

## NSRAA Board of Director's Meeting Minutes ~ FALL 2010

November 15-17

1308 SMC Rd., Sitka, Alaska

Call to Order: 1:30 November 15, 2010

The meeting was called to order by President Kevin McDougall.

(The Audit Committee had met at 12:30 PM, prior to the General Meeting)

### Roll Call

Secretary/Treasurer Lyons called the roll: Gillnetters present: Richard (Botso) Eliason, Jr., Kevin McDougall, and Cheyne Blough. (Also present and awaiting appointment: Dan Pardee for Tim Grussendorf and Brad Badger for Mike Saunders). Seiners present: Dean Haltiner, Sven Stroosma, Trollers present: Alan Andersen, Richie Davis, Eric Jordan, George Eliason, and Wade Martin. Other Board members present: Doug Chilton-Native Organization, John Blankenship-Subsistence, Marlene Campbell-Municipality, Carl Johnson-Interested Person, Mike Forbush-Processor, Deborah Lyons-Crew Member, and Dave Moore-Interested Person. Late: Mitch Eide-Seine. Absent and excused: Brian Massey-Sport, Bud Marrese-Seine, Paul Johnson-Interested Person and John Barry-Seine.

Staff, Agencies and Public attending – Carl Peterson PT, Eric Prestegard DIPAC, Steve Reifentuhl NSRAA General Manager, Scott Wagner HF Hatchery Manager, Josh Homer NSRAA CLR Project Leader, and Chip Blair NSRAA Data Analyst.

**Establish Quorum:** 21 members present, 13 are permit holders.

Introductions, welcome of new Board members Dave Moore-Interested Person-US Coast Guard retired and Mike Forbush-Processor-Ocean Beauty Seafoods.

Appointments: Brad Badger-Gillnet for Mike Saunders and Dan Pardee-Gillnet for Tim Grussendorf for one meeting to fill unexpired terms till next election. Seeing no objection to these appointments, they are appointed, seated and welcomed to the Board.

Announcement: The Nomination form to run for expiring Board seats must be in by the end of the first full day of the Board meeting, which is tomorrow.

### Approve Agenda:

Changes offered to the agenda

New Facilities Development Committee charter is being drafted. Eric Jordan - On Agenda for report before 5:00 pm tomorrow.

9:45 Wednesday add discussion about Board direction for \$500,000 earned by closed SMC hatchery loan account to audit committee discussion.

Let Kevin know if you want the auditor online or in person for the Audit report. Report is reviewed by Audit Committee.

Review of the reserves policy same time as audit time slot. Some confusion about whether the President is talking about the Reserves Policy or the Investment Policy. President clarifies that he wants to talk about the goal of the capital reserves account. The Secretary/Treasurer does not support discussing the Reserves Policy in the Audit Committee discussion suggesting this is where the Investment Policy should be discussed.

A Board member asks when the at large seats will be discussed.

**Motion 11-15-10(a) M/S George E/ Doug C Approve agenda as amended. MCWOO**

**Conflict of Interest Statements**-New Board members advised to fill them out and turn them in. Secretary/Treasurer says they are due from all Board members once a year and financial benefits need to be disclosed.

**Approve Minutes**

**Motion 11-15-10(b) M/S Approve November 2010 minutes as amended. George/Marlene**

On page 15 correct Eric Anderson to Eric Jordan. MCWOO

General Manager's Report

Steve is welcomed as the new General Manager.

Introductions

Adam Olsen, Asst Mgr HF hatchery. Josh Homer Mgr, Deer Lake and Salmon Lake. Roger Vallion, Hatchery Projects Manager. Chip Blair Data Analyst. Scott Wagner, HF Mgr. Eric Prestegard DIPAC Jean Myer, Operations Manager (since 1985). John Olivia, Kake Non-profit, Karl Petersen. Board members introduced themselves and their affiliations.

Steve organized his presentation to the Board along several themes.

Efficiency

Steve's work ethic

Allocate money for biggest bang for buck

Maximize marine survival

Take advantages of economies of scale

The desired result is continuing improvement on return for investment. It was a very good year on return of value to the fishermen. Section 3 page 2 of the Board book tells the story. Gross Value of \$14.2 M to common property the 4<sup>th</sup> largest value on record and the 2<sup>nd</sup> largest value to Medvejie/DI. Actual run size was 14<sup>th</sup> on recorded.

Income is also a measure of success- NSRAA met Cost Recovery goals which go to the FY 12 budget and ensures future production.

For the first time NSRAA bid out carcasses, a new source of income resulted in \$400,000 over budget needs for the year.

For the future we have to produce good fry and smolt. We need to fine tune numbers to establish bench marks for production

**Steve summarized Board topics from the last meeting, not on the agenda, that he followed up on.**

The Board asked for 22 items of new information at the last meeting. Steve will supply his written report to be added to the minutes.

1. \$2.8 M loan paid off for Sawmill Creek Hatchery. No interest payments had to be made
2. SMC water rights are procured through CBS. At Medvejie NSRAA has ten cf/s and ten cf/s at SMC. The permits are current. NSRAA also has forty cf/s at HF, which is with the State. The long-term lease at Medvejie in good shape.
3. Gunnuk Creek hatchery-Steve spent a day there understanding the system with John Olivia. A concept proposal will be discussed later.
4. SEALaska had HF selected as cultural site. Steve has corresponded with Senate staff, and met with SEALaska. The site has been withdrawn through Congressional staff and was necessary to protect the NSRAA hatchery facility.
5. NSRAA signed a co-production agreement for chums with Sitka Sound Science Center for \$100,000 in annual payments to them. Benefit to NSRAA is additional chum production under SSSC permit. They have paid off debt and provide valuable services.

6. HF PAR was reviewed by ADFG where they initially declined further increases for NSRAA or SSRAA. Later ADFG moved slightly off their position and HF was approved for 10M egg increase. This will increase the operating budget by \$43,000.
7. Board asked that NSRAA open HF terminal harvest area during troll coho closure in August. This was done. Changed to 1 mile offshore from 2. Not a lot caught ,but two weeks later the Cohoes built up in Kasnyku Bay. Communications were opened up more on website and radio. This helped get info to Trollers so they would know when CR would occur. There were a lot of fish in the area but they just did not want to bite.
8. Port Lucy N of Port Armstrong Hatchery Special Harvest Area does not extend out into troll drags so Port Lucy looked good for rotational fisheries but some trollers opposed this. Currently, Armstrong Keta needs a terminal harvest area. Steve said lets met with Bart of Armstrong Keta and meet in PA with fishermen and residents to talk about a terminal release site for chum salmon. Recommendation: Ask for it as a troll site and open to nets, if justified.
9. In Feb Steve worked with Dave Regianni (PWSAC) and Eric Prestegard (DIPAC) on a State deferred maintenance funding proposal. The result is a \$700,000 contract to NSRAA for projects from the Governor's budget. It can only be spent at HF. NSRAA now has another \$2.3 M proposal in to the Governor's office for deferred maintenance at Hidden Falls.
10. Steve's goal is to improve NSRAA's communication with the fleet. This year Steve learned to update the website and to assist Chip. A new blog link also added to NSRAA's ability getting info out on HF chum and coho and DI chum. Staff made frequent updates, the sites had lots of activity and were well-used by the fleet
11. Chum straying. ADF&G has been surveying 83 streams that compose the wild stock chum salmon index database. For three years foot surveys have been occurring a rate of 13% stray of chum salmon has occurred overall of SE. Are the hatchery strays deleterious and reducing the fitness of the stocks they are mixing into? Steve said straying has been occurring for 30 yrs. using the example at PWS; there has not been a reduction of fitness. We are at an all time high for high levels of ocean productivity lately. Only one paper out shows a reduction of fitness and that is with captive brood stocks. Chums are referred to as meta-populations because of their lack of stream fidelity. The may be three meta-populations in SE continually spawning in different streams. This behavior is an adaptation to establish populations in new habitats. The straying issue poses seemingly simple questions with complex research needed to define the answers. Steve recommended a small group composed of the chief fisheries scientist, Ron Josephson, SSRAA and NSRRAA all meet to identify what research is needed to sort the questions out.

In closing, Steve said this was a challenging but rewarding year. The amount of Chinook dying under our care was serious. We lost one million fish, but minimized the los by reacting quickly and converting zeros to the Green Lake program. This will help us attain the releases we need to keep up the program. Zeros survive at less than 1%, in the other program they survive at 2-3% so the conversion helped. The Board discussed other concepts. Staff clarified that the measure of straying is based on marked fish, not on genetic analysis. Some streams have higher percentages of strays, generally those closer to the facilities have higher percentages like Chaik Bay in relation the Hidden Falls hatchery. Genetically, these HF fish are identical to the wild stocks. ADF&G asks if stray percentage should be added to the escapement goal or discounted.

### **2010 Season Summary and 2011 Return Forecast - Chip Blair- NSRAA Data Analyst**

Chip distributed five pages of data tables for the Board to review projected the tables on the wall.

“NSRAA 2010 Releases”, the first table on page one is new and summarizes all species being reared and release by program and from which facility. NSRAA goal is 153 million released and this year 2010 143 million were released. We rarely attain 100% of goal, but this gives a sense of our success.

Table 2 2010 “NSRAA Utilization in Numbers of Salmon” is preliminary but shows 3,089,810 returning adults.

**2010 NSRAA Utilization: Percent of Return**, also preliminary breaks down the gross return data and shows how many of the fish are caught by each of the fisheries, how many go to cost recovery and to broodstock. 52% of the 2010 harvest went to Seine, 19% to Gillnet, and 19% to Troll; for a total of 78% to commercial fisheries in 2010.

On page three the first table “**2010 NSRAA Value estimates: Commercial and cost recovery**” shows \$18,711,767 value of the harvest with \$14,213,034 going to the commercial fisheries.

At the bottom of page three “**2010 NSRAA Project Cost Estimates and Benefit: Cost Ratios**” showed an overall cost of the programs as \$3,129,065 with an overall Benefit to Cost ratio of \$4.5/\$1 and \$6/\$1 if the value of the cost recovery harvest is included.

Page 4, **2010 NSRAA Utilization: Commercial Value Estimates by Gear**, showed 62% or \$8,791,272 to the Seine fleet, 24% or \$3,396,619 to Gillnet and 14% or \$2,025,143 to the Trollers.

**NSRAA 2010 Contribution to SE AK Commercial Catch** showed NSRAA production contributed 30% of the region wide harvest and 21% of the value.

**NSRAA 2011 Return Projections** predict a similarly sized chum return 2.8 million compared to 2.9M and slight increase in chinook and coho. 2011 is also predicted to be a strong year for pink salmon which increases fishing time and overall profitability for the seine fleet.

Chip concluded and showed a slide of historical value of returns since 1991. 2010 was the 4<sup>th</sup> best year in value but 14<sup>th</sup> in numbers returning. He remarked that Chinook values have been steadily increasing and that chums show the same trend. For coho, numbers and value are up, but not as much as chinook and chum. The Board members discussed the market factors that influence price. The Private sector (Processors and Co- op) have made a tremendous investment in direct marketing, value-added processing, etc. The value of dollar when weak also increases the salability of our fish overseas.

#### **BREAK 3:15**

#### **Deep Inlet , A new approach to cost recovery. Chip Blair Tab 8 pgs 47-50**

Chip summarized the 2010 Chum return and said it was characterized by beautiful large fish. Scale samples showed good feed available till late in the season. The CR activities hit the peak of 2<sup>nd</sup> run, right on target and 1.2 M lbs were harvested overall. 106% of goal

Due to all the fishing activity, Broodstock were hard to capture at Bear Cove and 33,500 were harvested at Deep Inlet and towed back to hatchery. This new technique is working well to assure egg take goals are met.

The new fishing schedule was well-received by fleet. No closure of inner bay overall quality improved.

3:3 seine and gillnet seemed to work.

The 6 day-a-week fishing pressure affected returns to hatchery and needs to be monitored.

#### **New DI schedule**

The Closure decision is a bit problematic.

With the block concept of 4 days it is difficult to notify fleet in time, it is like reading tea leaves for the Seine and Gillnet openings. We might want to try discussion of more flexibility and an option of a 2 day block for S-G just prior to closure.

#### **Reopening**

Troll 2 days (6,500 chums caught, 15 boats) some trollers had left to take advantage of Coho. Reduce troll to 1 or none suggested by GN

Also a suggestion for Troll days to overlap with cost recovery’

Another idea: allow trolling while CR is still in progress or perhaps on pink opening days

Staff said the difference in the way the fish return from year to year makes it hard to predict management. Trollers worked to figure out how to get on fish and predicted that next year would have higher participation by troll fleet. Being able to count on 2 days per week fishing helped keep boats in the area.

Pres mentioned it might be worth it to pay more to have cost recovery done quickly. These are all items to think about for the spring meeting. Also let trollers in to pink salmon fishing days should be thought about.

The fishing schedule on page 47 was discussed with Board. Staff worked with Sitka Sound Science Center to set schedule with daily goals for CR fishing, working around pink fishing schedules. NSRAA collected the first broodstock at 90% of CR completed.

Steve added that when CR schedules are discussed in spring, the Board and staff should discuss flexibility. It costs \$10,000 a day to have a seiner give up common property fishing to do CR. If we had the flexibility to Shift the CR harvest to occur on the same day as pink salmon openings that might be the thing to try.

### **IRS Report - Steve Reifentuhl**

Steve gave the report to the Board about NSRAA legal issues with the IRS. The field agent visited here last spring. When he left, staff thought all his questions were answered about NSRAA 501©(3) status financial overview by Board etc.

The IRS asked for new Power of Attorney to examine income unrelated to a tax-exempt business. The IRS had more questions which staff and Mr. Rehfeld tried to answer.

The agent then ruled the income from cost recovery is taxable and unrelated to our tax exempt purpose. With advice from the executive committee NSRAA has retained a qualified firm from WA DC to dispute the finding that cost recovery income was not related to tax exempt purpose. NSRAA is appealing the finding. It may be months before we hear anything. Eventually NSRAA will have to attend a hearing. The IRS thought the tax penalty on 2008 and 2009 income is \$3.2 million dollars. Eventually we will have to go to court with the IRS. The Board discussed ramifications and asked questions. Legal expenses are currently paid out of the contingency fund.

### **Hidden Falls Report -Scott Wagner, Hatchery Manager**

Scott summarized the report on Tab 5 in the Board Book

He proudly announced the 980,000 chinook at a size of 69.81 grams are the largest ever released.

Scott described the trickle release strategy. The whales need a threshold amount of biomass to work on. The idea is to release 1/3 at a time from the hatchery. Previously the staff had towed pens to disperse the release. There are some problems with towing: the process is a lot of work and cannot be done in any wind at all. It disturbs the fish and is hard on the nets. NSRAA sent 5 million eggs to Gunnuk Creek

Problems exist with the old round pound fields. The drain transfer pipes were leaking fish into area under the ponds. We may not be losing a lot of fish but the solution is to re-bed the entire round pound field. We don't have equipment on site to fix this. A complete redo would take unlimited money to accomplish. The transfer drain is not being used anymore and none of the others are leaking. Fixing the round pounds permanently is on the long term Capital projects list. We are managing around the problem right now. Everything is 30 years old. New efforts are underway to grind carcasses and sell them for protein. Scott also informed the board about the way water flows through HF, and the hydro and power generation issues. Steve complimented Scott on the improvements made to the facility, his work ethic and willingness to take on new responsibilities and projects.

More detail was presented but lost because of the poor quality of this portion of the recording.

### **Josh Homer-Coho Lake rearing program**

Josh summarized the report Tab 6 in the Board book. The mild year offered different conditions and challenges for pen rearing. The staff had stitched on net covers to prevent fish escaping and otters getting in. The stitching came undone and fish escaped to lake but will probably out migrate. The covers for nets

have been improved and are new instead of using discards from other sites. Emigration peak occurred earliest on record. No sign of whale predation. Staff released 1.1 M fish, the best since 1999.

Very successful fry plant of 2,120,747. The release occurred two weeks earlier than usual. .75 grams fish grew very well, twice the size of previous years. Question trout?– Still large rainbows present. Question pen densities?-Figured by volume and are accurate

Staff plans to stay on site longer this year, weather permitting. The adult return experienced 4.9% marine survival and yielded 17,796 fish and \$158,000 dollars to fisherman. 18,675 fish for cost recovery were worth \$85,000.

New in 2010: The new pens hold 1Million fish and allow staff to speed up forced emigration. Staff is working to build a new prototype fish counter. It will be more accurate and easier on the fish. The rearing environment is better and more secure. The zippered covers won't leak fish. The reduced light to the fish, because of the covers, helps keep the fish quiet. The improved anchor and weight system keeps net shapes and allows nets to be submerged fifteen feet.

### **SMC hatchery Salmon Lake coho – Steve Reifentuhl**

Hatchery construction is done and the facility is mothballed while broodstock is being developed. 217,000 pre-smolt are to be released next spring. 50,000 will be released at Medvejie full complement for developing brood stock. Remote release site for the rest is being explored.

### **General Manger Evaluation - General Manager and Board**

A draft evaluation has been developed. It combines evaluating production; setting specific annual objectives, and rating general performance indicators.

A good evaluation should include efficiencies strategies. Suggestions to revise the draft presented in the Board book should go to Deborah. She will work with Steve to develop an evaluation to present to committee at the spring meeting. We will then start with that as a basis for next year.

President brought up his own performance and asked for input from the Board about how to improve his performance or about other things he should do.

**Announcement:** The Investment Committee will meet after Break and the new facilities committee will also meet tonight.

**Break** for the evening at 5:35 PM

Roll was taken

### **Appointments**

**Motion 11-15-10(c) M/S Eric Jordan/ Sven Stroosma. Reappoint these three individuals for a three year term to the seats they currently hold: Marlene Campbell- Municipality, John Blankenship- Subsistence, and Dave Moore. Motion Carried Without Objection**

### **Lon Garrison Operations Managers Report**

Overall NSRAA facilities are in good shape for 30 years old. A State capital funding request is being prepared for deferred maintenance costs. SMC is ready for fish in 2012. At Dear Lake the new Wavemasters are working well

### **Cost Recovery & Broodstock Management**

The HF return was very weak, but NSRAA did get broodstock without towing from Takatz. DI returned stronger than expected, 125%. But the Medvejie portion of the return was weak so we had to tow to Bear Cove for the third year, the most ever. Towing works, but it is not the most efficient way to go. It is a twelve hour tow from the back of Deep Inlet.

Current production is status quo but there are things we can do to create efficiencies. Staff will meet this fall to discuss options. Staff will review all production scenarios and will propose changes to coho and chinook if they have ideas.

Challenges continue with chum fry and smolt predation. Staff is working with Jan Straley and looking for clues to reduce predation. Predation is ever a concern, beyond just the whales.

Lower than average marine survivals continue. Cold springs and lower than normal hatchery temps hinder multi-year species.

Challenges (Human induced mortalities of fish under our care) occurred this year. Coho escaped into Deer Lake as described earlier. The Lutak transport mortality of chinook for the Sport program was a tremendous loss and an embarrassment. Only 80,000 of 230,000 survived. NSRAA has lost this program to DIPAC. Major Medvejie Chinook fry loss occurred due to the wrong valve direction incident.

Permitting – Nothing new. NSRAA is still working with AK DEC for a general permit for the hatcheries. EPA will want something definite from the State but staffing is slowing compliance. Staff and ADF&G are updating management plans and housekeeping documenting of the permitting history.

Staff- NSRAA has stable and experienced employees and good seasonal crews. Tommy Sheridan went to ADFG in Cordova. NSRAA is reevaluating the evaluation programs in his absence including Otolith and CWT sampling. NSRAA has full staffing at each program. Management is continuing staff development and training with new monthly staff meetings.

Question- What is the effect of net pens on bottom fauna etc after 30 years? Answer: Some dive surveys have been done, but nothing in recent past. In the past NSRAA has done monitoring in conjunction with program development. At Deer Lake the water turns over so there is not a tremendous effect on lake ecology. The nets are over deeper water with less than 1% light penetration at the bottom and nothing is growing. In saltwater, there are invertebrates and vegetation at some locations. Staff said the pens are only on site there a couple months then there is no feeding of the fish. The big issue with salmon farms in BC fouling the bottom occurs because they remain in place round the clock, year after year.

#### **Medvejie Hatchery– Lon Garrison Tab 4 report**

Medvejie aeration systems are working well. There was no vibrio and a great chum rearing environment. Ogr zero Chinooks got to 20 grams at release but did have a vibrio problem. This occurs with warmer water in June and July. Loss of 950,000 chinooks at Medvejie this year but we replaced lost smolts with a younger brood year. The fry transfer finally resulted in a less than 5% loss

Medvejie chum returns were one week late. The egg take goal required 30K brood from DI. The sex ratio of 51% females was higher than usual and a big help in meeting the overall goal of 41 million eggs.

The Salmon Lake stock Cohoes are much easier to raise and performing well. Size is 17 grams and will hit 20 at release. It is a night and day difference from the old Plotnikof coho stock.

Broodstock collection was difficult due to low water conditions during a very dry September. Fifty six females are in hand. Not as many as we had wanted. NSRAA is permitted for up to 120 pair. NSRAA has enough to stock a 50,000 egg release at Medvejie, but not enough smolt for a remote release. The Chinook egg take went well despite the high interception rate and was supplemented with HF eggs.

Lon summarized progress on maintenance issues at the facility. Most of the information was also contained in the Board book. He also summarized the release information on Chinook, Chum, Coho and Pinks, as contained in the Board book. The facility is not quite at capacity because of some deficient egg takes the previous year. Current chum egg inventory is where we need to be, at 65 million. The board and staff discussed the differences in meeting the permitted green egg capacity and the actual release. A board member asked that the presentations to the Board be more graphical in nature and show the Board gross trends and get out of the minutia. A lot of chinook jacks are showing up, that can be a good sign for future Chinook return, or a function of releasing large smolt.

### **Haines Report Lon Garrison**

Lon summarized the report in the Board book. He said it was a relatively good year in Haines. Although the chum returns were weak to the Klehini and at Herman Creek, (90%) of goal. No extra eggs were available for 31 Mile. The Chilkat return was strong and we put 100% 2.5 M eggs in the 17 mile boxes for total of almost 3 million eggs seeded.

Lon described the problems experienced with the chinook transfer to Lutak Inlet and why that accident occurred the way it did.

Escapement generally trending lower due to management and environment

### **Sitka Sound Science Center – Lisa Busch, Executive Director**

Lisa introduced herself as the new Executive Director of the Sitka Sound Science Center (SCSS). She is an award-winning journalist and science writer with 24 years in Alaska. A graduate of Tufts University with a Masters in Alaska studies from UA.

SCSS has bought the Sage Building, ready to begin making improvements to building. SCSS is working with a NOAA partnership with ALFA and Scripps on whale long line predation. We are looking forward to more work on hatchery production/ whale interactions. The facility currently co produces chum salmon with NSRAA on SSSC permit.

Lisa and Jim Seeland, a former NSRAA employee now on the SCSS Board, continued with an informational report about the new programs underway at the SCSS and the benefits the partnership between NSRAA and SCSS yields to NSRAA and commercial fishermen. A Board member suggested a letter to Sitka Assembly endorsing purchase of the Sage building and value to economic development jobs and fisheries. Another Board member spoke favorably about the history of Sheldon Jackson and how instrumental the college was in the early development of NSRAA. A board member brought up the concern about how pink salmon harvest at the hatchery complicates management for chums in the Sound. The permit will be reviewed by ADFG at the RPT meeting.

**Break** till 11:00 AM

**The President made an announcement** that nomination petitions must be in by the end of the day.

**The President brought up** the additional \$700,000 grant received by NSRAA for deferred maintenance at Hidden Falls. He asked the Board to consider options that ranged from adding the grant funding to the usual annual goal of \$500,000 in capital funding and retiring \$1.2 million in capital needs or, using the grant money from the State to decrease cost recovery by eliminating the \$500,000 Board commitment to capital funding for this year. The item will come up later on the agenda. Board members later asked for the list developed by staff of upcoming capital needs.

### **Lutak Summary**

Steve described again what happened with the Lutak Chinook project and the loss of almost all the smolt. It is important that the program will continue through DIPAC. The project is especially meaningful to Haines residents.

### **Cost Recovery Harvest, Harvest Boats, and Processor Bids - Steve Reifentuhl**

Steve discussed new scenarios for conducting cost recovery with the Board that are being considered on the advisement of our attorneys. One would be to have the processor that wins the bid for the fish also do the cost recovery, and another option involved the possibility of using House Bill 218. The Board asked numerous questions which revolved around assuring a timely cost recovery process and reducing impacts to concurrent fisheries. The State Department of Revenue needs time to gear up and prepare if the option of an area tax is chosen by the Board for cost recovery.

**Break** for lunch - 1:30 return

**Implement HB 218**

A Seine Board member asked that NSRAA staff attempt to implement HB 218 for this season. A gillnetter said he would prefer to the seiners iron out the details. Discussion continued. A board member said whatever is put forth as a plan under HB 218 needs to be approved by the full board. Staff and Board members mentioned there are other entities involved with implementation. Department of Revenue and Enforcement will have to let us know if implementation is possible.

**Motion 11-15-10(d) M/S Mitch/Dean NSRAA Board requests that Staff develop a plan to implement HB218 for implementation at Hidden Falls.** A report on the findings about implementation is to be included in the spring board book. (If he can get it done in that amount of time). Concerns include if the assessment will affect allocation, enforcement, and the amount Department of Revenue would charge to administer the program. Board members clarified that they are not making a commitment to any action until they have more information. Motion carried with 20 in favor and 1 opposed

**Motion 11-15-10(e) M/S Eric/Mitch. The NSRAA Board directs the General Manager to change the cost recovery bid and harvest process as recommended by the NSRAA attorneys.** The motion carried with 21 in favor.

**HF Broodstock Recovery Report -Steve Reifentstahl**

Steve discussed an alternative for harvesting broodstock (only) that has been suggested for Hidden Falls. NSRAA could establish net pens with a lead net into it, as a passive measure to achieve brood stock goals. Starting at Hidden Falls, if successful it will also be used at Deep Inlet. Possible locations would be North Point or Cosmos. ADF&G will write EO for this but it must be approved by Board of Fisheries at their next meeting. Board members were generally supportive of the concept.

**NSRAA 2010 Income Report and Financial Snapshot – Steve Reifentstahl, General Manager**

2 handouts were distributed to the Board “NSRAA Financial Snapshot” and “Proposed Changes to Accounting for Cost Recovery Revenues”

The Sec/Treasurer explained that the “Financial Snapshot” was presented at the budget committee meeting and is an attempt to make information contained in the financial statements more clear to the Board members. Steve directed Board attention to the FY11 total income projection worksheet used by the budget committee during the spring 2010 budget process. After years of refining the manner in which NSRAA calculates revenue needed to balance the expense budget, the only variable in projected income that still remains is whether the bid-winning processor can produce the number of chums that need to be taken for cost recovery in order to balance the budget. This provides the Board members and fishermen more certainty that NSRAA is conducting Cost Recovery to meet budgeted expenses. This year’s Cost Recovery went over goal by only 70,000 lbs which were harvested to fill the last remaining tender.

Next, the Board looked at the “NSRAA Financial Snapshot”. As of Oct. 31, 2010 Total liquid assets are \$12,972,258. Total NSRAA FY 11 operating and capital budget is \$5.8 million. \$4.2 million currently remains in the budget to meet this year’s expenses. Projected liquid assets as of June 30, 2011 are \$8,775,669. Board members appreciated the clarity of the presentation and thought it helped them assess the organization financial position better. A Board member remarked that when the average fisherman hears there is a large reserve they are critical and do not understand why it is needed to preserve the future health of the organization. Another Board member mentioned that we have a large potential liability to the IRS and may be very glad we have these funds available. The General Manger said he wants the Board to have a clear understanding of the organization financial position but from his point of view a

financial cushion to handle eventualities related to three facilities, 35 employees and millions of rearing fish is necessary but the actual final size of the reserve is a decision of the Board.

The Board looked at a proposal developed by the staff, to treat roe sales and carcass sales as amounts to be credited to the following year's income. Similar to what was done with Chinook and Coho. Formerly the carcass sales went 50% to reserves and 50% to reducing cost recovery because the income was calculated after the years cost recovery had been conducted.

**Motion 11-15-10(f) M/S Mitch/Cheyne - The Carcass Income, Gamete Income and Roe Income will be treated the same as king salmon and coho cost recovery money and forward funded to the next year's income budget.** Motion carried on a roll call vote with 15 in favor 6 opposed.

### **NSRAA 2010 Cost Recovery review**

Chip gave the Board a 7 page hand out called NSRAA 2010 Cost Recovery Review. Slides compared historical trends for numbers of fish caught, species and value. This data is in response from an earlier request from a board member and is presented to inform the Board. It also lays the foundation for next discussion.

### **Chinook Program Evaluation & Discussion – Chip Blair and Steve R**

Steve: It is time to re evaluate the Chinook programs at Medvejie and Hidden Falls and Hidden Falls coho, to achieve greater efficiencies in production without increasing operating costs. Board action will also be asked on a staff proposal dealing with Deer Lake and HF production

Chip gave a presentation summarizing information for the Board. Chinook survivals have been variable at HF and DI. Medvejie Harvest Rates are pretty high and less chinook getting to Bear Cove. Green Lake, Raceway, and Sea Ready Chinook (3) rearing strategies have all been used. In 9 out of 10 years Green Lake Chinook have out-performed all others by a significant margin. Green Lake chinook-at-return are also harvested at higher rates, providing more benefits to fishermen.

Zero check chinook 2 of 6 brood years have exceeded .5% threshold (our measure of successful marine survival).

### **Hidden Falls Chinook**

Lon Garrison, Operations Manager, is recommending reducing Chinook production, increasing coho production thus achieving corresponding reduction in operating costs. Ironically reducing chinook density is shown to increase marine survival. (In response to a question about whether reducing chinook production would negatively impact troll opportunities in the spring fisheries.) Board members asked another questions about whether the marine survival projections were accurate. Changing Chinook production levels would need approval through US/Canada Salmon Commission. Board members discussed the ways coho and chinook are currently returning and the catchability characteristics of the different stocks and production techniques. Lon summarized the Medvejie chinook program: The proposed changes could result in a 45% increase in value (nearly \$1 million) of the Chinook fishery at the same operational cost.

Deer Lake Proposal: Increase coho production to achieve a 3.1 million coho release. This change would increase the value of the fishery by \$2.5 million annually.(@ 10% marine survival) 47% increase in value and 47% increase in costs.

Sum of all projects increases the operations expense by \$20,000 annually.

Capital costs for all projects covered primarily by U Canada mitigation funding.

Capital needs for Green Lake \$144,000 and Deer Lake \$277,000 have all submitted and approved by US Canada mitigation funding of \$418,000 total. Hidden Falls requires additional \$50,000 in NSRAA capital budget. (Approximate).

**Motion 11-15-10(g) M/S Richie/Davis - George Eliason. The NSRAA Board recommends the Association accept the recommendations of the Staff at all three facilities.**

**Hidden Falls**

**Increase Coho smolt release to 3.25 million**  
**Reduce Chinook smolt release by 585,000**

**Medvejie**

**Increase Green Lake production to 2.33 million smolts**  
**Reduce Medvejie yearlings by 511,000**  
**Eliminate the chinook zero program**

**Deer Lake**

**Increase fry rearing to 3.1 million**

NSRAA would accept \$418,100 in US Canada mitigation funds, and anticipates increasing \$20,000 annual operational costs and anticipates \$35,000 - \$50,000 in increased capital expenses. **Motion carried on a roll call vote with 20 in favor and none opposed.**

**Break.** Reconvene 4:15 pm

The President noted that former General Manager Pete Esquiro is in attendance and he was invited by Mr. Reifentstahl to give a brief retirement report. Pete has been busy. He was appointed to serve on the CBS Assembly and is doing some consulting work. Pete complimented Steve on his work to date and assured the Board the transition from his management to Steve's is occurring as seamlessly as it could.

**Enhancement Possibilities Report – Steve Reifentstahl**

In response to previous direction of the Board Steve gave a report on the staff's investigation into other possible sites for rearing and release of enhanced salmon. Steve noted that he welcomes the participation of the facilities committee to assist with evaluating the projects

**Coho at Elfendahl and Surprise Lakes** – Many years ago Steve took eggs and returned fry to these lakes and Elfendahl produced the best results. Another Deer Lake program might fit there. Both have individual local broodstocks. Elfendahl Lake is in wilderness areas. Surprise Lake is on the outside coast and a program might be more easily done there.

**Pelican – Lon Garrison**

Lon distributed a four page report: "Pelican Site visit 10/14-15/2010"

Positives: Building, water source and investment in penstock and filtration, diesel generation and fuel storage, local support. ADFG has said they would consider chinook, but that requires a fresh water rearing site. There may be a physical site available on flat ground. 1.3 miles NW of Pelican is a possible rearing site. Problem still are with species, which stocks, and ADFG approval. No early chum returns in the area. The Tenakee chum, although close geographical, are separated by characteristics of an inside stock. Lon sees enough merit to warrant a continued investigation.

**Pink salmon- Steve Reifentstahl**

#1 problem with ADFG are the big mixed stock fisheries and wilderness in the North area. There is a cove in Snipe Bay that might be used. A Board member said Sandy Bay should not be given up on just because it is in wilderness.

Hidden Falls for pink salmon. Could incubate 40 million more pinks or chums. The broodstock is naturally present. \$600,000 capital cost. If we started next year NSRAA would have enough to do 15 million and 30 M by third generation.

Pink salmon at McCauley and Sheep Creek, some capacity still exists.

**Chum salmon:** Gunnuk Creek has permit for 65M, there is a lot of potential. Chums produce a 7-1 return on investment, ranging up to 12-1. If NSRAA gets involved with another facility there needs to be a return on investment, at least 4-5 to 1. It would take Gunnuk Creek 20 years to achieve that. Eggs would come from HF. Lost value and operational costs to be recovered, and capital costs.

**Port Camden:** NSRAA did streamside incubation for chum salmon on fall run Sept 15<sup>th</sup> peak. Stocks would be accessible to the traditional fishery. Elena Bay chums are almost identical for water. Port Camden has Medvejie-quality water and involves building a building, generator etc. Could produce a 5-6 to 1 return on investment. Steve said two wild chum stocks in Port Camden would nix the project with ADFG

**Thomas Bay:** Biggest drawback is very cold water; NSRAA would be building from the ground up and can't do remote release. Lots of local support from Petersburg. Recreational area King Salmon sport fishing and hydro projects proposed. Developing a hatchery proposal on proposed hydro footprint can allow for cheaper infrastructure development.

ADFG management biologists are very negative about any development at Port Fredrick. Coho Hoonah? Steve couldn't find anything suitable.

**Excursion Inlet-** Candidate Lake has an anandromous stream that ADFG will not allow development on.

There may be opportunities with Sealaska to develop some hatchery sites. A facility would need about a 100 million fish release to carry its existence.

Eric, Doug, Cheyne and Sven are the new facilities development committee. Committee will bring recommendations to the Board addressing the fisherman's perspective and politics. A draft charter has been prepared and circulated to the Board.

**Motion 11-15-10(h) M/S Lyons/Jordan appoint facilities committee and adopt their charter. Paul Johnson appointed. MCWOO**

**Break** for evening: Dinner for Pete Esquiro at Channel Club

**Reconvene @ 8:30 AM November 17<sup>th</sup>**

Roll was taken

**Enhancement continued: Steve R**

Modifications of existing program: 10M eggs PAR adjustment approved by ADFG. This equals \$45 Thousand for feed and \$85 Thousand for nets.

**Hidden Falls Third Release Site** – The Board and staff discussed the problem with the whale predation and appropriate responses. There is an idea of moving part of the HF release farther down Baranof 15 miles south to an unnamed bay (no whale bay) that might be feasible. There is another area just south of Cascade Bay. Have to maintain 40 M release at Kasnyku and 30M at Takatz and 20-30 M at the new location. Extra cost involves additional feed barge etc. We have some new strategies that might work Trickle etc. Conservative action would be to wait a few years and see if towing and trickle release still

work. There is resistance from ADFG about pink salmon management. Fishermen and staff discussed whether this location would increase effort or impacts in pinks and the consensus was impacts to pinks would be slight. A board member mentioned rotating or alternating sites. Another Board member asked how the concept of increasing pinks at HF would play into this. Steve said pinks at HF will go to the facilities committee. Timelines for implementation were discussed. Seine rep said he'd rather see fish being released at current location and see if strategies work. Capitalization costs of a new feed barge is quarter million dollars and a million fish is not that much. Staff would like to evaluate site and apply for tidelands lease to keep options open. Board member discussed mixing release techniques, trickle release, motor noises, towing pens, alternating release site. Staff will try to develop a range of options to avoid predators.

**Motion 11-15-10 (i) M/S Mitchie/Ritchie. Direct staff to pursue release sites and tidelands leases south of Takatz. MCWOO**

Pres asked staff to recommend where to put the additional 10 M chum and how to allocate costs. 45T Feed Ops budget and 85T nets Cap budget. Steve's inclination is to split the releases. A Seiner said he'd rather send them to Takatz so we avoid the brood stock collection issues that can restrict fishing time. The marine survivals between the two sites from sampling results are mixed. It's hard to say if one site's survival is better.

**Motion 11-15-10 (j) M/S Mitch/Botso. Direct staff to go ahead with an additional 10M release from HF. Motion Carried on a roll call vote. (Includes budgeting for nets, pens and feed.) MCWOO**

**GL Chinook at Promisla Bay** is a possibility according to ADFG, but coho release is ruled out. Gillnetters are catching DI kings in July but fish quality is very dark and poor. Part of the reason the trollers can't fish in Silver Bay on Kings is the jellyfish. A troller said the solution is to develop a better release site so the trollers can catch a higher percentage of the king salmon return Camp Coogan north of town and north of the breakwater are suggested for release. Staff said since the zeroes are now eliminated, if you bring GL fish down the cost goes up. Staff says there may be a way to adjust the Green Lake culture of overwintering Chinooks in raceways and rear them at Promisla. Once kings smolt into saltwater they are imprinted and you don't want to move them but you can keep them in fresh water and try remote release somewhere. There is some extra cost. Whatever location is chosen a clean-up fishery would have to happen.

**Motion 11-15-10 (k) M/S Deborah/Eric. Ask staff to develop an item for the spring budget to out plant King Salmon at a different location. 19 in favor 1 opposed**

**Motion 11-15-10 (l) M/S Richie/Mitchie. Approve nominations to constitute ballot for next Board election. MCWOO.**

At Large Power Troll  
Ryan M. Wilson  
Alan Andersen

At-Large Seine  
John Carle

At-Large Seine  
John Barry

At-Large Gillnet  
Paul Menish  
Danny Pardee

Haines Gillnet  
Brad Badger

**Break :**

**Audit Committee Report – Deborah Lyons Secretary/Treasurer**

Met at 12:30 on Nov 14<sup>th</sup> Steve, Richie, George Kevin and Deborah attended with Max Mertz from Elgee Rehfeld Mertz CPA's via teleconference. Transition of General Manager was very smooth. End of year adjustments were made. Having MIP send up help each year is very beneficial. No individual items mentioned in the Management letter. The old SMC account will be closed because the loan has been paid back. A Board member asked if it was time to think about changing auditors again. NSRAA is just at five years with this company. Staff said this firm has been excellent and have pushed the staff to do things in a better fashion. Internal controls are better, tracking expenses is improved, reporting and quality of information are all improved.

**Motion 11-15-10 (m) Motion 11-15-10 (l) MS Mitch/ Richie Accept the auditor's report. MCWOO**

**\$500,000 interest from the SMC loan**

Now that the loan is paid back the Board has the option of doing something with the interest that has been earned. The Secretary said there were some conditions in the original motion accepting the loan but the original motion had not yet been found to refer to. Pete had talked about using it for the beginning year's operating expenses for the coho expenses at the Sawmill Creek hatchery but there never was an action of the Board supporting this idea.

**Motion 11-15-10 (n) M/S Alan/Deborah Put the interest earned on the \$2.8 million dollar loan in the reserves until the Board decides what to do with it. \$500,564.73.** Motion carried on a roll call vote. 20 in favor and none against.

**Motion 11-15-10 (o) M/S Mitch/Eric Take \$500,000 from reserves and apply it to next year's cost recovery.** The Board members discussed the motion. The Secretary noted next year is a pink salmon year and the staff informed the Board the chum return should be 2.3 million. The Secretary asked why the seiners feel they need to reduce cost recovery. "So we can get more openings" said the seiners and they said "Because the board subsidized cost recovery the past two years it is hard for the fleet to go back to full cost recovery." The Board discussed whether a simple majority or 2/3 vote was needed. **Motion 11-15-10 (p) M/S/Ritchie/Eric Move to table the motion. Motion carried 18 in favor 1 opposed 1 abstention.**

The President directed the Board to review Tab 9 page 5. The Reserves Policy 2002-1. He noted the \$6.5 million capital reserve, 4 million operating reserve and \$500,000 contingency. He told the Board that he has an issue with the 6.5 million capital reserve and that he thinks the Board is not following the policy. He said the capital reserve sits in his craw because the Board isn't adhering to it. He said the Board decided to allocate \$500,000 per year to capital expenses. Since that is being done why is the capital reserve needed? The organization should raise the money to fund the reserves, he said.

The Secretary referred to the Bylaws. New policies can only be adopted in one reading if  $\frac{3}{4}$  of the entire Board and a majority of each gear group is in favor. Otherwise a policy must pass by a majority on first and reading and a majority on second reading. There was no specification on a super majority to withdraw funds from the reserves.

The Secretary said she had found Motion 16 Spring 2004 which had created a Board Policy specifying that the interest on the loan could only be expended with a 2/3 vote of the Board. The previous vote about the interest was not well informed. A Board member pointed out the "use of the funds" term. Have the funds been used since the motion has been tabled? The Pres said now that the money is in the reserves it is no longer interest. He said the people who don't want to spend the money will nitpick and maneuver until they get what they want. The Pres said this action that has been tabled.

The Secretary said #1 any time the Board wants to spend money from reserves it is a simple majority #2 to change a policy the amounts in the reserves its  $\frac{3}{4}$  right now

#3 the policy said the interest can only be spent by  $\frac{3}{4}$  of the Board

The general manager said this is now further complicated if we had known about the conditions of the policy it should have stayed in a separate account. A Board member asked where in the policy it was stated that the operating reserve had to equal one year's expenses. It doesn't but that was the Board's idea at the time. A seiner said now the money is in the reserves it is not interest anymore so the  $\frac{3}{4}$  vote does not apply. The Secretary said she disagreed and that was a bait and switch to the Board. The Pres said he wants to go back to the motion. A Board member said since 15 minutes had passed the previously tabled motion should come back before the Board. The President agreed and said the Motion is back before the Board. **Motion 11-15-10 (q) M/S Mitch/Eric Motion to take from the table.**

**Motion 11-15-10(o) M/S Mitch/Eric Take \$500,000 from reserves and apply it to next year's cost recovery.**

A processor said why are we taking this money from reserves now, on what should be a pretty good year, why not wait until a bad year when we really need it? A seiner said with a 1 million return to Hidden Falls we won't get all our mid week openings and we want access to upper Chatham fish. **Motion carried 14 in favor 7 against.**

The President asked the Board to go back to the financial policy and he recommended that since we have \$8.2 million in reserves, he would change the operating reserve to \$6 million, change the contingency to \$200,000 and take the \$2 million balance and designate it for the capital reserve fund. It was his opinion that this structure is more realistic especially since we are providing \$500,000 per year to capital improvements. The Secretary asked "What about the cost recovery accounts are they in the operating reserves?" The President thought yes. A Board member said "Well you have given your suggestions, what about suggestions that the rest of the Board would like to see?" The President said, "I don't expect that we decide anything now. Let's just think about it and come back to this in the spring."

**Break**

**Investment Policy – Steve Reifentuhl**

Steve described the old investment policy which was fairly general and developed by Paul Webber the money manager at DA Davidson. The new policy addresses a number of items: evaluation of the money manager, allocation of funds and inflation proofing of the reserves. The investment committee had met Monday night. The Board looked at a pie chart that shows that \$4 million is needed for cash flow from year to year and \$8.2 million is available for investment. NSRAA pays 1.25% management fee on all accounts, that includes equities and fixed income accounts.

**Motion 11-15-10 (r) M/S Lyons/Jordan. Approve updating the investment policy to reflect the current asset allocations, and reflect the intention to inflation-proof the account through the earnings of the investments.** Motion carried on a roll call vote with 19 in favor.  $\frac{3}{4}$  of Board present in favor and a majority of permit holders present in favor satisfies the voting requirement for changing a policy on first reading. The investment committee asked for feedback from the Board on the investments. The Secretary Treasurer asked the Board: "Do you wish to invest a portion of the reserves accepting more risk and investing over a longer time frame?" She reminded the Board that we have also said this money belongs the fishermen and we can't afford to take risks. Board members indicated they would like to have a recommendation from the committee to respond to. The Pres said whatever will be recommended will be very conservative but we need to consider whether we can afford to invest a portion of the reserves , say 17% (1.5 million) over a longer time horizon. A Board member said that he considers NSRAA's success at investing in fish is the most important investment we can make. A 14 to 1 benefit cost ratio make NSRAA worth investing in. The Secretary Treasure said she was very concerned about the way the Board is behaving. In this current discussion the Board is discussing investing 1.5 million dollars in order to achieve some type of earnings. IN the last hour the Board by their own action took the assets from 8.7 million to 8.2 million n the matter of a couple of minutes of discussion. The Board spent in 15 minutes all that 2.6 million dollars earned invested for six years. We could lose 50% of value of the investment if the

market runs bad again like it is sure to do. She also said if you accept equity risk the investments will not just go up, they will definitely go down a great deal at times, and it may happen on a year when we have a bad pink return and a poor chum return. A Board member asked, “How do you inflation proof at 3% when the investments aren’t returning that much? A Board member asked, “How does the reserve policy work? What happens when all the reserve funds are filled?” Answer, once the reserves of Eleven million dollars are filled, all earnings go to reducing cost recovery. The General Manager explained that he asked DA Davidson to come up with a way to reduce the management fees. Their response was they could reduce the fees if NSRAA invested more funds in equities or other investments. Discussion continued. The General Manager said he thought the discussion was important and the feedback was needed to develop the recommendation. He agreed with an earlier comment that getting a loan and developing a new facility that would produce a 10 to 1 return would be one of the best use of NSRAA resources. Board members asked that they get a very complete report on the future recommendations and time to consider it.

### **UFA Report –Steve Reifenstuhl**

Steve attended the last meeting and a lot of time was spent with legislators. Senator Murkowski and Senator Boxer (WA) have worked hard to keep EPA restrictions from being too onerous upon the fishing industry. EPA wants to regulate the water flowing off fishing boat decks and ice is no longer allowed to be thrown overboard by processors. A two year moratorium is in place for boats under 70 feet. Steve may be tapped to work on rule making committee because of his past experience, but it would be a big time commitment. Pebble Mine was discussed. It is not supported by UFA but there are other mining projects UFA supports because they are conducted responsibly. Steve has been serving in the fisherman’s seat on the State Cruise Ship Advisory Panel. The UFA Board passed two resolutions supporting the hatchery programs. They covered what aquaculture associations do, economic importance, and support of State funding for deferred maintenance. UFA also put out a Press Release on the Resolutions and a letter to the Governor. ASMI/MSC Certification Programs and labeling were also discussed.

### **Medvejie Broodstock increase from 10 million to 15-20 million eggs Steve Reifenstuhl**

Because we are having difficulty achieving broodstock Steve would like to increase the amount through a PAR and treat it as new production instead of taking it out of Deep Inlet. Increase is needed to maximize the facility design. A Board member asked: “Are they straying? Being intercepted? Or surviving at a lower rate?” The General Manager said survival is being examined but he suspects that the gauntlet of fisheries is contributing to a higher interception rate. Generally the Medvejie stock survives at 1% and Hidden Falls at 3%.

**Motion 11-15-10 (s) M/S Eric/Alan Direct staff to look into increasing the Medvejie chum release by 10 million in new production.** If it is approved it should be budgeted for. Lon said we will also need to add an additional 10,000 in broodstock, this may affect fisheries management. MCWOO

Break for lunch

Executive Session In-Out

### **Christmas Bonus**

**Motion 11-15-10 (t) M/S Deborah/Alan.** Direct Steve to distribute the budgeted amount of the annual Employee and General Manager’s bonuses, plus what was agreed upon for Mr. Esquiro. Motion carried on a roll call vote 18 in favor and 1 opposed. (Recording quality poor, action taken from Secretary’s notes and voting record.)

### **NSRAA Scholarship Fund – Steve Reifenstuhl**

The scholarships are now restricted to four year degrees. There is interest on the Board in modifying the scholarship program to include trade schools etc. Lon, also Chair of the School Board mentioned a different scoring criteria would need to be developed. Some vocational funding has been provided in the

past. Four year degrees tend to go to kids who are well prepared. **Motion 11-15-10 (u) M/S Paul Johnson/Bob Ellis Add a third scholarship to be applied to a two year program. Amount to be determined by budget committee** Pres mentioned that the original \$100,000 set aside to fund the program through interest has lost value to \$72,000. Motion carried 16 in favor 2 against.

#### **Salmon Lake Coho Release sites – Steve Reifentuhl**

Steve inquired of ADFG whether a new remote release site could be created for SMC coho so that they could be more readily accessed by the Trollers. ADFG nixed several ideas but Steve is looking at an idea utilizing Samsing Bay. Segregation of gear could be achieved to allow troll opportunity. Indian River wild stock and Wrinkle neck, Petersen Creek Coho are a concern. Steve looked at return timing. Finding another release site is difficult with ADFG, mop up fishery and broodstock acquisition are all problematic. Chip has developed a presentation about run timing to achieve separation. Most of this presentation was unintelligible due to Chip's soft voice and a lot of competing noises on the recording. Returning fish will reach sizeable numbers in 2015. Steve said the staff had looked at other sites as requested. At Samsing there might be a management option for a troll drag. A gillnetter said it would be fine to release the Coho in Deep Inlet as long as he was guaranteed a net fishery. Sandy Cove was mentioned too, especially as a cost recovery area. Steve heard some good input about Kanga Bay and will keep checking in to it.

#### **NSRAA At-Large Seine gear group seat discussion – Members of the Public and Board**

A member of the seine fleet said he was surprised and disappointed that the Sitka Seine seat was eliminated in favor of an At Large seine seat. He argued the Board needs to be diverse. A seiner responded that no one was submitting their name for election. The Board members and public discussed the issue and decided the issue of whether to reinstate the Sitka Seine seat should be placed on the next Board agenda meeting agenda. A seiner mentioned that at this meeting there are two seats open and no one volunteering. SEAS Board voted 36-3 for all At Large Board seat. The Board generally defers to what gear groups suggest. Another fisherman in attendance from Sitka spoke in favor of a Sitka seat. Sitka seiners were urged to find a candidate and run the person. A seiner explained the action to create the At Large seat was an effort to keep seine positions on the NSRAA Board filled and not to displace anyone. John Barry is a Seiner from Sitka currently serving on the board. There will be an At Large Seine seat coming up next fall action would have to be taken at the Sitka Board meeting. Several Board members said put it on te Spring Agenda. If it doesn't pass the Sitka guys can still run a candidate for the AT Large Seine seat.

#### **Baranof Warm Springs Update-Dale Young**

Dale distributed a DVD that contained the hatchery application that he submitted to ADFG. The Board listened to an information presentation and after doing so decided to take no action on the proposal.

#### **Takatz**

Seiners want to ask Steve to look into continuous fishing time at Takatz, like what happens at Kendrick Bay SSRAA area. Steve will look into it if the Board desires. Board is generally in concurrence.

#### **Board of Fish 2012**

#1 NSRAA interested in a fish pen with lead to capture broodstock. #2 Snagging at Bear Cove may also be a proposal. System applied last year is working. #3 Change Troll line to Sandy Cove from Pirate's Cove for early King Salmon Fishery up till third Sunday in June. Draft proposals will be presented at the spring Board meeting.

**Motion 11-15-10 (v) M/S Ritchie/Deborah. Reconsider Motion 11-15-10 (o) Take \$500,000 from reserves and apply it to next year's cost recovery..** Maker wanted other options than using the funds for cost recovery reduction to be discussed. The Secretary said if the Seinners needed money for a project or

something very specific she would have supported using the reserves. But this year the seiners are looking at a big pink year, a normal chum return and decent prices. What is so exceptional? The Board is considering three new ideas, lower the reserves, investing for the long term etc. Then we spend a half million in 15 minutes. Treasurer questions how financially mature the organization really is. The reconsideration process was clarified. **Motion to reconsider passed 11 to 9.** Now the motion (o) is before the Board. A processors said this seems to affects the seiners the most, why not save the money until a year when you really need it? A seiner explained that \$500,000 makes the difference in providing one or two mid week openers, it means a lot to the seine fleet. Taking the money to reduce cost recovery could also help with more time at Deep Inlet. The Treasurer said we have to pay the bills and we do that through cost recovery. The budget has been completely rearranged to be more accurate. Every year there is an argument to take money out of the budget to get more fishing time. A Board member said until we change the reserve policy we should continue to adhere to it and not take money out of the reserves until they are filled. Fishermen spoke on how cost recovery reduces fishing opportunity and they want all the opportunity they can get. A number of fishermen thought the money should not have been put in reserves in the first place. The President said he agreed with the Secretary Treasurer that the argument that we need to take money to relieve pressure on fishermen is not an idea that we can keep rolling with. A yes vote means you are taking money out of reserves to reduce cost recovery and if you vote no it means the funds remain in the reserves. A motion to Table indefinitely was made. A staff member read a clarification from Roberts Rules of order. **Motion 11-15-10 (w) M/S Cheyne/Botso To postpone motion (o) to the spring meeting. Motion carried with 15 in favor and 4 against.** The Secretary said two budgets will need to be developed, one including the \$500,000 to Cost Recovery and one not.

#### **Contingency Fund – Steve Reifentuhl**

Staff asked for a clarification on how the contingency funding is to be accounted for. Contingency expenses must be brought to the Board in spring and fall and a ledger kept to track them.

#### **State deferred maintenance funding - Board and staff**

A State grant of over \$700,000 will be applied to HF deferred maintenance. How does this affect the Board commitment to apply \$500,000 annually to the capital budget? Should we add \$500,000 to the \$700,000 and retire a big ticket item? Steve said if there is an item that is needed to increase efficiency it would be a drive down dock at Hidden Falls that would work better for handling freight in and out of the facility. The staff has provided a capital needs list to the Board. NSRAA applied to the State for \$2.3 million dollars originally. NSRAA also needs to have the pipeline examined and may be replaced. Steve also feels we need a new hydro online. Several Board members agreed that \$500,000 plus the \$700,000 should be spent. Steve cautioned the Board that the Capital summary sheet is not complete or current. Staff needs to meet with engineers to prioritize. Pres said Board seems to want to spend \$1.2 million so that is what we deal within the budget committee.

**Spring meeting date** was set for March 9<sup>th</sup>, 10<sup>th</sup> & 11<sup>th</sup>

*Deborah A. Lyons,*

NSRAA Secretary/Treasurer

February 18, 2011

# NSRAA Board of Director's Meeting Minutes ~ FALL 2010

November 15-17

1308 SMC Rd., Sitka, Alaska

## SUMMARY OF ACTIONS

**Motion 11-15-10(a) M/S George E/ Doug C Approve agenda as amended. MCWOO**

**Motion 11-15-10(b) M/S Approve November 2010 minutes as amended. George/Marlene**  
On page 15 correct Eric Anderson to Eric Jordan. MCWOO

**Motion 11-15-10(c) M/S Eric Jordan/ Sven Stroosma. Reappoint these three individuals for a three year term to the seats they currently hold: Marlene Campbell- Municipality, John Blankenship- Subsistence, and Dave Moore. Motion Carried Without Objection**

**Motion 11-15-10(d) M/S Mitch/Dean NSRAA Board requests that Staff develop a plan to implement HB218 for implementation at Hidden Falls.** A report on the findings about implementation is to be included in the spring board book. (If he can get it done in that amount of time). Concerns include if the assessment will affect allocation, enforcement, and the amount Department of Revenue would charge to administer the program. Board members clarified that they are not making a commitment to any action until they have more information. Motion carried with 20 in favor and 1 opposed

**Motion 11-15-10(e) M/S Eric/Mitch. The NSRAA Board directs the General Manager to change the cost recovery bid and harvest process as recommended by the NSRAA attorneys.** The motion carried with 21 in favor.

**Motion 11-15-10(f) M/S Mitch/Cheyne - The Carcass Income, Gamete Income and Roe Income will be treated the same as king salmon and coho cost recovery money and forward funded to the next year's income budget.** Motion carried on a roll call vote with 15 in favor 6 opposed.

**Motion 11-15-10(g) M/S Richie/Davis - George Eliason. The NSRAA Board recommends the Association accept the recommendations of the Staff at all three facilities.**

### **Hidden Falls**

**Increase Coho smolt release to 3.25 million**

**Reduce Chinook smolt release by 585,000**

### **Medvejie**

**Increase Green Lake production to 2.33 million smolts**

**Reduce Medvejie yearlings by 511,000**

**Eliminate the chinook zero program**

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Alan Andersen

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Paul Menish  
Danny Pardee

Haines Gillnet  
Brad Badger

**Motion 11-15-10 (m) MS Mitch/ Richie Accept the auditor's report. MCWOO**

**Motion 11-15-10 (n) M/S Alan/Deborah Put the interest earned on the \$2.8 million dollar loan in the reserves until the Board decides what to do with it. \$500,564.73. Motion carried on a roll call vote. 20 in favor and none against.**

**Motion 11-15-10 (o) M/S Mitch/Eric Take \$500,000 from reserves and apply it to next year's cost recovery.** The Board members discussed the motion. The Secretary noted next year is a pink salmon year and the staff informed the Board the chum return should be 2.3 million. The Secretary asked why the seiners feel they need to reduce cost recovery. "So we can get more openings" said the seiners and they said "Because the board subsidized cost recovery the past two years it is hard for the fleet to go back to full cost recovery." The Board discussed whether a simple majority or 2/3 vote was needed. **Motion 11-15-10 (p) M/S/Ritchie/Eric Move to table the motion. Motion carried 18 in favor 1 opposed 1 abstention.**

**Motion 11-15-10 (q) M/S Mitch/Eric Motion to take from the table.**

**Motion 11-15-10(o) M/S Mitch/Eric Take \$500,000 from reserves and apply it to next year's cost recovery.**

A processor said why are we taking this money from reserves now, on what should be a pretty good year, why not wait until a bad year when we really need it? A seiner said with a 1 million return to Hidden Falls we won't get all our mid week openings and we want access to upper Chatham fish. **Motion carried 14 in favor 7 against.**

**Motion 11-15-10 (r) M/S Lyons/Jordan. Approve updating the investment policy to reflect the current asset allocations, and reflect the intention to inflation-proof the account through the earnings of the investments.** Motion carried on a roll call vote with 19 in favor.

**Motion 11-15-10 (s) M/S Eric/Alan Direct staff to look into increasing the Medvejie chum release by 10 million in new production. If it is approved it should be budgeted for. Lon said we will also need to add an additional 10,000 in broodstock, this may affect fisheries management. MCWOO**

**Motion 11-15-10 (t) M/S Deborah/Alan. Direct Steve to distribute the budgeted amount of the annual Employee and General Manager's bonuses, plus what was agreed upon for Mr. Esquiro. Motion carried on a roll call vote 18 in favor and 1 opposed.** (Recording quality poor, action taken from Secretary's notes and voting record.)

**Motion 11-15-10 (u) M/S Paul Johnson/Bob Ellis Add a third scholarship to be applied to a two year program. Amount to be determined by budget committee** Pres mentioned that the original \$100,000 set aside to fund the program through interest has lost value to \$72,000. Motion carried 16 in favor 2 against.

**Motion 11-15-10 (v) M/S Ritchie/Deborah. Reconsider Motion 11-15-10 (o) Take \$500,000 from reserves and apply it to next year's cost recovery..** Maker wanted other options than using the funds for cost recovery reduction to be discussed. The Secretary said if the Seiners needed money for a project or something very specific she would have supported using the reserves. But this year the seiners are looking at a big pink year, a normal chum return and decent prices. What is so exceptional? The Board is considering three new ideas, lower the reserves, investing for the long term etc. Then we spend a half million in 15 minutes. Treasurer questions how financially mature the organization really is. The reconsideration process was clarified. **Motion to reconsider passed 11 to 9.**

**Motion 11-15-10 (w) M/S Cheyne/Botso To postpone motion (o) to the spring meeting. Motion carried with 15 in favor and 4 against.**

**END**