

Douglas Island Pink and Chum, Inc.
December 2, 2023
Board of Directors Meeting

1. The meeting was called to order by Jim Dorn at 9:00am.
 - a. Opening prayer was given by Jim Becker.
 - b. Roll call was given by Mark Vinsel – 20 present and 5 absent (Norman Hughes, Jeremy Jensen, Tom Meiners, Al Shaw, Mike Tagaban).

Attendance:

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|------------------|-----------------|-----------------|
| Jim Becker | Cindy Hansen | Chelsea Swick |
| Thatcher Brouwer | Amy Jo Meiners | Mark Vinsel |
| James Cartmill | Bonny Millard | Alex Wertheimer |
| Jim Dorn | Jacob Miller | Sandy Williams |
| Tyler Emerson | Eric Prestegard | Chris Ystad |
| John George | Stan Savland | Joe Zuboff |
| Dave Gibson | Lars Stangeland | |

Staff: Katie Harms, Executive Director
Jon Pearce, Operations Manager
Steve Wiechmann, Research Manager
Emily Pearce, HR & QC Manager
Arthur Hamlett, Macaulay Assistant Hatchery Manager
Erik Shook, Tourism and Education Manager
Kevin Steck, Snettisham Hatchery Manager
Michael Enders, MSH Fish Culturist

Guests: Scott Wagner, NSRAA
Phil Doherty, SEAS
Flip Pryor, ADFG
Don Spigelmyre, OBI Seafoods
Uriah Calhoun, OBI Seafoods
Yvonne Fink, State of AK, Div. of Investments

- c. **Mark Vinsel established a quorum with 20 present (17 in person and 3 online.).**
- d. **Dave Gibson moved to accept the agenda, John George 2nd. Motion passed with unanimous consent.**
- e. **John George moved to approve the 2023 Spring Board of Directors Meeting minutes. Eric Prestegard 2nd. Motion passed with no opposition.**

2. Executive Director’s Report – Katie Harms

- a. Housekeeping by Katie. If you are online and we aren’t doing a good job paying attention to you with your hand up, please speak up. Please be aware when you reply

to your attendance emails you reply to what DIPAC email address emailed you. Please see additions to the board packet that were produced after the book was printed. Please do not open the sealed envelope until Executive Session and take that envelope with you when you leave today. For online participants the information in the extra handout is on the website and information in the envelope is in the password-protected portal for board access. Please state your name when you make a motion to assist staff in accurate recordkeeping.

- b.** Introduction of Jon Pearce, Operations Manager.
- c.** Introduction of Kevin Steck, Snettisham Hatchery Manager.
- d.** Introduction of Steve Wiechmann, Research Manager.
- e.** On page 84 of the board book you will see chum prices dropped this year, although you will see from our reports that chum returns were excellent. It is sad to see we are back in the 1990s grim market conditions when it comes to salmon. By the end of the summer run the price tanked for chum salmon. It went from around \$.50/lb. to the fleet, depending on the processor, to \$.20/lb. Although we don't produce fall chum and did not meet our cost recovery goal, we were better off than some other groups. NSRAA and SSRAA had to pay fishermen to catch fish in their THAs and SHAs, pay the tenders and donate those fish to processors rather than take cost recovery. It doesn't look promising that we will get out of this next year. Signs are pointing to this market lasting quite a while. We are sitting well financially as DIPAC has done a good job of setting aside money, but would like you to be aware of the upcoming situations as we look at the finances this meeting. We did come up about \$1.5 million short of our cost recovery needs for the year. Russia has been flooding the markets with cheap fish to fund the war in Ukraine affecting global conditions. It isn't just salmon, it is affecting seafood in general across the globe.
- f.** The NSRAA board is looking at a tax assessment option for their summer chum runs. We may see that come out in the next spring.
- g.** There is still no long-term funding for us for a Chinook program. I did meet with Senator Kiehl about a variety of items this week. One item is that he wants to be sure there is still a line item in the budget for this, but there is no movement from the government at this time to move forward with a license fee surcharge. We will know about this as the legislative session gets going.
- h.** The replacement of the upper pen stock of the Salmon Creek pipeline timeline has moved up. AEL&P doesn't have all the permits yet in place, but this should start in 2025. We do currently have a budget item from the FY23 budget for design work for a three-year interim water supply which we are working with Tetra Tech. This will help us develop a temporary pipeline to be installed this spring for when we are in low water supply. With the landslide in 2022, we have some ideas already in place.
- i.** With the glacial outburst this summer, some land was eroded from the Smith's Pond area at the end of Industrial Boulevard where we store our infrastructure. The peninsula that protects our infrastructure from getting damaged was ripped apart. We did have some damage to our infrastructure. We have been able to deal with these, but we are looking at some alternate solutions of where we can store our

infrastructure around town as the current area gets more volatile and we would like to keep our net pens from getting destroyed.

- j. We did have to go back to the wild for coho eggtake this year. We would like to say a huge thank you to the Department of Commercial Fisheries for all their help in that effort. Scott Forbes, the commercial area management biologist spearheaded getting the help DIPAC needed to get all our infrastructure for that project up the creek. Jeff Williams at the Taku River camp assisted with jet boats to get us up there. Kristin Courtney, a coho biologist, helped donate tents and it was really awesome to see how supportive they were of that program to help us get the eggs we needed.
- k. The new DEC permit was issued toward the end of the summer and then immediately it was retracted and we are still operating under the old permit by the new commissioner of DEC who is more friendly toward trying to work with the hatcheries on a permit that will be less costly in the areas where there is no gain to the environment, though we may still end up with major costs associated with our new DEC permit. All the regional associations of hatcheries did ask for a formal appeal of the permit, both DIPAC and VFDA are on the sidelines of that, but are staying informed.
- l. The Alaska Hatchery Research Project did wrap up their field work for that project, so we are finally moving into the final phases and you will be hearing more in the spring about how we are analyzing that data. There is hopeful news of some potential good plans going ahead to really land that ship smoothly.
- m. A majority of the Board of Fisheries members seem to be out for blood to cut hatchery production right now. In October we had a hatchery committee meeting with the Board of Fisheries and members are not listening to the State of Alaska scientists with respect to their understanding, their knowledge and their science of how important these hatchery programs are. They are looking at ways to cut mostly pink production. I don't see where chums will be on the list. Statewide Proposal 59 was meant to be heard in Kodiak, but this week the Lower Cook Inlet meeting occurred which Eric Prestegard was able to listen in on. There were a handful of anti-hatchery proposals that were specific to Cook Inlet including Proposition 43 which is in your handout. This will not be deliberated on until the Upper Cook Inlet meeting in February 2024. I will be attending future meetings myself in either Kodiak or Upper Cook Inlet. We fought and won a different battle in 2018, 2019, and 2020 where the fishermen talked about the economic values of these programs and the science. This is a different emotional discussion about salmon losses in their regions, with those outspoken people living in regions that do not even have hatcheries. They are trying to find ways to fix the Pacific Ocean with no real science to back it. There are currently only two Board of Fisheries members in support of hatcheries and no Southeast Alaska representatives. Katie encourages DIPAC board members to be the best representatives of these hatchery programs that they can be, and if hearing negative feedback, to help change the narrative. A study conducted by a student in Washington found that a majority of interviewed fishermen and stakeholders in Southeast Alaska felt that they were being a steward of the resource by focusing on hatchery fish, while a minority thought hatchery fish were causing a problem. We are looking to update our economic report

in an effort to support the cause. 2024 marks 50 years of the Private Nonprofit hatchery law going into effect.

3. Break at 9:55 am – Back at 10:10am

4. Manager's Reports

a. Macaulay Salmon Hatchery Report - Chris Holmes

Jon Pearce, Operations Manager, presented. Please see written report in Board book.

b. Snettisham Hatchery Fall Report - Kevin Steck

Jon Pearce, Operations Manager, presented. Please see written report in Board book.

c. 2023 Return/2024 Forecast – Steve Wiechmann

Steve Wiechmann, Research Manager, presented. Please see written report in Board book. There is a discrepancy on Page 33 and Page 34. Where it references “(Table 5)”, this should be corrected to read “(Table 6)”. Katie Harms stated there was a report by NOAA done this week that is not in the board book discussing stomach contents of salmon she will forward. Steve’s presentation includes a chart documenting 2023 sockeye returns that differs from what is in the board book as current numbers were updated after printing.

d. 2023 Tourism & Education Report – Erik Shook

Erik Shook, Tourism and Education Manager, presented. Please see written report in Board book.

5. Lunch at 11:50 am – Back at 12:50 pm.

6. Committee Reports

a. Executive Committee – Presented by Jim Dorn

The Executive Committee had two meetings, one before the committee meetings start to happen and one after the committees have met. Please see the 11/29/23 handout. The Committee will put forth a recommended bylaw change so that all governance recommendations will come to the Executive Committee in the future so there is one central place for all recommendations and there is no duplication of effort. The Committee will also recommend striking the two Committee limit for board members and allow them to volunteer for as many as they wish, and please if you sign up, participate. The third recommendation will be to allow fishermen to serve on the Harvest Committee.

b. Personnel Committee – Presented by Jim Becker

To date the Personnel Committee has had no issues. We are in place because any disputes within the DIPAC staff Katie will handle unless she needs us, but if there is a complaint or dispute with Katie that is why the Personnel Committee is in place. We have never had a complaint or anything from staff or board members. If there is one, present to Jim Becker and he will put forth a response. Jim Dorn expressed that is a good reflection on Katie because the Committee hasn’t had anything to address.

c. Production, Research & Allocation Committee. - Presented by Eric Prestegard.

Please see the 11/16/23 written Report to Board of Directors in Board book. Regarding the first motion, if there was a reason to keep “Allocation” in the Committee name there should really be a Committee that is structured with equal representation, so a special committee would be best to deal with that. If we were to deal with “Research” we think we may want to have somebody who has a research background. We feel it makes the most sense to be just a “Production Committee”. Since the Committee meeting we have decided to not address the catchable lake stocking program with the board just yet, which is a change from what you will see in your board books.

d. Scholarship Committee – Presented by Alex Wertheimer

- a. Please see written Report to Board of Directors in Board book.
- b. Eric Prestegard motioned to approve \$60,500 from the scholarship endowment fund for 2024 awards for Ladd Macaulay Memorial Scholarships. Mark Vinsel 2nd.
Motion passed with no opposition.

e. Tourism, Public Relations & Education Committee – Presented by John George

Please see the 11/13/23 written Report to the Board of Directors in Board book. The recommendation to the bylaws would be to remove the words “Public Relations” from the committee name.

f. Governance, Membership, and Nominating Committee – Presented by Cindy Hansen

Please see the 11/06/23 written Report to the Board of Directors in Board book. The Committee suggests the following changes to the bylaws:

- a. To amend bylaws Article III, section 4 to remove “in person”.
- b. Throughout the bylaws the new committee names settled on should be changed.
- c. Article III, section 7 to remove “open” and add “at large seats”.
- d. Delete in Article VII “Processors and fishers are excluded from the Harvest Committee regardless of position as an officer. The President may appoint a Harvest Committee designee in place of an officer who is either a processor or fisher.”
- e. Delete in Article VII “Directors are limited to serving on two committees, excluding membership on the Executive, Harvest and Other Priority Funding Committees.” These suggestions were up for discussion, to be voted on at the spring board meeting. Alex asked in Article VII of the current bylaws for Katie Harms to fix a grammar concern and add a semicolon after “Other Priority Funding” in the first paragraph before the Spring Board Meeting. There were no other comments from board members.

g. Finance Committee – Presented by Lars Stangeland

- a. The Finance Committee met on 11/21/23. They received the FY23 audit review from Max Mertz with no recommendations and the auditor stated “everything

looked good”. The Executive Director presented the FY24 financial outlook and FY24 shortfall and cost recovery. Please refer to these reports in your board book.

- b. Katie Harms explained we have about \$28,000,000 in the books right now to help us weather any storms that may arise. Katie and the Committee will work to present these reports differently to show a breakdown of what is in reserves and what is cash more clearly by the spring board meeting. The FY24 outlook in the board book shows our revenue and expenses. We came up short in cost recovery this year and received some other unexpected grants. In whole we are looking at a \$1,500,000 shortfall this year. DIPAC staff worked, and will continue to work, to fine tune the capital projects to accommodate this shortfall based on what is mission critical and can feasibly happen in this upcoming year. Katie asked the Board to officially strike some items from the carryover capital projects and current capital projects, knowing that these can come back at a later time. The Finance Committee will present a more accurate budget at the spring board meeting. An attempt was made for a motion to reduce the capital budget for FY24 by \$188,000, but it was ultimately decided by the board that the capital budget not be changed currently.
 - c. At the request of the Board Jon Pearce spoke about the dock crane. It currently passes inspection and has some cosmetic issues. It is operational and safe, with any parts needing to be retrofit located here in town.
 - d. Lars Stangeland motioned to approve \$97,400 for staff bonuses. John George 2nd.
Motion passed with no opposition.
7. Mark Vinsel moved to hold the 2024 Spring Board of Directors Meeting on April 13, 2024. Chris Ystad 2nd. **Motion passed with no opposition.**
 8. **Jim Dorn adjourned the meeting at 1:30 p.m.**