

# NSRAA Board of Director's Meeting Minutes ~ FALL 2014

November 12 & 13th, 2014

1308 SMC Rd., Sitka, Alaska

**Call to Order:** 9:00 AM November 12, 2014

## **Roll Call**

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

**Staff, Agencies and Public present:** NSRAA Staff: General Manager-Steve Reifenstuhl, Office Manager-Jean Myer, Scott Wagner-Operations Manager, Chip Blair-Data Analyst, Angela Bowers- Medvejie Manager, Adam Olson-Hidden Falls Manager, and Woody Cyr-Coho Lake Rearing Program Manager. Agencies: Rudy Bean-City of Kake, Bart Watson-Armstrong/Keta and Eric Prestegard-DIPAC. Public: Bert Bergman, Carl Peterson (when not sitting in for Eric Jordan) and Jay Erie.

**Establish Quorum:** 23 of 25 Board members are present at 9:00 AM.

**Approve Agenda:** The President asked if there were changes to the Agenda. No changes were suggested so the Agenda stands as published in the Board book. The agenda is posted online at [www.nsraa.org](http://www.nsraa.org) along with the Board book, other reports and supporting material to inform the Board and the public.

**Appointed seats 2014:** The President, after research with the General Manager and review of the Bylaws and following up on discussions from previous Board meetings, asked that Board members be prepared to cast ballots and vote to confirm the appointed seats: Eric Jordan made the nominations for Conservation-William Bergman, Interested Person-Carl Johnson and Sport fish-Brian Massey. **Motion 11/12/14 (a) M/S Lyons/Campbell** The nominations were closed (Lyons) and seconded (Campbell). All three candidates received a greater than 50% majority of the Board votes. While the ballots were being distributed and counted the President continued with the agenda and the Board approved minutes and heard announcements. The President thanked the appointees for serving and said this is the procedure the NSRAA Board will follow in the future. It will allow the Board to challenge the appointments if they feel that that is needed. The Bylaws state the non gear group directors will be seated at the Fall meeting based on a majority vote of the Directors. And that they can be nominated by any Board member or the General Manager. This does not preclude someone submitting a letter of interest on their own, but they still must be nominated. The Secretary and the President discussed the logistical issue that the nominees must know they are being nominated and must be present at the beginning of the Fall meeting to serve.

**Bylaws Clarification on Appointments:** The Secretary had asked whether it was correct to appoint a gear group member to a seat, in response to a situation where no candidate submitted a name to be placed on the ballot. This creates a situation where a gear group representative would serve without having been elected by their group. The GM consulted John Sund, an attorney who helped draft the original NSRAA bylaws, and his opinion was that the Bylaws allow appointments by the President to fill a vacancy, without opinion on how the vacancy was created. Therefore, it was not an incorrect procedure. The Secretary thanked the President for looking into the issue and had no further questions.

## **Approve Minutes**

**Motion 11/12/14(b) Massey/Johnson** Motion to approve the minutes of the Spring 2014 Board Meeting of March 4<sup>th</sup> and 5<sup>th</sup> and the Spring Executive Committee Meeting April 25<sup>th</sup> 2014. A compliment was offered by the Board on both the Minutes and the Manager's report. A typo was noted, and the date on the Summary of Board Actions is corrected to 2014. **MCWOO**

## **Announcements and Introductions**

Vehicles parked on Sitka Electric's property should be relocated by their owners. Board reimbursements must be submitted to Jean. Nomination forms are due to be signed and submitted by 5:00 PM today. NSRAA Staff and Board members introduced themselves. Others attending the meeting also introduced themselves. A sign-in sheet was passed around. The Secretary noted that 21 persons present at the meeting are eligible to vote. The President explained that the planned trip to Hidden Falls would not take place at this meeting. He encouraged the Board members to be engaged and make the most of the new two day compressed agenda. He asked them to make sure they were familiar with the information on the Gunnuk Creek hatchery and he complimented Steve, the General Manager, on all the excellent information in his written report to the Board.

## **General Manager's Report – Steve Reifenstuhl, Report is posted online.**

Steve said he really appreciated the engagement of President McDougall, especially with some of the big issues, like the Gunnuk Creek hatchery. Steve presented a gift to Eric Prestegard (DIPAC) of a gold coffee cup. He said it has been a pleasure working with Eric and the DIPAC Board. They are united in support of enhancement programs and have distributed over \$7 million dollars to NSRAA, SSRAA, and ADF&G in support of the enhancement programs during the past two years. DIPAC has invited proposals for future funding and NSRAA plans to submit a request for \$3 million dollars for the coming year.

Steve stated, "It was a very challenging year for the staff. They handled the implementation of three major pieces of capital funding in addition to all their regular duties." The poor chum returns at HF and Medveje Fall chums set the conditions for the resulting poor amounts of broodstock recovered. At the end of the day, the staff did a stellar job holding things together. They met most goals and improved the capital and physical plant of all facilities (and met the challenge of the water outage at the Sawmill Creek hatchery). The Coho return to Medveje was good, but high exploitation rates yielded less broodstock than needed.

Steve attended the UFA meeting and there was a special Foraker group work session. This training for UFA informed Steve's perspective on NSRAA. Steve stated, "NSRAA is a mature and effective organization. We are mission-driven, with clear planning, clear mission, financial solvency, etc. NSRAA ranks very highly, due to people in this room." In Steve's assessment the Board performance is very good and Board members consistently act in the best interests of NSRAA as a priority. "We are not a service organization, we are product-driven. Gear group representatives struggle with the gear group perspective at times, but in the end, we are all guided by the better angels of our character. We are lifelong learners, production-oriented individuals and people dedicated to our sense of family. We can still do better and inspire the sense of our mission within the Board meetings; continue to provide the best information for Board decision-making; and remain connected to our origin story."

Steve gave a five minute presentation on how NSRAA came to be. He reviewed the NSRAA Mission Statement and the development of the Alaska Hatchery Policy. "We protect wild stocks as a priority with strong policies in genetics, transport, etc. and programs are well-vetted. Salmon declined in 1970's; then visionaries, like Governor Jay Hammond, Senator Dick Eliason and others developed the statutory and regulatory framework. Fishermen like Eric Jordan, Fred File, Dexter Kyle, Jim Moore and others like Jev Shelton and Jim Becker played major roles."

“Salmon rebounded due to State management of fisheries, marine survival improvements and enhancement production kicking in. The enhanced returns began growing in the mid 80’s and faced challenges from farmed salmon. A 1994 Larry Edfeldt column was titled, “The trouble with hatcheries: EVERYTHING”. Despite the negative mind set of many, NSRAA persevered and today prices have rebounded and enhancement accounts for 15% of the world supply of salmon. The total value of salmon produced is over \$2.2 billion since the beginning of the program and over \$4.5 billion dollars when counting the first wholesale value. It is important to remain connected to our mission to protect wild stocks. The current pink and chum straying study is being done at the request of the Enhancement community (PNP’s) with leadership from Eric Prestegard (DIPAC), Steve Reifenstuhel (NSRAA) and John Burke (SSRAA) who specifically asked for the study. They raised the money for the study, the processors are on board, and we (the fishing industry) are very much a part of this research program.” The purpose of the study is to definitively examine and evaluate the interactions of enhanced and wild fish. Board members asked that the “Origin Story” presentation be put on the website.

### **Operations Manager Report - Scott Wagner (posted online)**

Scott took the Board through an information-dense PowerPoint presentation of 49 slides. He reiterated that it was a challenging year for the staff involving a tremendous amount of work. In his mind 2014 will be recalled as: “The year of the backhoe.” Because of the tremendous amount of work accomplished. Another major achievement: During the time since the March Board meeting the two new projects at SE Cove and Crawfish Inlet completed their PAR approval process. This increases NSRAA chum production by 40%. The Gunnuk Creek Hatchery Evaluation was completed, all staff were involved. Staff handled the logistics of the shutdown and restart of the Sawmill Creek hatchery water supply that was required by the Blue Lake dam project. Major construction projects were completed at Sawmill Creek Hatchery and Hidden Falls. Scott said, “Every year is different and 2014 was notable for poor chum returns and difficulty in achieving chum and chinook egg takes. Weather was problematic. Spring rearing conditions were poor at Takatz and Hidden Falls. High mortality occurred on Green Lake Chinook and it was a struggle to achieve the SMC coho broodstock and eggtake goals. On the plus side, an excellent coho return to Deer Lake occurred and the Deer Lake coho releases (2M+ smolts) went very well.”

Permitting went well and the review of the HF & Med PAR’s was completed and approved. The SMC PAR for 30 million MCIF (Medvejie Central Incubation Facility) chum to Crawfish was approved and the request for 200 K Chinook to be released at Gunnuk Creek was submitted for Fall 2014 RPT review.

Grant projects: the HF pier was completed and this was a huge improvement. Hydro repair is in progress. A complete renovation of the Medvejie water intake system was completed and “saved our bacon”, giving NSRAA the volume of water needed to hold the SMC fish that had to be temporarily housed at Medvejie this year. The Haines spawning channels investigations are complete. The Medvejie maintenance upgrades grant and the coho\chum expansion grants have been expended and are being closed out. 2 HF and 1 Haines grant are still open. Scott explained in detail about ten staff changes at four facilities. Board members asked for his thoughts on lack of interest by staff to serve at the remote sites. Steve R said this is a problem statewide and HF has always had employee turnover, due to its isolation. The new UAS program in Sitka was discussed. A Board member mentioned the Nez Perce in Idaho are running a tremendous hatchery program and that it might be worth attending their hatchery symposium, letting them know we have job vacancies, etc. Steve said he and Scott appreciated the suggestion and are developing a plan for greater outreach and being more proactive about recruitment. A question about the failed 4 year old returns was asked. Scott said there are many theories. Steve offered, that in correspondence with a Japanese colleague who runs the Hokkaido chum programs, that they experienced poor returns also, indicating a possible problem in the Pacific basin with ocean conditions.

## **HF Maintenance – Mike Poutney Maintenance Supervisor – Presentation given by Scott Wagner**

Following up on the problem of retaining staff at remote sites NSRAA has just completed installation of new Starband internet dishes at HF (Hidden Falls). Scott showed photos of the new dock rails, and the structural bracing for the new dock crane. Maintenance of equipment, water filters, and staff housing has occurred. A new 40'x90' barge and building required for the SE Cove project is under construction. At Medvejie the Airlift Project has increased water flow by 50%. It strips CO2 and adds oxygen for the fish. It was designed by the staff and was completed in two months. The lifts keep liquid O2 levels up and the reduced water flow saves money. (Good job!) Regenerative blowers and drives are additional improvements to quality of water for rearing fish at Medvejie. The new North Fork Creek water intake allows us to go to the creek instead of the pit and reduces fungus in the water. It greatly increased the available water and reduced pumping costs. The Medvejie hatchery-wide monitors and alarms system is now installed in staff homes and provides for 24 hour monitoring, similar to what is done at Hidden Falls. The coho incubation room was completely retrofitted and capacity doubled. The Chinook room was altered to make room for chum incubators. The weir and road were repaired after a major flood.

At Sawmill Creek the biggest improvement was the installation of an overhead bridge crane system that allows us to move the chum incubators much more efficiently during ponding. The installation of the new Pressure Relief Valve (PRV) was a critically needed improvement for a second back-up supply for water. Work on the SMC facility was completed with the help of Jimmy O'Brien and Barnard Construction. Marcus Lee welding also helped, and a debris strainer was installed too. What the City had installed for water isn't really working as well as planned, but what NSRAA did as a back-up has become the main source for water and the City is now the back up. Compliments for all the good work were made. Steve wrapped up the presentation with comments about how much money is saved for NSRAA by the expertise of the staff, it allows us to design and complete projects in-house, precluding the need for expensive consultants and engineers, except when absolutely needed.

### **Gunnuk Creek Hatchery Report, Analysis and Next Moves**

Steve introduced this subject saying that the engineer's report evaluating the facility had been distributed via email to the Board prior to the meeting and hard copies were made available. TetraTech Engineering is the most experienced and competent hatchery design firm in Alaska and the report was produced in conjunction with NSRAA staff contributions. Steve had also prepared a two page Executive Summary for the Board.

Steve, Scott, the Board President gillnetter Kevin McDougall and seiner Mitch Eide had paid a visit to the facility. Staff made five trips to the facility. Staff has prepared a pro forma for the facility in which they projected possible costs associated with acquiring the facility, upgrading it and running it for the purpose of initially producing 30 million chum salmon and a limited number of king salmon. A total of 60 million chums is the production goal. Scott will make a PowerPoint presentation; a photo tour, to orient the Board. Steve said, "The key point of the Executive Summary from report is that 95% of the water at this facility would have to be recirculated. The Gunnuk Creek water is too hot in the summer and too cold in the winter for optimum salmon culture. A lot of technology would be required to accomplish this, but it is doable."

The estimated cost is \$2 million dollars to retrofit this facility for 65 M chum production and that does not count the brood stock expenses which are an extra \$200,000 - \$500,000. To produce the initial 30 M chum it will cost \$1.7 million in capital expenses because the whole place needs to be redone. The annual operational costs are estimated at \$600,000 at the 30 M chum level and \$1 M for 60 M eggs. Half the annual operational cost is fish food, which would be paid even if this production is run through Hidden Falls. The risks associated with this facility are carefully highlighted in the engineers report. Steve cautioned the Board that the

history of the facility indicates that there are risks involved and that unanticipated scenarios may arise. He stated that he did not think these scenarios would present anything that is insurmountable. There will be challenges. The NSRAA Board must decide if the benefits justify the expense and the challenges, and direct the staff accordingly.

In response to a question from a Board member, the projected annual common property value of production from this facility at the 30 M chum egg level would be \$2.5 million and at 65 M eggs, approximately \$5 million. The President commented that, in his mind, the real value of the facility is that it provides another spot for broodstock collection and rearing and takes pressure off the Hidden Falls site as the sole area for broodstock collection. In response to a question from the Board about the current position of the Department of Commerce, Steve said they want to be paid \$4 million dollars for the facility.

When asked for a justification of that amount Steve explained that the total debt associated with this facility is \$22 million dollars, of that, there is \$7.2 M in capital debt and Commerce is suggesting that 65% of that capital debt be paid by NSRAA. Commerce is not proposing collecting on the other collateral: the dam, the community building, etc. The Secretary said that she thought we were now discussing two issues. Whether or not to take on the facility - as the first issue, and then, can the financing be worked out?, second. The President responded that when he visited facility he saw a good foundation but the water situation needs work. It would require \$2M capital and other investments that add up to a lot of money. It is his opinion that NSRAA might want the facility, but to take on an additional \$4 million dollar payment to the State in addition to all the other investments required, that that is not a good position to put NSRAA in. The State has suggested NSRAA could take a loan for the amount, interest free, for ten years. At times in the discussion Steve referenced an email correspondence with Department of Commerce on why NSRAA did not agree with the \$4 M amount being requested for the facility. The Board discussion continued and Port Graham and Burnett Inlet hatcheries were discussed.

In response to a question from a Board member Steve explained that currently, under a separate agreement for SE Cove, the State owns a portion of the fish returning there and will realize about \$500,000 over the next four years, as determined by reading the otoliths. Going back to the question of whether \$4 million is a reasonable cost the President clarified that NSRAA has already purchased \$700,000 - \$900,000 of the assets, so it is not a situation where NSRAA is acquiring the operation at no cost. Given the fact that the whole program of chum production could be done, most years, from the Hidden Falls facility, the question to NSRAA is, is it worth the capital and operational costs to take Gunnuk Creek on? Especially when the State in valuing the facility at \$4 million dollars? A Board member remembered that NSRAA supported the State's action to forgive collecting the collateral the Community of Kake had provided. NSRAA did not want to see Kake lose the community house or struggle with the debt, but now to try to recover the debt from NSRAA, a non-profit entity that provides fish for the common property, seems unfair. "Clearly we are not in agreement on the value of the facility. Maybe we need to ask the State to have an appraisal done to restart the discussion of a reasonable amount for the facility." Board members continued to discuss the scope of the SE Cove/Gunnuk Creek hatchery projects and whether NSRAA should just continue at Hidden Falls as the only facility. A Board member noted, "We are having issues keeping staff at facilities, would this (GCH) represent a similar problem?" Broodstock collection issues at Hidden Falls were discussed.

**Motion 11/12/14 (c)** M/S Massey/G. Eliason. The NSRAA Board requests that the General Manager investigate getting an appraisal of the property and continue discussions with Commerce. Board discussion about the appraisal process occurred. Because this action requires some expense on the part of NSRAA, a roll call vote was taken. The motion carried with 20 in favor and 1 opposed.

A Board member asked the President if it would be appropriate to ask a resident of the community of Kake to comment on what the impacts would be if NSRAA were not able to continue the planned chum programs and the Gunnuk Creek hatchery. Rudy Bean, representing the community of Kake, was invited to speak and he said the impact of the closure of the hatchery that has already occurred has been huge. The hatchery manager and his family have left town and reduced the number of children in the school system, and another family was displaced from their home at the hatchery. The fish tax revenue is what keeps the community going, when it decreases community services can't be provided. Subsistence use of fish in the community is huge. The fish coming into the creek feed the residents for people for the winter. He has lived on Gunnuk Creek his whole life and said the Community is upset and frustrated with the State too. They feel like this is waiting game for them too. A Board member asked how NSRAA was perceived in the community. Mr. Bean said the community, the mayor, and council have a better understanding now of NSRAA. People originally thought NSRAA was a big corporation coming in "to swallow us up." "We'd like to see you come in and liven things up." In response to a question of how would the increased presence of the commercial fishing fleet be seen? Rudy said he was personally very supportive of the increased economic activity it would represent in store sales and sales to the cold storage. A board member said he and some other trollers were fishing in Security Bay and availed themselves of Kake services and the excellent harbor. Rudy said that from Kake, a person can see all the lights of the boats travelling from Hidden Falls to Petersburg after the opening and he invited fisherman to stop at Kake anytime. A question about the dam was answered. It was rebuilt to provide water for the hatchery. The primary source of drinking water for Kake is from a lake.

**Break for lunch**, which had been brought in from a local vendor.

### **Gunnuk Creek Hatchery Discussion – Continued**

Operations Manager Scott Wagner gave a 30 page PowerPoint photo tour of the hatchery facility, the dam, and the pipeline to the hatchery. The Board and staff engaged in a long discussion about the viability of the pipeline, aspects of water rights, power generation capabilities, problems with low water flows and tides prohibiting the gathering of broodstock behind the weir, bears feeding in the area, etc.

After the discussion the President asked the Board for their thoughts about whether NSRAA should take on the facility, saying, "The way it is financed with the State and whether we can successfully reach a financial agreement is a second question." A Board member said diversification is extremely important and the facility will help with that. Board members also said, "It's about the amount of money involved. We are \$3.6 M in debt now. If we get Gunnuk for nothing we will still have to incur \$2 million more in debt." A seiner said his biggest concern is not affecting Hidden Falls fishing opportunity or increasing the risk of not being able to get the broodstock needs me. He'd feel better if there is another place ahead in line where additional broodstock of the Hidden Falls stock could be obtained. Bart Watson, the manager at Port Armstrong hatchery said, "If this (HF chum broodstock) is a need for NSRAA, we are willing to discuss how broodstock could be provided." The Vice President said, (1) adding more debt on top of a situation where we are (2) not getting enough broodstock (3) shuts the HF fishery down and (4) decreases the amount of fish produced for future years, (5) decreasing the earnings of the fleet and (6) the tax revenue to NSRAA. "This is not a situation we want to be in." (Numbers added in transcription to clarify the points being made). Discussion continued and a Board member said he thinks the Board is generally supportive of acquiring the facility. The President said he would like to hear from more Board members, because the Executive Committee may have to act and he wants to understand the concerns of the Board. A seiner said if NSRAA can get a reasonable price, he is supportive and thought the uncertainty of the exact amount of debt is the greatest concern of seine fleet.

**Motion 11/12/14 (d)** M/S Eric/Jim Moore. The NSRAA Board, taking into account the existing NSRAA debt burden & SE Cove broodstock concerns, directs staff to continue to pursue acquisition of the Gunnuk Creek project. The motion carried with 18 in favor and 4 opposed with 22 Board members present.

**Executive Committee discussion.** The President asked the Board if they want to authorize the Executive Committee to act on the issue in the interim period before the next board meeting. The point was made that according to the bylaws (this section of the bylaws was read to the Board) the Executive Committee is already authorized to act. Nevertheless, the President and the General Manager wanted the Board to be aware of this possibility and some scenarios that could require Executive Committee action were brought up. The best option is generally to have the full Board decide, but saving a few months on a permit can mean being able to get fish in the water a year earlier. After further discussion the Board was in agreement that the Executive Committee is authorized to act and that the Board President and General Manager are to conduct the negotiations with the State. A Board member reiterated that the amount of overall debt that NSRAA is taking on and could be taking on is very concerning. There was an interesting discussion on whether or not the Executive Committee decisions need to be unanimous and if not, whether the EC decision should be brought back to the full Board. The Board members noted this is not required in the Bylaws. The point was made that a dissenting vote on the Executive Committee might indicate there might be dissension by members of the full Board and that the full Board should have the opportunity to understand and vote on the issue.

#### **Status of New Projects and Loans – SE Cove, Crawfish and Crawfish Operating**

Steve reviewed NSRAA's debt obligations with the Board. NSRAA has secured two loan obligations through the Alaska Fisheries Enhancement Revolving Loan Fund. One for SE Cove for up to \$1.1 million dollars and one for Crawfish Inlet for up to \$1.9 million dollars. \$700,000 of \$1.1 for SE Cove is spent and \$700,000 of the \$1.9 for Crawfish is spent. NSRAA is also considering an operational loan of \$600,000 for Crawfish Inlet. More will be explained during Scott's presentation.

Scott gave a report on the infrastructure development for SE Cove. Nets, a feed barge, incubators and some other items were purchased from Kake. On the subject of permits: the 55M PAR chum request was approved. It is tied to Gunnuk Creek hatchery but if Gunnuk Creek goes away, NSRAA would have to re-apply to have it transferred to the HF facility. The PAR permit application for 200,000 Chinook for Gunnuk Creek will be reviewed at the Fall Regional Plan Team meeting. The DNR tidelands lease has been issued to NSRAA for SE Cove. The ACOE permit is being transferred to NSRAA. It is currently out for review because the original permit needs to be amended to reflect all the changes that have taken place since 1980. The new construction on the barges is under way in Campbell River B.C. and they will be delivered by American Patriot in January, along with the four new net pens. The fish food has been ordered. We do have 20 M eggs for SE Cove this year, not the 35 million that we had hoped to start with, because of the difficulties obtaining broodstock at Hidden Falls. They will all be raised for 4.0 gram size at release.

For the Crawfish Inlet project, 120 Nopad incubators have been manufactured by Mike Litman (Sitka Precision Boatworks), the Crawfish anchor system, and other stuff has been ordered. Staff is figuring out a way to transfer the crew back and forth. The barge construction and 20 net pens for Crawfish will be in Seattle in January, the same as for HF barge and pens.

The SMC improvements were reviewed. Housing is being provided on site. Medvejie improvements were reviewed. Permits 30 M PAR permit for Crawfish was approved at RPT. The 600,000 Chinook PAR and FTP for Crawfish (Medvejie) are approved. The ACOE and DNR Tidelands permits are done for Crawfish Inlet. Eggs were transferred to SMC on Monday and should be hatching in the next week or so.

More work needs to be done: the Medvejie raceways plan is being tweaked. The Medvejie channel needs to be excavated for 24 hr access. The second half of the incubators needed for CRFSH need to be built. All the ponding equipment needs to be built at SMC for CRFSH. We need the ACOE and DNR tidelands permits for piling at Medvejie so we can have the barge safely on site there. A Board member asked about the size of the fishing area at CRFSH Inlet. Two sites are approved; A rearing site and a storage site. A marine chart of the area was requested to inform the Board.

Steve summarized the RPT meeting for the Board. The fact that NSRAA was able to secure the CRWFSH permit is a credit to the General Manager's ability to rationally discuss and justify NSRAA's request. Sportfish Division and the genetics folks extensively discussed the proposal and finally agreed on 30 M chum eggs to start, and that the Index stream in West Crawfish will be monitored for strays. Crawfish Inlet is being developed as a troll preference fishing area. A plan for cleaning up the Inlet will be necessary. Chinook are permitted to be released there but we (NSRAA) haven't decided where they are coming from, they would have to come from an existing program, either Medvejie or Halibut Point freshwater-reared chinook. There is no immediate plan for coho at CRFSH. A map was posted so Board members could see the area in detail. A Board member said, at the RPT the understanding was that the Inlet has to be cleaned up once a week. Board members spent some time speculating about how the fish would behave and what they would do to catch them. The General Manager appreciated the ADFG working with NSRAA to establish the areas.

**Motion 11/12/14 (e) M/S Deb /Mike N. To borrow up to \$750,000 for two years of operating loans for Crawfish Inlet program to cover FY '15 March to May 2015 and FY '16 March to May 2016.** The terms on this and the other loans mentioned earlier are 5% interest-free the first six years then interest begins to accrue the seventh year. **The motion carried unanimously on a roll call vote.**

**Break**

#### **Financial snapshot - Steve Reifenstuhl**

The General Manager regularly updates the Board on NSRAA's financial position and investments. Details of his report were given to the Board in the written General Manager's report. The figures he is presenting today are up to date and vary slightly from what had been provided. More detail on the financial statements will be in the audit committee report, tomorrow. As a result of recent changes made in the way the accounts are tracked, Steve and Chip can now produce up-to-date financial statements any day of the week. Steve said he tries to present this information to the Board in user-friendly style and he plans to stick with this consistent format. As of today, NSRAA total Liquid Assets are \$14,972,107. Steve said, "That seems like a lot of money but the Board needs to understand cash flow (how much of this money is budgeted to be spent to complete the last fiscal year budget). Some of the assets are unavailable and rest in Board-designated reserve accounts which are not to be expended except by Board action under specific conditions. When you subtract the \$5.2 million for the budgeted expenses and the amounts in the capital and operations reserve accounts \$1.1 million dollars of undesignated funds remain." Steve continued, "NSRAA's cash flow cycle is dependent on raising \$1.5 million in coho and chinook sales so we know that we have that money going into the new fiscal year. If that revenue changes (is not realized) it can put demands on the \$1.5 million of undesignated funds." "The SET Tax Revenue is known on July 1<sup>st</sup>. NSRAA also has a Loan repayment of \$656,093. The Hidden Falls Tax assessment contributed \$469,983. The Operation and Capital Reserves stand at \$5 M and \$2.5M respectively. NSRAA's funds are managed to the direction provided in the Investment Policy: 56% Liquid, 23% Interim time horizon and 21% long term time horizon. The equities have appreciated up to 26% and short term holdings decreased slightly to 47%. Total is \$9,738,209."

#### **HF Tax assessment FY 16 Budget Preview - Chip Blair**



Chip began by saying, “This information is usually presented at the spring Board meeting but our planning gets earlier and earlier.” Chip explained the one-page presentation of data of in table format that show line-item values for projected income and expense. \$7.2 million dollars is our projected budget for next year. It is composed of \$6,700,000 Operational expenses and \$500,000 in Capital expenses. “After calculating our projected income from all sources NSRAA needs \$1.1 million to balance the budget. As previously reported NSRAA received \$677,000 from the enhancement tax mistake payback and realized \$437,209 in FY 15 surplus income. At this point in time NSRAA’s anticipated cost recovery needs for the coming year to balance the budget are \$2.3 million.” NSRAA projects the amount of income that may be generated by the Hidden Falls Tax assessment by estimating the harvest size and value and applying the 20% tax rate. NSRAA is anticipating some financial assistance again from DIPAC but their Board has not yet approved of an amount. “All these numbers will be more accurate at the March meeting but this snapshot is intended to help Board members become familiar with the budget process and our dynamic cash flow situation.” Chip directed the Board’s attention to page 124 of the Board book detailing the revenue from Hidden Falls chum cost recovery. This past season \$418,501 was realized from chum cost recovery at the barrier net at Hidden Falls. It was income that was not planned and the question is how does the Board wish to apply it? The staff described two options for handling the funds.

**Motion 11/12/14 (f) M/S Barry/Massey Move \$418,000 to the Hidden Falls Assessment Contingency Account.** The Board has a policy in place that applies to how the Assessment tax is managed; they felt it would be correct to treat the unanticipated non-tax revenue consistent with the policy. **The Motion passed with 22 in favor on a roll call vote.**

#### **Hidden Falls Tax Assessment: 2015 Resolution & Flat Fee Legislation**

By regulation the NSRAA Board is required to notify the Department of Revenue and the Department of Fish and Game whether we intend to apply the assessment in the coming year and now (because of the new language of the regulation) whether or not the tax will be generated as a flat price per pound or not. In March during our final budgeting process NSRAA will have an exact figure to use.

**Motion 11/12/14 (g) M/S Lyons/Jordan The NSRAA Board of Directors requests the Department of Revenue implement the HF Tax Assessment for the 2015 fishing season using the flat price per pound. The motion passed without opposition, by unanimous consent.**

#### **Hidden Falls Assessment Reserve Policy 2013-1**

Our new auditor, Karen Tarver (Elgee Rehfeld & Mertz), recommended the NSRAA Board consider adding clarifying language to the Hidden Falls Assessment Reserve Policy to make the process of how NSRAA does the accounting for the fund more understandable to the reader. Copies of the policy with the new language were distributed to the Board. The audit committee met this morning and has reviewed the policy. Steve explained the “net assets” language in response to a question from a Board member.

**Motion 11/12/14 (h) M/S Massey/Davis NSRAA BOARD Accepts the additional language offered to clarify Board Policy 2013-1.**

#### **RESERVE FUND CALCULATION**

- I. Tax assessment monies are received from the Department of Revenue approximately one year after the tax is collected; the estimated tax collection is determined in season.**
- II. The reserve funds has input from income derived by the Hidden Falls tax assessment, and in rare circumstances from the sale of chum at Hidden Falls.**
- III. At the Spring NSRAA meeting, the board designates a specified amount of money to be used from the reserve funds toward the next fiscal year’s budget. For accounting purposes the previous year’s tax**

**assessment receipt (income) is recognized as revenue at the beginning of the new fiscal year (first week of July). The reserve net asset designated account is also adjusted to reflect the release from designation for the current year's budgeted use of the reserve.  
The motion carried unanimously with 22 in favor.**

### **Broodstock Allocation Process in Years of Shortfalls**

A situation occurred this past year. Enough fish to provide for broodstock were harvested at Hidden Falls, but an unexpected die-off occurred (caused by extreme water flows). This created a situation where a number of choices could have been made. Even though NSRAA could make up some at Medvejie, from the Hidden Falls stock there, we can't harvest them all there due to limitations on the permit. Do we make up the shortfall at Medvejie even if cost recovery causes less fishing time there? Do we leave the Hidden Falls program short of some eggs (at Kasnyku, not Takatz)? Do we apply the whole shortfall to the Crawfish Inlet program? In the end, this appeared to be an allocative issue, and the General Manager sought the input of the Executive Committee and now it has been brought to the Board. The President suggested we start with a discussion and move towards development of a policy in the spring, if we need one. The Board had a long discussion primarily trying to anticipate situations that could occur as we try to get the new programs up and running. The historic statements made by the seine fleet in support of new programs, were recalled. They always included their caveat that HF brood stock should not be shorted, either at Hidden Falls or Medvejie locations. And their support of the new programs was conditional on that understanding. The Board ended in agreement that NSRAA should develop the capacity of being able to buy broodstock from Port Alexander to help the Southeast Cove program get started, so the pressure on Hidden Falls is less. This is a new concept and Bart Watson spoke saying he was supportive and that they were quite open to the idea. Steve said he will present this as a line item at the Spring Board meeting.

### **BOF PROPOSALS**

The President said this topic is before us because the General Manager needs direction from the Board on how to represent NSRAA's position (support, oppose, stay neutral) on proposals that affect NSRAA that will be heard before the Board of Fish. Steve said there are two groups of proposals the first group (#176 Northern Enhancement Plan and #188 SE Cove Area Mgt Plan) all concern the SE Enhancement Allocation Plan; whether it should be changed, how it is being implemented. The second group concerns issues from Kootznahoo and the SE RAC (Federal Subsistence Regional Advisory Committee). The Board began to discuss Proposal 176 which directs NSRAA, DIPAC and the NS RPT to develop a plan to rectify the troll imbalance and it provides specific target harvest percentages and timelines. A Board member wondered if we were getting out ahead of individual gear groups who will, no doubt be voting on these proposals. Two trollers said they are not supportive of 176, not because they are against the general concept of remedying the allocation, but because the language is too specific in instructing what must be done. **Motion 11/12/14 (i) Jordan/Moore The NSRAA Board does not support Proposal 176 because the language directing the Board is too restrictive and the specific time frame is unworkable.**

A representative of the Chum Trollers Association (CTA) explained that she felt there must be oversight from the Board of Fish to ensure NSRAA will act to correct the imbalance and that 176 applies to any gear group below their range, not just trollers. Board members discussed why NSRAA would not remain neutral on the proposal and it was thought a statement needed to be made so the General Manager could be clear on the Board position. Board members discussed the Sawmill Creek coho and Crawfish Inlet projects that are being developed to address the allocation imbalance and to provide more opportunity to the chum trollers. A representative of the chum trollers was allowed to speak. Her point of view was that the NSRAA Board was not doing enough to address the imbalance and needed to be educated on how to better manage projects so

they would be more productive for chum trollers especially by providing for blocks of time. A Board member stated 46% of the budget is being spent on coho and king salmon production, primarily to benefit the troll group. The CTA representative stated she thought SSRAA was a more successful example and she wanted the NSRAA Board to work more like the SSRAA Board. The Vice President spoke and said, "The NSRAA Board is working exactly like the SSRAA Board because each project to address the allocation imbalance has the full support of all the gear group members of the Board. In the case of SSRAA at Neets Bay, those chums and the opportunity to fish on them, was given to the trollers because SSRAA did not need the area for cost recovery as much, and those fish were not being caught by any group. The NSRAA Board has not supported the chum troller's previous requests for a block of time in the Deep Inlet area because it would have taken existing fishing opportunities away." The President stated that he wanted a complete discussion of the topic but we are at the end of the day. He invited the chum trollers to stay later if they want to discuss the opportunity that will be provided by the Crawfish Inlet project. Personally, he does not support 176 because he thinks the NSRSAA Board will find the best solution to the allocation issue, one that all the Board will support.

**Motion 11/12/14 (j) M/S Richie/John To Table the motion (i) under discussion. The motion carried unanimously**

**Thursday morning**

**9:15 Roll Call** Carl Petersen is sitting in for Eric Jordan

Last night the President, General Manager, and some Board members stayed after the meeting to talk to the chum trollers. Pres said he thought it was a good discussion.

#### **2014 Salmon Season & 2015 Forecast Reports - Chip Blair, NSRAA Data Analyst –Tab 9**

Chip first gave a summary of the entire Southeast salmon harvest and then focused on the portion that returned to NSRAA. The 2014 ex-vessel value of all Southeast enhanced salmon was \$36M, the 6<sup>th</sup> highest to date and roughly half of the record 2012 value of \$72 M. Preliminary estimates of value are that NSRAA production accounted for \$7.3M, DIPAC \$11.3 M of the value and SSRAA \$16.1M. The Sheldon Jackson contribution for Deep Inlet only was .7M and figures for AKI – Armstrong Keta were not available. The NSRAA seine value was adjusted to account for the Hidden Falls Assessment. The all gear values are accurate through 2012 for allocation estimates based on ADFG Flip Pryor. The \$35.5M total enhanced value represents 28% of the total value estimate of \$126M this year. This breaks out to 20% Troll, 47% Gillnet and 33% Seine or \$7M to Troll, \$17M to Gillnet and \$12M to Seine fleet.

By agency: SSRAA and NSRAA accounted for the Troll production harvested, DIPAC value doubled the production of NSRAA and SSRAA to the Gillnet fleet and the Seine harvest was fairly evenly split between SSRAA and NSRAA with some production from DIPAC. Overall SSRAA production was fairly even to each fleet at 5M each. NSRAA contribution to troll and gillnet are at 2M each, and 4M to seine. The DIPAC production adds 10 M in value to the Gillnet along with the production from NSRAA and SSRAA.

By Specie: Most of the Troll value (\$4M of \$6.2M) from enhanced production was from the coho harvest, it was a poor year for chum harvest. The value of chums dominated the net groups' values.

The 2014 preliminary 5 year rolling average chart of the enhanced values to the fleets showed that the averages have not changed much over the last ten periods. This year the 5 year average changed slightly with Troll climbing from 17.2% to 17.9% because of the 2014 increase in value to 19.5% (target range is 27-32%), the Gillnet 5 year average also climbed by .7% to 40.9% because the 2014 value of 47.2% increased the average to 40.9 from 40.1% (target range 24-29%) and Seine dropped by .5% to 41.2% because of the 2015 33.2% value and decrease from 42.7% (target range 44-49%). Chip informed the Board that this part of his presentation is online if Board members want to study it in detail.

Chip reviewed three slides that showed an overall \$8.3 million dollar value for all species produced by NSRAA including cooperative chum production projects; this equals \$7.9M after the Hidden Falls Assessment is deducted. For 2014 \$.7M Chinook, \$1.3M coho and \$5.9M chum. \$1.8M to Troll, \$1.7M to Gillnet and \$4.4M to Seine, approximately. The total \$8.2M compares to the 2013 value of \$18.1 M.

The weak Medvejie return resulted in lower chinook cost recovery. The coho cost recovery of \$1.36M of the total \$1.7M total chinook and coho cost recovery made us thankful for the coho program. There were small amounts of chum harvested at Bear Cove and Hidden Falls. Chum Cost Recovery has decreased and been replaced by the DIPAC NSE fund contribution at Deep Inlet and the Hidden Falls tax assessment. The HF Assessment was \$102,000 in 2012, \$1.9M in 2013 and \$364,500 in 2014. Without the assessment and the DIPAC NSE monies, NSRAA would have to collect nearly \$5M in cost recovery.

In response to a question asked yesterday about the poor marine survival of the 4 year olds Chip looked at all species released in 2011. Brood year '10 chums which we didn't see very many of. "At Hidden Falls when you factor in the 4 and 5 year olds, the marine survival looks like 0.15%, pretty dismal. The Brood year '09 Chinook marine survival is about 1% for Medvejie and .18% for Hidden Falls. For Coho BY '11 came back in '12 1.15% compared with 6% and the Mist Cove coho survived best and Medvejie survivals were about half. This all indicates broad ocean conditions not favorable to salmon." Marine survivals have rebounded somewhat, but whatever happened affected Hidden Falls the most.

Next year we have improved 3 year olds, which lead to a prediction of 1.336 M Deep Inlet chum (About 1M Medvejie and 350,000 Hidden Falls), 110% of the 2014 return. Hidden Falls chum are predicted to return at 1.031M, 220% of 2014 and Haines chum 33,800 compared to an estimated return of 31,000 in 2014. Chip discussed the otolith sampling program that detects the percentage of the 4.0 program and the Deep Inlet/Medvejie stock component from the Hidden Falls component. DIPAC has been a great help reading the otoliths, NSRAA is training new people. Too few otoliths were recovered at HF to accurately gauge the 4.0 gram of three year olds component. The BY 10 four year olds were only 14% of the return but were split fairly evenly between Kasnyku (48%) and Takatz (52%). The five year olds (09) accounted for 77% of the return and were split differently with 75% from KAS and 25% from TAK. NSRAA had a larger sample size, several hundred recoveries over the season.

The 2013 forecast was for 36,000 chinook at Medvejie but we only saw about 17,000 fish. The poor 3 ocean return was atypical. For 2014 we are back up to a prediction of the 27,500 projected return. It will include 3 ocean fish returning to Halibut Point. At Hidden Falls 5,700 chinook are predicted compared to the 1,700 that we saw this year.

For coho we are using 6% marine survivals. The Deer Lake projection is for 145,000, Hidden Falls is 187,000 and Medvejie/Deep Inlet is 22,000. 2016 should see even greater coho returns at Med/DI based on the larger releases.

A question was asked about troll catch for chinook on page 98. The troll catch from Medvejie for 2014 was 5634 total and nothing really taken in the terminal area (from page 92).

A question was asked about why Med is shy 1M coho eggs, we are at about 40% of goal. Chip said when fishing stopped there are normally still some fish returning, but this year the run tapered off with 90% interception rate. Program is at a 2M egg goal but we are only at 40%. The Bear Cove release has been increased to 75,000 from 50,000. We hope for more brood stock returning. NSRAA may be able to apply to increase the release to 100,000, based on the weir data demonstrating low stray rates.

A question about size of returning fish: there seem to be two groups of fish. One averages 5 lbs and the other 10.

Steve the General Manager said that when the Operations Manager summarized all the NSRAA programs earlier, Chip's work was not featured as a "Program". However Chip's role at NSRAA as Data Analyst supports all the programs and organizes and clarifies the NSRAA program values to the common property beneficiaries. Chip is also taking on responsibility for the conversion of the accounting systems to new software. The Secretary mentioned that the Petersburg presentations that modeled a ten year look at how NSRAA planned to develop programs and pay for them was developed by Chip and Steve and was one of the best and most useful presentations ever given to the Board, in her opinion. She asked that the staff consider giving the presentation again at a future meeting to see how NSRAA is doing compared to the roadmap that was laid out. Steve said those presentations grew out of a need identified by both the President and General Manager to help the Board get a longer term vision of how the new programs were to be brought on line.

A Board member complimented the staff for how available they make themselves to answer questions and help the fishermen understand the data.

### **Medvejie Hatchery - Angie Bowers, Hatchery Manager, Tab 9**

Medvejie incubates chum, chinook and coho and fish are reared in raceways, and pens in freshwater and saltwater.

The spring releases for chum of 71.5M could not have gone better between Deep Inlet and Bear Cove. This was the earliest release in 15 years (which, at goal weight, has been shown to increase marine survival). They were very healthy fish and no evidence of predation upon them. This year's egg take went very well. 30M more high quality chum eggs than ever before were taken. We have 9M more for DI and 15M for the Crawfish project which went to SMC hatchery on Monday. We also made up the 10M egg shortfall at HF. The maintenance staff rearranged the incubation room from a capacity of 3.3M chinook eggs to 2.2M chinook and 12M chum. (!) The other room now holds the 3.2M Green Lake Chinook eggs, increased from 1.4M there previously. This room can chill water to help the fish in really warm water years. The egg inventory for the facility is at, or exceeding, 100% capacity for five of the six programs. Crawfish is slightly under.

This past years' Chinook program experienced challenges from saltwater mortalities to fish that came down from the lake of about 25%. (BKD). The first releases of freshwater over-wintered chinook (FWOW) at Halibut Point Marine and Bear Cove, were large, over 27 grams, and healthy. Halibut Point should see fish returning for the first time, this year. At Green Lake the *trycophyra* parasite caused major losses. Fish were treated in August and seemed to have improved but were evidently still ill because they did not handle the stress of the transfer process well at all. Next year an adaptive approach to rearing will be used. Raceways will again be available with the SMC hatchery on line, more dive inspections, higher quality feed specifically to improve gill health and a possible change in the pen location. If all fail the program may need to be restructured. Currently about 1.5M Green Lake Chinook are on hand. The FWOW group had very low over winter mortality and are at about 16 grams weight and are on track for goal size at release. Chinook egg takes of 3.7 M seeded eggs were accomplished despite the fact that the 3.3M eggs from HF did not materialize. 200,000 chinook eggs also were taken for DIPAC.

Over 72,000 25 gram BY 12 Coho smolts were released this spring. 78,000 BY 13 coho are doing well at 15 grams. Our goal is for 2.7M coho at SMC hatchery, this year we make 1M. The high interception rate that Chip described seemed to account for the poor return of coho broodstock available for egg takes.

Angie briefly mentioned the Salmon Lake/Medvejie straying study. This topic will be covered in more detail at the Spring Board meeting.

The planned shutdown of the water supply at Sawmill Creek forced the transfer of the SMC residents to the Medvejie hatchery. The increased population survived due to improvements to the water supply and to the increased oxygenation provided by the airlift baffles. The transfer of eggs and fry back is underway. "So far, so good." The eggs have been transferred to SMC and the fry will be moved soon. The improvements to the water intake at Medvejie have resulted in a dramatic drop in the need to pump water, as demonstrated in the slide Angie presented to the Board. NSRAA is saving \$4,000 per month. The airlift baffles saved 207 million gallons of water and keep the raceways cleaner. In response to a question Steve said about 1,500 coho returned to Salmon Lake, within the range. In response to a question said greater investment and greater expense can increase production at the facility if that is something the Board chooses. More information will be provided at a future meeting. A Board member who fishes in the area and was familiar with the use of Green Lake complimented Angie on how she is managing all the programs and meeting the challenges. Steve recounted her history with organization. She began at Hidden Falls as fish culturist and has been Manger at Medvejie for 2 years. She exemplifies the NSRAA standard for responsibility and is taking online classes beyond her BS degree.

#### **Sawmill Creek Hatchery & Salmon Lake Coho – Rebecca Olson – Tab 4**

Steve introduced Rebecca saying that although she has not addressed the Board previously she has worked at Hidden Falls originally as a fish culturalist and has risen steadily in the organization demonstrating a tremendous work ethic. She took over the SMC hatchery in April although she was still at Hidden Falls until August. The lack of staff on site and the lack of water presented challenges. The Broodyear 13 coho were ponded April 15&16 then transferred to Medvejie a week later. They survived the trip and this allowed the Medvejie staff to care for the fish. The year '12 fish remained onsite at SMC for a few more weeks and went to Deep Inlet May 5-6<sup>th</sup>. The facility has been empty of fish until this past Monday when the Crawfish eggs were brought back. While there were no fish in the building a lot of infrastructure improvements were made. Rebecca showed the Board more detailed and descriptive photos of the new bridge crane, floor drains (11 times larger than the old to accommodate flushing the raceways and to recirculate water if needed for the chums), new incubators (62 stacks manufactured locally) and new plumbing that had been installed.

14.6 M chum eggs were transferred from MCIF to SMC for the CRWFSH program. They should start hatching next week. The coho will be moved back into the 16 round ponds. Previously only 8 RP were used, the new ones needed to be set up with alarms. The 800,000 coho egg transfers will happen sometime in November after they are eyed. Rebecca showed the work that needs to be done to modify the raceways and deliver the fish out of them for ponding. 4 new round ponds will also be installed and keep the coho densities lower when we are originally at 2M capacity for coho.

#### **Salmon Lake Weir and Mark/Recapture Program– Rebecca Olson**

NSRAA tags smolts out migrating from the lake and this year's unusually early migration caught everyone by surprise so that only 72 fish were tagged. Next year we will do better. A different smolt weir was used. They are held and then tagged. At the big weir coho are sampled for length, condition and sex. One third of the fish are scale sampled also checked for fin clips for the straying study. This is a mark/recapture program. The fifteen year average escapement is 1,473 adults and this year's escapement is just below that. This was a very wet year with multiple high water events that can influence accuracy of the escapement estimates and carry large debris into the weir. The high water allows fish to pass into the lake uncounted. The real estimator is how many fish are taken in the recapture. The estimate is pretty good in Steve's opinion. Steve described how the program has been developed over the past 8 years. It is very important that we conduct an accurate weir and

mark recapture program to truly demonstrate the biology and behavior of the fish. The program will continue to 2018.

### **Hidden Falls – Adam Olson, Hatchery Manager Tab 6**

Adam was introduced by the General Manager and said his complete report is in the Board book, so he will concentrate on highlights from the season.

Spring releases: All the size goals for chum were met and the 4.0 g chum were the largest ever released at both sites KAS and TAK but the very cold water had to be overcome. No chums had to be towed. The cod and Pollack predation was reduced by using more of a “quick trickle release” some whales were in the area. Staff waited for them to pass through before continuing with release. The FWOV coho performed well and exceeded the production goal by 60,000 fish. The middle and late entry groups were towed out into Chatham for release. Photos of the tow were shown. It requires flat calm conditions. The Chinook were the second largest size ever released from Hidden Falls. The SWOV coho had problems with BKD and were released early. Two pens were held until later. It is interesting to note that marine survivals can still be decent despite the rearing challenges. Banner Lake was stocked for second year. It requires flying the fish in. Adam recounted difficulties encountered with that. He summarized the production expansion approved at the last meeting. 15M 4.0G chum and 20M regular chum are being added. Net pens, incubators (Gunnuk Creek), and barge were purchased. The expansion required changes to the HF incubation room: a new headbox, repair of the old R-48 incubators and the new storage building. All had to be done before July. A critical retrofit of the high pressure lines got done in time and the system worked well and can be applied to retrofit other older headboxes. He showed the gear-operated butterfly valves, the flow control valve and temperature probe, all installed to maximize optimum water temperatures for rearing. He showed before and after photos of the reconditioned R-48 incubators. The new storage building will keep all the incubators in good shape for future use.

Going into the summer season the goal was 160 million chum eggs. The really low four year old component indicated there may be a weaker return than forecast and difficulty in meeting the very ambitious egg take goal. The common property fishery had to be closed. Staff tried new ways to harvest broodstock. Eggtakes started on July 19<sup>th</sup> but slowed to a very weak finish. The low lake levels meant little spill was occurring and small batches of fish were all that was allowed in. Staff took creative steps to increase oxygen and water flow. If too much water flows, which did occur during the following 72 hours, the fish can't make it over the weir. We went from no water – to way too much. These conditions combined to result in egg takes less than the pre-season goal. In contrast the water flow conditions last year were perfect. The biggest problem was getting the fish from saltwater into the egg take building during conditions of high water flow. This year we were taking 9 M eggs a day. In the old days that would have been something to celebrate. Now we do this with even greater expectations of what can be accomplished. Staff discussed questions of fish health with the Board and how to time releases and optimum sizes of the fish in the programs. The ideal is to get the fish bigger faster and release while water is still cool and vibrio less present.

Break

### **Coho Lake Rearing - Woody Cyr, Project Leader Tab 6**

Steve introduced Woody by saying he has put heart and soul into the Deer Lake project; he has really taken to it and done a phenomenal job. Woody began his report saying that they opened camp in March after doing lake monitoring trips out there, throughout the winter. The limited snow of 2-4 ft made the job much easier. They installed the weir and had it in place by early April in plenty of time to catch any fish leaving the lake. Then

they installed the gorge pipeline with a system of Fishing line, then cables, then dewatering box. The weir and pipeline structures are removed each year to prevent snow damage and must be reinstalled each Spring. All the fish food is brought in by helicopter (late April) and they have had the same Temsco pilot for three years, so things went smoothly. In May, the fry emigration ramped up and was peaking 5 days earlier than usual with over 230,000 fry leaving the lake in a 24 hour period. Those fish were from the December release. After that, there was a nice slow release tapering off in June. Over 2.4 million high quality 26 gram Age 1 smolts (55%) were released. Age 2's were 46 grams, they are forced to emigrate from the overwinter net pens. Moving the lake released fish farther back into the lake worked well, less than a dozen fish tried to leave. Woody showed a graph of fish size to time of emigration. The high r squared almost .9 value describes that the line truly fits with data. They reinstated plankton sampling and found 3 x the abundance of zooplankton. This was providing more food per unit fish. By the end of emigration the age one fish grew to the size of the age 2 fish. Staff over-winter 6 net pens in Mist Cove. 6 pens = 1,070,823 smolts. The smolt production was slightly lower than 2013 but still phenomenal. Steve said this program had had problems but the Board stuck with it and believed in the staff and now it is paying big dividends and performing as the General Manager always believed it could. Woody said the low densities and extreme diligence of the staff throughout the year have contributed to the success. So far, the whales have not come in searching for smolt. The staff did tow pens out a couple miles to avoid the whales. It takes a lot of extra work to tow the pens, but they managed. The new aluminum ramp really improves getting to shore.

The June BY 13 fry transfer required 16 float plane trips, because of the size of the fish. Woody showed photos of the summer projects: weir reinforcement-which is 70% done. They need low water to make progress. Without the weir they cannot release fish into the lake to overwinter and then send them down the pipeline the following spring. The pipeline suspension system has all been redone. The Mist Cove barrier net was improved but the bears and sea lions create a lot of wear and tear. Cost Recovery seining was much more effective because of the barrier net work. They built a yellow cedar container van platform for fish food security and improved the stairs to the work area. Woody concluded by saying, "We are now on track for the overwinter release of 1.4 M coho into the west basin of the lake and 1.4M will be held overwinter in 7 pens with 200,000 fish each. He thanked the staff. Board members asked more questions about the mechanics of getting the fish out of the lake and the status of the USFS permit.

### **Haines projects – Scott Wagner for Benjie Burbank, Tab 8**

Scott gave the presentation saying that all the numbers are in the Board book. The Spring release was great this year with over 90% survival, over 3 M chum came out of the boxes. Benji has trained David Campbell, he finished the egg take, made difficult by high water but we made the goals. The new Herman Creek spawning channel got over-topped by Herman Creek. Repairs are being made. The grant investigations final report has been submitted and staff waiting for the last otolith data and that will help determine survivals of returning 4 year olds. We hope to sample in the fishery this year. A question was asked about spring and fall runs. Scott said Herman Creek is usually three weeks earlier than 17 mile. (Chilkat) Our program covers both portions of the run. A Board member asked, "The Chilkat king salmon return has been extremely low, can NSRAA help rebuild it?" Scott said probably not, "Historically ADFG and the locals have not supported enhancement." DOT did some chinook mitigation work on Big Boulder Creek, letting fry go back in the creek. Steve agreed and added, "It's hard to determine cause of the low return, limited rearing habitat, and/or ocean survival." There is no hatchery in the area when you could take eggs and rear and release into the wild. The low returns seem to be due to ocean conditions. In response to a question from the President questioning the value of the program Scott said, the otolith data will give us our first real data on whether the Haines spawning channels chum program is working. Steve added even more data (years) will be required to definitively evaluate the program. A Board member recalled that historically the Haines community preferred to see the spawning



channels for a local enhancement project, but sentiments may be changing. The program is modeled after successful Canadian programs. They are a bit tricky because of water flows, elevations, site conditions, etc. A Board member said, “This is a frustrating program because ADFG management often has fisheries closed at the time these fish are returning.” Steve complimented Scott Wagner for his professionalism and work skills. “I couldn’t ask for a better Operations Manager and right hand man. We work well together and think alike. Scott is a huge asset to NSRAA.”

## **Break for lunch**

### **General Manager Evaluation – NSRAA Board**

The General Manager’s Evaluation form was distributed to the Board. They are to be returned to the President. He will discuss the evaluation comments privately with Steve. The Board spent some time quietly filling out the evaluation forms.

### **Audit committee report, Deborah Lyons – Secretary Treasurer**

The Audit Committee met at 8 AM on November 12, 2014, consisting of Steve R., Kevin, Deborah, Richie and George. The President noted that there is a seine vacancy on the committee to be filled prior to the Spring meeting. Karen Tarver (ERM), the “new set of eyes” attended via teleconference. She said she was impressed by the professionalism and the preparation of the staff and that she did not find any issue to be included in the Letter to Management. NSRAA received an unmodified audit opinion. The audit process consists of the preparation of the letter which is where disagreements, changes and audit adjustments and/or internal controls issued are conveyed to the Management. Management then replies describing how the issues are addressed. There were no internal controls issues noted and the Draft Hidden Falls Policy changes are resolved now by Board action and were the only comment to be addressed from the previous year. The auditor noted that on page 19, all the grants that NSRAA is managing are also audited. The auditor also gave a brief tutorial to the committee on how to budget for depreciation and Steve gave a simplified version of the process to the Board. This is the first year NSRAA received a completely clean audit with no suggestions for improvement. This is something NSRAA has been striving to achieve for years and is due to the tremendous effort made by Steve the staff and notably Chip. Deborah said that during the Audit Committee meeting Kevin asked whether the audit process detects fraud and Karen responded by saying this is not to be assumed by the Board. The audit process determines if finances are accurately stated. However because the auditor examines real expenses, real invoices and actual payments when these all meet expectations there is some assurance but it does not discover if things are being hidden. Karen said when fraud is discovered it is usually from a whistle blower or someone involved detects something unusual. Steve mentioned that fraud is more difficult when internal controls are functioning properly. Three people at NSRAA review and are part of each transaction. The auditors are paid about \$25,000 annually. This increased one year when we had to pay \$20,000 for a CPA to help prepare the books. The transition to QuickBooks will eliminate that expense. Steve now sends his Board updates to the Audit firm and this helps them enormously to understand the organization position and provides an additionally measure of control. The Board appreciated that ERM was standing by for a call if needed, but the Board did not need to call.

### **Motion 11/12/14 (k) M/S Massey/Campbell Accept letter to management. MCWOO**

### **Gunnuk Creek Hatchery Discussion – continued**

The President asked the Board if they wished to continue to discuss the Gunnuk Creek Hatchery project. Board members had nothing new to add.

**Announcements:** The President referred back to the General Manager Evaluation process and reiterated that he is always available to speak with Board members and that they should feel free to call him mid-season if there's a problem or issue to discuss. The SMC hatchery trip will be available to Board members after today's meeting ends.

### **NSRAA Scholarship Program Discussion – Steve Reifenstuhl**

This item is on the agenda at the request of a Board member. According to the NSRAA Scholarship Policy, NSRAA provides for three \$2,500 scholarships annually. Two are academic and one is technical. The evaluation committee is composed of impartial volunteer community professionals and the applicants are rated anonymously. The policy says the scholarship award does not have to be to a fisheries-related degree. The Board engaged in discussions on options for the scholarship program. Support for the Fish Tech program was expressed and support for a scholarship that would train potential future employees was brought forth. An internship was discussed with the Sitka Sound Science Center. Steve has always supported the staff continuing their education.

**Motion 11/12/14 (l) M/S Massey/Martin** have staff move forward with investigating one or two scholarships to Alaska Fish Tech program for consideration at the March meeting. MCWOO

**Motion 11/12/14 (m) M/S Ritchie/Botso. To go into executive session MCWOOO**

**Motion 11/12/14 (n) M/S Ritchie/George to come out of executive session AYE**

The Board went into executive session and approved the level of the employee bonus for this year.

### **Board of Fisheries Proposals – Return to Discussion**

After a discussion of the proper parliamentary procedure the following motion was offered: **Motion 11/12/14 (o) M/S Richie/Mike. The NSRAA Board is opposed to Board of Fish Proposals #175 and #176.** The General Manager is to present that position to the Board of Fish and to convey the sentiments as previously expressed by the Board; that the best decisions on how to bring folks back into the allocation range is made on a program-by-program, case-by-case basis, with the full participation of all the affected groups. The Board expressed confidence that the General Manager would be able to represent the Board's position and answer any questions from the Board of Fisheries members. **The motion passed unanimously.**

**Proposal 188** was discussed. It has to do with the SE Cove terminal harvest area and would provide blocks of time for chum trolling in the THA. This is NSRAA's cost recovery area and usurps our ability to manage for NSRAA programs and for rotational fisheries as determined by the Board. Under the current terms with Commerce this is a cost recovery-only area for the next four years, so there is no option for fisheries in the terminal area in the next four years. **Motion 11/12/14 (p) M/S Ritchie/William The NSRAA Board opposes 188. The motion passed unanimously.**

**Kootznahoo Proposals #192** Requires the recording of sockeye. Personal use and subsistence use are already required on fish tickets, so Board action is not required.

Discussion of proposals that change the Seine Management Plan: **Motion 11/12/14 (q) Richie/George. NSRAA opposes all the proposals that limit the ability of the ADF&G to make science-based management decisions.** NSRAA supports the management of the Alaska Department of Fish and Game. Discussion began specific to #193 and #200 but was broadened in application. **Passed Unanimously.**

**Motion 11/12/14 (r) M/S Barry/Justin Proposals #198 and #201. NSRAA is in support of the proposals that put into regulation the current closed areas in front Basket Bay and Angoon. The motion carried with 19 in favor 1 opposed.**

#### **Crawfish Inlet Discussion**

**Motion 11/12/14 (s) M/S James Moore and Zach. Crawfish Inlet will be managed for troll and cost recovery only the first two years of returning production, unless cost recovery in year one exceeds \$1,000,000. This is based on the first year of the four year old return (2018). This troll/cost recovery designation will then be subject to annual evaluation and review by the Board. Motion passed unanimously.** The proposal was offered after extensive discussion between the gear groups that had been occurring outside the Board meeting, ever since the Spring meeting and was meant to reassure the trollers that the most opportunity that could be, would be provided and that if the effort was not adequate to harvest the return and cost recovery reaches unwanted levels then the Board will be required to act to provide for common property fisheries. The 2015 fish will return as 3 year olds in 2017 and the four year olds in 2018.

#### **Board Policy 2014-1 Chum Broodstock and Core Programs**

**Motion 11/12/14 (t) M/S John Barry/Botso Board Policy 2014-1 Chum Broodstock. “In years of broodstock shortages the existing programs at HF and Deep Inlet broodstock needs are to be met first, before broodstock is taken for other programs. The General Manager is requested to get the full complement of eggs for both programs, before eggs are allocated elsewhere.”** The impact of this decision is that the new programs at Gunnuk Creek may have to develop more slowly. The President said at Medveje the situation is not the same. Steve described how he would take extra fall run fish at Hidden Falls and the shortage would go to SE Cove. The maker said the intention is not to limit Steve’s decision making options but to make clear the new projects defer to existing programs. **The motion is passed unanimously and the Policy 2014-1 Chum Broodstock and Core Programs is established. The General Manager will bring clarifying language to the Board at the spring 2015 meeting.**

#### **UFA Report – Steve Reifenstuhl**

Steve said UFA is an important organization and represent the fishing industry to the State Legislature. Julianne Curry does a good job and is well received. The organization suffers from inadequate funding and lack of staffing to cover the wide range of issues. The interactions between the elected officials and the UFA Board are very valuable. Deborah suggested that the NSRAA Board adopt a goal of 100% membership in UFA by our gear group Directors to be achieved at the March meeting. The Board members did not object and most were currently members. This will be on the March agenda.

#### **Board of Directors Election Ballot**

At-Large Gillnet	Dalton Bergman	At-Large Gillnet	Kevin McDougall
Crewmember	Deborah Lyons	At-Large Seine	Mitch Eide
Rural Troll	Jim Moore	Rural Troll	Josh Dybdahl
Sitka Power Troll	George Eliason		

**Motion 11/12/14 (u) M/S Dave Moore and Eliason to approve the election ballot. MCWOO**

#### **Richard (Bosto) Eliason Recognition**

The Board President noted that this is the last meeting for a long-time, respected and valued Board member. Board members applauded the statement.

#### **NSRAA/DIPAC/SSRAA Board Interactions**

The President described his idea of some Board members going to DIPAC Board and some DIPAC Board members coming here. The General Manager will go to the DIPAC meeting in the fall and give a report on how the donation to NSRAA is spent.

### **Chinook Futures Coalition**

In the interest of full disclosure the Secretary-Treasurer said that after last spring's Board meeting she was approached to act as Executive Director for the Chinook Futures Coalition. The Coalition is moving ahead with a petition to delist Snake River Fall Chinook from the ESA. NSRAA funded an early research paper on the subject and CFC has received funding from DIPAC. The President thanked her for the information and did not see a conflict of interest.

**Presentation of long term view of finances for new projects** - Deferred to the Spring Board meeting.

**Spring Board meeting date is set for 11 & 12<sup>th</sup> of March and may be held in Juneau. M/S Carl, Mike MCWOO**

**Motion 11/12/14 (v) Motion to Adjourn. MCWOO**

Deborah A. Lyons  
Submitted by Deborah A. Lyons, NSRAA Secretary /Treasurer

## **NSRAA Board of Director's Meeting Minutes ~ FALL 2014**

November 11-12 2014      1308 SMC Rd., Sitka, Alaska

## SUMMARY OF ACTIONS

### **Appointed Seats**

**Motion 11/12/14 (a) M/S Lyons/Campbell** Eric Jordan made the nominations for the Conservation-William Bergman, Interested Person-Carl Johnson and Sport fish-Brian Massey. The nominations were closed (Lyons) and seconded (Campbell).

### **Approve Minutes**

**Motion 11/12/14(b) Massey/Johnson** Motion to approve the minutes of the Spring 2014 Board Meeting of March 4<sup>th</sup> and 5<sup>th</sup> and the Spring Executive Committee Meeting April 25<sup>th</sup> 2014. A compliment was offered by the Board on both the Minutes and the Manager's report. A typo was noted, and the date on the Summary of Board Actions is corrected to 2014. **MCWOO**

### **Gunnuk Creek Hatchery**

**Motion 11/12/14 (c) M/S Massey/G. Eliason.** The NSRSAA Board requests that the General Manager investigate getting an appraisal of the property and continue discussions with Commerce. Board discussion about the appraisal process occurred. Because this action requires some expense on the part of NSRAA, a roll call vote was taken. **The motion carried with 20 in favor and 1 opposed.**

**Motion 11/12/14 (d) M/S Eric/Jim Moore.** The NSRAA Board, taking into account the existing NSRAA debt burden & SE Cove broodstock concerns, directs staff to continue to pursue acquisition of the Gunnuk Creek project. **The motion carried with 18 in favor and 4 opposed with 22 Board members present.**

### **Crawfish Inlet Operating Expense Loan**

**Motion 11/12/14 (e) M/S Deb /Mike N.** To borrow up to \$750,000 for two years of operating loans for Crawfish Inlet program to cover FY '15 March to May 2015 and FY '16 March to May 2016. The terms on this and the other loans mentioned earlier are 5% interest-free the first six years then interest begins to accrue the seventh year. **The motion carried unanimously on a roll call vote.**

### **Hidden Falls Assessment Contingency Account**

**Motion 11/12/14 (f) M/S Barry/Massey** Move \$418,000 to the Hidden Falls Assessment Contingency Account. The Board has a policy in place that applies to how the Assessment tax is managed; they felt it would be correct to treat the unanticipated non-tax revenue consistent with the policy. **The motion passed with 22 in favor on a roll call vote.**

### **DEPARTMENT OF REVENUE ANNUAL NOTICE OF INTENT**

**Motion 11/12/14 (g) M/S Lyons/Jordan** The NSRAA Board of Directors requests the Department of Revenue implement the HF Tax Assessment for the 2015 fishing season using the flat price per pound. The motion passed without opposition, by unanimous consent.

**Motion 11/12/14 (h) M/S Massey/Davis** NSRAA BOARD Accepts the additional language offered to clarify Board Policy 2013-1.

### **Hidden Falls Assessment Reserve Policy 2013-1**

#### **RESERVE FUND CALCULATION**

- I. Tax assessment monies are received from the Department of Revenue approximately one year after the tax is collected; the estimated tax collection is determined in season.**
- II. The reserve funds has input from income derived by the Hidden Falls tax assessment, and in rare circumstances from the sale of chum at Hidden Falls.**
- III. At the Spring NSRAA meeting, the board designates a specified amount of money to be used from the reserve funds toward the next fiscal year's budget. For accounting purposes the previous year's tax assessment receipt (income) is recognized as revenue at the beginning of the new fiscal year (first week**

of July). The reserve net asset designated account is also adjusted to reflect the release from designation for the current year's budgeted use of the reserve.  
The motion carried unanimously with 22 in favor.

#### **Board of Fisheries Proposals**

**Motion 11/12/14 (i) Jordan/Moore** The NSRAA Board does not support Proposal 176 because the language directing the Board is too restrictive and the specific time frame is unworkable.

**Motion 11/12/14 (j) M/S Richie/John** To Table the motion (i) under discussion. The motion carried unanimously

#### **Audit Committee Report**

**Motion 11/12/14 (k) M/S Massey/Campbell** To accept the letter to management. MCWOO

#### **Scholarship Policy**

**Motion 11/12/14 (l) M/S Massey/Martin** have staff move forward with investigating one or two scholarships to Alaska Fish Tech program for consideration at the March meeting. MCWOO

#### **Executive Session**

**Motion 11/12/14 (m) M/S Ritchie/Botso.** To go into executive session MCWOO

**Motion 11/12/14 (n) M/S Ritchie/George** to come out of executive session AYE

The Board went into executive session and approved the level of the employee bonus for this year.

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**Motion 11/12/14 (v) Motion to Adjourn. MCWOO**