

**EXXON VALDEZ OIL SPILL SETTLEMENT
TRUSTEE COUNCIL**

RESTORATION OFFICE
Simpson Building
645 G Street
Anchorage, Alaska

May 13, 1993
8:30 a.m.

TRUSTEE COUNCIL MEMBERS in attendance:

State of Alaska	MR. CHARLES COLE Attorney General
State of Alaska Department of Environmental Conservation	MR. JOHN SANDOR Commissioner
United States Department of the Interior	MR. WALTER STIEGLITZ (Alternate) Regional Environmental Officer
State Department of Fish and Game	MR. CARL ROSIER Commissioner
United States Department of Agriculture - Forest Service	MR. MIKE BARTON Regional Forester
United States Department of Commerce - NOAA	MR. STEVE PENNOYER Director, Alaska Region

RESTORATION TEAM in attendance

DAVE GIBBONS	Interim Administrative Director, Trustees Council
PAMELA BERGMANN	Regional Environmental Assistant, United States Department of the Interior
MARK BRODERSEN	Restoration Chief, Alaska Department of Environmental Conservation
DR. JEROME MONTAGUE	Director, Oil Spill Impact Assessment & Restoration Division, Alaska Department of Fish and Game

KEN RICE

Deputy Natural Resource Manager, United States
Department of Agriculture - Forest Service

MARTY RUTHERFORD Assistant Commissioner of EVOS, Alaska
Department of Natural Resources

BYRON MORRIS Chief, Office of Oil Spill Damage Assessment
and Restoration, United States Department of
Commerce - NOAA

PUBLIC ADVISORY GROUP MEMBERS in attendance:

DOUGLAS MUTTER Department of the Interior
Designated Federal Officer

BRAD PHILLIPS, Chairman
DR. JOHN FRENCH
CHARLES TOTEMOFF
PAMELA BRODIE
JOHN STURGEON

OTHERS IN ATTENDANCE who testified

CRAIG TILLERY, Alaska Attorney General's Office
WALT SHERIDAN
ART WIENER
KIM SUNDBERG
JOHN MERRICK
WALT EBELL
JIM WILKENS
JIM CARMICHAEL, Afognak Joint Venture
TIM MAHONEY, Afognak Joint Venture
DR. JOE SULLIVAN
MARY McBURNEY, Cordova District Fishermen United
CRAIG PETRICH, Kodiak Audubon Society
CHARLES McKEE
TOM FINK
CHARLES TOTEMOFF, Chenega Corporation

VIA TELECONFERENCE:

BOB PLUMB (ph)
NANCY BIRD (ph)
WADE WAHRENBROCK
JACQUELINE PAYNE
JEROME SELBY
CLIFF WARD (ph)
BOB PUDWELL

P R O C E E D I N G S

(On Record: 8:40 a.m.)

MR. ROSIER: Ladies and Gentlemen, if we could get started here. We've got a group of Trustees that seem to be anxious to get going here -- get all the important decisions made here today. I guess I've been elected as the state representative to chair this meeting here today. I'd like to say welcome to all of the individuals in the audience here. Before getting started, I'd like to introduce the Trustee Council members. On the far right over here, Steve Pennoyer, the Regional Director, National Marine Fisheries Service in Alaska; next to him is Charlie Cole, the Attorney General of the State of Alaska; I'd like to welcome Mr. Walt Stieglitz, its been awhile since we've saw Walt at the Trustee Council meetings, and it's a real pleasure to have you back with us, Walt. On the far left over here is John Sandor, the Commissioner of the Alaska Department of Environmental Conservation; and next to him and on my immediate left here is -- is a Mike Barton, the Regional Director of the Forest Service. I guess we've got quite a lengthy agenda here before us, so I think we'll move right along.

MR. PENNOYER: Mr. Chairman.

MR. ROSIER: Yes, Mr. Pennoyer.

MR. PENNOYER: In regards to the agenda, it is a lengthy agenda, and I notice that we have a meeting scheduled in just two weeks time for two days of business. This is a one day schedule, and I think it is mostly for update, but I know that there are at

least two or three action items that need to be taken care, and I wonder if we could have Dr. Gibbons relate to us which the action items are and maybe take those first, since I think the informational items could drop off the bottom if they had to.

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: Before we do that -- the meetings on the first and second pose sort of a conflict problem for me -- are -- do we need those meetings on the first and second and, if so, for what reason?

MR. ROSIER: Mr. Gibbons.

DR. GIBBONS: The agenda for the first and second is the draft restoration plan and the draft environmental impact statement to get them to the public -- for your review and then turn around and get those documents to the public -- and excuse me, the '94 work plan.

MR. PENNOYER: Mr. Chairman, I'm sorry I didn't get that. The '94 work plan? Is on the agenda for the second or third for final adoption to go out to the public for review.

DR. GIBBONS: Well, there's some question -- if that's going to be comparative time for the first and second, or it might be -- the schedule right now has us to the middle of June.

MR. BARTON: With a meeting in the middle of June?

DR. GIBBONS: That's correct, so --

MR. PENNOYER: I'm not (inaudible).

DR. GIBBONS: It could be postponed to the middle of

June. The first and second meeting could be set back to the middle of June and handle all three of them at once, because the closing date for the public comment on '94 work plan is May 20th, and if you allow four days for the mail to come in, it's May 24. By the time you analyze the comments, you know that pushing it to get your document.

MR. BARTON: Mr. Chairman.

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: If we push the June first and second meeting to the middle of June, what would that do to the time line on the restoration plan?

DR. GIBBONS: It would set it back two weeks.

MR. BARTON: Why?

DR. GIBBONS: It's just the time frame date to get it to a printer and out for public comment and back. You know -- we're scheduled to go right now to you -- have it to you May 20th, review it the first and second of June, and go to the public in the middle June with a printed draft document.

MR. RICE: Mr. Chairman.

MR. ROSIER: Yes.

MR. RICE: Mr. Chairman, I have a -- I have a schedule here that might facilitate some of your discussion, if you would like me to hand that out. Then, you can look at the different projects and -- and the estimated dates that we have down for those.

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: Let me say -- I will be here on the first and second, irregardless. But, I would like to make certain that we really need to be here on the first and second, and if things will be in order to deal with them on the first or the second.

DR. GIBBONS: The two documents -- you have a stack of documents in front of you right now and this would be a -- draft restoration plan and environmental impact statement. And so, those will be ready for you on the first and second. The Restoration Team is going to review these early next week. We'll get you a reviewed copy. This is an unreviewed Restoration Team copy.

MR. ROSIER: This -- this middle of June session -- kind of gets my attention here. I was certainly planning -- planning to be here for the first and the second, but -- cause I'm afraid that I'm -- certainly totally out of the loop until at least the 18th of June, that would be the earliest that I could be available.

MR. PENNOYER: I will be -- reached until about the middle of that week until early July. I counted on the first and second, I didn't count on a second meeting in June.

MR. ROSIER: Yeah, I had not counted on that either. Other comments from the Trustees? John.

MR. SANDOR: Yes, I'm concerned that we actually need a meeting for two days. I would prefer that we keep with the June 1 and/or 2 meeting date, but I think meetings expand at the total amount of time you allot for it, and I can just hope that it can be

...

MR. COLE: You talking about the legislature?

MR. SANDOR: Any meeting. Anyway, I -- I would prefer that we stick with the June 1 meeting and/or 2, but not necessarily both days unless its essential.

MR. PENNOYER: Mr. Chairman.

MR. ROSIER: Go ahead.

MR. PENNOYER: Could we look at this information presented to us and maybe consider it and then take it up again, perhaps after lunch -- that are on the schedule for the June meeting. We're still, I think, faced with a long agenda here, and if we can perhaps take the action items first and then proceed on from there -- it's -- we will be able to get done with today's meeting and in the process decide when we're going to have the June meeting. I think there's some other conflicts here.

MR. ROSIER: Sounds -- sounds to me like there certainly is here. If there's no objection then perhaps Mr. Gibbons could go ahead and identify those action items that should be on the agenda initially here, and we'll move ahead on those.

DR. GIBBONS: Well, items 6, 7 and 8 are the action items for ...

MR. BARTON: Item 6, 7 and 8? Is there any objection from the Trustees taking items 6, 7 and 8 out of order here -- at the present time? Is there anything -- Dave, that -- that -- items 1 through 5 -- is that -- in the way of background material that would enlighten the Trustees with ...

DR. GIBBONS: Brad Phillips is here -- number one and I know Brad's a busy man and so we might want to do one and then -- if that's amenable to Brad -- do one and then perhaps five and six go together.

MR. BARTON: Okay.

MR. ROSIER: I would suggest then to the Council that we receive the report from Mr. Brad Phillips here -- item number one and then go directly to items five and six and -- and then seven and eight. Did I hear any objection? Mr. Sandor.

MR. SANDOR: No objection. Mr. Chairman, I would ask the addition of an item -- an action item 8b, which is a fairly quick assessment of updated shoreline assessment program for this summer, but it requires a budget approval -- and -- so if we could add an 8b that's shoreline assessment project, that would be helpful.

MR. ROSIER: Add a section 8b. Any other changes proposed to the agenda?

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: Are we dealing with the Seal Bay issue -- potential acquisition on -- in item seven?

MR. ROSIER: Dr. Gibbons.

DR. GIBBONS: Yes, that's correct.

MR. COLE: Okay.

MR. ROSIER: Okay. Hearing no other agenda change items here then, let's proceed and call on Mr. Brad Phillips here

to enlighten us with the report on the Advisory Group April 16th meeting.

MR. PHILLIPS: Thank you Mr. Chairman. There are nine of these, and I know there are more of you here -- but this is for all of the Trustees. It includes three items -- number one, just a status report on the alternates for the PAG group, number two is the page I'm going to be talking about on the items I've been asked to bring to the Trustee, and the balance of it is a resume of our last meeting that you can look at at your leisure. But -- with your permission, I may call on one of our members who is eminently more technically qualified than I on some of these issues to assist, Mr. John Sturgeon -- if we get into some depth on some of these because he does have a lot of background and experience, in terms of management and the business aspect of forestry. I think overall with this group -- in our last meeting was a concern about, number one, about speed in dealing with some of the matters that you have to have and I -- I think that probably -- ultimately it boils down to whether the Trustees are an instrument of the federal government or an instrument of the state government or an instrument of the court. Hoping that if the latter were true, that you could probably cut a lot more red tape out of things and get things done faster. But, that's a decision you have to make.

MR. COLE: How about neither?

MR. PHILLIPS: What?

MR. COLE: How about none of the above?

MR. PHILLIPS: Well, God, I would love it -- if you were

-- were the case, but I'm afraid it may not be. As in the case of item number one, we're all aware that the current timber market is on escalation -- sort of like the space program going straight up in the air, and I know that in some personal experience in business recently that -- it -- the price of timber has -- lumber has escalated an average of about three percent a week, and it is going out of sight and for that reason, I think there's an urgency in trying to conclude any acquisition. And, the whole group is concerned that -- about the possibility of being able to speed up the process -- of acquiring any habitat it may have to be -- or in your judgment, should be acquired before it -- we really are out of the market completely in terms of obtaining a fair price for it. There are a lot of people out there that are anxious to talk about it, and it just seems because of the nature of government processes that it takes an awful long time to conclude any kind of an arrangement between the owners and the government in land acquisition. They have suggested that, if there is a possible way to do it, that that process be speeded up and consideration be given to methods other than total land fee simple acquisition. And, in that regard, if you can give me just a minute, I would like to really ask Mr. Sturgeon to just briefly outline some of the alternatives to straight land acquisition.

MR. ROSIER: Please do, Mr. Sturgeon.

MR. STURGEON: Morning, Trustees, it's a pleasure to be here. I guess what -- what, at least what my comments revolve around are -- there are private landowners in the spill area that

are not willing sellers, are not willing to sell their lands, but would also -- would like to assist recovery if their lands were needed. And, that looking through the restoration plan, at least I couldn't find very much where there were some management options that -- that those people that did not want to sell their lands could work with the government. For example, there's things that - - some management options that could be done -- could be expanding the size of the existing buffers, wildlife corridors, providing private landowners with biologists to help them plan their harvesting units. There's -- right now landowners pretty much depend on artificial or natural regeneration, except for selected areas -- or at least our company broadcast seeding -- if -- it helped for cutting units to come back faster -- that -- what could be done is artificial reforestation, actually plant seedlings, but bring the trees back maybe ten years faster. But, I guess the point is is that nowhere in the restoration plan did I see management options as a way to help the Sound be restored for those private landowners, like our company, who are not interested in selling their land or not interested in conservation easements or - - or the such, but we would be willing to assist by management options in doing something, and, I just -- my point was there should be something in the restoration plan for companies like ours. We do own quite a bit of land, we own Montague Island, Knight Island, eighty thousand acres on Afognak Island, quite a bit of land, and we'd like to make that an option -- we think you should make that an option.

MR. PHILLIPS: Thank you, Mr. Sturgeon.

MR. ROSIER: Thank you.

MR. BARTON: Mr. Chairman.

MR. ROSIER: Stay -- stay up here, I think there may be some questions here, John. Mr. Cole.

MR. COLE: Yes, I had a question. What specifically would you propose, Mr. Sturgeon, in that regard?

MR. STURGEON: Well, I guess I don't have any proposals specifically. What I'm saying is that if -- if there is -- like on Montague Island, for example, if the -- the government has identified there is some very critical harlequin nesting sites, there's some marbled murrelet sites in particular areas, no one has approached us and said, would you work with us to reserve these areas. It's critical habitat over here, would you mind postponing harvesting in this area for the next five years and come back here after five years. No one has come to us and asked us to and asked us are you willing to work with us instead of -- the only options that we have been faced with is, do you want to sell all your land, do you want to put it in a conservation easement. And what we're saying is that there are some options. I'm not a wildlife biologist, I don't know what it takes to recover the Sound, but I think there is a -- one other approach that could be used, another tool that could be used, to help to restore the Sound, if biologist say it's necessary for the restoration of the Sound.

MR. SANDOR: I may be...

MR. ROSIER: Mr. Sandor.

MR. PHILLIPS: I may be one of the few in this room old enough to remember that in the depression the Department of Agriculture, the Federal Department of Agriculture, had a program in the mid-west to help farmers in terms of educating them on crop rotation, on types of fertilizer, that type of thing, which worked very successfully. And, I think that's -- is alluded to here as the same type of program that might be considered to help those people who cut trees or harvest trees, from a technical standpoint, to enhance the operation rather than destroy.

MR. ROSIER: Mr. Gibbons.

DR. GIBBONS: Yeah, just a point of clarification here.

In the -- we contracted with the Nature Conservancy to prepare a document which was a listing of all the possible options of habitat protection, and in that document is some of this -- these types of techniques to work with the landowners to do conservation easements, to do fee simple -- there's a whole menu of these types of things. So, it is -- it is available. And, it's up to -- you know, the landowner -- you know, if the landowner comes back and says, yeah, we don't want to sell our land, but we want to work with you on the protection of these habitats, that's quite within the realm of the habitat protection process.

MR. PHILLIPS: We recognize that in some case -- in some cases, the purchase the land is not simple because it may have three different, separate parties that have interests -- the surface rights, the subsurface rights, the timber rights -- and that just elongates the process in trying to get them all together.

So, if there could be a simplified process.

MR. ROSIER: Mr. Sandor.

MR. SANDOR: What your items -- one through eleven -- naturally deal with this in more -- in more detail, but I guess I would ask Marty Rutherford or someone who -- who is with the habitat protection group -- to what extent these options were explored up to this point.

MS. RUTHERFORD: We are very aware that these options are something that need -- the Trustees need to consider seriously.

At this point in time, those parcels that have been brought forward to you have not included anything other than fee simple title. However, there will be situations we're quite sure, where we're going to be making -- based upon the landowners unwillingness to sell fee simple title, we'd probably be making recommendations to you on -- on extended buffers, conservation easements, all the varied menu of possibilities. So, it's something we're taking very seriously. Of course, it will be up to the Trustee Council to decide whether that's anything they want to pursue.

MR. SANDOR: Just a follow question. Number nine specifically in the selected issues that you put out, did you point the letter to the landowners -- is not clear and, might have considered management types of arrangement for protecting the habitat. Mr. Chairman, these and other suggestions -- suggestions in this listing -- eleven -- seem to me to be constructive items that simply ought to be incorporated in the habitat protection process and that -- you know, like future context, we ought to

raise them, clearly raise those options as being available.

MR. ROSIER: Mr. Cole.

MR. COLE: I think we've -- sour note. People say, get this done quickly, habitat is -- you know, being slaughtered, we need to move more rapidly, and the environmentalist say, we haven't done enough. But, the problem is, as I see it, in the first place, this type of agreement requires a lot of time to put together. You just don't go out and say, well let's have one of these comprehensive easements or habitat protection plans put together with the landowner in thirty, sixty, ninety days. It's very difficult to negotiate that type of agreement. Much more difficult than say, hey, I mean, here's the check, give me the fee -- you know, that -- we know certainly by now or -- it's difficult enough -- that's number one. And number two is, given the -- the restrictions, if you will, on the real property procurement process imposed by the federal government, I think that reaching some agreement of that type through the federal process -- this thing will be history before we get the first one done. I mean -- that's the reason that the impetus to me comes to fee simple title, so that we can get it done quickly. I agree with you that we should look at alternative means for habitat protection, and we did speak in the Department of Law with the gentleman from Port Graham who propose a broad easement, but it's hard to put those things together within the time we -- I think really want to get something done. I think its...

MR. ROSIER: Marty.

MS. RUTHERFORD: I just would like to respond just to Commission Sandor briefly. I -- we intend to look at these comments from the Public Advisory Group, and we're going to take them very seriously. I -- I feel that it's unfortunate that we weren't -- that the letter to the landowners wasn't a little more concise. However, it was just sort of an opening, are you interested in beginning discussions, and once we begin discussions we will hopefully make it very clear that -- at least we're willing to discuss and bring to the Trustees some other options.

MR. PHILLIPS: We have to -- to pass on to you that the feed-in that we get from our constituencies is a -- attempt to try to reverse the process or stop the process of getting all the land in the hands of the government. We've fought this for what, how many years in Alaska, and all of a sudden we turn around with the possibility of owning the land that has tortuously gotten in private hands and ending up back in the government hands and -- for a multitude of reasons we've been asked that -- if there are alternatives to be able to be used. And, I think the second thing that we seem to get from people is that they have not had enough direct contact with whoever it is that contacts these people in discussions. There may have been a letter sent out, but we keep hearing that nobody has talked to us about alternatives. And, so we have to tell you that's the kind of public reaction we're getting.

MR. ROSIER: Well, it seems to me that over -- over time, we have talked about these different -- these different

options that were available. I think that certainly we've been moving down the path -- of course, those lands that were imminently threatened and from -- at least from my standpoint, I would hope that we would have these other options available. I would tend to agree with Mr. Cole though -- arriving at those kind of agreements on a short-term basis on, quote, imminently threatened lands, is going to be somewhat difficult, but that's just my personal view.

MR. COLE: I expressed my personal view.

MR. ROSIER: Mr. Cole.

MR. COLE: We have to play the hand that's dealt us I mean, we know the government did at one time own these lands. We know that they are now owned by largely Native corporations. Now, do we want to acquire those habitat protection? I mean, what is the alternatives? You know, that's what we have to do if we're going to acquire habitat protection lands or interest in lands. And, I read these comments that people say, gosh, you know, just buying the lands back from the Natives -- they know it -- I like it probably less than most people, but, I mean, that's the hand we have and -- I've seen no -- much of an alternative other than deal with the problem that faces us. It's painful.

MR. ROSIER: John, do you have a response to that?

MR. STURGEON: I don't see the complication. I mean, a letter was sent out to landowners saying, are you interested or are you not interested. Those that have said we're not interested in selling our lands, I -- I don't see why those people can't be worked with simultaneously with those that are -- that you're

trying to acquire fee simple land -- fee simple title -- to work on these other management options. Our company says, no way, no how, are we interested. And so, there's others out there I assume in the same boat, and I guess the decision has been made whether you're going to buy it or you're not. The landowners said no.

MR. COLE: The decision hasn't been made.

MR. STURGEON: Made by us...

DR. GIBBONS: The letter said property or property rights. And, it didn't say sell, do you want to sell your land. It said are you interested in dealing and negotiations with your property or property rights.

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: It seems to me this discussion gets circular. I think the point has been made, it's a valid point, and we need to look at options. I think -- you know, we should not forget the objective is habitat protection, it's not land acquisition, so we ought to look at all the ranges of alternatives available.

MR. PHILLIPS: We don't -- certainly (inaudible) busy schedule and it is lined up here in -- in not detailed form, but -- and I'm sure you understand what we're talking about...the only last thing I would like to do is invite you, one more time, to take the trip on the 24th if you can and come out with us on the exploratory trip on the Klondike, and we really look forward to seeing you if you can possible make.

MR. ROSIER: Any other -- any other questions or

comments? Mr. Sandor.

MR. SANDOR: Not on this listing, but at our last meeting, you raised a number of questions from the Public Advisory Group. Have those questions been adequately answered?

MR. PHILLIPS: We gone a long ways. Yes, and you recognize, of course, we have fifteen very diverse people and whether it's been answered for everybody, I don't know. But, I'm reasonable satisfied that we are now in communication, for which I thank you and feel much better about being able to come and talk to you about things. And, we have had some feed-in and the staff has been very good at keeping us informed. And, we may never agree on everything, but I would say, generally yes, the answer is and if there isn't we'll ask it specifically.

MR. ROSIER: Thank you -- Brad, I -- I -- in reviewing the blue book of testimony here yesterday on the airplane, I noticed that we were making progress on that in that one of your members indicated in there that we finally found something he agreed with the Trustee Council on.

MR. PHILLIPS: Thank you.

MR. ROSIER: Thank you. Yes Marty.

MS. RUTHERFORD: Could I -- I just note that -- I'm having copies made for you of the current status of the landowner letter response. And, I just -- I will have those for you shortly. We've gotten a very good response and except for just a couple of exceptions, everyone has said they're willing to discuss -- all the major landowners have said they are willing to talk to us.

MR. ROSIER: Very good, thank you. Mr. Cole, you have a comment?

MR. COLE: Thanks for that comment. I was just going to say, Mr. Phillips says that people say we're not actively pursuing -- talking with these landowners about alternatives. Is that a valid comment?

MS. RUTHERFORD: I think there are instances where some of the landowners don't feel like we've had enough conversation with them, and I think they're right. Some of the landowners we've begun to have extensive contacts with. It's somewhat dependent upon available staff and time, and we've been focusing to quite a degree on supporting the agencies who are doing the negotiations on that -- the four imminent -threat parcels. However, we have started a comprehensive analysis and begun discussions with some of the non-imminently threatened landowners. So, it is starting.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: Let me say that we have people in the Department of Law here. I would suggest that anyone who says that we do not communicate properly, we will call them up tomorrow -- you know -- call them up, and we'll make an appointment for them to come in and meet us anytime they are able to get here. I mean -- I -- I -- I get impatient, now we've been dealing with this for two months and we still hear that we have not spoken with landowners. Who are we speaking. I just don't see why we don't just get them on the phone and say, come in and we will talk tomorrow.

MS. RUTHERFORD: I appreciate that -- you're right. And, I feel the same way. Some of your staff in the Department of Law have been helping us along that line, and we will aggressively pursue it tomorrow, I promise you.

MR. COLE: Why -- where's the breakdown in the process that people are saying they haven't spoken, been contacted, or whatever they're saying, with the people in the Trustee Council. Where -- where does the fault lie, so we can analyze it and see if we can find a solution?

MR. PENNOYER: Mr. Chairman.

MR. ROSIER: Yes.

MR. PENNOYER: I think that we have made that point, as Mr. Barton said earlier, and I think that part of the fault lies with the amount of staff and some of the time crunch. We've put a load on the habitat working group to do a lot of evaluation of imminently threatened parcels and reevaluation. Still, I think they understand our desire that contacts that are asked for, more specifically, should be responded to as expeditiously as possible.

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes.

MR. COLE: It's -- with due deference, I don't -- that doesn't get it for me. I mean -- you know, there's some reason that somebody is not -- speaking -- the landowners are saying we haven't had the proper level of communication with the Trustee Council. And, I'm trying to find out where the breakdown occurs in that process. I mean, I think we ought to find out.

It's two months now and -- you know.

MR. ROSIER: Marty.

MS. RUTHERFORD: I think we've whittled down the list.

I think there's probably only one or two now that would feel that way. I think it is to some degree a staffing problem, maybe we're not working hard enough, but we will -- we will definitely get to the rest of them by the end of this week, and we will make sure that they are feeling -- that they understand the process and are satisfied.

MR. ROSIER: Thank you, Marty. With that, I think we'll move along, unless there's further comments from the -- from the Trustees?

MR. COLE: Send them a fax.

MR. ROSIER: Okay, we'll move now to -- I guess, items five and six. Dave, you indicated was -- was -- were tied together.

DR. GIBBONS: Yes, at the February meeting the Trustee Council approved some of the '93 projects, approved some of the restoration organization budget. They approved a three month budget for the Restoration Team and the working groups. They approved a seven month budget for the long-term type contracts. The contract for the building and the staff here, Chief Scientist, and some environmental compliance work group. But, that funding for the restoration organization ends the end of this month, and so, funding needs to be -- some funding needs to be continued to -- after the end of the month, or it'll run out of money. The

Restoration Team -- there's a document in front of you dated the 10th of May -- the Restoration Team went through the budgets that were presented to you earlier this -- this year. I've got a copy of that document if anybody wants to look at it. It's this document here that was sent to the public and sent to the Trustee Council early this year. The detailed stuff -- the budget. We've looked at those -- we reduced the -- our estimates for money needed. We're recommending that we do away with four work groups - - to save money. And, the amount of reduction is about \$260,000 -- a little over \$260,000. That's our recommendation to the Trustee Council. Here's a summary of it if you want -- of our recommendations for the next four months.

MR. BARTON: You're looking at this time then at a request of a million five sixty -- that's the bottom line -- request?

DR. GIBBONS: That's correct.

MR. ROSIER: Comments from the Trustees. Mr. Cole.

MR. COLE: I'm -- none now.

MR. ROSIER: Mr...

MR. PENNOYER: Well I...

MR. ROSIER: Mr. Pennoyer.

MR. PENNOYER: A million five sixty is the summary total and all the other pieces are elaborated in the follow up pages then?

DR. GIBBONS: Yes. The pieces on the follow up pages are the agencies - costs by agencies -- reductions.

MR. COLE: So, it's \$400,000 a month?

MR. ROSIER: Mr. Barton.

MR. BARTON: (Inaudible) Observations -- has the finance committee reviewed this material, either as a -- in whole or the individual members.

DR. GIBBONS: I believe Mr. Sheridan -- Walt Sheridan is the chair of the finance committee -- can come up and...

MR. WALT SHERIDAN: We have reviewed -- we reviewed those three draft and the final budget -- the administrative budget that was submitted to the Trustees back last fall and provided copies of the reductions, and I have talked to a number of finance committee members and find no problem with the reductions. In fact, we'd be glad to see additional ones.

MR. ROSIER: Mr. Pennoyer.

MR. PENNOYER: I'm not sure that exactly answered the question. There's no problem with the reduction, how about the stuff that isn't reductions.

MR. SHERIDAN: What we -- we reviewed the original draft budget in total and we reviewed, after discussions with the Restoration Team, a number of changes in that draft. We again reviewed the one that came to you in the fall, and felt that it was a proper kind of budget, that we had no recommendations for specific reductions. We had looked at things like travel costs and the factors that the Restoration Team used in putting those together. We reached an agreement with them on standard kinds of rates they would use. We reviewed the total package.

MR. COLE: What is the total annual budget for our quote, proposed overhead, close quote?

MR. SHERIDAN: I don't have that number off the top of my head.

MR. COLE: What I'm getting at it as if -- you know, you look at four months at roughly a million six. You know, that's four hundred thousand a month, times ten, that's four million, times another -- you know, that's bumping up pretty close to five million dollars for overhead for this operation. Now how much are we spending on restoration projects and studies? Seven?

MR. SHERIDAN: Roughly.

MR. COLE: I mean, you know -- the numbers -- those ratios, to me just give me pause. I don't know if anybody else is paused, but five million for overhead, seven million for restoration -- forgetting Kachemak Bay habitat acquisition.

MR. BARTON: Why would you forget that?

MR. COLE: That's permanent. You see -- forever. Otherwise in the law known as perpetuity.

MR. PENNOYER: You need a shining light for example of those.

MR. BARTON: That's why I was wondering why he forgot it.

MR. ROSIER: Walt, you said you were doing (inaudible - simultaneous talking) you were doing away with -- with four work groups. What are the four work groups that you were doing away with?

MR. SHERIDAN: I'm not doing away with.

DR. GIBBONS: I can tell you. We're doing away with the Public Participation Work Group, the GIS Work Group, the Cultural Resources Work Group and the Management Work Group. So, we'll leave us with four working groups. The Restoration Planning Work Group who is developing their restoration plan and that group will be sunsetted at the latter part of this year when the plan is done.

The Environmental Compliance Work Group that's on board now, and that one will also be sunsetted when the draft environmental impact statement is done. There's the Habitat Protection Work Group that's been working real hard, and then there's the '94 Work Group that preparing the '94 work plan. And, that's the four work groups.

MR. ROSIER: Yes, Mr. Brodersen.

MR. BRODERSEN: Mr. Chairman, thank you. Excuse me. We're running into a minor difficulty here that the administrative budget is a little bit high as -- well, quite high as we get started developing the restoration plan, developing the habitat protection elements. As Dr. Gibbons was saying, the administrative budget is going to decline with time, whereas the projects that are actually run -- I hope, will increase with time, once we have the restoration plan in place, once we have the comprehensive plan for habitat protection done, but I would anticipate that the administrative overhead will go down considerably in the next budget, which you're going to see, and then it should go down the year after that also, when we're down to -- basically what we'll

have is an annual work plan -- work group -- and depending upon what kind of structure you all put in place, an RT or some other independent group to actually do the management of it, and there won't be a whole lot of other work groups, and with any luck at all we'll see a whole lot more actual restoration habitat acquisition, etc., going on once the restoration plan in place. So the ratio between the administrative overhead and actual work should improve immensely in the coming years.

MR. ROSIER: Mr. Pennoyer.

MR. PENNOYER: Mr. Chairman. Mr. Brodersen, I understand that, and the actual fact, of course, these are projects. The EIS thing is a project, the habitat -- the restoration plan is a project. They're all projects. They're not deliverable in terms of either concrete or directly in terms of some resource, but they are projects. And I guess -- my question is then will the '94 work plan, which we're going to be looking at in barely a couple of three weeks or month or whatever we decide to have that next meeting, would it reflect this position of the decrease administrative requirement -- at FY -- '94 and in '95.

MR. BRODERSEN: I would anticipate the budget, which I'm not sure we'll look at at that point, we're talking about the restoration projects at the next meeting and the budget that you will see will be in August or September when we actually get to looking at dollar figures for this. I would anticipate the budget to be down quite a bit because the Restoration Plan Work Group will be gone. It's not clear to me yet on Habitat Protection Work Group

when it will be sunsetted, but I would anticipate some time during the -- the '94 work year, that that group would be sunsetted. These are expensive operations that we're doing right now that we're not going to be doing, for sure in '95, and I anticipate in '94 we're going to see major reduction in those also. So that, the administrative budget should be -- should be headed on a fast slide down in the coming years.

MR. ROSIER: Commissioner Sandor.

MR. SANDOR: Well, we commend you for the reductions that were made and sunseting of work groups that no longer need to function. This for the June 1, September 30, 1992 period of time, which is just two weeks away? I move approval of this proposed budget.

MR. PENNOYER: Second.

MR. ROSIER: We have a motion by Mr. Sandor, seconded by Mr. Pennoyer, to adopt the proposed budget adjustment of a million five sixty point four. Comments from the Trustees? I think Mr. Cole wanted to make a comment.

MR. COLE: Well, I wanted to ask a question.

MR. ROSIER: Okay.

MR. COLE: When you say substantially, pretty much, and so forth -- you know, the lawyer in me prompts me to say, how much are you talking about in dollars when you say that -- a million or two or \$One hundred fifty thousand?

MR. BRODERSEN: The numbers for the next budget have not been developed. If you were to allow us an hour or two we could

certainly speculate upon it and have a better figure for you after lunch. I'm reluctant to talk off the top of my head, but I'm -- if you want speculation now, I think we're down at least a million bucks for the overall year in the coming year because of the reduction of these work groups. But, that's speculation.

MR. COLE:OLE: That's good enough.

MR. ROSIER: Mr. Barton.

MR. BARTON: I have a question on the motion -- is it understood that these work group reductions are a part of your motion?

MR. ROSIER: Was there a response? I didn't hear a response.

MR. SANDOR: I said yes, pardon me.

MR. ROSIER: Oh, okay. Yes.

MR. PENNOYER: One follow-up observation, and I think Mr. Cole's question is very germane. But, I don't know that this group can totally speculate on that. We're going to discuss over the next few months of how we're going to approach this organization post-restoration plan. We talked about hiring and are in the process of hiring an executive director, not an administrative director, we've talked about hiring a staff for that director, we've talked about some modification of the role of the Restoration Team and how the agencies operate with that director, and I don't know how we're going speculate on total administrative costs absent some of those discussions. I presume that we would end up with a big reduction from this initial planning days that has all these

plans or projects we're undertaking, and they're costly projects, but they will all drop off, and we will be administering, although we're still going to planning -- this thing's not going to be inviolate over the next eight years -- there's going to be modifications in each work plan. So, we probably need to have those discussions at some point before they can totally give us a fix on what administrative costs are going to be.

MR. ROSIER: I would certainly like to say you did -- you did a good job in bringing this forward Dave. I think that it's been a good discussion on this. Is there any objection on the motion before us at this time? Hearing none, the motion is passed.

Item seven is the next item, that's Marty Rutherford, would you like to proceed with the introduction of the issue?

MS. RUTHERFORD: Yes, sir, Mr. Chair. What I think I would like to do is on your agenda it indicates status report, and that is on the four imminent-threat parcels. I believe I'd like to start with the Seal Bay parcel and request that Alex Swiderski, Craig Tillery and Art Wiener and Kim Sundberg come forward for a presentation to you.

MR. ROSIER: That's fine. Will those individuals please come forward?

MS. RUTHERFORD: I think I would like to refer everyone also to the document that they were handed out -- you received either the night before last or yesterday. It looks like this. The public does have version of this, although it doesn't have a great deal of information in it that you have.

MR. PENNOYER: (inaudible) administration budget earlier.

MR. ROSIER: You're plugged in both areas, I think.

MR. CRAIG TILLERY: As an introductory matter, we began this process -- with Attorney General Cole -- by approaching Seal Bay and asking them for a proposal for acquisition of the entire parcel, which, if you look in your package, there's a -- you'll see a series of maps and in any of those maps it is basically the entire portion that you see in there. Specifically, it ultimately turns out to be option three. One, that aerial photograph it's the -- everything that's inside the black line, out there. We also discussed -- as it turns out briefly, possibility of getting conservation easements. What we received back from them was a proposal for the entire parcel. It was a very expensive proposal, and rather than bring it straight to the Trustee Council, we believed it more appropriate to try to come up with some smaller options so the Trustee Council would have a variety to consider. As a result, working through Kim Sundberg, the Habitat Protection Group, we identified some other options that made biological sense.

Those were presented to Seal Bay, essentially in the form of the four options. No, we actually broke that big parcel down into about eight or nine parcels, we arranged them in different manners, and asked Seal Bay to come back with a proposal for the four options. Seal Bay Timber took a look at that and came back with a -- three of their own, which were slightly differently from ours, primarily in that we had asked that parcel seven be included in a parcel that would have included one, two, and also seven. They

came back and said seven does not make economic sense for us, and we won't sell seven, unless we sell the entire parcel. As a result, they came back with three options. Those options are: option one which is the coastal fringe; option two, which is option one -- was what you see as two; and then option three, which is everything. We have -- in your package you have a copy of a letter from Seal Bay that has their proposed prices for those various parcels. It is our recommendation that prices -- and your response to these particular requests -- these particular proposals, be taken up in executive session. That's your decision. And, Kim Sundberg will now give a view of the sort of biological meaning of each of the options and a report on his own investigation down there a week or so ago -- current timber prices -- current timber cutting. And, I would also note for your information that the representatives of Seal Bay are here with us today and are willing to meet with the Trustee Council, to speak with them either here or in executive session at your preference.

MR. ROSIER: Thank you, Kim.

MR. COLE: Mr. Chairman, I have a questions. Is there any reason not to publicly state the price for each of the three options?

MR. TILLERY: The...

MR. COLE: These are public monies we're dealing with, and I sort of have the sense that it's the public's business.

MR. TILLERY: It's -- it's your choice. Certainly, it would seem that responding might not be a good idea, but saying the

MR. TILLERY: Not subsurface, surface and timber only.

MR. COLE: Option two.

MR. TILLERY: Option two, up on the map in the front, is a combination of option one -- of parcel one and parcel two there. You've combined those -- that's two. That's eleven thousand four hundred sixty-one acres, and the proposal price is twenty-nine million nine hundred and fifty thousand dollars.

MR. PENNOYER: And, again the ranking? The habitat ranking?

MR. SUNDBERG: The habitat ranking on option two is twenty-eight.

MR. COLE: What does that mean?

(Inaudible - simultaneous talking)

MR. SUNDBERG: If you look at a table in the back of your packet there, it says parcel ranking and acreage summary. This is a -- this is a reprint of the table that we presented at the February 16 Trustee Council meeting where we ranked all the imminent-threat parcels so you can see what the other parcels that have already been ranked -- how they fall out relative to this one.

MR. PENNOYER: It's the score up there, right?

MR. SUNDBERG: The score.

MR. ROSIER: This -- this pertains to the entire package -- of the option three -- this ranking that you have?

MR. SUNDBERG: This table in the back represents all the imminent threatened parcels throughout the whole spill area that were scored and ranked.

MR. PENNOYER: But for Seal Bay it's the entire...

MR. ROSIER: But for Seal Bay it's the entire package?

MR. SUNDBERG: Yeah, the KET 01 on this would reflect option three, which I think is the third one that Craig is going to get to.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: For the benefit of those here who may be trying to follow this -- Seal Bay was rated number two -- that's the fifteen thousand acres was rated number two and the desirability acquisitions in the entire list. Right?

MR. SUNDBERG: Right.

MR. COLE: And -- but that was for fifteen thousand acres. It's been reduced here to eleven five, essentially. So, presumably the ranking goes down a little bit.

MR. SUNDBERG: That's correct.

MR. COLE: And, I gather your reason for that is that there's some desirable habitat in three?

MR. SUNDBERG: Yes.

MR. COLE: Causes the ranking to go from maybe two down a little bit?

MR. SUNDBERG: Yes. I was going into the -- up the relative rankings in my presentation, but if you (inaudible - simultaneous talking)...

MR. COLE: But we got a little confused when we talked about eighteen and what's (inaudible - simultaneous talking).

MS. RUTHERFORD: Could I point something out Mr. Chairman?

MR. ROSIER: Ms. Rutherford.

MS. RUTHERFORD: The public package has that parcel ranking and acreage summary that we provided in February 16th. It is the last page. And, at the fifth page in is the side-by-side comparisons with the scores for these parcels also.

MR. TILLERY: So option one would drop it significantly, vis-a-vis other parcels. Option two still leaves it in second place, even with only eleven million twelve thousand acres. And the final place...

MR. COLE: (Inaudible - simultaneous talking) all imminently threatened habitat with option two, this is in second place only behind Kachemak? So with the acquisition of Kachemak -- Kachemak, presumably, this is now the highest-rated imminently threatened parcels in the entire oil spill area?

MR. TILLERY: Option three is the entire parcel, which is one, two, three, and that little dotted line see you -- seven. You combine all that, that's option three. Seventeen thousand three hundred ninety-one acres. It's forty-eight point seven million dollars. The habitat ranking again is the same for the -- as it was originally. The score was thirty, which is two points higher on the score than if you only paid the thirty million dollars in option two for eleven thousand acres. In terms of timing on this, you can probably get a more detailed explanation from the Seal Bay timber people, but essentially, there's a parcel

that you probably can't see from here -- (inaudible) point out that's six nineteen up here in the upper left hand corner is -- there's currently a road being constructed down to that parcel from that direction. The -- timber for the road has actually been cut most of the way down there. They have begun to actually rip the road down there. Six nineteen is a very important parcel that Kim can describe. I -- Seal Bay timber had agreed not -- however, at the beginning of this week, or actually at the end of last week, they agreed not to cut anymore timber on that road towards six nineteen, pending the outcome of this meeting. It stands essentially stayed at the moment.

MR. COLE: For how long?

MR. TILLERY: Until the end of this meeting.
(Simultaneous talking and laughter.) Again that's something you should probably discuss?

MR. TILLERY: That's a summary of the status. If you don't have anymore questions, then Kim can go into the biology of the different options.

MR. ROSIER: Kim.

MR. SUNDBERG: (Inaudible).

MR. ROSIER: I think we probably ought to have it on the record here. Go ahead Kim.

MR. SUNDBERG: Thought I would just show a few slides, just to give you an idea what this parcel looks like. This first slide is -- they -- log loading facilities and camp facilities on the south end of Afognak and Kazakof Bay. There's some currently

two large timber harvest operations going on on Afognak Island. One is being done by Koncor Forest Products for Seal Bay Timber and other landowners on other portions of the east side of Afognak Island. The other operations are run by Dan Thomas which is shown in this photo. They're logging on the Afognak Native Corporation land and some of the Afognak Joint Venture lands on the west side of Afognak Island.

MR. COLE: Could we have it pointed out on the map -- show the people here what we mean -- east side and west side, south side...

MR. SUNDBERG: I don't know if this thing is going to work in this light, but you can see that little pointer. I don't have one of those little high tech laser pointers. Can everybody see that light right there?

(Inaudible - background talking)

MR. SUNDBERG: Well, what we're looking at right now is Kazakof Bay, which is this large bay on the south side of Afognak, which is where the timber is loaded out from Afognak. There's two operations located down here. The Koncor operations are primarily in this part of the island, of Seal Bay area, up in here, which is the large east side of the island. They're also operating down Izhut Bay area and down over in here. There's a road system that connects up all this and takes -- they haul logs back down to a sort yard down here and load them aboard ships, and then they are exported to the Pacific Rim countries, Japan, Korea, Taiwan.

MR. COLE: Is any of that being sent to (inaudible -

out of microphone range) or is it all being sent to China and Korea.

MR. SUNDBERG: I believe most of it is being exported to -- the Far East. I think occasionally they send some pulp logs to mills in the United States, but -- Mr. Sturgeon, if he is still here, could probably clarify what they are currently -- most of it's exported, it's my understanding.

MR. COLE: Is that in the round log?

MR. SUNDBERG: That's correct. Yeah, they just round log export it. The other timber operations that are occurring are active over in this part of the island, and they come back -- they haul back on the road system already here to another camp and load out in this area also. This is Seal Bay right up here in the -- in the northeast corner.

MR. COLE: What happens to -- who owns the rest of this timber on this island? Where is the ownership (inaudible - out of microphone range)

MR. SUNDBERG: The ownership patterns are fairly complicated. Afognak was partitioned under ANILCA and Native corporations that could not get all their entitlement on Kodiak Island were allowed to form a joint venture under ANILCA and select, what were called, deficiency lands and they -- they -- include corporations like Ouzinkie, Natives of Kodiak, Afognak Natives, Akhiok-Kaguyak, Old Harbor -- I'm probably leaving a few out, but there were several -- a number of village corporate -- villages on Kodiak that -- that selected lands up on Afognak

Island. There was a joint venture that was formed -- Afognak Joint Venture. I think approximately three years or so ago, Akhiok, Kaguyak and Old Harbor split -- partitioned out their parcel in the Seal Bay area from the rest of the Afognak Joint Venture lands, which were over here, and formed their own company called Seal Bay Timber Company, to manage and harvest their own timber. So, they're separate from the Afognak Joint Venture now.

MR. COLE: So we're dealing with a joint venture for Natives?

MR. SUNDBERG: We're dealing with a -- I believe a joint -- set up as a joint venture between Akhiok, Kaguyak and Old Harbor Corporation -- village corporations.

MR. BRODERSEN: Forgetting Seal Bay and Afognak (inaudible -- out of microphone range). The project joint venture has lands (inaudible -- out of microphone range)?

MR. BRODERSEN: Not Afognak. We're not dealing with Afognak. The joint venture owns land in the area...

MR. SUNDBERG: The Afognak Joint Venture owns all this land on this side of the island, including the north end of the island -- northwest.

(Inaudible - background talking).

MR. SUNDBERG: They, I don't believe own any lands over here.

MR. TILLERY: If you look at the aerial photograph map of that parcel -- the lands to the west there are -- they're Afognak Joint Venture. That's an area of significance.

MR. COLE: Who owns these lands here?

MR. SUNDBERG: That is also owned by Seal Bay Timber Company -- Tonki Cape area. The state owns this, state owns this, Fish and Wildlife Service owns this.

MR. COLE: What about Shuyak Island?

MR. SUNDBERG: The state and the Kodiak Island Borough own Shuyak Island. State owns this chunk down here. And, that's Native owned, I believe. Alright, this is an overview of the -- look from the south side of the Seal Bay Timber property -- looking south back towards Kazakof Bay where the picture of that ship was taken, and, you can see the patches here, the road system comes up through these cutting units, and this is one of the more recent cutting units called the six-thirty cutting unit, which was started this April on Seal Bay Timber Bay Company property. Six-thirty unit is shown approximately in that location there. This -- they were still felling and decking timber when I was out there on April 21. I believe this unit is pretty much all harvested now. Their intention was to go from the six-thirty up to the six-nineteen unit, which is located up here. First of all, they were going to have a harvesting unit called the six-sixteen. That one is actively being harvested right now. Then they're going to move onto the six-nineteen after that. So, six-thirty started in April -- early April, the six-sixteen was begun in mid-April, and six-nineteen, I believe, is scheduled to begin harvesting -- as Craig mentioned, they have stayed their work on the road, but they are scheduled to begin harvesting by the end of May. They also have

other units laid out for this summer's plan. They have a unit laid out called the six twenty-five unit, which is on this peninsula right here. The six thirty-five unit, which is located there and the six twenty-eight unit, which is at the tip of that peninsula. All those cutting units are scheduled to be harvested this year. They also have some units laid out in their five year plan which go up this coastline, the six thirty-eight, six thirty-nine, six forty-one and six forty-three, up this coast. And, they have two other units laid out, the six thirty-three and the six thirty-one. The six thirty-three is in this evaluation unit seven, and the six thirty-one, which is right down in this corner.

MR. SANDOR: Mr. Chairman.

MR. ROSIER: Yes.

MR. SANDOR: Can you again show, as best you can, what area is covered by option one and option two?

MR. BRODERSEN: This area here is all option one. Option two is all of this area and the fringe plus, this additional parcels, so you have this ...

MR. SANDOR: Option two is one and two

MR. TILLERY: One and two, that's correct.

MR. BRODERSEN: And then option three would add this portion.

MR. COLE: Why do we get so much more land in option two for a couple of million dollars more than we do if we simply went with option one?

MR. BRODERSEN: We need to have Kim make his presentation.

I think it would explain that.

MR. SUNDBERG: The short answer there is quite a bit of non-commercial and non-timbered areas on that option two on the east side.

MS. RUTHERFORD: There are maps in your packet that show options one, two and three, Commissioner.

MR. SANDOR: Not the same as that.

MS. RUTHERFORD: They don't look exactly the same (inaudible).

MR. ROSIER: Go proceed Kim.

MR. SUNDBERG: Okay. This is a photo showing the ongoing timber harvest operation in the six-thirty unit in April. This is a photograph of a older harvest unit to give you an idea of what some of the older clear cuts on the island look like. I believe they -- in the background, this area was harvested approximately ten years ago. So, it is starting to regenerate. Generally, out on Afognak Island, they get pretty good natural regeneration around the edges of the stand. I think Mr. Sturgeon mentioned that they have to do some broadcast seeding oftentimes on these ridge tops and places that are in the center, this -- the clear cuts in order to properly regenerate, restock spruce on to the stands.

MR. COLE:OLE: What is the growth cycle on clear cutting on Afognak? (Inaudible -- out of microphone range)

MR. SUNDBERG: I believe most of the trees on Afognak are in the range of two hundred to three hundred years old. They are pure Sitka spruce. There is no western hemlock or any other

conifer on the island. It's a mature forest, but in some cases it hasn't really reached the old growth characteristics at some places -- there in a lot of places because it's a young forest and it's been growing basically at about the same age. Quite interesting area in Alaska. Very unique in terms of forest ecosystem.

MR. COLE: Once this system (inaudible -- out of microphone range) two to three hundred years before it grows back (inaudible -- out of microphone).

MR. SUNDBERG: Probably it would start to reach some of the characteristics that would -- someone would say mature forest characteristics -- you know, I would guesstimate that -- in the neighborhood of a hundred and fifty years. But, in order to reach where it's at right now, yes, it would take about three hundred years. It's -- trees grow well on the island, but they grow -- you know, slower than they do farther south. And, it's as if the -- far edge of the range of Sitka spruce in Alaska -- near -- near the edge. This is a photo looking across the property from Seal Bay. This is a cutting unit called six twenty-four, which was done last fall and that's located on this map right in that area. It's about -- approximately one hundred and sixty acres and it was done in conjunction with another unit to the south called six twenty-two. And, all the options that we're considering today include this harvested unit. Six-nineteen unit, which we've heard about and referred to is right here. This is this section, which is located in the northeast -- northwest corner of the property, right there.

MR. PENNOYER: Could somebody shut those blinds over the

screen? It's real hard to see, it's (inaudible)

MR. SUNDBERG: I don't know if I can boost the power on this thing. This is another view of that cutting unit, six twenty-four -- six twenty-two and six twenty-four. This is the six twenty-two, the six twenty-four, here's Seal Bay. This is looking north. There's Mount Douglas on the Alaska Peninsula. Kenai Peninsula is back here in the back ground. This is that road that was referred -- that Craig referred to -- that they ceased felling timber on -- this is the April 21st, they'd gotten to this point. They're heading for this cutting unit right here, six-nineteen. This is another view of the six twenty-four unit, Seal Bay in the foreground. This is looking south, back towards -- looking back towards the Alaska Peninsula to the south. This shows a salt chuck and an anadromous fish stream that is next to the six twenty-four unit. Now this was just harvested last fall, and when I was out there in April the trees were still decked near the road, and they hadn't hauled the trees or the logs back yet because the roads were too soft. This photo illustrates what a sixty-six foot buffer looks like along this anadromous fish stream. So this is an anadromous fish stream here, and this is a sixty-six foot buffer. In addition, Koncor, although they are not required under the Forest Practices Act, generally always leaves a coastal fringe around the edge of their cuts and you can see that. A lot of times they also will leave fringes of trees around ponds or small lakes on the -- on their cutting units. This is just a photo of six twenty-four with the logs stacked ready to be hauled. Gives you an

idea of the size of the timber that comes off here. This is looking out north out of Seal Bay. This is a look -- a view looking back -- the property in the foreground is the Afognak Wilderness Lodge that's run by the Randalls. They've been out here for thirty -- thirty years -- thirty, forty years. They have a small wilderness lodge that they cater to fishermen and hunters, wildlife photographers. This is the six twenty-four cutting unit here, and this is the six-nineteen cutting unit here. These islands are not part of the acquisition.

MR. COLE: Where are they on this map here?

MR. SUNDBERG: They're right up at (inaudible -- out of microphone range)

MR. COLE: Can you point to it more?

MR. BRODERSEN: Just trying to turn this light off
(Inaudible - simultaneous talking)

MR. SUNDBERG: Right -- right down there -- the area right in there.

MR. COLE: These little lines?

MR. BRODERSEN: (Inaudible -- out of microphone range)
turn on the emergency system if I turn that light off too.

MR. SUNDBERG: This is a view of the central portion of this peninsula where those three cutting units are laid out for later on this summer. Looking to the north, so the Afognak Lodge is -- is right in this little -- up right here. This is the six twenty-four unit over here, the six-nineteen unit, and, this is a

major anadromous fish stream called stream number one hundred ten, that's referred to in some of your materials -- it comes through here. Okay. The next series of slides -- just sort of some overviews of the whole property. This is looking again south from this little bay at the south end, looking back towards Kazakof Bay.

The options that we're considering, both options one and option two, the line that cuts off the acquisition would be approximately in this location right here. So, the purchase would be everything in the foreground and everything -- including this little frozen lake here, and everything back would not be included, in options one and two -- would be included in option three. This is a view looking from the far extreme -- east side of the property out by Tolstoi Point looking back across the entirety of Seal Bay. And -- this brown area in here is grass. This is looking down on Tolstoi Point. This is a major elk wintering area. It's also spring bear concentration area, and it's also an important deer winter habitat.

There's also sea otter concentrations, (inaudible) sea otter concentrations occur right off here. This is looking from Tolstoi Point, which is in the northern stand looking down south across the property. Again, the line that would divide this property comes across on the other side of this bluff, and this is the lot basically right across here.

MR. COLE: Where's Tolstoi Point?

MR. SUNDBERG: See it, Tolstoi Point.

MR. COLE: Here?

MR. SUNDBERG: This is looking down the eastern edge of

the property here, it's very steep and this is called Tonki Bay, that's Tonki Bay on this side -- the east side -- to the point all the way down.

MR. ROSIER: Further down (inaudible)

MR. SUNDBERG: This is looking down on some of the forest stands that are out on the this eastern part of the property. This -- some of these forest stands are classified non-commercial, some are classified commercial. The timber quality is lower out here -- much lower than it is down in this area. It becomes relevant when you consider the cost of acquisition and, also, how they would access timber out here from various -- scenarios.

MR. COLE: What's the relative habitat potential?

MR. SUNDBERG: Well this -- land out here would provide important marbled murrelet nesting areas, probably be used by river otters. Also, for non-injured species, this area is considered to be really high value winter range for elk, along here. And, also, for deer winter habitat.

MR. SANDOR: (Inaudible) species? Are we getting into a discussion of the biology -- species that were injured in the spill (inaudible) marbled murrelets.

MR. SUNDBERG: That's correct.

MR. SANDOR: That will be exclusion of option one and two? Option three is -- includes one and two and three so I don't understand that -- how that evaluation -- explain (inaudible).

MR. SUNDBERG: Essentially -- discussing with Cathy Culitz (ph) about marbled murrelets on this property. There

haven't been any detailed marbled murrelets -- surveys on this property. The Fish and Wildlife folks were not allowed permission to do surveys on this property last summer when they were out there looking at marbled murrelets nesting to the west.

MR. SANDOR: By whom? (Inaudible -- out of microphone range.)

MR. SUNDBERG: I believe it was Koncor.

MR. COLE: What was the reason?

MR. SUNDBERG: They just didn't want them out there. And, it was the same thing happened to the Fish and Game that was trying to do some stream surveys out there to find out which streams had anadromous fish in them. But, in Cathy's experience, she said that marbled murrelets essentially are nesting in areas above three hundred feet elevation. This is about the five hundred foot contour here. And, it was her concern that if only option one was purchased and logging occurred right up to that border along the backside, that -- apparently -- in the Lower Forty-Eight they're finding that if there's just a narrow fringe of timber left and they open up the timber behind it, apparently the murrelets don't nest there anymore. So, she -- she felt that there had to be a sufficient amount of buffered area or timbered area behind this narrow land, which is only, in some cases, about three tenths of a mile wide, in order to maintain this areas as marbled murrelet nesting area. And, they found some of the highest marbled murrelet nesting that they found anywhere in Alaska. It was over -- just on this side of the property, off -- off the property that --

basically over on the Afognak Joint Venture lands over here. So, there's real high numbers of murrelets feed and concentrate out here on the water. So, the feeling is and the belief -- best guesstimates are is that this area is probably pretty important for murrelet nesting. And that -- by more timber being provided higher value for the nesting.

MR. SANDOR: Precisely why -- my question -- why since the area east of the unit one is high, why area one is low? Certainly, murrelets cannot distinguish between what's on the left and right-hand side of that line. And, I don't understand why one is ranked low in value.

MR. SUNDBERG: Okay, I understand. Actually, this is high value for murrelets, but if you don't attack the adjacent land, then it would drop to be a low value. So, in terms of an acquisition, which is how we ranked in the tables the value of benefit of the parcel to the species, you have to consider what goes on adjacent to the land.

MR. SANDOR: So, what's happening to the left of parcel one?

MR. BRODERSEN: They refused to sell that.

MR. SUNDBERG: Over here?

(Inaudible - simultaneous talking)

MR. SUNDBERG: This is not part of -- this is not owned by Seal Bay Timber Company. This is owned by another company.

MR. SANDOR: My point though is, is that you cannot (inaudible -- out of microphone range) marbled murrelet habitat to

just parcel one, two and three (inaudible -- out of microphone range). What I hear you say is that, insofar as this evaluation is concerned, all you've looked at -- all assessments been made with respect to the marbled murrelet is just on parcels one, two and three as listed there. This does not look at means of protection, potential threat with any habitat attached to parcel one.

MR. SUNDBERG: That's essentially correct. The -- analysis is focused on the acquisition parcel. We do have some criteria that I can go through that talk about what happens on adjacent land and how that may increase or decrease the overall score of the parcel.

MR. SANDOR: Well, I don't want to belabor this point, but (inaudible -- out of microphone range). But, we're looking at marbled murrelet is essentially the primary species that was damaged by the oil spill that would be benefitted by this acquisition, is that right?

MR. SUNDBERG: Well, there's a number of other species. There would be oystercatchers, pigeon guillemots, bald eagles, harbor seals, sea otters, river otters, (inaudible - simultaneous talking) harlequin ducks. They're listed there, there's quite a few species that have been identified.

MR. SANDOR: Which were damaged by the spill and which are threatened by timber harvest (inaudible -- out of microphone range)?

MR. WIENER: One thing we also have to factor in, especially on this parcel is the value to services also. One of

the reason that we selected the boundary where we did on the eastern side of unit one and -- it conforms to the five hundred foot contour. So, it tries to capture the entire drainage basin on -- at least on that side of the unit. The drainage basin all of the water that flows into the bay from that ridge. The other thing that it does, it protects the view-shed from the bay. So, that if timber harvesting is prohibited from the five hundred foot contour down to the bay -- there would no timber harvest visible from the bay -- to protect the tourism amenities and the tourist services that the bay provides.

MR. SANDOR: Doesn't address the question then I was asking, which was the species that were damaged by the spill.

MR. WIENER: We -- we -- we factored services and living resources in the same package.

MR. SANDOR: As I understand that. I'm a supporter of that, but that's still not the question with respect to the species that were damaged (inaudible -- out of microphone range). I think for the record we need to understand (inaudible -- out of microphone range) But still I'm still troubled by this evaluation of low valued of marbled murrelet than (inaudible -- out of microphone range)

MR. WIENER: One of the ways we can also explain it...

MR. SANDOR: Seems to me it ought to be high (inaudible -- out of microphone range) if in fact the area to the left (inaudible -- out of microphone range).

MR. WIENER: Just the geometry of the parcel that's

problematic. The line, again on the five hundred foot contour, although it protects the drainage base, it creates a very large edge effect, because you have a two to three-tenth mile-wide strip along a very long boundary. And, the experts, Cathy Culitz, and some of folks in Oregon had told us, that a large edge effect is very detrimental to successful nesting of the marbled murrelets. There's very high nest predation from crows, eagles, hawks, if you have a very narrow strip of land with a long edge effect. And, I think that's one of the problems that we have in ranking that particular parcel -- hard for marbled murrelets -- the geometry of the parcel.

MR. COLE: Let me...

MR. ROSIER: Yes...

MR. COLE: Before we get...

MR. ROSIER: Mr. Cole.

MR. COLE: (inaudible - simultaneous talking) Are we going to have a presentation so we get a record of how the acquisition of these parcels, or the expected acquisition, satisfies the requirements of the consent decree dealing with restoration, enhancement or replacement ...

MR. SANDOR: That's exactly. (Inaudible - simultaneous talking).

MR. COLE: In toto, I'm a little concerned about, you know, how we get off on one species and then we get a record that's not nice and compact and direct. Are we going to have a whole presentation of that?

MR. SUNDBERG: We can sit here as long as it takes to try to answer the questions.

(Inaudible - simultaneous talking).

MR. COLE: Give us the essential facts from which we can make, if we can, conclusions that satisfies any requirements of the consent decree.

MR. SANDOR: May I add to that -- and the reason that this is so important is because this is really the first parcel that we've -- parcels -- that we're dealing with, and we want to establish a process by which subsequent proposals can be evaluated on some of those criteria.

MR. COLE: We probably did that in Kachemak. I hope we did. I'm getting a little nervous.

(Inaudible - simultaneous talking).

MR. ROSIER: Seemed to me that we had a very good presentation, Mr. Cole, on that one -- but yes, Walt.

MR. STIEGLITZ: Just to follow up on John's line of questioning. The -- the individual parcel now, considering the green book (inaudible) -- now -- it -- seem to me to do a pretty good job of summarizing the values of each of those options for the primarily injured species, is that correct? (Inaudible) -- We list all of the species that were in question or damaged by the spill and evaluate them on a parcel-by-parcel basis. So, it seems to me like there's already a pretty good administrative record of the staff's analysis of the values of these tracts to any particular species. Don't misunderstand, I still want to hear a verbal

presentation, but this is a good start, I guess.

MR. ROSIER: If I might, Marty -- I'm not sure where we're headed here at the present time, but is there, will there be -- who's going to present the information that Attorney General Cole has asked for here?

MS. RUTHERFORD: It is, as Mr. Stieglitz said, it is in your packet, it's behind each of the maps for each of the parcels, and, basically the biological information for each of these species will be presented by Art and Kim.

MR. ROSIER: Okay, let's proceed then.

MR. SUNDBERG: I think I will dispense with the rest of the slides and maybe we can just go into the table.

MR. ROSIER: I think that would be a good idea. I think we've got a pretty good idea of the geography and ...

MR. SUNDBERG: Great.

MR. ROSIER: ...and a look at the real estate.

MR. SUNDBERG: Okay, I guess what I would do is direct you right now to the side-by-side comparison table, which is inside the early part of the book. Should be in about three sections.

MR. ROSIER: Second page at the (inaudible) blue tab.

MR. SUNDBERG: This table gives you sort of an overview of the three options, in acreage, what the commercial forest is. Option one, we're calling the coastal fringe option; two is expanded coastal fringe; option three is the entire parcel. The acreage are four thousand four acres for option one, eleven thousand four sixty-one for two, and seventeen thousand three

ninety-one for three. The commercial forest -- this is an interesting statistic because option one contains primarily to seventy-nine percent commercial forest, three thousand one hundred fifty-six. In, option two, as you can see from the slides and from the photos, it includes a lot of non-commercial timber area. It drops down to forty-one percent commercial forest, and option three goes up a little to about half commercial forest, forty-nine percent -- harvested acreage -- so that's the acreage that's already been taken out of these various different parcels, both in cutting units and roads, is estimated at two hundred and forty-one acres for options one and two, and one thousand one hundred and ninety acres in option three. And the percent harvested is lowest in option two of the entire parcel acreage, and highest in option three at seven percent. Linear miles of shoreline -- so how much shoreline are you buying? In option one you get twenty-one miles of shoreline. In options two and three, you get thirty miles of shoreline. The score is the overall habitat score, and I will go into that in a little more detail, explain how that was done, but option one has the lowest score of eighteen, option two goes up to twenty-eight, and option three is thirty. And, again the twenty-eight and thirty are still the highest-ranked imminent-threat parcels in the whole spill area, according to our evaluation and ranking system. The proposed expanded anadromous stream buffer is something we can talk about later on. It's an option that's on the table right now to expand some stream buffers on existing anadromous fish streams. There's about two hundred acres involved

in that. And the other two figures talk about how much commercial forest is in those expanded streams. At this point, I think what I will do is -- you might just want to keep your hand or finger in that tab just to look at that. There is ...

MR. SANDOR: Can I -- excuse me, I'm sorry, but can I ask a question -- I'm not sure I understand the table. On -- on that table, again the confusion I have between options one, two, and three. Option one has a commercial forest acreage as three thousand one fifty-six. That acreage there -- and option two, four thousand seven forty-three, and so that total commercial forest land is seven thousand eight hundred ninety-nine. And, eight thousand -- is only five hundred and forty-four acres of commercial forest land a balance of namely this section three? Is that --- I don't quite understand -- the --- you know, why we should be acquiring this five hundred acres of commercial forest land for the extra increment of value that's involved in option three versus option two and option one.

UNIDENTIFIED VOICE: Help me, where do you get those five hundred acres, John?

MR. SUNDBERG: Yeah. Yeah. It's more like (inaudible) thousand.

(Inaudible - simultaneous talking)]

MR. SANDOR: It's the total -- is all parcels, one, two and three?

MR. SUNDBERG: Yes.

MR. TILLERY: And option two is one and two.

MR. SANDOR: Option two is one and two?

MR. TILLERY: Yes. What -- the map was a little bit mislabeled. It's confusing. If you look at the ones...

MR. COLE: Option two is one and two. You get it?

MR. PENNOYER: Option two includes one and two.

MR. SUNDBERG: It's all cumulative. The smallest is option one, and then you add in two to get...

MR. SANDOR: The percent of a -- the biggest percent of commercial forest is on option one, which is just that one block.

MR. SUNDBERG: That's the good stuff right there.

MR. SANDOR: (inaudible) That's -- to me ought to be of the highest value area we ought to protect.

MR. COLE: That's why they want twenty-eight million for it.

MR. SANDOR: And that's fine. In that's in fact -- it works out to the appraisal. But then, option two which adds yet forty-seven ...

MR. COLE: You get all of this for another two million.

MR. ROSIER: Two million dollars.

(Inaudible - simultaneous talking)

MR. COLE: We get all this for two million more than if we just get this.

MR. SANDOR: But that only has forty-one percent commercial forest land, right?

MR. PENNOYER: That's because you've added a lot acreage.

MR. SANDOR: And in the third, which is forty-nine percent, is the total package that's in that total black line?

MR. SUNDBERG: That's correct.

MR. SANDOR: Okay. I'm mentally calculating the value per acreage, commercial, as well as the precedent that you set Mr. Cole in Kachemak Bay. There's a big question coming up.

MR. COLE: You see in parcel three it's easier to get into these Chinese freighters that haul it off.

MR. SANDOR: Then those Chinese freighters should take away that bad stuff and (inaudible) good stuff.

MR. BRODERSEN: Commissioner, this piece here, which is only part of option two, as near as I can figure, contains sixteen hundred acres of commercial forest. That's subtracting -- this number -- I'm subtracting thirty-one hundred acres from forty-seven hundred acres to find out that there's roughly sixteen hundred acres of commercial forest out here. I think you're adding these two numbers together, and you don't want to do that. They've already been added together.

MR. SANDOR: What I don't follow -- trying to figure out is why in the heck we're buying commercial -- non-commercial forest land.

MR. BRODERSEN: Habitat.

(Inaudible - simultaneous talking)

MR. COLE: Let -- I'd like to respond to that because the point is we're not here just to buy commercial timber. It's the reverse. To my view ...

MR. BRODERSEN: We're buying habitat.

MR. COLE: ... we should buy less commercial timber as much as we could avoid buying, but buy habitat. But, habitat is not necessarily commercial timber. That's my view.

(Inaudible - simultaneous talking)

MR. SANDOR: But what's being threatened? The timber harvest to the commercial forest land, not timber harvest to the non-commercial forest land.

MR. COLE: Not necessarily.

MR. WIENER: I can maybe shed some light based upon your question about the murrelets earlier. A considerable amount of the harvestable timber in option number two lies to the east of that dashed line. And, if in fact -- we went ahead and protected option one and didn't protect option two, we would end up with a considerable amount of harvest operations, just on the backside of that line to the east, which the experts tell us would diminish the value of number one because you'd lose the buffer, plus you'd have all that logging disturbance, possibly a road and cutting units immediately to the east. So -- that acreage on option number two provides a buffer to make the old growth forest along one much more valuable to the murrelets.

MR. SANDOR: Exactly, and why we must look at the area east of that line as well.

MR. WIENER: And to the west -- one of the things we would like to point out to you, one of the very highly ranked opportunity lands lies to the west of this parcel. So -- not --

very not too distant future we're going to be looking very carefully at those lands to the west.

MR. ROSIER: Yes.

MR. SANDOR: Excuse me, what we really need to do is (inaudible -- out of microphone range).

MR. ROSIER: Yes, Walt.

MR. STIEGLITZ: It occurs to me maybe we're getting a little ahead of ourselves here. I'm starting to feel a little sympathetic for the presenters because we keep interrupting them.

(Inaudible - simultaneous talking and laughing).

MR. STIEGLITZ: After I've been in that position a few times, I know it's hard to keep things on track. But I think maybe we'd better served to get a full explanation of the values of these areas because before we get started talking about what we ought to buy and not buy, we need to know what the relative values of those parcels are. And, the real key is what value items do we get by adding number two on that map to number one.

MR. ROSIER: With that ...

MR. STIEGLITZ: With that, I would suggest we go ahead and hear these fellows out.

MR. ROSIER: Right. Without trying to confuse the issue, I would like to ask one question. In regard to the one hundred ninety-six acres in the proposed expanded stream buffer, is that on top of the costs of the options as they are presented here at this time?

MR. SUNDBERG: The expanded stream buffers is not

reflected in the costs that you have before you.

MR. ROSIER: Okay.

MR. SUNDBERG: It's still on the table.

MR. ROSIER: Alright. Good. Let's move ahead then.

MR. SUNDBERG: I think what I'll do now is go through the habitat values on the options and mostly to point out what the differences are, and, I would be more than happy to go into any details that anybody has or questions. We touched on some of the relative effects on marbled murrelets, and that's a major difference ...

(Simultaneous talking and laughter)

MR. COLE: May I ask you a question here? Is the marbled murrelet an endangered specie?

MR. SUNDBERG: Not in Alaska. It is in the Lower Forty-Eight. It's a threatened species.

MR. COLE: It's a threatened species in the Lower Forty-Eight, but not in Alaska.

MR. SUNDBERG: Right.

MR. PENNOYER: But it's an injured species.

MR. SUNDBERG: That's correct.

MR. STIEGLITZ: There's some folks that feel that maybe it should be listed, but it's not.

MR. COLE: As an endangered species?

MR. STIEGLITZ: It should be.

MR. COLE: Will you elaborate on that a little bit? I mean, that's a material thing, I think, as we consider this.

MR. STIEGLITZ: Just very briefly, when the -- when the petition to list in the northwest game up, the whole issue of the status of the Alaska population came under consideration. We took a look at it at that time and did not feel like the population status warranted listing. However, there is concern about the status of the populations. As with most sea birds, we don't have a real good fix on population trends. There is a -- there is a fairly good suggestion of population is -- in a -- in a -- decline, but we don't have definitive proof of that. So, in the total sense is there is some concern about what's happening with marbled murrelets. We, the Fish and Wildlife Service, don't think the population is such that we should consider listing at this point in time.

MR. COLE: Not as endangered, but perhaps threatened.

MR. STIEGLITZ: Well, when I say listed is -- from (inaudible) category. It's a species -- we're going to continue to take a real hard look at, but we're not ready to suggest listing.

MR. ROSIER: Mr. Barton, did you have something to add to that? No? Okay. Excuse me. (Inaudible - simultaneous talking) I thought you were looking to the floor there. Okay, let's proceed with the presentation.

MR. SUNDBERG: Alright. Let's see. Take a look at this table, which is right in front of the one that you were discussing at the side-by-side comparison. This shows how these different options score in terms of the ranking criteria that Habitat Protection Work Group and the Trustee Council approved on February

16th. As you remember, there are eight different criteria that we apply, detailed ranking criteria that we apply to looking at -- what the value to restoration is from various different parcels that we look at. And, the ranking criteria number one is that linkage criteria that says whether that parcels provides a link benefit or that species actually occurs on the parcel, or can directly benefit from protection on the parcel. The two, three, four, five, six, seven, and eight are other criteria that we look at to say whether yes or no these meet criteria that would provide a benefit to restoration. The entire list of the eight criteria is in the back in the appendix of your book. And, very briefly, number two is -- looks at whether -- the number one is the linkage criteria, number two is that the parcel can function as an intact ecological unit, number three is that adjacent land uses will not significantly degrade the ecological function of essential habitats, four is the protection of habitats with benefit more than one injured species, so if you have multiple species, you get more -- higher rank. Number five is the parcel contains critical habitat with depleted, rare, threatened or endangered species, which gets to Attorney General Cole's last comment. Number six is essential habitat sites on the parcel are vulnerable or potentially threatened by human activity. Seven, management of adjacent lands is or good easily be made compatible with protection of essential habitats on the parcel, and number eight is that is the parcel located within the spill-affected area. So, the overall table here shows at a glance how those different options ranked out. And,

option three is this KP01-3, KP01-2 is option two, KP01-1 is option one, and they're ranked from the highest score to the lowest score.

So, option three, which is the whole parcel, scores the highest because it has the most habitat in it, it provides the most benefit to injured resources and services. When you get to option two, you take out that section in the south, once part of the parcel, it drops down a little bit. Primarily where it drops down, is that rather than providing a high level of benefit to marbled murrelets, it drops down to providing a moderate level. And, the reason for that is because of this buffer thing that we talked about and the fact that if you were to harvest all the timber out within those numbers three and seven in there, you would diminish some value of that entire parcel to marbled murrelet habitat. It no longer can provide a high level of benefit over moderate levels. In option three, I mean in option one, excuse me, which is the coastal fringe, you drop down from a moderate to a low for marbled murrelets because of this effect that we talked about. Basically, the whole eastern side of the parcel would cease to be very valuable for marbled murrelets. And, the rest of the parcel would also diminish in value. In addition, the value -- one of our criteria, ranking criteria, deals with its value for wilderness and for recreation. And, in option one it drops down to that too because as more and more land is converted for timber harvest in that area adjacent to parcel number one, the values is turned to wilderness space recreation -- you're going to be able to see these clear cuts -- lots of them there's going to be roads, there's going

to be disturbance and all those kind of things. It's going to lower the value down to a low value for wilderness space recreation. It still provides some benefits, but it will be at a low level. If you add in some additional lands or buffer that, the values go back up again. One of the other criteria that's -- is a significant difference between options is number two, which is -- it exerts -- function is an intact ecological unit. Option one, the staff did not believe that that area could function by itself as an intact ecological unit. Because, it is -- problem with murrelets and the fact that it's going to diminish values for services. It was our opinion that that could no longer function intact in and of itself, given the fact we knew the timber harvest is going to be occurring all around that parcel. So that got a no versus -- in ranking criteria number two. So all told, the scoring dropped down significantly for option number one to eighteen. It's still relative to the other parcels, it's still in a moderate category. It doesn't mean it has no value, but it drops it significantly down into sort of moderate value with other ranked parcels in the rest of the spill area. I think that's about all I was going to go through at this point. Does anybody have any questions? Or any specifics?

MR. ROSIER: Marty, how much longer do you have there, on the presentations?

MS. RUTHERFORD: We should have -- basically up to you. I mean, Kim could walk you through each scenario in terms of what's the biological values associated with these parcels.

However, it is there right in front of you. You might want to take a minute to review it and see if there's any questions.

MR. WIENER: I think I would add one thing just to top it off. The staff clearly feels option two is the recommended option, cost issues notwithstanding. I mean, from a purely habitat and ecological value, we feel that option two is ...

MS. RUTHERFORD: That is a...

MR. ROSIER: Mr. Pennoyer.

MS. RUTHERFORD: ...staff recommendation from the Habitat Protection Work Group and the Restoration Team. It's near the front of your document; it looks like that.

MR. ROSIER: Yes, we saw the staff recommendation. Mr. Pennoyer.

MR. PENNOYER: Just for the record then, I know we have the table in front of us, but option two gives you moderate benefits for anadromous fish, high benefits for bald eagles, moderate for black oystercatcher, moderate for harbor seals, moderate for harlequin ducks, moderate for intertidal/subtidal biota, moderate for pigeon guillemot, low for marbled murrelet -- and I'm not in the right section -- (inaudible - simultaneous talking) -- moderate for marbled murrelet, and moderate for pigeon guillemot, moderate for river otters, moderate for sea otters, moderate for recreation and tourism, moderate for wilderness values, moderate for cultural resources. It has a whole -- we've talked about marbled murrelets all the time here, but there's other injured services or resources here also present in a significant

degree within this option.

MS. RUTHERFORD: That's correct. I also want to point out that the ranking of twenty-eight on option two is still higher than the next imminent-threat parcel, which was Fish Bay, which had a twenty-seven. So, it's in it's -- it's just right under the whole Seal Bay parcel for thirty. I do want to reiterate something Art Wiener said and, Commission Sandor, I think that, I'm not sure you heard it, but this whole parcel ranking and acreage summary that was presented in February, which is at the back of your document, it does indicate that -- that number two opportunity parcel, the Shuyak Strait, does abut this Seal Bay parcel on the east side. So, it is something that we will be looking at in the near term.

MR. PENNOYER: Mr. Chairman, do you have a response from those people then? (inaudible). Has the opportunity to have the response interested in negotiation on ...

MS. RUTHERFORD: They are very interested in discussing.

MR. PENNOYER: It's just not imminently threatened...

MS. RUTHERFORD: That's correct.

MR. PENNOYER: Where is this -- would you point out on the map please where -- while we're talking about it

(Inaudible - simultaneous talking).

MR. BRODERSEN: It's this.

MR. PENNOYER: I see, okay.

MR. BRODERSEN: We call it Shuyak Strait, but actually

it's (inaudible -- out of microphone range).

MS. RUTHERFORD: We have a -- in the February 16th documents we show -- we could pass that around if you like --

MR. ROSIER: Okay. Other questions? Commissioner Sandor.

MR. SANDOR: Well, I appreciate your reemphasizing that point because that is -- that is under the direction of the Trustee Council's earlier actions, something you've been directed to look at.

MS. RUTHERFORD: That's correct.

MR. SANDOR: And so we, essentially, would be making the same kind of assessment for that -- those parcels -- as we are for this parcel?

MS. RUTHERFORD: Absolutely.

MR. SANDOR: And, so, we really ought to be looking at them now -- mentally ahead as well.

MS. RUTHERFORD: The subcommittee that did the analysis did -- what was thinking along those lines.

MR. WIENER: I can note -- I can't strongly, more strongly emphasize our keen interest on the entire north side of Afognak Island. Everything that we've learned up to this point, everything we've learned from the study that's recently been completed by the Fish and Wildlife Service, indicates that the north side of Afognak, from a biological point of view, is extremely value, both for injured resources and services and for the non-injured resources and services in the area. So we will

very quickly be doing that analysis.

MR. SANDOR: Is it possible to say that, just from the analysis you've done so far that, those lands that we've been talking about, may in fact be as high or higher value than these ones?

MS. RUTHERFORD: Commissioner, we did do a quick -- on the Shuyak Straits -- that that section -- we did do, as part of our opportunity analysis in the February 16th presentation -- we had done a, sort of a down -- like all of these -- we did a down-and-dirty analysis, and it ranked forty-eight, which is -- you know, is very high.

MR. PENNOYER: But for fifty-one thousand acres.

MS. RUTHERFORD: Yes, it was fifty-one thousand acres. And, acreage size parcels as -- Mr. Pennoyer has -- as Steve Pennoyer pointed out in the past, and we have found in our efforts, does play a major factor in the ranking.

MR. SANDOR: Thank you. I guess that's it.

MR. ROSIER: I suggest that we take a short five minute break.

(Off Record at 10:40 a.m.)

(On Record at 10:52 a.m.)

MR. ROSIER: Take you seats here please, so we can get started here. I guess at this -- Mike -- Could we get Mr. Barton -- Mr. Barton in here? Is he out there? Alright, is there further questions, comments, information for the staff panel here at the present time?

MS. RUTHERFORD: Not unless you have some specific questions.

MR. SANDOR: One question.

MR. ROSIER: Yes, Mr. Sandor.

MR. SANDOR: As I understand it -- just to confirm that -- the values in this package excludes subsurface rights, right?

MR. ROSIER: Mr. Barton.

MR. BARTON: Along the same line, what efforts have been made to acquire the subsurface rights? It seems to me that some development of the subsurface resources could be as disturbing to the habitat as development of the surface resources.

MR. TILLERY: We've done -- an analysis of the subsurface resources, and it's in your package.

MR. BARTON: That letter from Ken Ross?

MR. TILLERY: Right, from my -- M. W. King.

MR. BARTON: Since there's no discussion on the subsurface (inaudible -- simultaneous talking).

MR. TILLERY: Mr. Henning is here with us.

MR. ROSIER: Mr. Merrick is -- is here, I believe from Koniag. With the council's indulgence here on this thing, I believe that we probably out to hear from Mr. Merrick on this particular subject. John, would you like to come forward here, please.

MR. JOHN MERRICK: Okay. Yeah, my name is John Merrick and I am the land management -- land and resource manager for Koniag Incorporated. And I would -- I don't -- I have no intent of

throwing any cold water on this thing, but I would point out that, we have not been consulted as to whether we're a willing seller. That's not to say we wouldn't be, but we do own the subsurface under everything that's been discussed here today. In fact, most of Afognak Island subsurface belongs to Koniag. And with that -- that's all I need to say. You know, nothing has been -- the subsurface is state. Mr. Cole probably can tell you that in some cases it's considered the dominant estate. So, whatever it's worth.

MR. ROSIER: Thank you, John. Any questions for Mr. Merrick? Thank you John.

MR. SANDOR: I guess a natural follow-up question that needs to be determined then -- in regard to the responses to questions that both Mike Barton and I raised is that, is the habitat group or the team look at potential adverse impacts of mineral development? And, as Mr. Barton pointed out, is it not possible that -- you know, mineral development would, in fact, adversely impact the resources that we're indeed trying to protect?

MR. SUNDBERG: I'd -- I'd just respond by saying we did look at that. We looked at the potential for mineral development on the parcel, it was judged to be extremely low. There really are no sand or gravel deposits on Afognak Island. All the road construction that's occurred out there, hundreds of miles of roads, logging roads, have been built out of native bedrock shale. The geological reports were all negative in terms of -- or extremely low in terms of mineral potential for other hard rock minerals in

the area, so we didn't consider it to be a significant threat.

MR. SANDOR: Mr. Chairman.

MR. ROSIER: Yes.

MR. SANDOR: Would it then follow -- would it then follow that the value of acquiring the subsurface rights should then be relatively low. Perhaps as low as that of Kachemak Bay.

MR. SUNDBERG: Presumably, I mean, if Koniag has some data about the mineral values (inaudible - coughing) I'll make certain that Dave requests that. See what they have and what the government has in case there's extremely low mineral values.

MR. SANDOR: Thank you, Mr. Chairman.

MR. ROSIER: Sure. Yes, Mr. Pennoyer.

MR. PENNOYER: I'm not clear on what your recommending. You're recommending that we proceed as a matter of policy with acquisition of fee simple title land without the subsurface rights tied up in it? Your judgment is -- I'm clear what your recommendation -- you didn't go out and negotiate anything on subsurface rights. Presumably, you didn't think it was important, but you'll make that on a case by case basis for judgment then?

MR. WIENER: I would say yes. Our recommendation stands in the absence of that which is subsurface mineral rights based upon the information we have in hand from the geologists -- from our knowledge of the nature of the road building in the area. The other thing I might add is that it's certainly not (inaudible). But, if we had to grant an access easement to a mineral deposit, we would certainly (inaudible) have some control

over the nature of

the easement, and the way in which we would grant that easement. We would certainly do it in a way that wouldn't adversely impact the resources that we find. Then, we should have some control over them.

MR. PENNOYER: I don't see the attorneys jumping up and down at this point.

MR. TILLERY: The bottom line is that you get a road that's going to destroy a substantial part of the value of the parcel. You have timber cutting operations in three weeks. It was our view that the -- it was a very low probability that there was any mineral value there, and that bringing in the mineral value into the mix was going to delay things and endanger acquisition of the parcel in a timely manner. For that reason, it was felt like if we can go ahead and deal with the surface estate and the timber, and we can get -- after we do that, we can go back and talk to the subsurface owner, but it's not necessary to be doing it at this time, and it probably wasn't even advisable, given the extreme time frame.

MR. ROSIER: Thank you. Yes, Mr. Barton.

MR. BARTON: Relative to this, another question. Are there no alternatives to the logging operator to log something other than six-nineteen at this particular point in time?

MR. TILLERY: I'm told no, but they are here, and they have indicated they can respond to that question.

MR. WALT EBELL: Good morning, my name is Walt Ebell, and this is Jim Wilkens. We represent Seal Bay Timber Company.

The issue on the harvesting plan has been raised. We've discussed this at length with Mr. Tillery and Mr. Swiderski. The problem is this, it has to do with the mix of the logs. If I can approach the map, maybe I can explain it a little bit better.

MR. ROSIER: Please do.

MR. EBELL: I should explain that Mr. Sturgeon is here and he could also probably add his expertise to this because mine is (inaudible). We are -- we have logged up in this area, six-thirty and six-sixteen. We've been mixing these logs with the logs that have been -- that were harvested last year but not sold, off of six twenty-four. The mix requirement has to do with the size of the trees. Your smaller trees are in this area, your larger trees are along the coastline. The contracts have been let clear into July. In order for us to continue and to meet our contractual obligations, we need to -- to get into six-nineteen to mix the larger trees with the smaller trees on six-sixteen. If we suspend the operation, then Koncor, in order to meet the obligations, will need to pull the loggers from this area, move them to a different area of the island. In other words, we've really reached the critical stage. If we don't go forward with the purchase, then we have to go forward with the harvesting. A delay forces us to cease the harvesting for Seal Bay, basically for the remainder of the year. We have to -- and Koncor would pull out -- harvest in a different area of the island. Seal Bay would lose the economic opportunity that's available to us at this time because of the high timber market. So, that's the issue.

MR. ROSIER: Mr. Barton.

MR. BARTON: The contractual obligation you're talking about are market obligations? Or, obligations to your loggers?

MR. EBELL: They are obligations to the market -- market obligations. We also have obligations to the logger, but they are over a longer period of time.

MR. WILKENS: Without getting into the specifics, the logger's contract is also implicated in any of the options -- it also creates a problem though its not the dry good problem.

MR. ROSIER: Yes, Walt.

MR. STIEGLITZ: This raises a question -- a concern I had and that is -- here basically, it's okay -- you to remove a threat from one place and you just remove that activity some place else. And, Walt, you mentioned -- you have contractual arrangements that had to be filled, so you have to cut trees somewhere on Afognak Island. I guess -- I think I know the answer, but I would like to be reassured that -- that there aren't any implications in all of this for what will it be called the Shuyak Strait tract, that is that to the west -- (Inaudible - simultaneous talking) I understand there's different border there, but I just would like to be comfortable that there's -- there's not movement (inaudible) -- are so (indecipherable) there to the west.

MR. EBELL: No, that's correct. It's my understanding that (inaudible). That Koncor would move the logging operation onto other lands owned by Koncor, and I'm not quite sure in what area -- down in this area.

UNIDENTIFIED VOICE: There again, it has already been designated? (inaudible).

MR. BARTON: You don't have any arrangements with the adjacent landowner -- I mean, there's no way your decision would influence their decision, is it?

MR. EBELL: That's correct.

MR. BARTON: But, it's still possible.

MR. COLE: Who owns the Tonki Bay property, Mr. Ebell?

MR. EBELL: The Tonki Bay properties are owned by Akhiok and Old Harbor, except for four sections at the head of this bay. They are owned by Afognak Joint Venture.

MR. COLE: That's Old Harbor and Akhiok-Kaguyah?

MR. EBELL: Same owners as Seal Bay, actually I should have said Seal Bay, it would make it easier. Seal Bay owns a little over twenty-five thousand acres on Tonki Cape.

MR. COLE: Same as if we were buying this land from them.

MR. EBELL: Yes.

MR. COLE: Where are the other land-holding patterns in that area? In the area north of that line?

MR. EBELL: To the best of my recollection, again Mr. Sturgeon and Mr. (inaudible - coughing) correct me if I'm wrong, the Natives of Kodiak own the land in this area, the Afognak Joint Venture owns land in this area, Ouzinkie owns land in this area. This is Afognak Joint Venture -- the Afognak Joint Venture and the Afognak Native Corporation have holdings down in this area. Seal

Bay owns all of this, except for four sections at the head of this bay.

MR. COLE: How many acres are owned by the joint venture in here? Did you say?

MR. EBELL: Twenty-five thousand.

MR. ROSIER: Any other questions? Thank you, then. Any other comments? Trustees? As I see it at this point, with the information before us. We have the recommendations basically from the staff to proceed with the -- looking for approval to proceed with negotiations -- with the recommendations that we look at option two as the preferred option. How does the council want to proceed at this time?

MR. BARTON: Mr. Chairman.

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: Well, I move we authorize the appropriate party, which I guess is the Department of Law, to move ahead with negotiations for option two.

MR. ROSIER: Second to that?

MR. PENNOYER: Second, for discussion purposes.

MR. COLE: Do you have any other reservations?

MR. PENNOYER: I just wanted to hear what that meant. I don't know exactly what that means in terms of where we've been told the corporation feels they have to be versus other considerations, appraisals. There's other stuff in here about buffers, and so I'm not sure what it means. I like the idea, but I'm not sure what all the pieces are that go with it.

MR. BARTON: Well, what I meant by that was to work with the corporation to resolve those issues and come up with some mutually agreeable pattern and get the appraisal work done and then come back to the Council for the Council's further consideration of the actual acquisition. I don't imply in my motion that we are approving the acquisition itself at this time, but just moving on into this next step.

MR. RUTHERFORD: Mr. Chair.

MR. ROSIER: Yes -- Marty.

MR. RUTHERFORD: It would mean a commitment of funds to proceed with the appraisal, which could range anywhere between fifty and two hundred thousand dollars.

MR. COLE: Oh -- Two hundred thousand dollars to appraise that land?

MS. RUTHERFORD: That was the high end.

MR. COLE: I mean, they need a license -- they must have a license to steal.

MS. RUTHERFORD: We would do our best to keep it down, but that is the range, I believe. Is that not correct Craig?

MR. BARTON: Do we have a timber appraiser in the room or land appraiser in the room that could ...

MR. ROSIER: Do we have such expertise in the audience.

Mr. WILKENS: Well, I can say this. We have an appraiser going out on the site today, and the price is thirty-five thousand.

MR. COLE: For the day?

(Simultaneous laughing).

MR. TILLERY: We have been looking into getting the appraisal done. We started sort of an emergency procurement processes within the state. We anticipate we will get this done by -- I guess, next week. And, that we can have someone. We also, I believe Alex has been doing this, but I think we've been told it will take eight weeks to get the appraisal done. I believe the Forest Service has said it will take longer than that to get the appraisal done. And, I guess the Seal Bay tells me that this timber is going to be cut by the time the appraisal is done.

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes.

MR. COLE: Frankly, I'm really tired of hearing about this is going to be cut -- you know, if we don't jump. I mean, I've sort of heard it all of the last time, frankly, that I personally want to hear it. And, I'm almost to the point if I hear it once more, I'm just going to flat vote no on this whole acquisition because we cannot run this business of the Trustee Council under this hour-to-hour and day-to-day trip. I'm not faulting anyone here, but I'm just getting to the end of my rope on running this Trustee Council habitat acquisition process that if we don't do it right this very instant, or tomorrow, or five minutes from now, well we're going to cut and, gee, you better do it. Because -- you know, as someone said they'll be cutting next door tomorrow, and we'll have to face that then. So, why -- I just want to say with a note of testiness that we should -- you know, not

hear quite so much about better move this very minute or there will be a chain saw firing up.

MR. PENNOYER: Mr. Chairman.

MR. ROSIER: Yes, Mr. Pennoyer.

MR. PENNOYER: (Inaudible - simultaneous talking) You mean if the appraisal took one week, one week of timber will have been cut. If it takes two weeks, two weeks of timber will be cut.

I thought the idea was to slow -- we've indicated a priority for this parcel. We already indicated a number two priority for imminent-threat. So, it's got a high ranking. The motions are very direct expression of interest. Now, if it's going to take us a week or two weeks or a month to do this, then I've got to face the that four weeks worth of timber harvest will occur. The faster I do it, the less timber is harvested.

(Inaudible - simultaneous talking).

MR. ROSIER: One at a time -- one at a time here please. Mr. Ebell.

MR. EBELL: Maybe I can speak to this. And --

MR. ROSIER: Mr. Ebell would you come up to the mike please.

MR. EBELL: First of all, Seal Bay has bent over backwards in order to accommodate the evaluation of this parcel and these options. We have provided, under agreements of confidentiality but we have provided them nonetheless, our market data, our crews data, our audited financial statements, so that the Trustee Council and staff have had available to it proprietary

information with which to evaluate the expense involved. In normal negotiations, we would never furnish all that information to a potential buyer. And, I think everybody should appreciate that. We also have followed a business plan, which has been in place now for two years. We have tried very hard to not threaten and do not say, if you don't do this, we're going to do this. That's not how we have approached these discussions, and, I don't want to leave the council with that feeling. Now, I can understand why the Attorney General would feel the way he does. If I was in his position, I would feel the same way. I certainly would not want anyone to have the idea that I could be blackmailed into a particular course of action. However, you have to appreciate the economic opportunity that's available to Seal Bay. If Seal Bay, on the basis of this motion, which is not a firm commitment, it can be a motion in the best intention, but it is not a firm commitment, suspends its operation, it will forego the harvesting this year of approximately eight to ten million board feet of timber. In this market that represents a substantial profit and, therefore, a substantial profit loss if this sale doesn't go forward. So what we are here to do today, without threatening, because that's never been our intention, it's never been our approach, is to reach an agreement, if an agreement can be reached. Now, we are prepared to structure an acquisition in such a manner that it allows the Council to comply with what we understand are your requirements, namely appraisal, NEPA, hazardous waste review, title search. Our proposal that we would like to have the Council consider is that

these things be set up as a condition subsequent. In other words, you commit to buy, subject to certain things happening. If you don't object to the purchase within a set period of time, thirty to sixty days, you buy. In that manner, Seal Bay is protected for foregoing this economic opportunity. And, conversely the Council is protected because you're allowed to perform your requirements, but you're doing them, after you make the commitment. What we need is a commitment. And, with all due respect, Mr. Barton, the current motion doesn't rise to the level of commitment that we need here today.

MR. COLE: That's the question. What level of commitment today do you need?

MR. EBELL: We've discussed with staff several different ideas. One approach would be this. The Trustee Council commits to purchase option number two, if that's what we're talking about, for the asking price, subject to an appraisal, subject to an NEPA report or waiver, subject to title search, and subject to a hazardous waste survey. If your appraisal comes in low, below the asking price, then you would have -- you would not be obligated to purchase at the asking price. However, Seal Bay would have the option to sell at the appraised price, if it were less. Now that takes care of the bottom side. Now the question from Seal Bay side is, what happens if the appraisal comes in above the asking price. And at some point, we feel that Seal Bay should have the option to not sell. Conversely, we are prepared to give the Trustees though the option to buy at the higher appraised price, if it comes in

considerable amount above thirty million. That's one approach. Another approach would be this. You do your appraisal. If Seal Bay does not agree with your appraisal, they could obtain their own appraisal. If the appraisals are within a set percentage, for instance, ten percent of each other, they are averaged, that's the selling price. If they are not within that percentage of each other, the selling price is arbitrated -- binding arbitration. Those are the two suggestions that we have discussed. And, we're happy to consider other suggestions.

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: Just explore (inaudible) a minute. If -- we have this letter from you dated May 4. And, it talks about -- can't find -- the total set forth or submitted, pursuant to our agreement. In addition, as we discussed, they are submitted, subject to approval by the Seal Bay board of directors. Does that mean then that the attachment with the terms of the proposal for the three options -- for example, if we voted today to purchase option two for the twenty-nine nine, that's shown here, that then has to go back to the Seal Bay board of directors for approval?

MR. EBELL: That is correct.

MR. WILKENS: Which -- they could be done tomorrow.

MR. BARTON: Thank you, Mr. Chairman.

MR. ROSIER: Mr. Cole.

MR. COLE: I'm not prepared to vote favorably on any commitment by the Trustee Council to pay a purchase price, in any way related to an appraisal when we don't know what it's going to

come in at. We could pay more if it comes in more, or average. I don't think we can do public's business that way. Certainly, I would not do my own business that way. So, I wouldn't vote for that.

MR. EBELL: Well, then how do you tie the appraisal process into the proposition. I mean, if -- if the Council is taking the position that an appraisal was necessary, what...

MR. COLE: Well, we must be, we're doing the public business. We have to do that. I mean, that's just a given. Okay, so we start with that. But, we need the satisfaction for the record, that are -- we're making rational business decisions. One way, you test your rational business decision is -- of the comfort, if you will, of an appraisal to make certain that we're not wasting the public's money. But to say that we offer to pay or agree to pay a price which is now undetermined, is not a way I'm prepared to conduct the public's business. I mean, that we agree on a price, then we need to have the satisfaction that our agreement is within the range of -- business rationality. Suppose that we -- we agreed to pay, say forty million, and the appraisal comes in at twenty-eight five or twenty-nine. Well -- I mean that's something that I would be prepared, for example, we say we can make this twenty-nine, say thirty, although the appraisal was at twenty-nine, although this may be the federal officials would have some trouble with that -- but, by federal statute and regulations. But, I recall at one of these meetings, I personally objected to an acquisition process which said we would buy at fair market value.

My theory was that if we could buy land for less than fair market value, we certainly should. I think we would have an obligation to do that. But, I just can't say well, we're committing to pay -- suppose this came in at forty million, for example, appraisal. I would say -- I'm not -- they can't vote to pay forty million for some marbled murrelets. So, that's what gives me -- causes me to say I couldn't do that.

MR. EBELL: Well, then I think that that then leads us to discussing some mannerism then of doing the appraisal and giving the Trustees an option to say -- just for example, the selling price is thirty million, say your appraisal comes in at twenty-five, and you say we're not going to pay thirty. We would ask that Seal Bay be given the option to sell at twenty-five.

MR. COLE: That wouldn't trouble me.

MR. EBELL: That wouldn't trouble you, alright. Then conversely though -- I think there has to be a flip side to this for it to be fair -- Let's say the appraisal comes in at thirty-five. I'm not asking you to say that the Trustees would buy at thirty-five, but I'm asking that Seal Bay be allowed to elect to not sell for thirty.

MR. COLE: My response is you shouldn't know that before you give us a proposal to sell for thirty. I mean, that's the way I see it -- I mean, you know. You ought to know that by now. If you don't know, then what are we doing here getting your proposal -- purchase price.

MR. EBELL: So, you're then asking us to bear the risk

of the upside entirely.

MR. COLE: I thought you would know that before you made your proposal to sell for twenty-nine five. I mean -- you know, what are we doing here if we're not considering your proposal? We're not here negotiating, I presume. I mean, we're acting in response to a written proposal.

MR. EBELL: Then I -- then I would suggest ...

MR. COLE: Let me say one other thing. I want to say -- the negotiations of you and your law firm and your clients have been exquisite. We could not have asked for any greater professionalism or courtesies. My temper tantrum, if you will, is just related to this general pressure that's -- you know, that goes from -- from Cordova to Kodiak to Afognak, you name it -- you know, you get buffeted daily, but certainly your -- you personally, your firm, your organization has been wonderful, and I do appreciate it on behalf of the Department of Law, and the Governor, I might say. Now, enough said by me.

MR. EBELL: Maybe we can then -- if -- if the Council is prepared to do, I would its half of this, then I would ask you to -- to give us your...

MR. COLE: Pledge?

MR. EBELL: Pledge, yes. Give us your proposal and let us take it to the board. I mean, if you're prepared to say that we'll commit, subject to an appraisal. If the appraisal price -- the appraisal is less than, and we would like some moving room if the federal officials can give us that, like within five percent

of thirty million, then you buy at thirty. If you can't, we understand, but give Seal Bay the option to sell at the lesser price. If the appraisal confirms or verifies that the property is worth thirty million or more, then you do the deal. If that's the best you can do, then we'll take it to the board. We'll give you an answer tomorrow. So -- but what we need, if at all possible, is a firm proposal today. And, I know it may seem to the Trustees that this is brinkmanship, but we have been working on this now for -- three months, or two months.

MR. BARTON: Mr. Chairman.

MR. ROSIER: Mr. Barton.

MR. BARTON: I guess I'm still confused on what we have in front of us. Is this or is this not an offer to sell at these prices?

MR. EBELL: It's an offer subject to approval by the full board.

MR. BARTON: Okay, it's an offer by whom then?

MR. EBELL: Well, it was approved by the executive committee of Seal Bay.

MR. BARTON: Of Seal Bay board?

MR. EBELL: As in our discussions, Mr. Tillery was careful to say that anything that he said was, of course, subject to approval by the Trustees. We always -- say I'm forced to work within those constraints.

MR. ROSIER: Mr. Sandor.

MR. SANDOR: I'm troubled with the main motion -- is

that currently unacceptable as it is in that is it doesn't look at -- opportunity to look at the subsurface rights. I was going to, in fact, offer an amendment to that motion -- that -- had the appraisal also look at the subsurface rights. And, so, I would feel uncomfortable going beyond the motion on the floor to the kind of commitment that you suggested the Trustee Council should make on this the May 13, 1993, and wonder if June 1 -- when we meet June 1 or 2, we could indeed have a firm offer on Seal Bay, rather than a one that has to be yet taken back for the -- before the full board.

I share -- concerns that you have and that we have with respect to this particular point in time, but I do not believe we can be driven, that is, the Trustee Council can and should be driven by the circumstance that -- you know, buy or else, or make this commitment or else. My concern goes beyond this parcel, quite bluntly, and I'm as concerned about these adjacent parcels, and, in fact, the third amendment or second amendment I was going to make to the motion was that as we enlist appraisers to look at these particular parcels for this -- this package and proposal, that we really look at the adjacent areas and try to get some sense of what it is we want to do with this whole area and relative value of this -- of these parcels that the -- apparently immediately threatened - - potentially threatened parcels -- you know, in the near term. So, those are concerns I have.

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: Well, I would move that as part of the

twenty-nine million dollar price -- purchase price -- that we condition our interest on joint venture, throwing in, as it were, the twenty-five thousand acres owned by it, down along Tonki Bay. I think that should be included in the twenty-nine five purchase price.

MR. ROSIER: I believe we have a motion on floor. It's been seconded here, and I think we should dispense -- that's sounds like a new motion to me.

MR. PENNOYER: Sounds like an amendment to me.

MR. ROSIER: Mr. Pennoyer or Mr. Sandor.

Mr. COLE: Really I'm serious about that.

(Inaudible - simultaneous talking)

MR. ROSIER: We have two -- we have at least two proposals.

MR. SANDOR: I said I was going to, but I hadn't yet (inaudible - laughing).

MR. COLE: I do make that motion.

MR. SANDOR: And I'll second it.

MR. PENNOYER: That's an amendment ...

MR. COLE: Yes.

MR. PENNOYER: ... to the main motion. I guess that's open for discussion.

MR. ROSIER: Yes, is this -- I mean where does that ...

MR. PENNOYER: I'm not sure its a bad idea. Where does it leave this in terms of doing anything today? Have you been negotiating this whole process to bring something before us today,

and we're really reopening discussion on it. I'm not (inaudible) about it. We had a team make a recommendation, based on (inaudible), but they negotiated some type of process. This sounds to me like sort of a different deal with new maps, new habitat values, and new dollar values and so forth. So, in essence, your motion has really, do we sort of put this off to go back and renegotiate and bring it back to us. Is that what we're trying to do?

MR. COLE: No. No because as I understood colloquy that's taken place for the last twenty minutes here, we're still in the negotiating process.

MR. ROSIER: Okay, is that right?

MR. STIEGLITZ: Mr. Chairman.

MR. ROSIER: Yes, Walt.

MR. STIEGLITZ: I might respond to Mr. Cole's amendment. If I understand what you -- your amendment says, Charlie, it's basically -- I heard you reference their price -- about thirty million. Your suggestion is that -- that we commit to acquiring option two plus this additional acreage for a set price at this point in time, minus an appraisal?

MR. COLE: No. (Inaudible - coughing and laughing).

I say that we should -- proceed -- first I would like to give the assurance to the Seal Bay group that we're serious about going ahead with the acquisition, number one. Number two, that as part of the continuing process, which we have just proved, that taking up on Commission Sandor's concern over contiguous parcels, that we

say -- that the thirty million should -- purchase price should include, subject to conditions subsequent generally stated by Mr. Ebell, that the twenty-five thousand acres owned by the joint venture, why -- (inaudible -- extraneous noise) along Tonki Bay. See, that would give us protection of a parcel that provides broad-ranging habitat referred to by Commissioner Sandor. Now, let me say this, if I may, since no one else has. I am told by the lawyers that -- Mr. Swiderski and Mr. Tillery -- that the owners of -- within this area here lying to the west, have no current interest in selling those land. They may wish to develop them. So we have, at least, a solid thought that that's not likely to be -- have the habitat destroyed soon on it. That would give us a broad parcel on the whole northern Afognak.

MR. ROSIER: Mr. Barton.

MR. BARTON: This is somewhat off the main line, but was the question raised by Mr. Cole's remarks. I thought the area to the west was an opportunity parcel. And, I thought that indicated that the owners were willing to discuss selling.

MR. TILLERY: What the owners have indicated is that -- they want to talk to us. They have that whole section, if you get the other map, that totally extends up to Shuyak Straits. They want to talk about their western-most parcels first. And, the last parcel they want to talk about is the (indecipherable) Lake parcel, which is next to Seal Bay. They have indicated they have no current plans to cut that. In fact, they're -- I believe that they are considering, you know, other forms of involvement rather than

cutting it. They are willing to talk about it, but not now, not first, is what they're saying.

MS. RUTHERFORD: Mr. Chair. I believe that there are representatives of these landowners in the audience -- Tim Mahoney or -- maybe you would like to call on them?

MR. ROSIER: What's the wishes of the Council?

MS. RUTHERFORD: It might clarify -- of the landowners' intentions on -- regarding that parcel.

MR. ROSIER: Well, at the risk of further complicating the issue, let's hear from the (inaudible - laughing).

MR. JIM CARMICHAEL: Jim Carmichael from Afognak Joint Venture. Thank you all -- welcome the opportunity to further complicate the subject. (Laughing). Craig's comments here are essentially correct. AJV is interested in -- in having all its ownerships -- on -- what you're referring to is the Shuyak area, over to and including the Lower Lake-Falls Lake area and also the area south of Red Peaks -- unit, yes, which is also on the western part of the island.

MR. COLE: ... now.

(Inaudible - simultaneous talking).

MR. CARMICHAEL: It might be easier if I show on a map or if Tim shows you on a map once it. We're interested in having all of those areas considered as opportunity lands, just because we feel that ...

MR. TIM MAHONEY: Everywhere west of this parcel that we've been discussing, across to the Fish and Wildlife Service area

is in that so called Shuyak Straits unit. In addition, Afognak Joint Venture owns this and has presented it to -- to your staff as a whole for some agreed upon structure to identify parcels within that, and, as recently as...

MR. ROSIER: Tim Mahoney.

MR. MAHONEY: ...we have communicated to Mr. Gibbons.

MR. ROSIER: What your -- Jim was pointing out, put your finger on the map was a little bit confusing.

MR. MAHONEY: Well this Lower Lake Falls, which is west of the Seal Bay property.

MR. CARMICHAEL: That's correct.

MR. MAHONEY: And then AJV owns land west of that -- to that point, including -- I don't know, Shuyak Straits parcel. In addition, the joint -- the Afognak Joint Venture owns the Paramana (ph) Peninsula and Molina (ph) Peninsula. And that has all been presented to you in earlier times. It's not considered a threatened parcel because we've tried to be cooperative.

MS. RUTHERFORD: What it is for.

MR. CARMICHAEL: It is opportunity land. Now, to clarify a point on Craig's previous description to you, is that -- because of the magnitude of -- of the area that transaction, it's unlikely that there's perhaps enough dollars ultimately allocable to -- to Afognak to acquire all of that. And, as -- as Attorney General Cole was saying earlier, it's -- it's our understanding that your intent is to by habitat rather than be in the timber business. We're in the timber business. We assume you to be in

the habitat business. And, so we're ultimately looking for an optimal win-win solution. Having said that then, we would want to be -- have the time and the ability to -- to structure with you something that made sense in terms of a balanced timbered and non-timbered area -- of optimizing habitat. And, in doing that, I think it's what you'll see when we get further into the process. As a practical matter, it -- in terms of dollars expended -- and dollars available to expend, that we would probably want to start with the Red Peaks area or areas contiguous to the Red Peaks area, and if Tim will point that out again. The Red Peaks unit is a -- is a unit or subunit, if you will, of the Kodiak National Wildlife Refuge, approximately fifty thousand acres. And, we would want to work (inaudible - background talking) in areas that are contiguous to that so you end up with manageable resource units.

MR. MAHONEY: We can work in -- we can work out. We can assume with -- that you'd probably want work out where Red Peaks were and create a manageable unit.

MR. CARMICHAEL: Ultimately, if -- if some of the Lower Lake-Falls Lake area were not acquired, then we would log them. We would probably not log down to the water's edge. We would look at individual subparcels within that area to manage it to its highest and best use in our interest. So -- so, some of those areas may be developed in other ways other than timber, but it -- it would not be correct to say that there would not be logging in there. There most definitely would be. We've tried to do other things done as well.

MR. MAHONEY: We've tried not to propose logging first. We've tried to talk to your staff about developing a proposal so that we would know where to log.

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: It would help me if my -- somebody could point out the fifty-one thousand acres of opportunity parcels, KAP08, in other words. Could somebody just run a finger around the map.

(Inaudible - simultaneous talking).

MR. SUNDBERG: KPO8 parcel starts up here and goes through this orange area, all the way out and it (inaudible) the Seal Bay property here. It includes the (inaudible). All of this, northern tier and goes across this line, right here.

MR. ROSIER: Thank you very much.

MR. BARTON: Mr. Chairman.

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: I had a question of Mr. Cole on his amendment. As I understand the amendment, it's essentially option two plus twenty-five thousand acres on Tonski (ph) Bay -- or Tonki Bay?

MR. COLE: Yes.

MR. BARTON: All for the price of twenty-nine million?

MR. COLE: Twenty-nine plus whatever.

MR. BARTON: Whatever, okay.

MR. COLE: Yes.

MR. ROSIER: Mr. Stieglitz.

MR. STIEGLITZ: If I might, go back and ask Mr. Ebell another question. I wasn't quite clear, Walt. Let me run this scenario by you. Let's say the Council committed to pursuing the acquisition -- contingent upon our doing the appraisal. Now what -- the appraisal -- correct me, if the appraisal came in to twenty-five mil, the landowners would like the option of accepting that, even though it might be lower. Okay. What I didn't quite understand is what if -- what if it came in at thirty-five? What kind of commitment would you expect at this point, under a scenario on which our appraisal came in over your asking price? I mean, would you give the government any option in -- under your proposal to back out at that point? Or, in your view, would the government be committed? What's the landowner looking for? Is he looking for a commitment -- if our appraisal comes in higher than your asking price, are we committed to paying it?

MR. EBELL: Yes. Committed to paying the asking price, not the appraisal price. That's what...

MR. STIEGLITZ: Okay, that's -- that's what we're trying to get at.

(Inaudible - background talking).

MR. ROSIER: Okay, further questions of Mr. Ebell? Thank you very much, appreciate it. Well, I'm not sure -- I'm not sure I know exactly where we're at the present time, but ...

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Cole.

(Inaudible - simultaneous talking)

MR. COLE: Commissioner Rosier has a good thought --
I mean, Commissioner Sandor had a good thought.

MR. SANDOR: I don't know if disposal of the amendment
to the motion ...

(Inaudible - background talking)

MR. ROSIER: The Tonki Bay amendment here as proposed
by Mr. Cole. Yes.

MR. PENNOYER: Does the amendment include all the other
provisos of -- has the amendment (inaudible) appraisal process
(inaudible -- out of microphone range) subject to an appraisal.

MR. COLE: If I understand what Mr. Ebell just said,
if I really understood -- that, if the appraisal comes in in excess
of the asking price, we would be expected to pay only the asking
price. But, I would agree that, as he suggested, we improve these
conditions subsequent -- other than the appraisal issue. I mean,
we obviously need title -- and we need a (inaudible) of hazardous
waste. There's other things, that are more or less standard
business practice that I'm sure we would have no difficulty
reaching accord with Mr. Ebell about. I -- I would say that we
could even hold a meeting by telephone on Monday.

MR. PENNOYER: So they could go back to their board.

MR. COLE: We could move quickly.

MR. ROSIER: Further discussion?

MR. PENNOYER: Relating to the other questions of
subsurface rights that Commission Sandor raised, that's not part of
this motion?

MR. SANDOR: Not a part of this motion. It might be worthwhile to restate the motion on the floor plus the amendment. I mean, just to be sure that, at least those of us (inaudible).

MR. ROSIER: Dave, would you restate the original main motion on this.

DR. GIBBONS: Yes. Let me just capture it. Yes. Mr. Barton moved that the Department of Law move ahead with negotiations with the Seal Bay landowners using option two as -- as the basis for the negotiations. And, the amendment would be that Seal Bay landowners would also include Tonki Bay properties, including approximately twenty-five thousand acres, into the existing dollar value offer included in option two.

MR. ROSIER: Okay.

MR. PENNOYER: Mr. Chairman. If the amendment captures the idea of a commitment to buy at that price subject to the hazardous waste and the appraisal and that sort of thing. But the original motion just was proceeding with negotiations. This is a commitment to buy at twenty-nine five, including the twenty-five -- option two, plus the twenty-five thousand acres on Tonki Cape, if all those other normal pieces are in, the appraised price reaches twenty-nine five, and hazardous waste surveys, title search, and all that type of stuff?

MR. ROSIER: That's my understanding. Walt. Walt.

MR. STIEGLITZ: (Inaudible) One comment on -- on a -- Mr. Cole's amendment. I'm bothered by that because I'm still hearing you say we're not going to do appraisals on all.

MR. COLE: No, I'm not saying that at all. I'm not saying -- I think I said -- I thought I put that clearly -- that public wills -- that's not W-H-E-E-L-S -- you know, we're required to have appraisals. We're launching out on frolics of our own here.

MR. STIEGLITZ: Your amendment then would mean if we do our appraisal, it's twenty-five million dollars -- let's say. It comes in at twenty-five million. That's the offer we made to the landowner. Included in that offer is they throw this other twenty-five thousand acres. Is that correct?

MR. COLE: I think so.

MR. STIEGLITZ: You know, we're talking about a major, major project here, and I think there's enough confusion around this table, we'd better make very sure we'll all clear on what we're voting on.

(Inaudible - simultaneous talking).

MR. PENNOYER: Mr. Chairman, could we have it written down, come back after lunch, and vote on it. I'd like to see it in writing.

MR. COLE: But I think the -- the answer to the questions is, would we pay only the appraised value? And, the answer is yes. We would pay only the appraised value. I don't think any of us can agree to -- either -- state or federal representatives can agree to pay more than appraised value.

MR. PENNOYER: That's correct.

MR. ROSIER: Is there any disagreement on what anybody

has...

MR. GIBBONS: Isn't it appraised value or the offer whichever is less.

MR. BARTON: Isn't that what -- that's what I understood we agreed -- that was straight to the point.

MR. STIEGLITZ: We're putting our appraised value versus theirs.

MR. ROSIER: I think Mr. Pennoyer's suggestion was a good one here on this -- Dave, could we, in fact, get the motion and the -- and the -- the amendment in written form here and...

MR. COLE: I have one other suggestion.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: If we can get a hold of these people -- owners of this twenty thousand -- five thousand acres in the next couple of hours -- well, we put in a phone call and see if there's any interest there. I mean, you know, switch the

MR. PENNOYER: (inaudible - simultaneous talking).

MR. COLE: Tonki Bay. (Simultaneous talking)

MR. SANDOR: Mr. Chairman.

MR. ROSIER: Yes.

MR. SANDOR: I'm unsure -- in this interim could staff also look at this issue of (inaudible) appraise and deal with the subsurface rights. I remain troubled by acquisition in fee without -- without subsurface rights and what implications that would have.

MR. ROSIER: Dave.

MR. GIBBONS: You've offered that as an amendment. If

I could -- you know -- get a tentative amendment (inaudible - simultaneous talking and laughing).

MR. SANDOR: (Inaudible) -- you know, not to start out right after lunch with -- without some staff work done in the interim.

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: I'm still somewhat confused about the factual situation in terms of land ownership. The twenty -- is it -- as I understand it, the option two parcel is controlled by the Seal Bay board of directors. Who controls the twenty-five thousand acres around Tonki Bay?

UNIDENTIFIED VOICE: Seal Bay.

MR. BARTON: Seal Bay. So, we're only talking about dealing with one owner at least.

MS. RUTHERFORD: Unless you're talking about subsurface.

MR. BARTON: Unless we're talking subsurface, I understand.

MR. PENNOYER: Mr. Chairman.

MR. ROSIER: Yes.

MR. PENNOYER: One other request, would the Habitat Working Group any observations on the habitat values of the twenty-five thousand acres too? (Simultaneous laughter). Well -- I didn't know if you'd did -- already done -- something like that. Okay. Fine.

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: Let's go to lunch.

MR. ROSIER: That sounds like a good move here at the present time.

(Off Record at 11:55 a.m.)

(On Record at 1:15 p.m.)

MR. ROSIER: If we could take our seats. It's -- it's 1:15 here; it's time to get started here. We've got a long ways to go. I think at this -- this point, before we get started, we've had a request from Mr. Ebell here to address the Council. With the indulgence of the group here on this, I would like to have Mr. Ebell come up, I believe they've got something further to say to us here.

MR. WILKENS: I'm not sure that before we broke there was clear (inaudible) of what the resolution was. We've gone back over lunch and given some more thought to it. One of the things in Mr. Cole's proposal, which was not previously in our proposal, was the approximate 25,000 acres of surface estate on Tonki. We've given some thought over lunch and would like to make the following proposal which will supersede the proposal that we had in the (inaudible). We would request that the Council consider adopting a resolution agreeing to accept Seal Bay's proposal number three, which was all of the timber lands around Seal Bay for the stated price of thirty-eight point seven million. Seal Bay would agree to donate its approximate twenty-five thousand acres on Tonki Cape ...

MS. RUTHERFORD: How much?

MR. WILKENS: ... It's approximately twenty-five

thousand. I'm not sure.

MR. COLE: The price is the question.

MR. WILKENS: Donate.

(Simultaneous talking)

UNIDENTIFIED VOICE: Thirty-eight.

MR. WILKENS: I'm sorry, thirty-eight point seven.

UNIDENTIFIED VOICE: The original offer was forty-eight point seven.

UNIDENTIFIED VOICE: Okay.

MR. COLE: You're saying it's ten million dollars less for all three parcels?

UNIDENTIFIED VOICE: Yes.

MR. WILKENS: The sales price would be subject to an appraisal, and if the appraisal comes in at less than the thirty-eight point seven million, Seal Bay would have the option to sell at the appraised price, although it would not be required to, and the Council would agree to purchase at that lower appraised price.

If the appraisal comes in more than thirty-eight point seven million dollars, as long as it's within ten percent higher than that, which is approximately forty-two million dollars, Seal Bay would agree to sell at the sales price of thirty-eight point seven million dollars. If the appraised price comes in more than approximately forty-two million dollars, which is ten percent higher than our agreed sales price, Seal Bay would have the option to rescind. The agreement would also be subject to Seal Bay board approval, which -- we could have a meeting by next Monday -- and

also satisfaction of the hazardous waste survey title search and NEPA compliance or exemption and the subsequent conditions would be completed within a reasonable time, say, sixty days.

MR. BARTON: Is that something you can reproduce?

MR. WILKENS: Yes, actually, I've got a copy that's --

MR. BARTON: Where's it at?

MR. ROSIER: Could we get a copy for each of the --
Council members?

MR. COLE: Mr. Chairman.

MR. ROSIER: Mr. Cole.

MR. COLE: So, if I understand your current proposal, you will sell all of the lands within this solid black border, designated there as one, two, three and seven?

MR. WILKENS: Correct.

MR. COLE: For thirty-eight ...

MR. WILKENS: Point seven.

MR. COLE: ... thirty-eight point seven. That's ten million dollars less than your previous offer, and you will donate approximately twenty-five thousand acres on -- where? In this area?

MR. WILKENS: It's further to the right of that.

UNIDENTIFIED VOICE: It's Tonki Cape -- that area, actually.

MR. BRODERSEN: This area, minus four sections in here. Is that right?

MR. WILKENS: Right.

MR. BRODERSEN: The four sections in here are owned by
AJV.

MR. WILKENS: That's correct.

MR. BARTON: Who has the ownership on the west side of
Tonki Bay?

UNIDENTIFIED VOICE: AJV.

MR. BARTON: So, it's not completely --

MR. TILLERY: ... (Inaudible -- simultaneous talking)
second page -- second page of the resolution.

MR. COLE: So, if I understand this, we're getting
more than twice the acreage now. Parcels one, two, three and seven
comprise how many acres?

MR. WILKENS: Approximately seventeen.

MR. COLE: So, we'll get seventeen thousand acres
plus an additional twenty-five thousand acres -- ten million less
than the original proposal.

MR. PENNOYER: Ten million less than the original
proposal to hold the parcel -- Seal Bay?

MR. WILKENS: Yes.

MR. PENNOYER: But we're nine million more than what was
to us originally?

UNIDENTIFIED VOICE: That's right.

MR. BARTON: Nine million more, we've got (inaudible --
traffic noise).

MR. BRODERSEN: Plus whatever you have out in Tonki Cape,
which we don't have analyzed yet.

MR. PENNOYER: Nine million more and you pick up two habitat values and the balance of Seal Bay, plus the Tonki Cape non-analyzed land.

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: What about terms? Have you considered the possibility of terms? I -- I have some thought about not -- you know -- not drying up the treasury on a large acqui -- relatively large -- I think large is perhaps accurate -- acquisition. Would there be any negotiating room for that?

MR. WILKENS: I think there would be. I think that what we would want to see is probably a relatively small timeframe, say, maybe two years or three years for a reasonable interest rate, say, federal statutory rate.

MR. ROSIER: Other comments? Mr. Pennoyer?

MR. PENNOYER: I guess the point I'm having problems with is that the balance of the Seal Bay original part, the extra acreage in parcel three, didn't have very high habitat values according to our evaluation. So, you're basically paying nine million extra dollars for -- I'm not arguing with the timber values -- but for that -- that increase, plus an unknown value of the twenty-five thousand acres at Tonki Cape -- and -- and I'd be more comfortable if I had some idea of what was at Tonki Cape. I haven't even seen an aerial photograph of it; they were all facing the other direction.

MR. ROSIER: Kim, do you have information that you

might share with us on that particular area?

MR. COLE: Before we do that, can I just --

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: Just -- I've thought this through -- but you might consider putting Tonki Cape in the form of an option that we could exercise when we got a little more data. It's a little -- anyway.

MR. ROSIER: Kim, what can you help us with on this?

MR. SUNDBERG: Well, we took a look at Tonki Cape over the break, and it looks like there's approximately twelve documented bald eagle nests there; there's four seabird colonies documented on the parcel. It looks to us like, from a timber standpoint, there's probably about an additional ten thousand or so acres of timber on the property, although that's a very rough estimate at this point. So, there would be some additional marbled murrelet nesting, probably occurring more so in the middle part of the island in that protected layment (ph) on the north side, rather than the timber that you see on the east side, but nevertheless, you'd be getting some additional marbled murrelet nesting areas. There's probably some river otter use in that area from the three sides, (inaudible) feeding area, considerable additional shoreline habitat involved in Tonki Cape when you look at the whole thing. We haven't summed it up, but there's probably an additional, say, thirty miles or twenty to thirty miles of shoreline habitat in that area. Getting the additional part of the southern part in option three, does a lot more for marbled murrelets than -- than the

option two did. I realize that it's only two points more on the scoring, but from a differential ability to protect marbled murrelet nesting probably provides a lot more ...

MR. ROSIER: Look out!

MR. SUNDBERG: There's also five documented anadromous fish streams on Tonki Cape area there, relatively short streams, but there's five catalogued streams on Tonki Cape also. I think that Tonki Cape gets, you know, some use by hunters and others that go out there. You know, there some elk hunting, some deer hunting, so there's recreational uses that are occurring out there too. It's much more exposed -- a little bit larger boat situation probably for people to use that area. But that's about what we could do in short order for finding out what's out there.

MR. ROSIER: Yes, Walt.

MR. STIEGLITZ: I realize it hasn't been surveyed, but you'd probably get some use by oystercatchers and guillemots too.

MR. SUNDBERG: Yeah. Before, those seabird colonies -- three seabird colonies that we looked at had pigeon guillemot nesting. I think there was about five documented -- fifteen or so pigeon guillemots that have been documented nesting. Also sea otter on the other side out there. Sea otters, seals also make use of that nearshore area.

MR. ROSIER: Yes, Mr. Sandor.

MR. SANDOR: This is first directed to the habitat group. The total acreage that's subject to timber harvesting and other disturbances have been outlined on the previous maps in our

previous discussion. Is it -- does this habitat evaluation group feel comfortable that these parcels that are -- we've been discussing here -- these three -- four and seven, plus the parcel that's included -- is a most -- above average of the habitat on Afognak Island that might be threatened over the next ten or twenty-year period?

MR. SUNDBERG: Yeah, I think it's clear that the northern part of Kodiak Island -- uh -- Afognak Island -- has the highest habitat value for the restoration for the injured species and resources that are the Afognak Island area. I would include Tonki Cape in that and going across the norther tier area. That's just a very productive marine system in that area. It seems to have a lot of use by some of the species that we've been talking about.

MR. WIENER: Nature Conservancy workshop -- the extras that participated in the Nature Conservancy workshop, a number of them point to that area -- this area -- especially Shuyak Strait for habitat values (inaudible -- coughing) the resources that they have.

MR. SANDOR: Is it correct then to conclude that the area to the left on the photograph might still be harvested then is then potentially in the same category of value?

MR. SUNDBERG: I would say at least as high and possibly even higher.

MR. SANDOR: At least as high and possibly higher. How much acreage is roughly in that area?

MR. SUNDBERG: I think we've been working with about

fifty thousand plus changes.

MR. ROSIER: John, are you talking about the west side of Tonki Bay with that question?

MR. SANDOR: Yes. Yes. (Simultaneous talking) What I'm trying to do ...

MR. ROSIER: West of Seal Bay?

MR. SANDOR: Yeah -- total Afognak Island would -- worth acquiring -- certainly above the average -- the total -- what I'm hearing though is because it's the northern part that's most valuable that we don't have control over yet that's some potential threats -- for habitat and the balance of that and about fifty thousand acres, and that's in different ownership.

MR. BRODERSEN: (Inaudible -- out of microphone range) that whole parcel.

MR. SANDOR: And no eminent or immediate plans, but they are amenable to discussion -- discussing that.

MR. BRODERSEN: That's what they told us earlier this morning.

MR. SANDOR: Hence, the areas that you move into for harvesting for Seal Bay would be a lower value for the next (inaudible) or two -- lower value from the standpoint of these habitat protection criteria that we're interested in in that they're in the southern part, is that right?

MR. WILKENS: The -- the areas one, two, three, and seven shown on the map would all be on the north end of Afognak, adjacent to the lands just described by Kim. Tonki would be -- as

you can see on the other map to the right -- that it's more centrally located and certainly to the west -- or to the east side.

UNIDENTIFIED VOICE: Is it true that under the current proposal, you would lose all the remaining Seal Bay property on Afognak, so you would be off Afognak Island.

MR. WILKENS: All proposal entails all of the title we have on Afognak Island.

MR. SANDOR: All -- so. Okay.

MR. WILKENS: Yes. Sorry, I didn't make that clear. This is -- basically, this is all that Seal Bay owns on Afognak Island.

MR. SANDOR: Well, the last offer is better than the first one --.

MR. COLE: Which was the first?

MR. SANDOR: The original proposal.

MR. COLE: Oh, you mean option two? Let's see, Mr. Chairman, if I look at this, we get -- we get acreage and -- and parcel three, which is approximately six thousand acres, for nine million -- close to nine million -- plus all of -- all of Tonki Cape, approximately -- I thought -- plus another twenty-five thousand acres thrown in. So, what we're really getting is, if we'd taken option three -- we now have option three for ten million dollars less than the initial price, plus the twenty-five thousand acres of Tonki Cape. That's where we are now.

MR. ROSIER: Question for the lands group here, what do we know about this forest section withdrawal of AJV land up in the

back there in the Tonki --?

MR. SUNDBERG: It is a forested area and has, I think, one anadromous fish stream on it. There's a stream, an anadromous fish stream, at the head of it. It looks like the stream is a little over a mile and a half long. It has dolly varden, pinks, cohos and chums in it. It's very steep. It looks like a steep, callous slope on the east -- west side, sorry -- and more of a timber area on the west side, I believe, at the head of the bay. The four sections, if I'm correct, are square at the head of the bay, so, basically, it would be a two square mile area right at the head of the bay.

MR. COLE: Which bay are we talking about?

MR. ROSIER: The bay that splits Tonki -- there.

MR. COLE: Right there.

MR. SUNDBERG: And I believe the state owns that other green area.

MR. COLE: Marmot Island?

MR. SUNDBERG: So, that would abut state land then.

MS. RUTHERFORD: (Inaudible -- out of microphone range)

MR. SUNDBERG: Right. It goes through Tonki Bay, cuts it --.

MR. ROSIER: Yes, Walt.

MR. STIEGLITZ: Yes. I have a question. A handout (inaudible) subgroup were waiting to potential (inaudible) restrictions on Tonki Cape peninsula, under section 1427. I wonder

if somebody could explain in more detail exactly what that means.

DR. GIBBONS: Yeah. If you just read -- turn it over and look at section five it says the lands on Afognak Island required to be conveyed pursuant to paragraph one of this subsection shall remain open and available to sport hunting and fishing and other recreation -- recreational -- uses by the public under applicable law. So it says they are open to sport fishing and hunting and other uses. And then if you turn the page -- that section is starred there -- turn to page -- under section 6(c), it says neither the joint venture or Koniag Village Corporation have an interest in the joint venture or the lands conveyed hereto, nor Koniak (ph) Incorporated shall take or permit any action which shall -- which may be -- helpful to bear-getting activities on Tonki Cape Peninsula -- restrictions.

MR. COLE: What happens when they are no longer having an interest in the lands?

MR. ROSIER: Yes --.

MR. STIEGLITZ: One follow-up question, is anybody's interpretation that section 1427 would restrict development of the land?

DR. GIBBONS: It may have that potential capability, yes, sure, if it disturbs bear-getting activities.

MR. STIEGLITZ: It seems to be restricted to that one species.

MR. SANDOR: I'm curious (inaudible) earlier. That section -- of course, this relates to sport hunting, fishing and

other recreational uses -- that goes on to say that -- that employees of the state shall not be denied access for the purpose of evaluating or managing fish and wildlife for recreation purposes. And I was harkening back to the denial of someone's ability to evaluate the marbled murrelet habitat, and this may not well apply to this particular section, but -- as a birdwatcher interested in marbled murrelets, a person might -- wanted to know -- and the state might have wanted to know -- I was just curious as to, you know, the denial of access when that kind of a provision is in there -- just an aside question.

MR. EBELL: I can perhaps address that question if Mr. Sandor would like. I think that what probably happened was that the folks at Koncor were unaware of that provision and denied the access and failed to make the distinction between Seal Bay lands, which are subject to open access, and other lands owned by Koncor joint ventures, which were conveyed earlier and are not subject to those provisions. I think there was an understandable confusion on the part of Koncor in that instance.

MR. SANDOR: I just wondered. The sum then, the thirty-eight point seven million, is it for a total of -- how many acres both -- in one, two, three, seven, plus the donated parcel -- what's the total acreage?

DR. GIBBONS: It's about thirty-two.

(Simultaneous talking)

MR. SANDOR: Forty-two thousand acres.

UNIDENTIFIED VOICE: Yes.

MR. SANDOR: Forty-two thousand acres -- and there are a remaining fifty thousand in the northern part of this Afognak Island remains threatened by other owners.

UNIDENTIFIED VOICE: (Inaudible -- out of microphone range)

MR. SANDOR: Beg your pardon? Potential, yes. As high or higher value.

MR. BARTON: Can we get a copy of this ...?

MR. ROSIER: I thought we were ...

MR. PENNOYER: They were passed around the table, I think.

MR. ROSIER: Did they get short-stopped somewhere?

(Simultaneous talking)

MR. PENNOYER: Here they are right here.

(Simultaneous laughter)

MR. COLE: He's just trying to hold up the deal.

(Simultaneous laughter)

MR. ROSIER: What's the wishes of the group?

MR. PENNOYER: Do another amendment?

MR. COLE: (Inaudible -- out of range of microphone)

MR. PENNOYER: I was thinking rather, we might want to amend the amendment.

MR. COLE: I would move to get -- like you -- and say for the purposes of discussion. I move we accept the proposal presented to us, in substance, conditioned upon paying the additional nine million, plus or minus, and installments over a

three-year period at the federal interest -- whatever that is or however you describe it.

UNIDENTIFIED VOICE: Second.

MR. ROSIER: Motion made and seconded to accept the -- the proposal from Seal Bay, conditioned upon payment over three year -- over a three-year period -- at the federal -- federally determined interest rate. Is that the motion, Mr. Cole?

MR. COLE: Yes.

MR. ROSIER: Discussion? Mr. Barton.

MR. BARTON: If the Council were to adopt or approve Mr. Cole's motion, is then Seal Bay prepared to stop activity?

MR. EBELL: We would submit this to the board tomorrow. If the board approved it tomorrow, yes, we would stop activity.

MR. ROSIER: Mr. Pennoyer.

MR. PENNOYER: What if the board decide they want to do something a little bit different, does activity go on or does it, say, cease until you get back to us and we have time to consider it? I don't understand exactly that this approval by the board means. If they -- Tonki Cape ought to be ten thousand acres instead of twenty-five, I mean, I don't know what your -- you envision of how this process is going to work. You're going to cease activity to talk with the board, after that then what happens? You have pretty good assurance this is something they would think is reasonable?

MR. WILKENS: Reasonable assurance, yes, that's a good

lawyer term. Reasonable because -- especially the twenty-five thousand acres on Tonki Cape, this would be news to them and (simultaneous laughter) they've not yet been presented with it. Certainly, the general concept is something that has been discussed now for basically a number of months if not more than that. I would (inaudible -- coughing) propose that we commit to having a Seal Bay board meeting within two days and advise the appropriate person, whoever you designate, the results of that board meeting.

MR. PENNOYER: But that -- if -- Mr. Chairman -- if something different came out of that, would ...?

MR. COLE: Don't suggest that we would do anything different, please. That's the deal.

MR. PENNOYER: I was hoping the deal also included ceasing activities.

MR. COLE: I mean that's what they said they were going to do. It goes without saying the (inaudible -- out of microphone range).

MR. EBELL: We obviously cannot commit without board approval. I'm sure that -- we believe that this proposal will be acceptable to the board, and Jim and I will recommend this proposal to the board. The board, however, is the final decision-maker, and if the board does not approve this, we will, of course, notify Mr. Cole's office immediately, and if there is some minor thing that can be worked, then obviously we will seek to work that out without starting operations. It is not our desire or intent to use the operations thing as a hammer. We very much want to avoid that, but

we are at a point where a decision has to be made. The board is aware of that. The board is prepared to act. It's just a question of rounding everybody up. The president is herring fishing down on the south end of Kodiak, so he has to fly into Alitak, all those kinds of things, but we will get that done tomorrow.

MR. ROSIER: Mr. Barton.

MR. BARTON: Will somebody clarify for me what the impact of harvesting six nineteen would mean in terms of the Trustee Council's interest in the deal at that point?

MR. WIENER: We could probably address that from a habitat point of view that is satisfactory. For one thing, it would certainly have pretty strong visual problems from the coastline. Removal of the timber from six-nineteen, if anything would be visually as strong as the removal of timber from six twenty-three. You've got the same kind of an impact visually. So, probably, you'd, from a ranking perspective, lose points in terms of the service it provides to recreation and tourism because of the visual impact of that unit being logged. It would certainly -- I would say certainly, but it would probably remove habitat for the marbled murrelet. There some pretty substantial forest in there, but whether or not there's actual nesting murrelets, we don't know.

Kim just pointed out adjacent to it there's pretty high nesting probability, but in the unit itself we don't have known nests -- high probability.

MR. BARTON: Do you know what that would mean numerically (inaudible)?

MR. SUNDBERG: It's our opinion it would diminish the score.

MR. BARTON: By?

MR. SUNDBERG: Points.

MR. PENNOYER: How much?

MR. SUNDBERG: Probably, I'd say at least two or three points, possibly more.

MR. ROSIER: Mr. Stieglitz.

MR. STIEGLITZ: Yes. The first question is a procedural one. I hate to be bureaucratic, but is it safe to assume that by new action the board has eliminated all the other motions and amendments that were on the table when we broke for lunch?

MR. ROSIER: Yes.

MR. STIEGLITZ: Is that everybody's understanding? Okay. I guess I have a question of the proposal-maker -- Charlie, if I understand the motion, if our appraisal comes out at forty-five million, for example, we are committing to pay the forty-five million?

MR. COLE: No. We're not paying one penny more than thirty-eight -- point seven.

MR. ROSIER: Point seven.

MR. COLE: -- point seven -- even if it comes out a hundred.

MR. STIEGLITZ: Okay. I don't -- this isn't clear on this point.

MR. EBELL: The way we envisioned it, Mr. Stieglitz, is if the appraisal comes out a hundred million, the Seal Bay board would have the option to rescind the contract, in other words we would not sell the property, or it could accept the thirty-eight point seven itself.

MR. STIEGLITZ: But they're not committing to sell at thirty-eight point seven either?

MR. WILKENS: Not if the appraisal comes in substantially above what we valued it.

MR. PENNOYER: If the appraisal is more than forty-two million, they can agree not to sell it. Below forty-two million (inaudible -- interruption by Mr. Stieglitz) ...

MR. STIEGLITZ: I understand, but this is -- this is silent on what happens -- are we committing to pay a higher appraisal price and ...?

MR. EBELL: No. That's not our intent.

MR. STIEGLITZ: Well, but Mr. Cole's motion is that -- the key here is, and I heard Mr. Cole say, no, that's not the intent, but then -- we will not pay more than thirty-eight point seven million.

MR. COLE: We're prepared -- moved to pay thirty-eight, but I --

MR. STIEGLITZ: Could I have a follow-up.

MR. COLE: Yes, by all means.

MR. STIEGLITZ: And that is when -- Mr. Ebell's proposal here indicates -- I'm not a lawyer -- hope you appreciate

that -- but conditions, all conditions subsequent will be concluded in sixty days -- is -- conditions subsequent -- review of NEPA compliance, title search, etc.?

MR. EBELL: Yes, that is intended to be. Yes.

MR. STIEGLITZ: I say that's mission impossible to be real blunt.

MR. COLE: But we've taken the position (inaudible -- out of microphone range) -- yes, NEPA compliance for such purposes as land. Didn't we get a waiver -- didn't we decide that it wasn't required for Kachemak Bay?

MR. BARTON: Yes, Mr. Chairman, but no, NEPA compliance was required for Kachemak Bay, but it was subject to a categorical exclusion. I would anticipate that this could be in the same framework, depending which agent -- which federal agency -- was the agency for the NEPA compliance.

MS. RUTHERFORD: Mr. Chair.

MR. ROSIER: Yes, Marty.

MS. RUTHERFORD: DNR has done a similar type of review as we did on Kachemak, and we have available right now a letter to the Forest Service that they would handle the NEPA under their regulations, and we did Kachemak after we gave them something like -- we did it in ten days. We have it available now for Forest Service if you'd like to move on it.

MR. ROSIER: Yes, Mr. Sandor.

MR. SANDOR: Considering the well-documented rapidity with which we've been able to do NEPA compliance exemptions in the

past, what happens in the unlikely event that all those conditions cannot be completed in the sixty days? These -- all conditions subsequent shall be completed within sixty days, what -- can we do all of these things within sixty days? I guess --.

MR. STIEGLITZ: That's why I raised the point, John. Based on our (inaudible) it's kind of difficult to do that. (Simultaneous laughter) That's why I said mission impossible. I would hate to see the entire proposition hang on completing those in sixty days, if it's going to ...

MR. WILKENS: That's a good point. Sixty -- there's nothing magical about the sixty days other than that is something that may mean that we don't have a deal and we would be back on the logging track. We would want some timeframe by which we'd know that, and if we don't have a deal, that's fine, we would proceed. Sixty days is not magical, but obviously from our standpoint we would rather know sooner rather than later, so --.

MR. ROSIER: Mr. Barton has been asking for the floor.

MR. BARTON: A couple of comments -- I don't know how long it takes to do a hazardous waste survey. Does anybody have any feel for that? That would be one question. The other question is -- does the sixty days include the completion of the appraisal? It's not listed here, but that may be rushing that depending on whose point of view you take.

MR. COLE: It depends on whose appraisal you're doing. What if their appraisal doesn't get done in sixty days? What happens. Mr. Chairman?

MR. ROSIER: Yes.

MR. COLE: My suggestion is that we just work these things out by some hard negotiations between lawyers. I think we can get these things essentially worked out, and in some ways it's hard to get it worked out here this afternoon. But I -- if you people are satisfied, if we adopt this motion, that we bring back a more or less definitive agreement by June 1 -- if you want to take our faith. If we perchance should do this motion, and then between now and June 1 bring back something, I'd say more or less definitive, to the Council. Could we consider all that for now and say what if.

MR. EBELL: I think that's a good point. Mr. (inaudible) had a good point. It's certainly not our intention to trick the Attorney General into paying (inaudible) million dollars for this property -- anyway.

MR. COLE: My status is tenuous enough.

(Simultaneous laughter)

MR. ROSIER: Yes, Mr. Sandor.

MR. COLE: It really is.

MR. WILKENS: I'd be happy to add or extended by the parties, but I would anticipate that as with many agreements here, if you start with an outline of the major points and we'll work through the details later, and I would expect we could do that by June 1.

MR. SANDOR: In anticipation of the usual rapidity at which (inaudible) work...

MR. WILKENS: And lawyers.

(Simultaneous laughter)

MR. SANDOR: The other point, Mr. Chairman -- cease activity -- is troublesome in that, as I understand it, roads are under construction and activity cannot cease until are properly put to bed and resources that have been disturbed (inaudible) and all this business, so there has to be an understanding that when activity is ceased, it ceases for -- that proper environmental protection requirements -- I guess -- do you have any problems with that?

MR. WILKENS: No.

MR. STIEGLITZ: Mr. Chairman.

MR. ROSIER: Yes, Mr. Stieglitz.

MR. STIEGLITZ: Before we act on this motion, I don't want to complicate things but I do want to lay something out on the table and that's the subsurface interests. I personally feel like that there's an obvious connection between timber, surface versus subsurface, and frankly, I heard what was said here this morning about the potential for the limits, but I do think that if the Council takes positive action on this motion, that is the one on the table, we also should take positive action on further exploring the possibility of acquiring the subsurface, and that even should be a separate action, but I think that's -- we consider that before we take action on the motion on the table.

MR. SANDOR: That's why I raised that question earlier on the subsurface rights, but I'm not so much concerned that we

actually acquire the subsurface rights if there's been an analysis that's been made that reached a -- you know -- a professional conclusion that the values weren't there. There's a different owner involved or partly, that's part of the problem here, and in the methodical way in which we reached the conclusion that we are either going to buy the subsurface rights or not going to buy the subsurface rights, so that a pattern is set for future activities for acquisition. If we are able to acquire the subsurface rights in Kachemak Bay, it may be preferable, but there may be a valid reason. I understand -- perhaps maybe the geologists in question could give us a brief summary -- at the last break we had an analysis that eased my mind somewhat.

MS. RUTHERFORD: (Inaudible) over lunch time so that -
- in case you had questions he could answer them.

MR. ROSIER: Would you come up to the microphone,
please?

MR. MITCH HENNING: We were asked to review ...

MR. ROSIER: Would you identify yourself, please?

MR. HENNING: My name is Mitch Henning. I'm a geologist
with the Division of Mining and ...

MR. COLE: You know, I have great empathy for
typists. Would you mind spelling your name so that it can be
recorded.

MR. HENNING: Okay. My first name is Mitch and my last
name is Henning. H-E-N-N-I-N-G. Can you hear me now?

RECORDER: Yes.

MR. HENNING: Okay. We were asked to review this parcel. We did that. The review involved basically a review of existing data. (Inaudible -- extraneous noise) ... no known discoveries or deposits on this parcel we're looking at here. The island of Afognak geologically is split into two distinct structural blocks. The eastern block is what we call geoge (ph) terrain. The western block is what we call peninsula terrain. That boundary basically would parallel the east side of those green parcels in the northwest part that would come down through there and is marked by what we call the border range's fault zone. Those rocks in the northwest are composed of mesozoic (ph) sediments and volcanics and intrusive rocks, and the rocks to the east are composed of grey alagite (ph) slate complex of the Chugach terrain.

It is possible that this terrain does host epithermal, single-phase gold quartz vein systems, similar to what you see in Ukik (ph) Bay, Kenai Peninsula, Port Wells district, the Hope district, but at this point there is no indication in the literature that any of these types of systems have been found in this area. There are no geochemical surveys that have been done in this region. There are no geophysical surveys that have been done in any kind of detail in this region. Most of the data that's available is of a regional nature, and it's related to oil and gas exploration offshore. It has been done by the USGS and the NMS (ph). So the database is general in nature, not specific, and it is our opinion after reviewing that -- that mineral potential for this region is low. It does not carry the same value as the surface estate or

land

estate. We would rank the land estate much higher in value at this point in time based on the existing data.

MR. ROSIER: Questions of Mitch.

MR. STIEGLITZ: I have a follow-up question.

MR. ROSIER: Yes, Commissioner Stieglitz.

MR. STIEGLITZ: I'm not questioning your professional ability at all, but obviously there's various comfort levels which may or may not be there in way of minerals, and I realize you probably did this over a fairly short period of time, how comfortable do you feel with your appraisal? I realize you can't put standards on it -- and I have this underlying concern, with any piece of land you buy, there may be something there that we've overlooked or we don't know about that could pop up in the future and create problem for the surface owner.

MR. HENNING: Well, the problem with mineral deposits are, like anything else, you know, concepts change over time, as well as economics, so what may be non-economic today or may not be a deposit today, fifty years from now someone comes along with a different idea and, boom, you've got something that might be marketable, but I would have to say that given the level of intensity from the metal industry looking in this region, it seems to have been, you know, people have come and looked on a regional basis, but there hasn't been a lot of claims-taking activity in this region; there hasn't been, I'm aware of any, real major exploration efforts in terms of mineral deposits per se. Most of the effort has been steered at oil and gas on state offshore lands

and federal offshore lands. So, if somebody was to find a precious metal deposit which would probably occur in the Valdez group rocks there, these things are usual small, they're high grade, low tonnage-type systems. They would be the systems that you would see in the Prince Williams Sound, in the Port Wells district, or in the Hope district, and they would probably be mined underground.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: Is it true that the State of Alaska reserves the subsurface estate in all deeds it grants.

MR. HENNING: I believe so.

MR. COLE: I mean, if -- the state never conveys any land, any land, without reserving subsurface estate, and yet there's a lot of transactions go on on state lands, and that's why I'm not particularly concerned about the subsurface estate here. In your opinion, based upon what you now know, are there any commercially viable minerals on these lands we're talking about.

MR. HENNING: None that I'm aware of, and that's strictly speaking related to precious or base metal deposits. I don't include sand and gravel resources as part of the subsurface estate.

MR. ROSIER: Yes, Mr. Pennoyer.

MR. PENNOYER: So would Tonki Cape too have the same characteristics?

MR. HENNING: I would say so, yes. Everything -- everything to the east of that structural boundary.

MR. ROSIER: Yes, Walt?

MR. STIEGLITZ: One last observation, if the question only arise, you -- there's two lines of argument. One is obviously if there's some threat of development at some point, you ought to go ahead and buy the subsurface, even though it might cost you a fair amount of money. The other argument is, even though there's nothing there, that means the values are very, very limited, and you might be able to acquire the subsurface at a minimal cost, and therefore why not go ahead and do it and eliminate any future potential risk of something being found and developed on those lands. You can argue that both ways. I kind of prefer the latter preferably.

MR. HENNING: I would like to point out one thing. I'm not privileged to confidential data Koniag might hold. Now, you know, they may very well have something that they're looking at, but if they do, in terms of value you would probably want to look at it whether or not there are drill reserves there and what those reserves would be worth.

MR. ROSIER: Mr. Cole.

MR. COLE: Well, you know, the United States could always buy it. (Simultaneous laughter) I mean -- dominant estate. (Simultaneous laughter)

MR. ROSIER: Yes? Further questions? comments? Yes.

MR. SANDOR: Just a comment on ...

MR. ROSIER: Mr. Sandor.

MR. SANDOR: I certainly appreciate the flexibility with which your corporation has been able to generate this

additional proposal. I think it's very constructive. I appreciate it.

MR. ROSIER: Yes. By all means. Mitch, we've appreciated your help there also.

MR. HENNING: Okay, thank you.

MR. ROSIER: We have the motion before us.

MR. SANDOR: Call for the question.

MR. ROSIER: The question's been called for. Those in favor, signify by saying aye.

ALL TRUSTEES: (In unison) Aye.

MR. ROSIER: Opposed? (No response)

MR. ROSIER: Thank you, gentlemen. Yes?

MR. WILKENS: Thank you very much.

MR. ROSIER: Mr. Barton.

MR. BARTON: I move that we instruct the -- or ask -- the Department of Law to pursue the subsurface rights on this same parcel with the owners thereof and treat this as more of an opportunity part -- in the opportunity parcel category. I think it's important to try to get the surface and the subsurface up together.

MR. PENNOYER: Second.

MR. ROSIER: Those in favor, signify by saying aye.

ALL TRUSTEES: (In unison) Aye.

MR. ROSIER: Opposed? (No response) Passes.

MR. COLE: Can we have a recess? The strain may be

...

MR. ROSIER: Yes. We'll take a ten minute break here.

(Off Record at 2:10 p.m.)

(On Record at 2:25 p.m.)

MR. ROSIER: We've got a couple of items to clean up here on the habitat issue, so, Marty, would you proceed there.

MS. RUTHERFORD: Okay. That -- that was the status report on the Seal Bay, but we've actually got -- I want to turn it over to the Forest Service for an update on what's happening on the Eyak Power Creek imminent threat parcel. Ken or Mike Barton?

MR. RICE: Mr. Chairman, this won't take nearly as long.

MR. ROSIER: Good. (Simultaneous laughter)

MR. ROSIER: Hopefully, you should have or if you haven't I'm passing out again, a memorandum of understanding that we have signed with Eyak Corporation to evaluate their parcels around Eyak Lake. They would also like to have us take a look at the Orca Inlet area and provide a biological evaluation of that by the June 1st meeting. The Habitat Protection Work Group is going to start -- or now is actually started on that, and we'll at least have a preliminary report to the Trustee Council by the first of June, and then the negotiations -- we are entering into negotiations -- the Eyak Corporation has indicated that they are not willing to discuss fee simple purchase but other options for protection are available. The Tatitlek Corporation with the Fish Bay area, basically the status is that we're discussing with them. They are willing to talk with us, but we haven't received any

proposal from them at this time. Any questions?

MR. ROSIER: Questions from the Council? comments?
There's no action required on this?

MR. RICE: That's correct, sir.

MR. ROSIER: Go ahead, Marty.

MS. RUTHERFORD: Mr. Chair, then there's only one file
thing, and Dave -- you want to do it.

DR. GIBBONS: Yeah. I've got one. The Trustee Council
needs to approve the funding for a appraisal for the properties --
for the Seal Bay area. The funding would come out of the twenty
million dollar habitat protection fund that you approved for the
'93, but we just need to have you essentially approve the money
from there for an appraisal.

UNIDENTIFIED VOICE: So moved.

MR. BARTON: Second.

MR. ROSIER: Motion made and seconded to approve.
Discussion?

DR. GIBBONS: That would also include the hazmat survey?

MR. BARTON: The second intended that.

(Simultaneous laughter)

UNIDENTIFIED VOICE: Absolutely.

MR. ROSIER: Objection? (No response). Hearing none,
so passed.

MS. RUTHERFORD: Okay, Mr. Chair, I think -- I've
asked Dave to hand these down. There's two documents coming to
you, and I'll wait 'til you have them. At the May 10th Trustee

Council meeting, we presented a sheet of eight negotiation/acquisition guidelines that -- it looks like this -- the clean copy. When the Trustee Council reviewed these proposed guidelines, which I think is one -- on the 29th of March, four of them were removed, and I refer you to the second page, which is all marked up. The ones that were removed were numbers A, C, D, and F. Five others, which are noted on this written -- the noted page -- were added by Commissioner Sandor, and these -- that left, I think, thirteen, and I think -- no, that left nine -- and these nine were approved. We -- the Habitat Protection Work Group then took these nine guidelines and used them to develop a chart that was in your packet sent out to you by Dave Gibbons, and there's a cover sheet dated May 4th in it. The chart itself looks like this, and it's three pages. And basically, this was a clarification of the roles and coordination responsibilities of the different groups working on implementation of the habitat protection process. If I could, I would just like to quickly run through these nine items that were left. I might note that, if you want me to, Mr. Chair ...

MR. ROSIER: Yes.

MS. RUTHERFORD: ... basically, there's a correlation between this chart and the numbers that appear on this marked up copy.

MR. ROSIER: Wait. Where is the chart?

MS. RUTHERFORD: The chart was in your package and it looked like this.

MR. ROSIER: Oh.

UNIDENTIFIED VOICE: Cover memo.

MR. COLE: It's in -- it's in some of the materials that we received earlier.

MR. ROSIER: Cover letter dated May 4th.

MS. RUTHERFORD: That's correct -- from Dave Gibbons.

On the chart itself, which starts on page two of that document, the item number one, and again, I'm referring back to this marked up sheet, which is to clearly identify the restoration objectives that will be achieved at the acquisition of the tract, that is located in number one of the chart on the left-hand side, the Habitat Protection Work Group responsibilities side. That's identify, evaluate and rank parcels, clearly identify restoration objectives for each tract. Item number two, which is define and evaluate acquisition options, such as easements, fee title, moratoriums, etc., which could be used to achieve protection and restoration objectives, can be found on the next page of the chart under the left-hand side of number four -- evaluate acquisition options, such as easements, fee title, moratoriums, etc., discuss with the landowners which could be used to achieve restoration and protection objectives. Item number three, which is to refine the tract size and configuration to assure restoration objectives will be achieved, that is located also on the second page of the chart, up under number three on the left-hand side -- review proposed tract size configurations and protections options to see if proposal will meet objectives. Item number four, which was also approved by the Trustees, is to consider the appropriateness of

alternative funding and to protect mechanisms -- oh, excuse me -- funding or protection mechanisms, that is also on the second page of the chart, under item number five -- evaluate appropriateness of alternative funding and protection mechanisms. Five was removed from your list. I believe Attorney General Cole removed that, so there's nothing in the chart that reflects that. Item number six is, if the purchase price of any acquisition is estimated to be in excess of one million dollars, at least two appraisals may be obtained. If more than one appraisal is prepared and approved for any acquisition, the review appraiser will select appraisal that best supports its conclusion of value, and that appraisal shall be the determination of fair market value. That item number six actually appears -- a reference to it is in two places on this chart. It's on the second page of the chart, under items numbered four and six on the right-hand side under negotiator responsibilities.

MR. COLE: Can you hold up just a minute. I'm having a little trouble -- where are you reading from?

MS. RUTHERFORD: This one.

UNIDENTIFIED VOICE: And we're dealing with --?

MS. RUTHERFORD: Item number six. It's not actually on there.

MR. COLE: That's what I was getting at. I didn't see that number four, four six.

MS. RUTHERFORD: It's not there, and that's one of the things I wanted to bring to your attention and that is you may want

us -- direct us -- to add that.

MR. COLE: Well, at the rate we're going, one million dollar (inaudible -- out of microphone range) -- It's off the chart, as Judge Holland would say, on the bottom side.

MS. RUTHERFORD: So that's one of the points ...

MR. COLE: (Inaudible -- simultaneous talking)

MS. RUTHERFORD: So that's one of the issues that I think you need to address. Item number seven and eight on this marked up document were removed at your March 29th meeting, so they are not reflected in the chart. Item number nine -- hazardous substance surveys will be conducted prior to title passing to the state or federal government -- that is also on the second page of the chart on the right-hand side of number, towards the bottom of the box -- physically check the property to assure appropriateness of parcel boundary and conduct level one hazardous material survey, report to HPWG on the process. Item number ten of the marked up paper was removed, so it's not reflected on the chart. Item number eleven -- an opinion of sufficiency of title will be obtained from the respective federal or state legal counsel prior to title passing -- that is also located as the same place as nine on the second page of the chart, right-hand column of number four, and it's under -- first sentence -- begin acquiring needed data for appraisal contract and acquire preliminary title evidence. Item number twelve is not reflected on the chart, and the only place that I think that -- and that is, when negotiating or acquiring lands from corporation, personnel will deal with designated

corporate officials only, not individual board members or shareholders. I think that's fairly obvious, but if you wanted to add it, you could add it on the first page of the chart, number one, right-hand column, and say something along the lines -- meet with appropriate representatives of landowners -- instead of just meet with landowners. And that would be a negotiator responsibility. And then item number thirteen of the chart is -- provide for a process for evaluating the validity of restoration assumptions and objectives as a guide for considering future habitat protection strategies -- adjust best professional judgment criteria. That is reflected on the last page of the chart, item number nine, on the left-hand side -- monitor to validate restoration assumptions and objectives for habitat protection and used as a guide to define future habitat protection strategies, adjust criteria as necessary. There's two other things I want to bring to your attention. On the first page of the chart under item number one, right-hand side under negotiating responsibilities, the last sentence -- obtain written statement of preliminary to sell -- sell -- at fair market value. That is not necessarily reflected in this chart that you approved on March 29th, and that was added and is something you probably need to consider. And then the final thing that you need to think about is on page two of the chart, item number eight on the left-hand column, under habitat protection responsibilities, it says make recommendation to Trustee Council on approval of option based on appraisal price, ability of parcel to meet restoration objectives -- and this is -- in that last portion

of the sentence -- and alternative parcels being able to meet same objectives. I just wanted to make you aware that for these imminent-threat parcels, we are -- a comprehensive process is not complete. We were unable to do that last thing, and you may want to consider whether that should remain in this document. But, again, this is just a clarification of the roles and responsibilities and coordination responsibilities of the various parties involved in the process. I suppose it wouldn't have to be approved today, but I wanted to run through it so you could -- may be take it up on June 1 or 2.

MR. ROSIER: What's the wish of the Council? John.

MR. SANDOR: Well, Mr. Chairman, I think the staff is doing a good job of coordinating these criterion to this definition of work responsibilities for the group and the negotiators' responsibilities. I think it should be subject to -- if we could have some time -- modification, perhaps, at a later date, but at least for now I would move approval of this.

MR. ROSIER: Do I hear a second?

MR. COLE: I'll second it for the purpose of discussion. (Simultaneous laughter).

MR. PENNOYER: Mr. Sandor, I heard two thoughts. One, you were moving it for approval, and second, it was subject to consideration at a later date. Are you --?

MR. SANDOR: Well ...

MR. PENNOYER: Which one ...?

MR. SANDOR: Well, we're running short of time, and I

have a quarrel with -- not a quarrel, some suggestions on defining the evaluation ranking criteria. For example, on the Seal Bay parcel that we went through, the lumping together of -- just as a for-instance -- of depleted rare, threatened or endangered species into one category is, I believe, flawed and that we ought to separate what is really covered by the Endangered Species Act versus depleted species. There's some refinements that need to be done, and I think there's some refinements to be done on this, but I don't think we need to ...

MR. PENNOYER: So, it's subject to reconsideration then ...

MR. SANDOR: Yes.

MR. PENNOYER: ... at a later date, but for guidelines to start with, you're moving the approval.

MR. BARTON: Mr. Chairman.

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: I -- I suggest we specify when we're going to reconsider it, and then -- I do think we need to provide some certainty into the process for the sake of the habitat group as well as the negotiators.

MR. SANDOR: The June meeting.

MR. BARTON: Exactly.

MR. ROSIER: I would only say in -- and I certainly don't have any problem with the June 1, but as I understood it we practically had a pretty full two days with our agenda for June 1 and June 2. Is it essential that we do it in June or would it be

possible to put it off until the July meeting or -- what's --?

MR. SANDOR: My problem, Mr. Chairman, is that with whatever suggestions and refinements, they should be submitted in advance of the June 1 meeting and laid on the table for Council approval.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: Did we follow this today?

MR. SANDOR: Not completely.

MR. PENNOYER: Conditional approval, subject to reconsideration at the June meeting.

MR. STIEGLITZ: Mr. Chairman.

MR. ROSIER: Yes, Walt.

MR. STIEGLITZ: I apologize, I'm kind of a late joiner here, but -- and not having a lot of time to review this -- it -- my initial impression is it may be a little overly, procedurally complicated. I'm not too sure they're aren't some unnecessary steps in here. I personally think we ought to not approve it at all at this sitting and leave it on the table until the June 1 and give us a chance to analyze it a little better. Maybe I'm the only one that hasn't had a chance to look at it.

MR. PENNOYER: Is that an amendment?

MR. STIEGLITZ: No. It means I'm going to vote against the motion to approve it today.

MR. ROSIER: Well, that takes care of the problem.

MR. COLE: Next item.

(Simultaneous laughter)

MR. ROSIER: Well, at this time, I guess, the direction of the Council would be to bring this back, you know, put it on the agenda for the June meeting, and we'll consider it at that time.

MR. COLE: I was going to say, this is an example of how wonderful the unanimity requirement works.

(Simultaneous laughter)

MR. ROSIER: Okay. Dave?

DR. GIBBONS: Just one other thing, I passed out earlier a package called landowner response summary, Habitat Protection Work Group. I'm not going to talk about it, but it just gives you a summary of our responses so far to my dear landowner letter.

MR. ROSIER: Okay. Right. We had one additional decision item, which was item eight, changes to the 1993 restoration work plan. I believe that Commissioner Sandor had asked for an 8(b) also to go in at this time, so --

MR. COLE: I move we approve it.

UNIDENTIFIED VOICE: Second.

MR. COLE: -- Sandor? No, this fifteen thousand dollar --

MR. ROSIER: No, we'll take that up -- we have a motion to ...

(Simultaneous talking)

UNIDENTIFIED VOICE: We're on 8(b).

MR. COLE: Are we on 8(b)?

MR. ROSIER: Yes, 8(b).

MR. COLE: Did we skip 8(a)?

MR. ROSIER: We'll take that one up -- we'll take that one up after. (Simultaneous talking) Is that the same thing?

MR. SANDOR: Mr. Chairman, what 8(b) is is simply an update of the shoreline assessment project, which was, of course, in the package, and it's attached -- the three pages -- and the modification in requirement for an action here is involved in that the Coast Guard has completed its work, the clean-up work and the assessment associated with it, as of July of last year. It was my proposal and belief that this assessment for restoration work should follow very closely the processes that were conducted in the first three years. And I met with the Coast Guard, (indecipherable) commander and Coast Guard personnel, and they are in agreement to participate in that assessment and co-chairing a coordination role as they did in the part, but they require -- they are not funded to -- to do that activity -- and this is not salary, this is actually travel -- and it turns out to be between twelve and fifteen thousand dollars. So, I would move the approval of up to fifteen thousand dollars for the Coast Guard participation in this assessment of the sites.

MR. ROSIER: Motion to approve up to fifteen thousand dollars for the financing of the ...

MR. SANDOR: Coast Guard participation in this assessment work this summer.

MR. PENNOYER: Second.

MR. ROSIER: Motion made and seconded.

MR. COLE: What will they expend the fifteen thousand

dollars on?

MR. SANDOR: Will they expend it?

MR. COLE: How did we get the fifteen thousand dollar number in there?

MR. SANDOR: Mark, can you explain?

(Simultaneous laughter and talking)

MR. COLE: That's what I think too.

MR. BRODERSEN: Commander McGuire and I sat down yesterday afternoon trying to pump with the numbers for their participation in this, and primarily what it is is to allow one of their people to go out in the field for approximately a month this will take and pay that person's travel while in the field and also for three or four trips for another person at the Coast Guard to do the coordination with the state and other federal agencies during and prior to that to get the thing arranged. So, you've got three or four trips back and forth to Juneau and stationing a person up here for approximately a month to get the coordination done. The number we came up with, I say, was twelve thousand. We put in a little bit extra so that if we need it, it's there as a contingency in case an extra trip is necessary. Whatever they don't spend they'll return. We wanted a cap on it so that there was a maximum not to exceed.

MR. SANDOR: Commander McGuire explained this to me that in their allocation expenditures for their personnel, they have to have authorization, and their authorization for Exxon Valdez work terminates July 1, and -- period -- and they need this

authorization.

MR. BRODERSEN: Yeah. They will fund their own people. We're not looking for salaries. This is strictly travel to allow them to participate.

MR. COLE: Is this what the Coast Guard does as part of their normal duties and responsibilities?

MR. SANDOR: No, it is not.

MR. COLE: Shoreline inspections?

MR. SANDOR: Not for oil -- from the Exxon Valdez -- it is not. Come on, you've just approved thirty-eight point seven ...

(Simultaneous laughter)

MR. ROSIER: I believe our bank account is getting pretty thin though at that point.

MR. COLE: That's the point here.

UNIDENTIFIED VOICE: Question.

MR. ROSIER: ... further discussion? The question's been called for. Those in favor, signify by saying aye.

ALL TRUSTEES: (In unison) Aye.

MR. ROSIER: Those opposed? (No response)

MR. SANDOR: The other point that should be made, Mr. Chairman, is that we are going to invite Exxon to participate in the assessment as they have in the past three years. But we'll go on with the assessment whether or not they participate.

MR. COLE: Do we have to pay for their ...?

MR. SANDOR: Absolutely not. Absolutely not.

(Simultaneous laughter)

MR. ROSIER: Okay. Moving along, item 8(a) relates to a project that the -- the Trustees have looked at previously. We're back taking a look at it again primarily as a result of what's identified as a need in the Prince William Sound area this year. I think most of you are aware that we are continuing to experience significant problems in the Prince William Sound area in terms of salmon as well as herring. I sent to each of the Trustee Council members May 6th a letter outlining a proposal here for the implementation of a joint program on the coded wire-tag program that we have discussed on numerous occasions. This is a stripped down version, and it's a version that's, in fact, carrying a shared responsibility of the state, the pink salmon production entities in Prince William Sound, and we are asking for the help from the Trustee Council here in terms of funding a project for this particular year. In your packet, you have also a resolution from the city council in Cordova, and I have passed out in addition to that a couple of petitions which signed on a number of other entities that were supporting this. I would say that the Prince William Sound area is an area that's -- has probably had enough disasters befall them in recent years in the fisheries arena to last -- to last a lifetime. They've seen the oil spill originally hit them in '89. Since that time, we've seen a pink salmon hatchery program that has had significant problems because of price, because of quality issues associated with the production of fish from those facilities. We've seen run failures in terms of pinks, pink salmon returns to the Sound. This year, they were hit

once again with a -- with a -- basically a disaster in their herring fisheries with virtually no purse-seining operations taking place on the sacro (ph) operations. They are looking at another salmon year in which prices are severely depressed as far as the pink salmon are concerned. They've had their share of problems. They are asking for help. They have consistently asked for help in the realm of better information to better manage the resources that were in fact damaged by the oil spill. We've continued to reduce the program in the Prince William Sound area over the last two to three years, and the situation where I think we're seeing a lot of public outcry here that we have not been that responsive to. And we have put together a proposal here in which funding from a project on the Kenai River sockeye project that was identified for the purpose of purchasing a -- sonar equipment -- shelf-type technology -- that did not work. As a result, we've got some funding that is left over from that project, which, if the Council -- Trustee Council -- so approved it would cover the Trustee portion of a pink salmon coded wire tag recovery program in Prince William Sound this year. The other funding that's roughly two hundred and thirty-two -- two hundred and thirty-three -- thousand dollars, the remaining two hundred and ten thousand dollars that's involved would come from the state as well as the pink salmon producing entities there in the Prince William Sound area -- PWSAC is one of them, as well as Valdez Fisheries.

MR. COLE: From the state?

MR. ROSIER: Yes. From the state would come from

ADF&G. We would ask the Council's consideration of this proposal.

And -- you'll notice that the resolution from the City of Cordova covers more than just pink salmon. It covers a request for emergency funding for herring, a herring survey in the fall, to determine what's truly left after the disaster that was observed up there this spring. We've had -- we know we've got problems with the '89 year class; we know we've got problems -- there's something that we don't know exactly what's causing the problem in terms of lesions and declining growth and -- in the other year classes there. They've asked for that. They know that -- that they've to got to have some help in terms of determining what's going to happen to those herring fisheries this fall and again next spring.

Obviously, without the information on herring, it's a situation in which we're looking at very conservative-type management in order to protect the stocks. Appropriate measures will be taken if we do not, in fact, approve the funding, and that's not a threat, it's a fact of life that that's what will go along with the lack of information that we currently have on those herring stocks. They are also asking for covering -- recovery -- of the coded-wire tags, which were in fact put on the longer-lived species in the Prince William Sound. This is the chums, the cohos, and the kings. This was put on their with Trustee Council funding, and those older, longer-lived species are now returning this year, and at this point there is no funding for covering that. But the proposal that I have made at this point is to fund two hundred and thirty-two thousand nine hundred dollars from -- from our project 93-015 to

cover the coded-wire tag recovery on pink salmon this year. I would ask the Council's concurrence in proceeding with that project and the transfer of those funds to pink salmon this year. Yes?

MR. SANDOR: This then is somewhat of a matching thing, proposing to reallocate the two hundred and thirty-two thousand nine hundred with the matching -- with the two hundred and seven from the (inaudible).

MR. ROSIER: That's correct.

MR. SANDOR: I move approval of this proposal.

MR. PENNOYER: Second. Ooops. Discussion.

(Simultaneous laughter)

MR. ROSIER: When we again arrange the table, I think that the association of these two on my far right need to be attended to.

(Simultaneous laughter)

MR. BRODERSEN: It was attended to and was done specifically for these purposes.

MR. ROSIER: Is that right.

(Simultaneous laughter)

MR. PENNOYER: Got all the trouble-makers on one side...

MR. STIEGLITZ: Mr. Chairman.

MR. ROSIER: Yes, Walt.

MR. STIEGLITZ: It's not surprising. I've got some reservations about the proposal, and I guess it might be helpful if I had a little more information or maybe enlightenment from someone as to whether or not we know this will work. Are we really looking

at an experimental project here or are we looking at something that we know will work and we know we can effectively separate those two stocks?

MR. ROSIER: We're -- we're fairly confident that with the marks that are out there and the hatchery -- the hatchery pinks on this that we can in fact separate the stocks within the fishery.

I have Joe Sullivan here. Joe is the -- is the technical person that I think can probably provide us with some of the information you need here, Walt. Joe?

DR. JOE SULLIVAN: First, let me give you a couple of things here that I'm not going to ask you to read right now but it might help you later, and then I will tell you what's going on.

MR. COLE: Mr. Chairman, could we get him to explain that formula there -- nine -- this --.

(Simultaneous laughter)

MR. STIEGLITZ: I had a little trouble with that one there, number four.

(Simultaneous laughter and talking)

DR. SULLIVAN: What I'm passing out -- I'm not asking you to read it -- potentially covers this thing. One of them gives you more or less the history of what went on in Prince William Sound relative to coded-wire tagging, particularly last year, and how it works, and so if you really want to know more about it, and the other one is what we intend to do about it, and what we intend to do this coming year relative to -- to maintain the wild stock. See if I can get back to the original question here, and that was

basically you were asking could coded-wire tagging work, and do we know whether it works. Basic coded-wire tagging is a (inaudible and indecipherable).

MR. STIEGLITZ: I should explain, I was (inaudible) this weekend and were proving to them assessment studies, and we heard wire-coded tags out our ears, so I'm a little familiar with it.

DR. SULLIVAN: Okay. Well, in any event, basically, what to summarize for you -- thanks -- that makes a difference. You code a certain percentage, you tag a certain percentage of your fish. You know what percentage you've tagged, and therefore when the fish come back, you have this huge group of fish, you can make a pretty good estimate as to what portion of those fish are fish from your facility or from your stream or whatever if you know, if you have this expansion. Let's say you tag ten percent of the fish, then you multiply the number of tagged fish you get back by ten to come up with the number of fish that -- that essentially belong to you. That's very simplistic, okay. But in the situation we have here, what we're saying is we've tagged a certain proportion of the fish. In 1992, all of those fish were hatchery fish that were tagged. Therefore, if a tagged -- if you have a fish with a tag -- in pink salmon -- if you have a pink salmon with a tag, then you know it is a hatchery fish from Prince William Sound. You won't initially know what hatchery it is from, but you will at least know that it's a hatchery fish. In the past, we have used coded-wire tagging for a whole bunch of different reasons, not just management. What we're asking for here is strictly for

management purposes, although I think we will get a little bit better information than that out of the deal, but essentially coded-wire tagging as a process has been used up and down the West Coast for a very long period of time to determine, well, what are your success rates from this group of fish or that group of fish. Every coded-wire tag identifies something about the fish, usually the hatchery, but oftentimes lots within a hatchery and so forth, like that. They have a unique binary code that let's you -- that you relate back to something you did to them at that particular that you're looking for. In this particular case, okay, what we want to -- what we've got are several different things going on in Prince William Sound that we need fish for. We need fish for the escapement coming back to the wild streams to -- for spawning for the next generation, we need escapements back to the hatchery so they will make their egg-take goals for the coming year, we need fish for the commercial fishermen, and we need cost-recovery fish also back to the hatchery so that they will be able to pay their bills for the coming year. Okay. So, with those four goals in mind then, when you come to a fishing season you're looking at these fish coming back into Prince William Sound -- well, you have one more goal too relative to one of those in that the better quality fish that you get, the more money you will get. Okay. For our -- from Fish & Game's mandate, we have a mandate to take care of the wild stock. If we do not have this coded-wire tag program, what we would probably be forced to do, in particular in Prince William Sound, is until about the 10th of August we would have to

fish in terminal harvest areas. The reason I -- the reason that date is important is that most of -- we know that most of the wild fish in Prince William Sound return prior to that point. Some hatchery fish also return at that point, but beyond that point then most of the fish that are coming back are hatchery fish. Now that doesn't happen precisely every year. 1991 was a really good example of that not working out in that the fish held off until about the 10th of August or so, and then everybody came back, you know, and we were overwhelmed -- essentially had some difficulties just making escapement goals and catching fish while they were still bright, and it was a mess. In any event, in a normal situation, you have a certain component that's coming back that's wild, and a certain component that are coming back that are hatchery fish. If, with your forecast -- if under -- if you have the same proportion coming back year after year of hatchery and wild fish, then you probably wouldn't need a coded-wire tag program because you could assume that x percentage is hatchery, x percentage is wild stock; therefore, if we go out and fish on this day and x number of days a fish get through, then we probably shouldn't send as many fish back up into the streams and that would be okay or it will not be okay. The difficulty is when they don't come back in predictable portion, and they often don't. For example, last year in 1992, we -- our predictions for the wild stock was right on the money, okay. We had predicted, I think, about two and a half million fish, and we got something like two point four or five million. Unfortunately, our predictions on

hatchery stock were about a third of what they should have been last year. See, if we knew in advance and if our predictions were accurate -- you see if our forecast each year was on the money, we would be able to more or less apportion these things, but unfortunately, it isn't on the money, okay. So, what we have to do with the coded-wire tag program is at some point you take a risk and say, okay, let's go out and do a test fishery -- it's more than that, but you get out and let the fishermen have at it for a day or six hours or twelve hours, depending upon where you're at, and then you say, well, we're planning another opener say, Friday, this is Monday now, and then go through the fish that you've caught and pick out the fish that have a missing adipose. When you do a coded-wire tag -- when you coded-wire tag a fish, you take an adipose off, and that is supposed to indicate that the fish has a metal tag in its nose. It doesn't always work because sometimes the tag falls, and there's a certain proportion of wild fish that are lacking adipose fins anyway, okay, so, you have an expansion factor there that screws up your estimate a little bit, but depending on how many fish are back, then you -- that expansion either hurts you a lot or it doesn't. When it does hurt you, then we use a metal detector to find out does this fish actually have a tag. Well, for the purposes of this project, what we want -- the answer that we want to know is, is this a hatchery fish or is this a wild fish? We'll use some of our knowledge on runway construction and when different hatcheries have their fish coming back, as to figure out which hatchery is likely that they're going

to, but that is something that we don't really -- that information we don't really have to have that well until two or three months down the road, okay, when we actually read the tags. But to make in-season estimates as to what proportion are wild and what proportion are hatchery, we make -- it takes us about two or three days, okay, and like I said, if we can't figure it out from based on adipose clips, we will figure it out based on just taking a metal detector over those heads and seeing if there's, in fact, a tag present. The error on that is much, much tighter than it is on whether the fish has an adipose fin or not. In any event, we have that -- we get that information in two or three days. At that point, we can make a -- using that information and the escapement information we've got from our aerial surveys -- how many fish have come back to the streams already -- we can take that information and estimate whether or not we're lagging behind in meeting our escapement goals or not. And if we are, and if there's a -- if we need a larger portion of the wild component, at that point we have to look and say, okay, what portion of this is wild, what portion is this hatchery, what do we need -- what is the decision we need to make for the next scheduled opener, and if we need those fish in the wild stock, then we will close that -- that next scheduled opener and wait until the next round. Like I said, at some point, you know, if things are proceeding normally, and sometimes they don't, then you would -- eventually be able to open it up and say go get them off the capes, assume we've made our wild escapement, and the hatcheries have got the brood stock they need and cost

recovery and so forth, and then you get bright fish more or less after August 10th. But there have been times, and the coded-wire tag program has helped in the opposite vein as well, okay, when, say you -- you're escapement counts look good, you suddenly realize you've got a huge proportion of wild fish, vastly more than you'll ever need to make your escapement goals, you can say, hey, guys, go out on the cape, their bright, you get more money, go get 'em. Okay. That has happened. We have -- and in that case -- otherwise on the one hand, our first goal is to make sure that we've got wild fish back to the streams. On the other hand, using the coded-wire tag in -- so the coded-wire tag information helps in two ways. One, it helps -- can help you make your escapement goals. The other way it helps is that if you have surplus wild fish, and there are occasions when we do have surplus wild fish, then you can tell the fishermen to go get them while they'll still bright and worth more. If, in the absence of coded-wire tagging information then, what you have to say is we have to take a more conservative approach, we've got to wait until a larger proportion of the fish are back to the stream and we know that they are back to the stream and we're going to make escapement goals, and therefore you're going to have to fish for a longer period time in a terminal harvest area where the fish are worth less and where a lot higher proportion of the wild fish, if there are any excess, will get away, and you will -- in other words, what I'm saying is the fish that you do catch will be worth less and you'll probably catch less fish. See what I'm saying. Now, for an example, let's say that on

average year you have thirty million fish back. Am I getting too far along here? Am I boring you?

MR. COLE: I'd say yes.

(Simultaneous laughter)

MR. PENNOYER: I take it your answer to his question is yes.

(Simultaneous laughter)

MR. STIEGLITZ: One -- one quick follow-up question ...

MR. ROSIER: Yes. (Simultaneous laughter)

MR. STIEGLITZ: ... and that is, do you feel real comfortable that you're able to adequately protect injured wild stocks with this technique.

DR. SULLIVAN: Yes, I do.

MR. ROSIER: Mr. Pennoyer.

MR. PENNOYER: Small series of questions, too, then, to clarify where we are on this project. I heard your answer to Walt that you think this will work ...

DR. SULLIVAN: Yes.

MR. PENNOYER: ... as a management technique ...

DR. SULLIVAN: Right.

MR. PENNOYER: ... and I think we've agreed that management is a valid restoration tool. It seems to me that with the different productivity between wild and natural stock -- hatchery stock -- shouldn't we have to do something like this forever ...

DR. SULLIVAN: That's right.

MR. PENNOYER: ... in Prince William Sound. It would be part of the normal management program. At what stage -- what are we funding? Are we funding a part of an ADF&G program that's required to manage the resource irregardless (sic) or irrespective of oil spills, and if so, are we funding something to get an answer you can use in the future? Is this a long-term, ongoing process -- so, I -- I ...?

DR. SULLIVAN: Let me ...

MR. PENNOYER: I'm very sympathetic to doing this type of work. I think it's a valid management technique and there ought to be more interest in it ...

DR. SULLIVAN: Right.

MR. PENNOYER: ... but I -- I think we need to know where it fits into our ...

DR. SULLIVAN: Okay.

MR. PENNOYER: ... scheme of doing business here, in terms of restoration.

DR. SULLIVAN: Okay. Well, first of all, let me say that the -- the -- unfortunately, the hand-out that you have has a misleading -- a couple of misleading budget figures in it relative to the -- to the detailed study -- project plan on this thing. It shows us as needing -- as the whole project being somewhere four hundred and twelve thousand dollars in this fiscal year and twenty-seven thousand in the next fiscal year. That's not exactly right. Here's what the deal is. For this particular group of fish that are coming back now, what we're looking at is matching funds

between ADF&G, PWSAC, VFDA (ph) and the Trustee Council. Okay. Part of what we have in there -- I think it shows twenty-seven thousand for the next fiscal year -- what that means is that's the portion that Fish & Game will spend to read those tags, and it just happens to fall beyond October 1st, okay. So for that -- I mean, we're spending other money as well. What I'm trying to say is that far as an oil year is concerned, it's in a different oil year; as far as Fish & -- as the state's fiscal year is concerned and relative to this group of fish is concerned, it's -- you know -- the same group. So, what we're looking at then is right now we don't have the money to fund the whole thing. PWSAC doesn't have the money to fund the whole thing, nor does VFDA, okay. What we're looking at is a similar program to this next year as well, and the years after that and the years following that, yes, I do believe there will need to be a program, but I also at that point, these VFDS, PWSAC, and Fish & Game should be able to handle it on their own without the involvement of the Trustee Council for any source of money. Okay. At that point also, I think the entire program will cost less because we will have a little bit more information, and we will be able to back off a little bit on the sampling effort. In other words, one of the things that's helping us, right now -- the runway construction information is just now fitting in.

Every year you get this information, that helps you a little bit better towards the next year. But, the answer is yes, we will be asking for money next year. The year after and the years after that the coded-wire tagging program will continue, we will not ask

the Trustee Council for help at that point.

MR. PENNOYER: Mr. Chairman, a couple of follow-up points
...

MR. ROSIER: Yes.

MR. PENNOYER: ... that go along with the question that Walt asked a little bit. We have and I think a lot of people out there have been critical about funding or not funding coded-wire tag programs. We did spend through the damage assessment process the first year of restoration a considerable amount of money on pink salmon coded-wire tagging, and we've had a lot of discussions here about approving projects without having the results of what was done previously. Now you're sort of asking for two years' funding, although obviously we're not going to approve but one year at a time ...

DR. SULLIVAN: Right.

MR. PENNOYER: How does that all that fit together between an assessment of what we've done, what it meant, what you're going to do this summer if it's approved, what it means relative to the next year? When do we get this whole picture back together so we understand the pink salmon management in Prince William Sound?

DR. SULLIVAN: Okay. Relative to the coded-wire tag programs that we have done in the past through the damage assessment and early restoration projects, those reports are in to the -- the coded-wire tag projects -- those reports are in to the Chief Scientist now. They are under revision, and so, you know, how

ever long it takes to go out for review and being revised, so however long it takes to do that, that's when the bottom line answer will come on that. We do have runway construction projects that I think will also assist greatly in understanding the dynamics of Prince William Sound pink salmon, and that report I have been promised either tomorrow or the first day or two of next week. So as soon as we get that in, we will also ship that out to the -- to the Chief Scientist and peer reviewers, so it's coming together pretty fast. Okay. Tomorrow we should have the early marine portion of that, although that -- the marine portion I don't think will influence coded-wire tagging that much. It will simply help us have a better understanding of the damage.

MR. ROSIER: Before we would be asking then for the '94, anything in '94, we would have that information.

DR. SULLIVAN: Oh, absolutely. Absolutely.

MR. PENNOYER: Mr. Chairman, a follow-up then, one more on this. The first time around we discussed this this year, both the Chief Scientist and the Restoration Team fairly -- four to one -- recommended against it, and my understanding now is the Restoration Team went five-one voted for it; the Chief Scientist approved it too. And, I'm still a little bit unsure as to what all that means relative to either restoration activity or normal management function funding activity and why they changed their opinion around, and perhaps we could get an explanation on that from the Restoration Team?

DR. MONTAGUE: Mr. Chairman? -- Is this on?

MR. PENNOYER: He can hear you.

DR. MONTAGUE: Alright. Relative to, I guess, describing the chain of events that went about with the changes of opinions, during the summer of last year when the '93 work plan was first being developed, the coded-wire tagging proposal was much more expensive, it was a more extensive project, and there was not any commitments from any other funding source. So, one of the objections was the size and the fact that the agency and users need to recognize that they are not -- that they have a role in it too, and it's not just the Trustee Council and the Restoration Team. And another -- some other facts that relayed into that was that the run reconstruction and life history models that predicted what the real injury to the adults were was not presented until this February meeting, so that information was not available during the summer and one additional difference was the fact that the -- I guess -- it's the same one -- the Chief Scientist was not as convinced of an injury then as he is now.

MR. PENNOYER: I may think of something else later, go ahead.

MR. ROSIER: Did you have something, Mr. Cole?

MR. COLE: Yes, I had a question. Was this project presented to the Alaska Legislature in the recently concluded session, I mean, as part of your budget request?

DR. MONTAGUE: Mr. Chairman and Attorney General Cole, not part of the fifty million criminal money, you mean the regular state budget request?

MR. ROSIER: I'm sorry, the general fund portion?

MR. COLE: It was not in either one?

DR. MONTAGUE: This was not in the fifty million dollar criminal bill, but it is in the state budget request, general fund ...

MR. COLE: And did the legislature reject it in the general fund budget request?

DR. MONTAGUE: I'm not aware of what the outcome was.

MR. ROSIER: We know that basically we've been cut about four million dollars in the state general fund dollars on this. Now where that -- whether this specific project was, in fact, remains to be seen, but we did not budget the entire four hundred thousand dollars for this particular project.

MR. COLE: Why didn't we put it into the fifty million dollar budget grouping?

MR. ROSIER: The -- because of the ongoing nature of this, really. Mr. Pennoyer was quite correct when he indicated that, you know, this is -- this is a long-term operational-type program that will require that we, in fact, request the budget cycle, at least the state portion of this, be funded by general fund.

MR. COLE: My question is, the hurdle for me is, is if the legislature doesn't want to fund this, why should the Trustee Council meet it?

MR. ROSIER: Well ...

MR. COLE: Maybe Commissioner Sandor has a response.

MR. SANDOR: As I understand it, the reduction in part, in major part, of the budget that you had run allocated, and you have some discretion of where those cuts are to be made.

MR. ROSIER: That's correct.

MR. COLE: I know, but they cut four million, and then -- I'm not being critical of Commissioner Rosier. Of course, I'm not being critical of the legislature (simultaneous laughter) -- you know, they cut four million, and then Commissioner can't do these funding projects, so they come here and say we want the money from this. I mean, you know, we're not sort of a catch-all, at least as I understand it. I maybe wrong -- for what the legislature, in its wisdom, decides not to fund. I mean, they had -- I thought they had enough money from the income this year to be able to fund projects like this, so why should we be, you know, having to take the hit for -- the financial hit for this.

MR. SANDOR: But, Mr. Chairman, isn't it -- two hundred and seven of this is coming from other sources?

MR. ROSIER: That's correct.

MR. COLE: I know, but if I may respond -- other sources, that doesn't necessarily mean from the Alaska State Legislature either. That's what I'm addressing.

MR. ROSIER: (Inaudible -- coughing)

MR. COLE: Well, I think we have to have a proverbial hard look, as the Alaska Supreme Court says, at this sort of business.

MR. ROSIER: Yes, Mr. Montague.

DR. MONTAGUE: Can I address that a little bit? The primary answer to your question is for the restoration value, and I understand the restoration value of both to the resource and the service, I think it's key to know what the injury is, and the injury to the service, first of all, was the closure of the fishery in '89 -- the primary closure of the fishery -- and then the fish that were in the early marine stage in 1989 in oiled areas was estimated to result in a loss of several million adults coming back in 1990, and the reduced egg and fry survival shown in the oiled streams is estimated to currently result in several hundred thousand -- a loss of several hundred thousand -- adult pink salmon back to the wild streams. So, it is -- it had injury in the beginning, both to the resource and the service, and it has a chronic injury that's continuing up until now, so the reasoning, you know, why the Council would want to participate in that would be the same in many other restoration projects in that there's a restoration benefit in terms of ensuring more fish back to the wild oiled streams and ensuring better value and perhaps even a larger catch for the commercial fisheries service that was injured.

MR. ROSIER: Mr. Pennoyer.

MR. PENNOYER: Mr. Chairman, I guess my question -- I was sort of going along with that idea, and my problem was more at which point do you slide from one to the other, and, in fact, you've got an injured resource, and I think from Dr. Spies' comments that he agrees with that, so I think we've got some unanimity of -- agreement -- that there's some injury here even if

we can't quantify the total amount very well. But at some point, this becomes a normal management function because, I'll guarantee you, that everything you've said so far, oil or no oil, when we slide back, if these did fully recover, and you went back to doing your normal management job, they'd slide back down again. So, it's some combination of management and oil spill that causes your current problem, and in the long run it's going to be -- well, heaven forbid another oil spill -- but the management anyway is going to be your problem. So, at some point, the Trustee Council has to have some way of deciding how long it's going to do this, and if it's going to do it. I know we have done quite a bit of it.

I know a lot of people don't give the body credit for that, but back over the last period of time since the spill, we've done quite a bit of coded-wire tag and recovery work to get the, quote, answer. Now, it appears to me that you think you've got, quote, the answer, so we spent a lot of money to get the answer, now you want funding to just go out and do the work. On the short term, you're dealing definitely with -- well, I won't say definitely -- say, apparently -- with an injury, and also the funding is being shared -- it's not all one thing or the other -- but at some point it's going to slide over the other end and we get a normal management, legislative requested function if it's really required to manage fisheries in Prince William Sound, and it sounds like it is.

MR. ROSIER: Well, yes. And in response to that, I think that that's at least part of the strategy that we've put

forth here today on this is that this is important at the present time. I think, as I stated early on, this is only one small issue of one small problem that Prince William Sound has been faced with.

There is no question in my mind that we will, in fact, manage pink salmon stocks in Prince William Sound this year, but the fact remains is that we've got the opportunity here. We've seen it and we've heard it, and we see it in the form of the -- certainly the petitions have been put forth here -- that this is -- this is a request. I certainly recognize, of course, that this is basically an on-going management function at some point. However, we still have questions in terms of the injury to the pink salmon resources there. Those are continuing to be looked at, I think, by both NMFSA (ph) as well as ADF&G as part of the ongoing budgets. So, it's not as if, you know, we're asking the Trustees to, in fact, shoulder the entire load. I feel that, you know, if we can get through, certainly this year and perhaps next year -- we're not sure at the present time on this -- at that point then, the state will, in fact, be willing to, in fact, take this program over, probably in conjunction with the -- with the private sector, but we're not geared to do that at the present time. Mr. Cole?

MR. COLE: Well, I -- my position -- I support the project, but the reason is, notwithstanding my reservations about legislative inaction, is that we have been a little shy of doing what we ought to have done by way of restoration projects for the fisherman in Prince William Sound. I think they were hit the hardest, and I think it's a -- somewhat past time that ...

MR. ROSIER: Mr. Cole, we're getting the signal that your microphone is upside down.

MR. COLE: Oh -- just as well (simultaneous laughter) -- but I -- I think that we've got to move forward more rapidly and -- in supporting restoration and helping the fishermen in Prince William Sound. I think that come the June 1 meeting and June 2 meeting, I would like to see us prepared to move forward aggressively in that arena. Sound alright, Mr. Barton.

MR. BARTON: Sounds good.

MR. ROSIER: Other comments? Pam.

MS. BERGMANN: I'd just like to make one point as a participant in the conference call yesterday between the Restoration Team and the Chief Scientist, I'm not sure that it's accurate to say that the Chief Scientist supported the project. We never really asked him that question directly. I think if we had, he probably would have deferred and said this was more of a policy call. I did ask him specifically if he had changed his mind about pink salmon being injured at a population level. He indicated that he had not changed his mind; he still had some concerns about whether or not they were injured at a population level. I asked him specifically how he viewed -- how effective he thought this project would be in terms of restoring pink salmon, and he declined to respond to that. He indicated that he thought it was good for the resource, but he wouldn't -- didn't -- address the question as to how effective it would be in terms of doing actual restoration to an injured resource. So, again, I just think it was that -- he

did not clearly come out saying, yes, I'm behind this -- support this project.

MR. PENNOYER: Mr. Chairman.

MR. ROSIER: Mr. Cole -- Mr.

MR. PENNOYER: Previously he came out and said --

MR. ROSIER: Mr. Cole.

MR. COLE: As a matter of personal request, I would like to hear what Dr. French has to say about this. He's an independent expert.

DR. JOHN FRENCH: I didn't really expect to say anything about this. I guess, I should grab a mike so I'm on record.

MR. COLE: Do you support this project?

DR. FRENCH: Yes. Very briefly, I do think that it's -- with respect both to a management tool and to the effect of rehabilitation of stocks in the Sound and elsewhere, it's important to be able to use management tools that discriminate as much as possible, and in that sense I think the coded-wire tags are a good -- a good measure scientifically. Now, whether it's the best or the only way to do it, that's another question. I think a lot of other -- what everybody said about it being a policy call is critical. I think the general lack of support of commercial fisheries-affected activities by the Trustee Council is very strongly felt, at least throughout the area I've been in, and I think that's a critical factor to consider here also.

MR. SANDOR: You would support the project or not

support the project?

DR. FRENCH: I haven't seen the revised budget. The first one was very expensive, but I -- this one I understand has been pared down significantly, and I would support it at this time, yes.

MR. ROSIER: Mr. Brodersen.

MR. BRODERSEN: Yes, sir. I would like to -- excuse me -- briefly characterize a little bit what I understood Bob Spies to say yesterday about this project. Actually, Byron hit him up twice specifically on this, and the Chief Scientist is still in the position of saying that pinks as a species were injured, but he's not sure there is a population effect yet, and I think that's something that we need to clarify there, that it clearly was injured, but it might not -- may not have been the population effect, and so he was reluctant to come straight out and say he supported the project as a restoration project, but he did say that if one were to look at it in terms of an enhancement project, he was fully behind it and would support it on that basis, and that he could conceivably support it on the basis of a restoration project once a better determination is made as to whether there was a population effect on the species or not. As I'm sure you're all aware, the Chief Scientist is very conservative on what he suggests we do for restoration projects in looking for a population effect, but that's a policy call that you, gentlemen, need to make.

UNIDENTIFIED VOICE: Question.

MR. ROSIER: The question has been called for.

MR. PENNOYER: Mr. Chairman.

MR. ROSIER: Yes, Mr. Pennoyer.

MR. PENNOYER: Excuse me, Mr. Cole. But, clearly, as far as I'm concerned, if I'm voting on this, I'm voting on it for this year, and we need to discuss this and arrange for the total expenditures for next year, pursuing the many projects aggressively, but this is not a two-year (indecipherable). We review the results, and (indecipherable) we go from there.

MR. ROSIER: Mr. Barton.

MR. BARTON: I have one question related to loss of service to commercial fishermen, is that a public loss or is that a private loss?

MR. BRODERSEN: Mr. Chairman.

MR. ROSIER: Yes, Mr. Brodersen.

MR. COLE: ... the Department of Justice that question.

MR. PENNOYER: Are you ducking?

MR. COLE: You know me.

(Simultaneous laughter)

MR. ROSIER: Mr. Brodersen.

MR. COLE: Let me respond to that if you will. Several months ago, you will recall the Department of Law completed its magna opus on the scope of restoration, replacement, enhancement, etc., and we are trying -- have been trying -- for sometime to get total agreement with the federal forces on that document, and so, the reason that I do not respond -- the reason I

respond only obliquely to your question is because I wouldn't want to pre-empt the Department of Justice and the federal forces' analysis of that, you see.

MR. BARTON: Mr. Chairman.

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: I appreciate your desire to not precondition the response from the federal forces, but, I mean, are there private lawsuits -- have private lawsuits been filed because of the loss of service to commercial fishermen?

MR. COLE: I'm not sure it's the theory of loss of services; it's just loss of income from -- from the ability to pursue their trade.

MR. BARTON: But that's essentially the same thing, isn't it?

MR. COLE: Yes.

MR. ROSIER: Further comments? The question's been called for. Those in favor signify by saying aye:

MR. PENNOYER, MR. COLE, MR. ROSIER, MR. BARTON, MR. SANDOR: Aye.

MR. ROSIER: Those opposed?

MR. STIEGLITZ: Nay.

MR. ROSIER: Motion fails. We've got about ten minutes until -- until we've got to break for setting up for the teleconference on this, and we've got a number of items that are still on the agenda sheet here. Dave, is there something that the staff needs specifically off of here before the June meeting?

DR. GIBBONS: No, there isn't anything off here that -- Gary Thomas is here though. He made a trip in from Cordova, so if we could talk perhaps about item ten, at least some feel for item ten, which the MOU between -- do that

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: I'd like to know the Council's motives in the blizzard of paper that went around here earlier, this May 13 letter from Koniag Incorporated, laying a formal offer on the table for the subsurface rights at Seal Bay. I'm sure Mr. Cole noted that and will pursue it as we earlier voted. The second thing I think that needs cleaned up is that we did not designate a federal lead agency for NEPA compliance on Seal Bay, and that probably needs to be formally done -- or on the Afognak acquisition.

MR. COLE: Let the Forest Service do it, like they did with Kachemak Bay (inaudible -- out of microphone range)

MR. ROSIER: Is that a motion Mr. Cole

MR. COLE: Yes.

MR. ROSIER: Motion made and seconded to identify the Forest Service as the lead federal entity. Those in favor signify by saying aye.

ALL TRUSTEES: Aye.

MR. ROSIER: Opposed? (No response) Congratulations.

MR. COLE: Glad you brought it up.

(Inaudible -- simultaneous laughter)

MR. ROSIER: Are there -- are there any other items on the list here that the individual -- Dave?

DR. GIBBONS: You might talk about the next meeting. I have a suggestion. It sounded like there might be a teleconference, possibly early next week, so if you could adjourn this meeting and not -- I mean, not adjourn it, but just continue it on, to the first and the second, it might be -- facilitate a teleconference or something that might be needed.

MR. ROSIER: I'm not sure I'm going to let you sit by Mr. Pennoyer either. He's influence in both directions. (Laughter) Alright. Are we on track -- are we on track as far as the June meeting is concerned?

DR. GIBBONS: We are on track. There will not be a mid-June meeting needed. The Trustee Council can deal with the '94 work plan on the 1st and the 2nd. Developing the assumptions, we'll have a good feel there. So, I -- looking at the agenda, I think we can conduct on the 1st and 2nd.

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: I -- I'd like to make another motion dealing with this coded-wire. I -- I would move that instead of transferring two hundred and thirty-two thousand from the Kenai River sockeye salmon restoration project, number 93-015, that we transfer only a hundred and fifty thousand from that project and add it to the two hundred and seven thousand. I'll make that motion now.

MR. SANDOR: I'll second it.

MR. ROSIER: Motion made and seconded to transfer a

hundred and fifty thousand from project 93015 to the coded-wire tag recovery program for 1993 in Prince William Sound.

DR. MONTAGUE: Mr. Chairman.

MR. ROSIER: Yes -- Mr. Montague.

DR. MONTAGUE: The one thing we needed to mention about that project, and that is that NOAA has completed National Environmental Policy Act compliance on that and it did receive a categorical exclusion. I probably should have said that before the last vote.

MR. ROSIER: So that --

MR. PENNOYER: Mr. Chairman -- at least I understand -- I don't -- I guess I don't understand what that does to the project, for the one thing, and two, what it does to change our reasons for voting for or against it the last time. I -- maybe what we need to do is just go back and having made modifications and discuss again what the bases are for doing this or not doing it, rather than just the change in the amount of money, even though that is a rationale for doing it. Does a hundred and fifty thou -- first of all, does a hundred and fifty thousand dollars still leave you a viable project.

MR. ROSIER: Mr. Chairman --

(Simultaneous laughter)

MR. PENNOYER: That's okay. It became kind of an honorary title after being it for so long.

(Simultaneous laughter)

MR. ROSIER: I think we're about to begin sharing that,

Mr. Pennoyer, but -- (simultaneous laughter). But, I guess, at a hundred and fifty thousand, basically, what that means is that there would have to be additional match put -- put forward by the participants in this, and -- and I'll certainly -- we would work very diligently to, in fact, try to put that kind of match together. But, if it's not a viable project and we can't put the match together, it means the hundred and fifty thousand wouldn't be spent. Yes, John?

MR. SANDOR: Well, I'd like to answer to the second question that you raised, and I think perhaps the fishermen of Prince William Sound and those who passed resolutions similarly would like to know, really, and I do not know, why did that project fail? I don't even know who voted against it. But if it failed on a six to one vote or a five to one vote, or whatever else, what -- why did it fail?

MR. ROSIER: Mr. Stieglitz.

MR. STIEGLITZ: Yeah -- let me explain why I opposed the motion, and it goes along the lines that Mr. Pennoyer was following early on. At some point in time, you have to make the break, it occurs to me, in leaving the use of restoration funds to support this kind of project. And this is purely a management problem at this point, and it's going to be a management problem for, who knows, off into the future, and I don't think you can continue to use Exxon Valdez restoration funds to fund a project that is clearly in the management arena, even though -- you know, there's even some question about the linkage between this and the damaged

resource, i.e., pink salmon. I just have a hard time funding, even for one more year, a project that falls in that category. I'm very sympathetic to the funding problems that ADF&G has, and I'm sympathetic to the commercial fishermen in Prince William Sound, but it appears to me like we have some responsibility to draw that line, and in my mind and in that case -- in the case of that project, it's time to draw it.

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: Well, isn't the purpose of this study to make that very determination of whether what is occurring out there in the Sound is owing to the spill and the subsequent effects? That's what we're really getting at. That's why I support the project -- because we haven't really said this is unrelated to the spill, because we know that there's variations occurring out there -- John?

MR. SANDOR: Well, we've also heard, Mr. Chairman, that -- the Chief Scientist acknowledges that the species was damaged to an extent, but the question of population is still up in the air. But the other point that's significant, I think, is that the Chief Scientist recognized this as an enhancement; it's not for restoration. And it seems to me that the enhancement aspect of this is as important and certainly is authorized by the consent decree.

MR. ROSIER: This -- I think Mr. Stieglitz has raised a good point here on this, but I think that, you know, this becomes

a policy issue in my mind at virtually every species that we're dealing with. We've got bird projects, and we've got (indecipherable) projects, and at what point does it become the responsibility of the individual management agencies to pick up those costs. There's -- you know, I feel badly, of course, that this particular project is the one that's the focus here on this, because I can think of several projects that have been approved for this year which, in my view, following that particular policy, we should not be funding. John?

MR. SANDOR: Well -- finally, the fact that this is a shared funding, I recognize that this is both the restoration/enhancement as well as a management function itself, and it just brings -- gathers the remaining information that we need to really define what, in fact, has happened and is happening.

MR. ROSIER: Mr. Pennoyer.

MR. ROSIER: Mr. Chairman, clearly one of the questions we're asking here is when do we stop restoring and/or enhancing, whatever we decide to do with our restoration funding in its final analysis, and that's one of the questions we ask in our restoration planning document we're sending around is when do you quit enhancing or restoring, or whatever, an injured resource? When is enough enough? Do you quit when that injured resource recovers to pre-spill levels? Do you continue after that? We don't have the answer to that question either to (indecipherable) legal because this paper Attorney General Cole referred to has not yet been responded to by the federal forces. We don't have it from a policy

standpoint because we haven't completed our restoration plan. And I guess my druthers is the first time we voted on this was that we wait until we get those answers and have the plan in front of us to decide how ongoing management or management enhancement plays in our total expenditure of restoration funds. For that reason, I voted against it the first time. I'm compelled this time to have done it on a one-year basis -- not for the second year necessarily -- because there is an answer to be had out there, there's an opportunity to be lost out there because of the money invested in tagging those fish and the practical conditions come together to work on getting these answers. I think it will become an ongoing management responsibility at some point -- and whether we do some of that even, as part of our enhancement, in the final analysis it's going to depend on this total restoration plan that we put together. Based on that, we sort of said for '93 we would not undertake any of these things. We would wait until we had a '94 work plan and a restoration plan done to make that decision. However, I am compelled by the fact that the resource was injured, by the fact that we have an ongoing investment in this stock and the research dealing with it, and we have people willing to cooperate on the tagging -- or the tag and tag recovery -- to go ahead on a one-year basis and say, let's do it. I still think that at some point Fish & Game is going to have to make that decision on priorities, but I -- that's why I voted for it, and I'm really not -- with that discussion, I'd just as soon -- if we -- if we decided to do it, I'd as soon not come back and do it at an amount that

wasn't going to provide for the full project. If you have to alter it and make it two hundred and thirty thousand instead of two hundred and thirty-two if you want to vote on it again, but I -- but that's why I voted for it this time, and I voted against it the last time, and I'm not sure I'll vote for it next year.

MR. ROSIER: Mr. Cole.

MR. COLE: What I find troubling is that we committed today thirty-eight million for habitat acquisition, and then we say, well, you know, we want to take two hundred and thirty-two thousand dollars off the backs of the fishermen in Prince William Sound. Those are projects which I -- like I say, the people who took the hardest personal hit of anybody in the spill, and say, well, that's outside where we are. And I think we owe it to those people to give them all the support that we can muster, and two and thirty-two thousand dollars is not much of a contribution if we can add some relief to the problems they're having out there. I think we must do this.

MR. ROSIER: Yes, Mr. Stieglitz.

MR. STIEGLITZ: I'd think I ought to respond to that. Charlie, I guess I'm not comfortable with your comment that this is a shot at the commercial fishermen. It's not that at all.

MR. COLE: I don't say that personally.

MR. STIEGLITZ: I have -- I have -- as I said, I have complete sympathy for the problem commercial fishermen had in Prince William Sound for causes related to the spill. But it's not in the context that we're trying to benefit one group of people

versus another group of people.

MR. COLE: Well, let me respond since we're narrowing down ...

MR. ROSIER: Mr. Cole.

MR. COLE: I thought there were projects from the Department of the Interior or somebody to spend a half a million dollars piping music to the murrens out there, you know, on some of these islands that were so steep that someone said you had to hire mountain climbers to get up there to put the -- photograph them out there.

MR. STIEGLITZ: I voted against that one.

MR. COLE: No, but I'm not saying what we did, I'm saying this was a Department of the Interior project, and I'm saying that -- you know, if you want to make a comparative analysis, these fishermen who were hard hit I think we have not done enough for them, and this is a project that they think is important to them, those people who were out there plying the waters as a way of life, and I think we should give great deference to their views as to what's important to them to provide restoration, replacement, enhancement of these injured resources. They're the ones, in my view, who are better able than all these scientists to, I think, make that decision, and I think we should give great deference to what they think would help them most.

MR. ROSIER: Mr. Sandor.

MR. SANDOR: I am also somewhat troubled by Mr. Stieglitz's last comment, as I understand it, with respect to the

fishermen and the fact that they were impacted and that we ought not give consideration. A lot of resources and services damaged, certainly harlequin ducks and the marbled murrelets, and so forth, and so forth, but people as well. And individuals were impacted by the spill, communities were impacted by the spill. They, too, need to be restored and their benefits enhanced. And it's incredible to me that we would not give as much recognition to the individual people who were adversely impacted as we would by, you know, any individual species. So, I guess I'm a little bit -- the rationale for not voting for this particular thing has not been clarified by the discussion of the last fifteen minutes, and I -- so, therefore, move that if it's not possible to -- or recognize my support -- if it's not possible to give the original proposal, I support the one hundred and fifty thousand -- and get the additional matching money from wherever. So, I guess --.

MR. ROSIER: Mr. Barton, a question?

MR. BARTON: Mr. Chairman, I -- I think we've got a little tunnel vision here. We've spent millions of dollars on fisheries studies and fisheries work over the last four years, so to say that we've not done that and imply that we've not done that, I think is a great disservice to the Council.

MR. ROSIER: Mr. Brodersen.

MR. BRODERSEN: Thank you, Mr. Chairman. We've spent a tremendous amount of money on damage assessment, trying to figure out what problems we had and didn't have with various injured resources throughout the spill area. We have also determined that

the restoration measures available to us are somewhat limited. One of the measures that clearly should be available to us is enhancement of management action or increased management actions to be able to restore some of these injured species through better management. I heard statements earlier that troubled me greatly that -- that perhaps we shouldn't now be doing any more restoration implementation actions where they involve management. I -- I hope that that's not the road that we're going down, because of the dollars that we spent on damage assessment, clearly some of the most cost-effective things we can do for actual restoration implementation is to improve our management abilities to get these injured resources restored.

MR. ROSIER: Mr. Brodersen, I think on that particular point, I believe that the question was really one of when you make the separation, not that we were, in fact, deleting the management -- actions -- as a restoration-type approach.

MR. BRODERSEN: I heard that, and I also want to add on to that that we essentially have not done much in terms of direct restoration or restoration implementation through management or any other activity, and that to cut off management actions now says that we're not going to do direct restoration implementation through management actions, at least that's my -- I thought I was hearing. I was hoping to get that clarified.

MR. ROSIER: Yes.

MR. STIEGLITZ: Let me respond. I didn't hear anyone say that. We're talking about one particular project that seems to

have management implications that are going to go off into the indefinite future. Nobody has -- I haven't heard anybody say how many years we're talking about here ...

MR. COLE: One, I thought.

MR. STIEGLITZ: No, that's not -- I heard Steve Pennoyer comment that in his vote indicate he was voting for it for one year. That's not part of the motion. The testimony I heard indicated that this need is going to go on for a period of years. Nobody knew how many years. Definitely this year and next year, and I heard the gentlemen say, yeah, and beyond that. That's the kind of project that I'm talking about that I have some concern about starting off on a road that's going to commit restoration funds off into the future with no known end to it. That's what I'm concerned about. I want to make that very clear. That's the only reason I made the comments that I did.

MR. ROSIER: Well, I think that if we, again, have a restoration plan out that (a), pick any particular strategy to deal with restoration and enhancement as part of this package that we have as part of the whole restoration process. That has not been decided that. We have not decided what that mix will be. We've made a few decisions. We've bought some land here, we've committed to a museum, done some other things, but by and large we've barely scratched the surface on deciding what we're going to do for restoration. One of the tools in that kit, and I think we've agreed to send out there, is management action, and we then haven't taken the next step in which is also in that kit for how long and

to what level of recovery. I think those are all possible options. But, again, we're in a timing situation here because we said in '93 we probably wouldn't do very much restoration implementation unless it's time-critical.

MR. COLE: And we axed several projects ...

MR. PENNOYER: And we axed several of them. And, again, this one originally was one of those. The other reason I was compelled to think of it differently at this time was not because I was making a decision we're going to fund this thing all out into the future at some level -- one year -- but because we were going to lose an opportunity because of the tags that are already out there, the ability of these people to come together and fund something -- and that was also my question about when these reports are going to come out -- to see how effective this strategy is going to be and make those decisions when we get the restoration plan review done. So, I don't think (indecipherable) we're ruling that out. Walt, I hope you don't think I was voting for it because I was agreeing we should fund, quote, normal, whatever those are, management actions on into the future, because I wasn't.

DR. MONTAGUE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Montague.

DR. MONTAGUE: There's a number of important points that I just feel really compelled to talk about, and one of them is that every natural resource agency has its management mandates. What we're really talking about here is better management for the sake of restoration. And there isn't any harvest that couldn't be

managed better, and one of our theses relative to restoration is that dollar-for-dollar, we can put more injured resources of a harvested population back into their wild breeding areas for restoration purposes cheaper through better management than we currently do than really any other restoration action. When you compare, say, the value of how many more fish are you going to have in these anadromous streams by purchasing these habitats, dollar for dollar I think it would be far more expensive giving, you know, having more fish back from that than it would be from better management actions. I feel that better management is really being short-shrifted as a real cost-effective restoration action, and, you know, the argument has been, you know, this is something that you should already be doing, I guess I would, not meaning to single anybody out, but just an example that is well understood, for instance is DNR's mandate to acquire state parks, and obviously, Kachemak Bay State Park was one that's been wanted for awhile. I guess, you know, you could use the argument that if the state wanted it, they'd have bought it. And with the Department of the Interior with their in-holdings in the wildlife refuges and in the national parks, it is their mandate to eventually acquire those, and my guess is that it's almost like saying you're supposed to get them anyway, so why should the Trustee Council funds be used for it, and, you know, it's the same thing ...

MR. ROSIER: Dr. Montague, I going to have to cut you off here. We've got to vote on this -- this issue -- and we've got to prepare for a public hearing here in about thirty seconds. Yes,

John?

MR. SANDOR: Quickly, since the issue really is a -- is just is this a multi-year or just a single-year project, my vote for it is a single year project, and if the mover of the motion would agree that we're talking about a single year as opposed to multi-year, maybe we can clear that one up.

MR. COLE: Of course. Only one year.

MR. SANDOR: I call for the question.

MR. ROSIER: The question's been called for. Those in favor, signify by saying aye.

ALL TRUSTEES: Aye.

MR. ROSIER: Opposed? (No response) The project was approved at the hundred and fifty thousand dollar level.

MR. STIEGLITZ: If I might comment?

MR. ROSIER: Yes, Mr. Stieglitz.

MR. STIEGLITZ: I was certainly swayed by the strong arguments made by my colleagues on this board. The killing point in my mind is the one-year funding. I'm concerned about the long-term trough we might place ourselves into.

MR. ROSIER: Let's take a break here. We've got to set up now for the public hearing -- the public comment period. Ten minutes? Alright.

(Off Record at 4:00 p.m.)

(On Record at 4:15 p.m.)

MR. ROSIER: Good evening. Good evening, ladies and gentlemen. We'd like to get this public comment period started

here. We're sorry we're running a little behind time here. The Council has been working very hard. It's taken some very significant actions here today that we're outline for the various groups. Could we -- I'd like to know how many sites are on line here at the present time. Is Chenega Bay on?

TELECONFERENCE BRIDGE OPERATOR: This is the bridge operator. No.

MR. ROSIER: Okay. Cordova?

TELECONFERENCE BRIDGE OPERATOR: Yes.

MR. ROSIER: Okay. Fairbanks -- Legislative Information Office?

TELECONFERENCE BRIDGE OPERATOR: Yes.

MR. ROSIER: General Legislative Information Office?

TELECONFERENCE BRIDGE OPERATOR: No.

MR. ROSIER: Homer teleconference center?

TELECONFERENCE BRIDGE OPERATOR: No.

MR. ROSIER: Kenai Peninsula, Soldotna, Legislative Info' Office?

TELECONFERENCE BRIDGE OPERATOR: Yes.

MR. ROSIER: Kodiak Legislative Information Office?

TELECONFERENCE BRIDGE OPERATOR: Yes.

MR. ROSIER: Seward volunteer teleconference center?

TELECONFERENCE BRIDGE OPERATOR: No. No one else is on. You've hit the ones that are on.

MR. ROSIER: Okay. Tatitlek, Valdez, and Whittier, those stations are not on?

TELECONFERENCE BRIDGE OPERATOR: That's correct.

MR. ROSIER: Alright. Good enough then. I would -- we'll start the comment period here this evening with Chenega Bay, and I would ask that the individuals that are there to testify, please -- oh, yes, I would ask the participants to, in fact, hold their comments to five minutes or thereabouts, if possible, but before we're getting started here, I would like to have Dave Gibbons give a review of the information regarding the actions that the Trustee Council has taken here today. Dave, would you proceed, please.

DR. GIBBONS: Thank you, Mr. Chairman. The first action item today dealt with the budget. The Trustee Council adopted a reduced four-month administrative support budget for a period June 1st, '93, to September 30th, '93. That was proposed by the Administrative Director and the Restoration Team. The Trustee Council next approved a motion that the Trustee Council agreed to accept Seal Bay proposal number three for thirty-eight point seven million dollars for the purchase of seventeen thousand three hundred and ninety-one acres in the Seal Bay, and Seal Bay will donate its approximately twenty-five thousand acres on Tonki Cape, so the total acreage is probably approximately about thirty-two -- forty-two thousand -- acres, excuse me. Their sale price, subject to the appraisal. If the appraisal is less than thirty-eight point seven million dollars, Seal Bay has the option to sell at the appraised price, and the Council will buy at the sales price. If the appraisal is more than thirty-eight point seven million

dollars, one, if more than thirty-eight point seven million dollars and less than forty-two million dollars, Seal Bay agrees to sell and the Council agrees to buy at sales price of thirty-eight point seven million dollars. If appraisal is more than forty-two million dollars, Seal Bay has option to rescind the offer. The agreement is also subject to the Seal Bay board approval and satisfaction of hazardous waste survey, title search, NEPA compliance, and the appraisal as mentioned above. All conditions of this agreement will be completed within sixty days or can be extended by the mutual agreement of both parties. The payment will be installment payments of a three-year term agreement at the federally determined interest rate. The Council also specified that they will not pay more than thirty-eight point seven million dollars, and that Seal Bay board or activities will cease further land use activity in the Seal Bay area. The next motion the Trustee Council passed was to have the Department of Law work with the subsurface rights owners of the Seal Bay and Tonki Peninsula properties for possible acquisition. The next motion they approved was to approve funding for an appraisal and hazardous waste survey for the Seal Bay properties. The Trustee Council took an action to review the habitat identification and acquisition coordinating and approval process guidelines at the June 1st and 2nd. The Trustee Council has deferred this item for further review for the June 1st and 2nd meeting. The Trustee Council approved a motion to approve up to fifteen thousand dollars to cover Coast Guard participation travel costs in the shoreline assessment project 93038 previously approved

by the Trustee Council. The Trustee Council approved that the U.S. Forest Service would be designated lead federal agency for the Seal Bay NEPA compliance work, and the final motion passed today was the Trustee Council approved a hundred fifty thousand dollars for the pink salmon coded-wire tag study -- that it's matching the two hundred and seven thousand eight hundred dollars from other sources, the state and private, for 1993 only -- a one year funding.

UNIDENTIFIED VOICE: (Inaudible -- out of microphone range)

DR. GIBBONS: Yeah, it was transferred from 93015.

MR. ROSIER: Thank you, Dave. I think, with that, if we could start with individuals present at the Chenega Bay site, please step up to the mike and speak loudly so that we can hear you, and go ahead, Chenega Bay.

TELECONFERENCE OPERATOR: There's no one there.

MR. ROSIER: Oh, Chenega Bay is out? I guess we go to Cordova. Cordova is next.

MR. BOB PLUMB: (ph) Yes, my name is Bob Plumb. I'm a commercial -- am I coming in sound-wise?

MR. ROSIER: Yes, you're coming in loud and -- loud and clear, Mr. Plumb.

MR. PLUMB: Yes. I've got a couple -- one suggestion. I'd like to see the public comment period happen twice. I would like to see it happen at the beginning of your meetings and at the end so that action that you take during your meeting can reflect

the public comment. Also, I was going to speak in favor of coded-wire tagging for the salmon. My -- matching funding to me is when you match everything that's there. That's what I'd say on that, and I'll pass the microphone on to somebody else here.

MR. ROSIER: Okay. Hold on there, Mr. Plumb. Any comments or questions for Mr. Plumb from the -- from the Council? Hearing none, we'll take a second speaker from Cordova there, please.

MS. NANCY BIRD: (ph) Yes. This is Nancy Bird in Cordova. I would like to thank the Council very much for many of the actions it appears you have taken today. I was trying to take notes as Mr. Gibbons gave the summary, but it sounds like there are some very good things finally happening. I would like to thank you for the monies for the coded-wire tag project. It will mean a lot to this community, as well as the commercial fishermen in Prince William Sound, sport fishermen, subsistence users, the whole gamut.

Can I ask a question about the other two projects that the City of Cordova's resolution 9325 spoke to, what kind of actions were -- what kind of discussions occurred, and if there is some future action that might happen on those.

MR. ROSIER: Those two projects regarding herring and the coded-wire tag recovery on the longer-lived species will have to be considered at a future meeting. There was -- they were brought up, but there was no debate or discussion on those. It centered entirely on the pink salmon project.

MS. BIRD: Okay. Well, if I could just reiterate.

I guess it's my understanding, unless I'm mistaken, that the coded-wire tag recoveries for the chum, sockeye, coho and chinook salmon fisheries are just as important as the pink salmon project. Those tags, if they aren't recovered this summer, they're not going to get recovered, and the data will be lost forever. You know, it seems like a relative small amount of money for what could be very important data for Prince William Sound and the residents of this region that depend on those fisheries. So, I would just like to urge that that be reconsidered at your June 1st, 2nd, meeting if I'm correct in hearing that that's the date of the next meeting.

MR. ROSIER: Thank you, Ms. Bird. Okay. I think -- how many people -- how many people do we have to testify in Cordova.

TELECONFERENCE BRIDGE OPERATOR: There are several other observers, but I don't see anybody else raising their hand to testify.

MR. ROSIER: Okay. Then we'll move on to Kenai Peninsula -- I believe that was the next -- or Fairbanks? Okay. Let's move on to the Fairbanks Legislative Information Office then.

Is there anyone there to testify in the Fairbanks office? Is there anyone to testify at the Fairbanks office?

TELECONFERENCE BRIDGE OPERATOR: No, there is not.

MR. ROSIER: Okay. And according to my notes, the general is off, Homer is off. The Kenai Peninsula, Soldotna office is the next office, is there anyone at the Kenai office to testify?

TELECONFERENCE BRIDGE OPERATOR: Yes, there's two folks

here.

MR. ROSIER: Yes, please proceed with your first individual, please.

MR. WADE WAHRENBROCK: My name is Wade Wahrenbrock, and I guess as compared testimony or maybe some questions to start off with, and concerning the Seal Bay area, your proposals there ...

MR. ROSIER: I'm sorry, what was -- what was the name again.

MR. WAHRENBROCK: Wade Wahrenbrock.

MR. ROSIER: Would you spell that, please.

MR. WAHRENBROCK: First name is W-A-D-E. The last is W-A-H-R-E-N-B-R-O-C-K.

MR. ROSIER: Okay. Go ahead, there Mr. Waynebrock (ph) (sic). Is it Waynebrock?

MR. WAHRENBROCK: Wahrenbrock.

MR. ROSIER: Wahrenbrock. Okay.

MR. WAHRENBROCK: I guess I just wanted to ask a couple of questions, if I might, in regards to the Seal Bay purchase proposal here. Is there some information as far as the basis of habitat protection your decision was made on there, or what are we protecting, I guess is what I'm after?

MR. ROSIER: Yes. There's a substantial amount of information there on that. Dave, do you want to ...?

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes.

MR. COLE: Could we make arrangements to have Mr.

Gibbons mail that to Mr. Wahrenbrock. We have some data, and I think it would be more beneficial perhaps if he had the written supporting data than if we tended to summarize it and -- in ten seconds on the teleconference.

MR. ROSIER: Would that be satisfactory, Wade?

MR. WAHRENBROCK: Yes, it sure would. I appreciate that. In view of that though, is there going to be another chance to provide public comment after that's received?

MR. ROSIER: Well, certainly, with every new -- new meeting of the Council, we have a public comment period.

MR. WAHRENBROCK: Okay. If you could mail that to me, I guess that would be appreciated, and that's about all I have to say. Thank you.

DR. GIBBONS: Could I get your address, please.

MR. WAHRENBROCK: Yes. It's P.O. Box 628, Soldotna.

MR. ROSIER: Okay. Good enough. Is that all you had, Wade.

MR. WAHRENBROCK: Well, maybe one other question here. In regarding -- if that land is purchased, presumably there would be some agency set aside to -- as a land manager. What agency is identified for that?

MR. ROSIER: That --

MR. COLE: Department of Natural Resources.

UNIDENTIFIED VOICE: Department of Law, I thought.

MR. ROSIER: That and the ownership of that -- has not been determined at this point in time, Wade.

MR. WAHRENBROCK: Okay. DNR is the designated agency at this time, I presume?

MR. ROSIER: Mr. Cole.

MR. COLE: Well, I think we can say this much, the title will vest in the State of Alaska, and I would imagine that the Department of Natural Resources as the land manager for the State of Alaska would have the management authority, in conjunction, of course, with the Department of Fish & Game.

MR. WAHRENBROCK: Okay. (Indecipherable) giving me the opportunity here. Thank you very much.

MR. ROSIER: Thank you, Wade. Is there another person to testify there in Kenai?

MS. JACQUELINE PAYNE: Yes.

MR. ROSIER: Please proceed.

MS. PAYNE: The name is Jacqueline Payne, and the address is Post Office Box 1982 -- that's Kenai, Alaska.

MR. ROSIER: Was that Jacqueline Kenney? Kunny?

MS. PAYNE: Payne. P-A-Y-N-E.

MR. ROSIER: Payne. Okay, thank you. Please proceed.

MS. PAYNE: Yes, I just have a question. I had spoke earlier. I just returned from Dallas, Texas, getting treatment on one of the Exxon Valdez oil spill workers that has been injured by the hydrocarbons, and I guess I'm here representing the workers that are injured. And what I would like to know is there any possibility of getting established a fund to help these workers? You know, most of the workers they have lawsuits pending, but that

is not helping us survive at this point, and I guess what I want to know is there any possibility of getting an established fund to help these people survive? It's pretty asinine to have spent seventy thousand dollars per otter and not one dime on any of the workers that suffer from the same ills and problems.

MR. ROSIER: This -- this is the first time that this particular issue has been even raised with the Trustee Council to my knowledge. Mr. Cole, do you have anything you might add to that in way of a response to the lady.

MR. COLE: No.

MR. ROSIER: Okay.

MS. PAYNE: One of the workers, sir, is right now hospitalized in the Soldotna Hospital. He needs a liver transplant, but it wouldn't do him any good because he has many hydrocarbons in his body at this point. It would make life a little easier if there was a fund established to help us buy the vitamins and the minerals and the supplements we need right now.

MR. ROSIER: Yes.

MR. COLE: Don't you have workers' compensation benefits?

MS. PAYNE: We've all been denied our workman's compensation benefits with these hydrocarbons. I know of no one that has received any help from workman's comp. And time is of the essence, sir. I would be happy to bring you any information to Anchorage and give it to Mr. Gibbons or anybody else to help get this promoted -- some kind of a fund to help us.

MR. PENNOYER: Mr. Chairman, I'm sorry, but -- very sympathetic to the plight, but isn't that outside the scope of the settlement agreement, an agreement to provide funds directly for injuries of that nature?

MS. PAYNE: We're talking about restoring the health to the works, sir. You're restoring the beaches, the forests, the mammals, the birds, the fish. You're restoring the -- I understand this -- they're suffering too. They just can't talk about it. They're blind too. They can't talk about it. But we need to have help to restore us.

MR. ROSIER: Well, I think -- I think, Jacqueline, that -- that is the rehabbing of the human beings that might be associated with the spill, might be a little bit outside of the agreement here on this, but it seems to me that you do have the recourse to the -- to the courts on this, and it would seem to me that that's really where the ultimate -- ultimate settlement would have to occur, rather than the Trustees. I believe we have to do deal with the resources, the natural resources, that were in fact harmed, but I'm afraid that's about the best I can offer you at the present time.

MS. PAYNE: If there's any help at all, I would be happy to come to Anchorage and to discuss it with the Council. Is there any way we could take a vote on it in the State of Alaska?

MR. ROSIER: Well, I'm not aware of a procedure for dealing with that -- that particular issue, but certainly you're more than welcome to -- to approach the Council at any time with

these, but at this point I don't think we have a definite answer for you.

MS. PAYNE: I appreciate you having the opportunity -- giving me the opportunity here to discuss this. Thank you very much.

MR. ROSIER: Thank you. Let's move on to Kodiak at the present time. Is Kodiak on line?

MR. JEROME SELBY: Yes, Mr. Chairman. This is Jerome Selby, Mayor of the Kodiak Island Borough. I -- thanks for putting us on teleconference. I just want to say thanks for -- sounds like you did a lot of hard work on Seal Bay. We really appreciate the consideration. Sounds like you have a pretty good package put together, and just want to say thanks a lot, and we're just listening in. Thanks.

MR. ROSIER: Very good. Thank you, Mr. Mayor. Are there other people there to testify there in Kodiak?

TELECONFERENCE OPERATOR: No, we just have a couple of other folks listening here, thanks.

MR. ROSIER: Okay. And Anchorage, do we have anyone here that would like to testify? Ms. Mary McBurney, would you like to come forward, please.

MS. MARY MCBURNEY: For the record, my name is Mary McBurney. I'm Executive Director for Cordova District Fishermen United, and I would just like to express my appreciation for the funding that you provided to support the coded-wire tag recovery for the pink salmon this year in Prince William Sound. You did the

right thing. Thank you. One thing that wasn't mentioned though in the resolution that was recently passed by the City of Cordova is that we are extending an invitation to each and every one of you to come and visit us, and we would certainly hope that sometime in the future, perhaps after the fishing season is complete, maybe in September or so, that you would consider coming and visiting, and so that we could take you around the Sound so you can see some of the places that are very near and dear to us, and most importantly to also meet us and talk to the people that have been living with the spill ever since March of 1989, and have a little bit of face-to-face contact. We talk to you through the teleconference. There are various ones of us that pop up at these various public meetings from time to time and introduce ourselves, but there are many, many other people, many, many other faces, that would very much like to meet you also. And, in closing, I would also like to let you know that I will be back, and I'll be looking for a herring study and look forward to working with you on that. That is a very real and very immediate need for us right now. The recent failure of seventy-five percent of our expected herring return to even come back to Prince William Sound is extremely alarming, and it has some devastating implications for us in the future, and I think that is something that we should really be directing some attention to in the very, very near future, and I look forward to working with you on that.

MR. ROSIER: Thank you very much. Mr. Cole.

MR. COLE: The Governor has asked that, at least the

State Trustees and certainly the Federal Trustees, are welcome for us to go to Juneau -- not to Juneau -- glad to get out of there -- to go to Cordova and Valdez and Kodiak and speak directly with the people in those areas who are concerned about the actions of the Trustee Council. We want to do that as soon as we can. We wanted to do it before this meeting, but the legislative session required us to stay in Juneau, and I think we will try to get there before the next meeting, if at all possible, at least some of us.

MS. MCBURNEY: Well, we would welcome you. Thank you.

MR. ROSIER: Thank you very much. Other comments? Questions? Okay. One more from Anchorage here. Yes.

MR. CRAIG PETRICH: My name is Craig Petrich and I serve as the conservation chairman for the Kodiak Audubon Society. And -- this has been a good day for me; it's been a great day. The action that you took today on Seal Bay is -- I've talked to some people, friends, in Kodiak, and I can tell you it goes over very well. Anyone who hunts or fishes in that area is going to thank you for this type of activity, and it's the kind of thing that gives a sense of justice to people who were hurt by the spill and by the subsequent activities. To actually do something for the environment and to protect a very important biological resource like this means a lot to people, and I want to thank, in particular, Attorney General Cole and his staff. They worked very diligently on this. Given the time frame that was involved, I would have said it would have never happened. Carl Rosier's people in habitat division did a great job. And in addition to producing

a good product, I was going to say along the way when concerned people would contact these different folks that they were understanding, and while they would give you limited information due to the confidentiality of some of these negotiations, you could always tell that they cared and that they were working hard, and they were concerned on the issue, and that's the kind of work that we're glad to see. You've done a good job on that issue. I want to thank all the Trustee Council people.

MR. ROSIER: Thank you, Craig. Any comments, questions?

MR. CHARLES MCKEE: I'd like one minute.

MR. ROSIER: Okay, one minute.

MR. MCKEE: My name's Charles McKee, and I came to this public meeting of April 26th and regards of proposals that haven't been submitted to the restoration of the Prince -- Prince William Sound restoration. What I'm handing out to you people is a copy of the 1978 who owns Alaska's fish, with a Japanese individual on the front cover. Alaska Advocate is the newspaper no longer in business -- and explains exactly what happened to the seafood industry monetary benefits to our global economy and where it went, and I would like to point out the Governor and his certain people in the administration are heading over or have already left to Japan and Korea to try to sell what we don't own, and therefore we don't have anything else to sell either. The next stapled paperwork is merchant vessels, and inside you'll find -- you'll recognize the Treasury seal is a little bit different but close to

the original and you'll see what constitute United States money and coin, and the value and the amount of gold and silver and what legal tender currency is, and so on, and further on you'll see some other information in there. Then I went and I submitted this copyright to you people, I've been subjected to what I refer to as hate crime because I'm not being recognized for my -- my efforts as regardless whether it's now before you or in the past, and if you look at my copyright on the back page where I listed reference books, I did place in there the thirty-third degree Scottish Rites Mason book, and if you look at this newspaper clipping, it indicates that Albert Pike (ph), who was the supreme commander of the Scottish Rite Freemasons in the eighteen hundreds, also established the Klu Klux Klan, and then here's the front page of the book that I have, Moral Dogma, and there's his name, Albert Pike, 1871. And you have people within positions of power, whether it be national, state or local that have perpetrated insidious hate crimes against me in various manners. So, I would like to discuss with you at length my approach resolving the sunken oil within the Prince William Sound, below the water level, but I don't the opportunity or the time to discuss it. I -- I mentioned it in brief about extracting gravel out of Turnagain Arm, for instance, and cleaning it, and guarantee you put something in Prince William Sound in areas that have been contaminated, and algae and plankton will cling to it. I have fished out there in Prince William Sound.

It doesn't matter what you put in the water, long enough you'll have to scrape the hull of the boat or whatever it is, so if you do

that with gravel, you will reseed and then basically cover your contaminated area there below the surface of the water with gravel, clay, and then another set of gravel that has already been reseeded. You've got to cover up that oil.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: I'm more concerned about these allegations against the Stanford Research Institute that's in here.

MR. MCKEE: That came out of a book that you have ...

MR. COLE: Robert O. Anderson.

MR. MCKEE: Yeah. You have --

MR. COLE: Has there been any follow-up on that.

MR. MCKEE: No. I don't -- I was given the book by a descendent of MacFadden (ph), Congressman MacFadden, who gave me that information on the Federal Reserve, the Federal Reserve Board, which is also a masonic lodge. So, you see, it involves the Federal Reserve and all that stuff, and they don't -- they don't care about the resiliency of the United States Treasury and whether we have any hard currency or not to substantiate any resolution of our debt, national or municipal.

MR. COLE: Maybe we can take this up at the next meeting.

MR. ROSIER: I think that would probably be a good idea. Mr. McKee, would you proceed there.

MR. MCKEE: All I did was copy the pages that are pertaining to a certain company that does business in Anchorage, Alaska, and Turnagain Arm, and so on, and we're not -- you know, I

just thought that since I'm an unpaid journalist working for a non-existent newspaper, I thought that if I submitted my documentation, then I would be believed because people don't believe that I know what I'm talking about unless I actually submit it. This is the second time that I have submitted. In fact, I called Richmond, Virginia, last night. They're sending me the full layout of this newspaper. It was printed on September the 28th. It's by Linden LaRouche (ph), and he talks about the historical process of perpetrating hate groups and, you know, it's -- the first time I submitted the Morals of Dogma, all I did was give a front page copy here, it was to the mental health committee that was discussing the settlement before it was hashed through with the legislature, and I -- I mean, if you want -- if you want -- this is part of the hate crime process. If you want a psychosis to develop, you know, just don't do anything, just create stress, deny adequate funding for things, and don't look at the real situation, and you'll have all kinds of problems in society, and you'll just -- kind of like a job security for the social service organization and the doctors in psychologists. I talked to a social worker for the Hope Cottages, and they say, you know, you've got people you're working for got Ph.D's and I -- I've got a ninth grade education -- and I can find information and compile it and submit it, and they have the Ph.D. I have a ninth grade education. And yet they -- apparently, that doesn't come -- cover their pocketbooks. So when I expose this information, I've been, you know, catching a lot of resentment from state and local police, the state police, Anchorage Public

Employees Association -- it's a union here in the state -- you'll see ...

MR. COLE: Mr. Chairman, I have a call ...

MR. ROSIER: Yes?

TELECONFERENCE BRIDGE OPERATOR: Excuse me. This is Cordova. There is two additional people here who would like to testify if you have time.

MR. ROSIER: Yes, thank you, Cordova. Mr. McKee, would you wrap up your testimony, please.

MR. MCKEE: Yes, I would like to indicate that I do have an instrument. It's called a redemption coupon. It has the original Treasury seal with the map included, and I'm looking at using that as an instrument of value to increase the monies spent on the restoration of Prince William Sound other than what you already have allocated from the court decision.

MR. ROSIER: Thank you very much. Any questions? Thank you again, Mr. McKee, appreciate your comments. We'll go back to Cordova now. Is Cordova on the line?

MR. CLIFF WARD: (ph) Yes, my name is Cliff Ward. I am a commercial fisherman here. I'm involved usually in the herring harvest that's in the springtime every year, and salmon as well, and we just wanted to -- I just wanted to express my concern that there be continued data taken on the health of the stocks here, and since we kind of blew the database that would have been taken this spring but not funding anything for surveys and spawn deposition studies, I mean, we could go ahead with a hydro-acoustic

trawl or circle, some kind of survey this fall on the biomass, and I just want to make sure we keep that database going in the future since we saw such as diminishment in the biomass this year, all kinds of strange occurrences that normally happened. There's another fellow here that would like to also add something.

MR. ROSIER: Please, hang on there, Mr. Ward. Any questions or comments for Mr. Ward? Next person there in Cordova.

MR. BOB PUDWILL: Yes, my name is Bob Pudwill. I'm a commercial fisherman as well, and I would just like to reiterate what Cliff Ward just said, that we're facing a real crisis here, us commercial fishermen, with the situation with the herring as it, and not knowing exactly where that fishery is going, as well as the salmon, and we would just feel that it would really be to the fishermen's best interests to further study and fund any studies that we can to get a line on what's happening. Basically, we've all got our lives on hold here, trying to know which ways the fisheries are going, and it's just a real crucial time, and I feel that further study is definitely needed, particularly for herring and salmon.

MR. ROSIER: Thank you very much. Any questions from the Trustees?

STAFF: Mr. Chairman.

MR. ROSIER: Yes.

STAFF: Would you ask, could that speaker please spell his name for us. We didn't quite get that.

MR. ROSIER: Would the last Cordova speaker, please

spell his name for us, please.

MR. PUDWILL: Yes. Bob Pudwill. P-U-D-W-I-L-L.

MR. ROSIER: Thank you, Bob. Okay. Are there any other people to testify in Cordova?

MS. BIRD: I just -- this is Nancy Bird again. I just would like to clarify a question on the -- on -- it says June 1st, 2nd, meeting is that that the date, and is there a possibility of us getting on the agenda the request for the herring study and the coded-wire tag studies for the other salmon species?

MR. ROSIER: Yes. I think that there's that opportunity.

MR. COLE: I'll so move.

MR. BARTON: Second.

MR. ROSIER: We have a motion to accept that item. Do I hear any objection from the Council members? Consider it done, Nancy.

MS. BIRD: Thank you very much, and thanks again for your work today.

MR. ROSIER: You bet. Thank you. Is that the last person to testify in Cordova?

MS. BIRD: Yes, that is.

MR. ROSIER: Alright, good enough. Then we go to Kenai. Anyone left in Kenai? Kenai, are you there? (No response) Okay. Apparently not. Kodiak? Anyone left to testify in Kodiak?

UNIDENTIFIED VOICE: No one else, thank you.

MR. ROSIER: Thank you very much, Kodiak. Anchorage?

Anyone else to testify? Yes, sir.

MR. TOM FINK: Thank you, Commissioner Rosier. My name is Tom Fink. I'm an environmental consultant here in Anchorage. Chuck Totemoff of Chenega was going to speak this afternoon but he was called away on urgent business. He asked me to speak for him. He is representing thirty-five citizens of Chenega ...

MR. COLE: He just returned.

MR. ROSIER: Mr. Totemoff, do you want to join us at the front table? You're right on time.

MR. TOTEMOFF: Okay. (Inaudible -- out of microphone range) public comment period?

MR. ROSIER: Yes.

MR. TOTEMOFF: Okay. My name is Chuck Totemoff. I represent Chenega Corporation. What -- what I am presenting today is a petition that the citizens of Chenega Bay wanted me to convey to you. It has to do with removing subsurface oil from identified subsistence beaches close to the village of Chenega Bay. We do have a listing of the subsistence beaches that we would like to have some further restoration work done on. Virtually all of the adult population at Chenega Bay has signed this petition. They feel that strongly about it.

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: I'll defer to Commissioner -- DEC Commissioner Sandor.

MR. SANDOR: Mr. Chairman and Mr. Totemoff, the

shoreline assessment project that was discussed in earlier (inaudible) today will be dealing with proposals such as this, so I would move, Mr. Chairman, that the listing of proposed sites for examination for what additional restoration work is needed be assigned to that shoreline assessment project. They have, I believe, you know, a scientific team that looks at opportunities and options for the restoration of (indecipherable), so I move that that listing be submitted to that group for action.

MR. BARTON: Second.

MR. ROSIER: Motion made and seconded to defer action and have the -- the project listing to the beach monitoring program that we approved earlier -- those in agreement?

MR. SANDOR: Let me just say that what might happen as a result of this then, Mr. Totemoff, is that these -- the specific sites and any other that are identified will be examined and a determination made on what clean-up work might be feasible.

MR. TOTEMOFF: Okay. Thank you.

MR. ROSIER: All those in favor?

ALL TRUSTEES: Aye.

MR. ROSIER: Opposed? (No response) So ordered.

MR. COLE: Did that take care of your concerns there, Mr. Totemoff?

MR. TOTEMOFF: I think so. Was there anything else, Tom?

MR. FINK: Oh, there's one thing referenced in this petition. The last sentence is, we call your attention to and support the letter from the Pacific Rim Villages Coalition to you

addressing this issue. That letter is in draft with Pacific Rim Villages Coalition board (inaudible) and will probably come to you next week. It sort of addresses the technology that can be used in (inaudible -- extraneous noise).

MR. ROSIER: Yes, Mr. Sandor.

MR. SANDOR: Mark Brodersen, can I make certain that you convey that to the coordinating team of federal and state agencies for that type of -- that (inaudible) will be coming.

MR. ROSIER: That take care of it? Thank you, both. Is there anyone else in the Anchorage audience here that wishes to testify? (No response) Go through the list one more time. Cordova, anyone there?

UNIDENTIFIED VOICE: We're still here, but we've all testified who want to, thank you.

MR. ROSIER: Alright, thank you. Kenai, anyone there? (No response) Kodiak, anyone there?

UNIDENTIFIED VOICE: No one else, thank you.

MR. ROSIER: Alright, thank you very much. That appears to be all of the -- all of the people wishing to comment today. So, with that I think we'll -- we'll terminate the teleconference.

MR. COLE: I move we -- we recess to the call of the gavel on June 1.

MR. PENNOYER: Mr. Chairman, we can't actually do that because we're going to have a new agenda June 1st, so we can't just carry over the process. We've got new items, restoration plan and

'94 work plan on the agenda.

MR. GIBBONS: The -- the restoration plan and DEIS is on this agenda.

MR. PENNOYER: The '94 work plan?

DR. GIBBONS: The '94 work plan is not.

MR. PENNOYER: (Inaudible -- extraneous noise) new agenda and take public comment.

MR. COLE: Well, I move we adjourn.

MR. ROSIER: We are adjourned.

(Off Record at 5:00 p.m.)

END OF PROCEEDINGS

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CERTIFICATE

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

I, Linda J. Durr, a notary public in and for the State of Alaska and a Certified Professional Legal Secretary, do hereby certify:

That the foregoing pages numbered 03 through 214 contain a full, true, and correct transcript of the Exxon Valdez Oil Spill Settlement Trustees Council meeting taken electronically by me on the 13th day of May, 1993, commencing at the hour of 8:40 a.m. at the Restoration Office, 645 G Street, Anchorage, Alaska;

That the transcript is a true and correct transcript requested to be transcribed and thereafter transcribed by me and Sandy Yates to the best of our knowledge and ability from that electronic recording.

That I am not an employee, attorney or party interested in any way in the proceedings.

DATED at Anchorage, Alaska, this 18th day of May, 1993.

Linda J. Durr, Certified PLS
Notary Public for Alaska
My commission expires: 10/19/93