

**EXXON VALDEZ OIL SPILL SETTLEMENT
TRUSTEE COUNCIL**

RESTORATION OFFICE
Simpson Building
645 G Street
Anchorage, Alaska

August 23, 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. GEORGE FRAMPTON, JR. Assistant Secretary
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
JEROME MONTAGUE	Director, Oil Spill Impact Assessment & Restoration Division, Alaska Department of Fish and Game

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

KEN HOLBROOK Substituting for Ken Rice, Deputy Natural
Resource Manager, United States Department of
Agriculture - Forest Service

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

PUBLIC ADVISORY GROUP MEMBERS in attendance:

DOUGLAS MUTTER Department of the Interior
Designated Federal Officer

BRAD PHILLIPS Chairman

DONNA FISCHER Vice Chairman

PAMELA BRODIE

KIM BENTON (alternate JOHN STURGEON)

CHARLES TOTEMOFF

OTHERS IN ATTENDANCE who testified

BRAD PHILLIPS, Public Advisory Group
DONNA NADELL, President, Eyak Corporation
JAMIE LINXWILER, attorney for Eyak Corporation
ALEX SWIDERSKI, Alaska Department of Law
TOM BOUTIN, Alaska Department of Natural Resources
ED HOLSTEN
KARL BECKER
ROXIE ESTES
TOM VAN BROCKLIN
JOHN JOHNSON
CHARLES TOTEMOFF
DUANE LANKARD, Eyak Traditional Elders Council
JIM GRAY
ERIC MYERS, Alaska Center for the Environment
PAMELA BRODIE, Sierra Club
JEROME SELBY, Mayor, Kodiak Island Borough
JEFF PARKER, Trout Unlimited; Sport Fishing Association
MIKE COUMBE
GERALD McCUNE, Cordova District Fishermen United
BILL HALL
DAN HULL, Prince William Sound Aquaculture Corporation
TOM LAKOSH
JOHN McMULLEN, Prince William Sound Aquaculture Corporation

LISA ROTTERMAN

JOE WILSON, JR.
CHARLES McKEE
PAM MILLER, Wilderness Society
KEN ADAMS
JERRY McCUTCHEON

VIA TELECONFERENCE

SAM SAMUELSON, Cordova
CHRISTINE STEELE, Cordova
CHIP THOMA, Juneau
JAMES CRAWFORD, Kodiak
SUZIE KENDRICK, Soldotna
TERRIE NASH, Seward
WILLIAM DUNHAM, Seward
GARY KOMPKOFF, Tatitlek
NANCY LESGOW, Valdez
JEFF GUARD, Cordova
DORN HAWXHURST, Cordova
RIKKI OTT, Cordova
MILA ADKINS
DUANE ANDERSON

P R O C E E D I N G S

(On Record 8:40 a.m.)

MR. ROSIER: Alright. Good morning ladies -- good morning ladies and gentlemen. We might get started here. We're running a few minutes behind and -- I'd like to make up those few minutes here if we possibly can. The Trustee Council is present in its entirety here this morning. On the far right we have Steve Pennoyer, Regional Director of the National Marine Fisheries Service; next to him we have Charlie Cole, the Alaska Attorney General; and we have a special guest here this morning, representing the Secretary of the Interior, Mr. George Frampton....

MR. COLE: Know my friend, George D. Frampton, Jr.

(Laughter)

MR ROSIER: On the left down there we have Commissioner John Sandor, Commissioner of the Department of Environmental Conservation; next to him we have Mr. Michael Barton, the Regional Director of the Alaska Region of the U.S. Forest Service; and I'm Carl Rosier, the Commissioner of the Alaska Department of Fish and Game. We've already had a departure from norm around here this morning. Charlie Cole was the last state Trustee here, but he quickly passed the gavel to me, he said he wanted to be unfettered here today, not that he isn't normally, but -- nevertheless -- I want to say welcome to everyone. We've got quite a -- quite a crew here this morning. I guess in terms of the agenda, there's been some requests for kind of a readjustment of the agenda a little bit, but before we get into that, are there any

additions from any of the Trustee Council? Mr. Pennoyer.

MR. PENNOYER: Mr. Chairman, under the Public Advisory Group report perhaps, or somewhere on this agenda, it seems to me we have not actually approved the PAG alternates. Is that correct?

I think we -- we've said we're going to and had a list the last meeting. It seems to me before the PAG meets again, we ought to try to approve those alternates and perhaps we might do that, maybe this afternoon, after the executive -- director has a chance to give us the (indiscernible) background information we can review at lunch. I think that's a housekeeping, or process we need to go through.

MR. ROSIER: Alright. Any comments from the other Trustees here this morning on that subject? Alright.

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes.

MR. COLE: As a matter of personal privilege, I would like the opportunity at sometime this morning to comment on this scandalous report from the GAO. You'll notice from the report that by some clever manipulation, we were not able to make our comments on -- in writing on the proposed report, and I think that I and perhaps other Trustees would like to make some comments of record on that process and on the baseless conclusions of these representatives from the GAO. So, if you would be good enough to find a place for that on the agenda this morning, I would appreciate it.

MR. ROSIER: Alright. Other comments, suggestions from

the Trustee Council on the agenda?

MR. BARTON: Mr. Chairman.

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: Yes, Mr. Chairman, I'd like an opportunity to update the Council on the status of the negotiations with Eyak Corporation and that -- that could be included as -- as a part of the habitat -- of item no. 6, or it could be a stand-alone, whichever would be appropriate.

MR. ROSIER: Okay, I think in that -- in that regard, I would suggest we move the habitat protection approach by Mr. Cole and the Eyak report then up immediately following the presentation by the Secretary, who, I believe, is scheduled to be with us here about 9:00 o'clock. No objection to that, we'll proceed in that manner.

MR. FRAMPTON: Mr. Chairman.

MR. ROSIER: Yes, Mr. Frampton.

MR. FRAMPTON: I'd like to request a very short status report on the progress that's been made to interview candidates for the executive director position -- some point during the morning if that's convenient.

MR. ROSIER: Alright. By all means, and we'll add that then immediately following the -- the Eyak habitat protection presentation. That will be the next item following that. Any other agenda changes -- comments? Yes, Mr. Gibbons.

DR. GIBBONS: Mr. Chair, I've noticed some people have cellular phones in the -- the audience. We're recording this --

this meeting verbatim, so if you're going to use the phone, please step outside. It's just, it interferes with the recording.

MR. ROSIER: For those of you standing up -- for those of you standing up in the back, we do have some additional chairs up front here. Come on in. Alright. Is Brad -- is Brad Phillips here? Yes, good morning, Brad. I think you're -- you're first here on this, and so we would appreciate hearing from the Public Advisory Group, at this point in time. (Pause) Yes, go ahead, Brad.

MR. PHILLIPS: I was a little reluctant coming over here this morning without a flak vest after I read the morning paper. But then again, I feel that way frequently after reading the morning paper, so I decided to come anyway.

MR. COLE: Do you want mine?

MR. PHILLIPS: What?

MR. COLE: I said do you want mine?

MR. PHILLIPS: Oh, you don't need one (indiscernible)

MR. ROSIER: Brad, would you get that microphone up there a little closer. I'm not sure everybody can hear here.

MR. PHILLIPS: I'm not sure your mike system works this morning.

MR. ROSIER: That could well be.

MR. PHILLIPS: (One, two three). Can you hear it now?

MR. ROSIER: Yeah, not any different. That's better.

MR. PHILLIPS: I assume that all of you have been presented with this report, and I'll get through it in a hurry so

that you can catch up on your time. Our last meeting, of course, was July 15th and 16th, and we anticipate our next meeting being in mid-September, actually we've set it for the 14th of September. And, I have one request here, we made it during the meeting, but I -- I think it would be very helpful to us if we could have the Chief Scientist's comments on the 1994 program prior to the meeting, so that we'll have a chance to read it and -- get something out of it before we -- it's put on our desk. I think that all of the members of the PAG would like to see that as soon as possible. The budget item number two is -- as far as we are concerned was a thirty thousand dollar request to allow the PAG members to work much closer with the -- with the study groups, your people, to try to -- to conserve on time, and then there are a few public meetings that some of the members of the PAG would like to -- to attend during the interim periods here. Things happen we don't know about in advance, and we'd like to be able to send some of our -- our members to those public meetings if possible, but -- but the main thing is to be able to -- to work with your -- with your individual groups on different subjects. The -- I don't really have any comments on the budget other than that. There's some other changes in there that we had nothing to do with. I think probably the one that took up most of our time was the discussion -- or a great deal of our time -- was the discussion in regard to the concept of having the endowment -- an endowment put in place to study, as time goes on, the different problems that are developing and may develop as a result of this spill. We were

given a presentation by the University of Alaska, which we appreciated, but the -- the general feeling of the PAG group was that the concept probably has merit. Example -- if we can deal in terms of knowledge on some of the things, we can avoid confrontations like we witnessed over the weekend, as an example, because some of these things are done without knowledge. We don't know whether the oil spill had anything to do at all with the fish situation this year, but study in those areas of all of the animals and the fish over a long period of time will give us information that we just don't have right now. So, we're talking about the possibility of establishing an endowment concept. We know that, number one, we need an opinion from your legal people, number one, on whether or not an endowment is -- can be done under the terms of the settlement arrangement. We'd like to have a legal opinion if we could, because if we can't do that, if we can't establish an endowment, then the discussion is academic from there on. If it is possible, then we would like to then pursue the -- some recommendations to you on some specifics on -- 'cos we see that an endowment can go almost anywhere without direction, and this direction has to be really defined, what they're going to do and -- and who's going to do it, and time frames, and that sort of thing.

There's a strong feeling in the group that it could be a continuing thing with -- if an appropriate amount of money were, say, put in a status similar to the Permanent Fund and the earnings off that fund could be used on the endowment system. It could go on then for years and -- in aiding the restoration or anything else

that

has to be done in Prince William Sound as a result of the spill. So, we ask, number one, can you provide us with a legal opinion on whether this subject should be pursued or not. We have a subcommittee right now that is putting together some meat on a framework that we will discuss in our next meeting on what the endowment should be, if it's going to happen, that we will pass on to you after we get the legal opinion. Number five, I see has already been -- I'm advised, has already been accomplished, and that is the matter of putting the Kodiak Fishery Industrial Technology Center project up for public discussion again, and we appreciate that. I guess the alternates are the other thing that's already been brought up this morning. If there are any questions, I'd be glad to try to answer them, but -- we're looking forward to doing some detailed work on the '94 restoration program at our next meeting.

MR. ROSIER: Thank you, Brad. In regard to your request for the report from the Chief Scientist on the '94 work program, I think that certainly that we should be able to accommodate that with no problem here on this, and I think we'll see to it that -- that gets to the PAG as soon as -- as soon as possible. Yes, Mark.

MR. BRODERSEN: Mr. Chairman, I think there might be a little bit of confusion over what the Council is going to be requested to do at its September meeting on the '94 work plan. You're not being asked to approve any of the projects at that point, it's strictly that the document is in good enough shape to

be released to the public, and that the PAG will have until January to actually go through that with a fine tooth comb to make comments back to the Council that -- it's my understanding is the Chief Scientist's comments probably will not be ready by that time since he also will be working on it in September, October, November, preparing his comments for the Council for their January meeting. Maybe that will help clarify that a little bit.

MR. ROSIER: Okay. Other comments? Questions? Mr. Sanderson (sic).

MR. SANDOR: Mr. Phillips, it's been noted in the resolution with respect to the endowment, you say a super majority of the Public Advisory Group voted to support establishment of an endowment. Like what?

MR. PHILLIPS: I think there was one objection, if I am -- if my recollection is clear. Doug, do you remember the exact vote on it?

MR. MUTTER: What was the question, I couldn't hear it?

MR. PHILLIPS: The question was, what was the vote on the idea of the concept of the endowment -- I -- as I remember there was one negative vote.

MR. MUTTER: There were one or two negative votes.

MR. SANDOR: Let's see -- I'm just wondering, why the Advisory Group came across so strongly -- you say just one or two out of what say sixteen?

MR. PHILLIPS: I have fifteen.

MR. SANDOR: Fifteen. Second question, when is the

next Advisory Group meeting?

MR. PHILLIPS: The 14th of September.

MR. SANDOR: And, I guess, Mr. Phillips, after being in this -- on this group and working as hard as the Advisory Group has been working, are we referring enough issues to you for -- for your consideration, or do you feel left out, or do you actively -- as an active participant in the process? Do you feel the Public Advisory Group Charter, as outlined and as you studied it to begin with, is really working?

MR. PHILLIPS: Well, I can't speak for everybody in that manner, but I think generally we have had excellent feedback when we've asked for something. Almost universally everything we've asked for, you've done and given it to us. Some of the issues, of course, are very complex, and we always think we should have probably a month or two earlier than we do get them, but that's part of the nature of the process. We don't have as much public feed-in as I had anticipated when I got involved with this thing, and I don't know why that is, maybe it's because our meetings may not get to everybody or maybe there aren't any burning issues that we're taking up every time. They kind of develop as we get together. I don't have any complaints about the -- about our communication because -- I just never had any problem getting information out of the group that we've asked for -- needed. In the beginning it was a little lumpy getting started, but I think it's moving on pretty well.

MR. SANDOR: Mr. Chairman, I raise the question simply

because I believe that the Advisory Group is an excellent cross-section of the -- of the entities that are involved and impacted, and we ought to make a point of trying to utilize the skills of that group, insofar as possible. Thank you, Mr. Chairman.

MR. ROSIER: Thank you, Mr. Sandor.

MR. PENNOYER: Mr. Chairman.

MR. ROSIER: Yes, Mr. Pennoyer.

MR. PENNOYER: Brad, I know you haven't had time to flush out the endowment concept and you've appointed a committee to look at, and there are legal questions that have to be resolved before you do that, but in that overwhelming vote, did you take into account the very large amount of money that would have to be put into an endowment to create a substantial fund? Was there any discussion of the amount? Are you interested in an endowment of funds -- proposals we've seen, seven or eight million dollars of ongoing research which would take two hundred or so million dollars to do?

MR. PHILLIPS: Yes, there were -- that was practically the bulk of our conversation and our discussions at that time. The University had requested -- they would like to have the whole nine hundred million, of course, and that's -- that's where they started and we got them pared down quite a bit. I -- I don't accept those figures at all. The endowment concept is -- is where we are, and the amount, and whether it -- whether the concept of putting money away and having it be the seed for bringing money for research is -- I think has to be studied a little more. The key to the

endowment program, in my judgment, is that it has to be well defined. Otherwise, I know what happens when things get lost in academia. I spent a lot of years of my life in that atmosphere, and it -- it can just lose its direction if you're not careful. So we -- that's why we have a subcommittee right now studying it to try to be more specific, and I'm discouraged by the fact that the -- on one hand that interest rates are so low and -- and the returns on pots of money are so low that it may not do very well, and I'm not one that's going to say you ought to take a great big chunk of the -- of the money and put it there for the endowment purposes. Maybe there is another method, another way of getting private donations or industry donations to help with the concept of an endowment. It is -- just hasn't been flushed out at all, but we are very concerned about how much of the oil spill money is used for that exclusively. I -- I think there are many other things to do with it besides that.

MR. ROSIER: Other questions? Comments? Yes, Mr. Sandor:

MR. SANDOR: Question -- I hope we can provide the Public Advisory Group with the legal advice by their September 14th meeting. Is there any problem with that?

MR. ROSIER: Perhaps -- Mr. Cole, could you speak to that?

MR. COLE: I -- basically I think that decision need be made by the United States Department of Justice. I'm not prepared to speak for them on that subject at this time. We have

discussed it with them. They have said that they have grave reservations about the legality of an endowment, that we do not have from them, as yet, a written opinion on the subject.

MR. ROSIER: Would this then, necessarily mean a change in the enabling laws that we're dealing with. Is that a possibility, or not?

MR. COLE: The Justice Department has indicated, informally, that an endowment, in their opinion, would require congressional legislation.

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: Is an endowment possible under state law?

MR. COLE: I don't know, but I haven't seen anything which affirmatively would preclude it. I think the problem is, is under the rudimentary congressional Clean Water Act legislation, upon which this settlement is based, I think that's where the problem arises. And, therefore, I think that the Department of Justice should be the lead agency in interpreting congressional legislation.

MR. ROSIER: Yes, Mr. Frampton.

MR. FRAMPTON: I think that Mr. Phillips, in fairness to the Public Advisory Group and its strong interest in -- in the endowment concept, before a great deal of additional work gets done that, you know, we, as the Trustees, owe you some sort of feedback in direct response to -- to your request, and I will certainly undertake to see that -- the -- that we try to be responsive and get at least a preliminary opinion or some views on the subject

from both the Justice Department and from the Interior department's lawyers by your next meeting. But, I just want to echo Charlie's statement that -- it's my understanding is that both at Justice and Interior -- the lawyers have said that they -- I suspect that the preliminary opinion is going to be that there is not the authority to create an endowment under the existing -- certainly the settlement agreement and the MOU, and perhaps under -- under the Clean Water Act. So I want to -- I don't want to be encouraging about what that preliminary opinion is going to be.

MR. PHILLIPS: Looks like the whole meaning is the -- -- is the opinion and then we won't waste a lot of time on something that's -- you know, in never-never land.

MR. ROSIER: Or at least look at a strategy perhaps in terms of setting up that type of mechanism. Okay, other comments? Questions from the Trustees?

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: I would say along that line, given the current interest rate and the hundred million dollars, for example, in such a fund, you could look to receiving between two and three million dollars a year, not much. And, it would be perhaps easier for the remaining eight years of the Trustee Department, to commit that amount of money each year and simply achieve a roughly similar end in that fashion. We could certainly give some thought to that. And, that would be another eight years. I'm -- I'm not certain that this endowment approach and the studies required --

contemplated by it need go on in perpetuity.

MR. ROSIER: I agree with you. I would -- I guess, in furthering that a little bit, I think that obviously by the end of the -- the time that funding will be provided under the settlement, it seems to me though, there's going to be other work products that come out of the Trustee Council that's in fact going to have some overhead costs associated with it. I mean, some of the habitat programs, and so forth, that we're involved in. These things aren't just going to manage themselves, and I think the end of the income period here on this -- are the state and the federal agencies aren't going to be in a position to just pick up those costs and go along with some of the other types of programs that we've got. So, to my way of thinking, there's a certain amount of appeal to what you're talking about, but there are certainly some realistic things out there, as far as the -- the income levels that we might expect at the present time off that -- would have to be considered too. Anything more at this point?

MR. PHILLIPS: I just -- appreciate the feedback as soon as it's convenient for you, and thank you very much for your -- your cooperation in the past, and we'll see you next time.

(Secretary Bruce Babbitt arrived at 9:00 a.m. and is seated.)

MR. ROSIER: Thank you very much, Brad. We appreciate the report from the PAG there on this. At this -- at this time, for those of you that may not know the gentleman, although certainly he's -- he's taken the newspapers by storm here in recent days, within the State of Alaska, I have the honor of welcoming

Secretary of Interior, Bruce Babbitt, here. It's a real pleasure to have you with us here today, Mr. Secretary. And, I -- I think that the floor is -- is your's here, you're the next item on the agenda, here, so.

MR. BABBITT: Thank you. Good morning. Talking about taking newspapers by storm, I picked up the newspaper this morning and thought maybe they're taking us by storm. But, let me just say, at the outset, just a word about the news this morning. I read it, and I think we can all reflect on it in due course, but my view of it is that rather than sort of having an endless discussion about what did or did not happen, what might have been or might not have been, but the important thing is that we move onto the future, and that we focus relentlessly on the extraordinary opportunity that we have to make a difference for the citizens for Alaska with this fund. So, I'm ready and willing to, on behalf of the federal government, share whatever blame anybody wants to assess for the past. I would concede that the federal presence has, from time to time, been a little bit disorganized on the -- Alaska may be forgiven for thinking that sometimes the federal representatives acted as if they belonged to three separate governments, rather than one government. And, I think I can tell you that as we move to the future, that that will not be the case. This issue is -- is of real interest to the Clinton administration, and the President's environmental advisor, Katie McKindee (ph), will be directly involved in the discussion on the federal side, and I think I can tell you with some confidence that the federal Trustees will have

instructions, something to this general effect. First of all, this is a cooperative venture. It's not an adversary enterprise, the federal Trustees have fifty percent of the vote, and that means we ought to sit down intensively and work with our Alaska counterparts and see if we can get into the business of generating consensus. And, on the federal side, we will be prepared to sing from the same song book, to listen carefully, to extend the hand of cooperation and to see if we can realize the full maximum potential benefit for Alaska. Now, I'm not an expert on the Alaska side of this Trustees Council, but I got to tell you, before I came up here, I heard stories about your Attorney General. And, what they said to me is beneath that sort of good ole' boy, oh shucks kind of exterior is a canny guy -- you ought to be careful. Well, I took him out to dinner the other night and we -- we had a tremendous discussion, and I got to tell you he even offered to pick up the check at the end of the dinner. So, I thought there

MR. COLE: And did.

(Laughter)

MR. BABBITT: I thought this -- does this make me a good omen for the future. Now, the Attorney General discussed with me a lot of concepts and gave me a lot of history and emphasized, from his perspective, the importance of developing a long consensus about habitat protection, about a strong research program. He got -- he got to me. He started talking about the national biological survey, and I thought, oh man, we're going to get along just fine. He said there are analogous possibilities in Prince William Sound

and elsewhere in Alaska to do really strong ecosystem based research -- I talked about a fishery enhancement. I went away from that meeting absolutely confident that, in concept, we can make a lot of progress together, and that it ought to be, if not always easy and automatic, it ought to nonetheless be very possible to put together a program that takes account of all your needs, that takes account of Alaska's agenda, the federal agenda, and I'm just -- I guess, really optimistic that we can make an awful lot of progress.

So, I come here today in a very positive, optimistic experience. Like, I know Alaskans like to quarrel and are a little contentious, and there's a trace of anarchy in the air whenever anything's discussed in Alaska. I'm familiar with that. It's true where I come from, and I think out of that we can find a lot of good ideas in a really fresh consensus. So, with that, I commend your work, I look forward to working with all of you, and thank you for the time.

(Applause) (Mr Babbitt left meeting.)

MR. ROSIER: On the -- the next agenda item here, Mike, do you want to cover the -- the report on the Eyak negotiations at this time, and then we'll go directly into the discussion of the habitat protection approach?

MR. BARTON: Yes, Mr. Chairman, I'd be delighted to do that. I would like to just to review the events since August the 6th as a part of this discussion. I normally say that there have been a number of people working very hard, very long hours, since that time, and -- on both -- both sides to resolve our differences

and come up with an acceptable solution to the situation. But let me do -- let me relate a little history. On the 9th, as you will recall, the Trustee Council made an offer to Eyak Corporation, and the principal points of that offer were fee simple title to lands at Power Creek, Eyak Lake and Eyak River -- lower Eyak River. Second, was a conservation easement at Orca Narrows, Nelson Bay, prohibiting commercial timber harvesting and other development activities that weren't consistent with our restoration objectives.

And, the third was an option to review other Eyak lands for possible acquisition proposals, and the offer was subject to a shareholder vote, Trustee Council review of appropriate Eyak documents, and no further logging or road building at Orca Narrows.

And the acquisition was valued at the lesser of forty-one million dollars or appraised fair market value, and reasonable option consideration was to be paid, subject to completing our review of Eyak documents and contracts. On August the 18th, late in the day, Eyak offered a counter-proposal, and in that letter Eyak and Sherstone clearly indicated that they were eager to complete this transaction, but several obstacles were identified before accepting that offer -- the August 9 offer. One was the request for fee -- title and the shareholders vote, which would delay the closing for approximately six months; the second was the requirement to stop logging immediately; and, third was the requirement for Eyak and Sherstone to return earnest money if the transaction failed to close. The letter went on to state that these issues made the transaction impossible for Eyak to accept. Since the August 18th

response from Eyak, members of the negotiating teams have been attempting to reconcile the differences between the two offers, with an understanding that the Trustee Council has not taken an official action on the Eyak counter proposal. And, based upon those discussions, it appeared evident that economic considerations of the corporation require a continuance of limited timber activities in Orca Narrows. But, given the above, the negotiating team would -- we would like to continue discussions with Eyak, with the objective of developing a proposal that would include the following key points: Timber harvest at Orca Narrows would be subject to an agreed upon timber plan -- harvest plan -- with the intent of minimizing the adverse impacts on the scenic values of that tract; an option to purchase an agreed upon interest of Power Creek and Eyak Lake, subject to shareholder approval; and, three, in the event that Power Creek-Eyak Lake option is exercised, another option to purchase limited conservation easement rights on lands north and west of Shepherd Point, subject to shareholder approval -- the purchase subject to shareholder approval. If the Council would direct the continuation of these discussions, through the Forest Service, Eyak and the negotiating team feel confident that a proposal could be completed for review by our September 16 meeting. And, as I understand it, in the meantime Eyak has agreed to consult with the Forest Service and the Division of Forestry on interim timber harvest activities so as not to jeopardize the integrity of the September 16 proposal, and in an effort to minimize the -- any adverse impacts on the scenic values of the

Orca Narrows tract. I'd be pleased to answer any questions that the Council might have, or hear any comments.

MR. ROSIER: Yes, Mr. Pennoyer.

MR. PENNOYER: Thank you, Mr. Chairman. Mr. Barton, the -- you mentioned the core parcels of Eyak, Power Creek and Eyak Lake, you didn't mention Eyak River.

MR. BARTON: I think that Eyak River -- the Eyak River parcel is -- can be discussed as part of the ongoing negotiations. This is, of course, not a proposal, per se, it's sort of a thrust of what's being discussed at the moment.

MR. ROSIER: Yes, Mr. Sandor.

MR. SANDOR: Thank you, Mr. Chairman. I believe the comments that Mr. Barton has made have been very positive and -- found the August 18 counter proposal not acceptable in a number of respects, and it seems to me that the changes have -- made deal with many of those -- many of those difficulties. I would move, Mr. Chairman, that the Trustees authorize and encourage continued discussions for a formal presentation on our September 16 meeting.

MR. PENNOYER: Second.

MR. ROSIER: Motion made and seconded to encourage the Forest Service to proceed with discussions with Eyak over the -- the land issues. Discussion? Yes, Mr. Cole.

MR. COLE: I'm unsettled about the status of the proposal as it relates to continued logging operations in Orca Narrows. Of all the lands owned by Eyak, other than the core tracts, I think that the Orca Narrows slopes are probably most

deserving of protection, of a view standpoint, because in the future tourist vessels and others would see that almost initially as they enter the harbor. So, I'm concerned about the nature and extent of continued logging operations in Orca Narrows and also the possibility that we might not be able to reach any agreement with them about continued logging operations, and are they going to continue to log Orca Narrows until our next meeting? That's what I would like further explanation concerning.

MR. ROSIER: Mr. Barton.

MR. BARTON: Mr. Chairman, yes. I cannot speak for Eyak, obviously, so I do not know what their plans are. I do know that there are some economic realities out there that need to be addressed if we're going to reach agreement on any kind of a deal.

Eyak has apparently indicated a willingness to modify their harvesting plans to minimize the adverse impacts and to work with a team of people that would be put together that are familiar with those kinds of activities in an effort to do that minimization. I don't know if that's a sufficient answer to your question or not, but ...

MR. ROSIER: Well, at this -- at this point, as I understand it, we're -- I think that Mr. Cole's concerns have been noted, but at this point I believe the motion was to proceed with -- with discussions at this point. And, yes, Mr. Pennoyer.

MR. PENNOYER: That -- that's true, but the motion was certainly available for amendment, and I discussed -- and I assume we had that type of discussion. I don't -- I assume we want this

to move forward. I mean, the first question was do we want (indiscernible), and I think the answer is definitely, yes. Positive steps have been made, a lot of people have spent a lot of time -- here it is critical, and I'm sure we want to proceed with it. I had some of the same questions as how that would occur. Maybe I just don't understand practice as often to know how you do that. But, I'm sure everybody is talking about in good faith trying to preserve the inherent quality of the Orca Narrows package. Can you give us some feeling of what might occur between now and the 16th, in terms of what's behind us between now and the 16th, what would have already occurred in the way of harvesting?

MR. BARTON: Mr. Chairman.

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: I would presume that somehow Eyak needs to deal with its cash flow problem, and we have representatives from Eyak here today who can perhaps address that, if -- if the Council wishes.

MR. ROSIER: We have several of the board members?

MR. BARTON: I believe the president.

MR. ROSIER: The president is here, and certainly Mr. Linxwiler is in the audience. Would -- would the Trustees like to have some comments from these folks? Good. Yes, you want to come on up -- come on up to the microphone here please.

MS. DONNA NADELL: My name is Donna Nadell, and I'm the President of the Eyak Corporation, and the reality is that we are running a business. We have eighty employees, we have a contract

with our loggers. If we were to shut down tomorrow, those eighty employees would be out of work, and without -- without up front funding, there is no way that we can stop our logging operations tomorrow. We would like to, but it's not feasible.

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: I wasn't necessarily suggesting that Eyak cease logging operations. I thought that was outside the scope of my remarks. I just wanted to focus on what are the plans in Orca Narrows during the next three weeks, and whether it would be possible to continue logging operations elsewhere on your lands, rather than on what I think some of us think is -- is crucial area.

MS. NADELL: Well, to answer that question, that is the only permitted area. As you're well aware, we have to get permits to log, and we -- when we went into Orca Narrows, we did make a logging plan that we had spoke to the Forest Service about, hoping that we could continue logging so we could have a cash flow, and we had made -- set our own guidelines, instead of following the state's guidelines, we said okay, we will stay, for now, three hundred feet away from the lake, two hundred feet away from the rivers, and a hundred feet away from the waterways. And, to do small clear cutting passes -- irregular passes, and that what our plans are. And, to answer your question again, that area is the only area permitted to log.

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: So, as I understand your comments, you will -- in the next three weeks, continue essentially unabated your logging operations in Orca Narrows. Am I accurately assessing your views?

MR. ROSIER: It seems to me that there was at least two qualifiers put on there. I heard more strict standards and I heard -- I understood Mr. -- Mr. Barton's comments, here we were talking about the involvement of perhaps some landscape architects helping design the logging shows there, as I understood it anyway, but Mr. Linxwiler.

MR. LINXWILER: Commissioner Rosier, that -- that is correct. To -- to directly address Mr. Cole's question be -- the logging layout in Orca Narrows already involves certain a road layout that is intended to avoid visual impact. The set-backs from lakes are three hundred feet, from streams are two hundred feet, twice the mandated amount, and from the ocean, a hundred feet which is not required in the statute at all. So, we're very -- we're working very hard to -- to create a logging plan that will work and that's consisted with the Exxon Valdez Trustees Council's charge to protect the habitat. And, we're going to initiate meetings immediately with the Forest Service to work through further qualifications or restrictions or requirements on our cutting plan in the meantime. We've struggled very hard with this. We're trying to meet the economic (indiscernible - coughing) and the economic pressure and negotiate in good faith with the Council at once. And, we're quite concerned that we do that and that we are

very eager to make this transaction work.

MR. ROSIER: Commissioner Sandor.

MR. SANDOR: Mr. Chairman, I, too, share the concern that has been raised about what happens that might destroy or significantly alter the particularly visual qualities that Orca Narrows area itself, and I was aware that BLM accelerated the transfer of lands, which I understand most appalling -- I guess is done, perhaps other work can be -- can be accomplished. But, it seems to me the bottom line is, is that if, in fact, the actions that take place between now and September 16 were such as to essentially duplicate the extent of clear-cutting that have taken place without attention to habitat and adequate attention to habitat protection and visual quality, that essentially we would have lost the opportunity protection of that tract. Yet, I sense on the part of representatives of Eyak, a willingness to work with the Forest Service, and perhaps the Department of Natural Resources Division of Forestry to -- to do that, and then finally, there is -- later on in our agenda, under bark beetle infestation, the part I think will show extensive infestation at, behind in Valdez, and a proposal by DNR to -- to harvest beetle-killed timber in -- in that area under an emergency procedures, which may or may not be reachable during this short period of time. In any case, I would move to amend my motion to direct the continuance of this discussion, with this amendment, that these discussions take place with the understanding that any type of timber harvest in Orca Narrows be -- be limited to -- to the minimum extent possible, and

with full protection of the visual quality and habitat.

MR. ROSIER: Yes, Mr. Frampton.

MR. FRAMPTON: Mr. Chairman, I think I want to speak in favor of the amendment because I'm not sure we can, in this group, go much further than that in urging some further discussions about what happens in the next month. I -- I very much appreciate that -- you know, your willingness to respond in the context of negotiations, but in a public forum, I think -- believe you were here when the Secretary Babbitt spoke, and I think he's made it clear both publicly and this morning that his highest priority, and I believe that of all of the federal Trustees, is to look to imminent opportunities for habitat acquisition, as well as to think about a very coordinated, integrated, scientific effort here with these funds. And, it seems to me we have -- we're getting close to the possibility here of a -- of an agreement that would be very much in the best interests of the public and in the best interests of Eyak, and I think it would be unfortunate to have something that happens in the next three to six weeks -- you know, torpedo this opportunity, and I think that's of concern to all of us. At the same time, and there is that possibility, because there are other opportunities, and some that we want to seek authorization for today, to begin looking at alternative uses of these funds for acquisition elsewhere. But, I think that there -- there really needs to be -- you know, we're at the point we are now because of Mike Barton's hard work and Charlie Cole's leadership, and your willingness to work with the Trustees and representatives, and

we're so close, to have something that happens in the next three or four weeks, see this thing go down the drain would be, I think, terrible for everyone. At the same time, the Trustees are very, very sensitive about the issue of the jobs and of you need to continue to run this business. Someway, there has got to be the details here, a way not to let this thing slip away from us, and I hope that you will work very hard with Mike and Charlie and the negotiating team not to let this happen.

MR. ROSIER: Yes, Donna.

MS. NADELL: I -- I would like to answer that. We don't want it to slip away. We're probably one of the largest proponents for tourism in the area, and we realize that clear-cutting will damage the viewshed. But, also we have the hard of reality that we have built to meet, so we were kind of stuck between a rock and a hard spot. We have to log in order to meet the bills, and even though we don't -- we would like to discontinue logging tomorrow, but in reality, we can't. And, we -- we would like to move more toward tourism and get away from logging, but, as I said, we have to face the facts too.

MR. ROSIER: Other comments?

MR. PENNOYER: I'm not sure if Mr. Sandor's amendment got a -- a second, although (indiscernible -- simultaneous talking)

MR. ROSIER: We have no second at the present time.

MR. PENNOYER: I second it.

MR. ROSIER: Okay, the motion has been made and seconded to amend the original motion and on this -- further

discussion on the amendment?

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: I am not urging Eyak to cease logging, because the Governor has recognized that there are some seventy or eighty jobs at stake in a town which is hemorrhaging I learned that word from (simultaneous laughter).... Economically, and Mr. Frampton has said that certainly must be a consideration by the Trustees. So, we would urge you, I would, at least to see if you can conduct your operations to the extent possible elsewhere, other than in this crucial tract. But, I want to say that if, during this ensuing period that the operations in Orca Narrows go beyond what I view as one of my responsibilities as a Trustee, I will vote, when it comes time to vote, against the entire package, and I will do so unflinchingly and unemotionally. So, if that is meaningful, so be it. Thank you.

MR. ROSIER: Further discussions.

MR. SANDOR: Call for the question.

MR. ROSIER: The questions been called for on the amendment. Those in favor of the -- the motion as amended indicate by saying aye.

ALL TRUSTEES (in unison): Aye.

MR. ROSIER: Opposed? (No response) Amendment has passed. On the main motion, at the present time, those -- those in favor of further discussion? Those in favor, signify by saying aye.

ALL TRUSTEES (in unison): Aye.

MR. ROSIER: Opposed? (No response) Motion passes.

Thank you very much, we appreciate your participation in this session here this morning. The second part of this agenda item here, the habitat protection approach, I believe is a carry-over from the -- from the August 6 meeting. And, Mr. Cole, I believe this was your agenda item. Would you like to speak to the -- to the item here, please.

MR. COLE: Mr. Chairman, I would like Ms. Rutherford to summarize the actions which the acquisition group has been pursuing.

MR. ROSIER: Alright. Marty.

MS. RUTHERFORD: Mr. Chair. The status report of where the habitat protection group is at the moment on the comprehensive analysis of all the private parcels within the spill area. Currently, we have had a field survey up north of Afognak Island, of the shoreline of the center Kenai Peninsula, that included all in-holdings within the Kenai Fjords Park. We're just -- our staff is just back from eleven days in the field and they surveyed all the lands within the Prince William Sound, including most of the Eyak land and the Chenega lands. However, they have to go back on the 25th, in a couple of days, to finish up with some very small parcels, there's some Chugach -- Chugach lands on Knight Island and Chenega lands on Knight Island and there's a few remaining small parcels of Eyak lands on Hinchinbrook and Hawkins Islands. The only Tatitlek lands that we will be looking at are

Bligh Island, it currently -- Tatitlek Corporation has indicated to us that that's the only thing they would like to participate with us regarding. We have yet to do the south portion of Kodiak and we'll be trying to accommodate that here in the very near term. That will be the completion of all of our field surveys. That will lead us into finalizing a revised comprehensive process presentation to you folks at your September 16th meeting. Basically, that will be a -- we will bring to you any suggested changes to our analysis process and we will be -- we have looked at what we did in the interim on the imminent threat lands. A process will be identifying some problems within that. We will have worked with a peer reviewers in a workshop and will be making some suggestions, minor suggestions, on how we do the analysis. The -- the whole package of analysis will be completed and to you by Thanksgiving, and at that point in time that'll include all the major parcels for -- throughout the spill area of the private ownership. There will be some small parcels that we will not have gotten to yet, but those can be picked up once you identify any particular areas you want us to begin focusing on.

MR. ROSIER: Okay. Yes, Mr. Cole.

MR. COLE: I was going to ask, what is the general content of the information which will be included in the report with respect to each parcel?

MS. RUTHERFORD: In -- in the terms of data, it's the same type of data that was in the imminent threat analysis. However, we're focusing a little different on the species. Given

input we've received as part of the imminent threat process, but it's the same level of information. Although we have augmented that with field surveys that we did not have on the imminent threat parcels. So, it will be as much as we -- we can, it will provide first-hand knowledge.

MR. ROSIER: Further comments? Questions?

MR. COLE: Well, I would say, Mr. Chairman, that I think we should affirm the report given us by Ms. Rutherford and request that they continue on their present course.

MR. ROSIER: Yes, Mr. Barton.

MR. SANDOR: Second.

MR. ROSIER: Motion, okay. Motion made and seconded that we affirm the report by Ms. Rutherford and that they continue within the lands group on the course that they've -- they're currently following. Mr. Barton.

MR. BARTON: Yes, Mr. Chairman. I think that we need to recognize the hard work that this group has put forward in trying to accomplish this review and analysis in a timely manner, and I think they work very hard. I think that we're all interested in getting this analysis completed so we have a better perspective on the opportunities in terms of habitat acquisition. So, I personally thank the group and urge them to move forward even more rapidly, if it's possible.

MR. RUTHERFORD: Thank you, we will try.

MR. ROSIER: Further comments? Those in favor of the motion to -- to continue on the course that the group has been

pursuing here, signify by saying Aye.

ALL TRUSTEES: Aye.

MR. ROSIER: Opposed? (No response) Motion passes.

MR. COLE: Mr. Chairman, take up the Seal Bay acquisition. I'd like Ms. Rutherford to on its -- I think in -- an appropriate point in the agenda to dispose of that or to address that idea, if no one objects?

MR. ROSIER: Any objection from the other Trustee Council members? Alright, Marty.

MS. RUTHERFORD: Yes, Mr. Chair. I'm about to hand out to you the Seal Bay resolution. This resolution simply reiterates the Trustee Council's acceptance of the seller's proposal to sell the Seal Bay parcel. It has been amended as directed by the various agencies when you reviewed the draft. We are requesting that if you are comfortable with it that you execute it, perhaps by the end of the day, and I will pass it around at this point in time. The state is also currently reviewing the land, timber and subsurface appraisals of the Seal Bay and Tonki Cape parcels, that is not yet completed. We hope to have it completed in the very short term. We are also close to completed a purchase and sales agreement which -- which once done we will circulate to you folks for review and, hopefully, acceptance. The haz-mat survey is almost completed also. So, we are very close to closing out -- to presenting the final package to you folks, and perhaps we can do so by September 16th.

MR. ROSIER: Further comments from the Trustee Council?

Yes, Mr. Pennoyer:

MR. PENNOYER: Marty, did you comment -- I missed on the subsurface right question and how that's proceeding?

MS. RUTHERFORD: The subsurface appraisal is part of the -- the whole appraisal package. We -- after -- we had -- had this timber and land appraisal contract in place when you folks decided to add subsurface, so we amend -- we were able to amend that contract, so the appraisal deals with (indiscernible - coughing).

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: Does the deal consider subsurface?

MS. RUTHERFORD: At this point in time, no.

MR. PENNOYER: Mr. Chairman.

MR. ROSIER: Yes.

MR. PENNOYER: (Indiscernible) Is that discussion proceeding?

MS. RUTHERFORD: I believe that the negotiators have been discussing subsurface and, I might refer that to Attorney General Cole or Alex Swiderski. I'm not -- I'm not aware of where we are in those discussions.

MR. COLE: Mr. Swiderski.

MR. ALEX SWIDERSKI: We have been discussing -- we have had discussions of the subsurface acquisition. At the moment we are awaiting the results. (Rearrangement of microphone.) To repeat -- Alex Swiderski speaking. We have been engaged with the subsurface holders in discussion. We are currently awaiting the

outcome of this subsurface appraisal. And, my understanding is that we would have that within the coming thirty days (indiscernible). Questions?

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: Would you comment on the status of the acquisition of the Kachemak Bay parcel?

MR. SWIDERSKI: We are very close to closing that that acquisition. We are awaiting a board of directors meeting of the Seldovia Native Association, which occurred Thursday and Friday of last week. I believe that should have addressed the last unresolved issue there, and optimistically, I would think that we may close this -- this week.

MR. COLE: Thank you.

MR. SWIDERSKI: Your welcome.

MR. ROSIER: Yes, further comments? Questions? Okay.

MR. PENNOYER: Sir, are we going to receive copies of the resolution and are you trying to achieve signature by the end of the day?

MS. RUTHERFORD: I just gave an original to Attorney General Cole. Perhaps, if you folks could -- it -- I will get you another copy.

MR. ROSIER: Could we get copies for every -- for each of here, please. (Pause) Alright, we have a motion before us. The motion was -- the motion is, as I have it on this was to for the lands group to in fact continue with their -- with their program. Wait a minute, excuse me.

MR. PENNOYER: Mr. Chairman, I think....

MR. ROSIER: I'm sorry, we've moved ahead to Seal Bay, we have no motion before us at this time. I apologize.

MR. PENNOYER: Mr. Chairman.

MR. ROSIER: Yes.

MR. PENNOYER: I assume that we'll look at this by the end of the day and no motion would be required at this time.

MR. ROSIER: That's correct. Thank you, Mr. Pennoyer. At this time, then -- yes, Mr. Barton.

MR. BARTON: As I understand it, what we're -- what we're doing with the Seal Bay situation right now, is just reaching an agreement on the specifics of the language, and that there's really no action necessary, is there?

MS. RUTHERFORD: Right, you folks moved on

MR. BARTON: ... we've taken action.

MS. RUTHERFORD: on the resolution without having a hard copy -- I don't know, two months ago. So, this is just finalizing the language of that resolution and actually getting an execution.

MR. ROSIER: We'll all agree we had read (indiscernible) to the table for action other than

UNKNOWN: (Indiscernible - out of range of microphone).

MS. RUTHERFORD: Well, I think you -- there was a resolution at that meeting when the discussions occurred between Attorney General Cole and yourselves and the sellers of Seal Bay, and I think you passed the motion. This was just finalizing the

text of that resolution, and now it requires an execution.

MR. BARTON: It's the language implementing what we did before.

MS. RUTHERFORD: That's correct.

MR. COLE: It's a more formal legal document putting our resolution into a more formal stage.

MR. ROSIER: Alright. Yes, Mr. Frampton.

MR. FRAMPTON: Under the general heading of habitat acquisition, I'd like to raise for discussion the question that arises partly as the result of the discussion we had earlier about the Eyak negotiations and what should happen if, for one reason or another, we're not able to reach an agreement there. Some folks here may have read in the newspaper last week about the Secretary - Secretary Babbitt's interest in pursuing possible opportunities on Kodiak Island for habitat -- high quality habitat acquisition. I think it's also important, however to -- and that -- that is an interest and a priority for the Department of Interior, and I think that I speak for the other federal Trustees as well. However, I think it's also important to note that the Secretary made some statements yesterday down in -- in Valdez to the news media, to the effect that he recognizes Prince William Sound was the most impacted area and that any program of habitat acquisition, ought to look with a very high priority at areas in eastern and western Prince William Sound, and islands in Prince William Sound. And, that there ought to be resources to look at the possibility of some habitat acquisition in Kodiak, and perhaps Afognak, but at the same

time that should not foreclose opportunities for potential habitat acquisition in and around Prince William Sound, and he feels very strongly about that, and I think that's shared by -- and certainly in Washington by the other -- other secretaries. And, in light of that interest on the part of -- of all of us on the federal side, in looking at other opportunities, and the state of somewhat -- unsettled state of Eyak discussions, perhaps, at least informally, we ought to think about giving some guidance or directions to the staff to -- while the evaluation is taking place, and with the information that's coming in from that, at least to be -- beginning to look at other opportunities here, principally in Prince William Sound, perhaps Chenega lands, but also on Kodiak Island. So rather than making any formal motion, I want to raise that for discussion.

Obviously, a major concern here in looking at any kind of a preliminary '94 work plan is how can we approve a budget of any kind, even an interim budget, without some sense of direction about where we're going. And, I think the Secretary has said quite clearly what our priorities are -- habitat acquisition, research and looking at opportunities for fisheries restoration.

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, were you finished Mr. Frampton?

MR. FRAMPTON: Yes.

MR. ROSIER: Okay, Mr. Cole.

MR. COLE: My understanding is that's essentially what we are now doing. Does anybody else have a different view or am I mistaken?

MR. ROSIER: Marty, would you like to speak to -- to the extent of what we're looking at at the present time.

MS. RUTHERFORD: Yes. Attorney General Cole is correct. What we're doing, Mr. Frampton, will certainly facilitate to the Trustee Council being able to give direction to the staff and particular agencies on beginning negotiations on all the parcels we're analyzing, and, of course, that includes all the areas within the Prince William Sound, and, as I said earlier, Kodiak and Kenai -- out of Kenai Peninsula, also.

MR. ROSIER: Yes, Mr. Sandor.

MR. SANDOR: Yes, Mr. Chairman, I was going to remind myself and then ask for sort of an update of habitat protection acquisition analyses, but this February 16 summary report is really an excellent outline of what was done at that point time, February 16. And, I know a lot of work has been done to update the -- the analyses, and I think what we're heading for is prioritization of -- of the parcels with the criteria we've already laid out, so that process is in place. I guess I'd ask how far are we -- are we along in that prioritization process and when might we, you know, what benchmarks or mileposts can we expect to reach in the next three to six months?

MR. ROSIER: Marty.

MS. RUTHERFORD: Yes, Mr. Chair, again, we're -- what we'll be providing you in November is more -- a more full-bodied comprehensive analysis than even was in that one, and it will provide, probably, high-medium-low prioritization of all the

private land where there was a willing participant, landowner. And, again we hope to have that -- that document, or series of documents to you by Thanksgiving. So, at that point in time you will be able to provide guidance to particular agencies or the staff as to beginning any discussions with the landowners, in terms of protection.

MR. ROSIER: Yes, Mr. Frampton.

MR. FRAMPTON: Mr. Chairman, I'm quite satisfied if there's a general understanding that we are going forward on all fronts here. I think that I want to say that I certainly recognize and the Secretary recognizes that, in all fairness, that the -- it's really perhaps as much or more the state and particularly the Attorney General who has provided the leadership over the last six months to get some of these major initiatives and negotiations started. And, we on the federal side -- you know, we got on your caboose and we're very happy, and now we want to move forward on the train and get in the engine and help go forward together with this. So, as long as we understand that we're all looking at the highest priority parcels, I think that makes us quite happy. The second issue that I wanted to raise under the heading of habitat acquisition is the mechanism for actually implementing some additional negotiations, and I want to put on the table again, and I think that's been discussed here before, but I'm not sure, in some of your meetings, whether what we need here is really a unified, single, negotiating team. Clearly there is a strong need to get an executive director hired and on board. And, I want to

raise the question, second, whether we also don't need to think very seriously now about a -- rather than having four, five or six different agencies negotiate individual acquisitions, what the view of the Trustees is about having a -- an integrated, single negotiating team or crew that does all the habitat acquisitions, so that those with whom we deal know that they're getting a standardized approach, and so there's a centralized mechanism here within the Council for doing this.

MR. ROSIER: Yes. Comments from the Trustees on that issue of a single negotiating team on the (indiscernible). Yes, Mr. Sandor.

MR. SANDOR: I guess, Mr. Chairman, I would address -- I guess the process by which we're going to be looking at habitat and in prioritizing it, and I believe it's very important that we protect the process that's in place, namely the very extensive public involvement that has taken place -- closing comments, of which were just due, I think August 6, to really find out what the people in the communities, those who are most impacted by the spill, really want to see happen. Because, I believe, it's those that were impacted, especially the communities within the spill impacted area that need to guide us, need to guide the Trustees. Similarly, I think the Public Advisory Group needs to play a key role. So I'd be concerned Mr. Frampton if -- if this group of negotiators would go beyond or get too far ahead of that process. So, I think it's very essential that we evaluate those comments, and I presume we'll have that report, at our next September 16

meeting -- analysis of public comments, and then, I think too, we'll have some council from the Public Advisory Group. The -- this really was an excellent job, and yet, there's some serious questions that would have to be raised, I think, about what are imminent threat activities. One place, I was just looking at over the weekend, the imminent threat is recreational development, lodges, cabins, fisheries development, and I don't -- I -- I'm a little bit worried about that, and I think we really need more public scrutiny of this. So, I think one is a process in place, and I would be concerned about having a negotiating team that would run ahead of what the communities and the public process would dictate.

MR. FRAMPTON: I wasn't suggesting any centralized negotiating team to make any decisions about specific potential acquisitions, but rather once the Trustees have made a decision that they want to pursue a particular negotiation, who does the negotiation. It's really an implementation question. That's -- that's really the issue I'm raising.

MR. ROSIER: Mr. Cole.

MR. COLE: I agree with the remarks of Commissioner Sandor and that's what I understood Mr. Frampton to be saying. With respect to the second issue which you raised, that is the composition of a negotiating team, or separate negotiating teams, I think that the Forest Service has done an outstanding job here under very difficult negotiating parameters. But, when this issue was raised initially before the Council, I was of the view that we

should have a single negotiating team. I think I was the only one, however of that view, which is often the case (laughter) on the Council, but I continue to believe that a joint federal-state negotiating team with a unified negotiating approach would be most beneficial, so that we do not have disparate negotiating approaches with landowners. And, I continue to remain unsettled over where we are on that subject.

MR. ROSIER: Mr. Pennoyer.

MR. PENNOYER: Speaking to the 5-1 vote, Mr. Cole, had something to do at the time, I think, with the fact that we wanted to get on track quickly on two or three parcels, and we had some information presented to us on both the time and cost, perhaps, in setting up a single negotiating entity, and I felt the decision was to go there with a coordinator in person -- these parcels, then sit back and look at it and see if we should change the process. So, I don't think any of us have wedded ourselves to an all-time commitment to one way or the other. We weren't voting against a single negotiating team, but I think I was voting for getting on with those few that would be handled by individual agencies at that time. And, I don't -- I guess, I don't completely understand what's required to do to what Mr. Frampton has proposed, and there were some procedural barriers we talked about the first time around, and we're not land acquisition agency, so I defer to the Forest Service, Interior on that, but we had some questions -- how to set it up, who would do it, how it would work, the different laws and different approaches when you're buying lands that are

either state of federal law. And, if we've in fact, from our experience, we've engaged in these three things we've participated in, Seal Bay, Kachemak and Eyak, now, agree that this is a better way to go and the people doing the negotiations can see how that would work better. You know, that's fine.

MR. ROSIER: Yes, Mr. Frampton.

MR. FRAMPTON: Mr. Chairman. You know, I think we wouldn't be where we were with the possibility of the deal with Eyak if the Forest Service hadn't very ability thrown themselves into that effort. If -- I'm interested -- you know, maybe the way to do this -- I'm new to this, but is it appropriate to ask the staff to come up with two or three alternatives, or best alternative ...

MR. ROSIER: By all means.

MR. FRAMPTON: ... by the next meeting for discussion on how -- how you would put a single effort together and -- or alternative ways for doing it, in the simplest, most efficient manner possible. (Indiscernible - simultaneous talking)

MR. ROSIER: Dave.

DR. GIBBONS: Excuse me, Mr. Chair, we can do that. We've got the start of it already on options, and so I think we can do that quite -- quite quickly.

MR. ROSIER: Very good.

MR. FRAMPTON: That doesn't mean in the meantime that if there's an opportunity that presents itself, we wouldn't do the same thing again, which is to say, whoever is the most appropriate

and available agency go for it. But, at least we could look at this in a rational way and look at the pros and cons of it.

MR. ROSIER: I would just like to say, you know, I certainly (inaudible -- electronic interference).

MR. COLE: (Inaudible -- simultaneous laughter)

MR. ROSIER: On the September 16th agenda, yes. Yes. We're going to have the pleasure of Mr. Frampton's presence on the 16th.

MR. FRAMPTON: If I get sent up here.

MR. ROSIER: I would suggest that we take a five minute break at the present time, and we'll make it five minutes. We've got a full agenda here.

(Off Record: 10:12 a.m.)

(On Record: 10:23 a.m.)

MR. ROSIER: We'll get started here again, please. (Pause) Yeah, something like that. The scandal with GAP report?

MR. COLE: Are we going to bring that up now?

(Laughter)

MR. COLE: Well, I'm in a good mood (indiscernible), and now why not?

MR. ROSIER: Where is Mr. Frampton? Oh, here he is. Okay. Okay. The next item on the agenda was a short report, I think, from -- we asked Mr. Barton here to talk about the executive director status. Would you like to cover that, Mr. Barton?

MR. BARTON: No. (Laughter) Yes, Mr. Chairman. The Trustee Council met in executive session on -- I can't remember the

precise date, but about a week ago, to interview the five finalists for the executive director position, and those interviews were conducted in person with the exception of one individual who had a family emergency and couldn't attend, but we interviewed that individual by phone. The next step in that process, of course, is for the Council to meet again, and after having an -- had the opportunity to digest those interviews, those interviews, and consider what we heard there, the Council may need to meet again in the near future to make a decision on that position. There is not a meeting scheduled at this time, but we need to do that, and it might possibly be done in conjunction with our September 16 meeting if -- or sooner if it would be possible to arrange those sessions with those our calendars the way they are. But that's the status of it. We're anxious to move ahead, but that's where we are.

MR. ROSIER: Thank you very much. Any comments from the Trustee Council? Yes, Mr. Frampton?

MR. FRAMPTON: I just want to reiterate that the request that Doug Hall from NOAA and Jim Lyons from Agriculture and I made that we have an opportunity to interview probably the top two people, then if necessary they'd come to Washington at the end of this process and also, obviously, we'd try to push it forward as fast as possible.

MR. COLE: Whoa . . .

MR. ROSIER: Mr. Cole?

MR. COLE: Well, I think that any of these negotiations of that type should be conducted jointly with a state

representative there. We would not, of course, have any objection to your or the Secretary or Mr. Hall, conferring personally with the nominees considered most attractive, but I think that we should continue on a joint approach.

MR. FRAMPTON: Absolutely, that's understood. I think that it's very important that the person who is chosen have the confidence of all six Trustees, and also perceive that it is his or her job to be working to further a joint program here and that, to the extent possible, all the interviewing ought to be done by as many Trustee representatives as possible can be in the same room.

MR. ROSIER: Would it be possible -- the suggestion has been made that perhaps we could move ahead at the September meeting, would it be possible perhaps to have those gentlemen present at the meeting here in Alaska on the -- on September 16th?

MR. PENNOYER: Mr. Chairman, would we convene our executive session?

MR. ROSIER: Yes.

MR. PENNOYER: (Indiscernible)

MR. ROSIER: Yes.

MR. PENNOYER: (Indiscernible) I suppose.

MR. FRAMPTON: I'm not sure how it would work out, the logistics here, but . . .

MR. ROSIER: Well, I would certainly concur with the statement by Mr. Cole that we want to move ahead on this and, you know, I would hope that we could -- we get something moving here in the near future. I think the process has been drawn out, and the

-- but the process has worked extremely well. We've got five very strong candidates, in my view, and certainly I would like to see us, you know, move ahead as soon as possible on that. Yes, Mr. Sandor?

MR. SANDOR: Yes, Mr. Chairman. I think the Trustees were reassured, those interviewed candidates, that the process was really quite good. There was, what, eighty some candidates, and the five that were interviewed, it's very difficult to narrow down to one or two. I think that what you might want to do, and I can understand the interest in interviewing them, I want to interview them all. Actually, it may be that one may drop out, but it struck me that it's going to be extremely difficult to even narrow that down and it may be helpful to have you interview, you know, all four or five. But at any rate, I concur that it ought to be a joint process. Excellent candidates, excellent.

MR. ROSIER: Further comments? Mr. Pennoyer?

MR. PENNOYER: No, I think we can't work out the logistics here until later in the week. Perhaps we can put this on the grid and get back by conference call as an executive group to decide on a schedule before the 16th and work that out between now and -- well, probably by the end of the week, I would guess.

MR. ROSIER: Okay. All right. Mr. Cole, you had asked for time on the agenda this morning to talk about the GAO report. Would you like to make some comments on the GAO report?

MR. COLE: Yes, Mr. Chairman. As I've said, this GAO report, in my view, is unadulterated nonsense on stilts. I want to

say first, some of the strange circumstances which we encountered as trustees when we were provided an opportunity by the GAO auditors to comment on their proposed report to Congressman Miller.

We met with the two GAO auditors in Juneau at 1:30 on a Thursday afternoon. We went into a conference room, and after the usual preliminaries one of the auditors pulled out of a locked briefcase this 33-page proposed report. Each copy of the proposed report was marked with a number, which I thought was rather unusual, but in any event it was handed to us, and say, here, we would like your comments on this report. Read it and tell us what you think of it.

Oh, we glanced through it, some thirty-three pages. We said, well, we don't have three days in which to furnish you with our criticisms of this report. So we undertook to read it and make some comments. Then, when we left, they carefully collected all of the copies, so we weren't allowed to take with us from the room any copy of this proposed report. And I noticed when we left the room that there was a gentleman standing there beside the door. I didn't recognize him, but I recall his appearance. He had an overcoat on, his collar was turned up (laughter), he had those gum soles on his shoes, and for a moment I thought we were going to be subject to a strip search. As we were leaving, one of the GAO auditors walked out and there seemed to be a meeting of the eyes, and so we were allowed to proceed without delay. As we looked through the report, we said, we'd like to comment in writing on this report, but we were told, as you will see on page 7 of this report, that at Congressman Miller's request, they declined to

accept from us written comments, which, of course, we felt was unusual. Then we said to them, well, you're auditors, you're constantly talking about an audit trail, as indeed they do here in this document, and I said, why would not you want an audit trail with respect to our comments on this report? To which, as you might imagine, they absolutely had no response. They said, well, we don't want anything in writing, we don't want anything taken out of this room, you know. It was sort of like we were meeting over in the CIA headquarters there outside the Beltway for some strange reason. But, nevertheless, since those were the ground rules in which we were afforded the opportunity to give a cursory examination to this report, we proceeded. Then we talked about the absence of a restoration plan. As you will see, it's in here in a number of places that we didn't have a restoration plan. So, we said to them, well, what difference does that make? I mean, why do we have to have an over-arching restoration plan to be able to make prudent decisions now with respect to the expenditures of these funds? And as you might imagine, they had no response. Their face got red, they clutched their writing instruments tightly, and I'm frankly surprised that we were able to continue the meeting in the fashion that we able to when we started asking these questions. Well, why is the restoration plan so important? And we never received an answer, yet as though you look at this report, you would think that we were absolute sinners for not having a restoration plan when we decided to purchase lands at Kachemak Bay, or Seal Bay, or to undertake habitat acquisition studies that

Commissioner Sandor has mentioned here this morning. And yet, you see, we're essentially vilified in this report and in the press for having this -- not having this meaningless restoration plan. Now, you will see that that comment on page 24 and on page 28, and then you will notice on page 30, they said, meaningful public participation and independent scientific viewpoints not always sought. And let me tell you, we told them, we're choking, absolutely choking on public participation. But did we tell them about public participation? We've said, we sent teams to every community, every village in Prince William Sound and down in the Lower Kenai Peninsula and out in Kodiak. We told them that we'd sent out each year proposed restoration plans, and I know in the first year's restoration plan we told them, and we showed them our work, that we had received in excess of two hundred and fifty comments, probably containing about two thousand pages, of public comment on the '93 work plan. I know because I read it myself, each page. We told them that we'd sent out this brochure dealing with the proposed restoration plan, and we have received how many comments, over a thousand or over seventeen hundred responses to the proposed restoration plan. We told them that at the conclusion of each meeting, and during each meeting, we have opportunities for public comment over the teleconferencing system. And I said, you know, if anything, we're having -- we have the public advisory group, we pointed out. And I said, if anything, we have so much public participation that I think the public is getting confused of what we're sending out. But you can see how much attention that

they paid to our comments in that regard. Then you will see here -- I don't want to take time to comment upon all of these things. They said, high travel costs incurred between Juneau and Anchorage. And we said, what do you want us to do, hold these little secret tête-a-têtes of the Council down in Juneau where nobody can look us in the eye and see what we're doing, who can come and appear before us and present their views? I said, it's in the memorandum of agreement, in the consent decree, that we have meaningful public participation, and yet she -- because we come here before you so people from the spill areas, from Cordova, from Valdez, from Chenega, from Homer, from Kodiak, can come here today, they criticize us in this report for these high travel costs. And I told them, furthermore, the Department of Law has not taken one penny of these so-called high travel costs, or for telephone bills, or for the tens and tens of thousands of dollars of salaries that the Department of Law has contributed to this Trustee Council, but you see, this is what we get for -- criticized, you know. And then this paper (pointing to Anchorage Daily News) rebuked for decisions of that nature. Now, there's another comment in there which I want to address. This has to do with the monies which the state is being reimbursed for litigation expenses, and you will recall that, following the spill, and not long after the spill, the state filed a civil suit against Exxon for damages and began vigorously to prosecute that lawsuit, and we hired the finest experts in the world, we initiated a contingent evaluation study which probably today is the best contingent evaluation study ever prepared, and we

were prosecuting that case vigorously. And the United States had not yet, even as of the day of the final negotiations, filed a civil complaint against Exxon. And so, we said that we wanted to be reimbursed for the damage assessment and litigation costs. And during those negotiations in Washington, D.C., I had a very vivid recollection about them, and it is this: I said, you know, I've dealt with some businesses over the course of the years of my practice of law in Fairbanks, and I've seen this type of approach taken, you know. When people want something from you, you know, some sort of transaction, they send the All-American Boy in, you know, the greatest fellow you ever met, he or she, you know, and so you say, all right, we'll reach this agreement and then about two years later, in come the boys with the sharp pencils and the green eye shades and they say, well, you know, I beg to differ with you, that wasn't the deal. Oh, we said, that was very clear, I understand the deal, and that will be confirmed by, you know, your employee or agent who came and we made the deal with. I said, why don't we just get a hold of him? Oh, he's over in Indonesia right now, or Saudi Arabia, he's just not available to talk about this, and so you have a major dispute over what the deal was. And so, I said, we don't want this happening in this case. We're going to proceed jointly and together in this great saga. And, I said, those numbers, the \$75,000,000 and \$67,000,000, those are the numbers. We will not have that go back three years later and have the GAO, if you will, come in and want to audit the numbers and say, well, you paid your lawyers too much, or the expert witness

was paid too much. And, I said, those numbers are the numbers, and I know because I kept the copies of these drafts as we went through them. And then, I said, we will put it in because those are the numbers. Well, then, the federal representative said, well, we can't quite do it that way, we have to have this sort of subject to some form of audit. So, I said, well, you just put it in that you can audit your numbers but not audit the state numbers because these are the numbers which we are to be reimbursed. Well, then, they said, gee, it looks unbalanced, you know, with the federal doing this and the state doing this, so being an easy mark, I agreed that we could modify that language a little bit so that it appears in the fashion that it now appears. But, you see, my judgment was flawed because now, two years later, the GAO is in here saying we've got to audit those numbers. And that's what we told them in this meeting but, you see, they paid no attention to what we said, time and time again. So, the whole report is flawed in my view. They refused to consider the problems which we have faced of trying to get this organization underway which has no comparable entity in state or federal law. We told them that we were using our very best judgment. We said, we're being very careful to tie these damage assessments and expenditures and restoration to the requirements of the consent decree. But the only thing they really could come up with was my friend Mr. Pennoyer's study for these killer whales, which I think you're firmly convinced is supportable.

MR. PENNOYER: I am.

MR. COLE: Well, anyway, that's what I want to say. I don't want to take a lot longer, but I think what -- now that we have this written report, we will respond in writing to this, like I say, scandalous document.

MR. ROSIER: Yes. Thank you, Mr. Cole. Mr. Frampton?

MR. FRAMPTON: Well, Charlie, I find it both ironic and praiseworthy that you would be the one to rise to defend us since, perhaps more than anyone else here, you are the one who has worked hard and exercised leadership and moved us forward, so I appreciate your defense. But I think that you all have to recognize that at least we have an appearance problem. It's not only some segment of the public of Alaska, but as reflected in the report of this U.S. News article that I haven't read but you just gave me, and A.P. stories that I saw in Montana and Salt Lake City papers on the way up here on Friday, that there is a substantial segment of the public that is concerned about the progress of these efforts. And I guess I just want to echo the Secretary's thought that the most effective response, in addition to a written response to the report, here really is just to look to the future. And the Clinton administration is absolutely committed to making this effort go forward and, I think, recognizes that the only way to do that is in partnership with the state, and you not only have to have it coordinated federal position, that position has to be coordinated by the state position. That's the only way the bankers move, to make good investments, to do things expeditiously, and we are absolutely committed to make that happen. And I think in the last

month or so, we've gone through the process of doing that, and that would be ultimately the answer to this report, to demonstrate to GAO and the public that we can make this thing happen, and you are the one who's really been the leader of that and we're going to join with you.

MR. COLE: Well, I'd like to add a postscript --

MR. ROSIER: Yes.

MR. COLE: Personally, I disavow that I have been the leader. I have regarded it as a pleasure to work with Commissioner Rosier, Commissioner Sandor, Mr. Barton, Mr. Pennoyer, and representatives of the Department of the Interior. But let me say, I'm not certain that it's not coincidental that this barrage of criticism seems to suddenly descend upon us. As a matter of fact, today, out comes this article in U.S. News & World Report which I was just have handed, haven't had an opportunity to read, out comes the GAO report today, out comes this headline article in the Daily News today. I mean, why, one asks oneself, does all this explosive tension come today?

MR. FRAMPTON: It's late summer. There's no other news.

MR. COLE: That's about as good a reason I can think of. But, you know, there may be those with their own agenda who think that somehow if they reap upon us all of the criticism which their assembled groups can generate, that we will knuckle under to their agenda, and that we will say, my goodness, you know, we can't take this criticism, we have to take a mid-course correction, get on track, if you will. And, you know, I want to tell any of those

who may have that agenda that I suspect that it will unavailing, that we will continue to discharge our responsibilities prudently and judiciously, and use this money wisely, not fritter it away, not cause this Council's money to hemorrhage, and that we will act totally and uncommittedly -- committedly in the public interest. Thank you.

MR. ROSIER: Thank you, Mr. Cole. Yes, Mr. Sandor?

MR. SANDOR: Mr. Chairman, I certainly say amen to the Attorney General's comments, but I must add a couple of observations as a trustee. I received my copy of the report actually just this morning, figuratively in the plain brown paper wrapper that it deserved, and I quickly turned to page 7, and the reason I was looking at the letter was because we had specifically made a point to -- and I was very vociferous, having worked with the federal government for thirty-seven years and very knowledgeable about ordinary established procedures for general accounting office reports, and at the meeting I had specifically asked why we are prohibited from giving written comments. And in this thirty pages of material that we've had, I had noticed that there had been reference to a meeting with the congressman's staff, and they had to have this report by August 20. Now, it doesn't say that here, but in the draft it indicated that it had to be received by the 20th. It was distributed to the media; in fact, I had a call and that was the first I knew that it was released. But the record reflects that this General Office Accounting report is an acknowledged irregular report, and it is not -- agency comments

were not received because of the request from the congressman's office, the staff, I presume. That's very significant because, as the Attorney General pointed out, you have to ask why, you know, why, and I guess my sense at the time was, you know, why. Now, I have to express a real sense of disappointment at an opportunity missed. This would have been a wonderful opportunity if the regular process had been followed, in which the GAO team would have looked at the strengths and the weaknesses, and God knows there's weaknesses and strengths, and constructively built upon a foundation of truth and fact, recognizing indeed the really very fine work that is represented in the February 16 "Opportunities for Habitat Protection and Acquisition." True, you know, many things to be corrected, but the process is underway. With regard to the restoration plan not having been finalized yet, I had urged, even in the comments of the period that we have, that they would acknowledge that a restoration planning process was, in fact, underway with substantial opportunities for public involvement. The draft restoration plan indeed published and widely distributed for public comment so that while there wasn't a final restoration plan, a restoration planning process that sought information and advice from the people who were impacted by the spill and the communities impacted by the spill. And I guess, Mr. Chairman, that this is what is really distressing because there was the opportunity to critique the process, to build upon strengths and to diminish weaknesses, to obtain agency comments and to rewrite the report after these constructive comments were received, and it

would be easy to say, well, let bygones be bygones, and we just need to look forward, but this opportunity is still salvageable, and I am certainly going to suggest to our congressional delegation that this irregular procedure that was followed be corrected. There is no reason now why that can't be regarded for what it was, a draft report without agency comments. And I'm confident that, indeed, there's many weaknesses, but most of those criticisms -- and if really anyone is interested in the facts, it can be adequately addressed and we can move on with a critique and rewrite the report after proper review of our comments. Anything short of that, anything short of the State of Alaska and federal agencies being able to correct the record will really be a missed opportunity. Mr. Chairman, I want to go on record in strong opposition to -- one, the process, the irregular process by which this report was prepared and issued, and urge the General Accounting Office to reconsider this opportunity missed and to go back to the drawing board with this rough draft and obtain the agency comments and rewrite the report in the professional manner in which I'm sure they have the ability to perform. Thank you.

MR. COLE: Mr. Chairman, I so move.

MR. SANDOR: I second it.

MR. ROSIER: Motion made and seconded to proceed with requesting the -- if I understand the motion, to request the GAO to review the draft and to take into consideration the comments that may be produced by the Trustee Council, and to look at the positive side as well as the negative side of the entire issue. Is that the

essence of your motion then, Mr. Sandor?

MR. COLE: To receive written agency reports and comments and to follow their usual procedures.

MR. SANDOR: That's all we ask, really is to -- that the agency reports be solicited in writing, it be evaluated and considered in the final report, and indeed, the agencies' comments published, which is often the case. All that we're asking for is that the regular procedure be followed and to try to move on constructively with what could have been a good process.

MR. ROSIER: Yes, Mr. Pennoyer?

MR. PENNOYER: Mr. Chairman, is the notion the motion that they would publish a supplemental or something? This is already a final report, is it not? I mean, this has been distributed, it's -- do you want just an addendum of agency comments published, or what is the nature of the motion? I don't know that I know how to write this report.

MR. COLE: Yes, that this report be withdrawn and regarded as preliminary only, and that the final report be issued after the standard regular processes of the GAO be followed. Now, how could anyone object to that?

(Laughter)

MR. FRAMPTON: Is that an amendment to the motion?

MR. COLE: Yes.

MR. FRAMPTON: We'll put it in then.

MR. ROSIER: We'll put it in there.

MR. COLE: Well, I wouldn't mind sending somebody

this visitors guide.

MR. PENNOYER: How about the killer whales? There's some public desire to find out what happened to the killer whales in the Sound, where somebody says they can categorically prove they were damaged by the spill or not, and that at some point in the future, if in fact the pods do not recover, somebody's going to say why then. The agency responsible for the marine mammals, I don't think can stand up and say because we decided not to look at it, we can't tell you. So, you know, I've got -- I'm sure our agency will provide some comments on a particular aspect of it. I'm not clear that a final report that's already been submitted to Congress can be at this point -- would be withdrawn, but perhaps publication of our comments would be appropriate.

MR. ROSIER: Well, --

MR. PENNOYER: I don't know what the procedure is, is what I'm saying.

MR. COLE: Well, we can --

MR. ROSIER: I suppose, you know, assuming that the Trustees in fact pass the motion that's been put forth at this point, we would in fact address any correspondence to Mr. Miller and GAO or whatever in regards to this process, and --

MR. COLE: The President.

MR. ROSIER: The President, certainly. I think that basically the GAO is responsible to the Congress, if I'm not mistaken, but --

MR. SANDOR: I would hope so.

MR. ROSIER: I would hope so also, but . . .

MR. FRAMPTON: Mr. Chairman?

MR. ROSIER: Yes, Mr. Frampton?

MR. FRAMPTON: Well, I'm happy to vote for a motion that we ask GAO to receive agency comments and to take those into account in a supplemental report. I think I'd probably have to abstain on a motion to ask another government to withdraw a report I haven't read. I don't know whether that would be received as a matter of comedy within the federal government. I'd like to read the report first before I'd vote for that kind of a motion.

MR. COLE: We wouldn't object if you read it.

(Laughter)

MR. ROSIER: Mr. Barton?

MR. BARTON: Yes, Mr. Chairman. You know, it seems to me, it seems to me -- it sounds to me like we're dealing with a situation where we're discussing unringing the bell, and we're not going to unring the bell. We might ring a different bell, but I don't think we'll unring the one that's been rung. I too have some frustration with the report and the lack of opportunity to provide written comment, but I would hope that we could, you know, that we don't wallow in the past and let's just get on with the future here, and I'm not suggesting that the record not be corrected, but I hope that we focus on where we're going instead of where we've been.

MR. COLE: Mr. Chairman?

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: You know, I, like, I think, my certainly fellow state trustees, do not like to view these headlines that we've been rebuked by a couple of GAO auditors who, frankly, just don't get it, you know. And I don't think that we ought to allow that, really, essentially allegations of a breach of our fiduciary obligations, to be ignored. So, you know, I think it's incumbent upon us, if not obligatory, to respond to this -- I'm going to leave the adjective out -- report.

MR. ROSIER: Thank you. Yes, Mr. Sandor?

MR. SANDOR: Yes. This isn't a matter of burying a dead cat or something that isn't supposed to be used, isn't alive. Actually, these GAO reports and other audits are bases from which you move and are something we must work with in the future. So, you know, this isn't a matter of just saying, oh, well, that was some lark or thing that was put out for whatever purpose. It's a document that we actually must, and are obligated to deal with, and so the intent of the motion, again, which is really quite simple, is simply that the Trustees request that our agency comments be received, and that the report, which was irregularly issued, be issued in proper form with the response to the comments that we make. Otherwise, what you have is this report, which has a lot of disinformation and, mostly by omission, doesn't present a proper picture at all of what has taken place, and then the auditors can, in fact, either dismiss, affirm, or modify, you know, their comments based on the facts in the case. But to ignore it would be to -- and to bury it would be improper. So, again, for the record,

the motion is to have the Trustee agencies which wish to do so to submit comments and to request that the General Accounting Office accord those comments the due respect that the regular GAO procedure accounts for and to issue a follow-up report on those comments. Thank you, Mr. Chairman.

MR. ROSIER: Thank you. The question has been called for.

MR. PENNOYER: Mr. Chairman?

MR. ROSIER: Yes, Mr. Pennoyer.

MR. PENNOYER: I still heard two different things. Now, if the motion we're voting on is one where the GAO would accept agency comments and respond to them, not that they would --

MR. COLE: No, no, no. Let's not let them off so lightly.

MR. PENNOYER: Well, in --

MR. COLE: If this document stands, then we -- you know, we can't allow them to have this document out there in its current status, unchallenged, when they don't follow the standard procedures.

MR. ROSIER: I would agree with Mr. Pennoyer though. There's at least two thoughts on the table here at the present time, and we need to clarify which direction we're in fact going here at the present time.

MR. PENNOYER: Let's have one motion and one thought.

MR. ROSIER: Yes, yes.

MR. PENNOYER: But I think Mr. Sandor's may have --

embody with what Mr. Cole is saying, I think he's just saying perhaps they hinge on two different things. What you're moving is that the GAO would follow their normal procedures, would respond to agency comments in a final report. Now, we're not saying they're necessarily going to change their view, not necessarily going to change their report if that's their view after they review and comment on what we've said, but we would have the opportunity to say yes, we're not doing duplicate work on killer whales, for example, and they would then have to say in the report, well, we looked into that and they are, or whatever they thought about it, but they would have to respond to that comment. They do verbally respond here to some of our verbal comments, but not in any detail.

So, I'm not sure that you guys really are totally different, but I just want to make sure. We're not telling them you've got to change your mind or emoting what the final process or report may look like. We're just saying, you've got to respond to agency comments in a normal process, or you should.

MR. SANDOR: Well, this is a -- Mr. Chairman, this is an irregular report, admittedly so, improperly issued, improperly prepared, without the opportunities for the agency's written comments and response to them. Indeed, it ought to be withdrawn. If these people were -- you know, reflected on what they've done, and I'm confident that, given these written comments, they will recognize the errors of their way and issue another report. What's wrong with saying, hey, we screwed up, this is what it is, you know, and do the job properly. Why they had to have a report out

-- they're somewhat embarrassed. They were embarrassed at the time. They're even embarrassed in this report by saying, at your office's request we did not obtain written agency comments in the draft of this report. That gives them the cover they deserve. For God's sakes, we can let them comply with the regular process.

MR. ROSIER: Mr. Pennoyer.

MR. PENNOYER: Mr. Chairman, I -- one question in terms of impact. That's fine, we can do that, and maybe we'll vote to do it, but that doesn't necessarily tell the story of what the Trustee Council feels are critical areas we haven't moved on and are moving on. It doesn't necessarily -- it ends up being individual agency comments. Is there a need for the Trustee Council to say something for the record of where we think we're going and why we think it addresses some of the concerns then, which isn't necessarily handled by your motion. And your motion is that we'll all send individual comments and somebody may respond to them and report in a normal process, but . . .

MR. SANDOR: Mr. Chairman?

MR. ROSIER: Yes.

MR. SANDOR: I concur with Mr. Pennoyer, and the thrust of the motion is to have this as a Trustee Council response collectively, but I do believe a lot of the points can be supported with the individual agency comments as well. The point is, is that this cannot go unanswered, and if we're indeed sincere about wanting to move forward in a constructive way and to build consensus, we must, you know, effectively deal with this

unfortunate report. So, I don't hear a thing that you're saying. You, Mr. Pennoyer --

MR. PENNOYER: The second part is to -- you'd have the agency response and then maybe the Trustee Council should do something to say how, see, we're going to proceed in the future, or are proceeding to answer concerns?

MR. SANDOR: I think our transmittal can do that. The report itself, we're particularly, I think, with respect to the comments on it and the points that are not factual or missing, but I think beyond that we can use this as an opportunity to really say, you know, what we are heading for, and where we are going, so -- but, you know, what's so sad about this is on that meeting date they could have simply passed out these things marked draft instead of numbering them and restricting them. Mr. Rosier had one hour to look at this 33-page document and discuss it. One hour. We had, what, three, I guess. And then they would have taken -- we would have had it, written our comments collectively and individually, and then they would have properly written the report in the process prescribed, but oh, no. For some reason they had to have this out by August 20th. What a coincidence. The Trustee Council meeting was on the 23rd. What a coincidence that (inaudible -- electronic interference) widespread distribution. I don't know what the definition of orchestration is, but it comes fairly close to (inaudible -- electronic interference) the bottom line is that this (inaudible -- electronic interference).

MR. ROSIER: Does that clarify the motion for you,

Mr. Pennoyer?

MR. PENNOYER: It clarifies the motion. I'm not sure who's going to do this letter, this transmittal, and what it's going to contain, but the motion is clarified, yes.

MR. FRAMPTON: Mr. Chairman?

MR. ROSIER: Yes. Mr. Frampton was next, yes.

MR. COLE: Well, what I want to say is that we should request that this document, call it -- label it what you will, should be withdrawn (inaudible -- electronic interference) because we can't allow this, to accept this report not prepared pursuant to the usual GAO procedures, and to have this suddenly come out, you know, today, was obviously the reason behind, in part, this refusal to accept written reports or comments from the Council and the various agencies. And I think that it should be withdrawn until the usual practices are followed. After all, that's the (inaudible -- electronic interference).

MR. ROSIER: Yes, Mr. Frampton.

MR. FRAMPTON: Mr. Chairman, at the risk of postponing our ability to get on to other business, I think I should -- as a point of clarification on the form that -- the GAO's position, is this is not a GAO report to Congress, and it is not subject to the usual procedures that apply to that. It is a briefing report to the chairman of the committee, and with respect to such a report, apparently there are no usual procedures. Now, whether that makes any difference to anybody is up to you all. I don't see any reason not to vote to ask them to accept written responses. Agencies want

to make written responses, you certainly want to make a response, Mr. Attorney General, but their position is that this is -- this is a different animal than a report to Congress. It's not an audit report, and there are no usual procedures.

MR. ROSIER: Mr. Cole.

MR. FRAMPTON: For what that's worth.

MR. COLE: An astounding revelation that now comes out that this document is not the standard GAO report, but it's just some sort of briefing report to Congressman Miller.

MR. FRAMPTON: It just has a cover that looks like.

MR. COLE: It just has a cover that -- all the essential paraphernalia that make it would appear it's a standard GAO study, but now we find out, thanks to Mr. Frampton, that it is not such an animal, and that's coming -- that revelation, it indeed, by all means, should be withdrawn. (Laughter) So I call for the question now.

MR. ROSIER: Question has been called for.

MR. PENNOYER: Mr. Chairman.

MR. ROSIER: Yes, Mr. Pennoyer.

MR. PENNOYER: I'm not nervous about commenting on the things I see that are problems in this report or in requesting that we somehow put it in perspective towards what we want to do so we are, as Mr. Frampton has said, having a forward look as well as a, quote, backward look at what's been done. And I think it is forward looking because a lot of things that aren't in here are things we are endeavoring to do, but I don't know, do you withdraw

a briefing report or do we request that they actually prepare a report for Congress, a follow-up, formal report that follows their procedure and accepts the comments. I'm not sure what -- I don't know anything about their procedure. I don't mind writing them and telling them what I think the problems are with particularly killer whales and other things, but -- but I don't know what we're exactly asking -- whether the process you've envisioned is the appropriate one to handle a GAO report. This is not a -- I mean, to withdraw a briefing report that apparently is not even a, quote, formal GAO report to Congress, or do we ask them to actually prepare a report for Congress that follows normal procedures and follows up on this? I don't know.

MR. ROSIER: Not normally -- not knowing necessarily what the normal procedures are here for a briefing report, is this the normal procedure as far as the GAO is concerned, produce briefing reports? I mean ...

MR. PENNOYER: Is there a normal procedure?

MR. ROSIER: Yeah, is there a normal procedure associated with briefing reports on this?

MR. COLE: It's labeled here a GAO study.

MR. ROSIER: Oh, I know what the newspaper says, but if you believed everything that's in the newspaper, we'd all be in deep trouble.

MR. PENNOYER: Mr. Barton, you've been around the system a lot of years

MR. PENNOYER: Pardon me?

MR. PENNOYER: You've been around the system a lot of years, how do you handle GAO reports -- what is the normal process for a GAO report? Mr. Chairman -- sorry.

MR. ROSIER: Mr. Barton.

MR. BARTON: Well, in my experience, the agencies being reviewed have an opportunity to provide written comments to a GAO report, but this is not a GAO report so ...

MR. ROSIER: That's how it's being quoted in the print, anyway.

MR. ROSIER: Questions?

MR. PENNOYER: Mr. Chairman, I'm all for trying to find a way to make comment and have that comment taken into account and have that comment published. I would like to have a way for us to review that comment, individual agencies can say what they want, but if there's a letter of transmittal, I'd like an overall review so we can see what we're signing on to.

MR. ROSIER: That's the first part of the motion. The second part of the motion is, of course, is to -- part of the problem is it includes the withdrawal of the document.

(Inaudible -- electronic interference)

(Vote on motion is not audible: Recorder's notes indicate motion passed with no Trustee objecting)

MR. ROSIER: Anything further on that subject, Mr. Cole, on this item?

MR. COLE: (Inaudible -- electronic interference) I was wondering whether we should not address the 1994 federal fiscal

year proposed interim project budget at this --

MR. ROSIER: I agree. Yes. Can we do that in the time available here?

(Inaudible -- electronic interference)

MR. GIBBONS: I can accomplish this within a half hour.

MR. ROSIER: Okay, fine. Do you want to proceed with that presentation?

MR. GIBBONS: What I propose to do is give you the historical background and where we are to date (inaudible -- electronic interference) of the interim budget and to make a recommendation (inaudible -- electronic interference) 297 potential projects, which we did. We accomplished this task in April (inaudible -- electronic interference) forwarded to the Trustee Council in late June, a listing of ____ different projects was developed (inaudible -- electronic interference) distributed and redistributed (inaudible -- electronic interference) towards the end of this year or early next year, carry on the process of habitat protection and the various activities that are (inaudible -- electronic interference). The interim budget includes major areas of (inaudible -- electronic interference) peer review, contract (inaudible -- electronic interference) those are the two contract items that we are suggesting that you cover in the interim period. The second area included in the interim budget is the report preparation cost from the 1993 field work. As directed by the Trustee Council, we have a budget in the 1993 work year which was March 1st of 1993 to September 30th of 1993, to include only

costs during that time. And now, we have costs associated with the preparing of reports, of the people who will be in the field 'til September, and (inaudible -- electronic interference) fiscal year.

So those costs were not included in the 1993 work plan, but we're asking for costs to complete that. A note here, reading the articles that you're reading, the 1992 damage and restoration reports, there are 92 which are being -- which were developed, and those are either in the final stage right now or out for peer review, so that process is proceeding, and I have copies of abstracts which I'll have available for you on September 16 of those reports. So, (inaudible -- electronic interference) there's a minimum of 26 projects from 1993 that will appear in a comprehensive report, and the date of receipt by the Trustee Council is April 15, 1994, we'll make that date. There's administrative costs in the interim budget which includes the executive director's position, the restoration team. Several of the work groups, the habitat protection work group, the 1994 work plan, and the restoration planning group that concerns the restoration plan. In addition to that, there's the cost of the finance committee and the public advisory groups. There are some -- some agencies feel that there are some projects that need to begin before January 31st if there's going to be a successful completion in the federal fiscal year '94, and there's eight of those right now. We'll bring those up to the agencies and we'll be able to respond individually to that, to why the interim funding is needed, and those projects. At the June, I believe the June

Trustee Council meeting, a financial report was given to you by the financial committee. It was dated -- excuse me, it was dated July 19th, which covered the period, the first period of funding, which was March 1, 1992 to February 28, 1993, and it gives you a financial audit of what funds were expended, what funds are remaining, and I will say that there is six and a half million dollars of unexpended funds here of the nineteen million dollar fund, and that splits -- about a million and a half dollars in administrative costs were not spent and will be returned to the fund, and about five million dollars in project costs were not spent and will be returned to the fund. So, the idea of not managing the fund is -- I think is proven to be wrong here. We're managing the dollars and we're trying to save dollars wherever possible. So, that report was done by the independent finance committee. The recommendation I have to the Trustee Council here today is to not fund the four-month interim budget, but is to fund a one-month interim budget, using funds previously approved to proceed from this report, the six and a half million dollars. You'll find that one month, that will give you enough time to review (inaudible -- electronic interference) 1994 projects and also the predefined project descriptions, which are complete for your September 16 meeting, which will give you adequate information to make a good judgment on projects that are being conducted or a judicious budget to be conducted in 1994. So, that's my recommendation (inaudible -- electronic interference).

MR. ROSIER: Any discussion from the Trustees?

Mr. Pennoyer?

MR. PENNOYER: We're talking about two different things though. This (inaudible -- electronic interference)

MR. GIBBONS: That's correct.

MR. PENNOYER: (Inaudible -- electronic interference)

MR. SANDOR: (Inaudible -- electronic interference)

MR. GIBBONS: (Inaudible -- electronic interference)

MR. COLE: Mr. Chairman, I would like to propose here today that we include in the '94 work plan project five million dollars to initiate a study of the entire biological composition of Prince William Sound and the other spill affected areas. You will recall that I proposed this, somewhat out of the blue, two or three months ago, and I think I've since reflected on it more, and I am convinced that, as Secretary Babbitt said today, of the wisdom of that type of study. And I say that for two reasons. One is, we've had difficulty establishing, as the report that the symposium noted, the damages caused by the spill because of the absence of baseline data preceding the Exxon Valdez spill in 1989. And I think it would -- it's a wise use of these resources which we now have available to take an inventory of the natural resources in this area. Secondly, I think that a comprehensive study of the resources there will enable us to better formulate the '94 work plan projects as well as those in the future, '95, '96, '97. And I have in mind that we should commit plus or minus five million dollars to that study in '94 and a like amount in '95, essentially, whatever it takes to complete this study. So, I would ask that the

Council give directions, if that is appropriate at this time, to the Restoration Team to begin preparations for that project.

MR. ROSIER: Mr. Cole, a point of clarification. I quite concur, I think, with the need for a further research program in Prince William Sound. Certainly what we've seen this year, again, is the Sound is sick at the present time. We've got major resource problems in Prince William Sound at the present time. What the cause is is not determined at the present time, but I don't think anything can be ruled out in terms of what the problem is in Prince William Sound. But I know this, that the people that are living in Prince William Sound are certainly suffering as a result of major resource problems there, salmon-wise, shellfish-wise, other finfish-wise. There's major problems in that Sound at the present time, and certainly within the -- my review of the '94 work plan, there are a number of studies that have been there, that we've been funding previously, that would, in fact, be part of this, or are you talking about five million on top of the programs that are already in the '94 preliminary '94 work plan at the present time?

MR. COLE: Yes, I'm talking about five million dollars for an overall, over-arching study to catalog the resources in Prince William Sound and the other spill-affected areas. So, heaven forbid, if we have another spill, we will at least know what's out there, have baseline data, and also data, as I say, to enable us to coordinate all these plans. You will recall that some of the scientists at the University of Alaska said that they

thought that we really needed a sort of a coordinated overall approach to our various projects, and I thought that was a good suggestion, and in part it lies at the heart of my current proposal.

MR. ROSIER: Yes, Mr. Frampton.

MR. FRAMPTON: Mr. Chairman, we're very supportive of this concept of, at least an initial investment of five million, and then contemplated a second five million in '95, and Secretary Babbitt's highest priority within the Department of the Interior is to establish a national biological survey which would not only consolidate research within the Interior Department but begin the process at a national level of having a -- basically a survey of biological resources and the status of trend monitoring, and this is -- the Attorney General's concept here in some sense is an ecosystem-based version of the same, as we understand it, and has a number of benefits. One is that the Public Advisory Group's desire to see an endowment created for somewhat similar functions may run into some serious legal problems, and this is perhaps a more -- even a more efficient and certainly a viable way, a clearly viable to get a firm objective. Second, it offers the possibility, particularly if we investigate the alternative of putting together an independent entity, which is something that perhaps we ought to think about with state and federal and private trustees, or at least an advisory committee and independent scientists, of having a way to actually evaluate and coordinate some of those other studies. So, it seems to us that this concept might be on top of

projects that would otherwise be done, but it might be an alternative also to evaluate how these other projects fit together.

In other words, a mechanism for looking at all of the studies that are proposed to focus on Prince William Sound in an integrated fashion rather than simply take a list of a hundred in fragmented fashion and narrow them to 50 and 25 and pick the top ten, you have a way here to actually look at everything that is proposed to be done for Prince William Sound, see how it fits together, see how it furthers the baseline study and the status and trends objectives, and make an integrated evaluation. So that by committing the money to an entity or a process here, we may actually end up saving money in terms of vis-à-vis trying to look at this in a fragmented fashion. So, this seems to us a very good -- very good concept and one that could end up really making the whole scientific study effort under the Trustee's rubric much more efficient and save a lot of money here, as well as make it more effective.

MR. ROSIER: I think this is excellent. Mr. Barton?

MR. BARTON: Yes, Mr. Chairman. I think that the project as described by Mr. Cole has merit. I'm not clear as to -- I assume what you're suggesting is that we direct the Trustee -- the Restoration Team to put together a project of this type, which then would go out for public review as part of the '94 work plan package?

MR. FRAMPTON: Yes, sir.

MR. BARTON: I so move.

MR. ROSIER: We have a motion. Do I hear a second to

the motion?

MR. FRAMPTON: I second the motion.

MR. ROSIER: The motion has been made and seconded.
And, Mr. Sandor is next.

MR. SANDOR: Council should make as a part of the motion, I believe that, I think as you were alluding, Mr. Chairman, the highest priority is Prince William Sound, and I'm unclear if the sense of the basic motion is to initially focus attention there, for the very reasons that it's been discussed here and is apparent in the last several months, particularly with the decline of the fisheries, that we need answers, you know. So, if it isn't the sense of the -- the basic motion isn't the sense to give priority to Prince William Sound, I would move that as an amendment. But I'd ask clarification, I guess.

MR. ROSIER: Mr. Cole?

MR. COLE: It is the sense of the motion to focus initially on Prince William Sound, but I want to say that I've sat on this Council long enough to know that when we begin to focusing on Prince William Sound, we immediately receive an outcry from the other spill-affected areas, and I would not want to eliminate those areas from this project. And secondly, I would like to say briefly, I think that this motion is consistent with what the Governor committed to the people of Cordova last Friday and which the Governor and Secretary Babbitt committed to the fishing group in Valdez yesterday.

MR. ROSIER: I would like to say that, in that regard,

you know, I think that the focus -- in this particular situation I think the focus really should be the Prince William Sound area because, at least in my view, if you look at the number of the resources that were in fact damaged, resources that are key to the economic well-being of that part of the state, that's where the problem is, that's where the resources are, in fact, sick. The pink salmon situation there this year, a total disaster. No one knows why, but it's a total disaster, and those pink salmon resources on all sides of them are not in bad shape. Kodiak has got strong runs, returns this year. Southeastern has got strong returns. But the Sound is, you can't find enough pink salmon there to much more than meet the egg requirements of the facilities there in Prince William Sound. It's a very bleak part of the oil spill area at the present time, resource-wise. I think -- Mr. Pennoyer?

MR. PENNOYER: Mr. Chairman, I clearly like the direction being proposed. We have a need to try to explain how these resources we've been studying individually interact and how they may be affected as a carry-over from the spill. I'm not clear that I know what we're going on in this proposal, however. Here's an obvious need, as Mr. Frampton pointed out, to sit down and design something that ties us all together, if we're going to put money into it. As Mr. Cole also pointed out, this probably needs to go out and do additional resource inventory we're not doing as part of our projects to fill in some of the gaps. But I'm not clear what we're asking folks to go out and design, to design an ecosystem study which would include everything from planktonic research on up

the line, climate, environment, I mean everything. Your design is going to take you awhile and it's going to cost some money, and it's not going to be done by the Restoration Team. If we're putting a placeholder out there and asking to get a design and we're going to instruct people as to who we want to come together to design that study, then that's good too. We can do that. We talked about doing ecosystem monitoring and we've had placeholder project concepts out there, but we've never come to grips with it.

But I don't think, based on what we've said, someone's going to run out and draft this up for us by September 16. So, I'm not clear how we wish to proceed on this. I like the idea of doing it.

I like the idea of putting money into it. We are going to have to address both the resources you've talked about and some of the underlying reasons that may be happening, but I'm not clear exactly what we're designing here yet.

DR. MONTAGUE: Mr. Chairman?

MR. ROSIER: Yes, Jerome?

DR. MONTAGUE: Can I offer some technical thoughts on this that may help paint the picture?

MR. ROSIER: Go ahead.

DR. MONTAGUE: Certainly, our vision of a comprehensive ecosystem project would be one that, you know, using Prince William Sound as an example, would say, these are all the interacting factors in the ecosystem ... (inaudible -- electronic interference) ... some theories are plans. There may be some key elements of this thing. The one thing that a five hundred dollar study can

tell you in the first place was -- it sure would be nice to have this but you're never going to get it under the current technology because there's one or two key elements (inaudible -- electronic interference). I'm wondering if the Council will want to go over the five hundred thousand dollar project (inaudible -- electronic interference) -- do the same thing for the northern gulf coast of Alaska and Kodiak ... (electronic interference).

MR. PENNOYER: Looking at habitat acquisition, we didn't know how much we were going to spend. We put a placeholder in for twenty million bucks, and I think the work plan could deal with that. As it turned out, we spent more than that or we will have spent more than that (inaudible -- electronic interference) work done. But, are you suggesting, Dr. Montague, that we perhaps affirm our desires to look at ecosystems -- that means -- gives different people different names -- some explanation of resource variations in Prince William Sound -- ecosystem studies -- we will -- up to five million a year, and then what you would do is come back and (inaudible -- electronic interference) as a start to that a five hundred thousand contract with the university or whoever and get together and write a plan for it -- that type of approach (inaudible -- electronic interference)? Commit here up to five million a year for that type of study ... (inaudible -- electronic interference) ...

MR. FRAMPTON: far beyond that in detail. It may be that ... (inaudible -- electronic interference) ... priority ... planning studies ... model down. It's a little scary to me for

starters. It may be that you don't a half a million dollar study to design how we model ... (inaudible -- electronic interference) ... to do that. But I think that those really -- that's the best level of planning here, what each agency proposes to make (inaudible -- electronic interference) ... dollars in the next few years to get the basic information collected, and how far we go beyond that is not clear, and start a process then looking at how we organize this, as well as what the detailed budgets should be.

MR. ROSIER: Mr. Cole.

MR. COLE: Committing five million dollars to this type of study or project doesn't bother me. We spent forty-two million dollars on Seal Bay, we're talking about committing forty million dollars plus to the habitat acquisition in the Eyak area, the people of Cordova and the people of Valdez told us this past weekend we're the ones who've been hit the hardest economy, what have you done for us recently, and I think, really, five million dollars for a study like this is a relatively small amount of money to commit to this type of project. And I also think that we have - - you -- get along with each project and not think too small about five hundred thousand dollars, and, you know, then it'll be little the next year, and we just have to make wholesale commitments and get on with it.

MR. ROSIER: It seems to me, certainly time-wise, on this modeling maybe a -- a good end point at some point down the road. We're talking about now. If we wait for five years to decide where we're going and don't have the understanding five

years from now, I think we've missed the opportunity and we've missed the boat, quite frankly, to catch this in the net. I think basically people are looking for, you know, some answers at the present time, and we don't have those answers. I'm not sure we've got the programs in place to do it, and I think we need to be moving ahead now with an active program here assessing the resources and finding out where we are as far as those resources are at the present time. Mr. Pennoyer.

MR. PENNOYER: Thank you. Mr. Cole, I was not balking at five million dollars at all. It may not be enough, and it may not be a long enough period of time. I just don't know exactly what we're going to tell people to do out of the chute and put in the package. And if you want a placeholder for the concept in principle, I think that's fine. I didn't know how we'd design that, and I think that's -- from a starting point, that's good by me.

MR. ROSIER: Is that -- Mr. Sandor, you have something?

MR. SANDOR: I call for the question.

MR. ROSIER: Question has been called for. Are you satisfied with five million dollars for biological study with the focus on Prince William Sound to be included as a placeholder in the 1994-95 annual work plan? Any -- those in favor, signify by saying aye.

ALL TRUSTEES (in unison): Aye.

MR. ROSIER: Those opposed? (Pause -- no response)
Motion is passed.

MR. PENNOYER: Dr. Gibbons made a proposal on the administrative and other costs for an interim period of time, and I guess I kind of balk at the idea of looking at all of these projects here, without seeing any of the backup and kind of description. We have had some criticism that may or may not be warranted. I think that is the type of thing that we would normally not want to do, and I think what I'd like to do is to go on with Dr. Gibbons' motion which would allow interim funding for one month so that everything doesn't come to a grinding halt in the interim period of time, out of the carryover funding, assuming that's all technically checked so we can do that, and start up no significant new activities during that period of time, and come back on September 16th when we're provided this backup and pass off on the rest of this interim funding for the balance of the three or four month period of time.

MR. SANDOR: I second that motion.

MR. ROSIER: To fund?

MR. BARTON: How would you be (inaudible) to do contracts Dr. Gibbons identified in the ...?

MR. PENNOYER: Dr. Gibbons, you'll have to advise me on that. I would have treated them -- carried them on for a month, but if that's not adequate to the people we're negotiating with, we'll have to come back and reconsider it. I was not provided that information.

MR. ROSIER: Dr. Gibbons.

DR. GIBBONS: Well, previous direction of the Trustee

Council was to (inaudible -- electronic interference) this building and negotiate a longer term lease, so the price came down. I've been doing that, and it would be difficult to go back to them now and say, yeah, we're going to fund you for one month when the (inaudible) now are for a year lease ... (inaudible -- electronic interference) ...

MR. PENNOYER: (Inaudible -- electronic interference)

DR. GIBBONS: (Inaudible -- electronic interference)

MR. BRODERSEN: (Inaudible -- electronic interference)

MR. FRAMPTON: (Inaudible -- electronic interference) ...

budget material, but I think clearly we need something in a format and an itemization that is more than this seven page list line items that we recognize. On the other hand, I'm not sure that what you have in your left hand there, which looks to me to be (inaudible -- electronic interference) materials. Maybe we can take a break and talk about it.

DR. GIBBONS: They're in there.

MR. FRAMPTON: What it goes to is (inaudible -- electronic interference) ...

MR. ROSIER: Dr. Gibbons.

DR. GIBBONS: Yeah, we created the amount of detail you see in front of you for the interim budgets also. We're shooting to get this package to you for -- by -- September 6th for your 16th meeting, and it just takes a long time to print one of these out. We skipped the interim budget, which all the Restoration Team members have, by the way -- they have a copy of all the details

(inaudible -- electronic interference). We were going to give you a package that laid out the interim, and there's a full copy of it here ... (inaudible -- electronic interference) and this has probably more detail than you want, but it's the detail we like to lay out -- travel costs, personnel, and all that.

MR. ROSIER: Okay, at this point, we'll recess for lunch and be back here at 1:15? 1:30? 1:30 then. Thank you.

(Off Record at 12:03 p.m.)

(On Record at 1:30 p.m.)

(Mr. Paul Gates is seated as the alternate Department of Interior representative pending the arrival of Mr. Frampton after the noon recess.)

MR. ROSIER: Let's -- let's get going here. It's 1:30. (Aside comments) If there's no objection from the other Trustee Council members here, I think we can proceed probably on the status report on the bark beetle infestation here, and I think Mr. Frampton will be back with us here shortly -- so we can continue our discussion on the funding. So, at this point, I think we'll move ahead and cover the status of the bark beetle infestation. Dave, are you going to lead us on this.

DR. GIBBONS: Yes. I'm just going to introduce a couple of speakers. We have two people that are going to present this, Tom Boutin, who is the State Forester, Department of Natural Resources, and Ed Holsten, from the Forest Service, I think the forestry research arm, and they're going to present the status of the bark beetle infestations within the oil spill-affected area.

MR. TOM BOUTIN: As Dave said, I'm Tom Boutin from the Alaska Department of Natural Resources. On the table behind you, there's some maps and also some booklets that I don't need you to have but when Ed talking with you, you'll need to have. I don't know if somebody could perhaps hand those out. The booklets have a blue cover, and then there are three separate maps, and I think we have fifteen copies of those. I guess in order to speed along, I'll just begin while ...

MR. ROSIER: Please do.

MR. BOUTIN: ... those are being handed out. You bet.

The -- we have been asked to describe a forest habitat health situation which has existed in many parts of Alaska for quite sometime. The earliest recorded spruce bark beetle epidemic in Alaska was noted by the Forest Service in the Copper River area in 1920. More recently, Kenai Peninsula activity began being discussed as a forest health issue in the late 1970s. In the late 1980s, the Forest Service made one of the first efforts to selectively log some of the beetle-infested stands but needed environmental impact statement was challenged. In the early 1990s, a cooperative effort between the Forest Service, the Kenai Peninsula Borough, and the State Forestry Division used a state appropriation to salvage some beetle-killed timber and build a fire break at the community of Cooper Landing. The three-way cooperation has continued while further results have been quite meager. Last week, all three agencies participated in a review of the infestation and its implications by people from outside. The

Borough would likely participate in responding to anything the Trustee Council required regarding the bark beetle on the Peninsula. One million one hundred fifty thousand acres of recent spruce bark beetle-infested land was mapped during 1991, '92, and '93, of which five hundred and eight-five thousand acres is on the Kenai Peninsula. This year was the warmest in the seventy years, during the weeks that are important to beetle activity, so we'll probably see an increase in 1994 in infestation of a whole another magnitude. So, the description of the size of the infestation goes like this. On the Kenai at least, there are five hundred and eighty-five thousand acres of infestation mapped during the three year period ending this year. The Kenai Peninsula is about five point two million acres in size, of which one point nine million acres is forested. So, considering infestations prior to 1991, it's likely that half of the forests on the Kenai Peninsula have been impacted, and also the coastal forests are showing great amounts of infestation for the first time. The situation has been surveyed and studied regularly and quite extensively. Opinion polls of residents and visitors have been done. I'm not aware of any investigation which predicts the long-term effects on habitat and other resource values. The consensus among forest managers is that this is a forest health emergency. A normal bark beetle outbreak is three to five years in a localized area. The outbreak on the Kenai is generally in its sixth or seventh year in most areas and still seems to be on the increase. A recent study reported forest health in South Central and Interior Alaska said

that spruce beetles have and always will be a feature of these ecosystems. However, the notion that this infestation is or should be managed as a totally natural event is erroneous. While several environmental factors, such as annual weather conditions, host susceptibility, and changes in predator and parasite populations continue to influence beetle population changes, past and future human intervention, such as fire suppression, clearing activities, and related human habitation have removed this situation from the natural setting. Consideration of human needs and influences to establish an appropriate desired future condition for these impacted forest types is ecologically appropriate. Without some sort of artificial intervention to mitigate this non-natural wholesale change in the ecosystem, significant habitat loss will result. There is a paucity of regeneration, the seed source is being destroyed, and the site disturbance required for regeneration isn't present to where there is a remaining seed source. One possible effort of reducing hazard and habitat loss at the landscape level is to maintain a mosaic of cover types in age classes. Active ecosystem management, using proven simple cultural techniques is certainly one alternative. Maintaining bio-diversity on the Kenai will certainly include tree planting. Tree planting is usually impractical without logging. Although forest harvests can affect the bio-diversity within the forest landscape, negative impacts can be avoided and positive impacts savored. The previously mentioned studies said that lack of action and continued forest health decline will result in increasing loss of wildlife

habitat for mature forests species, continued riparian degradation substantial long-term conversion from forest to grass or hardwoods from lack of spruce regeneration, increased community fire hazard and associated increased fire suppression costs, degradation of aesthetic quality of forested landscapes, degradation of developed recreation areas and increased maintenance costs for removal of hazard and down trees. For your information, the first beetle epidemic was studied last week by three prominent forestry officials: Jane Difley, President of the Society of American Foresters; Les Reed, retired chief of the Canadian Forest Service and professor emeritus at UBC; and Dave Adams, forest health professor at the University of Idaho. Ms. Difley said that there are timber, wildlife, and water resources at risk. She said that this is an opportunity to prove silvicultural techniques can restore habitat. The society has published more than thirty articles on forest health and science in the '90s, and now , is now distributing an eighty-three page task force report on the subject.

Dr. Adams said that the Kenai epidemic is not a natural one. He said that parallels with forest health is long-term sustainability of the ecosystem. He said the Kenai forest has no resiliency. He said a stressor-like climatic fluctuation would not produce this sort of broad-scale habitat conversion and loss in a healthy ecosystem. Dr. Reed said that from what he saw on the Kenai, we can't wait for perfect information. He thought that the lack of a forest products industry on the Kenai, notwithstanding the reopening of one small sawmill at Seward, and the sole emphasis on

recreational values on forestry decisions may have allowed this problem to be discussed for years without any action being taken. Long-term changes in the forest cover types and forested wildlife habitat as a result of this forest health problem has not been studied or raised as an issue on the Kenai Peninsula. The limited and naturally fragmented landscape patterns found in Alaska, and especially on the Kenai where the maritime coastal forest meets the northern boreal forests so abruptly make this loss of habitat a critical issue. Getting back to what Dr. Reed said about the lack of a forest products industry possibly being part of the problem, I think I see the industry we now have as a potential source of subsidy for the solution. Any payment for remaining value in some of the timber, and especially any site preparation and access construction which can be absorbed by logging contracts is a subsidy to resolving this forest ecosystem problem. In closing my description of the spruce bark beetle epidemic, I am suggesting you direct that one of six agencies represented by the Trustee Council determine and report the possible and likely long-term habitat effects of this infestation. The three-way partnership of the Forest Service, Kenai Peninsula Borough and Alaska Forestry Division could no doubt handle the project if asked. The dollar amount most often suggested to me by foresters is \$75,000.

MR. ED HOLSTEN: Before I start off here, there are a series of maps here that you might want to consider. There should be fifteen copies of three maps. What they are is just a scaled down version of the three maps ... (inaudible -- electronic

interference) ... U.S. Forest Service for sixteen years. Probably sixty, seventy percent of my time over the last fifteen to sixteen years has been spent with the spruce bark beetle, either under research aspects or documenting impacts. What I'm going to do here briefly is just reiterate a few things Tom brought up, as well as provide you with a little background information. A couple of things, number one, the bark beetle is a natural component of the spruce ecosystem. It is ... (inaudible -- electronic interference) ... and it is found wherever spruce is found in the state, in Southeast Alaska up to tree line in the Brooks Range. It's always been around as long as spruce has been around. We have, historically, we've had some quite large outbreaks since 1920. From 1920 to 1989, more than two million acres were impacted by the beetle. But if we had a map of all the infestations since 1920, most of them are going to fall right around in South Central Alaska, specifically on the Kenai Peninsula, and I'm going to talk about this a little bit later. So, you have to keep in mind it's very easy to mix apples and oranges. For example, we have four types of spruce, and this is an important point. We have Sitka spruce in Southeast, in Prince William Sound, Kachemak Bay area, a maritime spruce species. On the Kenai Peninsula proper, we have a hybrid spruce called Lutz spruce. In Interior Alaska, we have white spruce, and, of course, we have the ubiquitous black spruce.

Now, all these species of spruce aren't equally susceptible to spruce beetle, nor have we gotten any outbreaks of equal intensity throughout Alaska. In previous history, most of the outbreaks have

occurred in South Central -- if you look at the state map there, what is displayed there as a red area is what we did map from '91 to '93. Three years ... (inaudible -- electronic interference) several hundred thousand acres. But the preponderance of that is on Kenai -- that hybrid spruce area. It's not the same -- we haven't had outbreaks in the Interior. We had some along the Yukon River (inaudible -- electronic interference) and historically we've had some in Southeast Alaska ... (inaudible -- electronic interference) ... Afognak. Right now, we're having ongoing outbreaks in Sitka spruce in Kachemak Bay, which has intensified over the last year, especially this year, a little over ten thousand acres, and there are some indications there of increasing ... (inaudible -- electronic interference) Yes, there are infestations ... (inaudible -- electronic interference) Some of these non-human resource -- impacts are ... (inaudible -- electronic interference) ... Most of them are ... (inaudible -- electronic interference) ... wildlife habitat, fire hazards, logging, they are impacts but they have yet to be documented, and the real ... (inaudible -- electronic interference) ... is down the road.

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

MR. COLE: Why has this been brought before the Trustee Council today.

MR. ROSIER: Yes, Mr. Sandor.

(Mr. Frampton arrived at 1:50 p.m. and was seated)

MR. SANDOR: Thank you, Mr. Chairman. Attorney General

Cole, we -- a year ago -- addressed this issue and conferred specifically about the potential on the Kenai Peninsula, Kachemak Bay, specifically, and at that time it was uncertain that -- whether or not this infestation would continue ... (inaudible -- electronic interference) ... objective of protecting the habitat for nesting harlequins and marbled murrelets and so forth are the reason why we are acquiring areas. The question raised -- raises -- is raised is this -- among the questions raised are these, I should say multiple questions, one, should we be looking at areas that we're acquiring for acquisition, those that are scheduled for timber harvesting, when those areas themselves might be vulnerable to insect infestation that in effect is going to destroy the habitat that we're protecting, and perhaps then we ought to look at other strategies or a combination of strategies that achieve our objective of habitat protection of that as an illustration on the Kenai. As an illustration on the -- in the Valdez-Cordova area, why I was particularly anxious to have this topic discussed today, was that there are areas, significant areas, behind -- behind Valdez that are infested, and it occurred to me there was opportunity for harvesting of those areas, perhaps by the Eyak loggers and operators to be able to deal with that problem and the removal of the bug-killed timber and take the pressure off of the Eyak Corporation's contract loggers to log in areas that we're trying to protect and give some protection to in Prince William Sound. So, that's why this is on the agenda.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: What can the Trustee Council do with respect to this spruce bark beetle kill? I don't see what we can do as a Trustee Council.

MR. ROSIER: Mr. Sandor?

MR. SANDOR: I think the Trustee Council can do several things. With regard to the Valdez situation -- even though that area is outside the spill area where the harvesting is to take place, I believe the Trustees can give encouragement to the Eyak Corporation contractor loggers to look to that area as a source of timber harvest. With respect to the Kenai Peninsula, where the infestation is a major significance and, as referred to, perhaps even accelerate next year, at the very least I think the Trustee Council should direct that this information and the advice from Ed Holsten and the other professionals in this area be referred to the Habitat Protection and Acquisition Group for factoring into the assessment of the protection of that ecosystem, and insofar as looking into the future, if in fact the infestation on the Kenai Peninsula is severe enough or is as severe as it is supposed to be, and in fact even kills the area that we have acquired, then I believe we have an obligation to look to the opportunities for restoration of the habitat that is there, and I don't know what the scenario there might be, but I suspect Tom Boutin, the state forester, and Ed Holsten can come -- will have opportunity suggestions there. But anyway, at this point, it seems to me very relevant to our ecosystem of approach to management in these different areas of the ...

MR. COLE: Thank you.

MR. ROSIER: Further discussion.

MR. SANDOR: I have a question.

MR. ROSIER: Yes, Mr. Sandor.

MR. SANDOR: Mike --

MR. BARTON: Yes, just let me say that we would be pleased, in the course of the discussions with Eyak, to raise this opportunity with them, and maybe we'd need the assistance of the -- is this state's managed plans, or a mix or --?

MR. BOUTIN: Well, my review of it -- it looks to me that the beetle-infested land that's most easily accessible is predominantly BLM land that's been state selected and I did --.

MR. BARTON: Never-never land.

MR. BOUTIN: Well, I talked a little bit with the BLM a day or two -- a day that I had -- last week, and it sounds like there could be opportunities to get it up for sale, and it remains to be seen whether that could be done under the sale methodology that would present itself as a conclusion to your situation. Also, your situation ... (inaudible -- electronic interference) ... on that site. He said he was going to (inaudible -- electronic interference) his right-of-way cutters tomorrow morning, and we will have ... (inaudible -- electronic interference) ... no later than Friday. (Inaudible -- electronic interference) quite a bit more ... (inaudible -- electronic interference) ... and also ... (inaudible -- electronic interference) . So, that's the situation, but it does sound like your problem is hours away.

MR. ROSIER: Yes. Nonetheless, we'd be pleased to identify (inaudible -- electronic interference) to Eyak (inaudible -- electronic interference) and work with the landowners involved, the State or the BLM or whomever to see what the opportunities might be associated with this for Eyak.

MR. ROSIER: Yes. Mr. Sandor.

MR. SANDOR: With respect to Cordova and Valdez situation, I am confident that ... (inaudible -- electronic interference) I don't know whether there's an opportunity for advance (inaudible -- electronic interference) of beetle-infested areas (inaudible -- electronic interference) can be separate from the actual harvest, but you are working with BLM and Fish and Game under an emergency sale activity, I believe both the state and federal ... (inaudible -- electronic interference) ... accelerated way in which this could be dealt with, either thirty or sixty days.

Is that true?

MR. BOUTIN: It's true in the case of the state. In the case of BLM, I'm afraid I'm not exactly sure.

MR. SANDOR: But moving on to the Kenai, unless there's any more on the -- that Eyak, Cordova, Valdez -- on the Kenai, the somewhat embarrassing ... (inaudible -- electronic interference) How can we protect the habitat ... (inaudible -- electronic interference) Power Creek What I hear you saying is that if nature takes its course, spruce forest will not regenerate because of a lack of disturbance, how can our Habitat Protection and Acquisition Group deal with this threat to the destruction of

critical habitat, in your professional opinion?

MR. HOLSTEN: Well, a couple of things address that. Number one, unfortunately in the Kachemak buy-back area, those stands have not been ... (inaudible -- electronic interference). Those areas have been severely impacted. (inaudible -- electronic interference)... So, I think that in order to (inaudible -- electronic interference) there is lighter beetle activity, but it is not as severe as elsewhere in Kachemak Bay. I think what needs to be done from the habitat standpoint is we need to quantify and qualify the impact area going on there ... (inaudible -- electronic interference) . It's pretty hard. We know there are impacts (inaudible -- electronic interference) There are some techniques that can be done to minimize damage, depending on the timeliness of intervention in some stands (inaudible), but we don't know if we want to maintain old growth timber. From a test management standpoint, that's a real hard charge for us to do. It's kind of like keeping a person who is a hundred and twenty years old alive another ten years. A very hard task. In many cases we have to face reality that these are (inaudible) forest. And there are some techniques we can do to -- prescribe burns or other site disturbances to bring back regeneration because spruce does best when you have a site disturbance. You can go down to Kenai and look -- we see a lot of new, advance regeneration, and it will be alongside of roads -- where you've had a site disturbance. So there's lots of techniques that we can use to restore some of these impacted habitats and there are techniques to minimize some

of the damage.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: Lest we have an impression created in the record with which I do not agree, resulting from Commissioner Sandor's remark that we are in or maybe in the embarrassing position of having acquired timber infested by the beetles, I want to say that we knew of this possibility at the time we expended the funds to contribute to the acquisition of Kachemak State Park. It's not something that we were unaware of, but we knew that the beetle infestation in Kachemak Bay State Park was not heavy at this time. We knew that there's some scattered infestation there. I personally flew over the area and was satisfied that it was not widespread, although there were some trees that were the subject of beetle impact, but nonetheless we made, I think, a fully informed decision at the time we decided to acquire the interest in the Kachemak Bay State Park lands.

MR. ROSIER: Yes, Mr. Sandor.

MR. SANDOR: Yes, and so the public record is straight, there is, in fact, a formal report that was prepared at the request of the Trustee Council that addresses specifically this situation, dated August 1992, and the only difficulty is is that the problem is continuing to get worse, and we are hoping that, you know, it might turn around and get better. Mr. Chairman, what I propose to do, and I would move that we accept this Forest Health Initiative Spruce Beetle Survey report with thanks, formally refer it to the Habitat Protection Acquisition Group and -- for evaluation of

habitat protection -- and that that group seek whatever additional information or advice from Mr. Holsten or Mr. Boutin in their evaluation process.

MR. PENNOYER: Second.

MR. ROSIER: Motion made and seconded. Further discussion -- that the motion requests there? Marty?

MS. RUTHERFORD: Mr. Chairman, I guess I'd just like to add one thing here for your information. We have been attempting to include in our analysis the spruce bark beetle data, and we will continue to work with the forestry division of DNR to acquire that data as new information becomes available. But just for your information, at this point in time we're including it only as an information point. We're really not analyzing or allocating to it any value, whether it be negative or positive. We're simply including it as an informational data layer, and so that's how it will be presented to you folks in the report in the fall.

MR. ROSIER: Yes, Mr. Sandor.

MR. SANDOR: Well, I think the earlier motion we passed this morning about analysis of not only Prince William Sound but the other oil spill-affected areas to analyze the ecosystems within those areas will allow the Trustees and the Restoration Group and the Habitat Protection and Acquisition Group specifically to -- to put this in that context. What we are after is the protection of the habitat, and this is an element that's important to that process, and, as we've heard, this is not a natural event but actually an emergency event that needs to be dealt with.

MR. ROSIER: Okay. Any further discussion?

MR. SANDOR: Call for the question.

MR. ROSIER: Hearing none, the question's been called for. Those in favor of the motion, signify by saying aye.

ALL TRUSTEES (in unison): Aye.

MR. ROSIER: Those opposed? (Pause -- no response)
Motion is passed.

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: I wonder if again we could not request that information such as this be given to us prior to the meeting.

It would be nice if we could read this information preparatory to coming to the meeting.

MR. ROSIER: Well, I think that's been a constant source of -- of information-seeking on the part of the Trustee Council, and I guess for all the participants here, you've certainly heard the request from Mr. Cole. I think, certainly from my perspective, I would certainly support that. It's a little embarrassing to get an inch of material when you sit down at the table and expect to make a reasonable decision based on the material. Anyway, I think that the record should show that we've made that kind of a request, that any time there is material to be presented, it should be presented to the Trustee Council in advance -- as far in advance as you possibly can get it. At this time then, I guess, we are back to the pre-lunch discussion of the interim funding.

MR. PENNOYER: Mr. Chairman, we had a motion on the floor we were discussing.

MR. ROSIER: Yes.

MR. PENNOYER: Dr. Gibbons has suggested that we approve, pending receipt of a more detailed project budgets which we can evaluate, that we approve a one month extended funding for these base activities, not to include new starts or new activities until we have a chance to look at this material at our September 16th meeting -- look at it after that -- pass it out on September 6th and prior to the 16th meeting -- and the two questions that were brought up, Dr. Gibbons felt that what had to be more fully funded were contractual obligations to the facility here, the personnel, which we've discussed previously, and to the Chief Scientist and peer review process, which we've not yet discussed in terms of applicability of year number two -- or four, I guess -- two, four.

And Dr. Gibbons, I believe, has been to elaborate a little bit on the requirements for those two contracts to be funded in full now instead of on the one-month basis.

DR. GIBBONS: I think -- Mr. Chair?

MR. ROSIER: Yes, go ahead.

DR. GIBBONS: I've got the detail here in front of me, and I've circled -- why, why we're hesitant to give it to you. There's an error in it, but I've circled that for you so you can find it. This is the detail concerning the -- this package here, which hasn't been reviewed by the Restoration Team. That's why it's, you know, not given to you. There's some detail in here

concerning the CACI contract for the staff of the building and also for the space. I will say on the space, it's by far the cheapest we can find in the city of Anchorage. It's a dollar five a square foot, which is extremely reasonable, but then -- and then also, there's detail, some detail on the Chief Scientist and peer review in here.

MR. PENNOYER: Mr. Chairman?

DR. GIBBONS: I might let Marty Rutherford to the contract on the Chief Scientist. Over lunch I've been contemplating both ways: do we really need the year or do we need one month, and eleven years, and I might let Marty talk to that -- or some thoughts on that anyway.

MR. ROSIER: Go ahead, Marty.

MS. RUTHERFORD: Mr. Chair, the only thing -- there's just a process problem associated with the peer review and Chief Scientist contracts. They, both contracts run out September 30th, and it's a -- it's a sole source, because they're both sole source contracts because they work through Bob Spies and Bob Spies' firms shop. So we are in -- it would make it very awkward for us to be able to just do a contract extension for one month for each of those projects, and to be real frank, I'm not positive we can pull it off at all. And so, that is the reason we requested the full twelve month funding so that we could go ahead and get the authority to continue those projects under a sole source contract and proceed with them. If the Trustees tell us they only want to do one month out, I'll do my best to extend the contracts, but I'm

not positive I'll be able to get the Department of Administration within the state to agree.

MR. ROSIER: Yes, Mr. Pennoyer?

MR. PENNOYER: So, Marty, review again for me the provisions of that contract and its termination potential. Not that I'm suggesting we do that, but if the Trustee Council comes back and reviews this whole package after a month ...

MS. RUTHERFORD: Yes, both contracts can be ...

MR. PENNOYER: ... and decide they want to do business differently, how ...

MS. RUTHERFORD: Yes, both contracts can be shut down with, I think, a two-week notice, so -- two weeks or thirty days, I can't remember which, but they can be terminated in very short order.

MR. PENNOYER: Mr. Chairman.

MR. ROSIER: Yes, Dr. Gibbons -- oh, sorry, yes.

MR. PENNOYER: So, we've got two contracts then. Would you give me the CACI amount, and the building and the staff.

DR. GIBBONS: Yeah, that would be not to exceed eight hundred and sixty thousand for CACI. The building is sixteen hundred dollars a month -- sixteen thousand a month, a hundred and ninety -- a hundred and ninety-two ...

MR. PENNOYER: I thought you'd got a real bargain there for a minute. So that's the building, Mr. Chairman, the building and CACI come to around a million dollars ...

DR. GIBBONS: That's correct.

MR. PENNOYER: ... for twelve months, you're asking for approval of now. And the Chief Scientist and peer review?

DR. GIBBONS: The Chief Scientist-peer review would be six hundred thousand, which is down from the last year I will point out, but it's estimated three hundred thousand for the Chief Scientist and three hundred thousand for the peer review associated with that.

MR. PENNOYER: And the peer review is used as needed so it's not automatic?

DR. GIBBONS: That's -- both of them are used as needed.

MR. PENNOYER: Mr. Chairman?

MR. ROSIER: Yes.

MR. PENNOYER: Following up on the other expenses in terms of a one-month extension, what type of things, what amount would be required for that?

DR. GIBBONS: Well, I would expect that the one-month extension would only include report preparation costs so that continues on, and administrative costs for the Restoration Team, Habitat Protection Work Group, and that no new projects would start.

MR. PENNOYER: But of the administrative costs then would be basically one twelve?

DR. GIBBONS: One twelve. One quarter of the interim.

MR. PENNOYER: Mr. Chairman, could you give me an idea of what the total amount is then for the non-CACI or peer review costs for one month?

DR. GIBBONS: Er -- yeah. (Pause)

MR. PENNOYER: While he's digging for that, we've heard that the -- and have discussed in some detail in the past that the building costs are the best we're going to find around here, including our meeting space here. We have discussed at some length in the past the contract for personnel and the fact that we don't have a super abundance of people to put out all the material that we're getting out of here, and I guess I don't have a lot of trouble with those two. The Chief Scientist and peer review process, as we go on through here, we need to evaluate how good a job we're doing at that and whether we want to do something additional or something different, but that contract is changeable if we really came up with a better way of doing business. I don't know if we want to renegotiate a sole source contract twice. I'm not sure what's involved with that. I think this is a reasonable alternative to stabbing this whole bunch of stuff in front of us and trying to look at this whole thing here at this meeting. I would like to know how much it is.

MR. FRAMPTON: What is the reasonable ...

MR. PENNOYER: To go ahead with these contracts and one-twelfth of these other costs.

MR. COLE: What contracts?

MR. PENNOYER: CACI and building.

MR. COLE: He doesn't know what CACI is.

MR. PENNOYER: Oh, I'm sorry, that's the building here and the supportive staff that occupies it. We've got a contract

for that. And, Dave, I suppose can lead us through the pieces of it.

DR. GIBBONS: Yes, looking at the summary, it's an estimate, but it's approximately eight hundred thousand for report preparation.

MR. PENNOYER: Eight hundred thousand? And that's one-twelfth of that then that's required, or all of that?

DR. GIBBONS: Well, the estimate for report preparation is around thirty -- three point three million dollars, and estimate of -- that's for final reports in April 15th, that involve final report preparation. So it's hard to estimate for one month. It would be less than that, but it's hard to estimate that amount right now. I could probably get you that amount.

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: I was just trying to clarify whether the eight hundred thousand was a three month number or a one month number.

DR. GIBBONS: The reports as specified by the Trustee Council are due April 15, 1994, and we budgeted for them to complete those reports by that time, and that's what the number is in here for the report preparation costs.

MR. BARTON: Which is three point three?

DR. GIBBONS: Which is three point three.

MR. BARTON: So what are the one month costs? What's a one-month share of that three point three?

DR. GIBBONS: That's ...

MR. BRODERSEN: Mr. Chairman.

MR. ROSIER: Yes, Mr. Brodersen.

MR. BRODERSEN: If I can try and jump in here. Some people are going to need up to seven months, which is basically April 15th, to get their reports done. Some people are going to need one month to get their reports done. We do not have it in a basis that we can say one month will cost X number of dollars. It is not broken out that way. It will be less than eight hundred thousand for that month. And we should also point out this three point three figure includes data analysis and a few other things. The field work is done, but there is still data analysis to do, the samples to do, etc., to get to these reports, and so it's not like a person is just going to sit in a room for two weeks to write these. There are other costs associated with it that is included, captured in this three point three million dollar number.

MR. ROSIER: Yes, Mr. Sandor.

MR. SANDOR: Mr. Chairman, it is my hope that we were going to discuss the budget in great detail at the September 16 meeting. What we're going to do here is cover essentially the interim minimum expenses necessary to keep the shop open and the process underway. Am I hearing that that's not possible for two items, or very not likely? You're saying, Marty, that the Department of Administration may not be able to, may not be able to extend that for one month, is that what I'm hearing?

MS. RUTHERFORD: It's going to be difficult on the peer review and Chief Scientist's contracts to get a contract

extension because of the fact that these are sole source contracts and the way in -- we're having to deal with the Department of Administration on extending another year of sole source contracts.

They're not going to look very kindly upon us asking for a one-month extension, and then go out for another sole source. It's not impossible. If you folks don't feel comfortable with saying let's go -- give the whole authority so we can begin renegotiations for the full term of the contract, which, again, can be terminated at any time, then we'll try, but I'm not positive I'll be able to successfully complete it.

MR. ROSIER: Mr. Sandor, follow-up?

MR. SANDOR: Let me just follow up, yeah. The thing that we don't want to do, in my opinion, is to get ourselves in the trap of having expenditures of -- that extend beyond the period of time in which we might make significant changes. We are shifting to executive director versus administrative director structure, we are going to examine the Restoration Team and the whole organization structure itself, so we don't want to obligate ourselves to something that, you know, may not be necessary or may not be, you know, that would prevent a change. So, I guess, what's the minimum expenditure necessary to keep this ship running until September 16? I guess that's what I'm not clear on yet.

MR. ROSIER: Dave, do you have a response to that or do you need a minute?

DR. GIBBONS: I will say that we're asking for, as you're talking about the Restoration Team organization and

executive director, that would be a one-month expenditure. We're not talking anything more than one month.

MR. SANDOR: Okay.

DR. GIBBONS: So that decision is not predetermined.

MR. SANDOR: Okay.

DR. GIBBONS: We're asking for one month for that part.

MR. SANDOR: Okay. Thank you.

MR. ROSIER: Yes, Mr. Barton.

MR. BARTON: And on the Chief Scientist and peer review contract, that's a pay-as-used type contract, and really this is an authorization that you're asking for rather than a check writing.

MS. RUTHERFORD: That's correct. We need the authority for you folks, because the Department of Administration requires that you have the full authority before you begin and you commit to a contract. However, it is a pay-as-you-use, and it can be determined in very short order should you decide it's not something you want to continue.

MR. ROSIER: Yes, Mr. Frampton I believe had a question here.

MR. FRAMPTON: Well, I have a couple of questions about the kinds of information that traditionally the Trustees have received and what, you know, what kind of information is necessary here to make decisions today or in the future. The detailed backup that you just handed out, some looks like the kind of budget information that I'm familiar with that one, you know, is accustomed to get to make budget decisions like this. In other

cases, it's a little hard to tell, you know, you've got a contractual line for six hundred or nine hundred thousand dollars where there's nothing behind that, but -- I would have, you know, hoped that if you were -- confident to make a presentation for a year's worth of money for a subject, that we could get a one or two page thing showing the salaries, the out-of-pocket costs that were budgeted, and a short narrative description of what it is. Now, the CACI contract, you're not asking for a year's ...?

DR. GIBBONS: Yes.

MR. FRAMPTON: You are. All right. Well, I'll just, for example, looking at the list here that you just handed out, for that contract, that's about eight hundred and twenty-seven thousand dollars, and it indicates we're employing two public research coordinators at ninety-nine thousand dollars each, a library associate at seventy-one thousand, a management assistant at sixty-five thousand dollars, a special assistant at sixty-two thousand dollars, another specialist at fifty thousand dollars -- you know, don't we have to sort of view this in some integrated fashion in terms of what the whole operation looks like and what these people are going to be doing for a year?. Do we have to do this for a year?

MR. ROSIER: Dr. Gibbons.

DR. GIBBONS: This -- you know, like I said, that's a maximum. I'm in the process of negotiating those contracts, and I've got the same questions you do. Those people -- that's a cost that we're paying CACI, and some of those numbers don't track with

me either, so in the process of negotiation those numbers will be refined, but those people, like I say, are a contract service to the Trustee Council for the support of the building, the Oil Spill Public Information Center across the hall here, and then the fourth floor people.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: Well, I would like to say, Mr. Frampton, within the past year or when we renewed these -- this contract last, we very carefully looked at each of these elements and made, I think, hard decisions as to who was required to operate the library, who was required to respond to these public information requests, and, you know, it isn't as though we haven't fully looked at this overall contract in depth within the past year, and I would agree with you that if we were looking at this for the first time, we would want to certainly take a much more in-depth analysis of it than we are being asked to do today, but we have taken the proverbial, quote, hard look, close quote, at these expenditures, not long ago. I mean, if that's not correct -- that's my recollection.

MR. ROSIER: Yes, Mr. Pennoyer.

MR. PENNOYER: A quick question, if I may. I haven't (indiscernible), and I assume, as you do, Charlie, that, is there anything new in here?

DR. GIBBONS: No. There is nothing new from existing staff.

MR. FRAMPTON: My question is, I guess, is we're going to

have a new executive director, hopefully in the near future, is that person going to have the opportunity to decide that this complement of people should be increased, decreased, changed -- and, if so, why is it -- is the only contract we can negotiate a twelve month contract with CACI? Is that the only alternative?

DR. GIBBONS: I would think that the new executive director would make a recommendation to the Trustee Council on what kind of support staff for the building would be -- if the contractor is really looking -- you know, if you're contracting for several months, it really, it doesn't lend to a good contract. I mean you don't -- it's like the building here. We negotiated with Jack White to improve to ADA requirements and fire and safety at no additional cost because we could negotiate up to a two year contract, and that's the same thing when you get into small-term contracts, the price goes up on you, and so, and with talking with CACI we're looking at the yearly contract, with of course clauses to get out of it, you know, and so -- to try to reduce the cost, if we can.

MR. PENNOYER: Mr. Chairman.

MR. ROSIER: Yes, Mr. Pennoyer?

MR. PENNOYER: I think what Mr. Frampton is asking though, once you do this, will the new executive director have a chance to go and say, well, gee, I need one extra library associate or I need one less. Is it modifiable within that year?

DR. GIBBONS: My understanding, it is.

MR. FRAMPTON: By mutual agreement? I think that's the

standard clause.

MR. COLE: Well ...

DR. GIBBONS: Well, I'd have to go -- I'd have to look at the contract. It's a standard federal contract.

MR. FRAMPTON: Well, my question is, are we committing ourselves to spend eight hundred and twenty-seven thousand dollars for these people for the period October 1, '93, to October 1, '94, unless the contract is modified?

MS. RUTHERFORD: Mr. Chair?

MR. ROSIER: Yes.

MS. RUTHERFORD: I think the real, one of the real issues here is when the contract runs out, and I think it runs out the end of September, and so I think, you know, somewhat that it's awkward timing.

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: Do you really wish me to comment on, quote, awkward timing?

MS. RUTHERFORD: No.

(Laughter)

MR. COLE: I would think not.

MS. RUTHERFORD: Well, I think the point is that the Trustee Council decision on the executive director doesn't necessarily jive with when this contract has to be either extended or renegotiated, and that's -- that's what makes this difficult.

MR. FRAMPTON: Well, let me ask another question. Is it

possible to approach the contractor and see whether this contract, the existing contract can be extended for a month or three months? After all, it's presumably in their interest to keep the contract. Is that a possibility here?

DR. GIBBONS: Mr. Chair, there's two options I can do. I can approach CACI on that as a one month, or I can approach the Department of Justice to see if they would like to carry the contract for one additional month, you know, that's who's carrying it now, carry one additional, and then you can make that decision on the 15th -- or the 16th -- of September. That's the two options.

MR. FRAMPTON: I don't mean -- I don't mean to quibble about either the need for these people or the process that's gone on before. What I'm concerned about is when we get an executive director, we also need, it seems to me, a process in which the Trustees get usual, adequate information about budgets which is consistent with some overall set of priorities which we can review before meetings and make a judgment about. We didn't have that information in your seven-page line item. A lot of that information is in the backup that you're preparing for the next meeting, but when I look at that backup I'm not sure how any of us is really going to be able to go through there and make a very informed judgment, even with staff. So my concern is really with the process here, and that the -- setting a precedent of committing to even a small number of personnel -- eight hundred thousand dollars, you know, is not peanuts, and committing ourselves a year

ahead before we really know whether we're going to be needing this complement of people at these prices. It's really a process issue more than quibbling about ...

MR. ROSIER: Dr. Gibbons.

MR. FRAMPTON: ... whether people are doing a good job or whether it makes sense to have these people as this contract.

DR. GIBBONS: Mr. Chair, the Restoration Team reviewed this interim budget. We had a stack half this big, and we went through it, and it was pared to seven pages. And what with the directions -- the direction was to have the Restoration Team member brief the Trustee Council member on what's in this interim package and go through it with them. That's the easiest way, rather than have the Trustee Council member going through four hundred pages of stuff, have the Restoration Team member for that agency brief the person on what's in there, any, you know, ideas, and so, that, that was the thought. We could have given you a lot of detail on some of the seven-pagers.

MR. FRAMPTON: Let me ask one more question before I give up the floor ...

MR. COLE: You're doing fine.

MR. FRAMPTON: ... the piece of paper that you have in front of you that outlines the interim budget, or proposed budget for a year, is that correct?

DR. GIBBONS: That's correct.

MR. FRAMPTON: What are the three or four highest priorities reflected in that budget? What are the high priority

activities that are going to be done in 1994 that are reflected in that budget. How do we go through that budget then and look and make sure that those priorities are the priorities on the items.

DR. GIBBONS: The priorities, the way I see it for the next year, is to finish the restoration plan, get the habitation protection comprehensive process up into a state where, where you can make decisions, also do the necessary, restoration work, that's required for the years. There's a lot of priorities in here, and it's hard, you know, to say, yeah, this one is a higher priority than that one because we're moving forward at a quick rate. But right off the top though, we've got a restoration plan to get done, we need to get on, and that's by Thanksgiving, and we need a habitat comprehensive process by Thanksgiving too, and so those are the

MR. FRAMPTON: I can see with that pile we're going to be moving forward at a fast rate, but I'm concerned about what direction we're moving forward if we don't, if we don't have a pretty good idea of our priorities and can make a judgment whether the budget reflects those priorities, because basically the decision we make about that budget is three quarters of the decisions we make in the next year, because the budget decision is your policy decision and your priority decision. How can we tell whether that reflects the priorities that the Trustees want -- adopt for the next year.

DR. GIBBONS: Before you have to approve this '94 work plan in final, you'll have a copy of the draft restoration plan,

and that's going to help tailor your -- your goals and objectives to this budget to see if they match up, and that's the process. You know, we're going to have a draft restoration plan, you're going to have a draft '94 work plan and mesh those things together this fall. I mean, that's going to tell you if we're on track with the '94 or where we're going with it.

MR. FRAMPTON: The specific request that's got to be made at the September meeting is to put a proposed FY 94 budget out for public review.

DR. GIBBONS: That is correct.

MR. FRAMPTON: Is that right?

DR. GIBBONS: That at the three to five page detailed descriptions of all the projects in here also.

MR. PENNOYER: Mr. Chairman.

MR. ROSIER: Yes.

MR. PENNOYER: Except for this stuff here. The stuff that keeps the work group going, that keeps the habitat work group going in classifying lands by Thanksgiving, it keeps preparing the restoration plan by Thanksgiving, it mails out the public notices necessary to be associated with that, prepares them, all that will have to be finalized. Some of it should be now, and the rest of it will have to be finalized by September. The '94 work plan for projects that go in the field, starting in March, and so forth, is what's going out to public review, and then coming back to us, but we'll have to do some interim funding to at least January to have this process that we've started there. The restoration plan, the

habitat work group process, those things have to be kept going, and the question in front of us here, I think, today is, do we need to do anything now, or can we wait until September to look at that part of it?

MR. FRAMPTON: Well, the seven-page line item list, which totals about eight million dollars for four months, are all the things that are listed as being funded here, ongoing now, every one of them?

DR. GIBBONS: Well, they're broken into categories that I explained previously -- that we've got a category for NEPA costs there, that's project NEPA costs on the seven pager, we've got a column for reports, preparation of the 1993 reports -- the researchers, the principal investigators are coming out of the field in September, it's for data analysis and report preparation.

There's a column there, that's for interim projects that need to be started before February 1st if you're going to do them at all in '94 --

MR. FRAMPTON: I'm sorry, I don't see any of those columns. I see things like executive director's office, nine hundred and thirty-two thousand dollars.

UNIDENTIFIED VOICE: He's reading this part ...

MR. FRAMPTON: All right. (Mr. Gates shows Mr. Frampton the subject columns)

MR. COLE: Mr. Chairman.

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: As Mr. Frampton looks at that, would it be

impertinent for me to ask why today we have to make this decision, and why we were not given these materials two or three months ago so that we do not have to make this decision today on what I regard as relatively short notice with relatively little supporting documentation.

UNIDENTIFIED VOICE: Dave, maybe I missed something last ...

MR. PENNOYER: Mr. Chairman, the motion on the floor was to try and avoid that. The problem is there seems to be some things that the RT and Dr. Gibbons think need to be done that add up to larger ticket items, but the idea was to only fund one more month until we could get time to look at the backup to this.

MR. ROSIER: But I think Mr. Cole's question is still there.

MR. COLE: My -- I don't know what we're supposed to do here, but I thought I heard within the last fifteen minutes that we should approve this contract for eight hundred thousand dollars, for the next month, eight to nine months, whenever, and we should do this today because we can't renegotiate these contracts and things of that nature, and it has to be done today, and my question is, if we knew this date was coming months ago, and getting back to my repetitious comments, broken record comments, we had this presented to us at the June meeting or even on August 6th, then we could work around it and ask questions and ask for more data and address these things, I think, with a little higher comfort level.

MR. ROSIER: Mr. Gibbons.

DR. GIBBONS: Yeah, briefly why we don't have that. In March -- I'll briefly go through this -- briefly go through -- March 23rd you directed us to go out with project list titles for public comment. We got that together in April, thirty day comment period left us to May. June 2nd you told us to develop the top fifty project listing and the second fifty. We did that in the month of June, got it back to you, got your projects that you wanted to see in this draft '94 work plan. We've been preparing since July -- basically in July we got this to get it to you today. All this material on detailed budgets and the three-page write-ups, and so that's -- it's just a timing factor.

MR. ROSIER: Follow up there ...

MR. COLE: The CACI contract we knew about long ago, and that's the contract we say we must act on today, as I understand it, and that's what's troubling me.

MR. ROSIER: Yes.

MR. COLE: I mean, maybe it's unfair. Maybe it's our fault, but nonetheless I still have trouble understanding that.

MR. ROSIER: Mr. Barton.

MR. BARTON: Perhaps my recollection is faulty here, but I thought we had discussed this at an earlier meeting and directed that the administrative director renegotiate this contract and that we had made that decision earlier, at an earlier meeting, and I don't recall which meeting it was. If somebody could help me, I'd be pleased. But it isn't, it's not my understanding -- well, it's my understanding that we made that decision earlier, and

at this point we're being presented with the results of the renegotiation. Am I wrong? Is that what happened?

MR. ROSIER: Yes, Dave.

DR. GIBBONS: I believe it was the June 2nd meeting that the authority for the CACI and the building was given -- to renegotiate.

MR. PENNOYER: Mr. Chairman.

MR. ROSIER: Yes.

MR. PENNOYER: I don't think there's anything new in this. We did do it. We went through it in great detail. Now, granted, over time things may change, and we may find or should find that we want to change or do differently, but we're not -- you know, I don't think we'll have an executive director on by the September 16th meeting, actually sitting here, having time to think it over and make recommendations. You're talking about somebody who could make recommendations after -- unless it's somebody who is intimately familiar with the process, which of course is a possibility, that your talking about sometime later in the fall. And so -- your CACI contract that's got to go forward need to, I guess, get done. I don't know how we get out of that catch-22. And, you're right, Attorney General Cole, we should have had this presented to us separately, and said, oh, you already asked for this, here's the backup, then it would have been clear to us what we were talking about, and right now it's mixed in with the stack and it's hard for us to pick out what we know about and what we don't know about. But, I guess, even if we bite off this one month

thing, I'm a little concerned that the total amount that you want us to approve now is about two and a half million dollars -- I think. The total is eight, so that's about a quarter of it we're approving at this stage.

MR. COLE: One month.

MR. PENNOYER: One month is eight hundred thousand dollars worth.

DR. GIBBONS: Well, that's -- I mean, it's going to be less than that.

MR. PENNOYER: Is it -- Mr. Chairman, is that most of the report writing is the salaries involved of the people? How much is the big contracts and things like that?

MR. PENNOYER: It's not big contracts. It's data analysis and the people to write those reports up because, like I said, they're coming out of the field next month, and -- with raw data in hand from the work that's (inaudible -- extraneous noise).

MR. BARTON: There's also some sample analysis still to be completed as well. Is that not true?

MR. FRAMPTON: Is there a way -- Mr. Chairman?

MR. ROSIER: Yes, Mr. Frampton.

MR. FRAMPTON: Is there a way to quantify -- what is the running rate for this operation? Leave out the projects that are listed on this seven-page -- specific projects, recreation plan implementation and so forth, and just take the line items that are the big ones, like Restoration Team support, executive director's office, ... (inaudible -- electronic interference) .

MR. GIBBONS: (inaudible - electronic interference)

MR. BRODERSEN: (inaudible - electronic interference)

MR. COLE: (inaudible - electronic interference)

MR. ROSIER: Yes, Mr. Frampton.

MR. FRAMPTON: Since you have all examined this, I'm certainly prepared to go ahead and vote to approve the budget for the CACI contract, but I would -- with the caveat that I would urge that you try to negotiate a contract that -- you know, allows a sixty day clause for changing it. There's no reason why, looking at these fees -- I mean, I can't see that you have to pay ninety thousand dollars to the librarian, to a temporary employee company, and you have to do it because its (indiscernible) twelve months in advance. I mean it's -- if the economy is that good here -- you know, unemployment on the negative five percent. I mean, certainly that -- that -- maybe I'm wrong, maybe you need to commit yourself twelve months in advance. It seems to me that you're trying to figure out to develop your priorities (inaudible - electronic interference). Pretty hard to set a precedent -- try to commit ourselves to what (indiscernible).

MR. PENNOYER: (inaudible - electronic interference)

MR. SANDOR: (inaudible -- electronic interference)

MR. PENNOYER: (inaudible -- electronic interference)

MR. ROSIER: (inaudible -- electronic interference)

DR. GIBBONS: (inaudible -- electronic interference)

MR. SANDOR: (inaudible -- electronic interference)

MR. ROSIER: Mr. Brodersen.

MR. BRODERSEN: Mr. Chairman, in the past, as much as I hate to do it again, we have actually funded this process out of our agency rather than the court monies, where the Council has approved authorization to go ahead. We've never spent money without your authorization. We have spent agency funds, not necessarily from the court and then -- reimburse is not the right term, but we have then backfilled those accounts with monies once we've gotten it out of the court and if it be the wish of the Council, I suppose we could do that again this coming year, but you all need to realize that you've made a conscious decision to do that, if you don't fund today.

MR. BARTON: Mr. Chairman.

MR. ROSIER: Yes.

MR. BARTON: I object to that procedure.

MR. ROSIER: Yes, Mr. Gibbons.

DR. GIBBONS: Yes, I'll respond to Mr. Pennoyer. We could do that. We have six and a half million in carry-over funds that is immediately available to the Trustee Council, no authorization from the court is needed, or no authorization from either the (indiscernible) account or the state assistance -- given to the agencies -- you know, there -- and so, you could use that money on a decision on September 16 so -- what ever you wanted to fund at that point, you could do that.

MR. ROSIER: Yes.

MR. BARTON: My preference would be to deal with the problem right up front, and as I understand it, we made -- somebody

just identified or we made a decision of which project funding to fiscal year funding, and that's why we're in the dilemma. I don't understand now -- it seems to me if we follow the procedure that was just laid out, then we just reversed that decision and essentially gone back to project funding. It seems like we ought to make up our minds.

MR. ROSIER: Yes, Mr. Frampton.

MR. FRAMPTON: One more question. You said that the core running rate is about five hundred thousand dollars a month. Does that include report writing?

MR. BRODERSEN: No.

MR. FRAMPTON: Is report writing part of this?

MR. BRODERSEN: That's associated with project costs, four hundred seventy thousand proposed is for the administrative director's office, or the executive director's office, now that it's been renamed, for the Habitat Protection Work Group, the Finance Committee, for the Restoration Team, the PAG, and so, the projects are written -- excuse me, the reports are written out of project budgets which are separate from those and they -- does not include the four hundred and seventy -- they're not included in the four hundred seventy thousand.

MR. FRAMPTON: Who -- who writes the report?

MR. BRODERSEN: The principal investigator for each project.

MR. FRAMPTON: I mean, is there anyway to look at a budget and tell how many people are involved here? How many FTE's

are involved in the core number that....roughly.

MR. BRODERSEN: Yes, all that -- for the core number? Yeah, we can go in and pick that out.

MR. FRAMPTON: But, I mean roughly, what is it?

MR. BRODERSEN: I don't know. We have not had time to review this budget. It was finished this morning and given to people for our review. We have meetings set up tomorrow and the next day between us and the finance committee. We're going to go over this page by page and have a better look at it. The budget that's come in from the agencies, we have not had the opportunity to review it yet.

MR. FRAMPTON: So, this is just a collection of what agencies have requested.

MR. BRODERSEN: The interim budget, we have reviewed that. For the total budget, we have not reviewed that. So, I cannot tell you for the total budget what the FTE's are for the coming twelve month period. We have not had that review yet.

MR. FRAMPTON: Well, maybe I'm being dense here, but how can you ask us to approve even a one month interim budget for core operating costs when nobody knows, even in the ballpark, of how many full time people we're going to be carrying.

MR. BRODERSEN: We -- we have that information in the interim budget that has been reviewed by staff extensively by both us and by the finance committee. I do not have it here at the tip of my tongue today to be able to give that to you.

MR. MONTAGUE: Mr. Chairman.

MR. ROSIER: Yes, Monty.

MR. MONTAGUE: Twenty to twenty-five.

MR. ROSIER: Twenty to twenty-five people?

MR. MONTAGUE: (inaudible -- electronic interference)

MR. FRAMPTON: Wait a minute. I'm not sure (inaudible -
electronic interference)

MR. BRODERSEN: (inaudible -- electronic interference).
You know there hasn't been a process to lay out (inaudible --
electronic interference).

(Audio is not discernible for the next several minutes because
of electronic interference of the tape recording.)

MR. PENNOYER: (inaudible - electronic interference)
short term operational nature. You separate that out and give us a
detailed review of that, so we can make a decision separately. We
don't have to make those (indiscernible). Grant you, if we do this
it's going to go on (inaudible -- electronic interference) reach
that four month period of time and (inaudible - electronic
interference) September 1st or 2nd or something -- I don't know
when Labor Day is, the 1st or 2nd or 3rd or 4th, or something,
approve this part of this and then come back on the 16th and vote
for the '94 work plan. Can we do something like this in a special
meeting, for half a day or something?

MR. COLE: I'd like to say on thing. I am not
directly my criticism at the -- Mr. Gibbons, nor the Restoration
Team, nor any subgroup. As much as anything, I -- perhaps am
directly my criticism towards ourselves because we do not

(indiscernible) problem, and we -- it's incumbent upon us to manage these monies -- manage them efficiently and well, and we have six years (inaudible - electronic interference). So, I say that (inaudible - electronic interference).

MR. GIBBONS: (inaudible - electronic interference)

DR. ROSIER: Don't want to trip over that one (inaudible - electronic interference)

MR. BARTON: (inaudible - electronic interference)

MR. FRAMPTON: I agree with that (inaudible - electronic inference)

DR. GIBBONS: (inaudible - electronic interference)

MR. FRAMPTON: (inaudible - electronic interference)

(Off Record 3:13 p.m.)

(On Record 3:31 p.m.)

(Mr. Frampton left the meeting during the recess and Mr. Paul Gates is his alternate for the remainder of the meeting)

MR. ROSIER: The Thanksgiving through the draft restoration plan.

MR. PENNOYER: Mr. Chairman, I understand that, but do you want comments on whether these objectives are the appropriate type of thing we want to see, or the form, or....

DR. GIBBONS: That's correct. if you can perhaps give me any feedback say within a week because we're developing that draft restoration plan objective now and -- This is our thoughts anyway, which may be included -- you know (indiscernible - coughing).

MR. PENNOYER: Mr. Chairman.

MR. ROSIER: Yes, Mr. Pennoyer.

MR. PENNOYER: Not in any great detail, but I notice you have goals and objectives here, and maybe that's the title of the process should be goals and objectives, because I think they're somewhat different. Objectives are measurable things and goals are general things that we want to accomplish. Maybe the goals go first and the objectives second just in normal planning parlance or something.

DR. GIBBONS: We had this discussion when we looked over this letter. What we thought were the -- the goals -- that's the thing we're trying to -- is a major recovery. Are we there? You know, for example, restore production of system fry and smolt to pre-spill averages. You know -- recovery, then -- that would be an objective. Recovery would be -- recovery of the curve of the Kenai sockeye population is productive and existence to pre-spill abundances. So, the results of the objectives -- if you do the objectives, you're going to work your way towards that goal. It can be either way -- you know, it's a -- we just want -- you know, want you -- to give you some (indiscernible - coughing) of objectives, that's the key that we want to zero in on.

MR. ROSIER: Fine, are you looking for -- are you looking for some action from us on this?

DR. GIBBONS: I'd like to get some comment back by -- within a week if we can, if you've got any....

MR. ROSIER: Further discussion from the Trustee

Council? Okay. Let's see, I guess last -- next item is the Exxon Valdez oil spill symposium proceedings. Dave.

MR. GIBBONS: In February we had a very successful restoration symposium, very good attendance. The Trustee Council up-fronted twenty-five thousand dollars to hold this symposium. When it was all over with, we ended up with thirty-three thousand in the bank, so we actually made a profit -- on the symposium. What we'd like to do is publish the proceedings of the symposium. We published a copy of the abstracts, which are now sold out, but we'd like to prepare the proceeding. We've look into this publication of the proceedings quite thoroughly. Right now, we're looking at the publication proceedings by the American Fishing Society and the Wildlife Society, and they've given us some estimated costs of ninety-seven thousand dollars to publish three thousand copies of a cloth bound proceeding. We checked into the cost of a cloth bound copy versus a paper bound copy, and that -- that analysis is hashed in the last page of this memo dated August 16th. We're requesting -- I'll walk through the status of the proceedings. We currently have thirty-three thousand dollars deposited in an EVOS symposium account. We're requesting additional money to -- to pay for the difference between the ninety-seven thousand and the thirty-three, which would be sixty-four thousand dollars to print thirty-three thousand copies of the document. There's a total of seventy-three papers in -- in the proceeding, and right now the time line for the publication, if you agree to up-front the sixty-four thousand dollars, today, revisions

of the manuscripts after peer review would be ready in November '93 and the book completion date would be July. We have three options for the -- for your decision today. On page three, the first option would be individual book charge of thirty-three dollars to cover the cost of the publication. This would be the lowest cost of the proceedings for the public. However, the Trustee Council would not receive any income back from the up-fronted sixty-four thousand dollars. Options two would be a book charge of fifty-four dollars. This would return twenty-one dollars per book sold by -- sold to the Trustee Council, and the sale of all three thousand copies would return the sixty-four thousand dollars up-fronted by the -- by the Trustee Council, so there would be no cost to the restoration process. And, option three would be a book charge of sixty-five dollars ... (inaudible - electronic interference).

(The audio of the next part of the proceedings is indiscernible because of electronic interference on the tape recording. The Council took a recess from 3:48 p.m. to 4:05 p.m. and reconvened with the public comment which began with a review of the Trustees actions by Dr. Gibbons.)

MR. SAM SAMUELSON: (inaudible -- electronic interference)

MS. CHRISTINE STEELE: (inaudible -- electronic interference)

MR. CHIP THOMA: (Opening portion of testimony is inaudible - electronic interference) I say this because its (inaudible - electronic interference) So in summary, I propose the

Trustee inform the Council (inaudible - electronic interference)
With unanimous vote required (indiscernible) direction to the
staff, timber interests have successfully held up and squandered
the impetus and prerogatives of the majority of the Council.
They've studied the spill and re-studied it and acquired very
little for posterity. I'm not certain how to cure this, but I
believe that have a majority voting and recorded those votes, that
the public then can better isolate use of squander to a legal -- I
mean, to subscribers to bad economics and habitat destruction.
Majority voting will also encourage those Trustees whose opinions
and votes have been discounted to act a little more forcefully to
ensure habitat protection and acquisition. I do not believe that
any more studies or administration. I think we should spend ninety
percent of the remaining seven hundred million dollars on habitat
acquisition. Seven million over the next seven years is plenty for
Trustee staff, travel and whatever few studies might possibly be
required. It's time to stop squandering the very little settlement
money we got for the damage that was done, and which is ongoing. I
do believe that one project outside the actual spill area merits
special consideration, and that is (indiscernible) sixty or so
small islands and ... (remainder inaudible - electronic
interference).

MR. JAMES CRAWFORD: (inaudible -- electronic
interference)

MS. SUZIE KENDRICK: I did hear of what you spoke of
earlier, but I really can't (indiscernible) talk about the five

million dollars. I didn't hear you say one thing about this going directly towards the Sound, the water, resources, fisheries and fishermen (inaudible - electronic interference) I'm sorry, didn't make that really clear to me.

MR. ROSIER: (inaudible - electronic interference)

MS. KENDRICK: Well, thank you very much, and I will try to be involved. I would really like to urge you folks try to be specific, try to talk to specific issues, and above all you've got to come to the rescue of the Prince William Sound Aquaculture Association. That's where -- we're in dire trouble. We need -- we need help and we need it now.

MR. ROSIER: Thank you Ms. Kendrick. Are there others to testify there in Soldotna?

MS. KENDRICK: No, just me. I'd probably like to do it again, but just me.

(Laughter)

MR. ROSIER: Alright. Thank you very much. Seward, is there anyone to testify in Seward, please?

MS. TERRIE NASH: Yes, there's two of us.

MR. ROSIER: Yes, go ahead, Seward.

MS. TERRIE NASH: Good afternoon. My name is Terrie Nash, T-E-R-R-I-E N-A-S-H. I'm speaking today as co-chair for Reclaimers of Alaska, a group supporting responsible resource use.

This Trustees Council was established to decide the fate of the EVOS restoration funds. Based on current facts, a decision should be an easy one. The Restoration Team has put great emphasis on the

acquisition of Eyak Lake and Power Creek critical to habitat, evaluation that Reclaimers fully support. However, the Orca Narrows and Nelson Bay areas have been supported low to moderate which does not justify a moratorium or tree (indiscernible). This past weekend, Alaskans witnessed the frustration and stress-level felt by some of the fishermen working in the Sound. In complete exasperation with yet another failed season, they prevented tanker traffic from entering the Valdez Narrows. To some degree the fishermen are right. They want to know what is happening to their fisheries, when will the problems be corrected and how. At this point, no one knows how much of an affect the spill had on the Sound, and we will never know without the appropriate research and development. Orca Narrows and Nelson Bay are not critical, our fisheries are. Please don't continue this negotiations for this acquisition. The Trustee Council here sets different -- different use when they speak with the fishermen in Cordova as opposed to testimonials they hear in Anchorage, because the few individuals that want this acquisition are not the true fishermen that live and work in Cordova. Real fishermen aren't funded to attend hearings in Anchorage. They're in the Sound doing what they do best, fishing. Please fund the fisheries and return to development projects. We ask you to do this right away. Let the fishermen do what they do best, continue to fish. Thank you.

MR. ROSIER: Thank you Ms. Nash. Any comments from the Trustees? Questions? You say there's a second person there in Seward to testify.

MR. WILLARD DUNHAM: Yes, Commissioner. This is Willard Dunham. D-U-N-H-A-M. Seward. I'm with the Seward Association for the Advancement of Marine Science. I just briefly would like to testify on -- comments to -- in hopes that I would straighten out the perception that the Seward Sealife Center is a public and tourist attraction. The thrust of the center is based solely, as you're -- you are well aware, on marine science, marine mammals, directed towards marine mammals and rehabilitation and education. The -- it will be working directly and concurrently with the Institute of Marine Science -- marine station that is here. And for those who are talking about the Sound, I might point out that they were the only ones, at the time of the oil spill, that were able to have current information on -- on the tidal end of the flow, the current and what was going to happen with the spill and afterwards. The University, it is one of the finest stations in the world, with world acclaim, with the study they've done in the Arctic and along the total coastline affected by the spill. The only portion of the tourism that comes into play with the Center is the (inaudible - electronic interference).

MR. GARY KOMPKOFF: (inaudible -- electronic interference)

MR. KARL BECKER: (inaudible -- electronic interference)

MS. ROXIE ESTES: (inaudible -- electronic interference)

MS. NANCY LESGOW: (Inaudible -- electronic interference) but also all the wildlife and the visual quality of that area. It is the visual quality that our businesses have lost. Habitat acquisition is one of the few ways of restoring that visual quality or keeping us from losing more visual quality. We've got to keep what we have and not lose anymore. I would like to -- and that's all.

MR. ROSIER: Thank you very much. Any questions or comments by the Trustee Council?

MR. COLE: Mr. Chairman?

MR. ROSIER: Yes, Mr. Cole.

MR. COLE: I think that the contemplation of that ecosystem study was not only five million dollars for 1994, but we contemplated five million dollars as well for 1995. So, I think in the interest of having the record straight that we really were looking ... (inaudible -- electronic interference) (Tape 10)

(Audio of next portion, approximately 30 minutes, of proceedings is inaudible due to -- electronic interference)

MR. TOM VAN BROCKLIN: (inaudible -- electronic interference)

MR. JOHN JOHNSON: (inaudible -- electronic interference)

MR. CHARLES TOTEMOFF: (inaudible -- electronic interference)

MS. DORN HAWXHURST: (inaudible -- electronic interference)

MS. RIKKI OTT: (inaudible -- electronic interference)

MR. DUANE LANKARD: (inaudible -- electronic interference)

MS. MILA ADKINS: (inaudible -- electronic interference)

MR. DUANE ANDERSON: (inaudible -- electronic interference)

MR. JIM GRAY: (inaudible -- electronic interference)

MR. ERIC MYERS: (inaudible -- electronic interference)

MS. PAMELA BRODIE: Another possible idea, construction people from Cordova testified about severance pay going to loggers to compensate for their loss of jobs. I'd rather see this money going to employing loggers to do restoration work, if possible, in the area rather than (inaudible -- electronic and radio interference). We are hopeful at this point that (inaudible -- electronic and radio interference). The third thing I'll say is about the endowment. As you know, I serve on the Public Advisory Committee, and when we were considering the endowment possibilities, the PAG was, a number of fishermen were testifying about the importance of doing studies for longer than the eight year period during which the Trustee Council would be receiving payments from Exxon. There was a lot testimony at the PAG that eight years of study is not enough. But I didn't hear anything that I considered persuasive about why you would spend this money on studies in perpetuity for the oil spill, and I wanted to make it

clear that when I was -- instructed at that time, that it might be appropriate for the Trustees to be planning to have some money left over after the last payment from Exxon to continue these studies, but that putting the money into endowment, an inflation-proof endowment, I think, it's a very poor investment. As has been pointed out, it would take a hundred million dollar endowment to produce only about three million dollars per year (inaudible -- electronic and radio interference). Finally, I'd like to say something about the GAO report and the budget. We did support the idea of the GAO doing the audit. I have not read the report. I received it only this morning. I have not seen any earlier draft.

So, I can't comment specifically on that report, and I do not know GAO's normal procedure, so I can't comment on that either. I can only comment on what the Trustee members said about the substance, and I agree with some but not, I think, everything that was said. We certainly agree that the Trustees have been very good about listening to the public and encouraging public participation, and that's been something we've been very satisfied about, with one exception, and that has been regarding the reimbursement. I think that there -- we would like to have more information about what government costs are being reimbursed, and why these need to be reimbursed from the Exxon money rather than using regular agency funds. We also, obviously, agree that restoration and habitat acquisition should be going on before the restoration plan is complete. We also agree, we're very grateful that the Trustee Council meets in Anchorage, which is more accessible to more

people, including people in the spill area, than Juneau, which is -
-. I do think there are three major areas where the Trustee
Council should look, at least three, should look to saving money in
the future, and one of these is the cost of administration. The
second would be the cost of the project, and the third, that I
mentioned already, is the reimbursements. In particular, I'd focus
at this point on the cost of administration. I hope that you will
be taking a hard look at that and questioning, for example,
whether we continue to need a full Restoration Team, and why each
agency needs to have at least one staff person on the Restoration
Team and on each of the working groups. For example, there are
some agencies which do not manage land, and yet they have staff
people on the Habitat Protection Working Group. I don't mean to
pick on those staff people, I have nothing against the staff people
in particular, but I think it may not be the best use of funds for
the Trustee Council. Also, some of the staff people who work, I
think, full time on this issue, live in Juneau and, while I
certainly don't object to Trustee Council members' travel, I do
question staff people who work on this issue full time flying up
from Juneau every week or two weeks for meetings, including the
cost of the plane travel and the per diem. I think, perhaps,
people should be transferred to Anchorage who might be working full
time.

MR. ROSIER: Thank you, Pamela. Questions, comments?

MR. COLE: Would you support the acquisition of
conservation easements in lieu of fee title to the three core

tracks?

MS. BRODIE: We would prefer fee title, but we would support conservation easements as an alternative, especially perpetual.

MR. ROSIER: Thank you. Yes. Pamela, how would you suggest that those conservation easements be paid for over time?

MS. BRODIE: I'm not sure I understand the question.

MR. ROSIER: If we take conservation easements, how would the administration propose implementation of those easements, the oversight of those, how would that be paid for? Just in general fund dollars coming to the -- whoever the government agencies were that were responsible for those easements or -- I'm asking, it's something that -- you know, looking beyond the end of the income here on this, what happens to those easements and who takes them on, and is it another something else that just goes on the general tax roles of people, the man on the street, or who pays for that?

MS. BRODIE: Well, I guess I would prefer it coming out of the regular agency budgets. Their --

MR. COLE: How about the Sierra Club?

(Laughter)

MR. ROSIER: Thank you, Charlie, for clarifying the question.

MS. BRODIE: I think that in Cordova, this land is so close to the town of Cordova, that the people who live in Cordova are going to be watching over this land, and I don't think it

should be something that's very expensive in terms of having to send people to this area to see whether anything illegal is going on because if things are going on that's illegal, I think you'll be getting the message.

MR. ROSIER: Okay, thank you. Let's see, Jerome Selby.

MR. SELBY: Thank you, Mr. Chairman, and members of the Council. I appreciate the opportunity to testify. I'm Jerome Selby, mayor of the Kodiak Island Borough. I want to just limit myself to four specific comments this evening for you. First of all, I'd like to thank you personally for your quick action, effective action on the Seal Bay acquisition. We appreciate your quick review of that and the good work, again, that Mr. Cole did that as far as getting that through to completion. I guess I have one question with regard to the document that was signed today, is that now a completed acquisition, or are we waiting for someone like the Department of Justice or someone else to decide whether or not this was a restoration project?

MR. COLE: Well, Mayor Selby, I think we're just coming in the usual course of negotiations, getting the closing documents prepared and taking a look at the appraisal and the methodology employed in arriving at the fair market value, but overall we're just coming along.

MR. SELBY: Okay, I appreciate that. I obviously -- part of the reason I ask that question is that I can't express here in polite company the level of frustration we have with the artifact repository that's being held up by the Department of

Justice after you folks had approved it. I'm not saying that in any way derogatory towards the Council. We appreciate the approval by you folks, and I'm sure you share in our frustration over what's transpired since that time. I guess our major disappointment was the fact that I guess the first time it possibly could come back to you is at the September meeting. We're now in a horse race to see if we can get a building up and closed before the winter weather sets in and lose yet another summer where the artifacts continue to disappear off the beaches. So, just a comment in passing, and I hope that that will be resolved in the September meeting and we can get going with the construction project. I also would like to add my appreciation to the fact that you've designated the five million dollars for the fishery studies. We fully support the efforts to determine what really is going on in the fisheries in Prince William Sound as well as in the Kodiak waters and the waters in between. (Remainder of Mr. Selby's comments inaudible due to electronic interference.)

MR. PARKER: (Beginning inaudible due to electronic interference) It also -- the absence of any cost effectiveness criteria to help guide your decision-making, leads to this basically political arena in which we hear a lot of basically squeaky wheels, crying for one type of project versus another or one type of habitat acquisition versus another candidate for habitat acquisition. And I say that in the context for those who are new here, that I think Trout Unlimited and the Sport Fishing Association have been the strong -- among the strongest proponents

of acquiring habitat as the key focus of expenditures. We've supported up to ninety percent, and I think that's about the highest among all the conservation interests. But it's the criterion here of cost effectiveness that is required by the regulations that's missing from all of the Trustee Council criteria presently, missing from the GAO report, and I wanted to draw your attention to it. I think the absence of such criteria makes it difficult to choose between or compare things like Seal Bay, Kachemak Bay, and Eyak. Obviously, we've bought -- or you folks have bought, Seal Bay and Kachemak at about a thousand dollars per acre, and that makes it very difficult, when we look at other candidates like Eyak that are about three thousand dollars per acre, to ask, it makes it difficult to answer the question of is that a cost-effective acquisition when compared to other candidate acquisitions. I'd say you would do well in devising those criteria so that you can assess both in-spill acquisitions and in-spill area restoration projects versus out-of-spill area acquisitions. Many candidates outside the spill area, I think will eventually, or you folks I hope will eventually conclude, are cost-effective candidates to restore certain types of services but not resources -- certain types of services that were injured in the spill, particularly passive use. The reason I focus, and I'm concluding now, the reason I focused on cost-effectiveness and the need for developing some criteria to help assess that is that I, in my view, is one of three lynch pins that we frequently miss in the complexities of this discussion. Cost-effectiveness is one lynch

pin by which you measure your choice among alternatives. Another is -- we frequently miss it -- the natural resource damages are the residual injury after clean-up. That's also the definition in the regulations. So to justify a restoration project based on injuries that occurred during clean-up but didn't exist after clean-up is a false justification, and so I want to focus, suggest another lynch pin, and that is the concept of residual injury as defined in the regulations, that is, post-cleanup injury that you talk about and restore. I think the public would benefit greatly from you bringing that more to the fore, as similarly bringing cost-effectiveness to the fore. My third point or lynch pin that needs to be stressed more and is frequently missed is passive use, and I have discussed this before so I'll just summarize. But passive use is why we got this money. Two point eight billion dollars was the damage assessment for lost passive use value, and yet if you look in the restoration plan we have no mechanism for determining or criteria for determining whether a particular restoration process or a land acquisition (inaudible -- electronic interference) restores a particular amount of passive use. I think you'd do very well to spend some money to ... (The remainder of Mr. Parker comment is inaudible due to electronic interference on the tape recording).

MR. COLE: (inaudible -- electronic interference)

MR. SANDOR: (inaudible -- electronic interference)

MR. MIKE COUMBE: (Mr. Coumbe's comment is inaudible due to electronic interference on the tape recording)

MR. COLE: (inaudible -- electronic interference)

MR. GERALD McCUNE: (Mr. McCune's comments are inaudible due to electronic interference on the tape recording) I'll just conclude it right there.

MR. ROSIER: Thank you, Gerry. Comments? Questions?

MR. McCUNE: Can I make one last comment?

MR. ROSIER: Go right ahead.

MR. McCUNE: This may not be politically correct, Charlie, but I do not think it's good money to spend on Sea World. I don't care what the administration's priorities are. As far as I'm concerned, they can take the last of the species that we have in Prince William Sound and put them over and maybe we can look at them. That's not a politically thing over other things that are priority, and I've been outspoken about that from the very beginning. And that's not a correct thing to do, and some of the buildings aren't a correct thing to do also. I mean, first of all, we need to look at the resources that were damaged in the first, the human factors, and the other things, then we can look at the other, the buildings and everything else everybody else wants to have, beyond that, and that's -- that's my priority. Thank you.

MR. ROSIER: Thank you. Bill Hall?

MR. BILL HALL: It's been a long day. You gentlemen are to be congratulated for your stamina. Just briefly, I'd like to identify myself as Bill Hall. I'm a commercial fisherman in Prince William Sound and a member of the committee that was created over a year ago by the Prince William Sound Aquaculture Association

to pursue the subject of a marine research endowment, and in that regard we researched and learned quite a bit about the Council process and we learned a couple of things, and I wanted to sort of offer some of our experience and respond a little bit to Mr. Cole's remarks earlier about -- about how Prince William Sound needs to get itself organized and needs to present a plan. Initially, our attitude towards proposing an endowment was almost a defense mechanism. We saw the money being spent on other projects, major land buy-backs; we saw the Restoration Team, in which we have questionable faith, spending money on projects that we didn't know if they were apropos to our needs, and we didn't see anybody really representing the interests of the resource that the fishermen depend upon. So, we saw an endowment as a way in which we might be able to do that. The attributes of the endowment were that the money would be dedicated to or reserved for a specific purpose and available over time beyond the -- beyond the remaining eight years. The lady from the Sierra Club made some comments about it, and I do tend to agree with her. We don't need it in perpetuity, but we do need some funds that are going to be available over time. So I'm not sure that that we have to have an endowment, but we certainly need to have dedication of some funds made available, in our view, towards fisheries resources. And it seems like the Council, the Trustee Council here, is looking at that with a little more interest than they did in the past. One -- the one remaining thing I'd like to comment on is that as a part of our efforts in organizing ourselves to promote the endowment, we

came up with the proposal that we sent to you gentlemen, which included the need for a comprehensive plan for research that extended over time. Within that, we came up with a concept of local fisheries research boards. I think that this is somewhat apropos to Mr. Cole's concern, and that is that we have already, in Cordova, we have already had meetings among the related groups to sit down and discuss what our needs are. We're closest to the resource. Fish & Game, the Cordova, Prince William Sound Science Center, the aquaculture program, we're closest to the resource, and people actively involved in that know best what the immediate problems are for that resource. So we've started a process informally already of organizing and developing a comprehensive plan for Prince William Sound, which I think is somewhat Mr. Cole's is interested in getting. I think it would be wonderful if the Trustee Council, as it determines best how to spend some of this money that everybody's talking about, if they could look at these as a possibility, these local fisheries research boards, local people involved in identifying problems in an active way, in a proactive, involved way. I guess I'd like to conclude by saying that I was born and raised in Alaska, and I remember, I still remember that one of the major issues of pursuing statehood was the issue of federal mismanagement of our fisheries. There was a distrust of government. In more recent times, in the 1970s in Prince William Sound, the fishermen faced declining Prince William Sound pink salmon runs, partly as a result of the 1964 earthquake, but also partly because of bad winters. Government was non

responsive to our needs, so we initiated -- conceived, initiated and lobbied through legislation that created the aquaculture program. We found very often that government was in opposition to us in our efforts to get the program completed. In more recent times, we've seen the Alaska Department of Fish & Game reorganize to the point where they eliminated the FRED division, which is the agency supposed to be dealing with the restoration enhancement activities. My point is is that, is that my experience as an Alaskan, is that I've learned to distrust government's ability to deliver and ability to understand my needs. I know I have to be reliant on government, and I know I have to work with government, but I need to have the opportunity to be a proactive, involved part of that process, and I think the aquaculture program in Prince William Sound shows that we have been able to do that. The fishermen have put the money up and invested their time and efforts, and I think they see -- our future efforts on that experience, if we could utilize that expertise, develop some local fisheries research boards to help identify the projects, I would feel much more comfortable than depending on a restoration team composed of agency representatives whom I don't know and who I don't know if they know Prince William Sound as the needs there. Thank you.

MR. ROSIER: Thank you, Mr. Hall. Questions?
Comments? Thank you, Bill. Dan Hull?

MR. DAN HULL: Thank you, Mr. Chairman, members of the Trustee Council. My name is Dan Hull. H-U-L-L. I'm a Prince

William Sound drift gillnetter and chairman of the board of Prince William Sound Aquaculture Corporation. I would like to start by thanking Attorney General Cole and Commissioner Rosier for coming to Cordova and listening to the concerns of the fishermen in the community this past week, and I understand the federal Trustee members will be visiting Cordova tomorrow and look forward to meeting with them there as well. I would also like to thank the Council for making the appropriation earlier today for marine research. I think that's a very good, positive step forward. Some of the things I'm going to say are a little bit redundant, what other testimony has been today, but I'll proceed. The Prince William Sound Aquaculture Corporation is, as you know, a private, non-profit, regional association, operating under the statutes, regulations and policies of the State of Alaska and its agencies. PWSAC, as Bill Hall said, was started by the fishermen and the processors and the communities of Prince William Sound in the early 1970s when salmon stock were declining, and this same group provided much of the original impetus for the development of the statewide, private, non-profit salmon enhancement system. The corporation is directed by a board comprised of the people who live and work in Prince William Sound, who understand its fisheries resources and who know the needs of the communities. As chairman of PWSAC, therefore, I think I represent not simply the corporation, but also to some extent the user groups, which includes sport and subsistence as well as commercial, and the businesses and communities which depend on the salmon resources of

Prince William Sound. The failure of the herring and pink salmon fisheries this year and the events and meetings of the past week in Valdez and Cordova clearly point to the need for the EVOS Trustee Council to refocus its attention to the area where oil from the Exxon Valdez was spilled and for the common property fisheries resources and services which were impacted. That has consistently been a message which fishermen and processors and others have delivered to Governor Hickel, and Secretary Babbitt, Attorney General Cole, Commissioner Rosier, and other state and federal officials. There is a need for a comprehensive restoration and research plan to better understand the effects of natural changes and human activities on the fisheries resources of the Prince William Sound-North Gulf Coast of Alaska marine ecosystem. The fisheries resource assessment methods currently used by state and federal agencies have proven to be inadequate to make accurate predictions of fisheries resource abundance, due primarily to the gaps in our knowledge of the marine ecosystem. Moreover, the litigative science undertaken and the damage assessment process and the single species approach of many of the EVOS projects hasn't provided the information we need to understand what has happened in Prince William Sound. There are two consequences of this lack of knowledge. First, we are unable to determine whether changes in abundance are due to changes in the marine environment or human activities, such as the oil spill. Secondly, it affects the ability of fishermen, the aquaculture association, processors, and the communities to make good economic decisions, and until we have

a better understanding of the marine environment, extreme changes in fish abundance will continue to be mirrored by extreme changes in the social and economic environment. Today, the people in Prince William Sound are prepared to work together, just as they did to start Prince William Sound Aquaculture Corporation in 1974, to develop a comprehensive research and restoration program for the fisheries resources, and to help to try to answer the broad ecological questions that the collapse of herring and salmon fisheries pose. We're not asking the Trustee Council and the Restoration Team whether we can accomplish this. We are asking you how we can accomplish this in terms of both funding and structure.

For over a year, as Bill said, the PWSAC board of directors has been exploring various approaches to do this, and more recently these efforts have been joined by the Cordova District Fishermen United, the Cordova Aquatic Marketing Association, local ADF&G biologists and researchers, and the Prince William Sound Science Center, and I hope that tomorrow when the federal Trustees come that we might be able to have a preliminary outline for you as to what such a plan might look like, and what specific projects can be done to get this started for the next fiscal year. So we look forward to working with you in this endeavor and to hearing your suggestions on how we can get going. Thank you.

MR. ROSIER: Thank you, Mr. Hall. Any questions? Yes, Mr. Pennoyer.

MR. PENNOYER: We look forward to it. We have, not totally recognized but we have spent a lot of money on fisheries

studies. On pink salmon, for example, tag recovery studies and so forth, and yet some of the linkages remain elusive, and certainly the five million dollars today we proposed is to try to build those linkages, and if you have some ideas on how to do that, we certainly welcome them.

MR. HULL: We'll try to get those to you tomorrow. I hope to do that.

MR. ROSIER: Thank you, Dan.

MR. COLE: Mr. Chairman, some of us have some commitments, so if we could go a bit more

MR. ROSIER: All right. Yes. I would urge the public to keep your comments brief and to the point, and -- it's going on seven o'clock at the present time.

UNIDENTIFIED VOICE: Can we reconvene so everybody can be heard? I don't know how many people you have on the list.

MR. ROSIER: We've got about eight or ten left here. So, I think we'll move along here and see how it goes.

MR. COLE: Another hour.

MR. ROSIER: So, we're going to try to limit testimony to three minutes. We announced that at the beginning of the testimony of the public comment period. So, we'll try to stick pretty close to the three minutes here, anyway. Tom Lakoosh (ph).

MR. TOM LAKOSH. Good evening. My name is Tom Lakosh. That is spelled L-A-K-O-S-H. My address is P.O. Box 100648, Anchorage, Alaska 99510. Phone 338-1606. I've come to here to question the procedural defects in how this entire process has been

arranged and also to make some specific recommendations as to efficacious use of funds. Part of my concern is that the state and federal governments, in assuming liability for clean up and restoration, have in part admitted liability to a process which is created -- a process that's -- this entire process which created the largest environmental catastrophe made by man in this hemisphere, as far I can -- as far as I understand. And it all has to do with not just Exxon and Alyeska having liability, but because of the operation of vessel trans -- the vessel traffic system and radar coverage by the federal DOT and the state DOT, failing to have their pilot on board to the specified distance through the entrance and because of DEC's inability to regulate the cleanup and the Coast Guard's inability to get equipment and because Fish and Game allowed too much fish to escape, etc., etc. We have culpability on behalf of all of these agencies and governments represented here, and that culpability and liability isn't reflected in the funds that are being distributed for the restoration of these areas. In other words, we have a situation where people who are also liable for some of the damages are agencies of -- call them people loosely -- are administering the fund paid for other culpable defendants, and they're not including any of their own money, and then on top of that taking money out to pay for legal fees and administration, and I think the numbers that you have said do not reflect the culpability of those agencies and what they should contribute to this process. Here we have recommendations for clean-up and restoration of clam beds here.

Now four years after the spill when this should have been done immediately upon those areas becoming contaminated -- our hazard waste laws and our oil disposal laws all prohibit the storage of those oils and hazardous wastes on those lands, and they're still there. You can see it outside. Mr. Brodersen and I have been trying to negotiate for disposal of some waste I collected, and it's now sitting in Whittier. Thirteen hundred pounds of it that hasn't been collected and disposed of. We have clean-up going on, we have, you know, a half a million dollars dedicated to more clean-up, and it's being taken out of a fund that was supposed to be used for restoration, when it's clear that the parties sitting at these tables are also indeed liable individually for some of that damage and have not contributed to that fund which is supposed to restore that in the name of the people. The people are the victims, not the agencies, not -- not any state -- corporate state government, officers of which may have conflicts of interest with the interests of the people.

MR. ROSIER: Mr. Lakoosh. Mr. Lakoosh (ph)

MR. LAKOSH: Lakosh.

MR. ROSIER: Lakosh -- I'm sorry. You're now three and a half minutes. Would you please wrap up here now.

MR. LAKOSH: The single-most efficacious use of the energy of this committee would be to push for the conservation funds as proposed by the Eyak traditional council and to expand -- well, that's three minutes now -- and it's a question not only to Eyak lands but all of Knight Island, well, half of Knight Island's

Native land, Montague Island is being logged, Hinchinbrook Island is being logged. The entire -- virtually the entire west of Prince William Sound has been a proposed wilderness area for twelve years, and it's imperative that the Department of Agriculture come out with some immediate recommendation to Congress to make that a permanent wilderness area, and that conserve the rest of those wilderness areas that are not in public trust, that are not designated proposed wilderness with non-conservation easements equivalent to a wilderness status which will allow this area to heal. Jim Gray came up with good points about stream and lake restoration and enhancement, and it's the protection of our natural resources or -- as much as I like to eat hatchery fish, they are not our natural resources. We have wild stock that has been devastated by the oil and by other fisheries practices that need to be restored as a right -- a constitutional right of the residents of Alaska. Thank you for your time.

MR. ROSIER: Thank you very much. Comments? Questions? All right, thank you, sir. Let's see, John McMullen.

MR. JOHN McMULLEN: Thank you, Mr. Chairman. My name is John McMullen. I'm president of Prince William Sound Aquaculture Corporation, called PWSAC, a fishermen's organization. We operate five hatcheries in the Sound on the Copper River. Two of those were being by PWSAC, and three are owned by the state and PWSAC has accepted responsibility to fund and operate those facilities to prevent their closure. PWSAC gains its revenue through fish sales at its hatcheries. The cost recovery policy that says that we can

take thirty percent of the fish that return to hatchery for brood stock and revenue and seventy percent go to the common property fishery. We've experienced serious shortfalls in the 1991, 1992, and 1993 seasons. They are unexplainable in my mind. It could be a variety of problems there, but I do know we expected to take, even using conservative appraised estimates, we expected to sell about four and a half million dollars worth of pink salmon, and in fact have sold less than two hundred thousand dollars worth, which represents a budget shortfall in this particular year. Now, the fishermen have been saying, you know, what's wrong with the Sound?

And I think we're all here today and many of us are here to support fisheries, fisheries restoration and the fishermen. I think they did a wonderful job over in Valdez Arm dealing with the companies and the situation over there in furthering our efforts here to do something worthwhile for the Sound in the line of restoration. In support of the fishermen, the City of Cordova, the city council recently reversed a past resolution that named habitat protection as the priority for restoration and gave fisheries restoration a very high priority in their minds, and they'll pass that on, I'm sure, to the Trustee Council. There is a need for research and restoration in the Sound, and today that you advanced that concept with your motion to make five million dollars available for that work. That's new work. It didn't help us at the present time with our financial situation, but perhaps there is a way that we can share in bringing these studies to focus on the real issues of the Sound. In that respect, I'd like to talk about

research,

restoration, gridlock and funding. I've had several people approach me and stop me in the last year and months and say, gosh, there seems to be a lot of research recommended for the Sound in fisheries, but there doesn't seem to be many restoration projects, why is that so? Well, for one thing, I believe that the Department of Fish and Game manages resources which are in existence. They don't have the funds to look at re-introduction of species and stocks for restoration of some stocks that may have disappeared over time, such as the case in Prince William Sound with the early pink salmon runs that once existed there. The fishery existed in July and closed down many times in early August. Now we don't start the fishery until August and close it down in September. So when you're talking about opportunities for restoration and improving fisheries, I think we should go back and be looking at opportunities to re-establish early stocks in the Sound. In addition, I think that we must at this time not drop back but go ahead and refine the system that we've built into the Sound through a system of remote releases. We worked for years upgrading a comprehensive salmon plan in the Sound. PWSAC is a cooperator in that plan with Department of Fish and Game, but where we aren't a cooperator is when it comes to the funding that comes out of the Trustee Council in the past for projects in the Sound. The primary sockeye stock in the Sound is the Coghill sockeye. That stock has been depleted, not by oil spill, but through other means. We are in the process of rebuilding that stock, and the only funding coming from the Trustee Council for that stock is for evaluation on

the part of the Department of Fish and Game, and that's the way it's worked. This gets us into the role -- into the realm of gridlock. We took over the state's Main Bay sockeye hatchery two years ago, and our intent -- intention is to use that hatchery to restore Coghill stocks and Eschamy stocks and to spread the gillnet fishery and re-establish it in Port Wells. Soon after we took over the hatchery, the Fish & Game's policies were reviewed in their genetics, primarily in their stocking policies, and there came into being a policy that says you must evaluate stock interactions prior to the time when you take any action on restoration or enhancement.

In this particular case, we were told by the Department of Fish & Game that that program of evaluation would be a five year program, after which we would sit down and determine what we could do with these sockeyes, something that we thought was agreed upon at the time we took over the hatcheries, and it's because -- then if the Department of Fish & Game can't fund these studies and the user can't fund them, which we are expected to do in many cases, then nothing is done and the program remains fallow, and I think that's the gridlock we've gotten ourselves into. It's the inability to move ahead with these projects, the inability to assess interactions between stocks and between hatchery and wild stocks, and therefore the fishery is not moving ahead, and I would hope that with the funding that the Trustee Council has provided that PWSAC would be included as a cooperator, and there are funds that could be used for applied purposes for restore and enhance the fisheries in the Sound. Thank you.

MR. ROSIER: Thank you, John. Questions? Comments?
Thank you very much. Lisa Rotterman?

MS. LISA ROTTERMAN: Hi, my name is Lisa Rotterman. I have a master's degree and a Ph.D. in ecology with a specialty in genetics. I am here today both as a citizen of coastal Alaska and also as a scientist who has been studying marine mammals in Prince William Sound since 1984. I'll keep my remarks as brief as possible. I'm here for two reasons, one is to support habitat protection, and the second is to comment on the process by which you make decisions about which projects go forward. First, with respect to habitat acquisition, both as a scientist and as a citizen of coastal Alaska, I do support wholeheartedly habitat acquisition or habitat protection in any form in Prince William Sound specifically, and I would urge the Trustee Council to make that their highest priority. I believe the highest priority for the use of restoration funds is the protection of habitat in the spill zone, and particularly in both eastern and western Prince William Sound. This is really one of the only things that can be done that is feasible to protect -- to avoid further damage to most of the species in the Sound and other spill-affected areas, and I would urge you to put your emphasis there. I would also point out though that in many decisions about which habitat parcels that you also continue, as I believe you have done so -- somewhat in the past, on the value of those habitats to wildlife and not just habitat parcels that have a strong constituency in terms of people, and in particular with respect to the Eyak parcel, I would like to

urge you to ensure that you protect both Sheep and Simpson bays, which from a wildlife point of view are extremely important habitats. I've lived, probably the only person alive actually who has actually lived in Sheep Bay for five years, and I can't even begin to tell you how valuable that bay is, and particularly the head of that bay, for a whole host of fish, birds, and other and different mammal species. Secondly, just with respect to the process in general, I've presented to the Trustee Council before concerns about conflict of interest and other problems with the process, and I reiterate those today. I see no progress, unfortunately, in addressing issues -- in addressing problems that are throughout the process with regard to conflict of interest in terms of who is making the decisions, and who is benefitting by those decisions. I think the Trustees are not at fault here, I think that what is happening is you are not getting the information that you need, but I do think that if the issue has been raised before you enough that you need to investigate these issues of conflict of interest, you need to change the process drastically so that you have an independent body of people who are recommending to you which studies and which projects go forward, that those people do not represent agencies, do not work for agencies, and that the process is entirely open, anyone can competitively bid on projects and make proposals to that body, who then makes recommendations to you. What this process and the flaws -- there is another flaw in the process which is scientific misconduct by agency people, including plagiarism of proposals and plagiarism of findings, and

this is also compromising the integrity of the studies. It's compromising the credibility of the process in general. And I'll just finish up with a very brief example to you in terms of how your money is being wasted currently because the process is flawed, because the people in the agencies that are benefitting are saying to you, we're doing what the peer reviewers say. They're not in some cases. There are peer reviewers making recommendations, many of them have walked away from the process out of disgust, refusing to participate any more, and in some cases their names though are still being used. In this particular example, you are currently funding a project having to do with modeling of sea otter populations and recovery of sea otters, and the -- what I have before me, and I'll make a copy to anyone who is interested, is a letter to the sea otter project leader for U.S. Fish & Wildlife Service from a man, named Dr. Lee Eberhart (ph), who is considered the world's authority on modeling marine mammal populations. He has been listed as a consultant by U.S. Fish & Wildlife Service. He does not believe that the process that they are undertaking is valid and believes that other data should be being used in the modeling process. His name, however, continues to be used, and his recommendations are -- they're being totally ignored. You're still spending the money to do a modeling process that's not a valid modeling process. And I'll just read several sentences and then end my comments. He just says -- he's writing in reply to a letter from her, and she had indicated what data they intend to use in this modeling process. The key paragraph is "in my opinion, this

data will be inadequate for any useful modeling effort and, as noted in the proposal, much of the modeling that might be done with such data has been reported in the 1988 study by Eberhart (ph) and Sinnet (ph)." In other words, the modeling that they are going to do is not valid and most of it has already been done. It's just a repeat. However, he says "the data needed for a worthwhile modeling effort have in fact been collected by Chuck Monette (ph) under funding by the Fish & Wildlife Service. I believe it is absolutely essential to use that data set as a basis for any future work on Prince William Sound sea otters. He goes on to say, and I'm skipping down then on a few sentences here, he says that the efforts, the previous efforts that he has made with the Trustees -- with the U.S. Fish & Wildlife Service -- "have made it evident that an analysis of population data is essential if any useful research and management work is to be accomplished for Prince William Sound sea otters. Further, the considerable time hiatus puts a high premium on getting this done soon. This letter was dated May 31, 1993. It was never even responded to by U.S. Fish & Wildlife Service, who is continuing merrily on their way with their own modeling despite peer comments that it's not valid.

MR. ROSIER: Thank you, Lisa. Just a minute, any questions from the Trustees? Comments?

MR. GATES: Can I have a copy of that?

MS. ROTTERMAN: Sure.

MR. ROSIER: Thank you. John Johnson?

AUDIENCE: I think he stepped out.

MR. ROSIER: Okay. Barbara Page? Joe Wilson, Jr.?

MR. JOE WILSON, JR.: My name's Joe Wilson. I don't think the last name is too hard to imagine. You're getting a bargain in three minutes here because I'm coming at you from three different perspectives at once. I've been a fisherman for twenty-three years in Prince William Sound, and the fisherman in me agrees very radically with every other fisherman that's gotten up and pleaded for some sort of financial help or infusion for not only the fleet itself, but for the PWSAC program and the hatchery system. I would like to underscore everything that Jim Gray had to say with that. I'll be very brief by ending that part of it there.

I've also been a teacher for eighteen years, and the teacher in me focuses on misconceptions, and to battle a few misconceptions, one of the misconceptions is that runs rampant in our public, and I'm sure it doesn't -- it isn't harbored here -- but the rampant misconception is that Sound is clean and all right, and we've brought, my crew and I have brought in several buckets of oiled rocks out there to underscore that point. It's not clean and all right, and those things are toxic, contrary to -- that oil that remains is toxic, contrary to statements that I've heard from Exxon chemists that say that it is not. I've also had a good deal of science training in that I'm AP biology and ecology teacher at a local high school here, and I've been employed by Fish & Game as a biologist some years ago, and that part of me says take a real hard look at the ecological aspect of the Sound. It seems to be the largest gap and the understanding of it. I don't think anybody

knows what the answers, and that's where we ought to apply some of the money. With that, I'll be basically signing off unless you have some questions.

MR. ROSIER: Thank you, Mr. Wilson. Questions? Comments? Thank you, again. Charles McKee?

MR. CHARLES MCKEE: I have some iron right here. We haven't really gone much farther than that, although we've developed it into fine steel, and that's how we transport oil through Valdez. My name's Charles McKee. M-C-K-E-E. And that's how we ship it out is in steel tankers, if we can keep it off the rocks, and primarily we've digressed to the point where we have the technology to do things such as that, but we don't adequate funding -- there's no parity in funding. We have the Federal Reserve Board, we don't have United States currency in circulation. It was never intended to have no parity so far as currency in circulation when they passed the Federal Reserve Act. Money to rise to the level of science, and so, I might go to the extent of reading to you the findings of the House of Representatives Committee on Merchant Marine and Fishery, August 3, 1989, talking about the Merchant Fishermen's Compensation Act in 1976, and this is simply a background memorandum, and I might point out that the Native community in Barrow asked for rights of sovereignty on September 18, 1989, the oil spill occurred in March 1989, and it just kind of adds a lot of oil, shall I say, to the discussion of August 3rd, 1989, as far as what difficulties we have to surmount with the two hundred mile limit and asiatic interceptions and all

that other information that went into these documents.

MR. ROSIER: Mr. McKee, you're now at three minutes. I'll give you thirty seconds to wrap up, please.

MR. McKEE: In conclusion, every effort has been made by the Federal Reserve system to conceal its powers, but the truth is the Fed has usurped the government, it controls everything here, in Congress, and it controls all our foreign relations, it makes and breaks governments at will, and this is -- this is Honorable Lewis T. McFadden (ph) -- they brought about the 1929 crash, and we're going through a crash right now because of Prince William Sound, and it's underfunded, and I would like to show you a redemption coupon. I have the right to reproduce the original Treasury seal, with the math over above that. But I wrote one out for two billion dollars, which the Postal Service of the United States redeemed for legal tender issue so they wouldn't have a budget crunch. Now, I'm willing to make out another one ... (simultaneous laughter) ... and submit it.

MR. ROSIER: Thank you, Mr. McKey.

MR. McKEE: And I'll show it to Paul Gates.

MR. ROSIER: Thank you very much. Questions?
(Electronic interference)

MS. PAM MILLER: (Inaudible -- electronic interference) ... one is mountains of paperwork, the other is seas of meaning. I think we're at a turning point. I feel -- I have not been to meetings for a number of them here. I think the real turning point was when the Kachemak Bay went -- deal went through,

and Seal Bay. I think we're coming together here, and I'm encouraged by the process, and I just wanted to say that. This is a human endeavor and it's different than what we've done before, and it's a challenge, but -- I'll close with that. Thanks.

MR. ROSIER: Thank you very much, Pam.

MR. COLE: I have a question.

MS. MILLER: Certainly.

MR. COLE: The Wilderness Society, of which I presume you speak ...

MS. MILLER: Yes.

MR. COLE: ... use to have at any rate -- with respect to the acquisition of fee title or a conservation easement in those core tracts, Power Creek and the Eyak Lake and the Eyak River, I think we're all seeking guidance on that issue. What is your opinion?

MS. MILLER: Well, in general, we prefer fee title, but we understand the constraints that the Trustees are under, and I personally am not ... (inaudible -- electronic interference) ... on the Eyak portion of it to know all of the other parts of it. We would like to see a comprehensive approach go through with the critical lands which one of the previous speakers spoke of, in addition to the core areas and Orca Narrows. I think there are areas where fee title is very important to us. I think in this case it really is up to the best deal that the Trustees can craft in cooperation with the landowners.

MR. ROSIER: Thank you, Pam. Ken Adams? (Pause) One

more.

MR. KEN ADAMS: If I were lying on my back, I would be having bed sores waiting for the opportunity to come before you. Thank you very much. Ken Adams is my name. I am a commercial fisherman from Prince William Sound and a board member of Prince William Sound Aquaculture Corporation and Cordova District Fishermen United. One of the previous speakers commented on the perception, and, Mr. Cole, I think, it may have been directed -- well, it was not only directed to you, but all the folks here. I'd like to comment on communication, and I'd like to direct this to you. You requested input from the fishing community. I recall sitting in this very seat and having had the opportunity over the course of a year -- a year and a half -- to have communication with the Trustee Council. With respect to fisheries projects, we have had input; with respect to coded-wire tagging for Prince William Sound pink salmon, with respect to the funding for the herring projects -- this is just a little bit of history -- we have had input.

MR. COLE: I remember you having appeared here.

MR. ADAMS: Yes.

MR. COLE: I'm not saying that we haven't heard you before.

MR. ADAMS: Sir, I'm just -- I just couldn't resist the swipe. (Laughter) It was just a -- it's been a long day, but --.

MR. COLE: Well, let me say this as long as we're

addressing it, it's not only coming here, you know, and talking to us, and making your presentation, it's being, you know, at the Restoration Team meetings, it's furnishing us with papers that we can read, you know, and really substantively helping us formulate the right decisions to achieve the end. I mean, I've heard you heard you here, and others have heard you here, but it's more than that, and I want to say, we're prepared to go to Cordova on the weekends, on Sundays, take our own time off, and listen to you, but, I mean, you know, it's more than just coming here and sort of speaking in swipes and making a swipe at us and then going back to Cordova, Valdez, and saying I'm busy, I've got to go out in the boat and I've got to earn a living. So, just as long as we keep this in a little bit of a balance.

MR. ADAMS: Well, of course, I'm coming at you with respect to projects that were on the draft plan, on the draft plan for '92 and '93. These were in black and white. We didn't have to concoct anything.

MR. COLE: Well, we don't always get them through. That's true. You know, we heard you, but you've got to keep coming at us, you know. Well, on those projects -- enough. I don't want to comment anymore on it.

MR. ADAMS: Well, in any case, I thank you very much for your earmarking of the five million dollars for a much-needed marine ecosystem analysis, particularly in Prince William Sound, and your raising the point of perhaps continued project funding in the years succeeding, for another five million dollars. I think

what's before us really is a long-term -- the need for a long-term commitment on behalf of the Trustee Council, and not just a one year or two year project, which gets me to the point of the need or rather a comment I'd like to make with respect to the restoration plan brochure. The restoration plan brochure that's been put together by the Restoration Team, as one previous speaker mentioned, caused some defenses -- hackles -- to be raised with members of the fishing community because of the emphasis put on habitat acquisition. I, personally, am much in favor of conservation easements. I think the Trustee Council can get the biggest bang for the buck. That was also raised earlier by a resource economist or whatever the gentleman was -- which I think you have to be concerned with, what gives you the greatest yield for the effort. Nevertheless, within the fishing community, Prince William Sound, PWSAC, and CDFU, we endorse the concept of an endowment. Now, an endowment is just a vehicle. You know, of course, that the whole issue of legality is pivotal to the success of the endowment, but it's -- it's only a vehicle. What we see an endowment offering -- or consider a sinking fund -- we could consider that a vehicle for long-term funding of much needed projects, much more than just one year or two years. Now, with -- one final comment -- with respect to that restoration brochure, there was a cut-off date of August the 6th, a termination date for the public to comment with respect to the restoration brochure. I'd just like to raise the point here that the behavior of the fishing fleet blockading the Narrows says indeed a very strong

message of where the fishing community is coming from, and I urge you, please, to consider that as the response of the fishing community to this brochure as well as the brochures which have been submitted directly to you. That message went out loud and clear. We need something to be done, we need it urgently, and thank you for taking the first steps in that direction.

MR. ROSIER: Yes, Mr. Pennoyer.

MR. PENNOYER: Just an observation. The -- you're looking at the brochures as the first step?

MR. ADAMS: Yes.

MR. PENNOYER: You'll get another shot at. We'll send something out before the '94 process gets in place, as a draft. You'll get another shot at a draft restoration plan. It will come out this fall.

MR. ADAMS: Yes.

MR. PENNOYER: It will guide our actions in '94, which means you get another shot at it. I want to say that I think we have heard you. I look back over four years of us sitting here, and we have funded an awful lot of fisheries projects, but they were individual projects. We even funded, after your testimony, I believe, the coded-wire tagging on pinks and on sockeye, coho, and chinook. Coded-wire tag recovery of herring, we did not. I understand there's a difference here, but of all the projects we've looked at, we've funded an awful lot of fisheries projects that have come in here. Part of the problem is they've been individual projects. What we have to do is to find a way to tie this together

so we can give some direction to it, and I think that's -- Attorney General Cole has asked you to help us with that, we've had testimony here that people are ready to do that and we're ready to hear it. But we've funded a lot of fisheries projects, thirty, forty million dollars. I don't know what it's been over the years.

MR. ADAMS: Sir, in the '92 and '93 work plans, the restoration expenditures totalled fifty-four million dollars. Of that, fisheries received approximately ten percent.

MR. PENNOYER: But I will say an awful lot of that was money required for a couple of big habitat acquisitions. You understand that? Those were things that were put out there in opportunities, supposedly imminently threatened opportunities that looked like they had some value for restoration.

MR. ADAMS: I understand. I understand, and I don't want to paint the picture that the folks in the fishing community are opposed to habitat acquisition. We're just seeking a balance. It's very definite that the habitat acquisition, be it through conservation easements, has very definite merit, undisputable, but we just don't want the fisheries issues to be -- to be obscured, and I think the point was well made today. Thank you.

MR. ROSIER: Thank you, Ken. Mr. Sandor.

MR. SANDOR: Yes, one question. One question -- you use the phrase conservation easements will get the bigger bang for the buck. You're thinking of partial easements or easements that would be less than what it would cost to purchase in fee.

MR. ADAMS: Yes. That was my understanding that the

purchase of conservation easements would be less -- would be less of an expenditure than fee -- fee simple title.

MR. SANDOR: Thank you.

MR. ROSIER: Yes, Mr. Pennoyer.

MR. PENNOYER: One more. I would say then that you don't agree with some previous testimony that eighty or ninety percent of the money ought to go for habitat acquisition? When you said a balance, you had a percentage in mind?

MR. ADAMS: Sir, when we came up with our response to the restoration brochure, we looked to achieve a balance between habitat acquisition and an endowment for marine resources. We wanted the marine environment addressed in the restoration, to do more than just the research and monitoring, but actually to do the restoration, to do the diagnosis and the treatment wherever it was possible to achieve it.

MR. ROSIER: Thank you very much. Last person on the list, Tom Copeland?

AUDIENCE: There's another list outside.

(Inaudible -- aside comments)

MR. McCUNE: If there's no other speakers, I'd like to thank you, Mr. Chair ...

MR. McCUTCHEON: There is.

MR. McCUNE: ... for taking a long, long day to allow us -- oh, there is another speaker?

(Aside comments)

MR. McCUTCHEON: I don't know why you put another list

out, if you don't take the trouble to honor it. For the record, my name is Jerry McCutcheon. My name is spelled M-C- -- capital -- C-U-T-C-H-E-O-N. I would like to have spoken to -- while Mr. Frampton was here, but he left. Anyway, I was glad to see him here. If that's a good indication of what going to come out of the Clinton administration, I'd say we ought to do pretty well. It's too bad that we don't have the same caliber in the Trustees from the federal government. Maybe that can get solved because I think he's got infestation of spruce beetle, so to speak, and I think he needs to clear-cut. The five million dollar model, after talking to Mr. Pennoyer at lunchtime about that or at one of the periods of breaks, I've come to the conclusion they're going to have five million dollars worth of crap, and that's about all it's ever going to amount to, and I was awfully delighted to see that letter to -- the young lady spoke of. I don't think you have any idea of where you're going, what you're going there for, or how you're going to get there. I don't think you even know how to start. I don't think you're even going to be able to hire somebody to get you there. Mr. Cole, I missed this morning, so I'll have to go on what was in the newspaper. I'm certainly -- understand you, as a good lawyer, defending the Trustees in the newspaper. You certainly overlooked something of vital importance in any defense and that is the relationship between the counsel and the accused. Unfortunately, you have been counseling the other members of the Trustees, and it's all on tape, and -- and unfortunately, all the G-A-L I have to do is track you right down the line and I've got it

all. Now, it seems to me that you were the fellow, about a year ago, who raised the question, hey, we've only got about six hundred million dollars left and we haven't got much to show for it. And that's about right, isn't it? And it seems to me that you're the fellow that was raising the questions about, hey, how come we keep getting incomplete reports, and I then I saw another one of those things again today -- how come we can't get this any time before the meeting or some reasonable opportunity to study it first. Now, how many times have you been through -- I don't think I've ever been to a meeting when you've been here where you haven't done -- gone through that thing, and somebody doesn't seem to get the picture. What was it else that you raised? It seems to me that it was just three months or the last week in May, or something like that, and you were out here, and you say how come we've got this uncomplete report, and you held it up and said there's pieces of this thing are incoherent, and then you read the section of it, isn't that about right? So, I --

MR. COLE: I'll have to check the record.

MR. McCUTCHEON: (Laughter) Well, anyway, I think probably the GAO's remarks maybe -- if they'd just stuck to what you'd said, they're correct, and if they've elaborated on it, why is that? Now, it seems also -- I'd like to go to the spruce bark beetles. It says to me -- something you said -- you flew over it ...

MR. ROSIER: Mr. McCutcheon?

MR. McCUTCHEON: ... Kachemak Bay ...

MR. ROSIER: Mr. McCutcheon?

MR. McCUTCHEON: Yeah.

MR. ROSIER: Your three minutes is about up.

MR. McCUTCHEON: I think you gave a lot of other people a lot more time, so I'll let you just be rude enough to cut me off.

MR. ROSIER: Well, I think ...

MR. McCUTCHEON: So, when you went there, you can't see it from the air because then by the time you see it from the air, it's damaged, and I think I told you once it's up the line. You can see it chugging back and forth towards the bay up there. Now, somebody's got to make a decision. I asked your expert that testify here, you've got to make a decision next year that you're either going to get in there and take care of it or you're going to wait ten years and log it. If you wanted to log, why the hell did you buy it? If you don't want to go in and take care of it, and you don't want to put up the money, but you're going to have to go and helicopter log, and you're going to have to wait until you've got dead and dying trees -- just put somebody on the ground and do it. You're going to have to open up the canopy, and you're going to have to replant it and put in new trees. Now, the point being is that is that this is indicative -- your Kachemak Bay buy-out is indicative of what you've been doing all along. You knew it. I raised the question as often as I could. You knew what was going to happen, you knew where it was going, and you bought it anyway, and now you're faced with putting up the money to take care of it

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 04 through 180 contain as accurate a transcript of the Exxon Valdez Oil Spill Settlement Trustees Council meeting as can be obtained from the recording taken electronically by me on the 23rd day of August, 1993, commencing at the hour of 8:40 a.m. at the Restoration Office, 645 G Street, Anchorage, Alaska;

That the transcript is as true, correct and as accurate a transcript as can be obtained and that was requested to be transcribed and thereafter transcribed by me, Sandy Yates, and Angela Hecker to the best of our knowledge and ability from that electronic recording; that there are portions of the electronic recording that are inaudible because of electronic and radio interference.

That I am not an employee, attorney or party interested in any way in the proceedings.

DATED at Anchorage, Alaska, this 26th day of August, 1993.

Linda J. Durr, Certified PLS
Notary Public for Alaska
My commission expires: 10/19/93