

**RESOLUTION 03-01 OF THE
EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL
REGARDING NORTH AFOGNAK CONSERVATION PACKAGE**

We, the undersigned, duly authorized members of the Exxon Valdez Oil Spill Trustee Council, after review and consideration of relevant information regarding restoration of resources injured by the Exxon Valdez Oil Spill (“EVOS”) find as follows:

1. Several Native Corporation landowners in Perenosa Bay (“Landowners”) own, or expect to receive title to, the surface estate interest in approximately 17,000 acres of land and timber rights affecting approximately 2,300 acres of land as more specifically depicted in Exhibit A (collectively, the “Lands”), and have expressed an interest in selling such lands and/or timber rights. The Lands were conveyed pursuant to the authority in the Alaska Native Claims Settlement Act (ANCSA) and the Alaska National Interest Lands Conservation Act (ANILCA). The subsurface rights associated with the Lands are owned by Koniag, Inc.

2. The Lands are within the oil spill affected area as defined by the Trustee Council in the Final Restoration Plan.

3. Landowners desire to sell the Lands and the EVOS Trustee Council desires to provide a portion of the funds needed for acquisition of the Lands by the State of Alaska for restoration purposes as part of the Trustee Council’s program for restoration of the natural resources and services that were injured or reduced as a result of the oil spill.

4. The Lands include important habitat for various species of fish and wildlife for which significant injury resulting from the oil spill has been documented through the Trustee Council’s habitat acquisition analysis. The restoration benefits to oil spill injured

species for these Lands are identified in the Trustee Council's Resolution 02-02 attached hereto as Exhibit B.

5. Existing laws and regulations, including, but not limited to, the Alaska Anadromous Fish Protection Act, the Clean Water Act, the Alaska Coastal Management Act, the Bald Eagle Protection Act, and the Marine Mammal Protection Act, are intended, under normal circumstances, to protect resources from serious adverse effects from activities on the Lands. However, restoration, replacement, and enhancement of natural resources, and acquisition of equivalent resources and services injured, lost or reduced as a result of the EVOS present a unique situation. Without passing judgment on the adequacy or inadequacy of existing law and regulations to protect resources, biologists, scientists, and other resource specialists agree that, in their best professional judgment, protection of habitat in the spill area to levels above and beyond that provided by existing laws and regulations will likely have a beneficial effect on recovery of injured resources and lost or reduced services provided by these resources.

6. There is widespread public support for the conservation of the Lands.

7. The purchase of the Lands is an appropriate means to restore a portion of the injured resources and reduced services in the oil spill area. Acquisition and conservation of the Lands is consistent with the Final Restoration Plan.

8. Appraisals of the Lands have been or will be completed by appraisers acceptable to both the Sellers and the Afognak Conservation Partners comprised of the Rocky Mountain Elk Foundation, Inc., Kodiak Brown Bear Trust, and the American Land Conservancy (ACP). The appraisal on parcels 1-5 are currently under review by the State of Alaska and the United States.

9. The Habitat and Acquisition Protection Policies of the EVOS Restoration Plan adopted in 1994 state: "In approving the use of joint trustee funds for an acquisition, the Trustee Council will use a standardized appraisal process and specifically consider the restoration benefits to the injured natural resources, services, and the ecosystem relative to the appraised fair market value of the land or interests in land." The Lands provide exceptional habitat for purposes of promoting recovery of natural resources injured by the EVOS, and the Trustee Council concludes that there is a compelling need for and substantial benefit to be obtained from acquiring the Lands to prevent any potential degradation of such habitat in the future. The restoration benefits to the injured natural resources, services, and the ecosystem, combined with the other values taken into account in the appraisal estimates of value, support the Approved Land Values as specified below.

10. The Approved Land Values are reasonable purchase prices given the significant natural resource and service values protected on the Lands generally, the scope and pervasiveness of the EVOS environmental disaster and the need for protection of ecosystems.

THEREFORE, we resolve to authorize funding to purchase a combination of surface estate fee simple and timber rights in the Lands as identified in Exhibit A for the State of Alaska or for the United States. This funding is subject to the following terms and conditions:

(a) The purchase prices for all or portions of the North Afognak Project shall be as listed in the following prices ("Approved Lands Values") for the various parcels (the "Parcels") comprising the North Afognak Project:

Parcel	Price
Parcel 1 – AJV Surface Estate (Waterfall)	\$2,547,000
Parcel 2A – Shuyak Inc. Surface Estate (Waterfall)	\$1,010,000
Parcel 2B – Shuyak Inc. Surface Estate (Delphin Point)	\$ 678,000
Parcel 3A – Uganik Natives Inc. Surface Estate (Waterfall)	\$1,063,000
Parcel 3B – Uganik Natives Inc. Surface Estate (Delphin Point)	\$ 294,000
Parcel 4A – AJV Surface Estate (East Discoverer Bay)	\$8,173,000
Parcel 4B – AJV Surface Estate (Delphin Point)	\$1,602,000
Parcel 4C – AJV Surface Estate (Murphy Island)	\$ 430,000
Parcel 5 A and B – AJV Timber Rights (Pauls & Laura Lake)	\$2,812,000
Parcel 6 – Ouzinkie Surface Estate (Discoverer Bay headwaters)	<u>\$2,315,000</u>
Total of all parcels in project area	\$20,924,000

The Trustee Council will provide funds not to exceed one-half of the Approved Lands Values for each of the parcels in the North Afognak Project. A total of \$10,450,000 will be made available for a period of two years from the date of this resolution for use in acquisition of the Lands. The ACP will provide the additional funding necessary for the acquisition of the Lands, or portions thereof, from the landowners.

(b) All of the Parcels identified in paragraph (a) above for acquisition must be acquired as one acquisition, except that Parcels 1, Parcel 4 A, and/or Parcel 5 may be acquired separately or together prior to acquisition of the other Parcels, and except that at the time that Parcel 1 is acquired, Parcels 2A and 3A may be acquired. Notwithstanding the aforesaid, in the event that Parcel 6 is not approved for acquisition in accordance with

Paragraph (d) of this Resolution, the remaining Parcels may be acquired as herein provided. Not more than one-half of the funds for any acquisition or closing may be provided from the joint settlement funds approved for expenditure by the Trustee Council;

(c) All expenditures are contingent upon ensuring the extinguishment, including final adjudication, of any claims or potential claims pursuant to sections 14(c), (g) and (h) of the Alaska Native Claims Settlement Act;

(d) With the exception of Parcel 6, all expenditures are contingent upon approval of the above referenced appraisal of the Parcels by the state and federal review appraisers without reduction in the estimates of fair market value contained therein. An appraisal of Parcel 6 must be completed and approved by state and federal review appraisers prior to any expenditure of funds for its acquisition. Upon completion and approval of such appraisal, the Trustee Council will confirm or amend the value for Parcel 6 in Paragraph (a);

(e) A hazardous substances survey must be completed to the satisfaction of the State of Alaska and the United States;

(f) Compliance with the National Environmental Policy Act must be ensured;

(g) A title search and review to the satisfaction of the State of Alaska and the United States for the respective interests acquired by each government must be completed;

(h) All expenditures are contingent upon the condition that there be no timber harvesting or road development on these Lands prior to closing, except that timber harvesting may be completed in the cutting unit currently being harvested in Parcel 6, so long as the appraisal of Parcel 6 does not include timber from the aforesaid cutting unit in its estimate of the fair market value of Parcel 6;

(i) All expenditures are contingent upon completion of a minerals survey satisfactory to the State of Alaska establishing that there are no locatable minerals, sand and gravel or oil and gas deposits underlying the Lands that are anticipated to be developed or, in the alternative, upon conveyance of the subsurface estate of the Lands by Koniag, Inc. to the State of Alaska;

(j) Landowners must agree: (a) to promptly undertake all measures necessary to comply with the applicable requirements of AS 41.17 and regulations adopted pursuant thereto concerning reforestation, revegetation, brush, slash, and debris, salvage of trees, and soil erosion and wasting of logged lands and roads; and (b) to place water bars, pull culverts and bridges, and hydro seed roads in accordance with a plan to be developed in cooperation with the State of Alaska, which plan will include provisions for compliance with the applicable road closure requirements of 11 AAC 95.320 and the applicable reforestation requirements of 11 AAC 95.375-390. With respect to actions, including but not limited to reforestation, required by AS 41.17 and applicable regulations to be implemented at specific time periods following completion of timber harvesting activities, Landowners shall agree to complete such actions in a timely fashion, notwithstanding that the time for completing the action may be after conveyance of the Lands pursuant to this Resolution;

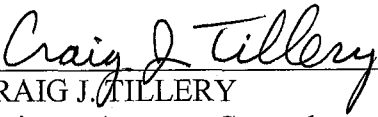
(k) Landowners shall grant to the United States and, at ACP's option, to the ACP at no additional cost a conservation easement similar to that used in other acquisitions funded by the Council which will enable the United States and the ACP to enforce on a non-exclusive basis the restoration objectives of this acquisition. The form and substance of this easement and the related warranty deed for the State must also be

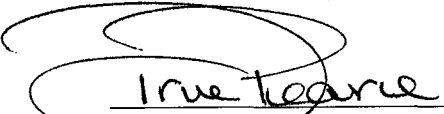
satisfactory to the Alaska Department of Law and the United States Department of Justice;


(l) Funds to be provided by the ACP must be available for closing prior to such closing.

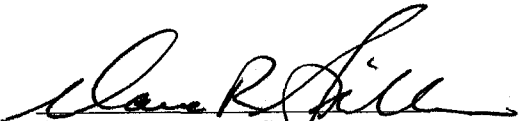
By unanimous consent, following execution of purchase agreements between the Landowners or ACP and the State of Alaska and the United States and written notice from the Executive Director that the terms and conditions set forth herein and in the purchase agreements have been satisfied, we request the Alaska Department of Law and the Assistant Attorney General of the Environment and Natural Resources Division of the United States Department of Justice to take such steps as may be necessary for withdrawal of the equivalent of one-half of the respective Approved Land Values for each of the above-referenced parcels from the appropriate account designated by the Executive Director as those parcels are ready for closing. Such amount represents the only amount due under this resolution to the Landowners by the State of Alaska to be funded from the joint settlement funds, and no additional amounts or interest are herein authorized to be paid to the sellers from such joint funds.

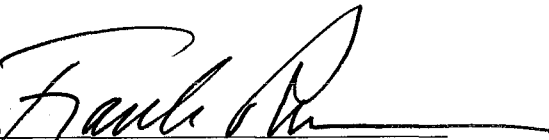
Approved by the Council at its meeting of November 8, 2002, held in Anchorage
and Juneau, Alaska, as affirmed by our signatures affixed below:

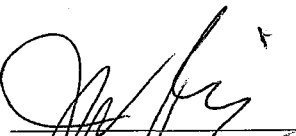

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FRANK RUE
Commissioner
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JIM BALSIGER
Administrator, Alaska Region
National Marine Fisheries
Service

**RESOLUTION 02-02 OF THE
EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL
CONCERNING
PROTECTION OF LANDS IN PERENOSA BAY**

WHEREAS the Trustee Council has invested nearly \$156 million to acquire and protect habitat on and near northern Afognak Island that is critical for several species injured by the oil spill, consisting of 41,549 acres along Seal Bay and Tonki Cape acquired from the Seal Bay Timber Company in 1993, 26,665 acres acquired on Shuyak Island from the Kodiak Island Borough in 1996, and 41,750 acres acquired on northern Afognak Island from the Afognak Joint Venture (AJV) in 1998;

WHEREAS the Kodiak Brown Bear Trust, American Lands Conservancy, and Rocky Mountain Elk Foundation are proposing to seek private foundation dollars to leverage public funds to further the habitation protection and restoration efforts begun by the Trustee Council on northern Afognak Island;

WHEREAS the first phase of the effort is focused on 18,000 acres of coastal habitat in Perenosa Bay currently held by AJV;

WHEREAS the AJV lands lie within and near the lands purchased by the Trustee Council that are now within Afognak Island State Park and Shuyak Island State Park, and include timber rights on 2,000 acres of land east of Pauls and Laura Lakes on which the Trustee Council acquired surface title, and their protection would help preserve the integrity of the Trustee Council's investment in the area;

WHEREAS the Trustee Council sought to acquire these additional lands in order to provide contiguity in protection, land management strategies, and ownership but had insufficient funds available to purchase them;

WHEREAS protecting contiguous tracts of land provides further protection of wildlife movement corridors, consistency in land management strategies, and facilitates public recreational use in concert with protection of injured species and supporting habitats;

WHEREAS the AJV lands, as well as the timber reservation near Pauls and Laura Lakes, are among the lands most highly ranked for restoration value and biological significance by the Trustee Council's habitat protection process and support critical habitat for several species injured by the *Exxon Valdez* oil spill including pink salmon, Dolly Varden, Pacific herring, bald eagles, black oystercatchers, harbor seals, harlequin ducks, marbled murrelets, pigeon guillemots, river otters, and sea otters;

WHEREAS the Sitka spruce within the timber reservation represents some of the most valuable habitat for wildlife, particularly marbled murrelets and bald eagles, as well as providing stable riparian zones for pink and sockeye salmon and Dolly Varden;

WHEREAS this area has many documented anadromous streams which support populations of pink salmon, coho salmon, sockeye salmon, rainbow trout and steelhead which have significant importance to commercial fishing, subsistence fishing, sportfishing, guiding, as well as bears, eagles, and marine mammals;

WHEREAS Pacific herring spawn in Perenosa Bay and feed in nearshore waters;

WHEREAS six species of birds injured by the *Exxon Valdez* oil spill – marbled murrelet, pigeon guillemot, black oystercatcher, harlequin duck, bald eagle, and common murre -- use northern Afognak and the protected offshore waters for all or parts of their lifecycles;

WHEREAS the adjacent marine waters are highly productive and are inhabited by northern sea lions, northern fur seals, harbor porpoises, and several species of whales, with the nearshore waters of Perenosa Bay offering feeding, pupping, and calving habitat for many species of marine mammals including harbor seals and sea otters;

WHEREAS in addition to injured species, elk, deer and brown bear utilize the habitats proposed for protection and the resources they support;

WHEREAS the AJV lands in this general area contain significant archaeological and cultural resources, with some sites listed as Important by the State Historic Preservation Office;

WHEREAS protection of this area will further the Trustee Council's restoration objectives by maintaining water quality and riparian habitat for anadromous fish, river otters, and harlequin ducks; maintaining nesting opportunities for bald eagles, marbled murrelets and pigeon guillemots; minimizing disturbance to nearshore and intertidal habitat used by a variety of species; and maintaining opportunities for recreational use by Alaskans and tourists alike;

WHEREAS the Kodiak Brown Bear Trust, American Lands Conservancy, and Rocky Mountain Elk Foundation bring together knowledge of Alaska, successful experience in completing large and complex land acquisitions, private foundation support, and a significant national constituency;

THEREFORE BE IT RESOLVED that the Trustee Council strongly supports and encourages the efforts underway by the Kodiak Brown Bear Trust, American Lands Conservancy, Rocky Mountain Elk Foundation and others to seek funds for protection of the coastal habitat in Perenosa Bay.

Approved by the Council at its meeting of December 11, 2001 held in Anchorage, Alaska, as affirmed by our signatures affixed below:



DAVE GIBBONS
Alaska Region
USDA Forest Service



CRAIG TILLERY
Assistant Attorney General
State of Alaska



DRUE PEARCE
Senior Adviser
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FRANK RUE
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