the food supply,  
19 and as we look at herring, we're looking at herring not to  
20 restore it because it was affected by the spill, but we're  
21 looking at as -- from the standpoint of bringing herring  
22 back. We then can be bringing back some of the other  
23 affected species that were injured as a result of the spill  
24 that to some degree or another are dependent upon herring.  
25 So as I look at herring, I look at it as a restoration

1 project and I want to be sure that we are engaging in a  
2 process that will allow us to evaluate what actions would  
3 be appropriate for the council to take of a restorative  
4 nature as we're going through this monitoring effort. And  
5 as I read these words, I don't have a full comfort level in  
6 that regard and I want to be sure that that is part of this  
7 undertaking.

8 MS. HSIEH: What we have on paper talks about what  
9 we've done so far in the IHRP, the -- option number 2 talks  
10 about enhanced monitoring to inform decision makers about  
11 the choice of intervention options and to obtain  
12 supplemental information on recruitment, disease, post-  
13 winter young of year survival, comparative bay  
14 productivity. The benefits that we're looking for is  
15 potentially improve management decision and enhancement of  
16 all science projects. In addition we can take what you  
17 just mentioned off this transcript and strengthen that  
18 language. We want people to work off the IHRP and the  
19 Prince William Sound herring survey that we -- that you  
20 have funded over the last few years and will continue to  
21 fund through 2013 and take that data and build on it during  
22 this program. So we can build those things into our  
23 invitation.

24 MR. O'CONNOR: Would you, please? I mean, that  
25 would be what I would ask have happen as part of this

1 undertaking.

2 MR. LLOYD: Mr. Chairman, I think that's a valuable  
3 clarification, the intent here.

4 CHAIRMAN TILLERY: Thank you, Mr. Lloyd. Are there  
5 other questions or comments about this?

6 (No audible responses)

7 CHAIRMAN TILLERY: Ms. Hsieh, just to clarify one  
8 thing. This motion talks about the September 8th draft  
9 with the following inclusions and revisions. Do we need to  
10 say anything about a revision on the lingering oil  
11 discussion that's in that invitation?

12 MS. HSIEH: That invitat -- the 2012 invitation,  
13 right now it has general lingering oil language, which  
14 we've had in our prior invitations. We can leave that if  
15 you like. That's an open door to those projects which we  
16 sort of -- our learning curve has sort of gone steeply, so  
17 we can't necessarily anticipate around 2012 what that might  
18 be. But what I'm recommending is a separate issuance of  
19 a.....

20 CHAIRMAN TILLERY: Okay.

21 MS. HSIEH: .....federal fiscal year 2011  
22 invitation which focuses pilot projects for the 2011 field  
23 season which builds on the work of Michel Boufadel, Al  
24 Venosa and Jacqui Michel.

25 CHAIRMAN TILLERY: All right. Thank you for that

1 clarification. Any other comments or questions?

2 MR. ELTON: Are we done with the global ones, Mr.  
3 Chair? Not necessarily -- I don't want anybody to commit,  
4 but I mean, I -- just a couple of things to help me a  
5 little bit. In the invitation.....

6 MS. HSIEH: Which page?

7 MR. ELTON: .....Page 6. For me, I mean, the  
8 language just reintrodu -- under Herring Program Cycles of  
9 Review and Funding, in the first sentences. I get confused  
10 when I see the herring and long-term monitoring focus areas  
11 because for me it introduces this question of how do you  
12 make the division -- I mean, is there long-term.....

13 MS. HSIEH: Oh.

14 MR. ELTON: .....focus for herring that we're  
15 talking about?

16 MS. HSIEH: No, you're -- this document is broken  
17 up into the five areas.

18 MR. ELTON: Okay.

19 MS. HSIEH: Herring and long-term monitoring are --  
20 reference each other in each of those sections. They are  
21 separate programs. If an amalgamation of groups wants to  
22 come in and umbrella it, that's up to them. But that  
23 language that you see there, they have the same cycle of  
24 review and funding because when they're -- what we have is  
25 in about the second -- two and a half years into the five-

1 year contract we'll have a workshop and we want both the  
2 herring PIs and the long-term monitoring PIs to come  
3 together because we feel that there's a nexus  
4 scientifically between those two groups. So the narrative  
5 on the reviews of -- the cycles of review and funding in  
6 both those sections cross-reference each other.

7 MR. ELTON: Okay. Okay. Mr. Chair, just another  
8 kind of minor issue, and I think it's on Page 21 under --  
9 at the top, D and E, the Public Comment and Funding  
10 Decision or Trustee Council decision. I mean, in the  
11 public comment and funding decision, I mean, we reference  
12 that public comment is part of D, and D is -- talks about  
13 the PAC and the science panel, the long-term monitoring  
14 working group, other council advisors and council staff.  
15 And we reference that public comment be a part of that  
16 process. But then when we go down to the Trustee Council  
17 decision, we don't mention public comment at all and I -- I  
18 mean, what we -- what we're saying.....

19 MS. HSIEH: Oh.

20 MR. ELTON: .....in the Trustee Council decision is  
21 that we will listen to the PAC and the Executive Director  
22 but we don't say that we'll accept public comment at that  
23 point. And I just want to make it clear that I think the  
24 practice has been that public comment prior to a Trustee  
25 Council decision has been part of the process and I don't

1 want people to think that we're taking that out.

2 MS. HSIEH: I think that was an inadvertent  
3 wording. We can.....

4 MR. ELTON: Okay. Okay.

5 MS. HSIEH: .....clarify that.

6 CHAIRMAN TILLERY: Other comments, global or  
7 otherwise?

8 (No audible responses)

9 CHAIRMAN TILLERY: Mr. Elton, anything else?

10 MR. ELTON: No, I think.....

11 CHAIRMAN TILLERY: Anything further? Okay.

12 MR. ELTON: I read it through twice. I was afraid  
13 to go through it a third time because I thought I might  
14 find more questions, so I'm good, Mr. Chair.

15 CHAIRMAN TILLERY: Okay. Is.....

16 MS. HSIEH: We appreciate your restraint.

17 CHAIRMAN TILLERY: Okay. We have a motion and --  
18 has that been seconded?

19 MR. HARTIG: Second.

20 CHAIRMAN TILLERY: It's been seconded.

21 Understanding there's no further comment or questions, then  
22 I'll take the roll on the motion. All in favor of the  
23 motion -- well, not all in favor, but by individual.  
24 Commissioner Hartig?

25 MR. HARTIG: Yes.

1 CHAIRMAN TILLERY: Commissioner Lloyd?  
2 MR. LLOYD: Yes.  
3 CHAIRMAN TILLERY: Mr. O'Connor?  
4 MR. O'CONNOR: Yes.  
5 CHAIRMAN TILLERY: Mr. Elton.  
6 MR. ELTON: Yes.  
7 CHAIRMAN TILLERY: Mr. Zemke?  
8 MR. ZEMKE: Yes.  
9 CHAIRMAN TILLERY: And I also vote yes, so the  
10 motion carries. That brings us on the agenda to executive  
11 session and.....  
12 MS. HSIEH: Hold it. Did you want to also -- I  
13 don't think that Denby -- Mr. Lloyd's motion addressed the  
14 federal fiscal year 2011.....  
15 MR. LLOYD: That's right.  
16 CHAIRMAN TILLERY: Oh.  
17 MS. HSIEH: .....lingering oil invitation.  
18 MR. LLOYD: It did not.  
19 CHAIRMAN TILLERY: Mr. Lloyd, would you like to  
20 address it or.....  
21 MR. LLOYD: No.  
22 CHAIRMAN TILLERY: .....would you like someone else  
23 to address it?  
24 MR. LLOYD: I'd like somebody else to address it.  
25 That's why it wasn't in my motion.

1 MS. HSIEH: Would you like me to state the  
2 potential motion and someone can.....

3 CHAIRMAN TILLERY: Yes, please do.

4 MS. HSIEH: You -- I recommend the issuance of a  
5 federal fiscal year 2011 invitation requesting pilot  
6 projects for the 2011 field season, building on the work of  
7 Michel Boufadel, Al Venosa and Jacqui Michel. If one of  
8 you would like to move using the.....

9 MR. ELTON: I would so move that language with the  
10 assumption that there -- you may need to tweak it.....

11 MS. HSIEH: Yes.

12 MR. ELTON: .....to make it fit.

13 MS. HSIEH: That's right. And did you have.....

14 MR. ELTON: The purpose to which you just  
15 expressed.

16 MS. HSIEH: .....a expected funding amount that you  
17 wanted to tag on that invitation?

18 MR. O'CONNOR: A bunch.

19 MS. HSIEH: A bunch.

20 MR. HARTIG: A bunch.

21 MS. HSIEH: Could you be more specific, Mr.  
22 O'Connor?

23 MR. ELTON: Is it bigger than a bread box, smaller  
24 than a refrigerator?

25 MR. O'CONNOR: It's -- no, my guess is whatever it

1 cost us the last time around for these projects, these  
2 sorts of projects. I can't remember the numbers.

3 MS. HSIEH: We could ask Catherine Boerner if she  
4 recalls. We have been discussing in vague numbers up to  
5 four million dollars for lingering oil projects of this  
6 type during this time, but that's a very.....

7 MR. ELTON: During the one-year period of time?

8 MS. HSIEH: No, it was looking over a few year  
9 period but.....

10 MR. O'CONNOR: My guess is we're looking at a  
11 million to a million and a half for these projects.

12 MS. HSIEH: So for this invitation do you want to  
13 put an estimated funding target of.....

14 MR. O'CONNOR: Of a million and a half.

15 MS. HSIEH: A million and a half.

16 MR. HARTIG: Would this be then for the 2011 field  
17 season or 2011 and beyond?

18 MR. O'CONNOR: This is, I think, just the 2011  
19 field season. Part of these projects is going to be a  
20 continuation of the sea otter work that we have the money  
21 to (indiscernible).

22 MS. HSIEH: The sea otter work can be an amendment.  
23 It sounds like the sea otter work was funding that was  
24 previously authorized but because of an airplane accident  
25 the project has not come to completion. So we can work on

1 that through an amendment or cost extension of that. As a  
2 security measure, because we don't know how much money was  
3 expended with the sea otter work, you may want to approve  
4 -- but really we're working in the dark here -- some sum of  
5 money for us to work with in case they -- well, no, I think  
6 we should probably come back if we're going to expend more  
7 money. We just don't have enough information. So -- but  
8 if they haven't expended their funds, we can do a cost  
9 extension or something like that to work with them. With  
10 regard to sea otters, this would only be pilot projects.

11 MR. O'CONNOR: Well, I wouldn't anticipate  
12 authorizing anything more than the original amount. So  
13 they would have expended something I'm assuming in gearing  
14 up and what have you, then they lost the plane.

15 MS. HSIEH: Yeah.

16 MR. O'CONNOR: I think some cost we'd all -- I  
17 would be willing to consider.

18 MS. HSIEH: We haven't been contacted by project  
19 managers regarding this loss so I'm a little bit in the  
20 dark with regard to that, but apparently there was some  
21 sort of loss, so.....

22 MR. O'CONNOR: But otherwise we're looking at going  
23 out and building on the idea, the issue of how we remove  
24 the lingering oil in the least invasive and problematic  
25 way, looking at overlaying, where the oil is, where

1 critters of concern are as well, the sea otters and  
2 harlequin ducks. And what was the other -- the --  
3 what.....

4 MR. HARTIG: I think.....

5 MR. O'CONNOR: Now I can't remember what the hell  
6 the third one was.

7 MR. HARTIG: Well, I think you did overlay the  
8 otters with the statistical modeling of where you would  
9 expect the higher concentrations of lingering oil to be.  
10 And then I think too that even if it was not where the  
11 otters are, if the modeling shows there would be relatively  
12 high levels, high concentrations of lingering oil, say  
13 above state water quality standards for aquatic life, that  
14 we might be interested in that, you know, restoration  
15 projects in those kinds of areas too. I mean, I don't know  
16 how far the money will go, but I'm just saying.....

17 MS. HSIEH: So you want the federal fiscal year  
18 2011 invitation to request not only pilot projects  
19 regarding the sort of hydrology in the Michel Boufadel, Al  
20 Venosa and the Jacqui Michel maps, but also bringing in the  
21 otter work.

22 MR. HARTIG: Well, I think what.....

23 MS. HSIEH: And you also mentioned sea ducks, so  
24 I'm getting.....

25 MR. HARTIG: What we're talking about are field

1 studies. And so you're looking at where in the field to do  
2 them or what kind of beaches, where to do them. And this  
3 would help by giving ideas on what would -- since we're  
4 going to talk about restoration of all the areas, wherever  
5 there's lingering oil, we're talking about ways of maybe  
6 targeting some areas that we're most interested in.

7 CHAIRMAN TILLERY: I think the otters and sea ducks  
8 is going to be a separate matter once we find out how much  
9 is left from this year and how much it would cost. Is that  
10 not correct?

11 MS. HSIEH: The otter and sea ducks, the P450  
12 monitoring is also included in our invitation under long-  
13 term monitoring, under those sub-ecosystem categories.

14 MR. O'CONNOR: We need some answers this summer or  
15 after this field season this summer.

16 MS. HSIEH: Right. But it sounds like there was a  
17 project that was authorized for otter work. Would you  
18 perhaps like to make a motion to authorize up to that  
19 project amount at my discretion once I get the facts as to  
20 how far the project went from the project manager and what  
21 funds were expended? Instead of meeting again to  
22 authorize.....

23 MR. O'CONNOR: I think that's reasonable.

24 MS. HSIEH: Okay.

25 MR. O'CONNOR: Yeah. And the other aspect of the

1 overlay, not just where the critters are versus the oil but  
2 also where subsistence use is with regard to where the oil  
3 is.

4 MS. HSIEH: I would also -- Catherine Boerner, our  
5 science coordinator, is on the phone. I'd like to give her  
6 an opportunity to ask any questions or any clarifications  
7 before we move on from this topic.

8 CHAIRMAN TILLERY: Catherine, do you have any  
9 clarifications you need?

10 MS. BOERNER: I don't believe so at this time.

11 CHAIRMAN TILLERY: Okay.

12 MS. HSIEH: I just wanted to make sure.....

13 CHAIRMAN TILLERY: Thank you.

14 MS. HSIEH: .....because she's not here to do eye  
15 signals.

16 MR. O'CONNOR: Yeah. I think I've captured  
17 everything that we're striving for in this motion.

18 MS. HSIEH: Yeah, we'll back through and pick  
19 through the transcript.

20 MR. O'CONNOR: Yeah.

21 CHAIRMAN TILLERY: And that was -- that completes a  
22 motion?

23 MR. O'CONNOR: That -- yeah. Absolutely.

24 MS. HSIEH: A draft of this invitation will go to  
25 your liaisons. Please review it and if you have any

1 revisions, let us know. It will move on a fairly fast time  
2 frame, so when you get the email, please look at it.

3 MR. O'CONNOR: Okay.

4 MS. HSIEH: Is there a second to this motion?

5 MR. HARTIG: I'll second.

6 CHAIRMAN TILLERY: Thank you.

7 MR. HARTIG: My understanding is we're taking the  
8 information that's been developed to date primarily in the  
9 lab and we want to get some field testing of some of these  
10 ideas. We don't want to overly constrain people in the  
11 RFP, you know, kind of leaving it open for ideas. So what  
12 we're trying to do is move the ball forward in those  
13 beaches that are impacted, restoration of the otters, and  
14 where we have higher concentrations or they may be impact  
15 to subsistence resources.

16 MS. HSIEH: And we talk about re-authorizing up to  
17 the amount of the otter project because we don't have a  
18 number or name, but these were the otter surveys via air  
19 that you authorized I believe last January-ish. So I  
20 think.....

21 CHAIRMAN TILLERY: And the pilot project, I believe  
22 you were looking at keeping it around -- within a hun --  
23 1.5 million.

24 MR. HARTIG: That sounds like a ballpark.

25 CHAIRMAN TILLERY: Okay.

1 MS. HSIEH: Okay.

2 CHAIRMAN TILLERY: Any other restatement of the  
3 motion? It's been moved and seconded. Is there further  
4 discussion?

5 (No audible responses)

6 CHAIRMAN TILLERY: All in favor of the motion as  
7 stated, please say aye.

8 IN UNISON: Aye.

9 CHAIRMAN TILLERY: Opposed?

10 (No audible responses)

11 CHAIRMAN TILLERY: The motion carries.

12 MR. ELTON: I'm going to be second-guessing every  
13 decision we make.....

14 MS. HSIEH: No one wants to regurgitate that motion  
15 one more time?

16 MR. HARTIG: Yes, you know, try again.

17 CHAIRMAN TILLERY: Ms. Hsieh, are we now through  
18 with matters related to invitations?

19 MS. HSIEH: I believe so. Yes, I.....

20 CHAIRMAN TILLERY: The.....

21 MS. HSIEH: Yes.

22 CHAIRMAN TILLERY: The next item on the agenda is  
23 executive session, if needed. Am not aware of a need.  
24 Does anybody believe.....

25 MS. HSIEH: I believe.....

1           CHAIRMAN TILLERY:   .....there's a need?

2           MS. HSIEH:   .....Bill Brighton was the next thing  
3 on the agenda actually.

4           CHAIRMAN TILLERY:   Well -- oh, I thought he was the  
5 last thing.

6           MR. HARTIG:   One more thing here.

7           MS. HSIEH:   And Larry Hartig, I believe.   And  
8 perhaps Cherri.

9           MR. BRIGHTON:   We're coming to an end of a  
10 significant era here or part of it at least.   You know, I  
11 look around at you wonderful people and, you know, you're  
12 all great but most of you have come and gone.

13          MR. HARTIG:   Except for one person who lingers.

14          (Laughter - simultaneous comments)

15          MR. BRIGHTON:   And, you know, there are a couple of  
16 constants -- you know, well, one of the is in the audience.  
17 Gina.   But the Craigs have been from day one, you know,  
18 March, whatever the hell it was, 24th of 1989, involved in  
19 this and have played absolutely critical roles throughout.  
20 And one of you fortunately is staying but one of you is  
21 threatening at least, continuously, to retire the scene  
22 and, you know, I imagine that there will be some formal  
23 event, you know, closer to the time you actually retire,  
24 Craig, but I don't know whether I'm going to be able to get  
25 here.   So I thought that I would use this occasion to say a

1 few things of appreciation of a long, long, long  
2 collaboration. And you've been a true partner in this  
3 process.

4           The federal government, the state government,  
5 United States and Alaska occasionally have contentions and  
6 disagreements, differences of perspective. And, well,  
7 we've had disagreements and contentions and differences of  
8 perspective but we've always worked them out. And I don't  
9 know whether it's because you are an Alaskan by choice and  
10 so maybe in some ways you know Alaska, you know the  
11 translation between Alaskan and the rest of the world  
12 better than others. But you've been, at least for me  
13 personally, a translator of things Alaskan, Alaskan  
14 attitudes, and what's important in personalities and just  
15 absolutely a valuable resource that way as well as a keen  
16 legal mind and, you know, a great friend throughout. So I  
17 want to present to you this plaque.

18           MS. HSIEH: Hopefully it's not the same as what we  
19 have.

20           MR. BRIGHTON: Well, it would be surprising if it  
21 is, but we'll see.

22           MS. HSIEH: Uh-oh.

23           MR. BRIGHTON: Okay. It is -- I apologize for my  
24 poor vision here. To Craig J. Tillery, Deputy Attorney  
25 General, State of Alaska, in honor and deep appreciation of

1 your 21-plus years of extraordinary service as Alaska's  
2 legal steward of the natural resources injured by the Exxon  
3 Valdez Oil Spill. And your candor, creativity, leadership  
4 and unflagging good humor in partnership with the federal  
5 legal team. From your friends in the Environmental  
6 Enforcement Section, Environment and Natural Resources  
7 Division, US Department of Justice on this date.

8 (Applause)

9 CHAIRMAN TILLERY: I can actually hardly think of a  
10 more meaningful thing than from the Department of Justice.  
11 I mean, really, actually -- and I really don't think I  
12 should say this, but I've enjoyed our -- it's -- it is kind  
13 of interesting because when the spill hit and myself and  
14 few others at the Department of Law were asked if we wanted  
15 to work on the spill, we had some question as to whether we  
16 did because -- and the words we used were this may be a  
17 career ending event in the sense that this was going to be  
18 the rest of our career. And then, as it turns out, after  
19 two years, we settled the case and we thought, hey, we were  
20 wrong, this is pretty good. Well, as it actually turns  
21 out, yeah, it does kind of feel like the end of your  
22 career, but what's different is that actually that turned  
23 out to be a good thing and not a bad thing because I have  
24 to say this has been the -- I can't imagine a more  
25 rewarding way to spend your career and it's entirely -- I

1 mean, it's because of what we were doing, which I think is  
2 important, but it's almost entirely because of the people  
3 we're working with, which includes yourself and Gina and  
4 Craig O'Connor and Maria and all those people from past  
5 days and all the people that are here now. But I very much  
6 appreciate this, Bill. Thank you and I have enjoyed  
7 working with all of you on the federal legal team. It's  
8 been a challenge.

9 (Laughter)

10 MS. HSIEH: We also have from the restoration  
11 office and this panel of trustees -- it's not under glass  
12 yet because we just got the last few signatures. It's as  
13 little more -- we didn't put any words on it, we just have  
14 your picture with the hull of the tanker with a huge piece  
15 of Bligh Reef in it. So, Cherri will put it under glass,  
16 but we just received the last few signatures. In addition,  
17 here is some geriatric golf passes for your favorite golf  
18 course, Eagleglen, is it called, from us, so.....

19 CHAIRMAN TILLERY: The course is a recovered  
20 resource.

21 MS. HSIEH: I don't think that -- this is your last  
22 Trustee Council meeting as far as we know, and we -- of  
23 course the Trustee Council is eternally indebted to your  
24 service, and on a personal note, Craig has been my -- I've  
25 been limping along under his tutelage for over a dozen

1 years and I very much appreciate all of his mentorship and  
2 everyone at the Trustee Council is very sorry to see you go  
3 and we hope you're take a page out of Gina's book and maybe  
4 come back, perhaps as a consultant, so we can't say thank  
5 you enough.

6 CHAIRMAN TILLERY: Well, thank you all. I  
7 appreciate it very much.

8 MR. HARTIG: Well, Craig, I also wanted to say a  
9 few words on behalf of DEC, because he doesn't just work  
10 for the EVOS council, he used to advise DEC directly and  
11 then later of course as Deputy AG. And I know myself, in  
12 the four years I've been there, and I know others that have  
13 been there at DEC 20, 30 years, just say nothing but good  
14 things about you and your help over the years and how much  
15 they appreciate it. You know, we don't even have a plaque  
16 or much less glass, what we have is, you know, have  
17 appreciation.

18 But the other thing, and I warned Kim about this --  
19 some of you may know, Kim, you know, used to be in the  
20 state senate and he had DEC's budget under his thumb, and  
21 there were some things we told him and some things we  
22 didn't, and this was one of the things we didn't tell him.  
23 And that is, is people wondered, well, what does DEC do  
24 with that response fund money, you know, that we get. And  
25 some of you may know that after the Exxon Valdez spill the

1 state wisely put in place a surcharge on crude oil produced  
2 in the state, and it was five cents a barrel and three  
3 cents goes here, two cents goes there. Now it's four  
4 cents, one cent on prevention and response. And on the  
5 response side, you know, if we have a big event, another  
6 spill, there's money in the bank, a lot of money in the  
7 bank, where we can immediately go out there and attack that  
8 spill. You know, there's a lot of money that governor or  
9 DEC commissioner could immediately go to. And the  
10 legislature worries about that because it kind of skips the  
11 appropriation process temporarily and they wonder, well,  
12 what happens with that money and we have to report to them.  
13 Well, this is the chart that was put together some time ago  
14 and Craig will recognize it. And so how the money comes in  
15 and where it goes. And now though it's filled out  
16 completely -- and Kim, there it is -- where the money ends  
17 up. It's called the Craig Tillery retirement fund.

18 (Laughter)

19 And we have a larger version of this that Maria's  
20 got here that you can put up in your office. But it's well  
21 done. SPAR did this, or Spill Prevention and Response  
22 team.

23 CHAIRMAN TILLERY: This was one of the great  
24 drawings of all time.

25 MR. HARTIG: I know. It's great.

1 UNIDENTIFIED SPEAKER: That's the life size version  
2 in case anybody tries to access that retirement.

3 MR. HARTIG: And then we also have a DEC hat for  
4 you because I know you were such a hard head when you were  
5 over at the AG's office, but in case you soften up, you  
6 know, and need something to protect yourself. And of  
7 course it's orange. And if you go to industrial sites you  
8 know that higher the colored hats means that's the neophyte  
9 wearing the hat, watch out for him. It doesn't really fly  
10 in your case but we gave you an orange hat anyway. Also,  
11 here's a card from me and the division directors, again,  
12 thanking you for all your help over the years.

13 CHAIRMAN TILLERY: Thank you very much.

14 MR. HARTIG: So, best wishes in retirement. Hope  
15 we see you along the way.

16 MR. ELTON: Can I just note that -- you know,  
17 you've already mentioned part of my sorted history -- can I  
18 just note that, you know, despite all the money we put into  
19 the spill response fund, you know, and generously kind of  
20 gave -- you know, took our hands off of it and put your  
21 hands onto it, despite all of that, the PERS retirement  
22 system was still like five billion dollars in debt and two  
23 and a billion dollars of that is probably Craig and the  
24 commitments that we made to him -- how many years ago,  
25 Craig, when you served with the State of Alaska? So we're

1 still paying it off despite the help he got through the  
2 spill response fund.

3 MR. HARTIG: That's true.

4 CHAIRMAN TILLERY: Thank you all.

5 (Applause)

6 MR. LLOYD: Move to adjourn.

7 UNIDENTIFIED SPEAKER: Denby's.....

8 CHAIRMAN TILLERY: Do we have second?

9 UNIDENTIFIED SPEAKER: .....last meeting too,

10 so.....

11 MR. O'CONNOR: Second.

12 MS. HSIEH: Yes.

13 CHAIRMAN TILLERY: It's been moved and seconded.

14 We're adjourned.

15 (Off record)

16 (END OF PROCEEDINGS)

1 C E R T I F I C A T E  
2 UNITED STATES OF AMERICA )  
3 ) ss.  
4 STATE OF ALASKA )

5 I, Salena A. Hile, Notary Public in and for the  
6 state of Alaska and reporter for Computer Matrix Court  
7 Reporters, LLC, do hereby certify:

8 THAT the foregoing pages numbered 2 through 102  
9 contain a full, true and correct transcript of the Exxon  
10 Valdez Oil Spill Trustee Council's Meeting recorded  
11 electronically by Computer Matrix Court Reporters on the  
12 3rd day of November 2010, commencing at the hour of 1:30  
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14 reduced to print:

15 THAT the Transcript has been prepared at the  
16 request of:

17 EXXON VALDEZ TRUSTEE COUNCIL, 441 W. 5th Avenue,  
18 Suite 500, Anchorage, Alaska 99501;

19 DATED at Anchorage, Alaska this 12th day of  
20 November 2010.

21 SIGNED AND CERTIFIED TO BY:

22  
23  
24  
25

\_\_\_\_\_  
Salena A. Hile  
Notary Public, State of Alaska  
My Commission Expires: 09/16/14