

1 EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

2 Public Meeting

3 Tuesday, March 27, 2012

4 9:30 a.m.

5 441 West Fifth Avenue, Suite 500

6 Anchorage, Alaska

7

8 TRUSTEE COUNCIL MEMBERS PRESENT:

9

10 U.S. FOREST SERVICE: Steve Zemke

11 AK DEPARTMENT OF FISH & GAME: Tom Brookover (T)

12 AK DEPARTMENT OF LAW: Jennifer Schorr

13 AK DEPART OF ENVIRON CONSERVATION: Larry Hartig (T)

14 U.S. DEPARTMENT OF THE INTERIOR: Kim Elton (T)

15 U.S. DEPARTMENT OF COMMERCE, NOAA: James Balsiger

16

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1 ALSO PRESENT:

2

3	Elise Hsieh	EVOSTC Executive Director
4	Carrie Holba	ARLIS
5	Linda Kilbourne	EVOSTC Staff
6	Cherri Womac	EVOSTC Staff
7	Joe Darnell	U.S. DOI Solicitor
8	Jeff Mow	U.S. National Parks Service

9

10 ATTENDEES BY TELECONFERENCE:

11	Catherine Boerner	EVOSTC Science Coordinator
12	Pete Hagen	NOAA
13	Dede Bohn	U.S. Geological Survey
14	Samantha Carroll	Alaska Dept of Natural Resources
15	Barat LaPorte	Patton Boggs
16	Stacy Studebaker	PAC
17	Erika Zimmerman	U.S. Dept of Justice
18	Bob Mitchell,	Alaska Dept of Revenue
19	Paul Erlendson	Callan Associates
20	Mike O'Leary	Callan Associates

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P R O C E E D I N G S

(Anchorage, Alaska - March 27, 2012)

(On record - 9:30 a.m.)

CHAIRMAN ZEMKE: Okay. I guess we've got a quorum. I guess everybody's here. I guess -- my name is Steve Zemke. I'm with the U.S. Department of Agriculture, Chugach National Forrest, and I'll be chairing today's meeting, the March 27th, 2012 Trustee Council meeting. So, at 9:30 I'm officially calling the meeting to order. I guess just to make sure that everybody knows that we're here, I guess I'll call roll call just to confirm that. I'll start on the phone for just the trustees. So, Tom, are you still there?

MR. BROOKOVER: I am. This is Tom.

CHAIRMAN ZEMKE: And.....

MR. BROOKOVER: Hello.

CHAIRMAN ZEMKE: And then also then would be Larry.

MR. HARTIG: Yeah, I'm here Steve.

CHAIRMAN ZEMKE: Okay. Larry Hartig with ADEC is on the phone line. Here in the supervisor's office I'll have -- or supervisor's office -- Trustee Council office I'll have.....

UNIDENTIFIED SPEAKER: And Kim's on the phone.

CHAIRMAN ZEMKE: Oh. Oh, that's right. Huh.

1 I guess the other person I can't look at here would be
2 Kim Elton with Department of Interior. Are you here on
3 the line, Kim? Kim Elton?

4 MR. ELTON: Here.

5 CHAIRMAN ZEMKE: And he -- I guess he's here.
6 Okay. Here in the office we have Jen Schorr with the
7 Alaska Department of -- I guess it's Just -- Law, not
8 Justice.

9 MS. SCHORR: Law.

10 CHAIRMAN ZEMKE: And Jim Balsiger with the
11 National Marine Fisheries Service. And, again, Steve
12 Zemke with the Department of Agriculture.

13 So beginning the meeting, I guess we'll take a
14 look at the agenda. Hopefully everybody's had time to
15 take a look at it. And we have -- first item is Item
16 Number 2, the Consent Agenda. So we have, first, would
17 be the approval of today's agenda. I think the latest
18 draft was 3/22/2012. Do I hear a motion to approve
19 the agenda as presented?

20 MR. BALSIGER: Motion to approve.

21 CHAIRMAN ZEMKE: Okay.

22 MS. SCHORR: Second.

23 CHAIRMAN ZEMKE: All those in favor, say aye.

24 IN UNISON: Aye.

25 CHAIRMAN ZEMKE: Hearing no -- hearing

1 approval, the agenda is approved as presented in the
2 3/22 agenda. Next would be approval of meeting notes
3 from the February 1st, 2012 meeting. Those are in your
4 packet. Do I hear a motion to approve the meeting
5 notes as presented?

6 MR. BROOKOVER: Move to approve.

7 MR. BALSIGER: I'll move.

8 CHAIRMAN ZEMKE: Jim Balsi -- or, okay, I guess
9 that was, what, Tom Brookholder -- Brookover.....

10 MR. BROOKOVER: Yes.

11 CHAIRMAN ZEMKE:approved and then Jim
12 Balsiger was the second. So all those in favor of
13 approving the agen -- meeting notes as presented say
14 aye.

15 IN UNISON: Aye.

16 CHAIRMAN ZEMKE: Opposed?

17 (No audible responses)

18 CHAIRMAN ZEMKE: Hearing none, the meeting
19 notes are approved as presented. Okay. I guess we'll
20 move on to the next item. It would be for public
21 comment. And I guess I'll start with those on the
22 phone. If you'd like to present, please give us your
23 name and then affiliation, if you so desire. And so,
24 right now I guess we'll look at three minutes per
25 person. The agenda had said that we were going to have

1 -- start at 9:45. I guess we'll take a look and break
2 again at 9:45 if anybody wants to present that weren't
3 -- wasn't able to do right at the moment. So is there
4 anyone on the phone line that would like to make public
5 comment?

6 (No audible responses)

7 CHAIRMAN ZEMKE: Hearing none, I guess, if
8 there's anybody here in the room, would like to present
9 public comment?

10 (No audible responses)

11 CHAIRMAN ZEMKE: No. Hearing none, I guess
12 we'll move on then. I notice there isn't an item for
13 Public Advisory Committee.

14 MS. HSIEH: We -- there's no PAC report. The
15 July 26th PAC meeting was recorded at the September
16 15th Trustee Council meeting.

17 CHAIRMAN ZEMKE: Okay. With that, I guess
18 we'll move -- be able to move on to the Executive
19 Director's report. And Elise would be presenting that.
20 We've got basically five items on that Executive
21 Director's report. The Boufadel status update, Callan
22 Associates Services Contract, the Port Graham
23 Hatchery/Cook Inlet Aquaculture decision, Seward Wash-
24 Down decision and the EVOS lease and moving expenses.
25 So, Elise, would you take it on?

1 MS. HSIEH: Good morning. Thanks, everyone,
2 for joining us. I just wanted to note at the last
3 meeting there was a request by the trustees for Michel
4 Boufadel to present a status update to his pilot
5 project from last summer regarding lingering oil. That
6 was received in a timely fashion, March 15th, and has
7 been distributed both to the PAC -- it's posted on our
8 website -- and to the trustees. We're actually not
9 discussing the report today but I just wanted to
10 acknowledge and thank Mr. Boufadel for that update.

11 With regard to the Callan Associates Service
12 Contract, we've been revising the investment policies
13 in coordination with the Alaska Department of Revenue
14 and legal counsel. Department of Revenue has
15 recommended the council add an independent investment
16 advisor to its investment working group and has
17 specifically recommended Callan Associates. Callan
18 Associates has provided investment advice to assist the
19 state with investments for the Alaska Permanent Fund
20 Corporation, the Mental Health Trust, Retirement
21 Management Board, as well as the Trustee Council since
22 2000. The proposal, which has been reviewed by the
23 Alaska Department of Revenue, is for just under \$12,000
24 including GA and about \$2,700, 2,725 including GA for
25 travel, for a total of 14,715. We have Bob Mitchell

1 from the Alaska Department of Revenue and Paul
2 Erlendson from Callan Associates online. I just wanted
3 to.....

4 MR. O'LEARY: Michael O'Leary is also on the
5 line.

6 MS. HSIEH: Oh, good morning. Hi, Mike
7 O'Leary.

8 MS. HSIEH: Over the weekend I had additional
9 discussions with the U.S. Department of Justice which
10 continued over the weekend. I didn't sent out another
11 email. Hopefully you all were enjoying the state
12 holiday. The investment working group is scheduled to
13 meet this month -- or in the month of April to discuss
14 draft policies. And I'm -- I am very appreciative to
15 -- the Alaska Department of Revenue has, over the last
16 three years since I've been here, have been extremely
17 responsive. The presentations have been excellent and
18 the advice, which the Trustee Council has followed
19 during a difficult period after the 2008 market
20 dynamics has borne out to be excellent advice.

21 It appears from the files that over the last 12
22 years that the Alaska Department of Revenue has handled
23 the investment funds, their advice and performance has
24 been uniformly excellent. So I just wanted to note at
25 this time my appreciation to them. They're extremely

1 responsive. I often asked -- over the last three years
2 I've had them do a lot of calculations, long term
3 spending scenarios and a ton of advice and they're
4 always very responsive, professional and excellent.

5 Callan Associates also has -- I believe we use
6 their information annually. I believe we have reports
7 that come out in January that the Investment Working
8 Group, the Department of Revenue use to determine their
9 asset allocations on an annual basis. And Mike O'Leary
10 and I have had some discussions about their services as
11 an independent investment advisor and he also has been
12 extremely accommodating.

13 That said, I -- over the weekend and with
14 additional discussion with the U.S. Department of
15 Justice I am thinking that maybe the best course to
16 take with the services contract is to wait -- have the
17 Investment Working Group discuss the contract, as well
18 as the draft policies, and the need for a third party
19 investment advisor. The current investment policies
20 are -- were written at around 2000. It appears that
21 they were written with the contemplation of a third
22 party private investment firm handling the funds, so
23 they're quite heavy-handed. Subsequently the Trustee
24 Council went through a lengthy process and chose the
25 Alaska Department of Revenue, which is their investment

1 manager and which has been a very successful
2 relationship. So I'm thinking that maybe it would be
3 good if the Investment Working Group, who would be
4 advised by Callan under the contract, discussed this at
5 their April meeting and then bring forth the contract
6 if recommended at the September meeting and make it
7 part of our annual budget at that time.

8 CHAIRMAN ZEMKE: Thank you, Elise. Jim.

9 MR. BALSIGER: Thank you. Tell the -- I missed
10 the very first sentence. Who recommended that we
11 hire.....

12 MS. HSIEH: Based upon our current investment
13 policies as written, which require quite a bit of
14 outside oversight of the investment manager, which I
15 believed at the time was perceived to be a third party,
16 private investment manager, the Alaska Department of
17 Revenue felt that we weren't living up to those
18 policies and should add an independent investment.....

19 MR. BALSIGER: So.....

20 MS. HSIEH:another investment advisor to
21 the Investment Working Group.

22 MR. BALSIGER: So it was the Alaska Department
23 of Revenue.....

24 MS. HSIEH: Yes.

25 MR. BALSIGER:that are advising.....

1 MS. HSIEH: Which is an appropriate response to
2 the.....

3 MR. BALSIGER: Right. I'm not questioning it,
4 I just missed it. Mr. Chairman, and.....

5 CHAIRMAN ZEMKE: Go ahead.

6 MR. BALSIGER: And is it obvious that we
7 wouldn't need to compete something because it's only
8 \$12,000 or why would we just do a sole source, identify
9 the person -- or the company? Why is it Callan? Why
10 wouldn't we compete that and say we need a third party?

11 MS. HSIEH: We could compete it. Callan is
12 giving us a particularly beneficial contract because of
13 their exposure and involvement with the Trustee Council
14 matters over the last 12 years. So they're able to
15 perform a multitude of services for -- with much more
16 experience in handling large institutional investments
17 that are government agencies. So they have an unusual
18 -- they're actually based out of Denver, but they have
19 an unusual position in the market.

20 MR. BALSIGER: Thank you.

21 CHAIRMAN ZEMKE: Follow up, Jim?

22 MR. BALSIGER: No, thank you.

23 MS. HSIEH: If we go out, it probab -- it would
24 likely be extremely costly because of the lack of
25 familiarity and there's probably only a certain number

1 of players in the country who handle these sort of
2 large, institutional/government entities.

3 CHAIRMAN ZEMKE: Okay. Jen.

4 MS. SCHORR: Hi, this is Jen. And maybe this
5 is a question that somebody on the line from Callan can
6 answer or someone from Department of Revenue. So, it's
7 my understanding that Callan currently provides some
8 form of advice to the Trustee Council or to the -- I'm
9 sorry, to the Department of Revenue that's used in the
10 context of the Trustee Council. I'm just wondering if
11 somebody can explain to me how this contract is
12 different than what Callan is already currently
13 providing to the Department of Revenue?

14 MR. MITCHELL: This is Bob Mitchell. I'll be
15 happy to respond to that. I have to highlight first
16 that there is currently no direct relationship between
17 Callan and the EVOS Trustee Council. The State of
18 Alaska and the Alaska Retirement Management Board
19 within the Department of Revenue had separately
20 contracted with Callan. Additionally, Callan has
21 contractual relationships with other entities in
22 Alaska, including the Permanent Fund Corporation. So
23 that's the existing situation. Given that we have the
24 benefit of the -- Callan's work in -- when it comes to
25 capital market assumptions, which form the basis of

1 providing a perspective on asset allocation, we, within
2 the Department of Revenue have been functionally
3 serving as the -- taking that information from Callan
4 and analyzing it and providing that analysis to the
5 Investment Working Group and the Trustee Council
6 historically. So that's how the -- that's how we are
7 currently incorporating Callan's work.

8 The concerns that I've had, and I believe Gary
9 Bader within the Department of Revenue have had, is
10 that the existing investment guidelines, as well as the
11 proposed draft, include language that specifies a role
12 for an investment advisor. And functionally the
13 Department of Revenue has been playing -- has been
14 essentially filling that role. And I think that there
15 is an inherent discomfort with that because we are also
16 an investment manager for the Trustee Council on the
17 bond side. So the bond component of the three EVOS
18 funds is invested in a pool that is operated by me
19 within the Department of Revenue. So, I'm playing -- I
20 -- functionally I have two hats and I'm doing my best
21 to be objective.

22 Having said that, there's an inherent conflict
23 in that I'm one of the investment managers that the
24 investment advisor should be opining on. And within
25 the Department of Revenue we're looking at the

1 potential change in the investment guidelines as an
2 opportunity to revisit that and to -- in our view it
3 would be -- hiring an investment consultant would be
4 consistent with best practices, because it would
5 increase the -- there would be more of an arm's length
6 evaluation of all the investments.

7 Additionally, there are other things that
8 Callan can bring in terms of services -- or another
9 investment advisor -- that we don't have in terms of
10 resources in the Department of Revenue.

11 MS. HSIEH: Thank you, Bob.

12 MR. ELTON: Steve? Steve?

13 CHAIRMAN ZEMKE: Yes.

14 MR. ELTON: Mr. Chair, this is Kim.

15 CHAIRMAN ZEMKE: This is Kim Elton. Go ahead.

16 MR. ELTON: Thanks. Bob, I'm kind of curious
17 because I had kind of the same question that Jen did
18 as to why we needed to do this after having done it the
19 other way for such a long period of time. And if I say
20 something naive, just tell me it's naive. I mean, I
21 understand and appreciate that you are fulfilling two
22 functions, one of which may not be a best practice both
23 on the bond and the investment side. I mean, isn't
24 there a possibility that somebody else, that there
25 could be two people involved from revenue or somebody

1 other than you that could be involved from revenue? I
2 mean, my understanding is Callan has been doing this
3 for a lot of different state pots of money.

4 MR. MITCHELL: Right.

5 MR. ELTON: And so I guess what I'm looking
6 for, is there an other possibility instead of their
7 going outside to Callan or to somebody else? I mean,
8 is there just somebody else in the Department of
9 Revenue that could be -- that could fulfill the role
10 the Department of Revenue has traditionally played in
11 this other than you?

12 MR. MITCHELL: I think that's a good
13 observation, Kim. Frankly, that hadn't occurred to me.
14 Having said that, I think it certainly is conceivable
15 that that option could be explored. I'm just -- you
16 know, from a best practices perspective, however, I
17 think there would be additional strengths to the
18 process if there was a third party. Because there --
19 you know, within the Department of Revenue certainly
20 someone that's not managing the fixed income, you know,
21 investment component would provide -- would be an
22 improvement from that perspective, however, we're still
23 within the Department of Revenue and you could argue
24 that there's still an inherent conflict there. But,
25 yeah, I think that's a very good observation, Kim, and

1 I think that that's -- you know, certainly would be an
2 improvement from the current situation.

3 MR. ELTON: And, Steve, this is Kim again.

4 CHAIRMAN ZEMKE: Yes.

5 MR. ELTON: Then I.....

6 CHAIRMAN ZEMKE: Go ahead, Kim.

7 MR. ELTON: I mean, I think I'm kind of
8 comfortable with what Elise is suggesting, that this be
9 a topic of discussion at the April meeting. And then a
10 recommendation coming from those people that has been
11 doing that work for awhile -- I haven't been -- coming
12 back to us and saying we think that a contract makes
13 sense and we think that Callan or someone else.....

14 CHAIRMAN ZEMKE: Can you speak up a little bit
15 more, Kim? You're kind of cutting out.

16 MR. ELTON: Oh, sure. Yeah, sure. I guess I'm
17 just saying that I'm kind of comfortable with Elise's
18 suggested approach after her thoughts over the weekend.
19 And that maybe we let the investment work group, you
20 know, just kind of ponder this idea and come back to us
21 with a recommendation on whether to go with a third
22 party or some other alternative or, you know, somebody
23 potentially other than Callan, although Callan has a
24 great reputation and has been doing work for the state
25 for a long period of time.

1 CHAIRMAN ZEMKE: Jen.

2 MS. SCHORR: This is Jen and I agree that it
3 would be helpful for the Investment Working Group to
4 discuss this issue, particularly since it's envisioned
5 that Callan would be advising the Investment Working
6 Group. It seems like it would be beneficial to allow
7 the group to discuss the idea. So.....

8 CHAIRMAN ZEMKE: Okay.

9 MS. SCHORR:I agree.

10 CHAIRMAN ZEMKE: Jim, any other com.....

11 MR. HARTIG: Yeah, Steve, it's Larry.

12 CHAIRMAN ZEMKE: Okay. Larry.

13 MR. HARTIG: Yeah, thank you. Yeah, I don't
14 have any problems sending it back to the committee to
15 look at it, but I would say that my strong leaning
16 right now is to have someone independent from
17 Department of Revenue advising the trustees, not
18 because I don't think that revenue is doing a great
19 job, I don't want to infer that at all, but I just
20 think that given the amounts of money at stake and the
21 volatility that we're looking at, you know, in the
22 types of investments that are out there and, you know,
23 and making sure that, you know, we're making wise use
24 of the funds that we have left, I think it would be
25 important to have that independent expert advice. I

1 also believe that Callan has a good track record,
2 that's my experience having been on the Alaska
3 Permanent Fund Board for the last few years. And I
4 think that this proposal, frankly, is -- it's a good
5 deal. And so I think that, you know, we should support
6 it. But I don't have any problem having it go back to
7 the committee for them to look at it more closely
8 before we make a decision.

9 CHAIRMAN ZEMKE: Jim.

10 MR. BALSIGER: Thank you. I would agree. It
11 does seem a little interesting that Callan is going to
12 advise us at the Investment Working Group meeting and
13 that part of that advice might be to hire them. So I
14 think we want to be careful how that advice would come
15 from that working group meeting if.....

16 MS. HSIEH: Oh.....

17 MR. BALSIGER:that's what's going.....

18 MS. HSIEH:they will not be advising for
19 this.....

20 MR. BALSIGER: I thought I heard someone say
21 that they would be there advising us at the working
22 group.....

23 MS. HSIEH: No, the contract would be for them
24 to, in the future, provide investment advice to the
25 Investment Working Group. They would not be advising

1 the Investment Working Group for this -- for that
2 decision. They may be available for questions, but
3 they actually aren't in the advisor position.

4 MR. BALSIGER: I understand. So you want to be
5 careful that we document that if they're in the meeting
6 advising us on working group stuff and that same
7 meeting we come up with the recommendation to put them
8 on contract, we'll want to explain how they weren't
9 part of that process. But I agree with this -- the
10 idea of -- that Kim started and Bob supported.

11 CHAIRMAN ZEMKE: Okay. I guess my only
12 question might be to you, Elise. Is there any
13 operational considerations by pushing the decision back
14 to the August or September fall meeting?

15 MS. HSIEH: You won't -- if you were to approve
16 the Callan contract today, for example, then they would
17 prepare something and have it ready for the next
18 investment -- this upcoming Investment Working Group
19 meeting at which they discuss both our policies and the
20 next annual asset allocation. So you would have the
21 benefit of that for this round. We would have to set
22 up a whole other set of meetings, you know, after
23 September, which doesn't -- we typically do it on the
24 September cycle. So that is one effect.

25 CHAIRMAN ZEMKE: Okay. Any other discussion on

1 this item?

2 MR. HARTIG: Yeah, Steve, this is Larry.

3 CHAIRMAN ZEMKE: Go ahead, Larry.

4 MR. HARTIG: Yeah, Steve, Larry again. I guess
5 just with that comment, I mean, I'm more of a mind just
6 to move forward. You know, I would like to get the
7 advice and, you know, look at the investment strategy
8 sooner than later. So unless -- I mean, the work --
9 really feels it's necessary to have a meeting and
10 review it, I'd just as soon go ahead and have a motion
11 and vote on it now. But I don't know that delaying it
12 helps us in any way.

13 MS. HSIEH: You could also condition the motion
14 on accepting the contract, which as Larry said, is an
15 excellent deal. Conditioned on our next week
16 contacting the Investment Working Group and getting
17 people's feedback and if there is unanimity in the
18 group then going ahead with it. And if there is still
19 remaining concerns within the group, then holding off.

20 MR. ELTON: Well, Steve, this is Kim.

21 CHAIRMAN ZEMKE: Go ahead, Kim.

22 MR. ELTON: I guess somebody is going to have
23 to explain to me, I mean, when is the council again
24 going to take up a discussion of whether or not to
25 change the investment strategy? I'm struggling, I

1 guess, a little bit with, you know, how our next asset
2 allocation discussion could be delayed. Because I
3 guess I was under the impression we wouldn't be doing
4 that until September.

5 MS. HSIEH: The Investment Working Group would
6 meet in April, for example. Or even if they met in May
7 or June, the Trustee Cou -- then they discuss the next
8 year's annual asset allocation. Then the Trustee
9 Council meets in mid-September and looks at that annual
10 asset allocation.

11 MR. ELTON: And, you know, so the asset
12 allocation decision would be in September by the
13 council. If Callan were extended a contract today they
14 could have a report by April. If -- so the hiccup
15 would be that after the April meeting we would need
16 another teleconference council meeting to accept the
17 contract so they could begin work?

18 MS. HSIEH: If you didn't -- if you conditioned
19 today's motion on the Investment Working Group coming
20 to an agreement to go ahead with that contract then we
21 could maybe do that work next week and get things in
22 line for an Investment Working Group meeting before the
23 September -- we could even push the Investment Working
24 Group meeting date back. So we could get that work
25 done by the September 15th meeting. Did that answer

1 your question?

2 MR. ELTON: Okay. So the motion, if I'm
3 understanding you, Elise, the motion today would be
4 that conditional upon approval by the working group,
5 the contract would be extended to Callan. Callan could
6 then, after the April meeting, if in fact the working
7 group recommended it, Callan could then begin working
8 on the information that we would need for an asset
9 allocation discussion in September. Is that correct?

10 MS. HSIEH: That's correct. And what I would
11 do is I would have to sort of re-manage the Investment
12 Working Group meetings dates and that sort of thing.
13 Maybe they have to meet twice or -- I mean, we'd
14 administratively deal with that on our end, so.....

15 MR. ELTON: Okay.

16 CHAIRMAN ZEMKE: Any other discussion? So I
17 guess I would entertain a motion. If anybody can crack
18 that, it would be useful.

19 MS. HSIEH: If you'd just add the additional
20 clause which Kim has set, if that's your intent, under
21 the Callan Associates Service Contract, that
22 conditioned upon the agreement of the Investment
23 Working Group. And I believe that would be unanimous
24 agreement, you move to authorize, et cetera, et cetera.

25 CHAIRMAN ZEMKE: Okay. So do I hear a motion?

1 (No audible responses)

2 CHAIRMAN ZEMKE: I guess if I don't hear a
3 motion then I would -- I guess it's going to be
4 deferred until -- the decision would be September.

5 MR. HARTIG: Well, I'll go ahead and make the
6 motion, Steve.

7 CHAIRMAN ZEMKE: Okay.

8 MR. HARTIG: It's kind of hard because somebody
9 is typing right next to the phone, I think, and it's
10 hard to hear. But I move we authorize the EVOS Trustee
11 Council Executive Director to enter into a contract
12 with Callan Associates in the amount of \$11,990, which
13 includes applicable GA, for investment advisor services
14 to serve as an independent investment advisor to the
15 Investment Working Group. In addition, \$2,725, which
16 includes applicable GA for travel costs, for a total of
17 \$14,715 added to the EVOS Trustee Council
18 administrative budget. The -- going forward with this
19 would be contingent upon the agreement of the
20 Investment Working Group at their April meeting.

21 CHAIRMAN ZEMKE: Okay. Do I hear a second?

22 MR. BROOKOVER: I'll second. This is Tom.

23 CHAIRMAN ZEMKE: Okay. It's been seconded.

24 Any discussion on the motion?

25 MR. ELTON: Steve?

1 MS. HSIEH: Steve, will you ask the people.....

2 MR. ELTON: Steve, this is Kim.

3 MS. HSIEH:who are on the phone who are
4 not speaking -- and I don't believe they're trustees --
5 to go ahead and mute.

6 CHAIRMAN ZEMKE: Okay.

7 MS. HSIEH: There's typing, there's intercoms.

8 CHAIRMAN ZEMKE: Did you hear that request?
9 Those that aren't on the -- actively speaking on the
10 phone, could you please mute your phones so that we
11 don't have extraneous noise on the line? Thank you.

12 MR. HARTIG: Yes, I heard that.

13 CHAIRMAN ZEMKE: Okay. All right. Thank you.

14

15 MR. ELTON: Steve?

16 CHAIRMAN ZEMKE: Okay.

17 MR. ELTON: Steve, this is Kim.

18 CHAIRMAN ZEMKE: Yes, Kim.

19 MR. ELTON: Okay. So the way -- I think we're
20 getting to a good place here where everybody's going to
21 be -- feel -- going to feel mostly comfortable. But
22 just to clarify, given the way the motion now reads,
23 contingent upon the agreement of the working group, I'm
24 assuming that this will still then take two working
25 group meetings because I would assume that without a

1 contract Callan is not going to be approaching the
2 working group in April with the kind of information
3 they may need to make a decision on the asset
4 allocation, right?

5 CHAIRMAN ZEMKE: I -- Elise is shaking her head
6 yes, so I think that's kind of the intent.

7 MS. HSIEH: It's looking.....

8 CHAIRMAN ZEMKE: I guess one of the questions
9 is, what would be the first working group meeting,
10 whether it would just be to basically discuss the
11 Callan contract and go forward with it, and I guess
12 that probably would be kind of minor, or a short
13 teleconference could deal with that.

14 MS. HSIEH: I'm really going to have to just
15 poll people and see how to manage it. It might also
16 morph into a discussion of the policies and some of
17 their -- I mean, I think that it probably would be one
18 hour, but yes.

19 CHAIRMAN ZEMKE: And as Larry's motion, it's
20 contingent upon, and so if that can't happen then the
21 motion would not -- or the actual implementation
22 wouldn't fall forward because it didn't meet the
23 contingency.

24 MS. HSIEH: Right. I think it should be able
25 to happen because we have until September 15th. It's

1 -- usually do it in April. It's a lot easier to get in
2 touch with people, but we'll just administratively work
3 out a schedule, so.....

4 MS. SCHORR: And I would add -- this is Jen.
5 I guess I would add that that's conditioned upon the
6 unanimous agreement of the Investment Working Group.

7 CHAIRMAN ZEMKE: Okay. Is that a.....

8 MR. HARTIG: No, I think it's a majority. This
9 is Larry. I intended it to be a majority.

10 MS. SCHORR: Oh, okay.

11 CHAIRMAN ZEMKE: So there's some discussion on
12 that. You were proposing that as an amendment to the
13 motion.

14 MS. SCHORR: I was.

15 CHAIRMAN ZEMKE: So.....

16 MS. SCHORR: But I'm comfortable with a
17 majority.

18 MR. ELTON: Yeah, I may be -- this is Kim
19 again. I may be comfortable. Who's on the working
20 group?

21 MS. HSIEH: Cherri, can you help me remember
22 who's -- it's Jen Schorr, Larry Hartig, Jim Balsiger,
23 Bob Mitchell and/or Gary Bader.

24 MS. WOMAC: Joe Darnell.

25 MS. HSIEH: Joe Darnell.

1 MR. ELTON: Okay. I would assume that Bob
2 would have to recuse himself.

3 MS. HSIEH: That's correct.

4 MR. ELTON: Okay. So I'm comfortable whether
5 it's majority or unanimous. I -- either way I'm
6 comfortable.

7 CHAIRMAN ZEMKE: Any other discussion on the
8 motion.

9 (No audible responses)

10 CHAIRMAN ZEMKE: I guess hearing none I guess I
11 would entertain a call for the question.

12 MR. BALSIGER: Call the question.

13 CHAIRMAN ZEMKE: Call -- the question's been
14 called. I guess do you prefer whether we do a roll
15 call, since there's folks on the phone?

16 MS. HSIEH: Yes, please.

17 CHAIRMAN ZEMKE: Okay. So roll call. So it
18 would be Kim Elton.

19 MR. ELTON: Yes, as amended.

20 CHAIRMAN ZEMKE: Okay. Larry Hartig.

21 MR. HARTIG: Yes.

22 CHAIRMAN ZEMKE: Okay. Tom Brookover. Tom,
23 are you still there? You need to un-mute your phone.
24 Tom Brookover? Oh, I guess we'll move on here and then
25 we'll come back to Tom. Jen Schorr?

1 MS. SCHORR: Yes.

2 CHAIRMAN ZEMKE: Jim Balsiger.

3 MR. BALSIGER: Yes.

4 CHAIRMAN ZEMKE: And this is the chair, Steve
5 Zemke, yes. I guess we're going back to Tom. So wait
6 a.....

7 MS. HSIEH: I'm sending him an email.

8 MR. BALSIGER: A minute or two here.

9 MS. HSIEH: You could take a moment and ask for
10 public comment as well.

11 CHAIRMAN ZEMKE: Okay. That would be good.

12 MR. BALSIGER: Mid-vote.

13 MS. HSIEH: Mid-vote.

14 CHAIRMAN ZEMKE: We can -- I'm not sure how we
15 would -- kind of entertain a motion to go off the vote
16 and take public comment.

17 MR. BALSIGER: Mr. Chairman.

18 CHAIRMAN ZEMKE: Sure.

19 MR. BALSIGER: I'm not sure this isn't Robert's
20 Rules, but I move that we suspend the vote momentarily
21 while we take public comment.

22 CHAIRMAN ZEMKE: Okay. I'll entertain that
23 motion. So with that, is there anybody on -- since we
24 were at 9:45 supposed to take public comment, is there
25 anybody on the phone line that would like to give

1 public comment at this time?

2 (No audible responses)

3 CHAIRMAN ZEMKE: Okay. Hearing none, I guess
4 we go here in our conference room, I guess. Is there
5 anybody here who would like to give public comment at
6 this time?

7 MR. HAGEN: Steve Zemke?

8 CHAIRMAN ZEMKE: Yes, this is.....

9 MR. HAGEN: Yeah, this is Pete Hagen calling
10 from Juneau. This isn't public comment, but I'd like
11 to just interject. On that first item that Elise
12 discussed on the Executive Director's report, on the
13 Boufadel project.

14 CHAIRMAN ZEMKE: Yes, Pete.

15 MR. HAGEN: Yeah, I'd just like to add a little
16 bit of clarification. I should have flagged it before,
17 but the report is listed -- the title of the report
18 indicates it's a final report and I just want to make
19 it clear that that's probably not quite correct. As
20 the trustees know, you extended another year of the
21 project, so more correctly this is an interim report
22 and it hasn't gone through a peer review. I don't
23 think there's any intention for a peer review. There's
24 parts of the project, such as the microbial analysis,
25 which isn't included in this report. So anyway, just

1 in the interest of filling up time, I just wanted to
2 make that clear for the record, that the title of the
3 report which states it's final, as a final report, is
4 probably not correct. It would be more correct to
5 refer to it as an interim report.

6 CHAIRMAN ZEMKE: Okay, Pete. Thank you very
7 much for that information and, yeah, I think we
8 probably realized that it probably wasn't the final
9 report for this project. I do want to -- I do
10 appreciate Michel putting together this comprehensive
11 report for us and, as Pete said, it didn't include
12 maybe microbial analysis but it certainly was a pretty
13 fully fleshed out discussion of kind of the results so
14 far and did meet our intent about what new information
15 we had gathered and how it could be useful for moving
16 forward into this year's work. And I kind of pushed it
17 out to our folks on the ground and they -- like our
18 contracting folks and our special uses permit people
19 really do appreciate having the additional information
20 about what the results were so far from last year's
21 work out in Prince William Sound. So is there
22 anything.....

23 MR. HARTIG: Say, Steve, this is Larry.

24 CHAIRMAN ZEMKE:else you'd like to add,
25 Pete?

1 MR. HAGEN: Well, no, I just -- yeah, I just
2 appreciate that. I just wanted to bring that up. I
3 hadn't -- I didn't actually look at the report until I
4 got back from vacation and noticed that he had
5 indicated it was a final report. And just to make sure
6 it's clear that it's not the Trustee Council final
7 report, it's an interim report.

8 MR. HARTIG: Say, Steve, this is Larry.

9 CHAIRMAN ZEMKE: Thank you, Pete. Yes, Larry.

10 MR. HARTIG: Just to fill in time here till we
11 get Tom back, I didn't get a chance to look at the
12 report in detail yet, but it did concern me that we had
13 limited time in the field last year, I think about half
14 of what was originally anticipated. And it sounded
15 like there was a couple of reasons for it. One was
16 permitting. One was, I guess, just some logistic
17 problems or equipment problems. And then there was
18 weather, of course. Is everything -- and I don't know,
19 this may be more of a question for Elise or Pete -- is
20 everything on track to get a full season in 2012?
21 Because I think it's a very important study for a
22 variety of reasons. I want to make sure that it goes
23 as well as it can.

24 MS. HSIEH: Pete, do you want to address the
25 status of the permitting, which -- I mean, last summer

1 it was clear in the interim report that there was some
2 storm damage, some permitting issues, so that seems to
3 be the two items that -- and there was an adjustment
4 with the generator, so they've learned from last year.
5 So some of those practical problems may be somewhat
6 less this summer. But can you speak to the status of
7 the permitting?

8 MR. HAGEN: Well, I think things are still
9 going on track. As far as I know the -- there's --
10 hopefully there won't be any permits we're not aware
11 of, but we've contacted state agencies and then the
12 Forest Service, as Steve indicated, has looked at it
13 carefully and they're willing to extend their permit.
14 So I think on that end of things it's good. We just
15 issued the contract modification, or at least we added
16 the additional year, so Temple should be good to go at
17 this point to securing charter time and so forth. So I
18 think the logistics are playing out. Of course,
19 weather is always a factor, particularly they're going
20 to be going to Smith Island, which is a little more
21 tricky logistically if the weather turns bad.

22 Also note too that in the report they talk
23 about how most of the results or at least the
24 indication of the nutrients were highest, you know,
25 soon after. I guess, the -- I'm not so sure if they'll

1 need the full 12 weeks that they had last year. I
2 think they're planning on that anyway -- or at least
3 that they tried to do last year. But I think the
4 thinking, at least some of the preliminary results
5 indicate that most of the degradation is likely to
6 occur early, after the -- you know, soon after the
7 injections start. So, but you know, we'll get a lot
8 more information this year about how it operates
9 assuming things go smoothly logistically in the field.

10 CHAIRMAN ZEMKE: All right. Thank you, Pete.

11 MR. HARTIG: Thank you.

12 MS. HSIEH: Tom Brookover was calling in from
13 apparently perhaps his cell phone. He's on leave this
14 week. Linda is trying to hunt down what happened to
15 Tom. I don't know if you'd like me to review the
16 information which has been made publicly available
17 regarding the Port Graham Hatchery, which Tom has
18 already reviewed as well, as a lead-in to the next
19 subject in order to make use of our time. But I'm
20 happy -- or we could adjourn for 10 minutes. I'm happy
21 to do whatever you all feel comfortable with.

22 CHAIRMAN ZEMKE: Since the Port Graham
23 Hatchery, I think, it also requires a decision, it
24 would probably be best to actually stand down for --
25 take a break for 15 minutes and we'll come back at

1 10:25.

2 MS. HSIEH: And see if we can find -- you know,
3 I think we also have a Koniag Conservation Easement
4 update which does not require a decision.

5 CHAIRMAN ZEMKE: Okay.

6 MS. HSIEH: Again, it would be up to you
7 whether you'd like to do that now or what.

8 CHAIRMAN ZEMKE: I guess.....

9 MR. ELTON: Mr. Chair.

10 CHAIRMAN ZEMKE: Go ahead, Kim.

11 MR. ELTON: Mr. -- yeah, this is Kim. Thanks.
12 However we do it doesn't matter to me. I have to get
13 off the line at 3:00 my time, so 11:00 your time.

14 CHAIRMAN ZEMKE: Which is 1 -- oh.....

15 MS. HSIEH: 11:00.

16 CHAIRMAN ZEMKE: 11:00. Okay.

17 UNIDENTIFIED SPEAKER: We have 50 minutes left,
18 so.....

19 CHAIRMAN ZEMKE: Okay. Well, let's -- in the
20 interim, the interest of time then, let's go ahead and
21 take the Koniag Conservation Easement update and then
22 that way we can help expedite being able to try to get
23 it done by 11:00 a.m. our time. So -- and I guess
24 we'll strike taking a break until 10:25 and move into
25 the Koniag Conservation Easement update. And I guess

1 we have Joe Darnell, he's going to present us with
2 information on that.

3 MS. HSIEH: We're going to need a microphone.

4 CHAIRMAN ZEMKE: Excuse the chaos here.

5 MR. DARNELL: Yeah, we're doing the logistical
6 here. Okay. Thank you, Mr. Chair. The -- for those
7 who -- probably everyone knows the -- we have in place
8 right now a conservation easement with Koniag involving
9 a large amount of land out on Kodiak Island. That
10 conservation easement was done something over 10 years
11 ago. By its terms, it expires this year in October --
12 actually October 15th, 2012. The conservation easement
13 by its terms also provides for a renewal at the
14 election of Koniag but requires that they provide that
15 notice of renewal by April 15th of this year, six
16 months in advance. The reasoning behind that six month
17 lag being that -- to give the parties time to adjust
18 out at -- if in fact Koniag elected not to extend the
19 existing conservation easement.

20 Koniag has approached the State of Alaska and
21 also the Fish and Wildlife Service with some
22 preliminary discussions about maybe perhaps making some
23 changes in the conservation easement. If any conserva
24 -- if any changes were to be made, those would require
25 the approval of the Trustees Council. Those

1 discussions have really just gotten started. It's the
2 judgment of Fish and Wildlife Service and counsel of
3 the state and also of Koniag that we cannot complete
4 those discussions by April 15th, the deadline by which
5 Koniag must give its notice. And therefore, we have
6 discussed and agreed that the deadline for making that
7 notification, the April 15th notification, should be
8 slipped into late summer, perhaps early fall, to
9 probably a time after the next regularly scheduled
10 trustees meeting, which is sometime in the neighborhood
11 of -- sometime during July.

12 The terms of the conservation easement allow
13 the parties to that easement, which the State of
14 Alaska, United States, particularly the Fish and
15 Wildlife Service and Koniag, to make adjustments to
16 these types of aspects of the conservation easement.
17 It doesn't require an action by the Trustee Council
18 since it doesn't change anything substantive within the
19 easement. And we're -- have discussed that and are
20 going to go forward and make that adjustment, so as to
21 give sufficient time to engage in these discussions.

22 Interestingly enough, we also in the course of
23 this discovered that the master agreement which was
24 entered into also that governs some larger issues that
25 Koniag had, also required a notice, an advance notice

1 time for making changes or renewing the easement. It
2 turned out somehow or another when that was done they
3 picked July 15th as a date. So we even have right now
4 an internal inconsistency between the conservation
5 easement and the master agreement, so we'll be making
6 adjustment in that as well. Which can also be done by
7 the parties to the agreements and doesn't require the
8 Trustee Council approval.

9 So that's basically what we're up to. The --
10 there are some discussions going on and there will be
11 briefings, obviously, for the trustees as that
12 progresses. But that's -- in case anyone was waiting
13 for this announcement to come, there will be a delay
14 for Koniag to make its final decision as to whether it
15 wants to go forward with another 10 year term on the
16 conservation easement.

17 CHAIRMAN ZEMKE: Okay. Thank you, Joe. I
18 appreciate your.....

19 MR. DARNELL: Yeah.

20 CHAIRMAN ZEMKE:update. Is there any
21 questions for Joe on the -- I guess you were saying
22 that instead of the April 15th date you're now looking
23 at, what, a target date of mid-July, is that.....

24 MR. DARNELL: No, actually we'll be looking at
25 probably the end of September, maybe the first week in

1 October. The mid-July happens to be another date
2 that's in another agreement. They -- the two work
3 together and somehow or another when these things were
4 drafted someone missed the fact that we had
5 inconsistent dates, which didn't really come to light
6 until we were looking at this issue. So we'll be
7 making adjustments and I have discussed this with
8 Koniag's attorney, Bill Timme, and he's there and he's
9 also consulted with his client and they're in accord
10 with making this adjustment so -- to allow sufficient
11 time for the discussions to go forward.

12 CHAIRMAN ZEMKE: Okay. Thank you, Joe.

13 MR. DARNELL: Yeah, sure.

14 CHAIRMAN ZEMKE: Appreciate that.

15 MS. HSIEH: Thank you.

16 CHAIRMAN ZEMKE: Any questions from -- on the
17 phone line?

18 (No audible responses)

19 MR. DARNELL: Not from Mr. Brookover.

20 (Laughter)

21 CHAIRMAN ZEMKE: Thank you again.....

22 MR. DARNELL: Okay.

23 CHAIRMAN ZEMKE:Joe.

24 MS. HSIEH: Should we check and see if Tom -- I
25 know they're hunting for him, but do you want to check

1 and see if Tom is magically back on?

2 CHAIRMAN ZEMKE: Tom, are you back on the line?

3

4 (No audible response)

5 CHAIRMAN ZEMKE: Hearing no, I guess we'll take

6 a break until 10:25 and then move back into -- if we

7 can't get Tom back on the line then I guess we'll stay

8 suspended until we have a full quorum, because the rest

9 is pretty much.....

10 MR. HARTIG: Yeah.

11 CHAIRMAN ZEMKE:decision.

12 MR. HARTIG: Steve, Larry again. I think we

13 have a quorum, don't we?

14 CHAIRMAN ZEMKE: Well, we need unanimous.....

15 MS. HSIEH: You need unanimous.....

16 CHAIRMAN ZEMKE:consent on decisions, and

17 so without having all six of us here, I think we can't

18 say we have unanimous consent.

19 UNIDENTIFIED SPEAKER: It's not unanimous of

20 those in attendance.

21 MR. HARTIG: Right. I don't know that. I

22 think in the past we've been able to act, but I don't

23 know, maybe you can just check on that during the

24 interim.

25 CHAIRMAN ZEMKE: That's probably a good idea.

1 MS. HSIEH: I believe you've been able to use a
2 majority for some procedural, non-financial decisions,
3 none of which we have. Perhaps the Port Graham
4 Hatchery, but -- which is a (indiscernible), but I'll
5 check.

6 (Off record)

7 (On record)

8 CHAIRMAN ZEMKE: It's actually 10:30, a little
9 bit past what we -- on, so currently we are on the
10 Callan Associates Services Contract. We had a motion
11 on the table to approve the contract, or approve moving
12 forward with Callan Associates subject to kind of
13 consent by the working -- Investment Working Group.
14 Had a second on that motion and we're currently in roll
15 call for approval of the motion as presented. So I
16 guess I'll start all the way back up again on the phone
17 line and I will have probably -- I guess just to
18 simplify, we'll just start with everybody, starting
19 with Kim Elton.

20 MR. ELTON: Yes.

21 CHAIRMAN ZEMKE: And then Larry Hartig.

22 MR. HARTIG: Yes.

23 CHAIRMAN ZEMKE: Tom Brookover.

24 MR. BROOKOVER: Yes.

25 CHAIRMAN ZEMKE: Okay. Jim Balsiger.

1 MR. BALSIGER: Yes.

2 CHAIRMAN ZEMKE: Jen Schorr.

3 MS. SCHORR: Yes.

4 CHAIRMAN ZEMKE: And Steve Zemke is yes. So
5 move -- motion is approved as presented. Okay. Moving
6 on, we're onto the Port Graham Hatchery/Cook Inlet
7 Aquaculture discussion.

8 MS. HSIEH: One of our PAC members, Gary
9 Fandrei, who's the Executive Director of the Cook Inlet
10 Aquaculture Association, was recently approached by the
11 Port Graham -- CIAA was recently approached by the Port
12 Graham Hatchery Corporation regarding CIAA assuming
13 ownership of the Port Graham Hatchery. The Port Graham
14 Hatchery Corporation has several loans from the state
15 fisheries enhancement loan program, they're in default,
16 and under this program the Port Graham Hatchery
17 Corporation has been encouraged to offer ownership and
18 future operations of the hatchery to CIAA. In 1998 the
19 council funded approximately \$780,000 to rebuild the
20 burned down hatchery. The total cost of the hatchery
21 was approximately 2.2 million dollars. There was also
22 an additional two million dollars for a cannery that
23 council was not involved with.

24 The council's note -- meeting notes indicate
25 they were supporting the hatchery so that Department of

1 Fish and Game could have an annual management program
2 that included otolith marking programs, in-season
3 sampling programs, et cetera. I talked to Department
4 of Fish and Game and they were very encouraging of this
5 change in ownership. I also talked to the U.S.
6 Department of Justice and Department of Law regarding
7 this potential change in ownership and they were also
8 supportive and see it -- they don't believe there's a
9 legal impediment to the change in ownership with regard
10 to the Trustee Council.

11 We're recommending today that you move for the
12 Trustee Council to state on the record that it has no
13 objections to the Cook Inlet Aquaculture Association's
14 purchase of the Port Graham Hatchery.

15 CHAIRMAN ZEMKE: Thank you, Elise. Any
16 discussion?

17 (No audible responses)

18 CHAIRMAN ZEMKE: Hearing none, I would
19 entertain that motion.

20 MS. SCHORR: I move the Trustee Council state
21 that it has no objection to the Cook Inlet Aquaculture
22 Association's purchase of the Port Graham Hatchery.

23 //

24 CHAIRMAN ZEMKE: Is there a second?

25 MR. BROOKOVER: Second.

1 CHAIRMAN ZEMKE: Tom Brookover seconded the
2 motion. Any discussion on the motion? Hello? Did
3 somebody say something on the phone? Any discussion
4 here?

5 (No audible responses)

6 CHAIRMAN ZEMKE: Hearing no discussion,
7 entertain call for the question.

8 MS. SCHORR: Call for the question.

9 CHAIRMAN ZEMKE: Question -- mo -- it's been
10 called. All those in -- say -- I guess we'll go
11 through the roll call. Kim Elton.

12 MR. ELTON: Yes.

13 CHAIRMAN ZEMKE: Larry Hartig.

14 MR. HARTIG: Yes.

15 CHAIRMAN ZEMKE: Tom Brookover.

16 MR. BROOKOVER: Yes.

17 CHAIRMAN ZEMKE: Jen Schorr.

18 MS. SCHORR: Yes.

19 CHAIRMAN ZEMKE: Jim Balsiger.

20 MS. SCHORR: Yes.

21 CHAIRMAN ZEMKE: Steve Zemke, yes. Motion is
22 approved as presented. Okay. The next item on the
23 agenda is.....

24 MS. HSIEH: The Seward Vessel Wash-Down.....

25 CHAIRMAN ZEMKE:Wash-Down.

1 MS. HSIEH:project was originally
2 assigned by our staff to Department of Fish and Game
3 last fall. Through coordination between Department of
4 Fish and Game and ADEC it's currently being managed by
5 ADEC as they're the agency with the appropriate
6 expertise for the project. There's been ongoing
7 discussion about how best to facilitate the flow of
8 funding, whether through Department of Fish and Game,
9 DEC or DCED. Those discussions are continuing. I
10 recommend -- oh -- that the Trustee Council -- this
11 motion is not correct. I recommend that the Trustee
12 Council delegate to the Executive Director the
13 assignment of a project manager for project 12120115,
14 vessel wash-down and wastewater recycling facility at
15 the Seward Marine Industrial Center so that I can
16 respond appropriately as those discussions complete.
17 What we're looking for, the goals would be for ADEC to
18 actually lend their expertise to this project during
19 this bidding phase and the construction phase next
20 year, but we're discussing different ways for the
21 funding, which state agency is appropriate, and those
22 discussions are continuing.

23 CHAIRMAN ZEMKE: Okay. Thank you, Elise. Any
24 discussion on the wash-down facility, assignment of a
25 project manager?

1 (No audible responses)

2 CHAIRMAN ZEMKE: Anyone on the phone that would
3 like to discuss?

4 (No audible responses)

5 CHAIRMAN ZEMKE: Hearing none, I would
6 entertain a motion.

7 MR. HARTIG: Mr. Chairman?

8 CHAIRMAN ZEMKE: Yes.

9 MR. HARTIG: I'll move that we delegate the
10 assignment of an agency project manager to the
11 Executive Director for Project 12120115, the Vessel
12 Wash-Down and Wastewater Facility at the Seward Marine
13 Industrial Center.

14 CHAIRMAN ZEMKE: Is there a second to that
15 motion?

16 MS. SCHORR: Second.

17 CHAIRMAN ZEMKE: Second. Any discussion? Did
18 that meet your intent? Okay. Any other discussion?

19 (No audible responses)

20 CHAIRMAN ZEMKE: Hearing none, hear a call for
21 the question?

22 MR. BALSIGER: Call for the question.

23 CHAIRMAN ZEMKE: The question has been called.
24 All those -- let's see, I guess go onto the phone line.
25 Kim Elton.

1 MR. ELTON: Yes.

2 CHAIRMAN ZEMKE: Larry Hartig.

3 MR. HARTIG: Yes.

4 CHAIRMAN ZEMKE: Tom Brookover.

5 MR. BROOKOVER: Yes. Yes.

6 CHAIRMAN ZEMKE: Jim Balsiger.

7 MR. BALSIGER: Yes.

8 CHAIRMAN ZEMKE: Jen Schorr.

9 MS. SCHORR: Yes.

10 CHAIRMAN ZEMKE: And Steve Zemke, yes. Motion
11 is approved as presented. So move on to Agenda Item
12 Number 5 on the Hab -- oh, I guess not that far yet.
13 On the EVOS Lease/Moving Expenses discussion.

14 MS. HSIEH: The USGS has recently requested --
15 USGS, by the way, by way of background, has managed the
16 lease for the Trustee Council I believe for 12 years --
17 has recently requested that we transfer our location to
18 the Alaska Pacific University Grace Hall building in
19 Anchorage. Since 2001 USGS has administrated the lease
20 for the council office space. Our current lease, which
21 has cancellation rights, expires in 2013, at which time
22 our expenses, location and agency sponsorship would be
23 uncertain.

24 Moving to the USGS building allows for long
25 term MOA with established expenses, shared co-location

1 services, and a reduction of costs. This will also be
2 yet again reducing our office space as this new
3 arrangement allows us to access a variety of APU and
4 USGS conference rooms and meeting areas and thus we
5 anticipate annual lease and administrative savings.

6 To take advantage of this opportunity, we'd
7 need to sign -- I would need to sign an MOA on behalf
8 of the council by April 1st and move into this new
9 space later this summer. The USGS building offers an
10 excellent permanent home for the council and results in
11 additional savings and the many administrative
12 advantages of being co-located with the trust agency.

13 In addition, if we do not accept this transfer,
14 we will likely have to seek new trust agency
15 sponsorship of our lease, a prospect that has not
16 received great interest from other agencies when I've
17 inquired over the last two years, foreseeing this
18 shift, and would likely come at additional expense.

19 Procedurally the council approves -- actually,
20 that's probably enough information for the background
21 information. The -- I'm recommending that the Trustee
22 Council authorize the EVOS Executive Director to enter
23 into negotiations in a formalized agreement with the
24 USGS for leased office space in an amount not to exceed
25 \$14,500 through September 30th of 2012. The council

1 doesn't not need to authorize any new funds for the
2 office space since funding for office space has already
3 been provided in our 12120100 administrative budget.
4 The formalized agreement may not exceed five years with
5 an option to renew and shall include cancellation
6 rights with 120 days notice in writing after the five
7 years.

8 CHAIRMAN ZEMKE: Thank you, Elise. Is there
9 any discussion on the presentation?

10 MR. BALSIGER: This is Jim.

11 CHAIRMAN ZEMKE: Yes, Jim.

12 MR. BALSIGER: Where is this building?

13 MS. HSIEH: It's on the APU campus.

14 MR. BALSIGER: I know, but.....

15 MS. HSIEH: In -- if you go up -- can ex.....

16 UNIDENTIFIED SPEAKER: By the hospital.

17 MS. HSIEH: By the hospital.

18 MR. BALSIGER: By -- thank you.

19 MS. HSIEH: By Providence Hospital.

20 CHAIRMAN ZEMKE: Just to the east, about a
21 quarter mile or so.

22 MR. BALSIGER: Thank you.

23 CHAIRMAN ZEMKE: So -- but.....

24 MS. HSIEH: One floor below the Department of
25 Interior Solicitor's Office. And we'd be co-located

1 with our -- some of our council and also some of our
2 researchers as well.

3 MR. BALSIGER: All right. Thank you.

4 CHAIRMAN ZEMKE: Any other discussion?

5 MS. SCHORR: Does this.....

6 MR. ELTON: Steve, this is Kim.

7 CHAIRMAN ZEMKE: Yes, Kim.

8 MR. ELTON: Just a real quick question. I --
9 and I -- I'm not really sure what it -- what Elise has
10 just said. When you say the formalized agreement may
11 not exceed five years with an option to renew, does
12 that mean you can have a five year contract with a
13 further option to renew or you can't have anything
14 including an option to renew go beyond five years?

15 CHAIRMAN ZEMKE: Elise, go ahead and answer the
16 question.

17 MS. HSIEH: I believe the intent is to have a
18 formalized agreement for a five year period with an
19 option to renew. And Dede Bohn.....

20 MR. ELTON: Okay.

21 MS. HSIEH:is also online and has been
22 helping me handle the details of the agreement. So I
23 encourage Dede to speak up if I've misspoken.

24 MS. SCHORR: And just to confirm that this
25 office space includes a conference area that's

1 sufficient to hold the Trustee Council meetings.

2 MS. HSIEH: It includes access to all of the
3 APU and the USGS building. Many, not all, but at least
4 four or five different conference rooms of varying
5 sizes, including ones which are larger and smaller than
6 this room. So it looked to be very flexible.

7 CHAIRMAN ZEMKE: It appeared in the write-up
8 there was at least one that had -- could hold over a
9 hundred people and so....

10 MS. HSIEH: Yes.

11 CHAIRMAN ZEMKE:that's certainly probably
12 more than adequate. And.....

13 MS. HSIEH: Yes.

14 CHAIRMAN ZEMKE:I guess my only question
15 is the 25 -- or 2275 square feet. Is that sufficient
16 to meet kind of your office needs?

17 MS. HSIEH: We have -- Carrie Holba of our
18 office, who has managed ARLIS in several library moves,
19 has done a markup and drop of our office space. There
20 is some potential for high density storage. Actually,
21 our biggest encumberment for office space is the court
22 order and the retention of documents over the last 20
23 years. We're looking into digitization over the next
24 few years, which I'll be presenting to the council.
25 Probably a very costly proposal at some point to try

1 and digitize Trustee Council records and make them
2 available online to some extent. We're also hoping
3 that the very burdensome court order to retain all of
4 our documents from the last 20 years will at some point
5 be modified by the parties involved. In the meantime,
6 we are hoping to fit in that space and/or also there's
7 some of our documents which can be taken offsite. So
8 we may do offsite storage and also there is high
9 density storage at the USGS building that we could add-
10 on, which we'd probably know by the next Trustee
11 Council meeting. But we believe we're -- we can make
12 it work.

13 CHAIRMAN ZEMKE: Okay. Thank you. Also the
14 office move would be potentially relatively close to
15 ARLIS too. It's probably less.....

16 MS. HSIEH: Yes.

17 CHAIRMAN ZEMKE:about a mile or so. And
18 so there's actually a good connection for public if
19 they go to the EVOS office and say, well, maybe you
20 need to go over to the ARLIS library to be able to
21 research there and provide some pretty good connection
22 that way. I think in that regard it's a very good
23 move.

24 MS. HSIEH: Yeah, and the parking and
25 accessibility of that building I think is an advantage

1 as well.

2 CHAIRMAN ZEMKE: Okay. Any other discussion?

3 (No audible responses)

4 CHAIRMAN ZEMKE: Hearing none, entertain a
5 motion.

6 MS. SCHORR: I move we authorize the Trustee
7 Council Executive Director to enter into negotiations
8 in a formalized agreement with the United States
9 Geological Survey for leased office space in an amount
10 not to exceed \$14,500 through September 30th, 2012.
11 The council does not need to authorize any new funds
12 for the office space since funding for office space has
13 already been provided in the 12120100 administrative
14 budget. The formalized agreement may not exceed five
15 years with an option to renew and shall include
16 cancellation rights within 120 days notice in writing
17 after the five years.

18 In order to relocate the office, I move we
19 approve Resolution 12-04 authorizing \$12,000 in
20 additional funds, which includes applicable GA, for
21 Project 12120100, EVOS Trustee Council administrative
22 budget relocation expenses.

23 CHAIRMAN ZEMKE: Okay. Thank you, Jen. Is
24 there a second?

25 MR. BALSIGER: I'll second.

1 CHAIRMAN ZEMKE: It's been seconded. Any
2 discussion?

3 (No audible responses)

4 CHAIRMAN ZEMKE: Hearing none, I guess we're
5 ready to vote on the ques -- on the motion.

6 MR. BALSIGER: Call the question.

7 CHAIRMAN ZEMKE: Great. Question's been
8 called. The -- Kim Elton.

9 MR. ELTON: Yes.

10 CHAIRMAN ZEMKE: Larry Hartig.

11 MR. HARTIG: Yes.

12 CHAIRMAN ZEMKE: Tom Brookover.

13 MR. BROOKOVER: Yes.

14 CHAIRMAN ZEMKE: Yes.

15 MR. BROOKOVER: Sorry.

16 CHAIRMAN ZEMKE: The pregnant pause there.
17 Jen Schorr.

18 MS. SCHORR: Yes.

19 CHAIRMAN ZEMKE: Jim Balsiger.

20 MR. BALSIGER: Yes.

21 CHAIRMAN ZEMKE: Steve Zemke says yes. Motion
22 are -- has -- is approved as presented. So that takes
23 care of the Executive Director's report. We'll move on
24 to the Habitat and the next item up for discussion
25 would be the Port Graham re-authorization. And it

1 shows Samantha Carroll as presenting. I don't see
2 Samantha here.

3 MS. HSIEH: Samantha is on the phone. We also
4 have Jeff Mow from the National Parks Service who is
5 here. So, Samantha, would you like -- prefer that Jeff
6 come up and give us an overview or did you want to
7 start?

8 MS. CARROLL: Why don't I start and then Jeff
9 can fill in.

10 CHAIRMAN ZEMKE: Okay. Thank you. Go
11 ahead.....

12 MS. CARROLL: Can you guys.....

13 CHAIRMAN ZEMKE:Samantha.

14 MS. CARROLL:okay?

15 MS. HSIEH: If you can speak up a little bit,
16 that would be great.

17 MS. CARROLL: Okay. How's this?

18 MS. HSIEH: Better.

19 MS. CARROLL: Okay. My name is Samantha
20 Carroll with the Habitat Program. In an effort to try
21 and save some time I'll get right to the point. Today
22 we're here to discuss the Port Graham project, which is
23 comprised of lands owned by the Port Graham Corporation
24 and located in the Kenai Fjords National Park. And
25 we're requesting re-authorization of existing due

1 diligence funds and requesting new due diligence
2 funding.

3 Just a real quick brief history. The council
4 approved the funds for due diligence of the original
5 Port Graham project in 2008, which expired in '09.
6 Under that authorization the Parks Service was able to
7 conduct an appraisal; however, the landowners, once
8 learning the appraised value, decided to pursue other
9 options. However, recently the corporation, under new
10 leadership, has a renewed interest in our projects,
11 however, that is scaled back to only two parcels,
12 totaling about 2,250 acres. And I believe there's
13 approximately about a half a mile or so of ocean
14 frontage. This is the project that we would like to
15 conduct due diligence on. So what that would mean is
16 we would like the re-authorization of the remaining
17 funds that were already dispersed in '08, the amount is
18 12,500, and request today an additional 6,500 to
19 complete those activities.

20 At this point, I skipped over some of the other
21 things I was going to present to save time, so we're
22 happy to answer any questions that council has.

23 CHAIRMAN ZEMKE: Are there any questions for
24 Samantha at this time?

25 (No audible responses)

1 CHAIRMAN ZEMKE: Hearing none, is there
2 anything else that you'd like to say, Mr. Mow?

3 MR. MOW: No, I think we're good.

4 CHAIRMAN ZEMKE: Okay. So I guess I would
5 entertain a motion for the re-authorization of due
6 diligence funds and additional funds.

7 MR. BROOKOVER: This is Tom. I'll move that we
8 approve Resolution 12-03 re-authorizing the funds
9 remaining from Resolution 08-06 plus an additional.....

10 CHAIRMAN ZEMKE: Okay.

11 MR. BROOKOVER:\$7,085, I believe, which
12 includes applicable GA to the Department of Interior
13 National Parks Service for due diligence activities for
14 Port Graham Parcel PTG 01.

15 CHAIRMAN ZEMKE: Okay. Thank you, Tom. Do I
16 hear a second to the motion?

17 MR. BALSIGER: Second.

18 CHAIRMAN ZEMKE: The motion has been seconded.
19 Any discussion on the motion?

20 (No audible responses)

21 CHAIRMAN ZEMKE: Hearing no request for dis --
22 or discussion, I guess I would entertain a call for the
23 question.

24 MS. SCHORR: Call for the question.

25 CHAIRMAN ZEMKE: The question's been called, so

1 do roll call vote. Kim Elton.

2 MR. ELTON: Yes.

3 CHAIRMAN ZEMKE: Larry Hartig.

4 MR. HARTIG: Yes.

5 CHAIRMAN ZEMKE: Tom Brookover.

6 MR. BROOKOVER: Yes.

7 CHAIRMAN ZEMKE: Jim Balsiger.

8 MR. BALSIGER: Yes.

9 CHAIRMAN ZEMKE: Jen Schorr.

10 MS. SCHORR: Yes.

11 CHAIRMAN ZEMKE: And I'll say yes. Motion has

12 been approved as presented. So that, I guess actually

13 we already moved through the agenda item about the

14 Koniag Conservation Easement Update. The only thing

15 left on our agenda would be Executive Session as

16 needed. Do I hear any need for Executive Session?

17 (No audible responses)

18 CHAIRMAN ZEMKE: Hearing none, entertain a

19 motion to adjourn.

20 MR. BALSIGER: Mr. Chairman, I move we adjourn

21 this meeting.

22 CHAIRMAN ZEMKE: Okay. Is there a second?

23 MS. SCHORR: Second.

24 CHAIRMAN ZEMKE: Do I hear any opposition?

25 (No audible responses)

1 CHAIRMAN ZEMKE: Hearing none, the meeting is
2 adjourned 10 to 11:00. Thank you very much for your
3 patience in moving through the agenda and thank you
4 all. Particularly those folks.....

5 (Off record - 10:50 a.m.)

6 (END OF PROCEEDINGS)

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C E R T I F I C A T E

UNITED STATES OF AMERICA)
STATE OF ALASKA)

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

THAT the foregoing pages numbered 2 through 60 contain a full, true and correct transcript of the Exxon Valdez Oil Spill Trustee Council's Meeting recorded electronically by Computer Matrix Court Reporters on the 27th day of March 2012, commencing at the hour of 9:30 a.m. and thereafter transcribed under my direction and reduced to print:

THAT the Transcript has been prepared at the request of:

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

DATED at Anchorage, Alaska this 6th day of April 2012.

SIGNED AND CERTIFIED TO BY:

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