

NSRAA Board of Director's ANNUAL Meeting Minutes ~ SPRING 2014
March 4-5th, 2014
Lutheran Church, Petersburg, Alaska

Call to Order

The meeting was called to order by President Kevin McDougall at 9:00 AM, March 4, 2014 in Petersburg.

Roll Call

Gillnetters present: Lars Stangeland (appointed to replace Brad Badger), Chris Guggenbickler for Richard Eliason, Jr., Kevin McDougall, Mike Nilsen and Dan Pardee. Seiners present: John Barry (Late), Mitch Eide, Sven Stroosma, Dean Haltiner, and Justin Peeler (elected to replace John Carle). Trollers present: Zachary Olson (elected to replace Alan Andersen) (Late), Richie Davis, Eric Jordan, George Eliason, and Jim Moore. Other Board members present: Brian Massey-Sport, John Blankenship-Subsistence (Absent, excused), Marlene Campbell-Municipality (Late), 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.

Establish Quorum

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

The President explained that at the Fall 2013 Board meeting, one of the designated Gillnet seats did not have a candidate from that area and was unfilled. In order to fill the vacancy all the Gillnet seats were changed to At-Large Gillnet seats. President McDougall appointed and the board approved Lars Stangeland to fill the vacancy. Lars also sits on the DIPAC Board of Directors.

Announcement

A **sign-in sheet** for the public was passed around.

Per diem has been adjusted for food and lodging that has been pre-paid by NSRAA for the out of town meeting. Board members are instructed to fill out forms.

Introductions Board members introduced themselves and their affiliations. A number of comments about being happy to have the meeting in Petersburg were expressed. Members of the public and NSRAA staff also introduced themselves. Others present included: Steve Reifentstahl NSRAA General Manager and Jean Myer NSRAA Office Manager, Anthony Tailer – Gillnet, Andy Knight – Gillnet/Troll/Crab, Tim Koeneman – Handtroll\Consult, Bob Martin – Gillnet, Ron Lindsey – Gillnet/Troll, Joel Randrup – Gillnet, Scott Wagner – NSRAA Operations Manager, Flip Pryor – ADF&G, Andy Macaulay – AK Dept of Commerce, Arnold Enge – Gillnet, Max Worhatch-Gillnet, Clyde Curry-Seine, Angela Bowers- NSRAA Medvejie Hatchery Manager, Mike Pountney-NSRAA Maintenance Chief, Carrington Gorman – Project Manager, Chip Blair – NSRAA, Data Analyst, Eric Prestegard-DIPAC Executive Director, and Nyle Thomas – Seine.

Approve Agenda Committee appointments were added to the agenda. The President said the Troll Proposal will be discussed, although it was not submitted in time to get on the agenda. The

Staff made copies of the proposal for the Board **Motion 3-4-14(a) M/S Mitch/Brian to approve the Agenda as amended. MCWOO.**

Announcement

A fire occurred at the Petersburg Crystal Lake Hatchery just after midnight this morning. Board member Will Bergman is a member of the volunteer fire department and he said the building that housed the fish and the generator shed were destroyed. About a million king salmon smolt and a couple hundred thousand coho were lost. This is a major loss to the community and the program. Fish outside in the raceways survived.

Approve Minutes

The Secretary/Treasurer apologized and explained that the Fall meeting minutes were done in haste for personal reasons (illness in family) and the staff did not have the opportunity to check them for typos and numerical errors, as they normally do. The minutes have since been corrected and posted on the website. **Motion 3-4-14(b) M/S Brian/Marlene. To approve the corrected version of the minutes. MCWOO**

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

Motion 3-4-14(c) M/S Richie/George. To approve the Election Committee report certifying the

February 2014 election results:

At Large Gillnet - Danny Pardee

At Large Power Troll - Zachery Olson

At Large Seine - John Barry

At Large Seine - Justin Peeler

And approving the appointment of Lars Strangeland to the At Large Gillnet Seat. MCWOO

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

Motion 3/5/14 (d) M/S Mitch/Dan Re-elect the existing slate of officers: President Kevin McDougall, Vice-President John Barry and Secretary-Treasurer Deborah Lyons. The President remarked that his perception of the role of President has evolved over the past nine years. He is very engaged in NSRAA issues and he is enjoying working with Steve. **MCWOO**

Conflict of Interest Statements

Board members were asked to fill out the form under TAB 3 and turn it in. Steve informed the new Board members this is important requirement of the State Audit and it is important to identify any potential conflicts of interest.

Committee Seats

Eric Jordan noted that some committee seats are unfilled and are not correctly listed in the Board book. The President asked the gear groups to decide who would represent them on the Budget Committee and RPT. The Troll rep on the RPT is not resolved at this point, but the Trollers agree that Zach should serve on the Budget Committee. On the New Production Committee Will and Marlene were appointed but are not listed in the Board book, Dan is the official Gillnet Rep and Sven for the Seiners. Eric is also on the new production committee (5 members total). Brian Massey should be listed as on the investment committee.

Appointed seats discussion

The President explained that this subject is on the agenda at a Board member's request. Previously, when the Board examined the idea of reducing the size of the Board (which was not adopted) the subject of the appointed seats came up. The idea was put forth to change the all

the appointed seats to interested person seats. Board discussion occurred about this idea. Eric recalled the original state designation of seats to assure wide representation of the public. The Secretary said the Board representation at the current time is excellent with all designated seats filled with excellent people. Right now this is a situation where “nothing’s broke and it doesn’t need fixing.” Marlene spoke about designated seats bringing expertise to the Board. The subsistence seat is important. A Board member suggested that the designations can be reconsidered on a case-by-case basis if they prove difficult to fill. The President summarized the discussion by saying, “I am not hearing a desire to change the designation of the seats.” Part 2 of this discussion is the logistics of the appointment process which results in appointed seats continually getting reappointed and there is limited opportunity for someone new to come in and challenge a sitting appointee. The President reviewed how the Board did a ballot endorsement to approve the appointed seats at the Fall meeting. Jean, the Office Manager said the appointments are made at the November meeting and new person or the incumbent shows up and is seated at the March meeting. After further discussion it became clear there were different ideas about the appointment process so it was recommended that the bylaws be reviewed and everyone get set straight. Bylaws 2.6.3, 2.6.3., 2.6.3.2 and 2.6.3.3 all concern the Non-Gear Group Directors. **Motion 3/5/14(e) M/S Eric\Wade The Board endorses the current process for appointing the non-gear group Directors. MCWOO**

General Manager’s Report – Steve Reifenstuhl

Steve had written a nine page report to the Board. It included an Introduction and Summary and supplemental information for the Board to consider on many of the Agenda items. Although the report was sent out prior to the meeting via email, not everyone received it. Copies were made for everyone. Steve gave his oral report but it was brief because he is having trouble speaking due to his cold.

- He noted the agenda order had been changed and staff reports are now set for the second day of the meeting.
- Steve has spent a great deal of time on the Gunnuk Creek hatchery issue but it is on the agenda and Scott will report in more detail later. Current status is that KNPF is delinquent in its debt. Steve has been trying to develop an MOA between Commerce, KNPF, Community of Kake and ADF&G that can serve as a road map out of a complicated situation and preserve Southeast Cove project. An engineering review needs to take place on the status of the hatchery.
- This year’s Salmon Enhancement Tax revenue has come in at \$3.66 million, the second largest ever and higher than staff had estimated. Last year’s SET tax problem is finally resolved. Steve described the problems and frustrations with the Department of Revenue and the numerous reviews of the numbers all done by Chip Blair NSRAA Data Analyst, ADF&G and CFEC (Commercial Fisheries Entry Commission) which all confirmed NSRAA’s position and conflicted with Revenue’s original findings. All three sets of data were sent to Revenue and ignored. Steve had met with Revenue Director last summer, who then seemed favorable to correcting the error, but 7 months later nothing had happened. Steve sent a strongly worded email and finally the Director called and said NSRAA was right. The new amount owed NSRAA is \$677,000. Steve will follow up with a letter to the Commissioner and Director recommending that CFEC catch and value data should be used as a way to check Revenue’s figures each year. Board members discussed how this affects other aquaculture entities. Options are being examined for the repayment from the organization that was overpaid (SSRAA) and we have been in close communication with them.

Steve concluded by saying NSRAA is launching into a new phase, coming up to a new level. If all the new programs occur as planned, NSRAA will increase total production by 35%.

Operation Managers Report -Scott Wagner (Digital report is posted on the NSRAA website)

Scott opened his report by expressing condolences and sympathy to the people of Petersburg in the room concerning the loss of the Crystal Lake hatchery. He and the other NSRAA staff see that as a big blow and offered NSRAA's assistance to them and SSRAA.

The **budget is up** due to the production increases approved by the Board. At SE Cove we've added 5 million 4 gram chum and net pens and incubators. At Medvejie we are up 9 million 2 gram chum, pens, nets and incubators and have maxed out our permitted capacity there. The Sawmill Creek production is increasing by 1 M Smolt and 2M fry in 2015 and 2M more fry and smolts in FY16. We also have capital costs associated with the controls for City-pumped water. Feed costs have not increased for FY15, but prices are adjusted mid year and could still change. AML shipping costs are up 4%.

The warm summer water temps caused fish culture issues for both saltwater overwintering chinook groups at Medvejie but Deer Lake is having the best overwinter survival percentage to date. Diversity in our programs helps minimize risk.

Scott reviewed the Permit Alteration Requests (PAR) that he has been working on. He has requested alterations that would allow 55 million additional fry at Hidden Falls to go to SE Cove. A Medvejie Par for 600k Chinook to be released in Crawfish Inlet and a Sawmill Creek PAR for 50 million MCIF chum to go to Crawfish Inlet. Also the Banner Lake Fish Transport Permit was approved. Other permits include the ACOE permit for Crawfish Inlet and the DNR tidelands permits. AT MCIF he needed ACOE and DNR permits for intake and stream work. He is still working with the USFS to renew the Deer Lake and Hidden Falls long term Special Use permits. The City has renewed the 30 year tidelands lease for Medvejie. The water rights for MCIF and SMC are being renewed and will need to be adjusted. A Board member thanks Scott and Steve for cleaning up the permits and getting everything in place.

Scott summarized the status of Grant projects. The HF pier project is 99% complete. HF pipeline replacement is coming along as is the Hydro replacement. The duplex at Medvejie almost done, siding project is 90% done. New MCIF intake and stream bank stabilization in response to January flood is being planned. At Haines NSRAA is continuing the winter water flow monitoring and pump tests for the spawning channels. Staff has developed an otolith sampling procedure for returning BY10. The entire fishery will be sampled for the first time this fall so we can determine what we are producing up there. The January flood washed out the road to Medvejie and the 42 inch penstock at SMC washed out. The final wrap up on the Hidden Falls Tax assessment enforcement was that there were two instances and one citation issued. One boat tore a net and left the area, the other vessel will go to trial in April for fishing in closed waters. At SE Cove 9 M fry are on site and the transfers are going well; a week earlier than last year with low mortality. At Pelican the eggs successfully hatched but there was some death by fungus from the high organic load in the water supply. Pelican had to shut down the hydro during the dry spell but the penstock remained charged. The incubators still got water but that incident raises a question of the viability of a future facility.

Current staffing: at Hidden Falls Dan Demers, Assistant Manager and Travis Blakemore on Maintenance have moved on to new jobs. At Medvejie Mike Martello is now working for the Science Center. He has been replaced by Kenny Gray and Kenny is replaced by Baxter Poe, who is also fish culturist. Ritch Phillips the Medvejie Assistant Manager is retiring. Bill Lyden the SMC Manager is leaving. Mike Poutney Maintenance Chief at MCIF has been moved up to oversee all NSRAA facilities maintenance. The transitions are all for personal reasons and there is no systemic problem at NSRAA. Statewide there are many positions open. It is important to keep working with SSSC to keep young people moving up in the field. Kevin asked a question about production goals. Scott noted an omission in the table on page 45 and summarized by saying "Chum production is increasing by 9%."

Staff described and discussed hand feeding verses blower feeding of the fish. Scott explained the fish are hand fed until 2 grams then go to blowers from 2-4 grams. He thought this method is

more efficient. Steve said the important point is that the staff are feeding the fish and not feeding the pen. They pay attention when they are feeding the fish. At the end of the year we can look at the data on conversion to evaluate the efficiency.

10:30 AM break

“Looking into the future “ Steve Reifentuhl and Chip Blair

Because NSRAA is on the cusp of expanding into some new programs the General Manager thought it worthwhile to go through a visioning exercise with the Board looking ten-fifteen years out into the future. Steve said, “We need to look at budgeting, how NSRAA will pay for the programs and also how increasing production at SE Cove and Crawfish Inlet can bring benefits.” In Part 1 of the presentation Chip shared some new graphics that showed a map of the central northern area and the location sites of the current and new production. In summary NSRAA is planning to go from 202 million chum eggs and a 184 million fry release currently up to 292 million eggtake and 268 million fry release. When the number of fry, times marine survival (2.5%), at average weight (7.8 lbs) and estimated price per pound (.60) and 95% harvest rate were calculated our current overall value of chum produced goes up from \$20.6 million dollars at present to \$31 million dollars in the future. Chip broke down figures to show a benefit cost ratio at Crawfish Inlet of 8.1 to 1 and 8.3-1 at Southeast Cove. Crawfish Inlet represents a capital investment of \$1.8 million and operations \$658,000 annually with the potential to produce \$5.4 million dollars annually.

At Southeast Cove the \$1.7 million capital investment and \$724,000 operations cost can produce \$6 million dollars annually.

Part 2 of the presentation examined what the future budget impacts would be. Staff presented a probable 2030 budget scenario. NSRAA is planning a 2030 budget of \$10.8 million dollars based on future production goals of 277 million chum fry, 4.5 million chinook smolt and 7.6 million coho smolt. The projected value of the 2029 catch is \$44 million dollars. \$35.5 million would go to the commercial fisheries. \$27.5 million for the chums, \$4.2 million for the chinook and \$3.8 million for the coho. The \$8.4 million dollars needed for cost recovery would come from chum \$5.8 M, Chinook \$1 M and \$1.6 million from the coho. The 2015 release will put NSRAA at 88% of the production goal for coho. The 2015 release for chinook is 133% larger than in 2010 and will be maintained into the future. The chum release will be 194% of 2010 level and for FY 2015 NSRAA is at 67% of the long term goal. The coho and chinook capital costs have been paid and the operations cost level needed for the programs is at the level in the 2015 budget. And we have a large inventory at sea. The increase in Chums will come from developing a 52 million chum fry release at SE Cove and a 47 million chum fry release at Crawfish Inlet. The Board looked at projections of the future budgets, noting the increased capital costs to be experienced FY14-FY17. The capital loans were factored in and projected pay offs of the loans were modeled on the graphs with loan #1 paid off FY18-FY21 and loan #2 paid off FY22 – FY27. Budget projections used 2% annual inflation and 2.5% cost of living increases. The Board looked at projections of value of the future chum harvests of \$30 million dollars in 2030 at 60 cents per pound and \$35 million in value if the price increases 2% per year from 60 cents to 78 cents per pound. The President urged the Board members to get familiar with the information so the budget actions and commitments make sense to them. The Secretary Treasurer thought the estimates presented by the staff were reasonable and conservative estimates and very informative to the Board.

Steve focused the discussion on Gunnuk Creek. He said there is general agreement to keep Gunnuk Creek in development, but parties have not signed off on an agreement. Steve is not totally comfortable budgeting for an uncertainty. At NSRAA we are used to the requirements of

fish culture but the other parties who are involved in the agreement have a different understanding and working with everyone involved to develop a roadmap may take more time.

Steve summarized his ideas about Gunnuk Creek. The community of Kake is suffering and NSRAA is positioned to help. Steve is recommending an engineering review of the hatchery. He recommends that we establish what it would cost to solve some of the problems there. In the current scenario we are taking fish from the common property for broodstock and betting on this program. We need to go through a long and serious review to evaluate this program. Steve would like the Board to consider moving 100,000 to 200,000 Chinook to be released at Gunnuk Creek. They will contribute to troll fisheries in lower Chatham. These fish will help the community and can be caught and harvested from Gunnuk Creek itself. Hopefully NSRAA could hire one or two local people, train them at Hidden Falls to ultimately run the Gunnuk Creek program. The President made a statement of support for the program even though there are uncertainties and asked the Board to consider authorizing the Executive Committee to act if needed for financial issues prior to the next Board meeting.

Motion 3/5/14(f) M/S Jordan/Martin To authorize the executive committee to make the financial budgetary decision for \$107,000 increase in Operational and \$944,000 Capital funding for an additional 20 million increase in chum egg takes for FY14 at Hidden Falls for Southeast Cove. These costs would be paid for with a loan from the revolving fund. It is the Board's understanding that NSRAA will not go forward unless a new permit can be issued to NSRAA. In answer to a question, Steve stated, "This wouldn't be a commitment until the MOU is signed and the MOU will address the Board's concerns. This motion is specifically concerning SE Cove." Currently there is an agreement between Gunnuk Creek, NSRAA and Trident that will be taken over by Commerce. Future return proceeds will be split between NSRAA and Dept of Commerce instead of KNFC, as dictated by otolith marking results. The Representative from the Department of Commerce joined the discussion and described his understanding of the current situation and answered questions from the Board members, stating that he thought all parties were working in good faith towards an agreement. The President made some important clarifications about the negative effects that a gap in production 4 years from now could mean to the program and is a situation to try to avoid. Steve reiterated that time is of the essence if NSRAA has to wait too long we may miss the window for getting things into place this year. Andy Macaulay from Department of Commerce stated, "The goal is to have the agreement signed in the next two weeks." **The motion carried on a roll call vote with 20 in favor and 2 opposed.**

The Board took a brief break while an additional motion was developed to clarify Board intent and assist staff with additional authorizations.

Motion 3/5/14(g) M/S Jordan/Lyons. The NSRAA Board approves staff to continue developing a Memorandum of Understanding with KNPF, Village of Kake, & Department of Commerce to secure the tidelands leases for Southeast Cove and Gunnuk Creek; purchase the used net pens, anchor system and incubators; to conduct an engineer's review of the hatchery infrastructure; and permits for release of up to 200,000 chinook smolts at the mouth of Gunnuk Creek. The final MOU is to be reviewed by the executive committee." The General Manager helped develop the wording of the motion. The tideland lease applies just on the tidelands, not the hatchery. Steve thought engineers report, ROWs etc. must be developed before we decide whether or not to take on the hatchery. A question was asked about chinook; the current NSRAA program has 6-700,000 chinook fry to go into Hidden Falls saltwater in November. For chinook to go to SE Cove they'd have to be raised in upland pens and reduce/displace 20,000 coho. A Board member observed the organization will be trading a higher efficiency coho to put the chinook over at Gunnuk Creek. Another person stated, "It's a gesture well worth making." **The motion carried without objection.**

1:20 return from lunch

Review of NSRAA Troll Programs, Management Changes, BoF proposals

Steve directed the Board's attention to his written report. In it he had provided a list of programs, management changes and Board of Fish proposals done since 2000 by NSRAA to provide more benefits to the trollers from NSRAA programs. The list included:

- Provide for trolling in Eastern Channel during troll closure (BoF)
- Shift lines within Deep Inlet during May and June to provide greater area for Chinook troll drag
- Construction of the Sawmill Creek Hatchery to produce 2 million coho smolt
- Shift 400,000 Medvejie Chinook production release to HPR (higher catch rate)
- Shift majority of 2.5 million Medvejie Chinook production to Green Lake; smolt produced here have shown the highest marine survival
- Increase coho production at HF from ~2 million to 3 million smolt, construction of new rearing and incubation building at HF (2003-2004, \$1.3 million dollars)
- Shift production at HF by decreasing chinook and increasing coho due to tripling of B:C ratio.
- Extend season at HF every year ADFG extended the troll season beyond September 20th.
- Allow additional coho troll area at Kasnyku and Mist Cove THAs.
- Expansion of the Deer Lake project from 1 million to 2 million to 2.8 million fry stocking; consistent with production of 2 million smolt
- Stock surplus coho fry in Cliff and Banner Lakes
- Backfill shortfalls at Crystal Lake Chinook program with HF chinook eggs, numerous years
- Obtain permit increases for chum release at Medvejie from 7m to 10m to 20m. More available for troll.

Proportional Production Costs by Species Program Review – Chip Blair, Data Analyst

Chip gave an informative report to the Board on Benefit to Cost Ratios for the three species raise by NSRAA. The ratios are developed by comparing the ex vessel value to the operating cost from the species programs within the NSRAA budget. They have been calculated each year since 1990 and right now stand at – Chum is 8:1, Coho is 5:1 and Chinook is 2:1. They represent dollars in return compared to dollars invested. Chip said, "Costs are fixed and benefits (value) swing widely based on survival rates/ocean conditions, markets, etc." In answer to "Why not raise more chum?" the answer is "We are." A lot of effort has gone into maximizing incubation at the hatcheries and we now are developing new projects at SE Cove and Crawfish Inlet. In answer to "Why raise chinook at all" Chip pointed out that species diversification is important often when chum survivals are down or poor the chinook or coho are doing better. The presence of the hatchery chinook on the inside waters allow trollers spring fishing opportunities during the hatchery openings. NSRAA produces fish for the common property and the Chinook, and Coho as well, have a very large value to the sports fishing sector. Maximizing the efficiency at each hatchery during the entire year involves selecting the right mix of fish for culture conditions at each site. Water supply is huge factor. At Hidden Falls NSRAA has shifted as much production as we can to more cost-effective coho. At Medvejie NSRAA is utilizing Green Lake and saltwater net pen rearing to increase Chinook production well beyond what traditional raceway rearing would allow. Continuing with the overview of costs Chip said NSRAA rearing costs per fry or smolt are Chum @ .014 cents, Coho @ .18 cents and Chinook @ .30 cents. He compared the rearing costs at each facility. For the FY 15 budget rearing cost break

out at 54% for chum 22% for chinook and 24% for coho. The Board was presented with more detail specific to each facility. Most of the HF budget goes to chum and more of the Medvejie budget goes to Chinook. The Secretary/Treasurer recalled that chinook production costs at one time were two dollars per fish. Steve explained that early on when we were starting the programs production costs for all species were much higher. Now we are maximizing the facilities, infrastructure costs have been paid for and unit cost is down. Green Lake and saltwater rearing let NSRAA increase chinook production from 500,000 to 2.5 million chinook smolts. 30 cents per chinook seems like a lot now, but compared to what it did cost to raise these fish, we are now doing much better.

The President said the purpose of the review is to illustrate what NSRAA is doing for trollers and is not intended to approve or disprove production of a species. Current NSRAA Chinook and coho programs cost 46% of the NSRAA budget and were meant to help solve the problem of the allocation imbalance. Eric, a troller, said we are not talking about changing programs but he feels trollers need more access to chum salmon. He said, "We want to divide the pie that's on the table now until the other one is ready." Jim Moore spoke to the Troll proposal that had been circulated to the Board. The trollers are looking to increase their access to chum salmon and want more opportunity to fish in Deep Inlet. A Board member said they did not think it right to displace a gear group in terminal area even though that is only regulatory option to allow more troll access to chum. A troller spoke to the necessity of keeping the Chinook production to allow for spring trolling opportunity. The Board engaged in a discussion, a long discussion about the allocation imbalance. The issue of the allocation imbalance is going to come up at the next Board of Fisheries meeting. Points of view were exchanged back and forth between the net groups and the trollers. As an alternative to more troll time within Deep Inlet development of a new troll only area on the north end was discussed. The President asked if there were any more discussion needed. If not, he suggested the Board move on to the actual harvest plan for Deep inlet. A Troller asked for a brief recess to consult with others prior to offering a motion.

2:45 PM return from break

Deep Inlet Harvest Plan

Motion 3/5/14(h) M/S Jordan/Moore The motion proposes a Deep Inlet chum schedule: **June 22 through August 10th would be for net fisheries, August 11-15 would be troll fishery in the Inlet, August 16-17 net fisheries, August 18 to 22 troll fishery, and then from August 23 to the end of the season would be net fisheries rotation.** This would give the trollers two five day blocks, ten days total and less time than they currently have now. **The motion failed with 3 in favor, 20 opposed and no abstentions.**

Motion 3/5/14(i) M/S Eide/Pardee: To adopt the 2013 Deep Inlet (Option 2) rotation schedule, as presented by the staff, with modifications to fit the 2014 calendar. The shift to 22.5 hours starts on the 27th of July. The motion carried with 21 in favor and 2 opposed

DIPAC Presentation - Eric Prestegard

Eric Prestegard, the Executive Director of DIPAC Douglas Island Pink And Chum gave a report on how DIPAC is proceeding with their unencumbered funds. The DIPAC Board has decided they need a policy to guide their grant making and to remain consistent with their mission and legislative mandate. The draft policy covers the following points:

1st paragraph states they will abide by state statutes.

2nd paragraph states the intent of the Salmon Enhancement Tax

1st priority to immediate benefits to the common property fishery...like DI

2nd priority longer term new production, fishery management, better understanding of the resource

3rd priority improvements that would provide indirect benefits to the common property

The Board appreciated Eric Prestegard sharing this information and increasing NSRAA's understanding of how DIPAC is functioning. A Board member said, "Thank you and the Macaulay family for raising fish and for the late large program." DIPAC's financial assistance to NSRAA has dramatically decreased the necessity for cost recovery at Deep Inlet and allowed for greater and more consistent fishing times for the groups fishing in Deep Inlet. A motion was offered concerning requesting additional funding from DIPAC. After Board and General Manager discussed the most appropriate way to do this, the final wording was suggested.

Motion 3/5/14 (j) M/S Lyons/Moore The NSRAA Board requests that the General Manager write the DIPAC Board to introduce the idea of multi-year funding for offsetting Deep Inlet cost recovery. MCWOO

Pacific Salmon Treaty Coalition Purpose, Creation Funding – Mitch Eide

Mitch said in 1998 there was a group called the Pacific Salmon Treaty Coalition Public Relations and Education Committee that assisted the State in efforts at the US Canada Treaty. It was an industry lobbying group. The group was not active in 2008 when the Treaty was renegotiated and, it is felt, lack of this assistance contributed to the poor outcome for the State. Mitch described some of the strategies that they have in mind and the commitments already made by other parties. They are asking for \$15,000 a year for the next five years. Board of Directors are Bill Auger (Alternate PST Commissioner), Dennis or Howard (Troll reps), Russell Thomas for Sports, Mitch, Eric Prestegard, Randy Lantiegne - Fleet Manager for Icicle, and an unfilled spot for a small processor. Steve has volunteered to keep track of the money. Deborah spoke in favor of the motion from her perspective as the past Executive Director of the PSTC PREC and thought \$15,000 might not be adequate and more may be justified in the future.

Motion 3/5/14 (k) M/S Jordan/Bergman To support Mitch Eide's request for \$15,000 a year for five years. The funding would be built into the admin budget. The motion carried unanimously on a roll call vote.

NSRAA Board of Fish proposals – Steve Reifentstahl

Steve reviewed the modifications sought for Mist Cove and Hidden Falls special harvest area lines. Changes are sought to protect the safety of our equipment, personnel and for cost recovery. The Board discussed the changes with the staff. Eric asked for a BOF proposal to open the terminal harvest area at Mist Cove during the coho closure. Steve thought this can be done under current NSRAA management and ADF&G E.O.

Motion 3/5/14 (l) M/S Mitch\Eric To support the BOF proposals as presented and as amended through discussion with the Board MCWOO

Articles of Incorporation Update – General Manager's Report Page 5

Motion 3/5/14 (m) M/S Lyons\Eide To update the Articles of Incorporation to: 1380 Sawmill Creek Road. MCWOO

Steve had other language that might be considered to amend the Articles of Incorporation. Non-Profit Status: "Special Harvest Areas (SHAs) are permitted by the State of Alaska under Sec. 16.43.400 ..." Board members appreciated the effort by Steve and recommended that he run his new wording by the NSRAA attorney and bring it back to the next Board meeting.

Cost Recovery Plans– Steve Reifentstahl

We will know on the 29th of March if DIPAC will be donating money to offset cost recovery at Deep Inlet. If we don't receive the donation, we will have to put out a bid packet for cost

recovery. Plans/contracts for cost recovery of Chinook and Coho are in place. If we have to do cost recovery at DI NSRAA would do it like we did in 2012.

Recess at 4:00 PM 4:15 Meeting of the Budget and Audit Committees

Wednesday March 5, 2014 9:10 AM - Back to order and Roll call

Announcements

Travel Reimbursements, Conflict of Interest Statements. Brian Lynch, Executive Director of PVOA announced House Finance taking testimony on ADFG budget and cuts to ASMI. Commercial Fishing contributes \$60-90 million dollars per year, well more than the cost of management. A card is being sent to John Littlefield. The President invited members of the public to ask questions and that they would be allowed to participate in Board discussions to a limited extent.

2014 NSRAA Budget – General Manager - Steve Reifentstuhl

Steve Directed the Board's attention to page 91 of the Board book saying "The expense budget is up 7.2% mainly due to the chum expansion. Cost of living is up 2.5%." An additional sheet of information with the most up-to-date figures is passed out to the Board to supplement the info on page 91. Steve gave a line-by-line explanation of the income and expense projections. Deborah stated, "It's a complicated budget and we hope to work with DIPAC. It is difficult to create our budget without knowing the dollar value of their contribution. In response to this uncertainty Steve had prioritized what would get paid off first for the Board. The budget committee worked with him to make as simple and clear budget as possible.

Motion 3/5/14 (n) M/S Eliason/Massey To approve the FY 2015 NSRAA operation expense budget of \$6,371,565 and a capital expense budget of \$411,290 and a capital chum expansion expense of \$390,700 and loan repayment and cost recovery shortfall of \$974,984. The total is \$8,148,539. The motion carried on a roll call vote with 18 in favor and 5 opposed. Seiners are not comfortable with how the contribution to Hidden Falls would be perceived.

Motion 3/5/14 (o) M/S Bergman/Jordan To accept the dollar amount that DIPAC decides to provide to NSRAA which may be up to \$2.5 million at its March 29, 2014 meeting. Priority for applying the income to balance the budget is to apply the funds in this order:

- 1) Deep Inlet cost recovery,**
- 2) A portion of Hidden Falls cost recovery (~30%),**
- 3) Capital costs for development of new enhancement programs at Southeast Cove and Deep Inlet chum expansions, and**
- 4) a portion of the Deep Inlet cost recovery shortfall,**

The motion carried on a roll call vote with 18 in favor and 5 opposed.

Reserve Accounts Financial snapshot update –page 6 of the General Manger's report

This is a report that Steve makes regularly to the Board. To help the Board understand NSRAA's current financial position Steve explained there is a total today of \$11,446,720 in liquid assets. \$2.5 million will be needed from that to pay for budgeted expenses through the rest of the fiscal year. Liquid asset as of June 30, 2014 are then projected to be \$8,946,720. An additional \$1,217,000 from the 2014 HF Tax Assessment brings that total to \$10,163,720. The liquid assets that are not designated for the Capital, Operational Reserves or Hidden Falls Contingency Account equals \$829,720 in total unrestricted funds, also called the New Facilities and Production Fund. All of the current asset allocations (Liquid Short Term Money, Fixed Income and Equities) are within the guidelines of the Board policy.

Hidden Fall Hatchery Report given by Operations Manager - Scott Wagner

Before beginning the Hidden Falls report Scott said NSRAA had been notified by ADFG that the permit for Crawfish Inlet has been issued – Staff and Board are very pleased. It represents 50 million fish and four million dollars. In response to an earlier question, Scott had checked and, the figures on the table on page 45 are correct.

The Hidden Falls report opened with a picture of the new ramp and the beautiful, locally-fabricated sign that welcomes visitors to the facility.

Scott first talked about the lake levels, always a concern at this site. “It’s been dry but we should come in about average but there is less snow pack than usual.”

The BY13 chum 94% egg to fry survival was excellent. They made very successful transfer to SE Cove. The 104.1 million fry ponded is the largest in history of the facility and meets all the project goals.

There is lots of ice at Takatz and the new dock is wonderful to work with. Lots of pictures.

BY 13 Chinook were ponded early on January 24th after being raised in very clean Heath incubators. The fish are about 3 weeks ahead of historical average size and in sufficient numbers to reach production goals. Unfortunately there are no surplus fish available to give to Crystal Lake

The BY 12 Chinook experienced vibrio mortality last year and 700,000 are currently rearing. These are 75 gram smolt already larger than previous brood years release size. Expecting a late April to early May release date.

7.13 million BY 12 Coho are in the incubators. The saltwater over wintering (SWOW) coho group are below the ponding goal of 1.35 million at 1.17 million. Good survival of 93% on the other groups. 2.8 million fry are destined for stocking into Deer Lake with the surplus to Banner Lake.

BY 12 Coho had a low over winter mortality. Currently rearing 2.65 million and the freshwater over wintering fingerlings are the largest in the history of the program. The SWOW is facing challenges of bacterial infections with the highest mortality ever seen. They are difficult to treat because they have reduced appetite in winter. Staff is responding by making a plan to treat BY13 with aquamycin and they will be doing timing trials to compare saltwater entry dates.

Scott described the facility plan for infrastructure improvements which include replacement of the 12” diameter high pressure supply line to the front round pens. They are going to increase to 20” pipe and install new vault for valves and a new PRV. They plan to connect to 36” outfall line to bring cool water to the lake in summer and are incorporating a saltwater pump and intake. They are also installing a new supply line and valves to improve water efficiency during spring rearing. Hydro-electric plant upgrades are also being made.

The infrastructure that went to SE Cove is the old Takatz barge and 6 nets.

The Board discussed whale predation questions and Fish/whale relationships. Scott thinks this year’s disease problems are more due to the warm weather. Ted Myers the Alaska State Fish Pathologist monitors the wild and hatchery programs. He thinks NSRAA management at the facilities has been effective. There was a discussion about Pollock fishing to reduce predation.

SMC Hatchery-Scott Wagner

There are 337,000 BY 12 Coho fingerlings on hand. They are 18 gram average on schedule to achieve 22 grams by transfer. 25,000 of these fish will be transferred to Medveje to supplement broodstock release. The 1.1 million BY13 egg take goal was achieved. 90 females taken from Deep Inlet. There was an unidentified mortality issue which affected 20% of the green eggs but NSRAA still achieved the egg take goals.

Upcoming plans include Phase 2 of the Pressure Relief Valve work; and work on the Incubation Recirculation tank. Other topics include a warehouse drain retrofit, outdoor raceways, alarms, PLC automation and on site housing. Staff is planning for Crawfish chum incubation.

There was a question about the rock wall damage problem. SMC fry will be moved during the Blue Lake water shut down.

Break

Allocation Imbalance Discussion – (Continued)

One of the Board members had asked the President if she could put forth an idea about the allocation imbalance. He agreed and the discussion about how to address the allocation imbalance continued. Deborah stated she had not attended any of the fishermen's meetings that had been held so she was not sure if this concept had been discussed. She said yesterday the point was made that the regulations about the enhanced production allocation criteria that guide the Board of Fisheries state that the allocation imbalance is to be resolved by offering opportunity to gear groups to harvest in the Special Harvest Areas or Terminal Harvest areas. Because the two groups that are below their percentage are seine and troll perhaps the RPT (Regional Plan Team) could suggest to the Board of Fish that the two new areas that NSRAA is developing, SE Cove and Crawfish, could be designated seine and troll only. Then, in three years, when BoF meets again they could review the numbers and see if this was shifting benefit to the two groups without taking anything away from the gillnetter's present opportunity to harvest. The President was not supportive of this idea and said it was his expectation that if these new areas are being developed that there would be opportunity for all three groups to fish, or to trade for increased opportunity in one area if none was offered in the other area. The point was made by other Board members that the Board of Fish will be meeting in March and that the RPT is supposed to suggest proposals to the BoF to address the allocation imbalance. A Board member said if new projects are being developed and a gear group is being left out "not getting an invitation to the party" he wants to know about it now. The President made a statement that NSRAA had invested a large amount of the budget in attempts to offer programs to address the allocation imbalance, that hadn't been successful, and from a business point of view he did not think it would be wise to continue. More opinions were offered by members of the Board, some in support of the concept and some opposed. In the interest of time the President suggested that the staff be allowed to give their reports and that there would be time to return to the discussion later on the agenda.

Deer Lake-Mist Cove Coho Lake Rearing – Carrington Gorman, Project Manager

Carrington reported that the project staff had hiked in with snow shoes to set up camp yesterday. He oriented the new Board members to the project location on the southeast end of Baranof Island and summarized the program goals: to annually stock 2.8 million coho fry and rear them to at least 20 grams by fall, then allow them to overwinter with one group free in the lake and the other group in net pens. At that point they shut down camp and visit the site by plane once every two-three weeks to monitor. At this time of year we move back on site to get ready for emigration which happens in May-June. The net pen reared fish are forced to emigrate and the lake fish leave volitionally. Since the November 2013 Board members the staff has released 1.63 million 21.7 gram fingerlings into the west basin of the lake. This location is furthest from the outlet than ever used. He said this was a good strategy because, considering the heavy rains in December and the high outlet stream flow rates, the fish seemed to stay in the lake and weren't washed out. Only 35 fingerlings attempted to leave and were prevented by the fyke net. This year they split the four overwintering pens of fish into six before leaving. They used the dewatering slide from Medvejie and this new procedure worked well. Since the last Board meeting and the camp shut down staff have visited the site twice, staying a week each time. They are currently holding 1.18 million 20.1 gram fingerlings the fish have lost 1.8 grams the least to date. Overwinter mortality is low too at 0.48%. The lake is still frozen. Now that staff is on site they will raise the pens, sample the fish and start feeding them. They also plan to install the weir early to monitor for any out-migrating fish. Staff is planning for two sessions of

forced emigration prior to the peak of volitional emigration (lake fish) and after. At the end of May beginning of June the cycle begins again when they will receive 2.8 million 0.9 gram fry from Hidden Falls. These fish will be split 50-50 to overwinter in pens or the lake. The 50-50 split is goal they have been working to attain for several years.

Medvejie Hatchery Spring 2013 Incubation and Rearing Updates and Upcoming Projects **Angie Bowers - Medvejie Hatchery Manager**

Angie introduced herself and then gave an overview of the egg takes on hand and now rearing in the hatchery. Chum: 18.3 million destined for Bear Cove and 60.5 million for Deep Inlet. Chinook 2.65 million destined for Bear Cove and 400,000 to be released at Halibut Point Marine Dock. Coho: 75,000 broodstock for SMC hatchery eggtakes. This fall 76.4 million chum eggs, 101% of goal were seeded into the incubators. The 18M BY 13 Chum for Bear Cove are growing well and staff finished ponding 6 weeks earlier than last year. The 53.2M Deep Inlet chum early ponding were very small fish but growing well and will meet the early release-size goals. All transfers were finished 10 days earlier than their last year's start date. The Green Lake yearling program is now set to release 2.5 million chinooks. Angie described the disease prevention efforts that are being made by the staff. 530,626 – 23 gram BY12 FWOV chinook will be transferred to Bear Cove and HPM at the beginning of May. The BY13 Chinook on hand are 635,000 0.64 grams fry for the FWOV program and 2.9 million 0.76 gram fry for Green Lake. For Coho there are 75,688 – 21.12 gram broodstock ready to go in the spring and 104,000 coho alevin in the incubators.

One of the major improvements to the hatchery was beginning the rhino lining of the raceways. The fish are responding well to the new environment. The new duplex will allow for three people to live on site so someone is there to deal with issues that may come up. The new duplex has a PLC hatchery alarm screen in the dwelling to alert staff. This is especially good because the Sawmill Creek coho will be moved here temporarily. Upcoming projects include revamping the current chinook incubation configuration to make space for the planned 9 million chum expansion. Improvements to the in stream intake are planned and construction of air baffles to increase raceway oxygen levels for coho holding. Staff continues to look for ways to hold energy costs down in spite of rate increases. Angie described changes being made in preparation for holding 1.1 million additional 12 gram SMC coho for two months. This will require addition 7cfs of water through the hatchery. Angie responded to questions from the Board about snow pack, release timing, the alarm system and new techniques for otolith sampling.

*****End Project Reports*****

Steve made a statement lauding the quality of the NSRAA staff, without them we can't get the job done and they bring a lot personally to the work that they do. He noted that Mike Pountney took it upon him self to learn about the PCL alarm system and to install them. He has been elevated to head maintenance of all the facilities. (Applause) The Board and General Manager briefly discussed the recent employee turnover, saying "It feels like we are losing members of our family." The General Manager agreed but what has happened is that our employees are moving to be closer to their biological families and not because they are dissatisfied in their work at NSRAA.

Board/General Manager confidentiality of communications – Deborah Lyons

The Secretary/Treasurer brought up the point that some of the information that the General Manager shares with the Board through email and his Manager's reports is sensitive having to do with legal issues, agreements in development, etc. She thought it would be good for the Board to think upon this and for Board members to remember that this information is not to be forwarded or shared to others not on the NSRAA Board. A Board member suggested confidentiality language should be added and when distributed via email that Steve should BCC

the recipients. The point was made that when things are posted on the internet you have lost control of it and never know where it will end up. Steve said when he writes his updates to the Board he is aware that others may be reading it. Board members asked that two email groups be formed, one for the entire NSRAA Board and one for the Executive Committee.

NSRAA Scholarships – Steve Reifentuhl

Steve announced the recipients of the three scholarships: Justin Cabe - UAF, Laurel Eliason - UAS, Cody Worhatch - Cornell. Applications for 2015 are due in April and scholarships will be awarded in late May. NSRAA distributes 3 scholarships at \$2,500 per recipient. The scholarship committee generally receives 9-12 applications. Discussion about the scholarship program continued and Board members requested that the subject of increasing the budget and number of recipients for the scholarship program be added as an agenda item for the fall.

Yakutat Aquaculture Association – Informational Item

Steve informed the Board about the new association YRAA, and that they had requested chum eggs from NSRAA. Because NSRAA eggs are fully committed to existing programs and broodstock he recommended they consult DIPAC, who have said they can help YRAA, subject to ADFG approval and the RPT. They have two possible hatchery sites: Broken Oar Cove, or the watershed at the cold storage. Steve has been helping them with information as they have requested it. They are now collecting 3% tax on set net sites and troll landings north of NSRAA boundary.

UFA report 19th and 21st in Juneau

Steve lauded the organization saying they are the main interface of Commercial fisheries with the Legislature. Julianne Curry, the Executive Director is very well received in Juneau and Jerry McCune, as well. UFA is an indispensable organization for commercial fisheries. The Governor is interested in working on Board of Fish conflict of interest interpretation by the Department of Law. Steve is chair of the UFA Subsistence and is now on the UFA Executive Committee. A Board member said the recent experience of watching the Mat-Su Legislators line up to defeat the appointment of Vince Webster, a qualified experienced fisherman and Advisory Committee chair was extremely concerning. Steve went on to discuss some issues related to the Federal Subsistence Board and the Kootznouoo petition. Some baseline sampling is being done. The SE Regional Subsistence Advisory Committee is in support of the proposal. The proposal is very concerning to NSRAA because it could close fisheries in Chatham Straight and, in the end, result in harming the commercial fishing economy and the economies of the small villages. A Board member with local knowledge thought an enforcement issue existed and thought local illegal fishing on the spawning stocks was depressing the resource.

Motion 3/5/14 (p) M/S Barry/Jordan The NSRAA Board authorizes the General Manager to use a part of his discretionary fund as needed to address the petition. **The motion carried on a roll call vote with one opposed.**

12:15 Break for lunch return at 1 o'clock.

Audit Firm Review – George Eliason

The Audit Committee has reviewed NSRAA's relationship with Elgee Rehfeld Mertz, LLC. and now recommends continuing to work with the same firm, but changing the principle auditor. The NSRAA Board was in agreement with the recommendation.

General Manager's Evaluation-Kevin McDougall

The President reported that he had discussed the points brought up by Board members in the General Manager Evaluation comments. A Board member said he feels that the good work of NSRAA is under represented and there is a general lack of appreciation for the programs. Therefore Steve's presentation' to the Chamber and other public forms is helpful. Steve invited the Board members to talk to him any time about any concerns, questions or issues. Steve educated the Board about internal NSRAA safety protocols.

Seine Seat Announcement

President McDougall reported that Dean Haltiner said he needs to resign from the Board at the end of the meeting and that the Seinners would like to appoint Charley McCullough to replace him. He will be appointed and endorsed by the Board vote at the next meeting. A fellow Board member thanked Dean for serving on the Board and recounted an anecdote about the very accomplished fisherman in Dean's family. The President said he will also look into the gillnet seat appointment prior to the next Board meeting/election.

Fall Board Meeting

The Board discussed the idea of making a trip to Hidden Falls at the fall Board meeting. The idea was well received. The Board members discussed possible fall meeting locations and dates.

Motion 3/5/14 (q) M/S Jordan/Martin The NSRAA Fall meeting will take place in Juneau. The motion failed with 4 yes 17 opposed. A Board member said it might be nice if NSRAA could have a Board meeting in Juneau and interact with and meet DIPAC Board. Kevin said that the idea is currently being discussed.

The Board set the date of the next NSRAA Board meeting for the 12&13th of November 2014.

SET Tax Discussion

Steve reported on issues surrounding the changes that NSRAA would like to see to the SET tax. He had met with Senator Stedman on issues of the flat rate, excluding trollers from the tax, and the incorporation of stronger NSRAA fiduciary responsibility language. The vehicle appears to be Tax Bill SB 71. Steve worked with Bob Thorstenson and was able to meet with legislators, etc. Steve went through an explanation of the issues for the Board. Legislators were generally not in favor of excluding a gear group, so trollers went back in. The legislation is statewide legislation, not just Hidden Falls. Language was developed to allow a flat tax or a percentage. The tax applies only to chum and is currently written for a discrete period from Jun 15 to July 30th. A Board member asked if NSRAA is currently very involved in monitoring of vessels for enforcement of the tax, "How will that change if trollers are also involved?" Steve said the processors are helping as well, but yes, if trollers are included, the NSRAA staff would be monitoring them also. The law reads, if you fish in the HF area and then fish in any other area, all chum delivered from that trip are taxed at the rate determined in that year. The change in legislation would allow for a flat fee per pound to be collected.

Other Topics Not On The Agenda

A troller, a member of the public, said he is very much in support of releasing Chinook at Gunnuk Creek. He thought it would be well received by the community.

A seiner on the NSRAA Board said it would be great to have someone from Kake on the NSRAA Board. So they have more community understanding of the project and buy in for the project The Board discussed how the project is perceived in the community. The hatchery loan and other loans have been collateralized by a lot of the town property. Steve conducted an outreach meeting in Kake that a dozen people attended, but he said communication works best on a person to person level. Steve said there is a dialogue and negative perception of NSRAA's

intentions circulating in the community. Steve said the final conversion may only come when the fish begin returning. A chum trolling workshop was recommended. The Dog Salmon Festival is in August. Steve thought their Mayor gave NSRAA a fair hearing and was sad to learn that the Mayor had recently had a stroke. Steve is trying to be very careful, and does not want to offend anyone and firmly believes the project will be great for the community. A seiner suggested we invite a community representative on the trip to Hidden Falls. Board members said it is not NSRAA's intent to cause the loss of any of the Kake property, even though that decision is with the Department of Commerce, and not NSRAA. Steve said he sees value in communicating that message to the Governor's office. The President said he thinks Steve is handling the issue well. Board members spoke to their desire to create a positive and on-going relationship with the community.

Bylaws discussion

Steve read the section 2.4 of the bylaws on vacancies in seats. "If a member is absent from 2 meetings without approval of the President, the Board shall declare the position vacant. When a vacancy occurs, or a Director has submitted his written resignation, or died, The President shall appoint a new Director, maintaining the composition of the Board and subject to the approval of the Board of Directors, to fulfill the unexpired term." Steve thought this did not preclude the action taken with respect to the gillnet seat. The Secretary referred to a legal opinion that when an elected Board member is not able to attend a meeting they can ask a person to attend in their place, but that person is not allowed to vote because they were not an elected representative of the group. Her concern is that although the gillnet seat has been filled; the person has not been elected by the gear group and therefore may not be legally allowed to vote at the Board meeting. She thought this might be resolved by having the person's name on the next ballot so he can be elected by his gear group. She recommended NSRAA get the opinion of John Sund or other legal counsel. The President said he will follow up by checking into the issue.

Return to discussion of getting into the allocation range

The President said now is the time to continue this discussion, if Board members wish. A troller opened the discussion by saying he would appreciate more clarity from the Board on how the new production projects are to be managed and which gear groups would have access to the area. He thought the gear group furthest behind in the allocation range should "have preference" to fish. The President did not object to that idea. He thought the question, from his point of view is, given the fact that the troll fleet will most likely not be able to harvest all the returning chum, was that a clean-up fishery might be considered and how would that opportunity be distributed between seine and gillnet. Another troller said the SE Cove area is currently open for seining and trolling in regulation. He had assumed that that is what would continue for the new project there. He said it "It never crossed my mind that the area would be opened for gillnetting." The President spoke of the desire of the gillnet fleet for more areas to fish. It was said that the Board of Fisheries would have to create these areas in regulation and they (BoF) would define the participants. The history of Deep Inlet, THA's and SHA's was discussed. Fishermen discussed how successful trollers might possibly be at Crawfish or SE Cove. A troller thought it quite likely that trollers could harvest the return as long as they were undisturbed by net fisheries. He cautioned Board members from being unwilling to support a project because it did not benefit them especially. A Board member said it's good to start discussing these issues but we can't solve the whole problem. In general the Board member thought the production at the new projects should be weighted towards correcting the allocation imbalance. A Board member asked if the staff could model or project what the returns might be to the gear groups. Steve said those projections could be made but it is thought that the trollers would have to catch 4-5 million pounds of chums to get back in their range. The point was made that solving

allocation issue imbalance is not the sole responsibility of NSRAA. Another Board member said, the fact remains, to solve the problem the trollers will need a significant presence. A troller said 300 trollers caught over 1 million chums this past year and they have demonstrated that they can catch chums in the terminal area. A troller said he is working to get a better understanding of the dynamics of the other gear groups. A Board member said it would be good to get more information, specific information, about what can be done to close the gap. If NSRAA could present a plan to address the problem it might be acceptable to the Board of Fish. A Board member said, now that the NSRAA Board has said they do not support moving the gillnetters out of Deep Inlet it has moved the discussion to a different level. A Board member said until the fish are present, isn't it premature to discuss the fishing opportunity? He thought the best way to go would be to set the areas up to be available to all the groups and then make the fish. A troller said his idea is the new areas should be set up to manage the areas to give preferential access to the group that is farthest out of the allocation range and that management should change as needed to address allocation imbalances. A Board member said an area like this would be useful and Deep Inlet could stay status quo. A Board member suggested NSRAA not act on anything until the Board of Fisheries meeting has occurred. He stated trollers rely on the support and good will of other gear groups especially in other forums like Treaty and wanted to preserve the good will. A Board member said that it is not inappropriate for a gear group to go to the Board of Fish for ideas on how to address the allocation imbalance and it might be good to have a "negotiated settlement in hand". A seiner agreed the conversation is premature before the Board of Fish meets. The President said whether or not a THA is set up at Crawfish Inlet... we have three years to think about it, because it will take that long for the fish to return. That would be three years from next March or 2018." Steve clarified that the Terminal Harvest Areas specify which gear groups are allowed to fish. The Special Harvest Areas provide for cost recovery. More discussion occurred about how best to reach agreements and work with Board of Fish. The President concluded the discussion saying, "Am I correct in understanding that it is the will of the Board not to move ahead with a THA for Crawfish Inlet at this time? There was general agreement that his understanding was correct.

The motion was made to adjourn the Board meeting at 3:10 PM

Minutes submitted by

Deborah A. Lyons

Deborah A. Lyons, Secretary/Treasurer

NSRAA Board of Director's Meeting Minutes ~ SPRING 2013

March 5th-6th 1308 SMC Rd., Sitka, Alaska

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

Approve Agenda Committee appointments were added to the agenda. The President said the Troll Proposal will be discussed, although it was not submitted in time to get on the agenda. The Staff made copies of the proposal for the Board **Motion 3-4-14(a) M/S Mitch/Brian to approve the Agenda as amended. MCWOO.**

Approve Minutes

The Secretary/Treasurer apologized and explained that the Fall meeting minutes were done in haste for personal reasons (illness in family) and the staff did not have the opportunity to check them for typos and numerical errors, as they normally do. The minutes have since been corrected and posted on the website. **Motion 3-4-14(b) M/S Brian/Marlene. To approve the corrected version of the minutes. MCWOO**

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

Motion 3-4-14(c) M/S Richie/George. To approve the Election Committee report certifying the

February 2014 election results:

At Large Gillnet - Danny Pardee

At Large Power Troll - Zachery Olson

At Large Seine - John Barry

At Large Seine - Justin Peeler

And approving the appointment of Lars Strangeland to the At Large Gillnet Seat. MCWOO

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

Motion 3/5/14 (d) M/S Mitch/Dan Re-elect the existing slate of officers: President Kevin McDougall, Vice-President John Barry and Secretary-Treasurer Deborah Lyons. The President remarked that he his perception of the role of President has evolved over the past nine years. He is very engaged in NSRAA issues and he is enjoying working with Steve. **MCWOO**

Appointed seats discussion

The President summarized the discussion by saying, "I am not hearing a desire to change the designation of the seats." Part 2 of this discussion is the logistics of the appointment process... After further discussion it became clear there were different ideas about the appointment process so it was recommended that the bylaws be reviewed and everyone get set straight.

Bylaws 2.6.3, 2.6.3., 2.6.3.2 and 2.6.3.3 all concern the Non-Gear Group Directors. **Motion 3/5/14(e) M/S Eric\Wade The Board endorses the current process for appointing the non-gear group Directors. MCWOO**

“Looking into the future “ Steve Reifenhstahl and Chip Blair

Motion 3/5/14(f) M/S Jordan/Martin To authorize the executive committee to make the financial budgetary decision for \$107,000 increase in Operational and \$944,000 Capital funding for an additional 20 million increase in chum egg takes for FY14 at Hidden Falls for Southeast Cove. These costs would be paid for with a loan from the revolving fund. In answer to a question, Steve stated, “This wouldn’t be a commitment until the MOU is signed and the MOU will address the Board’s concerns. This motion is specifically concerning SE Cove.” **The motion carried on a roll call vote with 20 in favor and 2 opposed.**

The Board took a brief break while an additional motion was developed to clarify Board intent and assist staff with additional authorizations.

Motion 3/5/14(g) M/S Jordan/Lyons. The NSRAA Board approves staff to continue developing a Memorandum of Understanding with KNPF, Village of Kake, & Department of Commerce to secure the tidelands leases for Southeast Cove and Gunnuk Creek; purchase the used net pens, anchor system and incubators; to conduct an engineer’s review of the hatchery infrastructure; and permits for release of up to 200,000 chinook smolts at the mouth of Gunnuk Creek. The final MOU is to be reviewed by the executive committee.” The General Manager helped develop the wording of the motion. The tideland lease applies just on the tidelands, not the hatchery. Steve thought engineers report, ROWs etc. must be developed before we decide whether or not to take on the hatchery. A question was asked about chinook. **The motion carried without objection.**

Deep Inlet Harvest Plan

Motion 3/5/14(h) M/S Jordan/Moore The motion proposes a Deep Inlet chum schedule: **June 22 through August 10th would be for net fisheries, August 11-15 would be troll fishery in the Inlet, August 16-17 net fisheries, August 18 to 22 troll fishery, and then from August 23 to the end of the season would be net fisheries rotation.** This would give the trollers two five day blocks, ten days total and less time than they currently have now. **The motion failed with 3 in favor, 20 opposed and no abstentions.**

Motion 3/5/14(i) M/S Eide/Pardee: To adopt the 2013 Deep Inlet (Option 2) rotation schedule, as presented by the staff, with modifications to fit the 2014 calendar. The shift to 22.5 hours starts on the 27th of July. The motion carried with 21 in favor and 2 opposed

DIPAC Presentation - Eric Prestegard

Motion 3/5/14 (j) M/S Lyons/Moore The NSRAA Board requests that the General Manager write the DIPAC Board to introduce the idea of multi-year funding for offsetting Deep Inlet cost recovery. **MCWOO**

Pacific Salmon Treaty Coalition Purpose, Creation Funding – Mitch Eide

Mitch said in 1998 there was a group called the Pacific Salmon Treaty Coalition Public Relations and Education Committee that assisted the State in efforts at the US Canada Treaty. **Motion 3/5/14 (k) M/S Jordan/Bergman To support Mitch Eide’s request for \$15,000 a year for five years.** The funding would be built into the admin budget. The motion carried unanimously on a roll call vote.

NSRAA Board of Fish proposals – Steve Reifenhstahl

Steve reviewed the modifications sought for Mist Cove and Hidden Falls special harvest area lines. **Motion 3/5/14 (l) M/S Mitch\Eric To support the BOF proposals as presented and as amended through discussion with the Board MCWOO**

Articles of Incorporation Update – General Manager’s Report Page 5

Motion 3/5/14 (m) M/S Lyons\Eide To update the Articles of Incorporation to: 1380 Sawmill Creek Road. MCWOO

Steve had other language that might be considered to amend the Articles of Incorporation. Non-Profit Status: “Special Harvest Areas (SHAs) are permitted by the State of Alaska under Sec. 16.43.400 …” Board members appreciated the effort by Steve and recommended that he run his new wording by the NSRAA attorney and bring it back to the next Board meeting.

2014 NSRAA Budget – General Manager - Steve Reifentstuhl

Motion 3/5/14 (n) M/S Eliason/Massey To approve the FY 2015 NSRAA operation expense budget of \$6,371,565 and a capital expense budget of \$411,290 and a capital chum expansion expense of \$390,700 and loan repayment and cost recovery shortfall of \$974,984. The total is \$8,148,539. The motion carried on a roll call vote with 18 in favor and 5 opposed. Seiners are not comfortable with how the contribution to Hidden Falls would be perceived.

Motion 3/5/14 (o) M/S Bergman/Jordan To accept the dollar amount that DIPAC decides to provide to NSRAA which may be up to \$2.5 million at its March 29, 2014 meeting. Priority for applying the income to balance the budget is to apply the funds in this order:

- 1) Deep Inlet cost recovery,
- 2) A portion of Hidden Falls cost recovery (~30%),
- 3) Capital costs for development of new enhancement programs at Southeast Cove and Deep Inlet chum expansions, and
- 4) a portion of the Deep Inlet cost recovery shortfall,

The motion carried on a roll call vote with 18 in favor and 5 opposed.

UFA report 19th and 21st in Juneau

Motion 3/5/14 (p) M/S Barry/Jordan The NSRAA Board authorizes the General Manager to use a part of his discretionary fund as needed to address the Kootznoowoo petition. The motion carried on a roll call vote with one opposed.

Fall Board Meeting

The Board discussed the idea of making a trip to Hidden Falls at the fall Board meeting. The idea was well received. The Board members discussed possible fall meeting locations and dates.

Motion 3/5/14 (q) M/S Jordan/Martin The NSRAA Fall meeting will take place in Juneau. The motion failed with 4 yes 17 opposed. A Board member said it might be nice if NSRAA could have a Board meeting in Juneau and interact with and meet DIPAC Board. Kevin said that the idea is currently being discussed.

The Board set the date of the next NSRAA Board meeting for the 12&13th of November 2014.

Steve, As I listened to the meeting again I noted a few items to follow up on. There are probably more, but I hope we can work out a plan for how to deal with these things.

Notes on the Board Meeting

1. Resolve the issue of appointment to an elected gear group seat when no ballot was sent out for the gear group seat. My question; Why did not the 2013 ballot include an at-large gillnet seat with write in candidate option?

Board of Directors Ballot and Designated Gillnet Seat

Motion 11/12/13(n) M/S Anderson/G. Eliason To approve the Board of Directors Election Ballot MCWOO

At Large Gillnet	Dan Pardee	F/V Sentry
Haines Gillnet	vacant	
At Large Seine	John Carle	F/V Pacific Fisher
Justin Peeler	F/V Defiant	
At Large Seine	John Barry	F/V Optimus
At Large Power Troll	Zachery Olson	F/V Sassy
Tim O'Connor	F/V Zephyr	
Jason Andersen	F/V Cinnabar	

Motion 11/12/13(o) M/S Eide/Pardee Change all the gillnet seats to at large. The Board thought this was necessary to assure that all the gear groups have full representation on the NSRAA Board. MCWOO

2. Appointed seats are not being done as described in the Bylaws;

“Part 2 of this discussion is the logistics of the appointment process which results in appointed seats keep getting reappointed and there is limited opportunity for someone new to come in and challenge a sitting appointee. The President reviewed how the Board did a ballot endorsement to approve the appointed seats at the Fall meeting. Jean, the Office Manager said the appointments are made at the November meeting and new person or the incumbent shows up and is seated at the March meeting. After further discussion it became clear there were different ideas about the appointment process so it was recommended that the bylaws be reviewed and everyone get set straight. Bylaws 2.6.3, 2.6.3., 2.6.3.2 and 2.6.3.3 all concern the Non-Gear Group Directors. **Motion 3/5/14(e) M/S Eric\Wade The Board endorses the current process for appointing the non-gear group Directors. MCWOO”**

3. Articles of Incorporation Update – General Manager’s Report Page 5

Motion 3/5/14 (l) M/S Lyons\Eide To update the Articles of Incorporation to: 1380 Sawmill Creek Road. MCWOO

Steve had other language that might be considered to amend the Articles of Incorporation. Non-Profit Status: “Special Harvest Areas (SHAs) are permitted by the State of Alaska under Sec. 16.43.400 ...” Board members appreciated the effort by Steve and recommended that he run his new wording by the NSRAA attorney and bring it back to the next Board meeting.