

NSRAA Board of Director's ANNUAL Meeting Minutes
March 11-12th, 2015
Douglas Island Pink and Chum Board Room - Juneau, Alaska

Call to Order

The meeting was called to order by President Kevin McDougall at 9:00 AM, March 11, 2015 in Juneau.

Roll Call

Gillnetters present: Lars Stangeland, Dalton Bergman, Jr., Kevin McDougall, Mike Nilsen and Dan Pardee. Seiners present: John Barry, Mitch Eide, Sven Stroosma, Charles McCullough, and Justin Peeler. Trollers present: Zachary Olson, Carl Peterson for Eric Jordan, George Eliason, and Jim Moore. Other Board members present: Brian Massey-Sportfish, John Blankenship-Subsistence, Marlene Campbell-Municipality, Carl Johnson-Interested Person, Mike Forbush-Processor, Deborah Lyons-Crew Member, Wade Martin-Native Organization, Dave Moore-Interested Person, Will Bergman- Conservation and Karl Wolfe –Interested Person. Absent: Richie Davis – Troll

Establish Quorum

A quorum is established with greater than 8 (13 present) gear group Directors and greater than 5 (9 present) other Directors in attendance.

Announcement

Board members were requested to complete and return the annual Conflict of Interest statements.

Approve Agenda Changes were made to the agenda because some Board Members could only be present for one day. The President suggested that the agenda be amended and that the General Manager, Steve Reifentuhl and the Operations Manager Scott Wagner give their reports first, then move on to a summary discussion of the recent Board of Fisheries meeting in Sitka and then review and approval of the FY 2016 NSRAA budget. The Staff reports are shifted to later. **Motion 3-11-15(a) M/S Brian M. /George E., to approve the agenda as amended. MCWOO.** (The Motion - Carried Without Objection)

Introductions Board members introduced themselves and their affiliations. Members of the public and various agencies were also present and included: Norm Carson – Pelican, Ron Josephson – ADFG, Flip Pryor – ADFG, Lorraine Vercessi – ADFG, Mike Stopha – ADFG, Mike Pountney – NSRAA, Rebecca Olsen – NSRAA, Angie Bowers – NSRAA, Mike Chapman – Auke Bay, Paul Johnson – Gull Cove, Mary Ann Peterson – Sitka, Eric Prestegard – DIPAC, and Scott Wagner – NSRAA.

Announcements: Eric Prestegard the DIPAC Executive Director welcomed the Board to the beautiful facility in which the board was meeting, and said a tour of the “working hatchery” would be available at noon. The President thanked him for the efforts made by the DIPAC and others to host the meeting in Juneau.

Approve Minutes

The President noted one correction to the minutes. **Motion 3-5-15(b) M/S Brian/Marlene: To approve the corrected version of the minutes of the November 13-14th 2014 Board Meeting.** It was noted that there be a name change from Port Alexander to Port Armstrong. **MCWOO**

Election Committee report, Certify Election Results & Seat New Board members

Motion 3-11-15(c) M/S Brian M. / Dan Pardee: To approve the Election Committee report certifying the February 2015 election results and to seat the Board Members: At Large Gillnet

– Dalton Bergman, At-Large Gillnet – Kevin McDougall, Rural Troll – James Moore, Sitka Power Troll – George Eliason, At-Large Seine – Mitch Eide, Crew Member – Deborah Lyons. **MCWOO**

The President noted that this is Marlene Campbell's last meeting he thanked her for her contributions to the NSRAA Board over many years. Michael Harmon the Sitka Public Works Director has submitted a letter of interest. The President gave the Board the option of accepting his application now and informing him to be at the next meeting. The Board members had a brief discussion about qualifications and process. At the conclusion of the discussion Board members decided they wanted to ask other communities if they were interested and wait to hear back, and then appoint them as usual.

Election of Officers – President, Vice/President, Secretary/Treasurer

Motion 3/11/15(d) M/S Mitch/Sven Re-elect the existing slate of officers: President Kevin McDougall, Vice-President John Barry and Secretary-Treasurer Deborah Lyons. The President gave the Board members the opportunity to cast ballots if they wished but the Board members didn't think that was necessary. **Nominations were closed without objection and the officers were re-elected. MCWOO**

Committee Seats

The President said a gillnetter is needed to serve on the Executive Committee. He asked that input from the gear group on whom they would choose to serve be given to him sometime during the course of the Board meeting and said he will make the appointment later. The role of the Evaluation Committee was discussed and found to be no longer necessary since the Board has developed a process that is working well for the General Manager Evaluation.

General Manager's Report – Steve Reifenstuhl

Steve had prepared a ten page written Manager's Report for the Board. It included 2 pages of general comments and then comments specific to items on the agenda. He opened his remarks by acknowledging the presence of the ADFG PNP program staff in attendance and he complimented them for their years of professionalism in their dealings with NSRAA. Ron Josephson, ADFG Fisheries Biologist, is retiring after 40 years. Steve said, "It will be a huge loss.", and Steve hopes Ron can remain involved with the pink and chum wild and hatchery interactions study. (Mr. Josephson had prepared a two page summary of the study and it had been distributed to the Board.) Steve introduced Mary Alice Hamberg who has been hired to replace Jean Myer as NSRAA Office Manager. The Board was invited to the March 27th retirement party for both Jean and Roger Vallion at the Sitka Science Center.

Steve noted that since the last Board meeting in November that NSRAA has new programs already in the water. This is a remarkable achievement due to a lot of hard work and concentrated effort. Two new barges and a number of net pens have been manufactured and delivered. Young fish are already in the water at Crawfish Inlet - west of Sitka, and at South East Cove, near Kake. The common property fisheries will see adults returning within 3 years. This incredible demonstration of efficiency is due to NSRAA's exemplary staff. The staff saw net pens arrive one day, assembled them the next, and had the fish arrive to go into them pens within a day or two after. Steve used the term "Miraculous."

Steve told the Board that no internet service is available within the DIPAC building being used for the Board meeting. This was not anticipated, and one of the results is that the staff reports are not available on line to the Board Members. Written reports are in the Board books. Steve concluded his general comments and said he would speak to other specific items as they appear later on the agenda.

Announcement: The President informed the public that they are invited to comment during the meeting and asked that they raise hands to be recognized.

Operations Manager Report -Scott Wagner

Scott thanked the staff for the amount of work they do and then made very brief summaries on a number of topics. He gave a few details of getting the Crawfish Inlet project up and running. He made a trip to Campbell River to see the barge construction. The new anchors and barge were delivered last Saturday. Scott said, "Although we were short of our egg take goal last year, we got 35 more million chums into the water, and next year we plan to be able to take 50 million eggs for incubation." Scott, Mike Pountney and the Sitka building inspector did a complete Gunnuk Creek hatchery building inspection in February. There was successful chum incubation at Sawmill Creek hatchery, a new project. The SMC hatchery coho survived great. The longshoremen's strike threatened to delay the pen deliveries, but it worked out in the nick of time. Scott was able to get the Hidden Falls PAR for 30 million DIPAC chum at the RPT meeting. He described other permits that were approved. NSRAA is managing three grant-funded projects and the HF pipeline replacement is in progress.

Scott briefly touched on the HF Hydro repair, the HF Weir improvements and said the Medvejie grant-funded project was completed and closed out. Scott is overseeing the implementation of new policies to address issues with the Crawfish Inlet project which will be conducted in a very isolated location. The HF Manager position is still open and Carrington Gorman is filling in during the interim. Board members asked questions about safety, and suggested some press coverage of the new project.

Board of Fisheries review – Steve Reifenstuhl

Before beginning the Board of Fisheries Meeting discussion, Steve mentioned that he had invited our State legislative representatives and their staff to attend the NSRAA meeting, if possible. The DIPAC Board was also invited and Kevin said that Amy Jo would be attending on their behalf.

Steve said a positive outcome of the Sitka BoF meeting was that the Mist Cove and Kasnyku closure areas were upheld for NSRAA staff safety and working conditions and finally put into regulation. It was a relief to get these passed. NSRAA has been working to address these issues for years. Steve said the BoF meeting was a tough and an intense 10 days and was acrimonious. The President spoke briefly and said he knew most of the commercial permit holders on the Board were very aware of things that had occurred at the Board of Fisheries meeting but he wanted a chance to discuss the meeting for the benefit of the non gear group representatives who sit on the NSRAA Board. NSRAA and chum allocation issue was in the BoF meeting spotlight. Proposal #176 sought to change the Deep Inlet harvest schedule and to limit the time the net groups fished there and to increase the amount of time for the trollers to fish there, as a means for increasing the troll share of benefits from the production of hatchery produced fish. The Vice President said that taking on the cost and responsibility for the new projects that were offered instead of #176 as part of a compromise solution were done by the NSRAA Board and staff with an understanding of good faith on the part of the other fishing group (the chum trollers). However, he thought good faith was not universally demonstrated by that group of fishermen. He is bitter about what happened at the meeting and feels the deal was broken and he fully expects the chum trollers to come back in three years with more demands. Another seiner said he is tired of fighting about the issue. Because the Regional Plan Team will meet in April, he is going to suggest review of the allocation plan. He feels the Seiners have endured a serious threat to their existing fisheries and that a long term solution is needed to put the problem to rest. Other Board members spoke and some members of the public also spoke.

Mary Anne Peterson, the wife of the chum troller sitting in for Eric Jordan at the NSRAA meeting, said the Board of Fisheries meeting was contentious and that Steve, as the representative of NSRAA, had to deal with some negative perceptions of NSRAA and its programs ("Steve took a hit."). Ms. Peterson made the comment that people don't seem to know how to really listen and then talk to each other. She said, "Mitch is right. We need to talk to each other and understand where the

other group is coming from.” The President talked about the efforts that went into developing the Crawfish Inlet project in order to address the troll allocation imbalance and how difficult it was trying to make a deal with a diverse group of fishermen. The Secretary\Treasurer of the NSRAA Board said she had attended the meeting and heard a lot of hatchery-bashing and inaccurate statements about how the chum programs negatively affect the herring, etc. She observed that the General Manager was able to set the record straight for the BoF members, during the course of the meeting, but at the time the inaccurate comments were expressed they went unchallenged. She also did not appreciate the characterization of the NSRAA Board as two wolves (the net groups) and a sheep (the trollers). She said it was her thought that, at the end of the day, the Board of Fisheries is depending on NSRAA to continue to act in a reasonable manner and to do what the organization can to address a very difficult issue of chum salmon production and allocation, under the guidance of the Allocation Plan. A Board member suggested that NSRAA allocate some funds and invest in some public relations and telling our story better. Steve responded that he has spoken with Lisa Busch at the Science Center about hiring a person, or intern, who could do fish stories for the radio and newspapers. A NSRAA Board member clarified the record; and stated that the entire Alaska Trollers Association Board of Directors and all the troll representatives on the NSRAA Board opposed BoF Proposal #176. A troller on the NSRAA Board said “Let’s move forward with no grudges and give things a chance to settle and let the projects come on line before acting rashly.” He recommended a year for things to settle and more exploration for the sorts of assurances that are needed. He spoke about how much he had personally learned by engaging in discussion with the net groups. After he spoke several of the net fishermen thanked him for his efforts, his consistency and reliability. Another troller appreciated the willingness of the NSRAA Board net fishermen to move forward with troll chum projects. The President made a concluding statement that “Proposal #176 got its day in court. A decision has been made not to support it. What remains is for the NSRAA organization to do what we said we were going do, move forward, and see how things play out.”

The General Manager spoke to a different Board of Fisheries proposal to shut Chatham Straits fisheries to protect sockeye. As a result of talks between the Seiners and Kootznoowoo, Inc., to change the start dates of the pink fishery, the extra-territorial jurisdiction petition may be withdrawn.

Coffee Break 10:15

2015 NSRAA Budget – General Manager - Steve Reifenstuhl - Board book Section 10 page102

Steve referred the Board members to the Budget worksheet from the Board book and also had an overhead table available in PowerPoint for the Board to follow. He explained the income projections to the Board line-by-line. The Enhancement Tax estimate from Department of Commerce is \$1.8 million dollars. The 2014 income figures are known at the time the budget is developed and are applied to forward funding for a total of \$1.5 M which is derived from coho sales and other revenues such as rental income, investment earnings, roe sales, incidental species, and carcass sales. The Northern Southeast account represents the revenue to be donated by (DIPAC) of \$2 million dollars for FY 16. The 2015 Crawfish Operational loan of \$375,000 was added in. \$1.1M will come from unrestricted reserves. The SET tax refund and some leftover DIPAC funds and SET tax came in at \$3.6 million. Total Income is projected to be at \$7.5 million. The Operational budget is projected to be \$7,137,536 and the Capital budget is \$398,300. Total is approximately \$7.5 million.

Deborah summarized the budget committee meeting. It was attended by Steve, Deborah, Mitch, Zach, Dan and Kevin. A discussion began in the budget committee about whether the Haines project should be eliminated and that item is now brought to the Board for discussion. A Board member asked a question about the fish food price.

The President said, “Let’s decide what to do about the Haines project first. The budgeted amount for Haines is \$45,061. Staff evaluations of the program don’t promise much in the way of a harvestable return of fish produced through the program.” On the management side, ADFG will not allow NSRAA to increase production without otolith marking every fish, which must be done in winter, at a remote site. This would be prohibitively expensive. ADFG is not disposed to provide for

more fishing time, which results in NSRAA producing fish that there is no opportunity to fish on because of the possible impacts to other stocks of concern.

M/S Mitch/George: To remove the Haines program funding from the budget. (\$45,061)

The Board discussed the proposed action. The spawning channels at Herman Creek and 24-Mile will still continue. The Haines gillnet fleet will be unhappy, because they are not here to understand the rationale for the decision. NSRAA is estimating 1% survival on a 36,000 fish return. NSRAA should anticipate maintenance of the channels every ten years (appx. cost \$10,000). Herman Creek may be expanded again in size. With \$500,000 NSRAA should be able to build two more successful channels. Two other channels NSRAA developed in the past didn't work out so well. The Herman Creek and 24-Mile spawning channels will continue and perhaps the Board could put the \$50,000 towards other channels/stream enhancement projects. The President thought that the NSRAA Board has always funded good projects and that setting aside funds in advance can become problematic. A board member referred to page 104 of the Board book and asked about the Cost Benefit ratio and levels of releases. Staff indicated that the 1% marine survival is not an indicator of a sustainable project. **The motion to de-fund the Haines project carried on a roll call vote with 14 yes and 9 opposed.**

Motion 3/11/15 (n) M/S George/Brian Massey To approve the FY 2016 NSRAA operation expense budget of \$7,092,475 and a capital expense budget of \$398,300. The total is \$7,490,775. A Seiner asked to place an inflation proofing of the budget on the agenda for discussion at the next Board meeting. The action of eliminating the Haines project does not eliminate a staff position and makes current staff more efficient. **The motion carried unanimously on a roll call vote.**

The Board moved on to a discussion of the value of the Haines property which is estimated at \$100,000. Some Board members said, "Let's evaluate more and look for a possible other project." Steve spoke to how long NSRAA has been present in Haines searching for viable projects, since 1983. The large wild stock returns on Chilkat and Chilkoot rivers make enhancement projects difficult in that area because enhanced returns are generally isolated from wild stock returns according to ADFG policy. Steve thought spawning channels and incubation boxes have been developed to the maximum extent possible. A seiner said, "Just like Haines desires a local project, the Petersburg guys have always wanted a project close to home, but it has never worked out for Petersburg." Another person pointed out the Haines project only serves one gear group, not all three. "It is not like NSRAA has not tried. NSRAA has supported the north end gillnet fleet through the way NSRAA has supported DIPAC." Another person advocated for development of more spawning channels. The President said "For right now, whether to sell NSRAA property is not a decision we need to make today, given the comments of some of the Board members." The issue of run timing between the enhanced chums and wild coho was discussed. NSRAA has grant funds for chum enhancement that must be spent by 2017. A member of ADFG staff commended NSRAA for how hard they have tried to provide an enhancement project in the area over the years and agreed the area is problematic.

Gunnuk Creek Hatchery Inspection 2015 - Steve Reifentstuhl

Steve summarized information from the General Manager's report and Scott showed some slides of the condition of the facility near Kake. Although the NSRAA Board had asked for an appraisal, the State of AK Department of Commerce did not agree to have one done because they had another valuation in mind, \$3.5 million dollars. NSRAA staff estimate that the organization would have to invest \$2.5 million to become operational there. Over time, as no agreement could be reached with Commerce, it became apparent that the facility was not being maintained. Water damage has occurred and there are mold issues. Last year, the place was boarded up and the water turned off. The pipeline has ruptured. Originally NSRAA could have operated with what was there. Now the facility is uninhabitable. NSRAA does have fish culture taking place at nearby SE Cove. New pens and a barge are in place. A Board member asked, "When do we make the decision to just move on from this project?" The Board discussed making a new offer, more in line with current value, now

that the property has become an even larger liability. The GM said, "If we get this project, it will be the hardest and most difficult rearing site that we have ever faced because of the water circulation demands and other issues. A dollar value is still being developed to assess the damage. Part of the \$2.5 M estimate to get going there, was to replace the pipeline. That was already figured in. But now we have lost the value of the valve, an unplanned additional expense. The real cost is the housing." The Board continued to discuss the pros and cons.

Motion 3/11/15 (o) M/S Mitch/George: To authorize the General Manager to make an offer on Gunnuk Creek Hatchery for \$900,000, inclusive of the money NSRAA has already spent. (Approximately \$900,000) The General Manager will supply whatever additional explanatory information he feels appropriate to Department of Commerce with the offer. **The motion carried with 21 in favor and 2 against on a roll call vote.**

Noon: Break for catered lunch 1 hour. 1:10 return from lunch

Scott Wagner the Operations Manager took up the agenda after the lunch break and informed the Board that: "The written facility reports are all in the Board book and will be given this afternoon in a shortened summary style. The maintenance topics will be reported as a group at the end by Mike Pountney, instead of the individual hatchery managers"

Hidden Falls Hatchery Presentation by Scott Wagner for Carrington Gorman, Assistant Manager

Scott summarized the status of the chum, chinook and coho being raised at Hidden Falls. Some of the outstanding points from his report were that the warm water temperature was accelerating growth. The One hundred and eleven million (111.1 M) chum fry in incubation is the largest number ever. In past years BKD and vibrio have been problematic. Staff has responded with cleaner incubators, more drugs and a later saltwater entry date. So far this year the incubations have been very clean for all species with low mortalities. Saltwater mortality for chinook is also very low. Coho are the largest size to date. The USFS is still taking comments on the permit for Hidden Falls and are slowly moving forward with the renewal of the Special Use Permit

Coho Lake Rearing Woody Cyr

1.37 M coho fingerlings were released from their nets into Deer Lake on 11th January. The other half over-wintered in net pens. The released component entered the lake just after turnover. The new larger outboard motor that was bought for the project and a favorable east wind allowed the staff to tow the pens back towards the head of the lake and place them in four different locations. 1.4 M coho fingerlings overwintered in submerged pens. During the winter, an otter chewed a hole in one of the net pens and released about 150,000 coho into the lake but they will emigrate with the other lake fish next January. Although weight loss occurred (15%) over winter, they are gaining weight and on track for 25 gram release size. A big rainfall event of 16 inches recorded at Little Port Walter caused some problems. Lake water levels came up. It affected the docks but staff recovered. The wireless camera is helping with remote observations of conditions there and was a good investment. The frequent fly-in trips to monitor the site are helping too. The weir will be installed on schedule since snow is not an issue this year. Woody is looking forward to pumping out the net pens for the forced emigration and letting the Cohoes begin their journey out to sea.

Medvejie Angie Bowers – Medvejie Hatchery Manager

Angie gave an overview of releases on the Sitka side of Baranof Island. The Medvejie chum are maturing at a rate two weeks ahead of last year, the earliest ever, they will be almost 6 grams in size by Friday. The warm water is encouraging mold in the incubation water at Bear Cove. Some losses occurred, about 1,2 M. Staff is responding with more frequent cleaning. The Deep Inlet transfers went great, the 4.0 gram fish went in on 4th and 5th of February. Four more brand new net pens were built the night before delivery of the 9 million chum increase. At Deep Inlet everything is good, not a lot of wind this year and that makes it easy to feed the young chum fry. Trycophyra, a protozoan that attaches to the gills of the Chinook, usually happens in September. We have had trouble with this in

Green Lake so the chinook program there has been revised in response. We are still having problems with this even in saltwater. 60% of the fish that came down from Green Lake were lost to BKD. We have developed new rearing sites, we are stocking the pens at lower densities, and we are now using underwater cameras and have switched to a larger mesh size to improve water circulation in the pens. Later staff will add 800,000 chinook but they will not go up to the lake in order to avoid those problems. Staff are trying to keep the chinook release at the same size. The Coho are doing great. They grow well and are doing well. A Board member asked if NSRAA would have to stop using Green Lake. Angie said she hoped not. Steve briefly discussed City policies for allowing water to spill or not spill from Green Lake and how that may or may not affect the fish. Steve said staff is still experimenting to see if Green Lake is a viable site.

Rebecca Olsen-Sawmill Creek Hatchery Manager

Rebecca began her presentation with a slide showing the SMC hatchery temperature graph. It is averaging 2 degrees warmer than the previous three years. For the first incubation of chum for Crawfish there were a lot of unknowns but things went smoothly. There was a little sediment that settled from the water, but the incubators were kept clean and very little mortality during incubation. The hatch took two weeks, no problems, at a temperature of 7.5 degrees Celsius which made fungus growth a bit of a concern. Staff worked very hard to keep the incubators clean. Because of the temps, instead of ponding in late March they ponded on Feb 18th and they used the ponding box for Medvejie. This crowded the project onto other activities. To adapt, they pumped fish around into the raceways. Fish were delivered by boat out to Crawfish Inlet. There are now 13.5 million Chums growing really well on site and the new barge has arrived. There are no ice problems at Crawfish Inlet. NSRAA has invested in a Delorme In-Reach texting device and satellite phone to assure communications with the staff on site at Crawfish. Kinks with the barge are being worked out. The living quarters provided in the barge are nice, even a washer and dryer. The BY13 Deep Inlet coho transfers happened by truck a week after last November's Board meeting with very minimal loss. Currently there are 959,000 fish on site 17.6 grams. The size goal is 22 grams for saltwater entry. There are 828,800 BY 14 Coho incubating: the original date for release was April 15 and is now pushed up to March 20th. This works well this year because the chum salmon are out of the way in the warehouse, but we have to work around the chum and coho maturation-to-ponding timing in the future. Four more round pounds are to be installed in May for coho at the SMC site, so the expanded amount of chums can get ponded into the raceways. Scott Wagner explained how the ponding box works. The entire incubator is dumped into the box, the substrate falls out and the salmon fry are gently washed out. Board members asked about the timing of ponding at SMC compared to Medvejie. Steve explained the sequence based on the egg takes. A question about size of the coho release, size of egg take and status of PAR. A modification of the Management Plan will be undertaken with ADFG. Eric Prestegard DIPAC said this technique is being used today at DIPAC if the Board would like to see that. The President invited Board members, again to take advantage of the opportunity to look around the DIPAC facility.

Mike Pountney - Maintenance Supervisor

NSRAA Operations Manager Scott Wagner has restructured the staff organizational chart and Mike Pountney is now the Maintenance Manager and supervises and coordinates the four other maintenance staff positions for the NSRAA projects. Steve said Mike had invented and built the ponding box system. He is also responsible for development of NSRAA's systems of remote cameras and alarms to monitor hatchery and rearing conditions.

Mike showed the Board a PowerPoint Presentation. He has been working at NSRAA for twenty years and this is his first time before the Board. He showed the new incubation storage building built at Hidden Falls this winter to support the SE Cove project. CBC Construction Company's efforts to install the building were overseen by Jason Dagenhart the NSRAA Maintenance Supervisor. They made good use of the use Hidden Falls construction equipment. Putting the 50x50x20 building up in just four months at a remote site during the winter was an amazing accomplishment made possible by the mild winter weather and hard work. The warehouse will protect the incubators from the weather when they are not in use. He showed the new Mezzanine storage areas inside main

building which have now been brought up to code. Upcoming projects: pipeline upgrades are scheduled for this Spring. The old high pressure line will be replaced and a new vault and PRV will be installed to reduce the pressure. Staff will make manifolds for the previously installed PRV's delivering water to the round pounds. Temperatures can then be controlled and a tee installed on the end lets staff open up the pipeline and get freshwater flowing to the lagoon. He described a new tap for the new hydro for Hidden Falls. A smaller 80 KW hydro is planned. Main taps have to be in by June. They are grant-funded. Mike showed a photo is the problems with the weir. Options for improvement are being developed.

SMC Hatchery / Blue Lake dam project: The pumps installed by the CBS are not as advertised and NSRAA is using their own PRV. Staff is setting up an alarm system to avoid wastage of water now, and in the design and planning stage. Staff are also going to put a wireless video feed to monitor the wet well and the 80 KW backup generator will start automatically if it needs to, keep water levels up. The coho start tank room was turned into a chum incubation room for Crawfish Inlet. The new drain installed last year worked perfectly. Staff mobilized for the move out to Crawfish Inlet in eight days! "A miracle." They loaded the American Patriot with absolutely everything. The new crew transport boat will provide transportation out to Crawfish Inlet. They found a great boat online at a very good price and it can be used for other projects. They completely rebuilt a skiff for use at Crawfish. Together, they got the two new boats for \$90,000.

Medveje Maintenance: They had to modify the Chinook building and split it in half to increase the chum production. They found a new crane and fixed the outmigration building. Preventive maintenance work is all done. The staff is starting with the North Fork weir replacement. They will install galvanized I-beams and steel I-beams to make the weir more durable. This will be done by July 1 by hatchery crew and Troy Bayne. Staff is adding another pipeline to supply the four adult Medveje raceways. This will spare more water for the incubation room.

Steve asked Mike to review the development and implementation of safety programs for the staff. All sea-going staff are schooled in boating safety. Equipment safety is taught, and staff does not allow new employees to use forklifts and other equipment until they are competent and have received OSHA forklift and safety training. Shop safety training occurs. Staff does quarterly reports for the workman's compensation insurance. NSRAA has a low rate of safety incidences. The employees are physically fit.

In response to questions about the City water supply at SMC hatchery. NSRAA is not charged for the first 10 c/f/s. And this must be negotiated again next year with CBS. NSRAA works cooperatively on electrical and water issues with CBS.

At Steve's request, Scott described the dive policy, boat safety and travel policies. Each hatchery site has defined areas where skiffs can and cannot go, and all operators are trained. The Board complimented Mike on his presentation and Scott said, "This concludes the reports from the staff."

2:50 PM return from break

Alternates/substitute for Board member absence – Voting status review

A Board member had asked that this item be brought to the Board for discussion. The idea was to add a new item to the bylaws and provided for election of an alternate Board member that would be available to attend Board meetings for each gear group. Current Board Bylaws and NSRAA's attorney's interpretation is that; because the gear group members are elected, they are the ones who must cast their votes and an alternate, who is not elected, can attend the meeting in a member's place but is not allowed to vote. The Board members had been provided the attorney's opinion by William T. Council of February 19, 1998. The opinion cited Alaska State Non-Profit Corporation Act, Roberts Rules of Order and other sources as the basis for the opinion. Board members discussed the idea and said NSRAA would have to change by-laws, and find a sixth person (possible the second vote-getter). Someone asked, "Where does it stop? Now we need five, now we need six." A Board member said, "We've made it this far. Show up for meetings." Steve said

information was provided to educate the Board about this policy. The Secretary/Treasurer said she thought the background and discussion was useful, especially for the newer Board members and her opinion the system was working as designed. The President said, "If there is no more discussion, let's move on with the agenda."

Eric Prestegard DIPAC General Manager

In contrast to NSRAA Board the DIPAC Board currently allows proxies. Their original intent was to assure a quorum is present. The DIPAC committee is now proposing doing away with proxies. Eric distributed a letter from USAG about the DIPAC decision to fund NSRAA and SSRAA proposals only for the distribution of their unencumbered funds. This policy is in keeping with Statute 16.10.450 defining what can be done with revenue derived from cost recovery. The letter from USAG is complimenting DIPAC for reducing cost recovery. DIPAC has received proposals for funding from their Norther Southeast Fund from NSRAA and SSRAA. If there is only \$3 million to distribute, as there is this year, there is not enough money to go down the policy priority list to grantees other than NSRAA and SSRAA, but this may happen in other years. The President mentioned the timing of the notice of the award of funds to NSRAA is problematic. NSRAA has to let the Dept of Revenue know about the amount for the HF assessment for the year and both figures are not in hand at the same time. Eric is working with his DIPAC Board to help them understand the issue, and the amount of revenue available for distribution for next year will also be smaller. Eric said a letter describing the NSRAA budgeting process could be helpful towards increasing his Board's understanding of the issue. The President thanked Eric for his cooperation and his leadership. Amy Jo, the President of the DIPAC Board arrived at the meeting. She was welcomed and was given a seat at the Board table.

Deep Inlet Harvest Plan – Board discussion

Motion 3/11/15 (p) M/S Mitch/Dan Pardee; To continue with the same harvest plan at Deep Inlet as in 2014, including the same troll timing (after any type of closure for broodstock) and the seine/gillnet hours. Given the emotions still remaining from the Board of Fisheries meeting, the suggestion to remain with the status quo was favorably received by most of the Board. "This schedule worked last year and should again." The statement was also made that; "Cooler heads have prevailed." The harvest plan has three components. May-June, June-July period, the 2:1 and the third week of July, the 1:1. The motion carried with 22 in favor and 1 opposed.

NSRAA Visioning Session - Looking to the Future– Steve Reifentuhl

Steve showed the Board a slide that outlined NSRAA's future projected budget and production values. The Board first saw this information a year ago at the meeting in Petersburg. The figures have been revised to show the addition of the Crawfish Inlet and Southeast Cove chum programs to show what NSRAA will look like in 2030. The 2030 budget will be \$10.8 million dollars. At that time chum salmon releases will have risen to 277 million, up 150% from 2014. Chinook will remain stable at 4.5 million smolt and coho at 7.6 million. Total catch value is projected to be \$44 million dollars. \$35 million of that is the value of the commercial catch, primary chum, and the rest is cost recovery. Approximate value by specie might be Chum, \$37 M (at .60 cents), Chinook \$4.2 M and Coho \$3.8 M. Cost recovery would be \$8.4 million and the balance would be from the SET tax.

Coho project development summary: Smolts are increasing by 210 % from FY 2010 levels: Releases are increasing to 2 M smolts at SMC, 2.5 M at Deer Lake, and 3.4 M coho smolt at Hidden Falls:

Chinook: Green Lake standards are planned to increase from 1 M to 1.5 M, if we can resolve the issues there. The overall chinook release goal is up 33%.

Steve said, "Chum is the big driver. We started at 77 million eggs for Deep Inlet and the new goal is 86 million eggs with a 78 million fry production. This is a 9 million egg increase or over 212,000 additional adult fish and increase of \$1 million in value for the commercial catch.

For SE Cove production we started at 10 million eggs, we are now at 15 M and will raise all those to 4.0 gram fish to increase marine survival because we got less eggs than anticipated last year. The budget was developed for 35 million egg take goal, we only took 20 million, so the surplus funding

gives us enough to pay for more fish food for the 20 M 4.0 fish. The combined Chum production is up 194% from 2010 levels, and the release goal is 67% of the long term goal. Crawfish is permitted at 30 million and SE Cove at 55 million and we are not there yet, but building into those levels. We are in the early stage of our plan, with production increasing, but not seeing the returns yet." Steve reviewed the increases in operational and capital costs and the status of the loans involved. He also touched on some cost benefit information. Board members discussed the survival rates and fish prices that the staff used for the assumptions.

Harvest and Cost Recovery Plans – Hidden Falls Tax Assessment

Steve explained that the 2016 Hidden Falls Tax Assessment is built on a rate of 10 cents per pound, based on 60 cent per pound chums, or 16%. The big pink salmon year that is anticipated should build up the account and allow for a lower percentage to be paid the following year. A Resolution needs to be prepared and adopted by the Board to approve the rate. This is part of the annual process with the Department of Revenue.

Motion 3/11/15 (q) M/S John Barry/Mitch Eide: "The NSRAA Board of Directors requests the Department of Revenue to implement the Hidden Falls Tax Assessment for the 2015 fishing season at a flat rate of \$0.10/lb based on NSRAA's FY '16 budget and projected income." It was explained that this flat rate will provide for a balanced budget and will contribute to build the Hidden Falls contingency account. The General Manager will provide exact figures to Revenue along with the Board Resolution. The Board discussed why generating some addition revenue is considered necessary by the Board. The General Manager said, "Part of the explanation for why the Board wishes to generate some funding into the contingency portion of the account is that NSRAA is making projections based on a forecasted return, which introduces uncertainty into the equation. Last year the run did not meet the forecast but the expenses did not change and had to be paid for." A Board member said, "It is prudent fiduciary management to plan for and anticipate possible shortfalls. This is especially important because as commercial fishermen we are aware of how Mother Nature can be very generous one year and far more moderate the next." Another person said, "The (implementation) goal of the tax assessment is to create a fund that will allow a consistent annual rate that is paid by the average fisherman. This will allow them to anticipate this expense when planning their season." The Vice-President said, "A fund that can provide for a consistent rate will smooth the swings in revenue generated by the fluctuations of the value of the large-year and small-year returns." **The motion carried unanimously on a roll call vote.**

The Board briefly discussed what would happen if the anticipated funding from DIPAC does not come through. Steve described how he would go out for cost recovery for \$1.3 million dollars. The decision will be made by the DIPAC Board April 4th. Steve would have time to email the Board and get the cost recovery bid (RFP) documents to the processors.

Steve explained that this year's chinook bid documents still need to go out for Medvejie and that Coho at Mist Cove and Hidden Falls are covered under the current multi-year agreement with Trident. Steve said, "Trident has been great and they have a gillnet harvest boat that is doing an excellent job at Mist Cove with mopping up the coho there." Formerly the staff was trying to do this and it was difficult for them.

Because there is time remaining, the President moved into the remaining agenda items scheduled for the morning of March 12th.

Reserve accounts and financial snapshot – Steve Reifenstuhl

Steve gave his regular report to the Board. The details were shown on an overhead slide and contained in his written report to the Board. As of January 31, 2015 NSRAA Total liquid assets are \$13,481 M. To get an idea of funding available, it is necessary to subtract the \$2.5 M needed to balance the budget for the current fiscal year. As of June 31, 2015 the total remaining liquid assets are \$10,981,423. The \$656,000 loan repayment for new roof at Medvejie and other capital

improvements is due into the escrow account. The HF tax assessment is \$405,000. The Board-designated Operational and Capital reserves are \$7.5 M. Assets earmarked for forward funding of next year's budget equal \$3.270 M. The SET tax estimate is \$1,856.8 M. When all these commitments are taken into account, \$1,007,130 in discretionary, or uncommitted funding remains. If NSRAA fails to generate revenue on account of a failure of chinook to return and be taken cost recovery (example), we will not meet our income generation goals. This uncertainty is a fact of life for NSRAA."

Steve briefly reviewed the NSRAA Board Asset Allocation policy and reported that the investments are very close to the ranges designated. 53% Liquid Short Term (50-56%), 24% Fixed Income (20-40%) and 23% Equities (10-20%).

Steve reviewed the loan repayment schedule. \$656,000 is due in '17 for Medvejie roof. \$1.1 M is due '21 for the SE Cove chum project. \$1.9M is due in '21 for Crawfish chum project. \$750,000 is due in '21 for operational expense. Total loans outstanding = \$4,406,000

Steve distributed a current balance sheet to the Board which was presented in QuickBooks format by Mary Alice Hamberg, the new Office Manager and by Chip Blair, the NSRAA Data Analyst. This balance sheet is a bit easier for the Board members to understand and will be in the Board book from now on. The conversion to QuickBooks is another result of the NSRAA General Manager's efforts to create financial transparency.

General Manager Evaluation Results

"The evaluation process from the Fall November 2014 meeting went very well." said President McDougall. There was interest expressed by Board members to better understand the safety programs in place for the organization staff. The President characterized the tone of the evaluation comments submitted by the Board members as, "A glowing review." The President thinks the evaluation process is working well and allows for give-and-take of ideas between the Board and the General Manager. He reiterated that the Board members should take responsibility for making sure their concerns, if any, are aired through the evaluation process. He also said he is always personally available, any time that a Board member has a question or a concern they would like addressed. The General Manager thanked the Board for their many supportive comments. A seiner spoke on behalf of the Board telling the General Manager how much his excellent work is appreciated on behalf of NSRAA and the commercial fishing industry.

Chinook Futures Coalition – Deborah Lyons

Deborah gave an update of the efforts of the CFC to ask NMFS to review the status of Snake River Fall Chinook under the Endangered Species Act., These fish are caught in the SE Troll fishery, and one year their presence forced a preemptory closure of the fishery and the loss of fishing opportunity on every other healthy stock that was present. Howard Pendell is the President of CFC. He is on the Northern Panel of the Pacific Salmon Commission representing the troll fleet. A couple years ago he asked NSRAA to help fund and investigation into whether SRFC should be removed as a threatened species. Because of the Nez Perce hatchery success and multiple efforts by many agencies, the fish have been returning at record levels in the 30-50,000 fish range past Lower Granite dam on the Columbia River. The NSRAA Board agreed to fund the initial investigation by Dr. Bernard. Later DIPAC donated funds to CFC. Howard hired Deborah as Executive Director and with the aid of some other consultants; CFC has petitioned NMFS to delist this species. The NMFS has now opened a five-year review of all the listed stocks on the Columbia and have not yet responded directly to the petition. This five year review may involve a longer process than a simple ESA decision would have. CFC also worked with the SE Conference to support ADF&G and increased access to Chinook through the US Salmon Treaty process. There have been huge returns of Chinook going down the coast these past three years and trollers have been denied access to fishing on them in any meaningful amount. A seiner who is also on the Northern Panel said he supported the CFC effort, although he thought it was "A long shot." He asked if there are any clear

criteria for recovery. Deborah said there are population projections for sustainable returns of the wild component but NMFS is not counting the presence of the hatchery returns even though they are part of the designated ESU. That is one of the points raised in the petition. She also said CFC was very concerned that de-listing **not** result in a change to the water regimes that are so helpful to the survival of these fish. CFC's research concluded those regimes are dictated by other Federal programs required of the dams and ACOE. A seiner said the attitude towards Alaska at US.-Canada and by the NMFS and the other Treaty parties is extremely hostile and they do not acknowledge the Alaska fisheries' histories or contributions in rebuilding these runs, or the State's right to harvest them.

Benefit Cost Analysis-Steve Reifentuhl

The Board reviewed the detailed information on pages 101-102 the Board book. The Benefit: Cost update for 2015 is 7.3 to 1 according to the table presented. Simply stated: The Benefit: Cost ratio is what fishermen are getting in value of the fisheries compared to what the organization production costs have been. Over the years NSRAA has continually improved the way these numbers are calculated to try to give the public the most accurate comparison. NSRAA calculates B:C to just fishermen and B:C to fishermen including cost recovery. Steve reviewed how this ratio has varied from year to year and program to program. Chinook are the most costly to produce and have lowest harvest rate due to the restrictions on troll harvest. Their presence in the inside waters allows for all the spring fisheries which are very valuable to the troll fleet. A Board member said he has grown used to the gross conclusion that what has been paid in has given a tremendous return, but he did find the supporting detail very useful in comparing historical costs of the production programs.

NSRAA Scholarship Program

Steve has developed a draft document titled: "NSRAA Merit/Award/Fellowship Policy and Guidelines 2015 - 1 Draft" The board discussed the policy and made suggestions and asked questions. The goal of the policy is to facilitate, train and encourage highly qualified fisheries and credentialed people for employment in NSRAA positions. \$5,000 per year would be budgeted but is not mandated to be spent each year. Steve has tried to develop this program based on previous Board discussion. The Board wanted to work with the UA Fish Tech program. There are several levels of training offered from a Tech Certificate on through AA and BA degrees. Board members recommended more of a panel review to select applicants with final approval by Steve. The Board members asked to be given more time to review and formulate the policy with Steve and to take it up again at a later date.

Draft Broodstock Policy-Section 3 page 48

Steve discussed the policy and priorities for broodstock with the Board. Development of the policy was requested to clarify how the General Manager is making broodstock decisions. It lays out priorities for broodstock collection for "core programs" and explains how eggs are allocated to programs in years when egg take shortages occur. This policy is a lengthy clarification of a policy already adopted by the Board at the Fall 2014 Meeting Minutes on Page 29 of the Board book.

Motion 3/11/15 (r) M/S Wade Martin/Karl Wolfe: To adopt Broodstock Policy 2014-1 as amended, and as presented by the General Manager. After Board discussion the decision was made that the motion be withdrawn and placed on the agenda for the Fall Board meeting.

United Fishermen of Alaska – Steve Reifentuhl

A topic discussed at UFA is that the State Legislature is discussing taking hatcheries off the books as owned by the State and putting them into the ownership of the Aquaculture Associations. The General Manager thinks this is a mistake for reasons mentioned in the Manager's report and is working with UFA to help the Legislature understand why. The State is just looking at this as a cost saving issue and a way to avoid deferred maintenance. But the impact of their actions would have many ramifications far beyond fiscal, that would ultimately hurt the State and the Aquaculture programs. ADFG and the State will lose their tie and working relationship with NSRAA. The historical

loss of the FRED division from ADFG caused problems because losing this division lost the Department's relationship to the programs. Now NSRAA and others have recreated a strong tie with the PNP division. These personnel have helped coordinate a State response to issues like MSC, hatchery-bashing, hatchery-wild stock interactions and science. If the Hidden Falls hatchery was transferred to NSRAA, NSRAA would incur the liability required in the US Forest Service permit. The original agreement states that, if ever abandoned, the area "Has to be returned to original state." The USFS regards the State's legal standing for Special Use Permits as much more compelling than the standing of an Aquaculture Association. A change in ownership status could threaten the future of some of our programs. The Board members are still working on 100% membership in UFA by all the gear group representatives. Almost everyone is current on their membership. The President thanked Steve for his report and stated, "This concludes our Board business with the exception of setting the next meeting date."

The next meeting date is set for November 12/13 2015 in Sitka. The Board discussed the efficiency of the meetings and would like to complete business in two days. The meetings have been running shorter partially because of the interim seasonal report information supplied by the General Manager and his much-appreciated efforts to produce a written report to the Board

The President took a moment to thank Marlene Campbell for her years of service representing Municipalities on the Board and the Board members chimed in with appreciative comments and a round of applause.

Motion 3/11/15 (s) M/S Brian/Carl Johnson: To adjourn the 2015 Spring NSRAA Board Meeting.

Meeting minutes submitted by:

Deborah A. Lyons
NSRAA Secretary/Treasurer

NSRAA Board of Director's Annual Meeting Minutes ~ SPRING 2015

March 11th-12th Douglas Island Pink and Chum - Juneau

SUMMARY OF ACTIONS – Full discussion of each item is in the body of the minutes.

Approve Agenda

Motion 3-11-15(a) M/S Brian M./George E., to approve the agenda as amended. MCWOO.

Approve Minutes

Motion 3-5-15(b) M/S Brian/Marlene: To approve the corrected version of the minutes of the November 13-14th 2015 Board Meeting. MCWOO

Election Committee report, Certify Election Results & Seat New Board members

Motion 3-11-15(c) M/S Brian M. / Dan Pardee: To approve the Election Committee report certifying the February 2015 election results and to seat the Board Members: MCWOO

Election of Officers – President, Vice/President, Secretary/Treasurer

Motion 3/11/15(d) M/S Mitch/Sven Re-elect the existing slate of officers: President Kevin McDougall, Vice-President John Barry and Secretary-Treasurer Deborah Lyons. Nominations were closed without objection and the officers were re-elected. MCWOO

2015 NSRAA Budget – General Manager - Steve Reifenstuhl - Board book Section 10 page102

Motion 3/11/15(e) M/S Mitch/George: To remove the Haines program funding from the budget. (\$45,061) The motion to de-fund the Haines project carried on a roll call vote with 14 yes and 9 opposed.

Motion 3/11/15(f) M/S George/Brian Massey To approve the FY 2016 NSRAA operation expense budget of \$7,092,475 and a capital expense budget of \$398,300. The total is \$7,490,775. The motion carried unanimously on a roll call vote.

Gunnuk Creek Hatchery Inspection 2015 - Steve Reifenstuhl

Motion 3/11/15(g) M/S Mitch/George: To authorize the General Manager to make an offer on Gunnuk Creek Hatchery for \$900,000, inclusive of the money NSRAA has already spent. (Approximately \$900,000) The motion carried with 21 in favor and 2 against on a roll call vote.

Deep Inlet Harvest Plan – Board discussion

Motion 3/11/15(h) M/S Mitch/Dan Pardee continue with the same harvest plan at Deep Inlet as in 2014, including the same troll timing (after any type of closure for broodstock) and the seine/gillnet hours. The motion carried with 22 in favor and 1 opposed.

Harvest and Cost Recovery Plans – Hidden Falls Tax Assessment

Motion 3/11/15(i) M/S John Barry/Mitch Eide: “The NSRAA Board of Directors requests the Department of Revenue to implement the Hidden Falls Tax Assessment for the 2015 fishing season at a flat rate of \$0.10/lb based on NSRAA’s FY ’16 budget and projected income.” The motion carried unanimously on a roll call vote.

Draft Broodstock Policy-Section 3 page 48

Motion 3/11/15 (r) M/S Wade Martin/Karl Wolfe: The motion was withdrawn.

3/11/15 (s) M/S Brian/Carl Johnson: To adjourn the 2015 Spring NSRAA Board Meeting.