

Prince William Sound Aquaculture Coi

Regular Executive Committee Meeting

Friday, January 9, 2009 @ 9:00 am
PWSAC Conference Room

APPROVED MINUTES

I hereby certify the accuracy of the attached
Minutes of Prince Wm Sound Aquaculture
Corp.

Date: 2-10-09
Hap Symmonds, Secretary

The foregoing instrument was acknowledged before
me this 10 day of February, 2009,
By Hap Symmonds
Kathleen M Jager
Notary Public, 3rd Judicial District, State of Alaska

Call to Order: Chairman Covel called the meeting to order at 9:22 am

Roll Call:

Present - Mike Glasen, Rod Jensen, Tim Moore, and George Covel
Absent – Scott Seaton, Steve Smith, David Roemhildt, and Bert Lewis (ADF&G)
A quorum was established

Other Board Members Present: David Clemens, Robin Dexter, Vic Jones, and Hap Symmonds.

PWSAC Staff Present: General Manager, Dave Reggiani; Sales Manager, Ray Cesarini; Administrative Assistant, Kate Jager; and Sr. Accountant/Controller, Margie Udani-Calaustro; Hatchery Support Manager, Christine Mitchell; and Gulkana Hatchery Manager, Gary Martinek.

Public Present: None

Recorder/transcriber: Kate Jager

All Handouts are numbered and available in the meeting file.

MOTION TO APPROVE THE MINUTES:

Motion, Moore; Second, Glasen to approve the minutes of December 8, 2008 regular meeting of the Executive Committee.

Motion passed unanimously

MOTION TO APPROVE THE AGENDA:

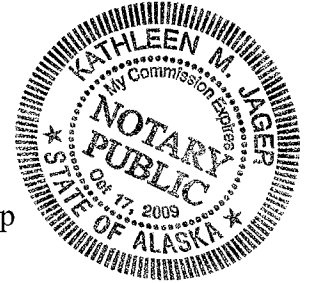
Motion, Glasen; Second, Jensen to approve the agenda for January 9, 2009 regular Executive Committee meeting.

Motion passed unanimously

Public Comments: None

MANAGEMENT REPORTS:

Chairman's Report – Covel began by saying that once again we struggled with board membership nominations for the designated fishermen seats. The Executive Committee voted to extend the nominations at their last meeting in December.



We received enough nominations to fill the open gillnet seats, seine seats, and the set gillnet seat, but we are still under on the dual permit seat.

General Manager's Report – Reggiani added that the election ballot is posted on the PWSAC web site and asked the committee to help get the word out that they can be downloaded if anyone missed it in the mail out.

He began by reporting to the committee a summary of the recent meeting of the Hatchery Operators in Juneau with ADF&G's Chief Scientist Eric Volk, Deputy Director Sue Aspelund, PNP Regional Supervisor Ron Josephson, Principal Geneticist, Chris Habicht, and Cynthia Pring-Ham from the PNP office. The meeting, although there was an agenda, had an open conversation flow. Almost all of the General Managers or Executive Directors of the hatchery operator organizations were present. Volk wanted to open up all lines of communication. One of the topics was the genetic policy, created in 1985 and the thoughts of creating an addendum to bring it up to date. The group began planning for a follow up two day meeting in March, with the first day to include a broader audience, and the second day, the smaller group of hatchery operators

Reggiani informed the Executive Committee that there had been an unauthorized fish release. There had been some logistical problems at Marsha Lake, with no air carriers available for the transfer. The pilot that would normally have completed the flight, no longer works out of Cordova. A new company and new pilot were hired for the project; however, on the first flight to the lake the pilot was not comfortable due to the weather conditions and size of the lake. There are very specific procedures on how to handle any surplus fry that may result from the application of our sockeye salmon disease loss mitigation plan. When the plane returned to the hatchery still full of fry, the only remaining option was to destroy the surplus fry. However, hatchery personnel did not follow our procedures; the surplus fry were taken to the barge landing, where they were releasing into the bay. At this point in their development, the fry are still fresh water fish, when placed into saltwater the fish will dehydrate and not survive. The hatchery personnel were given explicit directions to destroy the fish and it was not carried out in the correct manner. We are taking this very serious and are conducting an investigation into the incident to understand why the fry were not destroyed correctly. Reggiani explained that as soon as he became aware of the incident, a letter was sent to ADF&G Director, John Hilsinger. he followed it up with a phone conversation where Hilsinger expressed his appreciation for providing the information and asked to be kept informed of any developments.

Reggiani continued with his report by updating the committee members about a recent surprise a check for \$212,000 from the Chugach Alaska Bankruptcy. In 1991, PWSAC sold approximately one million dollars worth of cost recovery fish to the Chugach Seafoods. Shortly after we sold the fish, they filed for bankruptcy. PWSAC recorded the loss as bad debt years ago. Apparently, they had received a settlement from the Exxon Valdez lawsuit, and PWSAC's was assigned to receive a portion of the proceeds. Reggiani reported that he has asked Ashburn and Mason for an update on the bankruptcy to determine the likelihood of additional payments.

Chenega Chinook salmon project update – Reggiani reported that he had been working with ADF&G's Sport Fish Area Management Biologist, Dan Bosch regarding the Chenega Corporation's request for a Chinook salmon stocking program. As it turns out, the department is very willing and excited to help out with this project. Currently, we have a joint ADF&G/PWSAC fish transport permit being reviewed by the department. The Chinook eggs will come from the departments Fort Richardson Hatchery. Dan Bosch stated that he would be interested in taking them down personally to Whittier and hand them off to our supply barge to WNH. Rob Unger, WNH Manager has been working on incubation and rearing details. Chenega Corporation has stated that they are willing to back us on any infrastructure improvements that may be necessary (rearing tanks, etc.) If the permits are approved, the eggtake will happen in July and the eyed eggs would be ready to transfer in the early fall. After a year of rearing at the hatchery, the first smolt release of to Chenega would occur in May 2011. The first adults returns would start in the summer of 2013.

2009 Hatchery Return Forecast, Handout #1 - The returns shown on the first page of the handout are by hatchery as follows: Armin F. Koernig (AFK) pink salmon 7.7 million, chum salmon 409,000; Cannery Creek Hatchery (CCH) pink salmon 7.5 million; Wally Noerenberg Hatchery (WNH) pink salmon 7.5 million, chum salmon 2.8 million, coho salmon 133,000; Main Bay Hatchery (MBH) Coghill sockeye only 882,000; Gulkana Hatchery (GH) Crosswind Lake sockeye 96,000, Paxson Lake sockeye 51,000, Summit Lake sockeye 2,000. The total pink salmon return forecast is 22.7 million; chum salmon return forecast is 4.26 million; coho salmon return forecast is 153,000; Main Bay sockeye salmon forecast is 893,900; and Gulkana sockeye salmon return forecast is 149,000.

Returns to remote release locations are as follows: Port Chalmers chum salmon 1.01 million; Solf Lake Coghill sockeye salmon 3,500; Marsha Lake Coghill sockeye salmon 8,400; Cordova coho salmon 8,000; Whittier coho salmon 8,000; Chenega coho salmon 4,000. The marine survival estimates for the pink salmon were based on the 5-year rolling average on the odd year cycle. The chum salmon forecast was based on the sibling relationship. Total PWSAC Returns are as follows: pink salmon 22.7 million; chum salmon 4.3 million; coho salmon 153,000; MBH sockeye salmon 893,000; and Gulkana sockeye 149,000.

Dexter asked if there was any new information on the Cannery Creek lease. Reggiani said the State came back with another revised version of the contract and that is now being reviewed by our legal team. ADF&G has agreed to remove the requirement of earthquake and flood insurance. Dexter inquired about the term of the lease. Reggiani stated that at this point it is for 2 years only. Dexter reiterated the importance of a long-term lease if PWSAC is to consider capital improvements. He suggested that PWSAC should continue to advocate for a longer lease term.

Sales Manager's Report – Cesarini told the committee he had decided not to travel to Seattle in January to talk to the processors. With the economy in the state it is in, there is nothing to be gained by going. He said he would wait until the middle of February, after the Finance Committee sets the cost recovery revenue goals, we will know what to sell the fish for. The Sea Hawk plant in Valdez will be operating this year under the Russian owned, Northern Reach

Seafoods. The egg market is expanding and there are strong projections this year. Costco is selling salmon products all over the country, with interest in domestic fish increasing. Unemployment is high and expected to rise, so consumers are not willing to waist money. There will be a market for fish; it is just the dollar amount that is unknown.

Jensen suggested offering the processors a contract that specifies that PWSAC will make the prices public after 30 to 60 days. Cesarini said he had no problem with that, the customers are the ones who have asked it not to be made public but he would approach the idea with them.

NEW BUSINESS: None

UNFINISHED BUSINESS: None.

MEETING DATE: February 3, 2009 at 9:00 am

BOARD COMMENTS: None

MOTION TO ADJOURN:

Motion, Jensen; Second, Glasen to adjourn the meeting.

Hearing no objections Covell gaveled the meeting to a close at 11:54 am.

Handwritten notes: "1/18/09" and "1/18/09" with a checkmark.

**PRINCE WILLIAM SOUND AQUACULTURE CORPORATION
2009 HATCHERY RETURN FORECAST**

1/2/2009

SITE/ LOCATION	SPECIES	RUN TIME	ADULT RETURN ESTIMATE		EST. MARINE SURVIVAL
			LOW	HIGH	

RETURNS TO THE HATCHERIES

AFK	PINK	JUL 19 -	3,200,000	7,700,000	12,200,000	5.35%
		SEP 05				
	CHUM	JUN 1 -	346,000	409,000	473,000	3.03%
		JUL 27				

CCH	PINK	JUL 23 - SEP 07	3,100,000	7,500,000	12,000,000	5.73%
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WNIH	PINK	JUL 19 -	4,700,000	7,500,000	10,200,000	5.51%
		SEP 05				
	CHUM	JUN 1 -	2,349,000	2,840,000	3,334,000	3.40%
		JUL 27				
COHO	AUG 01 -	96,000	133,000	170,000	7.92%	
	SEP 20					

MBH	COGHILL	JUN 15 -	714,000	882,000	1,050,000	9.96%
	SOCKEYE	AUG 01				

GH	CROSSWIND LAKE	SOCKEYE	81,000	96,000	111,000	2.00%
		PAXSON LAKE	39,000	51,000	63,000	1.00%
	SUMMIT LAKE	SOCKEYE	1,000	2,000	3,000	0.25%
		SOCKEYE				

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2009 HATCHERY RETURN FORECAST

1/2/2009

SITE/ LOCATION	SPECIES	RUN TIME	ADULT RETURN ESTIMATE LOW	POINT	HIGH	EST. MARINE SURVIVAL
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RETURNS TO REMOTE RELEASE LOCATIONS

PORT CHALMERS	CHUM	JUN 1 - JUL 27	834,000	1,014,000	1,194,000	2.53%
SOLF LAKE	COGHILL SOCKEYE	JUN 15 - AUG 01	2,700	3,500	4,200	2.00%
MARSHA LAKE	COGHILL SOCKEYE	JUN 15 - AUG 01	6,900	8,400	9,400	2.00%
CORDOVA	COHO	AUG 01 - SEP 20	6,000	8,000	10,000	7.92%
WHITTIER	COHO	AUG 01 - SEP 20	6,000	8,000	10,000	7.92%
CHENEGA	COHO	AUG 01 - SEP 20	3,000	4,000	5,000	7.92%

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 2009 HATCHERY RETURN FORECAST

1/2/2009

SITE/ LOCATION	SPECIES	RUN TIME	ADULT RETURN ESTIMATE		EST. MARINE SURVIVAL
			LOW	POINT	HIGH

TOTAL PWSAC RETURNS

PINK			11,000,000	22,700,000	34,400,000	5.53%
CHUM			3,529,000	4,263,000	5,001,000	3.40%
COHO			111,000	153,000	195,000	7.92%
MBH - SOCKEYE - PWS			723,600	893,900	1,063,600	9.96%
GH - SOCKEYE - COPPER RIVER			121,000	149,000	177,000	1.08%