

1 GULF OF MEXICO FISHERY MANAGEMENT COUNCIL

2  
3 REEF FISH MANAGEMENT COMMITTEE

4  
5 Opal Key Resort & Marina and Virtual Key West, Florida

6  
7 June 23, 2021

8  
9 **VOTING MEMBERS**

- 10 Martha Guyas (designee for Jessica McCawley).....Florida
- 11 Kevin Anson (designee for Scott Bannon).....Alabama
- 12 Patrick Banks.....Louisiana
- 13 Susan Boggs.....Alabama
- 14 Leann Bosarge.....Mississippi
- 15 Dale Diaz.....Mississippi
- 16 Jonathan Dugas.....Louisiana
- 17 Phil Dyskow.....Florida
- 18 Tom Frazer.....Florida
- 19 Robin Riechers.....Texas
- 20 John Sanchez.....Florida
- 21 Bob Shipp.....Alabama
- 22 Joe Spraggins.....Mississippi
- 23 Andy Strelcheck.....NMFS
- 24 Greg Stunz.....Texas
- 25 Ed Swindell.....Louisiana
- 26 Troy Williamson.....Texas

27  
28 **NON-VOTING MEMBERS**

- 29 Dave Donaldson.....GSMFC

30  
31 **STAFF**

- 32 Assane Diagne.....Economist
- 33 Matt Freeman.....Economist
- 34 John Froeschke.....Deputy Director
- 35 Beth Hager.....Administrative Officer
- 36 Lisa Hollensead.....Fishery Biologist
- 37 Ava Lasseter.....Anthropologist
- 38 Mary Levy.....NOAA General Counsel
- 39 Jessica Matos.....Document Editor & Administrative Assistant
- 40 Natasha Mendez-Ferrer.....Fishery Biologist
- 41 Emily Muehlstein.....Public Information Officer
- 42 Kathy Pereira.....Meeting Planning - Travel Coordinator
- 43 Ryan Rindone.....Lead Fishery Biologist/SEDAR Liaison
- 44 Bernadine Roy.....Office Manager
- 45 Carrie Simmons.....Executive Director
- 46 Carly Somerset.....Fisheries Outreach Specialist

47  
48 **OTHER PARTICIPANTS**

- 49 Chester Brewer.....SAFMC

1 Shannon Calay.....SEFSC  
2 Alisha Gray.....NMFS  
3 Peter Hood.....NMFS  
4 David Krebs.....FL  
5 Kai Lorenzen.....SSC  
6 Kelli O'Donnell.....NMFS  
7 Clay Porch.....SEFSC  
8 Jeff Pulver.....NMFS  
9 Chris Schieble.....LA  
10 Jessica Stephen.....NMFS  
11 Mike Travis.....NMFS

12  
13  
14

- - -

TABLE OF CONTENTS

1  
2  
3 Table of Contents.....3  
4  
5 Table of Motions.....4  
6  
7 Adoption of Agenda and Approval of Minutes and Action Guide and  
8 Next Steps.....5  
9  
10 Review of Reef Fish Landings and Review of Reef Fish ACL Figures  
11 .....5  
12  
13 Final Action: Reef Fish Amendment 53: Red Grouper Allocations  
14 and Annual Catch Levels and Targets.....12  
15 SSC Review of the Red Grouper Catch Analysis.....13  
16 Public Comments.....15  
17 Presentation and Committee Discussion.....29  
18 Review of Codified Text.....64  
19  
20 Presentation on Greater Amberjack Historical Landings and  
21 Potential Management Actions and Table of Greater Amberjack  
22 Landings.....65  
23  
24 Overview and Discussion of Individual Fishing Quota Programs  
25 Review.....80  
26 Presentation.....80  
27 SSC Recommendations.....106  
28 Ad Hoc Reef Fish IFQ AP Recommendations.....106  
29  
30 Reef Fish Amendments 36B and 36C: Modifications to Individual  
31 Fishing Quota Programs.....109  
32  
33 Adjournment.....126  
34  
35  
36

- - -

TABLE OF MOTIONS

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16

PAGE 48: Motion in Action 1 to make Alternative 2 the preferred. The motion failed on page 64.

PAGE 73: Motion to request SEFSC run an analysis for greater amberjack which shows what the historical ABCs and ACLs would have been with FES back in time. The motion carried on page 74.

PAGE 109: Motion to make the red snapper and grouper-tilefish IFQ program review final and available for publishing on the council's website, [www.gulfcouncil.org](http://www.gulfcouncil.org). The motion carried on page 109.

- - -

1 The Reef Fish Management Committee of the Gulf of Mexico Fishery  
2 Management Council convened on Wednesday morning, June 23, 2021,  
3 and was called to order by Chairman Martha Guyas.

4  
5 **ADOPTION OF AGENDA**  
6 **APPROVAL OF MINUTES**  
7 **ACTION GUIDE AND NEXT STEPS**  
8

9 **CHAIRMAN MARTHA GUYAS:** Good morning, everyone. We have a very  
10 dense agenda today. If you want to go ahead and open that up,  
11 it's Tab B, Number 1. Our first order of business is to adopt  
12 the agenda, and so, before we do that, is there any other  
13 business that we need to add to this agenda? I have one thing,  
14 and that is goliath grouper. Anybody else? Robin, Greg, and  
15 Bob, just shout it out if I don't hear you. I will do my best  
16 to keep up with what's on the screen, but you know how that  
17 goes.

18  
19 All right, and so, seeing no other business, is there a motion  
20 to adopt the agenda as modified? All right. We have a motion  
21 by Mr. Banks, and it's seconded by Mr. Swindell. Thank you very  
22 much. Any opposition to that motion? Seeing none, the motion  
23 carries.

24  
25 Next, we've got Tab B, Number 2, the April minutes. Are there  
26 any changes to the minutes? Any opposition to adopting the  
27 minutes, or approving the minutes, as written? Seeing none, we  
28 will dispense with the minutes.

29  
30 As usual, we will go through our action guide before each item,  
31 if we can, and so that will take us to the Review of Reef Fish  
32 Landings, Tab B, Number 4, and Peter is going to present those.  
33 I'm not sure which tab you would like to have up, and I assume  
34 it's the presentation with the graphs.

35  
36 **MS. KELLI O'DONNELL:** Hi, Madam Chair. This is Kelli O'Donnell,  
37 and I'm going to be going over the figures.

38  
39 **CHAIRMAN GUYAS:** Okay. Great. Thanks, Kelli.

40  
41 **REVIEW OF REEF FISH LANDINGS**  
42

43 **MS. O'DONNELL:** The first one we have on here is gray  
44 triggerfish commercial landings, and we can see that the sector  
45 has routinely gotten pretty close, if not to, their ACT, in the  
46 past couple of years, and have had to have a closure. Exciting  
47 news, the framework has passed through Headquarters review, and  
48 so we are just waiting for it to finally publish, and so we will

1 see that increase in the ACT and ACL for both sectors, probably  
2 in time by the end of their seasonal closure at the end of July.

3  
4 We can see, with the recreational sector, they have gone over  
5 their ACL the past couple of years, and so this extra poundage  
6 that they will have will hopefully have that not happen, even  
7 with their seasonal closure, and, last year, 2020, there were  
8 some concerns that they had not caught that much, but, once we  
9 got the adjusted 2020 landings in, we did see that they ended up  
10 exceeding the ACL.

11  
12 Greater amberjack, they have stayed below their ACT and ACL the  
13 past couple of years, and that could be, in part, to what we're  
14 seeing with the stock status of them still be overfished and  
15 undergoing overfishing. They have not had any management  
16 changes, such as a longer seasonal closure added, and they did  
17 have the commercial trip limit step-down implemented, although,  
18 due to the 2020 fishing year having low landings, that was never  
19 initiated, and so they stayed with their full trip limit for the  
20 full year and still did not close.

21  
22 Greater amberjack recreational landings, they have stayed below  
23 their ACT the past couple of years, and this could also be in  
24 part due to the stock status, although it's hard to tell how the  
25 change in the fishing year and the change in seasonal closure  
26 has affected the stock, because the SEDAR 70 terminal year was  
27 actually 2018, and that is the year that the new seasonal  
28 closure and fishing year took effect.

29  
30 Gray snapper commercial, we see they have stayed pretty much on  
31 track the past couple of years, and, again, keep in mind that  
32 2021 is still preliminary, and, again, these are a stock, and  
33 so, while it shows the commercial landings don't look like  
34 they're close to the ACT, if we go to the next slide, once we  
35 combine that with the recreational sector, we have seen that  
36 they do get a little bit closer up to their ACT, which was  
37 increased this year with the new amendment that was put into  
38 place.

39  
40 Lane snapper, we see that they have also been pretty regular  
41 over the past couple of years, as far as what their landings  
42 have been, and, again, we see the commercial doesn't look like  
43 it's that close to the stock ACL, but, when we go to the next  
44 slide, when we add in the recreational landings, they have  
45 routinely gone over their ACL the past couple of years, and that  
46 document is currently in the rulemaking stage as well, and that  
47 will increase their ACL and ACT, and so that is on track to be  
48 implemented before the end of this year.

1  
2 Vermilion, we're still seeing the same thing, and there's not  
3 too much variation in the past couple of years. 2021, again, is  
4 still preliminary, and so we would expect that to kind of move  
5 up a little bit as we get in the final landings next year. When  
6 combined with the rec sector, we see that the landings are a  
7 little bit closer up to their stock ACL, although they have not  
8 had a closure at all, because they only exceeded the ACL in  
9 2018, and their accountability measure just has -- It's a  
10 closure projection the next year, which there was not a  
11 projection that showed a closure was needed for 2019.

12  
13 Yellowtail, they have a different fishing year, August to July,  
14 and so we can see that we have almost all of the 2021 landings  
15 for them in. They're just still preliminary right now, for the  
16 January to May timeframe so far, and so we'll expect a little  
17 bit of change in that as we get those final landings as well,  
18 although, when added, even with the recreational sector, we  
19 still see that they have been below their stock ACL, which has  
20 been implemented since 2013. I think that is my last slide.

21  
22 **CHAIRMAN GUYAS:** All right. Thanks, Kelli. Are there any  
23 questions about this presentation? Leann.

24  
25 **MS. LEANN BOSARGE:** Kelli, great presentation. Thank you. I  
26 really love your graphs. I'm not sure, Kelli, if this is for  
27 you, or maybe for Andy, on the gray trigger, when we look at  
28 that, and it was a pretty decent overage, but I think there's  
29 also a pretty decent buffer between our ACL and our OFL, but we  
30 didn't exceed the OFL, did we, in 2020?

31  
32 **MS. O'DONNELL:** I do not think we did, because, as you  
33 mentioned, the OFL buffer has been a lot higher than what the  
34 total ACL is, and I would have to look to see what it is for  
35 sure, but I know that there has been a really large buffer  
36 between that, and I think it's still -- Even with the increased  
37 ACL and ACT for each sector, it will still be a pretty large  
38 buffer between the OFL and the total ACL, which equals the ABC  
39 as well.

40  
41 **MR. ANDY STRELCHECK:** Leann, I will double-check that, and we'll  
42 get back to you. My recollection is consistent with Kelli's.

43  
44 **CHAIRMAN GUYAS:** Okay. Great. Any other questions? Dr.  
45 Simmons.

46  
47 **EXECUTIVE DIRECTOR CARRIE SIMMONS:** Thank you, Madam Chair.  
48 Thank you, Kelli, for the presentation. Just a question on the

1 recreational 2020 landings. Are those considered final now, or  
2 are there still imputations being done? That was one question I  
3 had, and then the other question was regarding triggerfish. I  
4 believe the OFL is like 1.2 million pounds, but I thought there  
5 was payback measures for each sector for overages of the ACT,  
6 and is that only if it's designated as overfished? Thank you.

7  
8 **MS. O'DONNELL:** Let me answer that second question first. There  
9 is always a payback for the commercial gray trigger. For the  
10 recreational, there is only a payback on the ACL overage if the  
11 stock is determined to be overfished, and Amendment 44 changed  
12 the calculation for how overfished was determined, and the stock  
13 status changed at that time to not overfished, and we have not  
14 had a full stock assessment since then to look at what the stock  
15 status is. Can you repeat your first question again, Carrie?

16  
17 **EXECUTIVE DIRECTOR SIMMONS:** Thanks. Are the recreational, the  
18 2020 recreational, landings, are those considered final now, or  
19 are there still imputations being completed, due to the closures  
20 in the early part of 2020, and I think it was like March, April,  
21 and May. Thank you.

22  
23 **MS. O'DONNELL:** I know the 2020 landings are still considered  
24 preliminary, because we don't have all of Texas's landings yet,  
25 and I would have to let somebody else answer, as far as if  
26 there's any additional calculations being made on the MRIP, LA  
27 Creel, and headboat landings.

28  
29 **CHAIRMAN GUYAS:** Anyone from the NMFS side? Andy.

30  
31 **MR. STRELCHECK:** I believe headboat landings are final at this  
32 point, and I know we've received the Texas landings, but we're  
33 still processing those landings for incorporation into the  
34 monitoring. In terms of MRIP, my understanding is that the 2020  
35 calculations and the imputations done, at least for this year,  
36 are complete, but may be subject to change going forward, with  
37 some additional information.

38  
39 **CHAIRMAN GUYAS:** Patrick.

40  
41 **MR. PATRICK BANKS:** The LA Creel landings, we always say it's  
42 preliminary, because we're always looking at the data, but, for  
43 the most part, they're final.

44  
45 **CHAIRMAN GUYAS:** Leann.

46  
47 **MS. BOSARGE:** Did we go over red grouper in this, or is that  
48 going to be in a different presentation?

1  
2 **CHAIRMAN GUYAS:** We did not, and I was wondering --

3  
4 **MS. BOSARGE:** Well, I think, before -- I see it in our briefing  
5 book, but it's on like the -- It's where we have tables, instead  
6 of graphs and such. Can we go through that a little bit?

7  
8 **MS. O'DONNELL:** I had that in IFQ species, because I was not  
9 sure if we going to have a separate IFQ landings from Alisha,  
10 and she may be able to answer that, if she's going to be going  
11 over that during the IFQ presentation at all.

12  
13 **CHAIRMAN GUYAS:** Well, there's still the recreational component  
14 too, and so it would be nice to just walk through those tables,  
15 if we can. I would say for all the groupers.

16  
17 **MS. O'DONNELL:** Okay, and so I just got a note saying that we  
18 will not have a separate IFQ presentation, and so if you wanted  
19 to scroll down. For commercial, I pulled the current as of June  
20 10 landings for gag, red grouper, and red snapper from the IFQ  
21 site, which, just to remind everybody, that is the place to go  
22 if you want to see up-to-date landings.

23  
24 Those are updated in real time, and so, if you wanted to ever  
25 see what the landings are for the IFQ species, the IFQ website  
26 would be the best place to go, and that also provides the  
27 information for what the final previous years' landings were  
28 that you can use to compare to. About halfway through the year,  
29 we're almost at 30 percent for gag, and right around 50 for red  
30 grouper and red snapper.

31  
32 I just got a note that, if you're looking for the historical  
33 data for the IFQ species, you would have to go under the  
34 additional information to see that, because it won't be on the  
35 home page. We can keep scrolling down to grouper, because we  
36 did go over greater amberjack in the figures, and so if you want  
37 to scroll down a little bit more.

38  
39 This shows what we have for 2021 so far, which isn't much, and  
40 we just got in the Wave 1 landings, and so, as we can see, the  
41 landings are still pretty low, and, for red snapper for-hire,  
42 they pretty much just opened, and we have posted, on this table,  
43 what we have so far.

44  
45 With 2020, it's, like we mentioned before, still considered  
46 preliminary, although you can see gag was right around 50  
47 percent, and red grouper was almost 85, and then we can see what  
48 that overage was specifically for gray triggerfish, and red

1 snapper for-hire still stayed under their ACL. I think that  
2 would be it in these tables, because all the other species on  
3 there is stocks, and we went over those in the figures as well.  
4

5 **CHAIRMAN GUYAS:** Thanks, Kelli. We've got another question from  
6 Leann.  
7

8 **MS. BOSARGE:** Thanks. I see, on red grouper, both sectors  
9 landed about upper-something seventy-something percent of their  
10 quota last year, but I see where the commercial guys are already  
11 at 50 percent this year, and so I'm guessing they're going to  
12 get closer to 100, and that may be true for rec too, and I don't  
13 know, and it's hard to tell, because you don't have much info,  
14 but they were open all year last year.  
15

16 My question though, if you will go scroll -- Let's see. Scroll  
17 back up just a hair, to the table before that. Red snapper for-  
18 hire, in January and February, is that coming out of -- I didn't  
19 understand where that was coming from.  
20

21 **MS. O'DONNELL:** Actually, I don't know if Jeff Pulver is  
22 attending the meeting, or Mike Larkin, and they could answer  
23 where those numbers came from, or maybe Andy, if neither one of  
24 them are on.  
25

26 **MR. STRELCHECK:** I don't know if Mike or Jeff are on the line.  
27 My experience, having run this data in years past, is that  
28 that's likely headboat landings out of Texas state waters that  
29 removed their federal permit.  
30

31 **MR. JEFF PULVER:** Those are headboat landings.  
32

33 **MS. O'DONNELL:** All right. Thanks, Jeff.  
34

35 **MS. BOSARGE:** So Texas is reporting their red snapper landings  
36 much more frequently, I guess, than they are the other species,  
37 because they told us that we didn't have Texas landings from  
38 last year yet for the other species.  
39

40 **MR. STRELCHECK:** They are reporting landings through our  
41 Southeast Headboat Survey, which is run by NMFS.  
42

43 **CHAIRMAN GUYAS:** Susan.  
44

45 **MS. SUSAN BOGGS:** Thank you, Madam Chair, and thank you, Kelli,  
46 for the presentation. I have kind of the same question under  
47 the gray triggerfish, the landings in January, July, and August.  
48 Well, I know part of the August, because we had an open season,

1 but the January and February numbers, and those landings are  
2 outside of the season, and July and August. Thank you.  
3  
4 **MS. O'DONNELL:** I don't know specifically where those come, but,  
5 yes, that is usually what happens, is somebody landed one, and  
6 they happened to be the person that got interviewed, and I'm not  
7 sure if Andy or Clay, if they want to speak more to that.  
8  
9 **CHAIRMAN GUYAS:** Go for it, Andy.  
10  
11 **MR. STRELCHECK:** I mean, we would have to check the data source,  
12 whether this is also Texas headboat landings for gray  
13 triggerfish in state waters or it's an MRIP survey estimate that  
14 has been reported based on illegal catch out of season.  
15  
16 **CHAIRMAN GUYAS:** Go ahead.  
17  
18 **MS. BOSARGE:** So I see we have recreational landings for 2020  
19 for almost every species except red snapper private rec.  
20  
21 **MS. O'DONNELL:** We did not add the private rec in here, and  
22 Peter may want to speak more to that, due to just it being  
23 managed under the states now, and I have not had anything to do  
24 with that, and so Peter would probably be the better person to  
25 talk to about why we didn't have the red snapper.  
26  
27 **CHAIRMAN GUYAS:** Peter, would you like to come to the  
28 microphone?  
29  
30 **MR. PETER HOOD:** I mean, we do get the landings, and they do get  
31 -- Our folks in the data branch work on those, and they provide  
32 reports. We generally have not been putting it here, because  
33 you used to have a state landings page, and so I think this is a  
34 good thing to talk about, and maybe we need to try to figure out  
35 a way to incorporate how we present that information.  
36  
37 **CHAIRMAN GUYAS:** It sounds like that might be something we would  
38 like to have. Leann, go ahead.  
39  
40 **MS. BOSARGE:** This is half of 2021, and we don't have any 2020  
41 landings, and so it sounds like a technical deal, but, I mean, I  
42 know all the states have their landings, and they have these  
43 great data collection programs, and so we can just not figure  
44 how to convert everything and get it on the report?  
45  
46 **CHAIRMAN GUYAS:** Andy.  
47  
48 **MR. STRELCHECK:** It's not the case to say we do not have 2020

1 landings. We do have 2020 landings, and we don't have them  
2 summarized in this table for you, in part because of what we  
3 talked about at the last meeting, which is the landings aren't  
4 additive across the state surveys, and so they can't be summed  
5 into a single column in this table. We should be posting, and  
6 we, I guess, haven't posted them on our webpage, and we  
7 certainly can post what we have available to us.

8  
9 **CHAIRMAN GUYAS:** At least, in our case, we've been in contact  
10 with Peter, and we've been posting them on our website, but he's  
11 right that they have not been posting on theirs anymore, but we  
12 can -- We'll see what we can do for the next meeting to pull  
13 something together, just with the caveat that, until calibration  
14 is done, it's a glimpse of where each state is relative to their  
15 quota, but not, I guess, the overall.

16  
17 **MS. BOSARGE:** I guess I was hoping, if we had the numbers, that  
18 we could post them before the end of this meeting, and that  
19 would be great, even if they're not calibrated. I mean, we have  
20 the numbers.

21  
22 **CHAIRMAN GUYAS:** Okay. Are you good, Susan? Okay. Thanks.  
23 All right. Anybody else have questions or comments on landings?  
24 All right. Thanks, Kelli and NOAA company for joining us and  
25 helping us out and answering questions.

26  
27 **MS. O'DONNELL:** All right. Thank you, Madam Chair.

28  
29 **CHAIRMAN GUYAS:** Okay. Let's go to our next item, which is red  
30 grouper. Dr. Freeman, do you want to walk us through what we  
31 are to accomplish today?

32  
33 **FINAL ACTION: REEF FISH AMENDMENT 53: RED GROUPER ALLOCATIONS**  
34 **AND ANNUAL CATCH LEVELS AND TARGETS**

35  
36 **DR. MATT FREEMAN:** Certainly. Looking at the action guide,  
37 staff will review the actions and alternatives in the revised  
38 public hearing draft. The council selected preferred  
39 alternatives and directed staff to begin public hearings at the  
40 January 2021 meeting.

41  
42 The committee will hear a summary of written and oral and public  
43 comment received with respect to the document and will review  
44 the codified text. The committee should discuss the actions and  
45 public comment and then determine if any modifications are  
46 needed. Further, if the committee considers the proposed  
47 management measures to be necessary and appropriate, they may  
48 recommend as much to the council and that the management

1 measures be implemented by the Secretary of Commerce.

2  
3 **CHAIRMAN GUYAS:** Okay. Thanks, Dr. Freeman. It looks like our  
4 first item of business, under red grouper, is the SSC review of  
5 the red grouper catch analysis, and I believe Dr. Lorenzen is  
6 here to present that to us. Come on up.

7  
8 **SSC REVIEW OF THE RED GROUPEL CATCH ANALYSIS**

9  
10 **DR. KAI LORENZEN:** Thank you, Madam Chair. I have a  
11 presentation, Red Grouper Catch Analysis, SSC Recommendations,  
12 and so, as a little background, as you know, commercial and  
13 recreational red grouper fisheries have not reached their catch  
14 limits in recent years. The council has requested regular  
15 interim assessments for red grouper, as basically a health check  
16 for the stock, and to adjust catch limits as may be needed.

17  
18 Simultaneously, the council is reviewing sector allocations,  
19 under Amendment 53, and so we were specifically asked not to do  
20 catch level recommendations based on an interim assessment,  
21 because that would be predicated on the sector allocations that  
22 the council decides, and so we reviewed the interim assessment  
23 as a health check, but we did not go to the step of making catch  
24 level recommendations.

25  
26 Basically, what the interim analysis does is it uses a  
27 representative fishery-independent index of abundance evaluated  
28 against the catch limits determined in the last stock assessment  
29 to update the catch level recommendations, and trends in the  
30 fishery-independent index of abundance are useful in their own  
31 right, as a health check, and the full interim assessment  
32 updates the catch limits, as determined in the last stock  
33 assessment, and that's based on the sector allocations that were  
34 used to make the predictions, following from the stock  
35 assessment.

36  
37 Generally speaking, when sector allocations are revised, the  
38 catch limits will have to be recalculated, based on the new  
39 allocation, and the reason for that is that the sectors have  
40 different selectivities and retention rates, and so the catch  
41 figures will not be the same as the sector allocations are  
42 changed.

43  
44 What we had in front of us, as an index of abundance, was the  
45 bottom longline index for red grouper, and what you can see here  
46 is the index fit from the last full stock assessment, SEDAR 61  
47 in 2019, and two interim updates, or two indices of abundance  
48 that would feed into the interim analysis, and one is what we

1 call the full area, and so this is an index constructed for the  
2 full area normally covered by the bottom longline survey, and  
3 the reduced area index is an index for the area that was  
4 actually covered by the bottom longline survey in 2020, and so  
5 there were some issues, and I will show you what that coverage  
6 looks like in a moment, related to COVID and several other  
7 issues that basically meant the bottom longline index was only  
8 carried out for -- The survey was only carried out for a sub-  
9 area of the area that it is normally carried out for.

10  
11 If you go to the next slide, we can see that, and I will return  
12 to this, and so on the left are all the observations that feed  
13 into the index from somewhere in the 1990s to 2020, or before  
14 2020, and then you can see the 2020 coverage on the right, and  
15 so you can see it's missing that northern area, and, in that  
16 northern area, we have a lot of places, basically as it goes to  
17 the Florida Panhandle, where there are zero catches, and so you  
18 can imagine that, if you have a truncated index, or an index  
19 that is for a smaller area in the south, it will produce a  
20 slightly higher average index of abundance, because it misses  
21 those parts of that area where we could have fewer counts.

22  
23 That is why the Science Center decided to produce two indices,  
24 one for the whole area and one for the smaller area, and, if we  
25 can go back one slide, that's -- Those are these two indices,  
26 and you can see that, on the whole, they're not too different,  
27 but the reduced area index is more or less stable from 2019 to  
28 2020, and the full area index shows an increasing signal.  
29 However, if you look at the confidence limits on these, you can  
30 see those are well within the same sort of overall confidence  
31 limits.

32  
33 Basically, both of those bottom longline indices indicate stable  
34 or slight increases in abundance, and I think there is an  
35 overall preference, given the area issues, to work with the  
36 reduced area index, but the overall impact of those survey  
37 constraints is not huge, and a full interim analysis to update  
38 catch recommendations would require recalculation of the initial  
39 catch limits coming out of the assessment using the new sector  
40 allocations.

41  
42 I would add here that we do have the figures more or less in  
43 front of us for the current allocation, and that is 76/24, and  
44 so those figures are in the report on the interim analysis, but  
45 those -- We did not take those forward by then picking a --  
46 Making actual catch level recommendations, but they are largely  
47 there, and, if the council decides to reallocate and do the  
48 interim analysis on that basis, of course, we will have to have

1 new projections and that analysis, and that's all for me.  
2 Thanks. Any questions?

3

4 **CHAIRMAN GUYAS:** Questions for Dr. Lorenzen? I am not seeing  
5 any hands. Leann looks like she maybe wants to put her hand up.

6

7 **MS. BOSARGE:** No, and just -- If you'll go back to that graph,  
8 it's really just to point something out, and maybe the fishermen  
9 can explain it to me later. I know we had some red tide events,  
10 and I remember the last assessment that came out before this  
11 one, and we did some big increases, and the fishermen asked us  
12 not to, and then they came in and said, okay, you've really got  
13 to bring this thing down now, and we brought it down, and it is  
14 -- I see that uptick. We're starting to uptick some, and I see  
15 that in the landings.

16

17 Man, it sure does seem like we're still pretty far below some of  
18 those peaks, and I just -- Maybe, later on, the fishermen can  
19 give me some insight into how far around, or how far back, are  
20 we really coming, and how far do we have to go.

21

22 **CHAIRMAN GUYAS:** All right. I don't see any other questions,  
23 and so thanks, Dr. Lorenzen. Okay. Next on our list are the  
24 public comments on 53. Is that what you want to go through  
25 next? Okay, and so I see we've got Ms. Muehlstein and Mr. Hood  
26 for those.

27

28

#### **PUBLIC COMMENTS**

29

30 **MS. EMILY MUEHLSTEIN:** Okay. Thank you, Madam Chair. I'll go  
31 ahead and get started. Just to remind everybody of what we sort  
32 of decided to do, in order to get public comment during this  
33 public hearing time period, is we did create our regular public  
34 hearing video that we put out online, and that video had 209  
35 views.

36

37 We also decided to do a little extra effort. By using Fish  
38 Rules, and we use the Fish Rules mobile app to communicate our  
39 regulations, and it has a lot of users, and so we did two things  
40 over Fish Rules. One, we created a banner ad, and that banner  
41 ad popped up anytime anybody looked for red grouper regulations  
42 in the Gulf, and so that banner ad, which directed people to our  
43 website with information on the red grouper public hearings,  
44 received 33,670 views across 18,000 unique users, and so 18,000  
45 people were exposed to that banner ad, some of them multiple  
46 times.

47

48 We also created a pop-up message that sort of was in your face

1 that you had to close for people who were looking specifically  
2 at federal red grouper regulations in the Gulf of Mexico, and  
3 that was clicked through 200 times, and then that banner ad was  
4 clicked through 107 times, and so we did, from that Fish Rules,  
5 get about 300 people that came to our website as a result of us  
6 advertising this through the Fish Rules mobile app.

7  
8 We did go out to three in-person hearings, and we hosted two  
9 webinars, and what I will do is I will start with a summary of  
10 those meetings themselves, and then I will move on to the public  
11 comments that we received through our online comment form, or  
12 just through email.

13  
14 We started in Madeira Beach, Florida, on June 7, and we had  
15 eighty members of the public attend that meeting. It was a  
16 clear majority of commercial fishermen at that meeting who  
17 mostly supported Action 1, Alternative 2, with some secondary  
18 support for Alternative 6. We also had a few charter operators  
19 attend that meeting who supported the Preferred Alternative 3 in  
20 Action 1, and I will quickly sort of go through some of what we  
21 heard at that meeting before moving to the next one.

22  
23 We heard, from commercial fishermen, that the quota is harder to  
24 find than usual and that this year has been a better year for  
25 grouper fishing than it has been in past years. We heard  
26 support for Action 1, Alternative 2, and we heard that the  
27 preferred alternative will hurt the state's commercial fishermen  
28 financially.

29  
30 We heard that the council can fix the red grouper issue if it  
31 has the willpower to not follow the law like it does for red  
32 snapper. We heard that it's not fair to reward the recreational  
33 sector with more red grouper based on historical overfishing.  
34 We heard that Alternative 2 should be selected, because it  
35 retains the current allocation, and that calibration can happen,  
36 but it doesn't mean that we have to reallocate.

37  
38 We heard that about half of the red grouper quota has been  
39 caught so far this year, but quota can't be found by fishermen  
40 anymore, and so, if fishermen are leasing quota, they can't find  
41 it. We heard, from commercial fishermen, that their entire  
42 businesses are on the line. I think what we kept hearing is  
43 that central Florida, and south Florida, is the epicenter for  
44 grouper fishing, and so this action really impacts the  
45 commercial fishermen in that area.

46  
47 We heard that the current preferred alternative creates systems  
48 of have and have-nots, by supporting recreational fishermen over

1 seafood consumers, and we also heard that the Young Fishermen  
2 Act is trying to create new commercial fishermen, but they can't  
3 be recruited into a fishing industry if the commercial quota is  
4 reduced.

5  
6 We heard that Preferred Alternative 3 in Action 1 would increase  
7 discards and take fish away from an accountable sector and give  
8 them to a sector that has never been held accountable. We heard  
9 that it's bad precedent to set, and it will encourage  
10 mismanagement of other species down the line. We also heard  
11 that small operators can't access quota already, and this will  
12 put them out of business and make it even harder.

13  
14 We heard, as a theme, that recalibration can occur without  
15 reallocation. We heard that Action 1, Alternative 2, creates  
16 the greatest overall benefit to the United States, and we heard  
17 that Alternative 3, which is the current preferred, would  
18 transfer 600,000 pounds of fish to an unaccountable fishery and  
19 that we shouldn't forget that the commercial sector and the  
20 American consumer have already lost species like redfish.

21  
22 We heard that Alternative 3, the preferred, undermines the IFQ  
23 program, new entrants, and young fishermen, and that it also  
24 increases discards from the recreational sector. We heard that  
25 the council is essentially asking commercial fishermen to take a  
26 20 percent pay cut and a 20 percent reduction in their business.

27  
28 We heard that the fishery is expanding and that the red grouper  
29 stock is coming back. We heard that the fishery is cyclical in  
30 nature and that the interim analysis needs to be automated to  
31 smooth over those effects on the fishery. We heard that the  
32 charter sector, which is limited access, is a highly regulated  
33 fishery and has been striving to be more accountable and that  
34 it's shame that they're being lumped in with the private sector.

35  
36 We heard that red grouper has always been a staple to the for-  
37 hire industry, while other species have short seasons. We  
38 heard, from these charter fishermen, support for the Preferred  
39 Alternative 3. We also heard that everyone's access is  
40 shrinking and that there is an opportunity to work together  
41 here, and, also, that the Charter Fishing Association supports  
42 Alternative 3.

43  
44 We heard that it's rare to see the Southeastern Fishing  
45 Association, Fish for America, SOFA, and the Shareholders  
46 Alliance all be on the same page. We heard that it's unfair  
47 that these businessmen and women are being penalized as a result  
48 of reallocation that literally takes money out of their pockets.

1 We heard that taking commercial quota and giving it to the  
2 recreational side is a false promise, because it will not  
3 provide a longer season, because the recreational season is open  
4 access.

5  
6 We heard that, during the council's SSC meeting, the SSC talked  
7 about the fact that the scientists were very uncomfortable with  
8 reallocation discussions using MRIP-FES. We heard that they  
9 like FES, and the methodology, but they were not comfortable  
10 with reallocation based on this.

11  
12 We also heard that the science needs to get better before the  
13 council reallocates, and we heard that Action 1, Alternative 2  
14 is not a good option for charter captains, because a year-round  
15 business for red grouper is necessary, and Alternative 2, which  
16 was supported mostly by commercial fishermen, would bring the  
17 charter sector down from a twelve-month season to a seven-month  
18 season. We heard that there are a lot of for-hire permit  
19 holders in the central Florida area that live off of red  
20 grouper.

21  
22 We heard that there is not enough red grouper allocation to last  
23 the year and that it can't be found. We heard that a PFQ system  
24 would work in the for-hire industry and that tags would work in  
25 the private fishery. We also heard that the council should  
26 consider slightly reducing the 5 percent multiuse gag buffer.  
27 Since it was built into the IFQ, it shouldn't be removed  
28 completely, and so that talks to Action 2 in the document.

29  
30 Next, I will move on to a summary of the Fort Myers meeting. we  
31 held that meeting on June 8, and sixty members of the public  
32 attended. The composition of this meeting, or the attendees,  
33 was very similar to that that we had in Madeira, and it was a  
34 majority of commercial fishermen that was supportive of Action  
35 1, Alternative 2, and we also had some members of the for-hire  
36 sector show up, and they supported the preferred alternative.

37  
38 Again, I will just give a brief sort of overview of what we  
39 heard at that meeting. We heard that smaller commercial  
40 operators can't find quota, and, if they can find it, it's too  
41 expensive. We heard that there is not a red grouper population  
42 issue in the area.

43  
44 We heard that the Gulf Council is very lopsided right now, and  
45 it was asked what folks would do when the commercial fishermen  
46 can't provide fish for those who can't fish for themselves. We  
47 heard that the council should consider removing the for-hire  
48 component from the recreational sector, like they did with red

1 snapper, and we heard support for Action 1, Alternative 3.  
2  
3 We heard that Action 1, Alternative 2 is the best option,  
4 because it would otherwise be a slippery slope of reallocation  
5 based on FES. We heard that sector separation should be pushed  
6 forward to separate private anglers from the for-hire component,  
7 which is the only user group that is growing exponentially  
8 without accountability.  
9  
10 We heard that there is always an issue with red grouper, where  
11 it cycles up and down, and that the council is always lagging  
12 behind in management of what fishermen are seeing on the water.  
13  
14 We heard that the council has to use the best scientific  
15 information available, but it does not have to reallocate based  
16 on MRIP-FES. We heard that fishermen are unable to find quota,  
17 because people who have it are keeping it for themselves, and we  
18 heard that the recreational bag limit should be dropped to one  
19 fish per person, which would allow the recreational season to be  
20 open year-round.  
21  
22 We heard that businesses would go under as a result of the  
23 preferred alternative, and we heard that the commercial sector  
24 has a huge investment in the fishery and that recreational  
25 anglers can get a license for twenty-dollars, but commercial  
26 fishermen have to pay a lot more to get a business going, and  
27 that impact is missing from the analysis in the document.  
28  
29 We heard that private anglers who can afford expensive boats  
30 should be able to afford VMS systems, or vessel tracking  
31 systems, to make them more accountable, and we heard that there  
32 are commercial entities that have bought lots of quota and are  
33 just sitting on it.  
34  
35 We heard that red grouper is primarily a Florida fishery, and  
36 taking away more from the commercial sector will cripple the  
37 industry and put small operators out of business. We heard that  
38 commercial fishermen had one of the toughest years in 2020 and  
39 had to navigate through unprecedented circumstances, and  
40 reallocating to an unaccountable recreational sector would take  
41 away from the community's food security and from American food  
42 security. It would also take away from job security as well.  
43  
44 We heard opposition for the preferred alternative. Commercial  
45 fishermen asked what would happen to small commercial operators  
46 when quota is taken away and questioned how anyone could justify  
47 that socioeconomic destruction that the preferred alternative  
48 would have on the commercial sector.

1  
2 We heard that the recreational sector is overharvesting and not  
3 venting fish that they throw back. We had fishermen question  
4 how private anglers have expensive boats, but they can't report  
5 their landings. We also heard proposals for separating the  
6 charter component out from the private angling component.  
7  
8 We heard from commercial fishermen that don't own any quota and  
9 lease all of their allocation that say that they have struggled  
10 to find allocation for not only red grouper, but for red  
11 snapper, tilefish, and deepwater grouper, and we heard that  
12 reallocation would increase the price of leasing allocation.  
13  
14 Next, we held a webinar on June 10. We did have some for-hire  
15 and private anglers attend that webinar, and I will give you a  
16 quick overview of what we heard on that webinar on June 10. We  
17 heard that anything that is taken away from the charter side  
18 will affect their business.  
19  
20 We heard support for Preferred Alternative 3, because charter  
21 vessels are lumped in with the private recreational sector, and  
22 we would like to see consideration for separation in the future.  
23 In central Florida, red grouper needs to be open year-round, and  
24 he doesn't want to see a bag limit change, because two red  
25 grouper is an ideal number. We did hear that a December closure  
26 for the recreational sector would be okay, because gag fishing  
27 is good in the winter.  
28  
29 We also heard support for the preferred alternative. We heard  
30 that the recreational anglers don't want to see a season  
31 closure, and they would actually prefer an increase in the size  
32 limit over a change in the bag limit. We heard that a twenty-  
33 inch red grouper isn't ideal anyways and that a twenty-four-inch  
34 red grouper would be more appropriate, because charter fishermen  
35 need a year-round season.  
36  
37 Our last in-person meeting was held in Panama City on June 14,  
38 and we had sixteen members of the public attend that meeting.  
39 The majority of those attendees were commercial fishermen who  
40 supported the Action 1, Alternative 2. We also had some  
41 restauranters and charter operators that came to that meeting.  
42  
43 At that meeting, we heard that the recreational component of the  
44 fishery expands every year and there is no effort cap and that  
45 the council should consider managing red grouper with three  
46 sectors or require tags in the recreational sector.  
47  
48 We heard that arbitrarily shifting the current allocation based

1 on FES is a mistake and that system changes -- That recreational  
2 system changes regularly, because of its shortcomings, and every  
3 time changes to date have to be calculated back in time.

4  
5 We heard that, in the recreational sector, the discards are so  
6 high that shifting allocation in favor of the recreational  
7 sector would increase discards. The preferred alternative would  
8 actually shift allocation and benefit no one, including the  
9 stock.

10  
11 We heard that Action 2, Alternative 3, to allow for the multiuse  
12 grouper shares to be preserved and increase the recreational  
13 buffer. We also heard that the recreational sector has come out  
14 of the woodwork to support allocation in the past, but none of  
15 them are advocating the change to the allocation for red  
16 grouper, but the commercial sector is asking for allocation to  
17 remain as it is and that the recreational community must not see  
18 the benefit of it.

19  
20 We heard that there has been very few recreational anglers at  
21 the meetings that are advocating for this reallocation. If it  
22 is such an urgent issue to reallocate, then where is the  
23 recreational sector?

24  
25 We also heard that reallocation shouldn't be done without  
26 recreational accountability. We heard that, unlike other reef  
27 fish species, which are severely regulated, red grouper has a  
28 year-round season, with a two-fish limit for the recreational  
29 sector, and, if there is any concern for closures, the council  
30 should consider a step-down from a two-fish bag limit to a one-  
31 fish bag limit.

32  
33 We heard that the recreational fishing for red grouper causes  
34 nine-times the discards and that a 20 percent reduction is  
35 devastating to the commercial industry, including fish houses,  
36 restaurants, and transport trucks, who all contribute to the  
37 economy.

38  
39 We heard advice that the council table this amendment and forget  
40 about it until the data is believable. We heard that the  
41 commercial industry has shrunk, because more laws have led to  
42 less commercial fishermen, and the recreational industry has  
43 skyrocketed. We heard that the recreational sector does not  
44 care about grouper, and that's why there is no recreational  
45 representatives at the meeting.

46  
47 We heard that cutting the commercial annual catch limit impacts  
48 tourism and the working class, and, if you cut quota, it will

1 have a ripple effect that will cause them to cut employees and  
2 that we should maintain the current allocations.

3  
4 We heard a suggestion that the council doesn't close the season  
5 and instead that anglers should keep the first two fish they  
6 catch, whether it's two inches or two feel long, and we heard  
7 that it is a waste of time and the council is not considering  
8 restaurants and what an economic disaster reallocation would  
9 have on the State of Florida.

10  
11 We heard that the alternatives in the document all move away  
12 from data by allocating to an unaccountable sector, and we heard  
13 that you can put whatever economic impact you want into the  
14 analysis, but taking away from the commercial sector takes away  
15 jobs, like fish cutters, restaurant employees, processors, and  
16 truck drivers. We heard that the commercial industry is begging  
17 for recreational accountability.

18  
19 Finally, we hosted a webinar on June 16, and there were six  
20 members of the public that attended that webinar. There were  
21 private representatives and commercial representatives at that  
22 webinar, and we heard support for the Preferred Alternative 3 in  
23 Action 1, because the council should consider increasing the  
24 recreational size to twenty-four inches, which would keep  
25 smaller spawners in the stock and hopefully help avoid a season  
26 closure, which would benefit private anglers and the charter  
27 industry.

28  
29 We also heard that, while the council is bound by the best  
30 scientific information available, it does not need to take  
31 action on reallocation. Action 1, Alternative 2 would  
32 accomplish the necessary data calibration, while legally  
33 avoiding reallocation. We heard that the council needs to push  
34 for an interim assessment. This extra work on the Science  
35 Center staff could allow the industry to avoid the negative  
36 economic impacts of this amendment.

37  
38 We also heard that the interim assessment is necessary before  
39 any management changes are pushed and that the fishery is in  
40 good shape, and it doesn't make sense that the Magnuson-Stevens  
41 Act requires the council to incorporate new information  
42 currently.

43  
44 We also received 105 written comments, and what I've done here  
45 is a little bit different than how I summarized the public  
46 hearing meetings. You will notice that, here, I have organized  
47 these based on action and alternative, and so I'm just going to  
48 go through each action and alternative and touch on the points

1 that we heard in support of or against those alternatives.

2  
3 In Action 1, we did hear support for no action, and that was for  
4 Alternative 1, and the rationale that we received in support of  
5 the no action alternative is that the current regulations are  
6 working fine and that there are tons of red grouper. We heard  
7 that there are few boats targeting red grouper and the annual  
8 catch limits are fine and there are plenty of small fish.

9  
10 We heard that no one should be rewarded for overfishing. We  
11 heard that it's too difficult to fish with all the rules and  
12 regulations. We heard that the red grouper stock is healthier  
13 than ever, with plenty of small fish, and that it doesn't make  
14 sense to lower the catch limits with so many red grouper.

15  
16 We heard that the Gulf Council and the public should have a  
17 chance to review an updated analysis to determine if there is an  
18 any change since SEDAR 62 and before further action is taken on  
19 Amendment 53. We heard the red grouper stock numbers are wrong.

20  
21 We also heard support for Alternative 2 in our written comments,  
22 and I will give you the rationale that we heard here. We heard  
23 that the proposed reallocation relies heavily on the recent  
24 landings

25  
26 The proposed reallocation relies heavily on the recent landings  
27 data recalibration, but recalibration does not necessarily  
28 indicate that a reallocation is appropriate. We heard that using  
29 the current MRIP-FES recalibration estimates as the basis for  
30 reallocation is premature before completion of research into  
31 potential bias within the FES.

32  
33 We heard that, if the council were to reallocate red grouper,  
34 the resulting change to the size and age composition of the  
35 catch could necessitate a quota reduction. We heard that  
36 adjusting that allocation by simply plugging revised landings  
37 estimates into the existing formula needs much more analysis  
38 before the Gulf Council could rationally conclude that the  
39 change meets the same requirements and objectives.

40  
41 We heard that both National Marine Fisheries and the Gulf  
42 Council have recently devoted substantial time and effort into  
43 developing allocation policies and that a recent Government  
44 Accountability Office report on Allocations in Mixed Use  
45 Fisheries also describes ways to improve allocations, but it  
46 doesn't appear that the Gulf Council followed the allocation  
47 policy or guidelines in developing Amendment 53.

48

1 We heard that reallocation harms commercial fishermen twice,  
2 that, first, from the overall reduction in catch limits required  
3 to account for disproportionate recreational sector impacts,  
4 and, second, from the percentage reduction in their sector ACL.  
5 We heard that the recreational sector already has as many  
6 species of fish as they want to catch and that reductions to the  
7 commercial fleet have already negatively impacted the industry.

8  
9 We heard that results of Florida State Reef Fish Survey casts  
10 doubt on the accuracy of FES and estimates and that FES landings  
11 are three times higher than those reflected by SRFS program.  
12 All fishery-dependent data systems should be incorporated into  
13 the assessment before we make changes.

14  
15 We heard that the red grouper spawning stock biomass is at its  
16 lowest point in thirty years. Therefore, shifting a greater  
17 portion of the allocation to a less accountable sector of the  
18 fishery with a considerably greater magnitude of discards could  
19 have negative impacts on an already depressed stock.

20  
21 We heard that, given the complicated and controversial nature of  
22 recalibration and reallocation, the Gulf Council should split  
23 Amendment 53 into two documents, a framework action to adjust  
24 the overfishing limit based on SEDAR 61 and then an amendment  
25 that analyzes red grouper allocations.

26  
27 We heard that reallocating to the recreational sector unfairly  
28 hurts commercial fishermen, who already had a difficult year due  
29 to the pandemic. We heard that reallocating takes fish away  
30 from the non-fishing public. We heard that, for non-share  
31 owning commercial fishermen, it is already a struggle to secure  
32 allocation and reallocating would make it even harder.

33  
34 We heard that the fixed cost of commercial fishing is high, but  
35 the income isn't. Cutting 20 percent of their pay will unfairly  
36 hurt commercial fishermen. We heard that increasing allocation  
37 to the recreational sector will increase discards. We heard  
38 that Amendment 53 will drive foreign fish market dependency and  
39 destroy local fisheries jobs.

40  
41 We also heard that, regardless of the time span used to allocate  
42 to a non-accountable fishery from an accountable sector is wrong  
43 and that it rewards the recreational sector for overfishing  
44 their allocation.

45  
46 We also heard that Alternative 2 is the only legally-viable  
47 alternative, because it does not change the allocation  
48 percentages between sectors. It adheres to the objectives of

1 the FMP, especially Objectives 5 and 12, and that the National  
2 Standards in the Magnuson-Stevens Act would then not be violated  
3 based on Alternative 2.

4  
5 We heard that giving a larger percentage of the quota to the  
6 recreational sector means that overall discards and discard  
7 mortality would increase and that National Standard 4 requires  
8 that allocations must promote conservation. We heard that  
9 reallocation will not guarantee a longer recreational season.

10  
11 We heard that reallocation through recalibration will set a  
12 dangerous precedent. We heard that Amendment 53 would  
13 reallocate a significant portion of the red grouper quota from  
14 the commercial sector to the recreational sector and that the  
15 action alternatives in the document would reduce the commercial  
16 sector's quota by up to 32 percent, or approximately 1.2 million  
17 pounds. This action would reduce the supply available for our  
18 restaurant customers to enjoy.

19  
20 We heard that a slight increase to the recreational sector  
21 proposed does not offset the huge number of grouper that would  
22 be taken the table for the American consumer. We heard that the  
23 IFQ program was supposed to bring stability to the industry.  
24 However, it harms small operators.

25  
26 We also heard that red grouper IFQs are becoming a commodity,  
27 due to speculation. We heard that it is impossible to find red  
28 grouper allocation as is and reducing the catch limit would make  
29 the problem worse.

30  
31 We heard that taking fish away from the commercial sector takes  
32 away their livelihood. We heard that the commercial sector is  
33 accountable and should not be punished. We heard that the Gulf  
34 Council's own SSC has cautioned against accepting these MRIP-FES  
35 estimates.

36  
37 We heard that reallocating fish between sectors based on  
38 incomplete data and only a single factor is a not fair and  
39 equitable way to manage the fisheries. Finally, in support of  
40 Alternative 2, we heard that, if the cost of domestic seafood  
41 increases exponentially, we will not be able to offer the  
42 product at a reasonable price to our customers. Instead, they  
43 will have to look at a commercially-imported product to remain  
44 profitable, and the restaurant industry has already suffered  
45 greatly during the global pandemic, and businesses are fighting  
46 to stay alive.

47  
48 We also heard support for the council's current Preferred

1 Alternative 3, and some of the rationale provided for that  
2 Alternative 3 are as follows. We heard that shortening the  
3 recreational season would put tons of for-hire fishermen out of  
4 business.

5  
6 We heard that the economic benefits gained by the recreational  
7 sector far outweigh the commercial industry's loss. We heard  
8 that red grouper is the primary target of the for-hire fleet for  
9 half the year and they should remain open. We also heard that  
10 commercial fishermen have a lot more options to catch and make  
11 money than the charter fleet. Finally, we heard that the stock  
12 is healthy and any closure is unhealthy and would impact for-  
13 hire captains negatively.

14  
15 Next, we did hear some support for Alternative 6, and the  
16 rationale provided there was that the commercial sector should  
17 not be negatively impacted by recreational overfishing.

18  
19 In our written comments, we did receive a little bit of comment  
20 that pertained to Action 2, which discusses the annual catch  
21 targets, and we heard that eliminating the multiuse allocation  
22 will increase the price of allocation. This will hurt smaller  
23 operators and new entrants, and they may be very dependent on  
24 the multiuse to avoid discards.

25  
26 Finally, some of the comments that we heard online and through  
27 our email did sort of give more general comment that was not  
28 pertaining to any specific action or alternative in the  
29 document. What we did hear from a lot of the recreational  
30 anglers that came out to the meetings, as well as provided  
31 written comment is that, in lieu of shortening the season, the  
32 council should consider some different potential management  
33 alternatives, like changes to bag limits or step-downs or size  
34 limit changes, and so I think that's important to point out.

35  
36 Otherwise, I don't think it's germane for me to go through that  
37 general comment right now, and suffice it to say that it is in  
38 your briefing materials, and I suggest that everybody read over  
39 not only the meeting summaries, because those meetings were  
40 packed with a number of very passionate anglers, and so please  
41 take the time to look at those and then red sort of that general  
42 comment that didn't make it into the actions and alternatives.  
43 With that, that's going to conclude my overview, and I am happy  
44 to take any questions.

45  
46 **CHAIRMAN GUYAS:** All right. Thanks so much, Emily. Are there  
47 any questions about this report on public comments? It looks  
48 like everybody is good. Peter, do you want to come up and talk

1 about the DEIS comments, which I noticed there was an updated  
2 version emailed around to everyone this morning?

3  
4 **MR. HOOD:** Yes, and that updated version is because we got a  
5 comment in after I sent the comments to you for the last  
6 briefing book. This is a little bit different, I think, in  
7 terms of comments, from what you're used to.

8  
9 Normally, we do an environmental assessment for amendments, but,  
10 because this amendment is sort of the first one to take an  
11 assessment that has FES data in it, and that there are  
12 allocation issues surrounding that, the IPT, while they were  
13 working on this, we decided we needed to do a more involved  
14 environmental assessment, which is called an environmental  
15 impact statement.

16  
17 As part of that process, we do a draft environmental impact  
18 statement, and it has a forty-five-day comment period.  
19 Normally, we try to sync that up with the public hearing comment  
20 period, and we were close. Our comment period ends this coming  
21 Monday, and, if any other comments come in between now and then,  
22 I will certainly make sure to share those with you.

23  
24 We received a total of nine comments to-date, and I just checked  
25 about a half-hour ago, and there is still nine comments. We got  
26 five from recreational fishermen, one from a commercial  
27 fisherman, and one that didn't identify with a sector, and then  
28 we got two comments from fishing organizations. We had the  
29 Southern Offshore Fishing Association and the American  
30 Sportfishing Association.

31  
32 Just to summarize what the recreational fishermen were saying,  
33 they were supportive of the amendment, and they supported  
34 Preferred Alternative 3 in Action 1, and there were no comments  
35 regarding Action 2. Within those comments, they expressed  
36 various concerns that were similar to what Emily had talked  
37 about, that cutting the recreational quota can have some  
38 negative effects, because it will affect local economies,  
39 tourism and those sorts of things.

40  
41 Then they also advocated taking other actions, such as  
42 increasing the commercial minimum size limit, putting in a slot  
43 limit, move commercial red grouper fishing out beyond fifty  
44 miles from shore, and split the management between the for-hire  
45 and private angling components for red grouper.

46  
47 The commercial fisherman who sent in some comments, she was  
48 against changing the allocation, and she felt that the

1 commercial sector has faced many challenges over the past few  
2 years, and she was concerned that this was just one more hit for  
3 the sector.

4  
5 The comment from the individual who really didn't identify  
6 themselves with a sector, he was concerned that there was not  
7 enough information in the document about protected areas and  
8 wanted to see some maps, and that's certainly something that we  
9 can entertain and add to the document. He also felt that the  
10 condition of the stock needs to be taken into account when  
11 setting fishing seasons.

12  
13 From the Southern Offshore Fishing Association, they were  
14 concerned about the data used to support the actions in the  
15 amendment and questioned that data correctness. They had  
16 concerns about the recreational FES data and expressed that they  
17 didn't have confidence in that information. They also said that  
18 members were seeing more smaller fish, and the feeling amongst  
19 their members was that the stock was in better shape now than it  
20 was in recent years, and then, also, they noted that recent  
21 catches were much higher than observed in 2018 through 2020.

22  
23 They were against changing the allocation, because it would  
24 cause more harms to the commercial sector, and, two, they felt  
25 that it might create overfishing by the recreational sector,  
26 and, again, they supported the current allocation.

27  
28 From the American Sportfishing Association, they were concerned  
29 that some may perceive this amendment was brought to the council  
30 by the recreational sector, when, in reality, any change to the  
31 allocation is really a technical correction, using the FES data.  
32 They noted, in the purpose and need, that, really, what this  
33 action was doing was ensuring historical participation and  
34 preserving that participation.

35  
36 For Action 1, they did not support Alternatives 1, 2, and 6, but  
37 they did support Alternatives 3 to 5, and so, certainly, they  
38 were supporting Preferred Alternative 3, and then, in Action 2,  
39 they supported Alternative 3, but they didn't object to  
40 Alternatives 1 or 2, if those were selected, and those were the  
41 comments, and I would be happy to take any questions, if anybody  
42 has any.

43  
44 **CHAIRMAN GUYAS:** All right. Thanks, Peter. Any questions? I  
45 am not seeing any, Peter, and so thank you very much. Okay. I  
46 think we've made it to the Tab B, Number 5(c), the presentation.  
47 Are you ready?

48



1 just wanted to make sure that doesn't slow this document down,  
2 if we can add that language to this.

3

4 **CHAIRMAN GUYAS:** Thanks, Leann.

5

6 **DR. FREEMAN:** Certainly, and we can discuss that with other  
7 members of the IPT and make sure that language is appropriately  
8 captured. Okay. Action 1 is the larger of the two actions, and  
9 this is looking at modifying the sector allocations, the OFL,  
10 ABC, and ACLs for red grouper.

11

12 Alternative 1, again, is no action, and it would maintain the 76  
13 percent commercial and 24 percent recreational allocations, and  
14 it would maintain the current OFL, ABC, and ACLs. Alternative 1  
15 is not legally viable, because it is not based on the best  
16 scientific information available, and it would retain the  
17 current OFL and ABC, which are above the values produced by  
18 SEDAR 61, as well as those recommended by the SSC.

19

20 Alternative 2 would maintain the current sector allocations, the  
21 76 percent commercial and 24 percent recreational, while  
22 revising the OFL and ABC, as recommended by the SSC based on  
23 SEDAR 61, and it would then set the stock ACL equal to the stock  
24 ABC.

25

26 Preferred Alternative 3 uses the same time period that was used  
27 to set the allocations in Alternative 1, 1986 through 2005,  
28 using the FES-adjusted MRIP landings that results in a 59.3  
29 percent commercial and 40.7 percent recreational. Again, the  
30 OFL and ABC would be revised, as recommended by the SSC, based  
31 on SEDAR 61, with the stock ACL set equal to the stock ABC, and  
32 that is currently the council's preferred alternative.

33

34 Alternative 4, similar to Alternative 3, also uses the MRIP-FES  
35 data. However, the timeframe is expanded, and so, starting in  
36 1986 and ending in 2009, which is prior to the grouper-tilefish  
37 IFQ program being implemented, the allocations would then become  
38 60.5 percent commercial and 39.5 percent recreational, with,  
39 again, the OFL and ABC being revised and the stock ACL being set  
40 equal to the stock ABC.

41

42 Alternative 5, again, uses MRIP-FES data. Here, again,  
43 beginning at 1986 and going through 2018, which is the longest  
44 timeframe of landings we had when the document was being  
45 developed, and the allocations would be 59.7 commercial and 40.3  
46 percent recreational. Again, the OFL and ABC would be revised,  
47 with the stock ACL being set equal to the stock ABC.

48

1 The last alternative, here, the sector allocations were revised  
2 with the commercial ACL being retained at 3.16 million pounds  
3 gutted weight, which is what they are at currently. The  
4 resulting allocations would be 68.7 commercial and 31.3 percent  
5 recreational, and the OFL and ABC would be revised to retain  
6 that commercial ACL, with the stock ACL, again, being set equal  
7 to the stock ABC.

8  
9 If we could look at the next two tables, or three tables, before  
10 we go to Action 2, and then I will pause, if there's any  
11 questions about Action 1, and so this table is in the document,  
12 and it shows the OFL, ABC, total ACL, and sector ACLs that would  
13 result under each of the alternatives, and this has been before  
14 the committee previously. As a reminder, that second line,  
15 under Alternative 1, where it shows the MRIP-FES equivalent, we  
16 start under the rec ACL, and it shows that the MRIP-FES  
17 equivalent of the rec ACL would be 2.1 million pounds gutted  
18 weight.

19  
20 The total ACL, which is in parentheses, that is simply taking  
21 the 2.1 from the rec ACL and adding it to the 3.16 commercial  
22 ACL and arriving at 5.26. As mentioned previously, the OFL and  
23 ABC under Alternatives 2 through 6 are all reduced, and, in  
24 comparison to that 5.26 total ACL with Alternative 1, the total  
25 ACL is reduced for Alternatives 2 through 6, and so, again, just  
26 reflecting, in essence, that total pie is shrinking, and that's  
27 reflected in several of the sector ACLs.

28  
29 This shows the predicted closure dates for the recreational  
30 sector under the various alternatives, and, currently, with  
31 Alternative 1, there is no closure expected for the recreational  
32 sector. With the current Preferred Alternative 3, the predicted  
33 closure date would be December 19, and then there are various  
34 other closure dates for the other alternatives.

35  
36 This table is also included in the document, but I did want to  
37 highlight here, and this shows the combined total expected  
38 change in net economic benefits for both the commercial and  
39 recreational sectors when compared to Alternative 1, and so, as  
40 mentioned, that total ACL is decreasing for all of the  
41 alternatives, and so, unfortunately, Alternatives 2 through 6,  
42 there is a negative impact for those combined sectors, and,  
43 again, they are listed there in comparison to Alternative 1.

44  
45 We can go ahead and go to the next slide, which is the start of  
46 Action 2. Before I go through Action 2, Ms. Guyas, do you want  
47 me to stop and see if there's any questions, or would you like  
48 for me to cover both actions first?

1  
2 **CHAIRMAN GUYAS:** Let's do this. Let's cover both actions, and  
3 then we're going to take a break, and then we're going to come  
4 back and have discussion, because it might take us a little bit,  
5 and we'll probably need a break. Is that cool?  
6

7 **DR. FREEMAN:** Sounds perfect.  
8

9 **CHAIRMAN GUYAS:** All right.  
10

11 **DR. FREEMAN:** Okay. Action 2 is a little bit shorter. Here, we  
12 are modifying the ACTs. Alternative 1, which is our no action,  
13 would maintain the current buffers between the ACL and ACT for  
14 each sector. For the commercial, that buffer would be 5  
15 percent. For the recreational, it would be 8 percent.  
16

17 Alternative 2 applies the ACL/ACT Control Rule to revise those  
18 buffers for each sector, and the resulting commercial buffer  
19 would be zero percent, and the recreational buffer would be 9  
20 percent.  
21

22 As pointed out previously, given the multiuse allocation, the  
23 council previously suggested looking at Alternative 3, which is  
24 the current preferred. Here, the current buffer between ACL and  
25 ACT would be maintained for the commercial sector at 5 percent,  
26 while applying the ACL/ACT Control Rule for the recreational  
27 sector, resulting in a 9 percent buffer.  
28

29 It's mentioned on another slide, but I will go ahead and mention  
30 it in here, that the ACT is what sets the quota for the  
31 commercial sector. In this case, for the recreational sector,  
32 they are allowed to harvest at their ACL. The ACT comes in as a  
33 post-season accountability measure, and so, should the  
34 recreational sector have any overages, then, the following year,  
35 they would be harvesting at their ACT.  
36

37 This shows the combinations from Action 1 and Action 2  
38 alternatives and the resulting ACTs for the sectors. Sort of in  
39 the middle right inside of this table, you look at the current  
40 preferred alternatives, and that would be a 2.4-million-pound  
41 gutted weight ACT for the commercial sector and a 1.57-million-  
42 pound gutted weight ACT for the recreational sector.  
43

44 This is the predicted closure dates, again combining the  
45 alternatives from Action 2 and Action 1. In that first column,  
46 Action 2 is listed first, followed by the alternative from  
47 Action 1. Given the council's current preferred, the predicted  
48 closure data for the recreational sector would be November 16.

1 However, again, that would be only if that post-season  
2 accountability measure was triggered and they were harvesting to  
3 their sector ACT.

4  
5 The current status is, as mentioned, the council has selected  
6 preferred alternatives for both actions. Council staff held  
7 three in-person and two virtual public hearing meetings in early  
8 to mid-June, which Ms. Muehlstein covered those summaries of  
9 comments, and we will go ahead to the next slide, which is  
10 simply questions.

11  
12 Before we take the break, I did want to mention, as well, that  
13 the Ad Hoc Red Snapper Grouper-Tilefish IFQ AP met on June 2,  
14 and, while not on the initial agenda, there was an item added  
15 under Other Business to discuss this document, and there was a  
16 motion made by that AP.

17  
18 The motion there was that the Ad Hoc Red Snapper Grouper-  
19 Tilefish IFQ AP supports, in Reef Fish Amendment 53, Action 1,  
20 Alternative 2, which would maintain the sector allocations of  
21 the total ACL at 76 percent commercial and 24 percent  
22 recreational and revise the OFL and ABC as recommended by the  
23 SSC. That motion carried with no opposition.

24  
25 I did -- Given that I was going to mention that, I did, as well,  
26 want to just mention that the Reef Fish AP previously, and this  
27 was provided at the last council meeting, met in February of  
28 this year, and, among other things, they discussed Reef Fish 53,  
29 and it was the second time they did discuss that document, and  
30 the Reef Fish AP, obviously, having members from both sectors,  
31 they were not able to select, or recommend, a preferred for  
32 Action 1, and there was much, much discussion, but there was  
33 nothing selected.

34  
35 However, they did make a motion to consider the proposed Action  
36 2, Alternative 3 the preferred, which is the council's current  
37 preferred for Action 2, and so I did want to mention that AP's  
38 motions as well. I will pause there, Ms. Guyas.

39  
40 **CHAIRMAN GUYAS:** All right. Thanks, Dr. Freeman. Let's take  
41 our break of fifteen minutes.

42  
43 **DR. TOM FRAZER:** Until 10:15. See you all then.

44  
45 (Whereupon, a brief recess was taken.)

46  
47 **CHAIRMAN GUYAS:** I think we can go ahead and go back to that  
48 presentation and have some -- We'll start with questions, and

1 then we can have some discussion here, and we can open up the  
2 full document, if need be, if people have questions about what's  
3 going on in there. Are there any questions on Dr. Freeman's  
4 presentation? Patrick.

5  
6 **MR. BANKS:** I just have a question about -- One of the public  
7 comments indicated that we didn't have to look at reallocation  
8 until 2026, and can Dr. Freeman maybe give us some background on  
9 that public comment, and is that the case? I know it's in this  
10 document for us to reallocate, but there was a public comment  
11 that came through that said we didn't have to reallocate until  
12 2026. Can you give us some background, please?

13  
14 **DR. FREEMAN:** Certainly, and I may also, if there's any  
15 additional, may refer to Ms. Muehlstein as well, if it's a  
16 public comment, but, in terms of the allocation triggers that  
17 the council had reviewed previously, there was a time trigger  
18 that was selected. However, it's still within the council's  
19 purview to examine allocation prior to that.

20  
21 **CHAIRMAN GUYAS:** All right, and so I've got a question. Can we  
22 back up to the slide under Action 1 that has Table 4.1.3.8,  
23 that's got the economic benefits? Dr. Freeman, can you break  
24 this down a little bit more and explain where these numbers are  
25 coming from, since I think this is the first time we've seen  
26 this, right?

27  
28 **DR. FREEMAN:** Certainly. I will put on my economist hat and try  
29 to put it in plain language, and, if I still don't, please let  
30 me know. In the Chapter 4 analysis of all of our documents, we  
31 will look at the commercial sector impacts and the recreational  
32 sector impacts. Within both of those sectors, there are two  
33 sort of broad categories that we look at, one being what we call  
34 producer surplus and one being consumer surplus.

35  
36 For instance, on the commercial side, with the producer surplus,  
37 we're looking at the impacts, for instance of like owner-  
38 operators, whereas, on the consumer surplus, we're considering  
39 some of the impacts of the consumers of that commercial sector's  
40 landings, and then, on the recreational side, when we look at  
41 the producer surplus, primarily we look at the for-hire impacts,  
42 which are operating as a business, and then, on the consumer  
43 surplus, we tend to look a little bit more at the impacts of  
44 private anglers.

45  
46 In taking all those calculations together, and we do it very  
47 step-by-step, this particular table in the presentation is  
48 taking, again, sort of a combined overall effect of all those

1 impacts, and so that was my TED talk on the economic aspect,  
2 and, if there's anything additional, please let me know.

3

4 **CHAIRMAN GUYAS:** Ms. Bosarge.

5

6 **MS. BOSARGE:** So you have to put a dollar value on each one of  
7 those, right, and so are you looking at lease prices, or are you  
8 looking at dockside prices on commercial, and then how are you  
9 putting a value on it on the private rec consumer side? Is that  
10 still based sort of like, the last time I saw this, it was based  
11 on a survey that went out to the private anglers that said what  
12 is catching this fish worth to you, and is that where we're  
13 getting a dollar value on this?

14

15 **DR. FREEMAN:** I will start with the latter part, which was the  
16 private angler dollar value, and, yes, ma'am, we are using  
17 information from a peer-reviewed study to incorporate into the  
18 analysis, and then, actually, I suppose we could pull the  
19 document up, if that would be --

20

21 **CHAIRMAN GUYAS:** So you want to look at the actual document?

22

23 **DR. FREEMAN:** Correct.

24

25 **CHAIRMAN GUYAS:** All right. While we're getting that on the  
26 board -- Okay. It looks like we've got it up, if you can shout  
27 out a page number for us.

28

29 **DR. FREEMAN:** Okay. If we can go to 4.1.3, and that would be  
30 the section.

31

32 **CHAIRMAN GUYAS:** If you're like me and you have a hard copy,  
33 that's on page 93.

34

35 **DR. FREEMAN:** Okay. Perfect. There should be a table at the  
36 bottom of that page, and so, here, on the commercial side, we're  
37 looking at the expected change in landings compared to  
38 Alternative 1, and so, Ms. Bosarge, I believe, to answer your  
39 question, in this particular table, we're looking at a change in  
40 quota itself and translating that into landings and change both  
41 in revenue and in producer surplus. Ms. Bosarge, if there's  
42 something that I missed with your previous question, please let  
43 me know.

44

45 **MS. BOSARGE:** I don't want to harp on this too long, but so you  
46 have a change in landings in pounds, but you convert that to a  
47 dollar, and are you applying the average lease price to get to  
48 that dollar value, or are you applying the dockside price?

1  
2 **DR. FREEMAN:** Certainly, and so we're using the average dockside  
3 price. In this case, the paragraph right prior to this table  
4 note it's the average dockside price from 2018 to calculate the  
5 revenue. I will note that we do adjust it though, and, in this  
6 case, it was to 2019 dollars, which is what we were using  
7 throughout the document.

8  
9 **CHAIRMAN GUYAS:** Patrick.

10  
11 **MR. BANKS:** But is the economic impact of the lease price  
12 factored in anywhere?

13  
14 **DR. FREEMAN:** It is discussed qualitatively, but the impacts are  
15 not looked at quantitatively.

16  
17 **MS. BOSARGE:** Did the SSC review this particular economic  
18 analysis for red grouper? I am guessing the answer is no, Matt.

19  
20 **DR. FREEMAN:** No, ma'am, they did not.

21  
22 **MS. BOSARGE:** Right, but I do remember they did examine  
23 something similar, many years ago, for red snapper, and I  
24 remember the same survey went out and asked the private anglers  
25 what is that red snapper worth to you, and, when they reviewed  
26 that piece of work, it seems to me that their conclusion was  
27 that the methodology used was okay, and they were all right with  
28 the methodology.

29  
30 However, the actual results, they chose not to comment on, one  
31 way or the other, and so the analogy being that the way you  
32 cooked the data was okay, right, and the cooking is the method.  
33 How did you cook it, and you had some meat, and did you sear it  
34 on both sides and call it a day, and probably so if it was a  
35 filet mignon, or did you have some short ribs that you braised  
36 for four hours, so that they would be edible, right, and not  
37 break your teeth chewing them.

38  
39 So they said, yes, given the data you had, I think you cooked it  
40 the right way, and the methodology is really pretty good, but I  
41 don't have a lot of faith in that survey, as far as being the  
42 best data that's actually accurate data without a lot of  
43 uncertainty around it.

44  
45 It's very qualitative, right, and it's a feel-good kind of  
46 survey. What does it feel like it's worth to you, versus you  
47 actually have quantitative, market-driven numbers on the  
48 commercial side. So, you know, if you start with rotten meat,

1 it doesn't really matter how you cook it, and it's still rotten  
2 meat when you're done, and so that would be my comments for  
3 that.

4

5 **CHAIRMAN GUYAS:** Patrick.

6

7 **MR. BANKS:** Just a clarifying question. On one of the tables,  
8 and also in your presentation, you used the words "economic  
9 benefits" rather than "economic impacts", and is there a nuance  
10 reason there that you can explain?

11

12 **DR. FREEMAN:** Certainly, and so the impacts -- Again, I am going  
13 to talk in very sort of broad terms. If we're looking at  
14 impacts, we would be looking, like on the commercial side, along  
15 like the entire supply chain and not necessarily just like the  
16 direct consumers of landed fish, and we would be looking at  
17 impacts on ice suppliers, like, again, all of the impacts,  
18 whereas, here, it's more sort of immediate benefits surrounding  
19 the red grouper.

20

21 **CHAIRMAN GUYAS:** All right. Any other questions for Dr.  
22 Freeman? Clay.

23

24 **DR. CLAY PORCH:** Thank you for this, Dr. Freeman. I have a  
25 question about if any consideration was given to the observation  
26 that the long-term yield, and actually even the short-term OFL,  
27 would be higher under Alternative 2 than say Alternative 3,  
28 since it's based on results from the assessment, and so was that  
29 figured in at any point, or this is based on the recent average,  
30 I think, like five-year average, historical average data, or was  
31 there an account of the fact that the OFL and ABC would go up  
32 with the higher commercial allocation, because of the  
33 selectivity issue?

34

35 **DR. FREEMAN:** If I understood your question correctly, and, if  
36 not, just let me know, but, here, we are looking at, on the  
37 commercial side, what the ACT would be, and, in this document,  
38 the ACT under each of the alternatives is set -- I know, in  
39 other documents, sometimes we may have a change from one year to  
40 the next, and so, in this analysis, we held the ACT constant for  
41 the years that we analyzed, and that was based on the stock  
42 assessment.

43

44 **DR. PORCH:** Okay, and so then there is that additional nuance  
45 that, if you look at the stock assessment, and you calculate,  
46 quote, the long-term yield, and so the optimum yield for the  
47 OFL, it would be higher. The total poundage would be higher  
48 with the higher commercial allocation than with Alternative 3

1 with the lower commercial allocation and higher recreational  
2 allocation, because the commercial tends to select larger fish.

3  
4 **DR. FREEMAN:** Yes, sir, and so the ACTs in the document, under  
5 the alternatives, reflect that selectivity, and so, again, given  
6 that there were different ACTs under the various alternatives,  
7 that was what we used to base our landings off of for this  
8 analysis.

9  
10 **CHAIRMAN GUYAS:** Okay. Robin.

11  
12 **MR. ROBIN RIECHERS:** Matt, but it is fair to say, and I just  
13 want to follow-up there, that it is fair to say that, if you had  
14 yield streams, you could basically do that, if there were  
15 different yield streams that had been produced, but, of course,  
16 what we're doing with ACTs is typically -- I don't know how many  
17 years you went out here, but we typically are looking at a  
18 projection of two or three years on most of these stocks, when  
19 we do them as we get our recommendations now, but, with a yield  
20 stream, you could have gone further out and made that  
21 adjustment, correct?

22  
23 **DR. FREEMAN:** Yes, sir. In the -- I see Mike Travis is coming  
24 to my assistance, and so I'm also going to defer to him in a  
25 second, but just to briefly comment that, in the RAR section of  
26 the document, we examined the impacts over a seven-year  
27 timeframe, and so, projecting forward, at least like, for  
28 instance, on the commercial side, we looked at the impacts of  
29 the changes to the ACT from 2022 through 2028, and, at this  
30 point, I will see what Dr. Travis has to add.

31  
32 **CHAIRMAN GUYAS:** Go ahead, Dr. Travis.

33  
34 **DR. MIKE TRAVIS:** Thank you very much, and I think Matt has  
35 addressed that last question, and we can attempt to follow-up if  
36 necessary, but I kind of wanted to provide a little bit of a  
37 roadmap to the council members, to help them better understand  
38 the last set of numbers that were in the presentation, and so,  
39 just to clarify, Table 4.1.3.1 provides the estimates of the  
40 effects on the commercial harvesters. 4.1.3.2 provides the  
41 estimates of the effects on consumers, and so seafood consumers.

42  
43 We combine those two to get your estimates in Table 4.1.3.3, to  
44 get the total effects on the commercial sector. Similarly,  
45 4.1.3.4 gives you the effects on the recreational anglers.  
46 4.1.3.6 gives you the effects on the for-hire sector. When you  
47 combine those, you get 4.1.3.7 estimates, which is the total  
48 effects on the rec sector.

1  
2 When you combine Tables 4.1.3.3 and 4.1.3.7, that gives you the  
3 table that Matt had in his presentation, which is the total  
4 effects on commercial plus recreational, and so I just wanted to  
5 make that clear, because I got the sense that folks were not  
6 following this and that we were looking at effects on all the  
7 sectors within commercial and recreational.

8  
9 The other comment I wanted to make is back to Leann's comment on  
10 the estimates that we use regarding the recreational value of  
11 red grouper to the recreational anglers, and so I will say that  
12 those numbers were published in peer-reviewed papers, and so  
13 peer-reviewed published estimates, and that's what we used, and  
14 that is the best scientific information available, and I am  
15 happy to answer any other questions as well.

16  
17 **CHAIRMAN GUYAS:** All right. Thank you. Are there other  
18 questions for Dr. Travis? We mentioned a number of tables that  
19 are in this section, and I don't know if we want to go through  
20 them a little bit slower. I don't know if people are interested  
21 in seeing all of those, for those that don't have the document  
22 in front of them. Maybe we could back up a little bit.

23  
24 **DR. FREEMAN:** If staff could go to the beginning of Section  
25 4.1.3, and I can just sort of lead us through those tables. If  
26 you can scroll down, this is that first table that I mentioned,  
27 and so, on the commercial side, as you recall, I mentioned that,  
28 for both sectors, commercial and recreational, we consider the  
29 producer surplus and the consumer surplus. In this table, we  
30 are calculating what the producer surplus would be within the  
31 commercial sector.

32  
33 If we scroll down, that shows, again for the commercial sector,  
34 what the expected change in the consumer surplus would be, and  
35 so, as Dr. Travis commented, in essence, the seafood consumers,  
36 and they're the consumer side within the commercial sector.

37  
38 If we scroll down to 4.1.3, that shows the combined overall for  
39 the commercial sector, when we consider the producer surplus and  
40 the consumer surplus, and, again, I will just toss this out,  
41 just for comparison. In Alternative 6, for instance, there is a  
42 zero there because, if you recall, Alternative 6 held the  
43 commercial ACL and resulting ACT constant, and so there would be  
44 no expected change if there is no change to the ACL and ACT.

45  
46 Now, if we keep scrolling to the recreational sector, that first  
47 table right there, similar to what we saw on the commercial  
48 side, for the recreational side, we will look at the expected

1 change in consumer surplus. The table immediately -- I'm sorry.  
2 Not table, but paragraph immediately above shows sort of the  
3 nitty-gritty of how we calculate that.

4  
5 In this case, one of the things we have to do is work with ACL,  
6 because, obviously, our ACL and ACT is in pounds, but anglers  
7 value fish, and so we always have to convert the pounds, looking  
8 at an average weight, to what that means in terms of number of  
9 fish, and then base that with what they value each fish, to  
10 figure out what that impact would be.

11  
12 If we can scroll down -- I can see a couple of council members  
13 chuckling, and I can tell they're like, man, I'm glad that I'm  
14 not an economist.

15  
16 On the producer surplus side, one of the things here is we  
17 looked -- When I mentioned when the predicted seasonal closures  
18 would be, we have to look -- Because there is two-month waves of  
19 recreational data, and we look at what wave would be impacted,  
20 and then, even within that wave, the number of days within that  
21 month, to figure out the number, in this case, of cancelled  
22 charter trips that could be expected.

23  
24 Then we use that, if we keep scrolling to the next table,  
25 3.1.3.6, to figure out the change in producer surplus, and then  
26 the table right below it combines, again similar to what we did  
27 for the commercial sector, the impacts, again, from producer  
28 surplus with consumer surplus. If we scroll just a touch  
29 further, that very last table, that's what Dr. Travis referred  
30 to, and this is what's in the presentation.

31  
32 Once we add all of that together, producer surplus and consumer  
33 surplus from the commercial sector to producer and consumer  
34 surplus from the recreational sector and look at it as an  
35 overall fishery, this is where we wind up with this table, and  
36 this what I included in that presentation.

37  
38 **CHAIRMAN GUYAS:** Okay. Any questions on all that? Thanks for  
39 going through those. Leann.

40  
41 **MS. BOSARGE:** Thanks, Matt, and it's an excellent analysis. My  
42 criticism earlier was not of the analysis. I think you and  
43 Mike, and anybody else involved, did a great job with that. You  
44 worked with what you had to work with, and I guess my beef is,  
45 unfortunately, what you were given to work with.

46  
47 I own a house, right, and I can get an appraisal on that house,  
48 and that's going to be based off of market value, because it's

1 going to look at what other willing buyers and sellers of a  
2 house similar to mine were willing to pay, and there's going to  
3 be a value on my house, based on that, or you can ask me, Leann,  
4 what do you think your house is worth, and I guarantee you that  
5 my number is going to be higher than that appraisal, five times  
6 out of six, because I think my house is worth more, right,  
7 because I am the seller.

8  
9 Well, in this analysis, you use prices, for the commercial side,  
10 that are the market prices. There is a willing buyer and a  
11 seller, and efficient markets generate efficient prices, if you  
12 believe you have an efficient market, and so say it's five-  
13 dollars a pound, right, the dockside price on that red grouper  
14 between the dealer and the fisherman. However, if you send a  
15 survey out to that commercial fisherman and say, well, what you  
16 do you think your red grouper is worth, I bet you that he would  
17 say more than five-dollars a pound.

18  
19 He would probably say that's about a seven-dollar-a-pound fish,  
20 in my opinion, and I think I'm getting ramrodded over here,  
21 because there's an inherent bias, right, when you only ask one  
22 side of the equation, the seller.

23  
24 When we look at it on the private angler side, you're only  
25 asking one side of the equation. You don't have that efficient  
26 market to drive the actual price, and so there is an inherent  
27 bias to the high side when you look at the private angling piece  
28 component of this, and I think that probably has a lot to do  
29 with the numbers that we see on the screen, but that's just my  
30 two-cents.

31  
32 **CHAIRMAN GUYAS:** Dr. Freeman.

33  
34 **DR. FREEMAN:** I appreciate that comment. I will add just a few  
35 quick comments. The reference for the study that we relied on,  
36 Carter and Liese, in the list of references, there is a link to  
37 their paper. Just to explain sort of the methodology there,  
38 and, again, I will be brief, and I won't bore you all too much  
39 from the econ side.

40  
41 Rather than just simply asking them like what would you pay to  
42 be able to catch an extra fish, the way it's designed in that  
43 survey is what's called a choice experiment, and so they're  
44 given a variety, under different scenarios, of choices, and like  
45 it might be additional fish, but there might be a difference in  
46 the bag limit or size limit, and so they are provided with a  
47 suite of different sort of choices related to a fishing trip,  
48 and so, by combining various choices, it avoids, or reduces,

1 that potential sort of bias to say simply here's what we would  
2 pay for an extra fish, where people may inflate that price, and  
3 so it helps to reduce that bias, and so I just wanted to add  
4 that in and sort of explain a little bit of sort of that  
5 methodology.

6

7 **CHAIRMAN GUYAS:** Tom.

8

9 **DR. FRAZER:** To that point, Matt, in thinking about this a  
10 little bit, when you actually look at the tables, it's expressed  
11 as the value per fish that was actually landed, and we often  
12 have this discussion about it's not about what you land, but  
13 it's about the opportunity to access a fish, and so, if you went  
14 through an exercise, and you simply said you can't land anything  
15 -- This is just extreme for an argument here, but you can fish  
16 all the red grouper that you want, but you can't land any, and  
17 how would you arrive at that value?

18

19 **DR. FREEMAN:** That's an excellent point, and it's something for  
20 consideration. You may have a day where you might just have bad  
21 luck and not catch anything, and that doesn't mean that a  
22 private angler still didn't enjoy being out on the water, and,  
23 again, we're using simply the numbers that are in the document,  
24 recognizing that, again, at least based off of the comment you  
25 made, it could potentially be an underestimate. We're assuming  
26 that they have landed that fish, and so, if they've gone out and  
27 not landed that fish, that's not considered in this document,  
28 but they still had value and still enjoyed that day out there.

29

30 **DR. FRAZER:** So but it doesn't consider the potential, moving  
31 forward, for alternative in-season type of management measures,  
32 like reductions in bag limits and things like that, and so, for  
33 example, if you move forward and you said, well, the bag limit  
34 is two, but, when you implement this, perhaps the bag limit is  
35 one, and is that going to scale immediately? Is that going to  
36 be cut in half?

37

38 **DR. FREEMAN:** You're putting me on the spot. I usually have  
39 more time to mull over these econ questions. I would say, and  
40 I'm waiting to see a hand raised from Dr. Travis, and so I would  
41 say, on the consumer side, that makes sense.

42

43 On the producer side, producer surplus side, of the recreational  
44 sector, where we're looking at the for-hire component, I would  
45 have to, unfortunately, give that a little bit more thought,  
46 because there's trips involved, and we have information on  
47 directed trips, where people are targeting certain species, and  
48 so, given that not every trip is a targeted trip, the impacts

1 there would be a little different than what you would see,  
2 perhaps, on the private angling side.

3  
4 **DR. FRAZER:** I apologize, and I didn't mean to put you on the  
5 spot, but what I'm trying to get at is trying to capture some  
6 dynamics that might come into play here when you kind of look at  
7 the yield streams moving forward and what other options might  
8 be, and, I mean, this is kind of just like this is the way it  
9 is, but it's not really completely the way it is, or it might  
10 be.

11  
12 **DR. FREEMAN:** I enjoyed the thought exercise, and so thank you.

13  
14 **CHAIRMAN GUYAS:** Patrick.

15  
16 **MR. BANKS:** Just clear this up for me, Dr. Freeman. The  
17 consumer surplus in the commercial model is considering the  
18 price paid by the dealer to the fisherman? When I think of the  
19 word "consumer", I think of the person eating the fish at the  
20 restaurant, and that's not the consumer surplus that you're  
21 talking about, and is that correct?

22  
23 **DR. FREEMAN:** Yes, sir. That's correct, and that was a point  
24 that I tried to mention earlier, and I probably sort of skimmed  
25 over it. When we look at, for instance, the entire supply  
26 chain, and part of that is all the econ jargon where we would  
27 look at what's called value added products, and so there may be  
28 additional value as it moves along the supply chain, and so,  
29 yes, there is certainly additional impacts, and so, again, these  
30 are sort of more immediate benefits from landing that, and  
31 that's -- What you're saying is that, yes, certainly, if we look  
32 at the big scale, there would be additional numbers added into  
33 this.

34  
35 **MR. BANKS:** To that point, the reason why I wanted to clarify  
36 that is because, if you look at the recreational side of this,  
37 we're using the value to the end user, and, on the commercial  
38 side, we're not using the value to the end user. Now, maybe we  
39 don't have the right information, and I don't know, but is there  
40 any way to compare those two? I know you would have to go all  
41 the way through the supply chain, but it does seem like it is a  
42 bit of a difference there and we're sort of looking at apples to  
43 oranges.

44  
45 **DR. FREEMAN:** That's a good point. Again, in an ideal world, if  
46 we had all that data -- Well, if we had all that data, it would  
47 probably take me another year to work through it, but I will  
48 say, even like for instance on the private angler side, there is

1 additional -- This is why we use the different term of benefits  
2 versus impacts.

3  
4 Private anglers, we aren't capturing things like if they're  
5 staying at a hotel or a campsite, and there is additional  
6 things, for instance, not included on their side either, and so,  
7 again, we're using, as Mike Travis said, the -- Gosh, now his  
8 hand and Mara's hand came up too, and there is additional  
9 impacts that could be examined, and we're using the best data  
10 and the available data, and so, Ms. Guyas, I don't know if you  
11 want to turn to Ms. Bosarge or see if Dr. Travis wanted to add  
12 to that comment first, and I will leave that up to you.

13  
14 **CHAIRMAN GUYAS:** Let's go to Dr. Travis first, and then I've got  
15 you, Leann.

16  
17 **DR. TRAVIS:** I think that I want to provide a clarification to  
18 part of Matt's response. The estimates of effects on consumer  
19 surplus, on the commercial side, what it's estimating is effects  
20 on consumers of that seafood, and so, yes, it does go up the  
21 chain, but folks need to keep in mind that you may think that  
22 there are these huge effects on the consumers of that particular  
23 species, but remember those consumers have lots of choices.

24  
25 They can pick red grouper harvested from the South Atlantic, and  
26 they can pick imports, and they can pick other species harvested  
27 from the Gulf, and they can pick other sources of protein, for  
28 that matter. The large effects that you may think might occur  
29 probably will not, because of the availability of these other  
30 substitutes that they can switch to at will, but those effects  
31 are in there, and that is based on recent research conducted by  
32 one of your own SSC members, that being Walter Keithly.

33  
34 **DR. FREEMAN:** Again, just to pile on, a question that was raised  
35 earlier was, for instance, on the private anglers, if the bag  
36 limit was reduced from two to one, thinking again of the  
37 impacts, again, the value that we're using in here from this  
38 study was the willingness to pay for a second red grouper, and  
39 there are diminished values as you catch additional grouper, and  
40 so it's still -- Going back to your question, we would still  
41 have to modify some of the analysis, because certainly someone  
42 values the first red grouper they catch a lot more than the  
43 second or the third and the tenth. That value diminishes as  
44 they catch additional fish, and so, again, talking about the  
45 dynamics, there's a lot that would go into that.

46  
47 **CHAIRMAN GUYAS:** All right. I'm going to go to Ms. Bosarge, and  
48 then, Mara, I see your hand, and I'll get you next.

1  
2 **MS. BOSARGE:** I just wanted to mention that this whole  
3 conversation that we're having here was actually referenced in  
4 that GAO report on allocations in the Gulf of Mexico and looking  
5 at these economic benefits, and they noted, in that, that it's  
6 essentially -- I'm paraphrasing here, but that it's not really  
7 comparing apples to apples, because you are using -- On the  
8 commercial side, as you said, you're not looking at distribution  
9 to the consumer.

10  
11 You're looking at distribution to the dealer, and you're not  
12 taking those net benefits throughout that supply chain until you  
13 finally get to the end consumer into account, and, to me, that's  
14 the most obvious, when you actually have to apply a dollar value  
15 to it. I realize you have choices, and you could switch from  
16 red grouper to this or to that, but, if you apply a dockside  
17 price there of five-dollars a pound, that's a whole lot  
18 different than -- The consumer can't get that. He doesn't buy a  
19 five-dollar-a-pound grouper. That is what the dealer gives to  
20 the boat.

21  
22 In my world, the consumer doesn't get boat price, right, and you  
23 don't walk up and get shrimp for \$1.50 a pound, do you? No, not  
24 most times. That is boat price, and so that end consumer price  
25 is how you actually encompass the rest of the benefit for the  
26 supply chain. It's all those other processes in it, the other  
27 steps in the supply chain, that the consumer has to pay for,  
28 but, anyway, that's it. I am leaving this one alone, and I'm  
29 ready to move on.

30  
31 **CHAIRMAN GUYAS:** All right, and so I've got a few hands. I'm  
32 going to go to Mara, and then, Kevin and John, I see you, and  
33 I'll come around to that. Go ahead, Mara.

34  
35 **MS. LEVY:** Thanks. I mean, I think Matt and Mike covered it,  
36 but just the point that on both sides not going down the whole  
37 chain and all of the potential economic impacts on either side,  
38 and not just that -- The points they made well, and so I will  
39 not make it anymore. Thanks.

40  
41 **CHAIRMAN GUYAS:** Thanks, Mara. Kevin.

42  
43 **MR. KEVIN ANSON:** This is a good discussion that we're having, I  
44 think, and it is -- The timing of it, as we're dealing with  
45 allocation, is appropriate, obviously, and I just have a couple  
46 of points, or a point and then a question.

47  
48 Some of those things you bring up, Leann, I mean, those things

1 are applied to the recreational side, and you asked whether or  
2 not there was a fair market, I guess, or the market is being  
3 applied, I guess, on the recreational side, and, no, not in the  
4 same sense as the IFQ program, but certainly, if you look at the  
5 type of vessels that are being purchased now to go access like  
6 the reef fish fishery, as far as having two or three or four  
7 engines on them, and larger vessels and the amount of money that  
8 it takes to buy that vehicle to get access to the resource, it  
9 has changed quite dramatically in the last five or so years.

10  
11 That's a willingness-to-pay-type thing, and a value, I guess, of  
12 those fish, and so there's a limited, or finite, number of fish  
13 those anglers are able to get, and yet they do put more money  
14 and investment into the vehicle that they're using to access  
15 those fish, and so it is interesting, and so that brings me to  
16 my question, and, Dr. Freeman, you mentioned that you have  
17 limited data, and I understand that you're applying changes, due  
18 to inflation, to the values that were estimated at the time of  
19 the paper, but are there any other research projects that you  
20 are aware of that are going on that address fish values and such  
21 that is coming down the pipe?

22  
23 **DR. FREEMAN:** I believe there is some work being done with the  
24 Science Center, for instance. The specifics, I wouldn't be able  
25 to comment on, and it's not confidentiality, but it's just not  
26 being up-to-date on every specific project they're working on,  
27 but I will leave it open-ended, but I'm certain that there are  
28 additional evaluation studies being conducted.

29  
30 **CHAIRMAN GUYAS:** John.

31  
32 **MR. JOHN SANCHEZ:** I will be brief. I have the same similar  
33 concerns I've heard around the table, that commercial values are  
34 always looked at with dockside value, and it doesn't have all  
35 the multipliers that we see in other economic assessments, say  
36 recreationally and what have you, and, I mean, just looking at  
37 some of these numbers, if you look at say a retail price per  
38 pound, for let's say nineteen-bucks for a fillet, and you  
39 multiply one of these options, 600,000 pounds moving in the  
40 other direction, you've got four-and-a-half-million dollars  
41 there.

42  
43 Then, if you were to subdivide that pounds to restaurant size,  
44 eight or nine-ounce serving, you would probably double it right  
45 there, to nine-and-a-half-million dollars, and these things kind  
46 of don't enter, and it's kind of troubling that, historically,  
47 whenever we talk about commercial, we look at dockside value,  
48 and that just doesn't tell the whole story of where that fish is

1 going.

2  
3 **CHAIRMAN GUYAS:** Okay. I think we've had a pretty good  
4 discussion of all this economic information, and I appreciate  
5 Dr. Freeman and Dr. Travis for jumping on the line to help break  
6 this down for us. All right. We do have some codified text,  
7 but this document -- We can get to that, but I just wanted to up  
8 for other questions or comments or whatever on this document.  
9 It is on our agenda for final action, and so this is the meeting  
10 to hash this stuff out. Andy, and then I've got you, John.

11  
12 **MR. STRELCHECK:** Thanks, Martha. Matt, can you bring up the  
13 slide that shows the alternative ACLs for Action 1? A few  
14 points and a question, and then maybe a few more points. Just  
15 to acknowledge, and you did comment on this, but I want to make  
16 sure it's clear that all the alternatives, after Alternative 1,  
17 result in a reduction, and it appears that it would be an  
18 increase, but, in reality, it's a reduction, because we're now  
19 converting to the FES equivalent, and so you really want to  
20 compare everything to that second row, and not the first row,  
21 when you're looking at the ACLs.

22  
23 It was alluded to by Clay, in terms of optimizing yield, and  
24 there is, obviously, this interchange between shifting the  
25 allocation and how much yield occurs because in the fishery,  
26 because of selectivities. There is, I think, an order of  
27 magnitude difference in discards between the two sectors, and so  
28 my question is -- It doesn't appear, in the document, that there  
29 is kind of any reference discussion of impacts to either fishery  
30 based on a reduction in the catch limit potentially triggering  
31 either closures or reduced quota for the commercial sector that  
32 could result in discards, and so that seems to be something that  
33 we should at least, or acknowledge, could affect, obviously,  
34 kind of the ultimate number of discards in the fishery, but,  
35 Matt, can you comment on that?

36  
37 **DR. FREEMAN:** That was a little bit of a lengthy question, and,  
38 if you don't mind, could you restate that for me?

39  
40 **MR. STRELCHECK:** Sorry. I rambled on a little bit, and so  
41 there's an interchange here between, obviously, the yield levels  
42 and the discards that occur in the fishery, and, the more  
43 allocation that is shifted towards the recreational sector, the  
44 lower the yield level becomes, because of the selectivity and  
45 higher levels of discards, but what it doesn't seem to  
46 acknowledge in the document is that there could be discards that  
47 result from early closures if the catch limit is set very low  
48 for the recreational sector, or, on the commercial side, if the

1 catch limit is reduced, they may have more discards, because of  
2 less quota available.

3  
4 **DR. FREEMAN:** In Chapter 3, there is some discussion of historic  
5 discards. Beyond that, I wouldn't be able to respond,  
6 unfortunately, to your question at this moment, but it's always  
7 something that I can look and check into.

8  
9 **MR. STRELCHECK:** Okay, but I think the point I'm making is I  
10 think there's a more dynamic situation that could occur going  
11 forward in the future, just because of changes in catch limits,  
12 and the discards estimated in the assessment don't necessarily  
13 account for those management dynamics.

14  
15 The other, I guess, comment that I wanted to make is, with  
16 optimum yield, it's not just the yield level that we're looking  
17 at in these tables, and it, obviously, has to account for  
18 conservation and management, as well as socioeconomic factors,  
19 and so we have heard, this morning, whether you agree or  
20 disagree with the economic analysis, the net economic benefits  
21 are lessened with the preferred alternative, relative to the  
22 other alternatives.

23  
24 That, obviously, is traded off with lower optimum -- Excuse me.  
25 Lower yield levels and potentially higher discard estimates, and  
26 so we have some national standards that are kind of intersecting  
27 with one another, and you really can't achieve all of them at  
28 the same time, and so I guess I wanted to acknowledge that as  
29 the situation and maybe hear more on the record with regard to  
30 anything with regard to the preferred alternative, especially  
31 given that it is the lowest of the yield levels that we're  
32 considering today.

33  
34 **CHAIRMAN GUYAS:** Thanks, Andy. John and then Leann.

35  
36 **MR. SANCHEZ:** For what I wanted to get into, if we could bring  
37 up the action items.

38  
39 **DR. FREEMAN:** Do you mean Action 1, I assume?

40  
41 **MR. SANCHEZ:** Yes. Thank you.

42  
43 **DR. FREEMAN:** Mr. Sanchez, do you want to see them in the  
44 presentation, because, unfortunately, they're kind of split  
45 across slides, or would you like to see them in the document?

46  
47 **MR. SANCHEZ:** You know, it really doesn't matter. **I wanted to**  
48 **make a motion, and, if I get a second, I will elaborate. To**

1 **make, in Action Item 1, Alternative 2 the preferred.**

2  
3 **MS. BOGGS:** Second.

4  
5 **MR. SANCHEZ:** Thank you. The reason for the motion is we have  
6 the biology of this fishery, and, historically, it's -- There's  
7 a long history of these episodic events, red tides and such, and  
8 all the ingredients are there always in Florida for a possible  
9 red tide event.

10  
11 To reallocate now, when we're coming off of the assessment that  
12 says, and the document that says, we're coming off of probably  
13 the smallest size we've seen, in terms of biomass, in a while,  
14 and it seems to be on the uptick now, based on what we're  
15 hearing, but to reallocate now to a sector that there is a lot  
16 of uncertainty in the landings, and the document also says that  
17 that uncertainty will probably result in an increase in  
18 allocation and overfishing, and that's in the document, too.

19  
20 There is discards to consider, and you shift over ACL to the  
21 recreational, and they don't even get the full benefit of it,  
22 because we have to address the discards. To do these things, it  
23 doesn't make conservation sense, to me, to do this in a fishery  
24 that, again, we've seen some issues with it, with red tides and  
25 such.

26  
27 The public hearings, we overwhelmingly heard from the commercial  
28 sector that they would -- This is what they want, and they want  
29 this Alternative 2, and, when you have that kind of an  
30 outpouring of public comment, it's because somebody's ox is  
31 getting gored, and they come out in droves, and that is what  
32 they did.

33  
34 I think there is other ways to do things that we need to look at  
35 in this fishery without clearly hurting the commercial sector.  
36 If the concern is having a year-round season recreationally, I  
37 mean, maybe, like we heard in public testimony, you throttle  
38 back on the bag limit at some point in the season, to get you to  
39 your twelve months.

40  
41 This alternative gets you, according to the document, at least  
42 until August, and maybe a down-step, an in-season adjustment to  
43 the bag, gets you all the way across the finish line, and maybe  
44 a size limit increase, in some subsequent action we can take,  
45 but one thing too that's troubling for me is -- This is just a  
46 businessperson's decision, but here we are and we're going to  
47 make a decision that's going to impact people, and we have an  
48 interim assessment that conceivably maybe gives us a million

1 pounds that we can play with, to make a bitter pill for  
2 everybody a little sweeter, but we've got to decide on the  
3 allocation before we can get into the assessment.

4  
5 To me, that's kind of the cart before the horse, and it doesn't  
6 make sense, from a business perspective. If you're going to get  
7 into a negotiation, a mediation, you put everything out there  
8 that benefits your argument, and then you have it, and you let  
9 the chips fall where they may, and that seems kind of backwards,  
10 to me, a little bit, and so that's my motion, and that's my  
11 rationale, and I hope you all can support it, because there's  
12 goings to be some impacts to the others. Thank you.

13  
14 **CHAIRMAN GUYAS:** All right. Leann and then Patrick.

15  
16 **MS. BOSARGE:** Thank you, John. I support your motion. I guess  
17 one of my big issues is the preferred alternative, when you look  
18 at it, the one we have right now, it looks at historical  
19 landings, right, and we just recalibrated those, and they went  
20 up, historically, but why did they change?

21  
22 It is because we were using a data collection system that was  
23 not as accountable as the one that we used for the other sector.  
24 For the commercial sector, you have census-level reporting,  
25 rather than sample, and that census of the fishermen is  
26 mandatory reporting, with fines involved if you don't, and there  
27 is reporting by the fishermen, and there is also reporting by  
28 the dealer, and so it's a two-party system. It has checks and  
29 balances.

30  
31 There is a tracking device on the boat, so that you can see when  
32 that boat leaves to go out fishing, so that you know that he's  
33 out fishing and that he better report his landings to you. He  
34 has to hail-out and tell you before he leaves, and I wish my  
35 husband would do that. He has to call you three hours before  
36 he's going to get back and tell you he's going to be back, and I  
37 certainly don't get that from him, and then enforcement meets  
38 him at the dock, and I don't meet him at the door either.

39  
40 So, I mean, the accountability there is outstanding, and it's  
41 through the roof, versus the other side, and this all comes back  
42 to landings, because we use all of that to make sure we have  
43 accurate landings, which is what we're using for these  
44 allocation decisions, and now, grant you, I am talking about the  
45 private angling component, right, because I realize the for-hire  
46 component has taken massive steps recently to increase their  
47 accountability on their data collection system, and so let me  
48 clarify. I'm speaking to the private angling component.

1  
2 For the private angling component, it's a survey and not a  
3 census, and so it's a sample, right. It's a portion of the  
4 anglers that get sampled. If you're chosen in that sample, you  
5 still don't have to comply with it. It's voluntary, and you can  
6 tell them to buzz off and I don't want to tell you what I caught  
7 or whether I went fishing, and so there is no enforcement piece  
8 to it, because it's voluntary.

9  
10 We took steps, MRIP did, and they realized they had room for  
11 improvement in their data collection system, and they weren't  
12 staying at the boat ramp long enough, and they were using a  
13 telephone survey for landlines, which people were starting to  
14 phase-out, and so they made some changes, smart changes, and  
15 they said that I think we'll get better data this way.

16  
17 Now, that meant that the recreational sector was actually  
18 catching a lot more fish for the last thirty years than what we  
19 realized. Now, as we were managing them for those thirty years,  
20 had we known that they were exceeding catch levels that were  
21 reasonable catch levels, that were healthy catchy levels, as  
22 managers, we would have taken steps to throttle them in, but we  
23 didn't, because we had a data system that wasn't accountable  
24 enough, and we didn't even know, and so we didn't take steps to  
25 rein them in, and we're going to use all those overages and  
26 landings all those years to now justify why they should get more  
27 of the stock, and, to me, you have to factor in accountability.

28  
29 If you have an accountable system, a more accountable system,  
30 because Mara hates when I say no accountable, not accountable,  
31 and so we are more accountable on the commercial side, which  
32 kept us within our quotas, which did not allow us to fish above  
33 and beyond the quota given to us. However, on the other side,  
34 there was less accountability, which allowed fishing to occur  
35 off the radar and landings to occur over and above the quota  
36 that was given, and we will now reward that by using that as  
37 your historical landings, even though we would have reined you  
38 in, had we known about it, and you will now get to catch more of  
39 the stock, going forward.

40  
41 That is de facto allocation, and that lack of acknowledgement of  
42 the accountability in one sector, the increased accountability  
43 in one sector, versus the lesser accountability in another, and  
44 using lesser accountability to reward and justify a reallocation  
45 to that sector, to me, is not fair and equitable.

46  
47 **CHAIRMAN GUYAS:** Thanks, Leann. Next, I have Patrick, and then  
48 Mara. I see your hand. You're good? Okay. Andy, did you have

1 your hand up? Okay. Got you. Then Troy. Thank you.

2  
3 **MS. LEVY:** Thank you. I mean, just a couple of comments with  
4 respect to Alternative 2. The first is that, although the  
5 percentages would stay the same, it really is a reallocation,  
6 and just I want to be clear about that. When you look at what  
7 the total ACL is in MRIP-FES equivalency, it's going down, but  
8 this would increase the commercial sector's quota, or catch  
9 limits, and so to say that it's not reallocating, just because  
10 you kept the percentages the same, is not really an accurate  
11 description. If you're looking to keep the commercial sector at  
12 status quo, that would be Alternative 6, right, because they  
13 would be getting the same quota.

14  
15 The other thing I just wanted to mention is the accountability  
16 issue, and I appreciate Leann modifying the term, but I also  
17 wanted to point out that, I mean, red grouper was not in an IFQ  
18 system until 2010, right, and the landings data that's used for  
19 the allocation, as it currently is, is from the 1980s until  
20 2005, and, if you look at Table 2.1.3, I mean, there were even a  
21 couple of years in there, 2004 and 2005, that the commercial  
22 sector did exceed what its quota was at the time, and so, to  
23 kind of use the same language that we do with red snapper, which  
24 is under a much different management regime, for many, many more  
25 years, I think is not entirely accurate either, and so I just  
26 wanted to make those points with respect to this particular  
27 alternative. Thanks.

28  
29 **CHAIRMAN GUYAS:** Thanks, Mara. Leann, is it to that point?  
30 Okay.

31  
32 **MS. BOSARGE:** Yes. Thanks, Mara, but, if you look at those  
33 years where we did have overage, the accountability comes in in  
34 the management measures that we took to rein them in after that.  
35 If you go back and look, we took measures, and sometimes we took  
36 measures -- Like, before the IFQ, we would change trip limits  
37 and have step-downs and do this and do that, to make sure that  
38 the next year we didn't let them exceed it again.

39  
40 We never did that on the private angler side, because there was  
41 such a lesser accountability in the data collection system that  
42 we didn't even realize that they were exceeding those quotas all  
43 the time, and so we did rein them in, and we did keep them from  
44 continuing to fish harder, which would have been great for their  
45 allocation right now, if we had let them do that. We did allow  
46 the other side, the private angler side, to do that, but we did  
47 not on the commercial. We took steps to rein them whenever we  
48 saw that they were going to go over.

1  
2 **CHAIRMAN GUYAS:** Andy.

3  
4 **MR. STRELCHECK:** Mara made several of my points, and so I won't  
5 reiterate those. I do want to speak to the issue of  
6 accountability, and I think it's really unfair to characterize  
7 the way it has been, with regard to the recreational sector.  
8 They're operating within the data collection system that we have  
9 provided at this point, and, to me, that's not an accountability  
10 issue as much as a need to improve the data collection system.

11  
12 If we use that as the metric, we would never reallocate from the  
13 commercial sector to the recreational sector, because the  
14 standard would be set too high, until such time the recreational  
15 sector has an equivalent data collection system.

16  
17 Then, to Leann's point about not holding the recreational sector  
18 accountable, I was going to state also, obviously, that there's  
19 been overages on both sides. I was involved in writing the 2005  
20 interim rule that reduced the bag limit and closed the season  
21 for red grouper, which was holding this sector accountable, and  
22 then, in 2014, we had a post-season accountability measure, and  
23 so I think that's also unfair to characterize it that there was  
24 nothing done on the recreational side.

25  
26 I think both sectors have actually done a very good job of  
27 actually being constrained to the catch limits that we have  
28 provided them over the years, for a variety of reasons, and so I  
29 just wanted to note that.

30  
31 **CHAIRMAN GUYAS:** Thanks, Andy. Troy.

32  
33 **MR. WILLIAMSON:** We've heard a lot of criticism this morning by  
34 laypersons of the scientific methods used by the SSC to arrive  
35 at the best scientific information available. You know, we  
36 spent a day, almost, choosing people to give us scientific  
37 recommendations on the SSC, and our charge, as a council, is to  
38 accept that recommendation, and they have made it clear that the  
39 Preferred Alternative 3 is the best science available. Quoting  
40 public comment from interested parties I'm not sure is the best  
41 science available, and I would speak against choosing  
42 Alternative 2 as the preferred.

43  
44 **CHAIRMAN GUYAS:** Thanks, Troy. Patrick and then Susan.

45  
46 **MR. BANKS:** Troy makes an excellent point. We need to follow  
47 the guidance of the science, but that's also an interesting  
48 argument for this council to make, considering that we didn't do

1 that at the last meeting for another species, and so I love the  
2 argument. The argument is exactly right, but, to the public, I  
3 think we look a little bit odd by making these arguments to  
4 follow the science today, when we didn't at the last meeting,  
5 and that's just my point.

6

7 **CHAIRMAN GUYAS:** Susan.

8

9 **MS. BOGGS:** Thank you, Madam Chair. I kind of want to go back  
10 to John's comments. I mean, this is almost a business  
11 transaction, and I understand the council is asked to look at  
12 the best scientific information available, but sometimes  
13 commonsense has to play into this, and this is a business  
14 transaction, and we're affecting both the commercial and both  
15 the recreational sides.

16

17 To Kevin's comments about the recreational fishermen, yes, their  
18 boats are getting bigger and faster with more engines, but, just  
19 like that, they're not necessarily targeting red grouper, and  
20 you would have to look at the economics of that and the red  
21 snapper and all the other species that they're going out to  
22 catch. These are a lot of good arguments, but I think we need  
23 to look at the science, and I think we need to put a little  
24 commonsense into our decisions today. Thank you.

25

26 **CHAIRMAN GUYAS:** Tom and then Leann.

27

28 **DR. FRAZER:** I just want to clarify the role of the SSC. They  
29 certainly do provide catch advice with regard to overfishing  
30 limit and ABC, and those are the two primary ones, right, but  
31 they do not play a role in saying which of those alternatives is  
32 supported by any particular science, and that's the role of the  
33 council, and so I want to make sure that people understand that.  
34 They didn't pick preferreds.

35

36 **CHAIRMAN GUYAS:** Leann.

37

38 **MS. BOSARGE:** So the National Standard 1, which is the one that  
39 I was focusing on when I talked about the purpose and need and  
40 the need to prevent overfishing, while also striving to achieve  
41 OY, and so I would say, when you look at this document, and you  
42 look at the alternatives that allocate more to the recreational  
43 sector, which has a greater uncertainty in their landings, as  
44 well as greater bycatch, you do in fact appreciably increase the  
45 risk of overfishing.

46

47 I don't see how you can get around that, and so, for that  
48 reason, I certainly wouldn't support any of the alternatives

1 that transfer allocation to that sector, to the recreational  
2 sector, since National Standard 1 does clearly state that we  
3 must strive to prevent overfishing while achieving -- On the  
4 achieving OY aspect, yes, you can take into -- OY takes into  
5 account economic and social factors and things of that nature,  
6 but it's hard for me to get around the fact that a yield, right,  
7 the yield that we're going to be putting in consumers' hands,  
8 under all of these alternatives, other than Alternative 2, is  
9 decreasing, and it's decreasing because, as you shift more to  
10 the recreational sector, because of their selectivity and their  
11 bycatch, you actually decrease the overall number of pounds that  
12 can be landed and provided to the consumer.

13  
14 Many of those fish are going to float off dead, and you have to  
15 account for that, and so, in that effort, if staff -- I just  
16 wanted to show -- We talk a lot about the bycatch, and I just  
17 want to show you the numbers.

18  
19 Staff, I sent you an email, and it has the red grouper. It  
20 shows commercial and recreational, and I think it's important to  
21 actually look at the numbers, because this was presented to us  
22 by the agency -- Oh, heck, let's see. A year-and-a-half ago, I  
23 guess. Do you see the email with the attachment? Go to page  
24 21.

25  
26 Red grouper, commercial, Gulf-wide, and just take the last year,  
27 for example, on that chart, and it's 2017, and so 287,704 fish,  
28 because this is in fish, numbers of fish, for the commercial,  
29 and that's both longline and handline, and then, in the  
30 recreational, and most of the recreational fishery is in the  
31 east, and that's why it says recreational east, it's 2.5 million  
32 fish, and so there is orders of magnitude difference here, and  
33 this is not little differences.

34  
35 Now, you have to take into account how many of these are going  
36 to die, and I will grant you that the commercial fishery has a  
37 higher discard mortality rate, right, than the recreational  
38 fishery, but, because the recreational fishery has orders of  
39 magnitude greater bycatch than the commercial fishery, it's  
40 still -- Once you've applied the discard mortality rate to it,  
41 the recreational sector still has about three-times the dead  
42 discards that the commercial sector does.

43  
44 That is part of the reason that, as you reallocate to them,  
45 everyone has to land fewer fish, because you have more dead  
46 discards, and so I don't see how we're achieving that OY and  
47 achieving the national standards by choosing any of these  
48 allocations, other than Alternative 2 that John has suggested.

1  
2 **CHAIRMAN GUYAS:** Thanks, Leann. Patrick.  
3  
4 **MR. BANKS:** Unfortunately, I can't seem to find it now, and Tom  
5 is right that they didn't give us -- The SSC didn't give us a  
6 recommendation on alternatives, but they did make a statement,  
7 and I can't find it now, that said certain alternatives followed  
8 the best science available.  
9  
10 **CHAIRMAN GUYAS:** That was like -- It was basically Alternatives  
11 2 through 5, and is that right?  
12  
13 **MR. BANKS:** Yes, and so Tom is right, but they did make the  
14 statement that certain alternatives follow the best science.  
15  
16 **CHAIRMAN GUYAS:** But they were clear not to select or do this or  
17 do that.  
18  
19 **MR. BANKS:** Right.  
20  
21 **CHAIRMAN GUYAS:** I think they were just saying they were valid,  
22 more or less, right?  
23  
24 **DR. FRAZER:** Kai, do you want to address that, real quick?  
25  
26 **DR. LORENZEN:** Yes, that's correct. I mean, basically, any  
27 alternative that correctly uses the latest assessment and the  
28 yield streams based on that and the MRIP-FES would be in  
29 compliance with BSIA, and so, basically, 2 to 5, and I don't  
30 think we've looked at 6, but I presume that, as long as that's  
31 done correctly, the same would apply to that, and so the only  
32 one that would not be in compliance with BSIA would be 1,  
33 because it's not feasible with the current assessment. Other  
34 than that, we have no preference.  
35  
36 **DR. FRAZER:** Thank you, Kai.  
37  
38 **CHAIRMAN GUYAS:** All right. Andy.  
39  
40 **MR. STRELCHECK:** I just wanted to expand upon the comments by  
41 Tom and Patrick and what Kai just mentioned, in terms of kind of  
42 following the science here, and we certainly have scientific  
43 data that indicates the economic benefits for the preferred  
44 alternative would be why we would choose the preferred  
45 alternative, but it's certainly within the council's purview,  
46 based on our National Standard 1 Guidelines, to look at optimum  
47 yield and make sure it's ensuring conservation and management  
48 and preventing overfishing and taking into account social and

1 economic factors, and so I think we have that flexibility within  
2 the range of alternatives, Alternatives 2 through 6, to be able  
3 to determine that, as long as a sufficient record is built.

4  
5 I also wanted to comment about the prevention of overfishing and  
6 the increased likelihood of overfishing. What I would say to  
7 that is we do have a system of annual catch limits, catch  
8 targets, and accountability measures that we've implemented for  
9 both sectors in this fishery, and, based on those, those are  
10 intended to constrain harvest to those catch limits, or catch  
11 targets, and so, to the extent that catch targets, or catch  
12 limits, are exceeded, however they are defined by us, we then  
13 trigger accountability measures to ensure that we're mitigating  
14 for those impacts and preventing overfishing going forward, and  
15 so I think it's a tenuous argument to say that, just by shifting  
16 allocation from one sector to another, we're increasing the risk  
17 of overfishing, because of the catch limit system we have in  
18 place for managing the fishery and the track record.

19  
20 Looking at the track record of the recreational sector for the  
21 last six years, they haven't exceeded their catch limits, and  
22 those have been in place, and so I just wanted to acknowledge  
23 that.

24  
25 **CHAIRMAN GUYAS:** Thanks, Andy. Is it to that point? Okay. Go  
26 ahead, Leann. Mara, then I see you, and I'll get you next.

27  
28 **MS. BOSARGE:** Yes, but it goes straight to the uncertainty in  
29 their data, and do we really know what they're catching or do we  
30 not, and I would say that FES proved to us that we -- If you  
31 believe FES, that we didn't know what they were catching all  
32 those years, right, and so to say that our ACTs and ACLs  
33 constrain them, no, it's all about the system that we have in  
34 place to correct their data and how much faith do we have in  
35 that.

36  
37 If you look at CHTS and the uncertainty around the MRIP-CHTS,  
38 the old MRIP, versus the new MRIP-FES, it actually has greater  
39 uncertainty than the old MRIP did, and so we may have made  
40 improvements to the system, but the PSEs went up, and so, the  
41 more and more that you allocate to that sector that has the much  
42 larger uncertainty surrounding their data, I would have to say  
43 that your likelihood of overfishing would increase. You are  
44 increasing the likelihood that you could overfish, versus having  
45 that allocation sitting in a sector where you have a mandatory  
46 reporting system, and, even before IFQ, we still had a mandatory  
47 reporting system.

1 We've had trip tickets for a long time, long before the IFQ.  
2 Now, they came online state-by-state, and I will grant you that,  
3 but we have had mandatory reporting for a long time in the  
4 commercial sector.

5

6 **CHAIRMAN GUYAS:** Mara.

7

8 **MS. LEVY:** Thank you. I guess I just had a question about the  
9 discards, and I understand everything that's been said about  
10 them, and maybe I should know this, and I just haven't read  
11 enough, but do we know, or have any information, about how  
12 discards relate to the catch levels that are set, meaning do we  
13 know that, if we increase the recreational catch level, that  
14 somehow that's going to increase recreational discards, or the  
15 opposite? I guess I'm just curious about that. Thanks.

16

17 **CHAIRMAN GUYAS:** I don't know who would like to take that one.  
18 Clay.

19

20 **DR. PORCH:** The way the assessment is set up, yes, increasing  
21 catch levels would increase discards, but it's hard to determine  
22 what exactly would happen in reality, and that's always been one  
23 of the tricky things in stock assessment, is, when you have a  
24 shorter season, open season, do you end up having more discards  
25 because of a longer closed season, and it's very difficult to  
26 quantify.

27

28 **CHAIRMAN GUYAS:** I think that was Andy's point earlier with his  
29 question, right, and think about Atlantic red snapper, where  
30 there is a three-day season recreationally, and the discards are  
31 just off the charts, because it's only open for three days. Any  
32 other hands? Can we get that motion back on the board, please?  
33 Patrick.

34

35 **MR. BANKS:** I will just ask one more question, and I apologize  
36 for belaboring the point, and maybe Dr. Lorenzen will have to  
37 answer this for me, but I'm pretty sure that you guys have  
38 determined that FES, calibrated FES, data is the best science  
39 available, correct? Could you confirm that for us, please?

40

41 **DR. LORENZEN:** Yes, that's correct.

42

43 **CHAIRMAN GUYAS:** Thanks, Kai. Dale.

44

45 **MR. DALE DIAZ:** I just wanted to comment, and, I mean,  
46 sometimes, being on the council, we have to make decisions when  
47 all the options before us are not great, and this is kind of one  
48 of those times, and so I've been -- I try to think through these

1 things and make a good, fair decision, and this is a tough one.  
2  
3 The pie is shrinking, and that's something that people need to  
4 take into consideration. No matter where you're at, it's  
5 shrinking, and I believe that every option has some type of a  
6 decrease for most everyone, and I guess some of the good things,  
7 I guess, to look at in the future, which I don't have a crystal  
8 ball to know what the future holds, but we are going to get a  
9 new interim assessment on this, and the picture could change,  
10 and I can't tell you that it's going to change for the better,  
11 but, from what we're hearing on the water, there's a chance it  
12 might. Anyway, that's all I wanted to say. Thank you, Madam  
13 Chair.

14  
15 **CHAIRMAN GUYAS:** Thanks, Dale. I think a lot of us share that  
16 sentiment, in general, and so one more? Go for it, Patrick.

17  
18 **MR. BANKS:** I'm sorry. I definitely share that sentiment, Dale.  
19 None of this is good, and maybe Dr. Freeman can help me  
20 understand, and so it seems like we have -- What we're seeing in  
21 the data, in terms of landings, on the commercial side doesn't  
22 seem to be matching up with what we're hearing from the  
23 commercial guys.

24  
25 They're worried about losing quota, and they're worried about  
26 losing their business, and that concerns me, but then, when we  
27 look at landings, we're not landing the full quota as it is  
28 right now, and so what's the disconnect there? Can somebody  
29 help me? Martha, maybe you know what the disconnect is.

30  
31 **CHAIRMAN GUYAS:** Give it a shot.

32  
33 **DR. FREEMAN:** All right. I was hoping that I was out of the hot  
34 seat after my economic lecture. Based off of what was conveyed  
35 at public hearings, time and time again, and this is something  
36 that both SERO and the Science Center is looking into, and this  
37 may be some of the disconnect that you were asking about, is  
38 that it does appear to be an issue with some folks holding  
39 quota, and the amount of allocation transfer may be contributing  
40 to some of that, in terms of the quota being landed, and that's  
41 sort of speculative on my part.

42  
43 Like I said, this is just coming from what I heard at the public  
44 hearings for this, and, like I said, it's potential -- I know  
45 there's going to be part of the five-year IFQ review during the  
46 Reef Fish Committee, and it's possible that there might be  
47 something there that could shed some light as well, and so, like  
48 I said, I'm just hazarding a guess at this point.

1  
2 **CHAIRMAN GUYAS:** I don't know that I can fully answer your  
3 question, but, I mean, I can -- It's pretty apparent, if you  
4 look at the tables in the document and the graphs, I mean, the  
5 way that commercial has run in this fishery, since before the  
6 IFQ program, they generally don't meet their quota, and, if you  
7 look at it long-term, it's like 70 percent of their quota.  
8 Recreational has exceeded it I think in 2013 and 2014, and that  
9 was the last time in the very recent past, and it might be the  
10 only time, and I guess 2004 and 2005, but, typically, they are  
11 bumping up against their quota a little bit more frequently than  
12 commercial.

13  
14 Why commercial isn't catching that quota, and hasn't, I don't  
15 know, but, I mean, this is a long-term trend. Now, we've been  
16 hearing, in the recent time, that there's been some maybe shift  
17 in who owns, or who is leasing, or whatever, and that is maybe  
18 tying up the quota, and now we've gotten to the point where we  
19 have made cuts in this fishery, and we potentially are looking  
20 at making more, where we're getting to a point where  
21 recreational and commercial are going to be bumping up, if not  
22 meeting, quotas, and so, if you looked at --

23  
24 I just did some back-of-the-napkin numbers for recreational for  
25 2020, and, if we applied some options that we would forward in  
26 this document, we're over the ACT, and over the ACL in some  
27 cases, or we're going to be there, and so I suspect, for this  
28 year, we'll be -- We could have an early closure, if this gets  
29 implemented on that side, and I think commercial was seventy-  
30 something last year, and, this year, they're on track to maybe  
31 meet their quota, but, you know, it all depends, because it's  
32 IFQ, and so they get to choose when is the time that they want  
33 to catch the fish and make their landings based on what the  
34 market price is and when their customers are wanting to buy  
35 fish, and so it's complex, and I don't have all the answers, but  
36 maybe we'll get some light on that in public testimony. Leann.

37  
38 **MS. BOSARGE:** To that point about the closure, I think that the  
39 -- The rationale, a lot of the rationale, that has been  
40 discussed for choosing Alternative 3, 4, or 5 has been looking  
41 at that table that talks about the recreational sector possibly  
42 having a closure, and I guess it's a little frustrating that we  
43 see allocation as the way to solve an issue with a season  
44 length, and that's not the track that we have taken with other  
45 species.

46  
47 We've had a lot of discussion lately on amberjack, right, and we  
48 were talking about, well, should we have vessel limits, or

1 should we go to half a fish per person, all sorts of different -  
2 - Should we have a season in the east and a season in the west,  
3 and should we have, you know, different -- Divide up the Gulf,  
4 and it was all within the recreational sector.

5  
6 I don't remember seeing anything in that document that said, uh-  
7 oh, the rec season is too short and go take some commercial  
8 quota and give it to them, and so I am frustrated that that's  
9 been most of the rationale for this whole allocation discussion,  
10 and, if we choose this, then the rec sector might have a  
11 closure.

12  
13 There are ways to address a closure, and it's an incremental  
14 approach, where you look at lots of different facets, like bag  
15 limits and size limits and spawning season closures, all sorts  
16 of things, but, yet, in this document, we have looked at a table  
17 that says, if we don't give them more allocation, they may have  
18 a closure, and, to me, that's a very limited analysis and the  
19 wrong way to go about looking at rationale for an allocation  
20 decision.

21  
22 **CHAIRMAN GUYAS:** That's not the point I was trying to make. My  
23 point was more that we're getting to the point where both  
24 sectors are going to be hitting their quotas here, with whatever  
25 we do with this document. Recreational is going to have a  
26 closure. I think, wherever we fall on this, they're going to  
27 have a closure, and so I'm not trying to pass judgment on that  
28 right now, but I'm just -- This is the way it's going to be.  
29 This is the way it is. Right? Anyway, are there any other  
30 questions or comments on this motion? Okay. Let's go ahead and  
31 take a vote then, and clearly we're going to need to do hands.

32  
33 **The motion on the board is to make Alternative 2 the preferred**  
34 **alternative in Action 1. All in favor of this motion, please**  
35 **raise your hand.**

36  
37 **DR. GREG STUNZ:** Martha, this is Greg, real quick. We raise our  
38 hand, and I'm trying to figure out how we do that, because you  
39 want us to raise -- I don't know. You tell me how you want us  
40 to vote, for those of us that are remotely tuning in.

41  
42 **CHAIRMAN GUYAS:** Hang on, Greg. I think you have a hand raise,  
43 but I'm going to let Bernie --

44  
45 **DR. STUNZ:** Well, we do have a hand raise, but it's just at what  
46 point do you raise it? Is it when you say in favor, or I guess  
47 wait until -- I'm not in favor of this motion, and so that's why  
48 I'm asking. I don't want to raise it prematurely.

1  
2 **CHAIRMAN GUYAS:** All right. Well, we'll do a roll call vote.  
3 There you go, Greg. Give it a minute.  
4  
5 **DR. STUNZ:** Okay. Thanks. Sorry to be trouble here, but it's a  
6 little confusing.  
7  
8 **CHAIRMAN GUYAS:** I will read it one more time. **Our motion,**  
9 **again, is, in Action 1, to make Alternative 2 the preferred.**  
10  
11 **EXECUTIVE DIRECTOR SIMMONS:** Thank you, Madam Chair. Mr.  
12 Sanchez.  
13  
14 **MR. SANCHEZ:** Yes.  
15  
16 **EXECUTIVE DIRECTOR SIMMONS:** Mr. Anson.  
17  
18 **MR. ANSON:** No.  
19  
20 **EXECUTIVE DIRECTOR SIMMONS:** Ms. Boggs.  
21  
22 **MS. BOGGS:** Yes.  
23  
24 **EXECUTIVE DIRECTOR SIMMONS:** Mr. Banks.  
25  
26 **MR. BANKS:** No.  
27  
28 **EXECUTIVE DIRECTOR SIMMONS:** General Spraggins.  
29  
30 **GENERAL JOE SPRAGGINS:** No.  
31  
32 **EXECUTIVE DIRECTOR SIMMONS:** Mr. Swindell.  
33  
34 **MR. ED SWINDELL:** Yes.  
35  
36 **EXECUTIVE DIRECTOR SIMMONS:** Mr. Strelcheck.  
37  
38 **MR. STRELCHECK:** No.  
39  
40 **EXECUTIVE DIRECTOR SIMMONS:** Dr. Stunz.  
41  
42 **DR. STUNZ:** No.  
43  
44 **EXECUTIVE DIRECTOR SIMMONS:** Mr. Diaz.  
45  
46 **MR. DIAZ:** No.  
47  
48 **EXECUTIVE DIRECTOR SIMMONS:** Mr. Williamson.

1  
2 **MR. WILLIAMSON:** No.  
3  
4 **EXECUTIVE DIRECTOR SIMMONS:** Ms. Bosarge.  
5  
6 **MS. BOSARGE:** Yes.  
7  
8 **EXECUTIVE DIRECTOR SIMMONS:** Dr. Shipp.  
9  
10 **DR. BOB SHIPP:** No.  
11  
12 **EXECUTIVE DIRECTOR SIMMONS:** Mr. Riechers. I will come back.  
13 Mr. Dyskow.  
14  
15 **MR. PHIL DYSKOW:** No.  
16  
17 **EXECUTIVE DIRECTOR SIMMONS:** Mr. Dugas.  
18  
19 **MR. J.D. DUGAS:** No.  
20  
21 **EXECUTIVE DIRECTOR SIMMONS:** Mr. Riechers.  
22  
23 **CHAIRMAN GUYAS:** I guess Robin has stepped away from his  
24 computer.  
25  
26 **EXECUTIVE DIRECTOR SIMMONS:** **The motion failed four to ten.**  
27  
28 **MR. SWINDELL:** You have me down for a no, and I voted yes.  
29  
30 **CHAIRMAN GUYAS:** Thanks for catching that.  
31  
32 **EXECUTIVE DIRECTOR SIMMONS:** I have you down for a yes, and so  
33 the motion failed four to ten with one absent and two  
34 abstentions.  
35  
36 **MR. ANSON:** Mine needs to be corrected. It had a Y, and it  
37 should be an N.  
38  
39 **EXECUTIVE DIRECTOR SIMMONS:** Okay. I have the roll call vote  
40 here, and I have it correct. John double-checked me, and I have  
41 four to ten with two abstentions and one absent. Madam Chair.  
42  
43 **CHAIRMAN GUYAS:** We've got multiple people counting and  
44 accounting, and so we do need to get it straight on the board,  
45 and so thanks everybody for --  
46  
47 **MR. ANSON:** I just wanted to make sure it was right.  
48

1 **CHAIRMAN GUYAS:** Okay. All right. **So that motion fails.** Okay.  
2 I am just doing a quick scan here. I'm going to suggest -- It's  
3 11:44, and we're going to break in about ten minutes, and so  
4 let's go ahead and look at that codified text, and we've got to  
5 get that out of the way, right, and who was going to present  
6 that for us? Peter. You have been nominated to present the  
7 codified text.

8  
9 **CODIFIED TEXT**

10  
11 **MR. HOOD:** I mean, you can take a look at it. It basically is -  
12 - Can you put it up on the screen?  
13

14 **CHAIRMAN GUYAS:** I think that's Tab B, Number 5(e), for folks  
15 trying to navigate to that. Okay. We've got it up on the board  
16 now. Go ahead, Peter.  
17

18 **MR. HOOD:** It basically is putting in place what is in the  
19 document for our red grouper commercial quota. Then, if you  
20 scroll down to the annual catch limits, these would be based off  
21 of Preferred Alternative 3. Is that it, or is there more in  
22 there? I guess that's it, and so that's it.  
23

24 **CHAIRMAN GUYAS:** Okay. It's pretty straightforward, but does  
25 anybody have any questions or comments on this? Okay. Thanks,  
26 Peter. All right. We're a little bit behind, but I think we've  
27 had some pretty good discussion, and we needed to talk about  
28 this and get a lot of this out on the table, and so I'm  
29 guessing, since we've got ten minutes, you don't want to start  
30 amberjack, right?  
31

32 Do you just want to break for lunch now, or I guess I should ask  
33 if anybody wants to make a motion to recommend that the council  
34 take this final at this meeting, because we're potentially at --  
35 This is on the agenda for final action, and so we can do that  
36 now, or we can discuss that at Full Council.  
37

38 **DR. FRAZER:** I think we're just going to go ahead and break for  
39 lunch, and we'll be back at 1:30.  
40

41 **CHAIRMAN GUYAS:** Okay.  
42

43 (Whereupon, the meeting recessed for lunch on June 23, 2021.)  
44

45 - - -  
46

47 June 23, 2021  
48

2  
3 - - -  
4

5 The Reef Fish Management Committee of the Gulf of Mexico Fishery  
6 Management Council reconvened on Wednesday afternoon, June 23,  
7 2021, and was called to order by Chairman Martha Guyas.  
8

9 **CHAIRMAN GUYAS:** I will turn it over to Dr. Froeschke to get us  
10 started on amberjack.  
11

12 **PRESENTATION ON GREATER AMBERJACK HISTORICAL LANDINGS AND**  
13 **POTENTIAL MANAGEMENT ACTIONS AND TABLE OF GREATER AMBERJACK**  
14 **LANDINGS**  
15

16 **DR. JOHN FROESCHKE:** SEDAR 70 was the stock assessment for  
17 amberjack, and it was completed earlier this year, and it was  
18 reviewed by the SSC and accepted as BSIA. Similar to red  
19 grouper and other stocks, it's going to be the first assessment  
20 for amberjack that is in FES, and so we're going to be switching  
21 from the CHTS to the FES currency.  
22

23 Also, similar to red grouper, the amberjack has a sector  
24 allocation, and so that may or may not be updated based on this  
25 information, and so I'm going to give you a presentation and  
26 summarize a little bit of the recent management history, kind of  
27 where we're at with the stock, discuss some potential ideas that  
28 you're interested in, may be interested in, exploring,  
29 alternatives for landings-based allocation scenarios and things,  
30 and the idea is that we could get this and get updated  
31 projections and things for you to review at a subsequent council  
32 meeting. If there are no questions, I will go through the  
33 presentation and hopefully address any questions.  
34

35 This is just a table of half-a-dozen amberjack stock assessments  
36 since 2000, and the most recent, SEDAR 70, was completed last  
37 year, and, unfortunately, each of these stock assessments --  
38 SEDAR 70 continues as overfished and overfishing, which is  
39 consistent with the result of the previous stock assessment, and  
40 so, unfortunately, we have not been as successful in rebuilding  
41 this stock as we would like to.  
42

43 This slide just summarizes the findings of the SEDAR 70. Again,  
44 this is the most recent stock assessment reviewed by the SSC.  
45 Based on the modification of the minimum stock size threshold,  
46 the MSST, which sets the threshold for the overfished status at  
47 50 percent of the biomass at MSY, at 0.5, and so it's below  
48 that, and so that, essentially, indicates that the stock is

1 overfished, and then, based on the maximum fishing mortality  
2 threshold, the stock is undergoing overfishing, and so these  
3 results -- The council will need to take action to end  
4 overfishing and rebuild the stock.

5  
6 As I mentioned earlier, the stock has essentially been in a  
7 constant overfished state since 1988, and the SSC did provide  
8 some projections, based on a 2027 rebuilding date, which was  
9 part of the assessment.

10  
11 The current catch levels are summarized in this table, and this  
12 was recently set in a 2017 framework action, and so I'm sure  
13 you're all familiar, and we've been quite active in various  
14 frameworks and doing seasons and trip limits and bag limits and  
15 various measures, and then these are the catch limits, and so  
16 they have been increasing in recent years. In 2020 and  
17 currently, it's 1.794 million pounds, and it's split 73/27  
18 between the recreational and the commercial sectors.

19  
20 This is, like I mentioned, a stock with sector allocations, and  
21 so 73 percent recreational and 27 percent commercial, and this  
22 was established in Amendment 30A, and the methodology was  
23 informed, I will say, by the 1981 to 2004 historical landings,  
24 although that calculation, at the time, resulted in a 71/29 and  
25 then was subsequently modified to 73/27.

26  
27 To inform the landings-based scenario, we have the available  
28 data in FES for recreational, and then the commercial landings  
29 information is in your briefing material, if you want to look at  
30 that, and the data extend from 1981 to 2019, with just a few  
31 caveats. The commercial jacks data were not separated by  
32 amberjack, by species, prior to 1992, and then amberjack was not  
33 officially part of the FMU, and it was added through Amendment  
34 1.

35  
36 Reef Fish Amendment 54 will be the vehicle to integrate the  
37 SEDAR 70 results into management, and, again, to end overfishing  
38 and rebuild the stock. As typical with these assessments that  
39 convert from CHTS to FES, we'll be changing currencies and  
40 perhaps modifying the allocations, and there will be a change  
41 required for the catch levels.

42  
43 The presentation, and what I kind of wanted you to get some  
44 guidance on, is, similar to red grouper, the OFL and ABC is  
45 contingent upon the allocations used in the projections of the  
46 assessment, and so, if the council would like to modify or look  
47 at different alternatives, or percentages, either percentages or  
48 years used as a baseline to calculate the percentages, I would

1 like to get some feedback on that.

2  
3 Ava and I worked to just sketch out some potential years that  
4 may be useful, and they are not hard-coded in any way, but it's  
5 just to kind of get the conversation going, and I'll just give  
6 you a little bit of background of why we put these in here, and  
7 I would like to get your feedback, if there's things that you're  
8 not interested in, if there are other things that you are  
9 interested in.

10  
11 The point being that, once we can kind of get that information,  
12 we can make a formal request to the Science Center to run new  
13 projections based on the allocation scenarios you're interested  
14 in, and we would then take those back to the SSC and get OFLs  
15 and ABCs contingent upon each of those, and then bring that back  
16 to you as draft options in a document. That's the general  
17 process, and that's why we're here.

18  
19 Alternative 1 essentially would retain the current allocations,  
20 again informed by the historical landings data that were set in  
21 MRFSS and CHTS, and Alternative 2 would use the same time  
22 series, but it would use the FES information. Alternative 3  
23 would use the longest time series available, essentially 1981  
24 through 2019, and we did talk about 1981 through 2018 as a  
25 possibility, and that was sort of the time period covered by the  
26 stock assessment, and 2019 is not in there.

27  
28 Then Alternative 4 -- 1992, again, is the period in which, in  
29 the commercial data, the jacks were landed by species and coded  
30 in that way, and so there is perhaps more certainty in the  
31 amberjack-specific landings in there. Prior to this, in the  
32 stock assessments, this was treated and separated into greater  
33 amberjacks and the others based on a formulaic process. That is  
34 certainly -- We have that formula and that process and those  
35 data, but that just an alternative. Then Alternative 5 would  
36 essentially convert the CHTS to FES but not change the  
37 allocation, and so those are the range of those.

38  
39 If you go to the next slide, similar to red grouper and others,  
40 the historical shift from CHTS to FES increased our estimates of  
41 recreational landing back in time and currently, and so, if you  
42 compute allocations based on historical landings, it would  
43 increase the relative percentages to the recreational sector.

44  
45 Again, Alternative 1 maintains the 73/27, and then as would  
46 Alternative 5. Alternatives 2, 3, and 4 would modify this based  
47 on a time series, and you can see those are generally between 84  
48 percent and 81 percent, depending on the time series that you

1 select, all increasing allocation to the recreational sector.

2  
3 In terms of catch levels that we're going to see, it's going to  
4 be a reduction across-the-board, given the overfished and  
5 overfishing condition. If you look at the left column, the  
6 values that you will see there are the current values, noting  
7 that the values in the SSC recommendation reflect the FES  
8 recreational data currencies, and so we would expect, at least  
9 on the recreational side, those landings to accumulate faster,  
10 and so you would need essentially more pounds to get the same  
11 length of season as like that.

12  
13 Then a second action, again similar to red grouper, would be an  
14 action to modify the ACT. We currently have a 13 percent buffer  
15 for the commercial and a 17 percent for the recreational ACT,  
16 based on the control rule, and the Alternative 2 would be to  
17 update this procedure. The control rule uses recent landings  
18 and the PSE associated with that for the various sectors to  
19 calculate a buffer from the -- I have not done this for the  
20 commercial side.

21  
22 On the recreational side, in general, the FES, the PSEs are  
23 increasing relative to the CHTS, and so it's likely that that  
24 recreational buffer would go up, relative to the 17 percent, but  
25 we could update that. If there's a different process, or  
26 procedure, you would like us to consider, we're happy to do  
27 that, but, in general, that's keeping in form with what we  
28 typically do.

29  
30 I kind of just want to go through the next steps here. Again,  
31 the OFL and the ABC recommendations that we need to get from the  
32 SSC are conditional upon the sector allocations, but we do have  
33 recommendations, based on the 73/27, but any other ones will  
34 need to go back to that, and so staff are seeking some guidance  
35 on things that you might be interested in doing, and then we can  
36 write a letter to request the updated projections. We would  
37 take those back to the SSC and get new OFL and ABC  
38 recommendations and then bring it back to you in draft options.  
39 I think that's the last slide.

40  
41 We do have -- Bernie, would you go back to that slide, and I  
42 don't know which one it is, that has the percentages based on  
43 the time series? That one. If you just leave it there, and we  
44 do have the actual landings available in Tab B, Number 6(b), I  
45 believe, if you want to look at those, and I will just open the  
46 floor for discussion.

47  
48 **CHAIRMAN GUYAS:** All right. Thanks, Dr. Froeschke. Are there

1 any questions about this, first? Then I think staff is looking  
2 for a little bit of direction here, in terms of what we would  
3 like to consider for potential alternatives. Susan.

4  
5 **MS. BOGGS:** I don't have a question, and I don't know if this is  
6 the appropriate time to ask this, but I believe it was in  
7 January, and it was postponed, but we were looking at a white  
8 paper for sector separation for the other four species of red  
9 grouper, gag grouper, amberjack, and triggerfish. I mean, we  
10 just had a discussion about red grouper, and now we're talking  
11 about amberjack, and we looked at triggerfish earlier, and it  
12 seems like this might be a good time for the council to maybe  
13 start looking at that as an option for managing these other  
14 species. Thank you.

15  
16 **CHAIRMAN GUYAS:** We're just kind of chatting about where that  
17 is, and so it was on the agenda, and we ran out of time in the  
18 meeting, and so I don't know, but we did we have a plan for  
19 bringing that back?

20  
21 **DR. FRAZER:** Whenever people want to put it back on the agenda,  
22 we can do that.

23  
24 **CHAIRMAN GUYAS:** Susan.

25  
26 **MS. BOGGS:** So do I request that? Do I make a motion for that?  
27 I think we need to look at that sooner than later, being that  
28 we're having all these discussions, and, with the new FES  
29 numbers, I mean, I think it would be helpful in some of our  
30 decisions that we go forward making. Thank you.

31  
32 **CHAIRMAN GUYAS:** Dr. Simmons, do you want to weigh-in here?

33  
34 **EXECUTIVE DIRECTOR SIMMONS:** Thank you, Mr. Chair and Madam  
35 Chair. I would suggest that we kind of dispense with this  
36 first, and then we could come back to that. I mean, keep in  
37 mind that we did receive a letter from the Regional Office  
38 regarding the SEDAR 70 stock assessment for greater amberjack,  
39 and we do have to end overfishing and rebuild the stock, and so  
40 I understand that sector separation is something that you guys  
41 wanted to look at for amberjack, but I do think we need to focus  
42 here kind of a little bit on the issue at-hand, and get a good  
43 idea on what we're asking the Science Center to do, and then the  
44 SSC, so that, when we bring these draft options back to you,  
45 we're pretty prepared to move forward with the document, and we  
46 don't have to keep going back to the SSC and the Science Center,  
47 would be my goal, and my suggestion would be to wait until this  
48 item is completed, please.

1  
2 **CHAIRMAN GUYAS:** Thanks, Dr. Simmons. I've got Susan, to that.

3  
4 **MS. BOGGS:** Well, to that point, I was just thinking that maybe  
5 it would save some steps if we kind of looked at all of this in  
6 conjunction, because it seems like we keep doing one thing and  
7 coming back and doing another, but I will take your advice, but  
8 I would like for the council to please keep that on the radar  
9 and not lose track of it. Thank you.

10  
11 **CHAIRMAN GUYAS:** Thanks, Susan. J.D.

12  
13 **MR. DUGAS:** Thank you. I would like to add an action for state  
14 management.

15  
16 **DR. FRAZER:** So, J.D., I just want to clarify. So this probably  
17 falls outside of the scope of the current document, and so I'm  
18 not sure, in the timeframe that we're working with, whether we  
19 could accommodate that, and I'm not suggesting that we don't,  
20 but I am just trying to make sure that -- I'm going to actually  
21 look at staff, to see, one, if it's appropriate to even do that,  
22 or would that require a separate document.

23  
24 **DR. FROESCHKE:** I think it could. I think, as Carrie mentioned,  
25 our obligation to end overfishing within a year and all that I  
26 think would likely be challenging to roll that all into state  
27 management. I mean, regardless of whether we were to do  
28 separate sector separation or state management, or any of those  
29 things, we still have to update the catch levels, and so, for  
30 all those processes, this needs to proceed that anyway.

31  
32 **CHAIRMAN GUYAS:** Okay. Leann.

33  
34 **MS. BOSARGE:** J.D. is always hard to follow. When he speaks,  
35 it's usually earth-shattering. I think -- I mean, I think both  
36 of them made valid comments, and I don't think either one of  
37 them was wanting -- Well, I don't want to speak for you, but it  
38 didn't seem to me like you were wanting that to precede any  
39 rebuilding plan or anything like that that we have to do to end  
40 overfishing, and both of those, to me, seem like different  
41 documents that we might be pursuing in tandem with this or  
42 directly following this, and I don't know how our staff wants to  
43 handle it, but we could always add an extra day to the next  
44 meeting and stay Friday.

45  
46 Anyway, but I did actually want to respond to staff about things  
47 that they might want to see in this. Although we haven't been  
48 formally presented that analysis that the Science Center did for

1 king mackerel, I would like to see that same sort of analysis  
2 done for amberjack, where they essentially went back to the last  
3 two assessments and to rerun it, holding things constant, except  
4 for FES, so that they could tell us what the ACLs, historically,  
5 and ABCs would have looked like, had we had FES numbers, because  
6 that really helps us understand where we would have been at,  
7 bumping up against ACLs or not. If they were able to do it for  
8 king mackerel, I assume that they could probably do it for  
9 amberjack, too.

10  
11 **CHAIRMAN GUYAS:** I can't see if Clay is down there and if he  
12 wants to say anything about that. Andy, go ahead.

13  
14 **MR. STRELCHECK:** Shannon Calay is filling in for Clay. She's on  
15 the line, and I think she's looking into whether the assessment  
16 contains that information or not already.

17  
18 **CHAIRMAN GUYAS:** Okay. Great. Thank you, Shannon. I guess,  
19 when you have the answer, we'll have you weigh-in on that, but  
20 we'll give her a minute to research. Okay. I agree that  
21 probably would be helpful information. All right. Dale.

22  
23 **MR. DIAZ:** If it's possible for the staff to let us know when  
24 they report to us again, but I basically looked at the last one,  
25 and I think we're almost in the same situation here, and the  
26 percent reduction that each side was looking at, and that helped  
27 me kind of work through it, and both of them were about the 18  
28 or 19 percent range, and it's just another way to try to sort  
29 through this data and figure out where this all is at with the  
30 FES in the mix, and so thank you.

31  
32 **CHAIRMAN GUYAS:** Dr. Froeschke.

33  
34 **DR. FROESCHKE:** We could certainly work on that, but, just to  
35 kind of frame your -- For frame of reference, if you look on  
36 Slide 9, this is Slide 9, and I will just kind of orient you  
37 here, but, if you look on the row of 2022, and, for example, the  
38 ABC, the 1.794, the SSC recommendation based on the current  
39 allocation is essentially a third cut, and then that doesn't  
40 include the change from CHTS to FES, which is going to --  
41 Essentially, those recreational landings are going accumulate  
42 faster, and that quota will be met faster, and so you're  
43 probably looking at at least a 50 percent cut. We can just look  
44 at it in that way to get us started, but we can work on that.

45  
46 **CHAIRMAN GUYAS:** Thanks. Okay, and so more tough decisions  
47 ahead on this one. Andy.

48

1 **MR. STRELCHECK:** I would like to make a comment, and then Mara I  
2 know is trying to raise her hand as well and make a comment. We  
3 just looked at red grouper, and there was an alternative to hold  
4 the commercial allocation the same, or the same amount, and then  
5 allocate the remainder of the recreational, and I think that's a  
6 reasonable alternative to consider here.

7  
8 I did want to ask John -- I mean, you mentioned the problems  
9 with commercial identification of jacks pre-1992, and we also  
10 have catch limits that went into place around 2010, and we've  
11 heard a lot of concerns about overages related to catch limits  
12 and how they're considered, and so is using that later data  
13 really a reasonable range, or, for that matter, even using the  
14 earlier data a reasonable range, given the uncertainties in the  
15 jack composition?

16  
17 **DR. FROESCHKE:** I don't know that I could say if it was  
18 reasonable. I mean, I think that's up to the council, but there  
19 certainly are complications with those data, and I think both  
20 sectors have paybacks in these later years, and there were a  
21 number of overages and paybacks, and we've had a very  
22 complicated management history, particularly in the last five  
23 years, because we've had changes to the fishing year and the  
24 seasons and the trip limits and those things, and so it gets  
25 very dicey in trying to partition that information out, and so I  
26 guess, if you're looking for a suggestion, I would tend to stay  
27 away from those data, at least.

28  
29 **CHAIRMAN GUYAS:** Okay. Before I go to Shannon and Mara, the one  
30 concept that Andy brought up of adding an option that holds  
31 commercial constant, is there any opposition to doing that,  
32 adding that in here to look at? To that, Susan?

33  
34 **MS. BOGGS:** Well, this may not be the place, but, I mean, what I  
35 struggle with, with all of these things that we're looking at,  
36 especially amberjack and cobia and king mackerel on the  
37 recreational side, is we're not catching these fish. I mean, I  
38 just looked at the landings for last year, and recreational only  
39 landed 48 percent, and so, I mean, the whole holding the other  
40 sector constant -- I mean, I'm not saying I'm against it, but I  
41 don't know how to fix the problem, but, obviously, the fish are  
42 not there, and reallocating and doing things like that, when  
43 we're trying to figure out what the fishery is doing, I just  
44 don't understand why we're doing that.

45  
46 I think we've got the new FES numbers that are coming out, that  
47 a lot of us are not real comfortable with, and, I mean, we want  
48 to make all these changes in reallocation, and I don't care one

1 way or the other, but I think it's just wrong to be looking at  
2 that right now, until we get some comfort level there and  
3 rebuild some of these stocks. Thank you.

4

5 **CHAIRMAN GUYAS:** Okay. Leann.

6

7 **MS. BOSARGE:** To your question, I think I actually made that  
8 motion to have that in this document, and then, at that same  
9 meeting, I made it to have it put in the red grouper document,  
10 and so that was probably in January, and it may be April, but I  
11 think maybe January, but I passed a motion to have that, where  
12 you hold it constant on the commercial side, and it passed, for  
13 amberjack and red grouper, and so maybe we can go back and look  
14 at that. I would have thought that it would have been in --  
15 Maybe in this presentation already.

16

17 **CHAIRMAN GUYAS:** Okay. Well, we can certainly go look at that,  
18 and there's no harm in looking at it more. Okay. Shannon.

19

20 **DR. SHANNON CALAY:** In response to the question about the  
21 effects of FES versus the CHTS units for greater amberjack, that  
22 was an analysis that was conducted during SEDAR 70, and it is in  
23 the SEDAR 70 stock assessment report. It's actually tabulated  
24 in Table 28 of that report, and, if the group prefers, I can  
25 pass on some of that information, perhaps, to Carrie.

26

27 **CHAIRMAN GUYAS:** Yes, that sounds great. Thank you, Shannon.

28

29 **DR. CALAY:** All right. Thank you.

30

31 **MS. BOSARGE:** She said the ABCs and ACLs are in that report?

32

33 **CHAIRMAN GUYAS:** She said that they did that analysis as part of  
34 SEDAR 70 that you're asking for.

35

36 **DR. CALAY:** It's not done in exactly the same way that was done  
37 for king mackerel. It's essentially done to look at the  
38 equilibrium yield that is produced, and the spawning stock  
39 biomass reference points, and so, essentially, it shows you the  
40 effect of the change in the unit. If you would like to see an  
41 analysis conducted like it was done with king mackerel, it is  
42 possible, but it would require a request.

43

44 **CHAIRMAN GUYAS:** So I think Leann would like to make that  
45 request, right? Go ahead. Let's make it as a motion.

46

47 **MS. BOSARGE:** Probably the easiest way to do this is just to ask  
48 for -- **To request that the Science Center run an analysis for**

1 amberjack, which shows what the historical ABCs and ACLs would  
2 have been with FES back in time. Well, I guess for whatever  
3 time period the stock assessment was for, and I'm going to leave  
4 that up to Shannon, in case one stock assessment has a different  
5 period in time that it went back to, versus another, but,  
6 essentially, as far back as that stock assessment -- Whatever  
7 period of years the stock assessment used.

8  
9 I want to look at Carrie and make sure that that's clear enough,  
10 and that would be very similar to the king mackerel analysis  
11 that the Science Center did that staff forwarded to the council  
12 on April 7.

13  
14 **CHAIRMAN GUYAS:** All right. Is there a second to this motion?  
15 It's seconded by Dale. Thank you. Any discussion? **Is there**  
16 **any opposition to this motion? People on the webinar, just**  
17 **shout it out, if you do opposed this. Hearing none, the motion**  
18 **carries.** Mara.

19  
20 **MS. LEVY:** Thank you. I think one of my comments is way past  
21 the discussion, but it's just that adding anything regarding  
22 sector separation would significantly -- It really wouldn't be  
23 possible. I mean, if you think about how much time those  
24 documents took to go through the system, I wouldn't expect it to  
25 take any less time with this particular stock.

26  
27 Then just a response to what Susan said about why you're looking  
28 at allocation in red grouper and in this document, and then I  
29 think we've talked about it before, that the allocation affects  
30 the outcomes of the assessment, and, because we're changing to  
31 FES, even if you don't change the percentages, you are still  
32 reallocating, and so they're tied together, and you certainly  
33 are going to have an option in there to keep the same  
34 percentage, and various other options, but you need to at least  
35 acknowledge that and examine it and then have some sort of  
36 reasonable rationale with whatever decision you make with  
37 respect to allocation. Thanks.

38  
39 **CHAIRMAN GUYAS:** Dale.

40  
41 **MR. DIAZ:** Mara just responded to exactly what I was hoping,  
42 that she would answer Susan's question, and so this is like red  
43 grouper, and we couldn't really move forward on the interim  
44 analysis until we did allocation, and we're probably in the same  
45 situation here, and so thank you.

46  
47 **CHAIRMAN GUYAS:** All right. Thanks, Dale. Okay. Andy.

48

1 **MR. STRELCHECK:** I believe, John, you said that these were kind  
2 of just initial thoughts on allocation scenarios, and I guess  
3 what I would want to recommend is the IPT come back to us with  
4 some recommendations on time series, and we've had a lot of  
5 management changes with greater amberjack in that 2008 kind of  
6 forward timeframe, and so we really need to take into  
7 consideration how those may influence allocation decisions and  
8 whether or not time series beyond those that have been presented  
9 would be reasonable to consider.

10  
11 **CHAIRMAN GUYAS:** I think that's a really good point, and so that  
12 would be great, if you can do that, provide how management  
13 changes may influence some of our options, especially recent  
14 ones. Okay.

15  
16 Maybe we want to go back the presentation. I guess the Action 1  
17 slide, just to make sure, the potential alternative slide, Slide  
18 8, just to make sure, because we talked about a couple of things  
19 to add here, but is there anything else that the committee is  
20 interested in having analyzed at this point? I'm sure, once we  
21 dig into this a little bit more, we'll come up with some other  
22 stuff. John.

23  
24 **DR. FROESCHKE:** A comment and a question. We will certainly add  
25 what would be I guess the Alternative 6 from Ms. Bosarge, to  
26 keep the commercial quota. I guess my question is, if we go  
27 back to the IPT and push these around, there's that, and then  
28 the analysis from the Science Center, the king mackerel  
29 analysis, do you want to see all of that again, before we make  
30 some sort of request from the Science Center to update the OFLs  
31 and ABCs conditional on these, or do you want us to add the  
32 additional one from Ms. Bosarge to this list and send these off,  
33 or something else?

34  
35 **CHAIRMAN GUYAS:** How much time do we have? I mean, we have a  
36 deadline here, right, and so when did our clock start? Maybe  
37 that's an Andy question, since you probably signed that letter,  
38 right?

39  
40 **MR. STRELCHECK:** Yes, but I'm going to look to Peter. Do you  
41 remember when we sent the letter? We'll look into that.

42  
43 **CHAIRMAN GUYAS:** All right. Thanks. Let's, I guess, hold that  
44 thought.

45  
46 **DR. FROESCHKE:** Just so everyone is aware, once we get the  
47 request back from the Science Center, then we should take it to  
48 the SSC and have them review it prior to coming back, and so I'm

1 just trying to make sure we have all the steps in a row.

2  
3 **MS. BOSARGE:** So are you going to go ahead and take that king  
4 mackerel one to them too, and let them look at it, that analysis  
5 that we got in April?  
6

7 **DR. FROESCHKE:** As soon as it's available, we would certainly  
8 provide that to the SSC for their review and comment.  
9

10 **CHAIRMAN GUYAS:** Dr. Simmons.  
11

12 **EXECUTIVE DIRECTOR SIMMONS:** Thank you, Madam Chair. Is Dr.  
13 Shannon Cass-Calay still on? You mentioned, Shannon, that, in  
14 the amberjack stock assessment, SEDAR 70, and I think you said  
15 Table 28 had something similar to what we requested for king  
16 mackerel, and can you give us an estimate of how long you think  
17 this request would take the Science Center to complete, because  
18 I believe the king mackerel took some time, but I know we had  
19 other competing priorities, and so I don't know if you could  
20 help us a little bit with that, in addition to what we may be  
21 asking you all to do in a memo regarding the changes in sector  
22 allocations and then the corresponding catch advice that we  
23 would need for the SSC to review.  
24

25 **DR. CALAY:** The challenge with the king mackerel request was  
26 that the first request we received we could not implement,  
27 because the stock assessment model did not converge, and so the  
28 results that were produced were not particularly informative,  
29 and so we had to go back and try another approach, and so that's  
30 what's took the additional time.  
31

32 I think that we could easily apply the king mackerel approach,  
33 which is essentially to take the SEDAR 70 assessment, the most  
34 recent one, and truncate the last years off of it, and  
35 essentially run it with the charter estimates and with the FES  
36 estimates, and then we would have a step-by-step comparison then  
37 of the SEDAR 33 assessment and then basically the assessment --  
38 SEDAR 70 parametrization, with CHTS units, truncated, the SEDAR  
39 70 truncated with FES units, which will tell you the difference  
40 just between CHTS and FES, and then, finally, the entire SEDAR  
41 70 assessment. That way, you can do a step-wise comparison of -  
42 - Basically, isolate the change in CHTS and FES and then the  
43 change from the updated data, which are two separate differences  
44 in the outcome.  
45

46 I think that we could do that pretty quickly, and I think that  
47 we could certainly have that within a few weeks. The analyst  
48 that would conduct this work is also leading SEDAR 80, but it

1 shouldn't be too difficult.  
2  
3 **CHAIRMAN GUYAS:** All right. Thanks, Dr. Cass-Calay. Okay.  
4 Anything else on Action 1 potential alternatives at this point?  
5 Okay. Let's flip to the Action 2 slide, just to see if there's  
6 any ideas on that one. There's still some work to do in terms  
7 of the ACL/ACT Control Rule, but, if there are any other wild  
8 ideas out there right now, now is the time to put them out  
9 there. Leann.  
10  
11 **MS. BOSARGE:** Remind me on this one, and so, in our last  
12 discussion, we said, for commercial for grouper, we would push  
13 out the quota action, and then we would talk about ACT. Now,  
14 this is not an IFQ, and so it's a little different. What gets  
15 pushed out here? Are we actually managing both sectors, because  
16 we weren't managing both sectors for the ACT on grouper. We  
17 were managing one to the ACL and one to the ACT, and what do we  
18 do here? Tell me a little more about it, and that would help me  
19 understand what other options.  
20  
21 **CHAIRMAN GUYAS:** So, in other words, like what are the  
22 accountability measures tied to these ACTs, and what are these  
23 used for, for amberjack?  
24  
25 **DR. FROESCHKE:** There are paybacks, and I might have to ask  
26 Peter if they're associated with the ACT or the ACL. Do you  
27 know?  
28  
29 **MR. STRELCHECK:** I will throw him a lifeline, and I will let him  
30 delay here for a minute.  
31  
32 **CHAIRMAN GUYAS:** Thanks, Andy.  
33  
34 **MR. STRELCHECK:** We sent the letter on April 7.  
35  
36 **CHAIRMAN GUYAS:** Wonderful. Well, not really, but --  
37  
38 **MR. STRELCHECK:** We said that rebuilding is on track, but we  
39 need to end overfishing.  
40  
41 **MR. HOOD:** For AMs, the in-season AM is to the ACT for both  
42 sectors, and there is a payback for both sectors if an overage  
43 of the ACL occurs, and so I think it's the total ACL.  
44  
45 **CHAIRMAN GUYAS:** Thanks, Peter. John.  
46  
47 **DR. FROESCHKE:** Let me just kind of lay out my draft workplan  
48 here and see how it goes. For now, we would request, from the

1 Science Center, a king-mackerel-like analysis. Hopefully they  
2 could have that done by our August SSC meeting, and so we would  
3 have that. For the August council meeting, I presume we would  
4 bring that analysis and the SSC recommendations, and perhaps a  
5 presentation summarizing that, along with the IPT  
6 recommendations for potential time series.

7  
8 Then we would bring all that back in August, and then, at that  
9 time, we would request -- We would get some allocation  
10 alternatives fleshed out and make the request for the OFL and  
11 ABC projections, based on those. That would be reviewed in  
12 September and then brought back to the council in October as  
13 draft options.

14  
15 **CHAIRMAN GUYAS:** If that works for you all, it sounds good to  
16 me. I mean, that's about as fast as we can go, and so is  
17 everybody good? Okay. Dale, is your hand up?

18  
19 **MR. DIAZ:** So, from the time the letter was sent, we have one  
20 year to implement an action, and is that how it works?

21  
22 **CHAIRMAN GUYAS:** Andy, is that right. Is it a year to end  
23 overfishing, more or less, or is the rebuilding plan that is the  
24 quicker deadline?

25  
26 **MR. STRELCHECK:** I might need a lifeline from Mara. It says  
27 immediately, and I am not sure if we have defined immediately in  
28 the National Standard Guidelines.

29  
30 **CHAIRMAN GUYAS:** Mara, I see your hand is up. Thank you for  
31 saving us.

32  
33 **MS. LEVY:** Thank you. It is really hard to be on the computer  
34 when you are all there. Yes, and so, I mean, the Act basically  
35 says that you're supposed to end overfishing immediately.  
36 Clearly, immediately does not mean tomorrow, given the process  
37 that this has to go through, but, I mean, we are in the middle  
38 of 2021, and I think it's reasonable to say to implement  
39 something that could have an effect in 2022, and so I guess I  
40 would say there's not a strict timeline, but I would urge you to  
41 proceed as quickly as possible to get something done so that  
42 2022 doesn't also go by without addressing the overfishing  
43 issue.

44  
45 **CHAIRMAN GUYAS:** Okay. Fair enough. Well, it sounds like we're  
46 on as fast of a timeline as we probably can push at this point,  
47 and so it sounds like we're doing the right thing. Okay.  
48 Leann.

1  
2 **MS. BOSARGE:** So, for this action, I guess it's hard to really  
3 say, because I don't have the quotas and the landings in front  
4 of me at this point, but, just looking at those numbers, the 13  
5 percent and the 17 percent, especially on the commercial side, a  
6 13 percent buffer, I would wonder, have we been going over it a  
7 lot on the commercial side, and that's a pretty substantial  
8 buffer for us, when you have the mandatory census-level  
9 reporting.

10  
11 That's a decent, really, buffer on the recreational side too,  
12 and so I guess what I'm saying is I think we should give staff  
13 some flexibility, if we have not been habitually exceeding  
14 something, to maybe ratchet down, if possible, but  
15 conservatively.

16  
17 **CHAIRMAN GUYAS:** Okay. That makes sense. Off the top of my  
18 head, I know recreational has had some overages, and I think  
19 commercial has too, but -- Go ahead, Leann.

20  
21 **MS. BOSARGE:** Then the last on data requests, and so the other  
22 background document we have here for this conversation shows us  
23 the historical landings by sector, in pounds whole weight, and  
24 there is some numbers on there that I would hope the Science  
25 Center, or someone, could explain to us a little better.

26  
27 If you look at the rec numbers, and I ballparked it, it looks  
28 like they probably catch somewhere between two and four million,  
29 on average, probably, and maybe five million, and I'm just  
30 looking at it, and, yet, we have some years in there, like 1982,  
31 where it says they caught fourteen million pounds, and then  
32 we've got 1987 that it's eighteen million pounds, and the next  
33 year it's three million, and there are some outliers in there,  
34 right, and I would like somebody to explain to us what these  
35 outliers are and how we arrived at those kind of historical  
36 numbers. There is an eleven, almost twelve, million-pound year  
37 too, and so I would like a little bit of insight as to what that  
38 is and how we determined that that's reasonable.

39  
40 **CHAIRMAN GUYAS:** Thanks, Leann. Mara, is your hand still up?

41  
42 **MS. LEVY:** No. Thank you.

43  
44 **CHAIRMAN GUYAS:** Okay. Just checking. Dr. Simmons.

45  
46 **EXECUTIVE DIRECTOR SIMMONS:** Thank you, Madam Chair. I think we  
47 probably need Shannon again for this, and I apologize, and so I  
48 think, when we ask for this, my understanding, from the stock

1 assessment, is we are still in the overfished condition, at  
2 below 50 percent maximum sustainable yield, and so we aren't on  
3 track to rebuild, and so we do need to modify the rebuilding  
4 plan. That means, once we figure out the various sector  
5 apportionments, we would have to rerun those projections to  
6 rebuild within the 2027, and is that correct, Shannon?

7

8 **DR. CALAY:** That's correct.

9

10 **CHAIRMAN GUYAS:** Thanks, Shannon. Okay. Anything else on  
11 amberjack? Are we good for now? Mara.

12

13 **MS. LEVY:** I mean, the letter that NMFS just sent you did say  
14 that it's still overfished, but it's in a rebuilding plan that  
15 goes until 2027, and that letter did say that it was still on  
16 track to rebuild by then, and so I don't know -- I don't know  
17 where the disconnect is, but, just because we're still  
18 overfished, it doesn't necessarily mean that it's not rebuilding  
19 as scheduled, and so I guess I would want to make sure that  
20 everyone is on the same page about that.

21

22 **CHAIRMAN GUYAS:** Right. Andy.

23

24 **MR. STRELCHECK:** Just to put I guess a finer point on that,  
25 certainly, if we stay the course without reducing yield, we  
26 would not meet our rebuilding target, but, in our letter, we  
27 clearly think, by reducing yields, we could meet our rebuilding  
28 target, and so that's why we're saying we're still on track. We  
29 have some room to adjust management measures in order to meet  
30 the rebuilding target before the end of the time period.

31

32 **CHAIRMAN GUYAS:** Okay. Thanks for that clarification. All  
33 right. Anything else on amberjack? Okay. We'll see this  
34 again, with some updated information, at our next meeting, it  
35 sounds like. All right.

36

37 Let's switch gears to our next item, which is the overview and  
38 discussion of the IFQ programs review. It looks like -- Who is  
39 going to be the lead for this one? Is it Assane? All right.  
40 Well, let's start with our action guide on that one, because  
41 there's a lot to unpack here. Everybody grab some coffee too,  
42 because there's a lot of information with this one, and I'm just  
43 saying. Dr. Diagne, whenever you're ready.

44

45 **OVERVIEW AND DISCUSSION OF INDIVIDUAL FISHING QUOTA PROGRAMS**  
46 **REVIEW**  
47 **PRESENTATION**

48

1 **DR. ASSANE DIAGNE:** Good afternoon, everyone. We are going to  
2 discuss the joint review of the grouper and red snapper IFQ  
3 programs. Just looking at the action guide quickly, potentially  
4 we -- When I say "we", it is myself and Alisha Gray from SERO,  
5 and we are going to present this to the committee, and, in  
6 addition to that, you will receive SSC comments and  
7 recommendations, as well as the comments that were offered by  
8 the Ad Hoc IFQ AP.

9  
10 At the end of this, the committee would, of course, discuss the  
11 information presented, evaluate it, and, if warranted, approve  
12 this review and allow us to finish it up and put it on our  
13 website, and so that's the plan, if you would, for today. We  
14 can move to the presentation.

15  
16 Essentially, the presentation is in two parts, and the first  
17 part will be covered by Ms. Gray, and so I will just turn it  
18 over to her, if she's ready. Alisha, if you are ready, just  
19 take it away.

20  
21 **MS. ALISHA GRAY:** Thank you. As Assane mentioned, I'm Alisha  
22 Gray, and I'm with SERO, and I'm going to through the first part  
23 of this review today, and so, to start, the NMFS guidance for  
24 conducting review of catch share programs was established in  
25 April of 2017, and it requires that specific elements be  
26 analyzed.

27  
28 Specifically, it's that we evaluate the progress in meeting  
29 goals and objectives and that reviews be evaluated within the  
30 first five years of implementation and then every five to seven  
31 years thereafter.

32  
33 We have two IFQ programs in the Gulf, including the red snapper  
34 IFQ, which was established in January of 2007, and then, three  
35 years later, the grouper-tilefish IFQ was established, in  
36 January of 2010, and both of those programs have already gone  
37 through their initial reviews, and both of those reviews were  
38 really to compare pre and post-IFQ implementation, and, for the  
39 second review that we're doing today, we are going to consider  
40 both programs jointly, and we'll be covering the period of 2012  
41 to 2018.

42  
43 The goals that were identified through these programs was to  
44 rationalize effort and reduce overcapacity of the fishing fleet,  
45 to achieve and maintain optimum yield, and then, in both  
46 programs, some of the anticipated benefits and additional  
47 objectives was to increase market stability, eliminate season  
48 and quota closures, increase flexibility for fishing, improve

1 the safety-at-sea, as well as profitability for commercial  
2 fishermen, and also to reduce discards and improve cost-  
3 effective and enforceable management, and then, finally, to  
4 balance social, economic, and biologic aspects.

5  
6 We're going to dive into the review, and, as Madam Chair  
7 mentioned, there is a lot of information, and so bear with me.  
8 We're doing to start the first element, which is data collecting  
9 and reporting, and so the IFQ programs use an online electronic  
10 system, and, on this website, that is where all the transactions  
11 and activity occurs, and so that includes allocation and share  
12 transfers, landing notifications and transactions, the  
13 registration of new landing locations, and it's also where  
14 participants can view and pay cost recovery fees.

15  
16 For this review, we analyzed all of this data, and one of the  
17 first areas that we look for is to identify areas of  
18 improvement, and a specific data gap that we identified, which  
19 was also identified in the first reviews for each program, are  
20 our share and allocation prices.

21  
22 The first one we're going to go over is share prices, and so,  
23 with each share transfer, a share price is reported, and it's  
24 been mandated, as of 2010, that the transferor, and so the  
25 person submitting the transfer, provide a price with every  
26 transfer, and then, as of 2013, the transferee, or the  
27 recipient, of those shares was also required to provide a price,  
28 upon receipt, and this was really to gather a representative  
29 share price and helping mandate some of these reportings was to  
30 improve the data that we were receiving.

31  
32 Using methodology that was established by the SSC during the  
33 initial reviews, we identified those share prices that are  
34 within an expected range, and which we therefore call a valid  
35 share price, so that we can get a representative average and  
36 annual price, and, here, you can see that the share price  
37 portion that we receive that are within that valid range are  
38 between 30 and 70 percent.

39  
40 There's been some improvement, like I mentioned, when we  
41 mandated the transferee to provide a price, and then we also  
42 require transfer reasons, but it still remains an area for  
43 improvement.

44  
45 This is broken down by share category, and I also want to  
46 mention, before we move on, that you do see that there is a bit  
47 of a downturn in 2018. We have looked at that, and it has since  
48 rebounded a bit, to more expected levels, and that seems to be

1 possibly a response to the very active hurricane season in 2017,  
2 and we also just had a lower sample size in 2018.

3  
4 This is a program-by-program comparison, and you can see that  
5 both programs are operating pretty similarly, with a 50 to 60  
6 percent range of share prices reported are considered valid, and  
7 so, again, it's an area that we hope to see some improvement.

8  
9 One of the additions that we added to the share transfer process  
10 was to include share transfer reasons, and this is to get an  
11 idea of the different reasons that transfers are occurring and  
12 also try to elucidate some of that data that was outside of the  
13 expected range, and, here, this is for grouper-tilefish, and you  
14 can see that the most commonly reported transfer reason is sale  
15 to another shareholder, which is as was expected, and then the  
16 second-most commonly reported transfer reason was no comment.

17  
18 That doesn't help us work out some of the data that we're  
19 receiving that are outside of the expected ranges, and,  
20 interestingly, also, it typically correlates pretty closely with  
21 the percent that fall outside of expected ranges, and so, again,  
22 this is an area that we're hoping to see some improvement, and  
23 maybe more outreach would be helpful here.

24  
25 Then I do want to point out the third-most reported reason that  
26 share transfers are occurring is it's being transferred to a  
27 related account, and so we are aware that there is a lot of  
28 relatedness in these programs, and it's something to keep in  
29 mind and will keep showing and reappearing as we go through the  
30 rest of this presentation.

31  
32 Then I realized that I failed to mention some of the reasons  
33 that we have found that we get some share prices that are  
34 outside of the expected range can be a variety of reasons,  
35 including misreporting, or mistyping, and so a decimal place is  
36 placed in the wrong spot, and sometimes shares are sold with a  
37 vessel or a permit, and that total value was given, and so then  
38 we see these very large numbers, because it was a package deal.  
39 Sometimes we get very low values, because, again, they are  
40 related accounts, and so, whether it's a familial or a business  
41 relationship, they are providing lower numbers, or it just might  
42 be a hesitancy to report, but, regardless, it's an area for  
43 improvement.

44  
45 This shows red snapper IFQ transfer reasons, and both programs,  
46 as I mentioned before, are operating pretty similarly, and you  
47 can see that this is telling a very similar story to the  
48 grouper-tilefish, and so sale to another shareholder, no

1 comment, and related being the most commonly reported transfer  
2 reasons.

3  
4 Just like we do for the share prices, in order to come up with a  
5 representative price, we do a very similar methodology to  
6 identify allocation prices that are within a valid range as  
7 well, and, right off the bat, you can notice that these data,  
8 the portion that we can consider valid, are even lower than they  
9 are for the share prices, and so it ranges from 25 to 55  
10 percent.

11  
12 There has been a somewhat improvement over time that we're happy  
13 to see, and interestingly too, with allocation prices, is that  
14 it was actually very recently that the price was mandated during  
15 a transfer, and so just as recently as December of 2020 did we  
16 start requiring a price be reported with every transfer, and so  
17 we hope to see still some improvement, especially following that  
18 rule change, but, again, it's an area for improvement.

19  
20 While that is broken down by share category, the next slide will  
21 show a program-by-program comparison, and so here we are, and  
22 you can see, again, the proportion of prices that we receive are  
23 much lower for the allocation prices, and red snapper is  
24 performing a little bit better, with fifty-percent-ish within  
25 the valid range, and then grouper-tilefish is closer to 40, or  
26 45, percent.

27  
28 Then, at the same time that we introduced a transfer reason and  
29 then mandated the transfer reason, which was 2013 for  
30 introduction and then 2015 for mandating that it be reported, we  
31 also did the same for allocation transfer reasons. Here though,  
32 you can see, again, related accounts and sale to another  
33 shareholder is a common response, but the definite biggest  
34 transfer reason that we receive is no comment, and so that's --  
35 Definitely allocation transfers and transfer reasons are our  
36 biggest data gap that we have in the programs. That was  
37 grouper-tilefish, and now we're looking at red snapper, which,  
38 again, is a very similar story.

39  
40 Moving on, now we're going to talk about eligibility and  
41 participation, and I'm about to throw some data at you, and so  
42 be prepared. People who wish to participate must contact IFQ  
43 staff to obtain an account within the program, and, for the  
44 first five years, a commercial reef fish permit was required to  
45 obtain a shareholder account.

46  
47 The dealer permit was, and is still, required to obtain a dealer  
48 account. However, after the first five years of each program,

1 which would have been 2012 for red snapper and 2015 for grouper-  
2 tilefish, any participant who wished to participate in the  
3 programs could do so without a permit, by simply submitting an  
4 application with all of their relevant information.

5  
6 If we move to the next slide, we will start really breaking down  
7 the activity in the programs, and so here we generated some  
8 graphs to show the total number of accounts that held shares,  
9 and we broke it down first by share category, and the number  
10 that runs along the top of the bars is the total number of  
11 accounts for each year, and you can see, for all share  
12 categories, the general trend is that there has been a  
13 decreasing trend in the total number of accounts that held  
14 shares, and we broke those into bins of how many shares those  
15 accounts are holding.

16  
17 In blue, those are accounts that hold a small proportion of the  
18 shares, which is less than 0.05 percent, and those make up the  
19 bulk of the accounts, which is what we were expecting, and is  
20 not dissimilar to what was before the IFQs were implemented, in  
21 terms of fishing histories.

22  
23 You can see that the downward trend that we're seeing -- That  
24 most of that attrition is occurring in this small bin, and that  
25 makes sense, just that there was less shares for them, that they  
26 were holding, and so they're either selling out or rolling up  
27 into the medium accounts, and, generally, across the time  
28 series, the medium accounts and the large accounts were  
29 relatively stable, and so most of that attrition is occurring in  
30 the small accounts.

31  
32 This is just a program-by-program comparison, and you can just  
33 see the overall trend, that the number of accounts with shares  
34 is decreasing in time, and, overall, grouper-tilefish has a  
35 higher number of accounts with shares, and that makes sense,  
36 just that there are more share categories within that program.

37  
38 Then, thinking about accounts that hold shares, we really wanted  
39 to look into how many of them held one or multiple share  
40 categories, and, here, you can see, on the left, the 1 through  
41 5, and this is just grouper-tilefish right now, and that could  
42 be any combination of share categories, but, unsurprisingly, the  
43 majority of accounts that do hold shares hold between three and  
44 five different share categories within them. Given that a lot  
45 of these species coexist, this is exactly what we would expect  
46 to see.

47  
48 We do notice that the accounts that hold only a single share

1 category have been increasing a bit, and so that's a trend that  
2 we're going to keep an eye on, but there was definitely a shift  
3 in 2015, when grouper-tilefish became open for public  
4 participation, and, again, that's something that we're going to  
5 continue to see from here on.

6  
7 If we go to the next slide, we re-did the analysis with red  
8 snapper incorporated, and it tells a very similar story. Most  
9 accounts that hold shares hold shares in multiple share  
10 categories, but, once you incorporate red snapper, the  
11 proportion that hold a single-share category does go up,  
12 although it remains pretty stable from 2015 to 2018. Around 21  
13 to 22 percent of the accounts hold just one share category.

14  
15 Then this was an interesting analysis, and much what we expected  
16 to see as well, and so we looked at, of the vessels that land  
17 grouper-tilefish, how many of them also land red snapper, and  
18 here you can see that the majority of the vessels landing  
19 grouper-tilefish will also land red snapper, but, more  
20 interestingly, it's just that it's been a growing overlap, and  
21 so this really demonstrates that it's appropriate to analyze and  
22 review these programs jointly at the same time.

23  
24 Now to break down some of that activity a little bit more, and  
25 we're looking at accounts with shares, and we wanted to see what  
26 the distribution was between those with and without a permit,  
27 and so those with a permit are in blue, and you can see that the  
28 majority of accounts that hold shares are also associated with a  
29 permit.

30  
31 For most share categories, or, well, all of these share  
32 categories, actually, it's about a 70/30 split, but there isn't  
33 a trend of an increasing number of the proportion of accounts  
34 with shares that are not associated with a permit, which is in  
35 green, but I do want to point out that, one, there is a shift in  
36 2015, which is pretty consistent across all of the grouper-  
37 tilefish species, and that's when that program went open for  
38 public participation.

39  
40 Then red snapper, on the other hand, which was open for public  
41 participation through the entirety of this time series, was  
42 about a 70/30 split throughout the entire timeframe, and so  
43 that's an interesting thing to see there.

44  
45 I do want to point out, and we're going to get to it a little  
46 bit later, but this does seem to tell a story that there is a  
47 growing disconnect of the accounts with shares and those that  
48 hold a permit, but we are aware that there is a relatedness in a

1 lot of these programs, and there is public participation playing  
2 a role, and we're aware, in the industry, that it's common  
3 practice to separate the shares from the working vessel, which  
4 would help tell this story a bit, and we're going to get there.

5  
6 We did accounts with shares by permit status, and now what is  
7 the volume of shares that is being held by permit status, and,  
8 here, you can see the majority of shares are in accounts that  
9 also hold a permit, which is blue. For most of the share  
10 categories, there is an 80/20 split, roughly. Again, there was  
11 a bit of a shift in 2015, particularly for the grouper-tilefish  
12 share categories, and deepwater grouper is moving closer to a  
13 70/30 split, which is also where red snapper is, and that's an  
14 interesting thing to keep an eye on.

15  
16 Here again, this is a program-by-program analysis of accounts  
17 with shares by permit status, and you can see that the programs  
18 are pretty similar, with a 70/30 split, as of 2018, for those  
19 shareholding accounts with a permit versus those without.

20  
21 Now we're going to look at some allocation, and so the  
22 proportion of accounts that held allocation, at one point in  
23 time in the year at least, we wanted to see how many of those  
24 were receiving at least a portion of that allocation, if not  
25 all, from shares, versus those that were receiving all of the  
26 allocation via a transfer, and those accounts that received at  
27 least a portion of the allocation via shares is in blue, and you  
28 can see that the majority of accounts are receiving at least  
29 part of that allocation via shares, but, again, there does seem  
30 to be a little bit of an increasing trend of accounts that are  
31 receiving it through transfers.

32  
33 Again, if we take a look, there is a bit of a shift,  
34 particularly in the grouper-tilefish share categories, in 2015,  
35 when public participation was opened up, and most of them are  
36 roughly a 70/30 split. Red snapper is, again, nearing the 60/40  
37 split, but I want to remind us, again, of the same story, that  
38 there's a little bit of some evidence of the splitting of the  
39 shares and the working vessel, and this plays into that story  
40 just as much. If the shares are removed from the working  
41 vessel, then, obviously, there will have to be more transfers of  
42 allocation to get that allocation to the working vessel.

43  
44 If we go to the next slide, here is a program-by-program  
45 comparison, and, like I mentioned, most of the grouper-tilefish  
46 share categories are at the 70/30 split, and so the overall  
47 program is a 75/25 split, and then red snapper is closer to a  
48 60/40 split of those accounts receiving their allocation through

1 shares.

2  
3 We kept mentioning public participation, and so 2012 for red  
4 snapper and 2015 for grouper-tilefish, and, obviously, we wanted  
5 to look into this, and what are the proportion of accounts in  
6 the programs that are publicly participation, and, really, what  
7 that means is those that are publicly participating are all  
8 those accounts that are not associated with a permit.

9  
10 Here you can see the proportion of accounts that are associated  
11 with a permit, of 2018, was 64 percent, and public, meaning you  
12 were not associated with a permit, was 36 percent, and there has  
13 been a growing trend to having a greater portion of all of the  
14 accounts that are publicly participating, and then, of course,  
15 we wanted to take that one step further.

16  
17 Actually, real quick, before we move on, I will mention here  
18 that you can see that, even in 2010 and 2011, there was still  
19 some public participation, which preceded both the red snapper  
20 and grouper-tilefish going public, and I want to point out that  
21 there has always been some amount of public participation,  
22 before you could actually open an account without a permit, and  
23 the reason that you're seeing those accounts is there was a  
24 permit name change, for instance, and so, if they wished to  
25 change the name on the permit, you have to have the IFQ account  
26 match that name exactly, and so that permit would be moved to a  
27 new account, and the original account would remain open, and it  
28 could have also been just that they sold off the permit, but  
29 maintained their IFQ accounts.

30  
31 Then we took it a step further, and we wanted to look at related  
32 accounts, of course, and, here, you can see that, just like  
33 public participation, we are seeing a growing proportion of our  
34 accounts are related, and the way that we defined related  
35 accounts was that we identified who the underlying entities were  
36 for each account, and, if there was at least one entity in  
37 common, we assigned those as related accounts.

38  
39 For the purposes of this analysis, we did not include any  
40 accounts that self-identified as related using a transfer  
41 reason, and we didn't include those in this analysis, because  
42 sometimes there are true relatedness between those accounts,  
43 but, other times, it's just a business relationship, and so we  
44 wanted to keep this strictly to a more conservative value, which  
45 is just that there is a true entity in common. As of 2018, you  
46 can see that 61 percent of the accounts in the IFQ programs are  
47 related to one other account, at least.

48

1 Then we now have identified that there's a growing number of  
2 public accounts, which you can see in the second column, and  
3 there's a growing number of related accounts, which you can see  
4 in the third column, and, overall, there's an increasing total  
5 accounts as well, but how many of those are public and related,  
6 and so we looked to identify those that were public and related  
7 and you also can tell, in the fourth column from the left, that  
8 there is also a growing number of public and related accounts.

9  
10 Then, breaking that down into proportions, on the right, you can  
11 see that, of all accounts, 33 percent of those are public and  
12 related, and so that is that 320 against that 984, as of 2018.  
13 Then, of public participating accounts, 91 percent of those were  
14 public and related, which we thought was a very interesting  
15 point, and, really, it drives at that story that, when  
16 additional accounts are being opened, they are typically being  
17 opened by people that already have an account in the program.

18  
19 Then the last column is, of all the related accounts, 53  
20 percent, as of 2018, were public and related as well, and so  
21 these were some interesting data that we received, or that we  
22 requested.

23  
24 Moving on, this is looking at dealers. This is a count of the  
25 number of dealers, specifically for the grouper-tilefish, that  
26 processed a grouper-tilefish species during the year, and you  
27 can see that there's been a very slow and gradual increase in  
28 the number of dealers, and then we broke those dealers into  
29 three bins of small, medium, and large, based on the total  
30 amount of landings that they process.

31  
32 You can see the majority of dealers fall within the small bin,  
33 and so they process less than 1 percent of the total landings,  
34 and they, obviously, as you can see here, make up the majority  
35 of the dealers, and so 82 percent of the dealers are within that  
36 small bin, and a lot of that growth is seen in that small bin,  
37 and that coincides with some of what we've been hearing from the  
38 industry, that some participants are becoming their own dealer.

39  
40 If we go to the next slide, it's the same story for red snapper.  
41 There's a slow, gradual increase, and the majority of that  
42 increase is occurring in the small bin.

43  
44 Now we're looking at landings by share status, and we then  
45 wanted to look at, of the accounts that are doing the landings,  
46 how many of those hold or do not hold the shares, and, here, you  
47 can see that there is about a 50/50 split across all of the  
48 share categories of the accounts that are doing the landings

1 that hold shares versus that that don't, and this is pretty much  
2 in line too with the story that they are separating shares from  
3 the working-class, and so this isn't outside of what we would  
4 expect, to be honest.

5  
6 If we move to the next slide, this is annual landings, and we  
7 wanted to look at quota utilization, and so we included all of  
8 the quotas for each share category across the years. For those  
9 that are highlighted in red, that indicates that there was an  
10 in-season increase in the quota that year.

11  
12 Just off the bat, you can see that there's a wide range of quota  
13 utilization across the different share categories, and some  
14 share categories, like deepwater grouper and red snapper, of  
15 course, have the very high utilization, and red snapper,  
16 particularly, even despite the fact that it has had many in-  
17 season increases, sometimes even late in the year, they still  
18 tend to be able to land most of the quota.

19  
20 Then there is some other share categories that have variability  
21 throughout the time series, and a lot of that change that we're  
22 seeing throughout the years could be a variety of conditions,  
23 including market conditions, fishing conditions, catchability  
24 rates, and quota changes definitely have an impact, and,  
25 speaking of, if you look at red grouper, red grouper,  
26 interestingly, had a very high quota utilization from 2012 to  
27 2015, and then, in 2016, that started going down, when there was  
28 a pretty large quota increase, and then it has consistently  
29 declined through 2018, while it was still at that high quota.

30  
31 I do want to mention, before we move on, that red grouper, if  
32 you take note, has a quota that is much larger than the other  
33 share categories in the grouper-tilefish programs, and, also, it  
34 has a pretty low quota utilization, and so, when we go to the  
35 next slide, we did a program-by-program comparison, and, here,  
36 you can see that grouper-tilefish is very heavily influenced by  
37 the red grouper, just because the quota is so high, and you can  
38 really see that it really kind of follows the red grouper quota  
39 utilization there, and then, of course, red snapper has high  
40 quota utilization.

41  
42 One of the flexibilities that we have in our program to aid with  
43 discarding, and just the fact that there's a lot of overlap with  
44 these species when fishing, is we have a red grouper and gag  
45 multiuse allocation, and so, at the beginning of the year, some  
46 of the red grouper and gag allocation is automatically  
47 designated for multiuse allocations, so that it can be used to  
48 land either red grouper or gag.

1  
2 We create those values based on a calculation that the SSC  
3 developed, and the top table shows you what that portion of the  
4 total allocation is allocated to these multiuse allocations, and  
5 the quota differences really is a big part of those differences  
6 that you're seeing there, and, for red grouper multiuse, you can  
7 see there was no multiuse in 2012 through 2014, and that's  
8 because gag was in a rebuilding plan.

9  
10 Then, below, in the table below, you can see that, once these  
11 multiuse are used to land, like which species do they typically  
12 use them for, and, with the exception of 2015 multiuse, both red  
13 grouper and gag multiuse, are predominantly used to land gag.  
14 Again, though, because there is such a disparity between the  
15 quotas, that's something that we're not very surprised to see.

16  
17 Keeping all of this activity in mind, we do want to remind you  
18 that there are ownership cap, and so, in both programs, there is  
19 a share cap for each category, and that is the maximum  
20 percentage of shares that can be held by any entity or account,  
21 and so that is not account level, and that is -- When you go  
22 down to the entity level, in the bottom-right table that you  
23 see, those are the share caps.

24  
25 The way that those were defined is that, at the time of  
26 implementation, whatever the distribution that was given out at  
27 that time, it was what set that cap for that share category, and  
28 those distributions were decided upon using landing histories.

29  
30 Then, in addition to these share caps, we also have an  
31 allocation cap, and this should read across all grouper-tilefish  
32 categories, and so there is an allocation cap in the grouper-  
33 tilefish program, and the reason that it wasn't in place for the  
34 red snapper was just simply that that wasn't a requirement of  
35 the catch share program when red snapper was implemented, but,  
36 at least in the grouper-tilefish, there is a total amount of  
37 pounds that can be held at a point in time, and it corresponds  
38 to the allocation equal to all share caps combined, and so a  
39 given account at one point in time cannot hold more than the  
40 equivalent pounds to the share caps.

41  
42 Now we're going to look at some price data, and so here we list  
43 the total number of share transfers that we received, regardless  
44 of whether it reported a valid price or not, and then the  
45 average annual share price, but those have been truncated to  
46 only the data that was within a reasonable and valid range, and  
47 so, not only are they more representative, using only those  
48 valid share prices, but I have also adjusted them for inflation,

1 using 2018 as a base year, and you can see that there is a big,  
2 wide range of share prices, depending on what share category  
3 you're considering, with, of course, red snapper having the  
4 highest share price.

5  
6 Again, there's a lot of variability throughout the time series,  
7 and that's going to be related to quota changes, market  
8 conditions, fishing conditions, catchability rates, and there's  
9 lots of variables that play into this, and I do want to mention  
10 that these are just annual averages and snapshots. Dr. Diagne  
11 will be going over more economic analysis in the second portion  
12 of this review, but this is at least a glimpse for us to look at  
13 right now.

14  
15 Now we're going to compare allocation and ex-vessel prices, and  
16 so we really compare these against each other when reviewing the  
17 programs, because, as that margin tightens, it leads to a  
18 tighter margin for the participants, and so, again, you can see  
19 there is some variability throughout the years, and there is  
20 definitely differences depending on the share category, and  
21 then, as expected, red snapper has the tightest margin of  
22 allocation to ex-vessel value.

23  
24 Speaking of allocation, we just wanted to point out, again, that  
25 the number of allocation transfers for all of the share  
26 categories is pretty high, and there's always allocation moving,  
27 and you can see here that the pounds being transferred, many  
28 times for most of the share categories, exceeds the quota, and  
29 so what that really means is that the pounds are being moved and  
30 transferred more than once before they are being landed, which  
31 is in line with some of the business practices that we know that  
32 is occurring in the programs, but this is just to really show  
33 that there's a lot of allocation movement, especially in  
34 deepwater grouper, which is consistently above 200 percent of  
35 the quota is transferred every year.

36  
37 Now we're going to look at discard ratios, and so the IFQ  
38 program does not itself collect discard information and so we  
39 look to the Science Center's Reef Fish Observer Program, and we  
40 looked at gag, red grouper, and red snapper, and gear is  
41 typically a big variable when looking at discard and discard  
42 ratios, and so we looked at it that way, and here you can see  
43 that red grouper and red snapper have higher discard ratios,  
44 typically, with the longlines, and then gag, on the other hand,  
45 has a higher discard ratio with the vertical line.

46  
47 We keep an eye on these, but I do want to note that the Reef  
48 Fish Observer Program is a reef-fish-wide survey, and so it

1 isn't necessarily IFQ specific, and it may not be totally  
2 representative of what's happening in the IFQ program, but it's  
3 something that's still good to keep an eye on, and, also, we  
4 have been having a lower sample size in this program in more  
5 recent years, and so keep that in mind when we're reviewing  
6 these numbers.

7  
8 Then we also keep an eye on discard reasons, and it's something  
9 that's interesting to look at, and so these are all IFQ species  
10 and the reasons that they are being discarded, according to the  
11 Science Center's supplemental discard logbook. You can see that  
12 the most commonly reported reasons are not a legal size and  
13 other regulations.

14  
15 When we're talking about IFQ species, this may be -- This other  
16 regulation may be referring to a lack of allocation, and so some  
17 species, like gag, it's a pretty 50/50 split, where individual  
18 fish are being released for not legal-size reasons, and then,  
19 otherwise, other regulations is the other most reported reason.

20  
21 Then there are species like red grouper, where the majority of  
22 discards are happening, according to this anyway, for not legal-  
23 sized reasons, and then, on the flip side, there are some  
24 species, like speckled hind, which is being reportedly discarded  
25 for other regulations, which, again, may be a lack of  
26 allocation.

27  
28 Much like the Reef Fish Observer Program, again, we keep an eye  
29 on this data, but we are cognizant that this is a reef-fish-wide  
30 survey, and it's not IFQ specific, and sometimes sample size can  
31 be a bit of an issue too, and so we keep that all in mind.

32  
33 Another element that we consider for the review is monitoring  
34 and enforcement, which is, obviously, very important, and, here,  
35 we're showing the number of enforcement cases and that those  
36 that result in seizures, and you can see that we have had a bit  
37 of an increase in the number of cases, but we have been seeing a  
38 downward trend in the number of cases that result in seizures,  
39 which we're really happy to see, including that it was zero as  
40 of 2017 and 2018, and then, also, a really awesome improvement  
41 that we saw was, as of June of 2019, the Southeast Region  
42 summary settlement schedule added penalties for grouper-tilefish  
43 and red-snapper-IFQ-specific violations, and so this was a great  
44 improvement, because it allowed enforcement to really streamline  
45 those lower-level offenses.

46  
47 This is the last bit that I am going to go over today, and so we  
48 then also look at our administration cost recovery, and we

1 aggregated the IFQ program expenses from 2012 to 2018, and we  
2 looked at how are we using the cost recovery fees, and the bulk  
3 of the cost recovery fees are being used for management of the  
4 program, and so labor costs, and that you can see in purple, and  
5 then the second-most used for expense is the enforcement, which  
6 is in blue.

7  
8 Overall, I just want to say that, when you consider the programs  
9 together, the cost recovery fees pay for the program in full,  
10 and, also, at the end of the year, many times we have a little  
11 bit of excess cost recovery fees that we have been rolling over  
12 throughout the years, and those excess funds have allowed us to  
13 do a much-needed modernization of the online system in 2019  
14 through 2020, and so our system was actually end of life as of  
15 2020, and so it was absolutely necessary for us to update the  
16 software, in order to avoid disrupting reporting.

17  
18 Along with modernizing it, which was very necessary, it also  
19 allowed us to make a lot of improvements that we were really  
20 excited about, including we went to a cloud-based, and so that  
21 can reduce outage time during hurricanes or outages, and it also  
22 allowed us to improve our security requirements on the online  
23 platform, and we were able to have mobile functionality, which  
24 was a very wanted improvement, and then, finally, we were also  
25 able to add a loan module into the online program, or the online  
26 system, and so that was really great, because we were able to  
27 finally process federal loans, so that IFQ participants could  
28 start using federal loans for their IFQ expenses and get their  
29 IFQ needs funded, and so that was a lot of great things that  
30 came out of that modernization.

31  
32 This is the end of my portion of the review, but I will gladly  
33 take questions if we want to stop here, or, if we want to  
34 continue, let me know.

35  
36 **CHAIRMAN GUYAS:** Okay. Are there any questions for Alisha on  
37 the slides you've seen so far? Kevin.

38  
39 **MR. ANSON:** Thank you for the presentation. I am just curious  
40 as to how the spreadsheet that is on the SERO's website for FOIA  
41 requests -- How those number of share accounts correlates to the  
42 number that's here, and I understand, today, if you look at it,  
43 it's as of today, and we're looking at the data from 2018 prior,  
44 but there's a little bit of a difference, or a discrepancy, and  
45 I am just curious whether or not that spreadsheet gets to the  
46 information that we have here or not.

47  
48 **MS. GRAY:** Thank you for that, and so the -- I believe you mean

1 the FOIA shareholders page and whether those numbers match.

2  
3 **MR. ANSON:** Yes.

4  
5 **MS. GRAY:** Here, we will have slightly different numbers, just  
6 depending on how you're looking at it, if you're looking at as  
7 accounts with shares, or if you're looking at it by program, and  
8 so you're going to get different numbers, and so that FOIA page  
9 doesn't take into account the program, for instance, and so, if  
10 a lot of these accounts are holding red snapper and grouper-  
11 tilefish, they will only be reported once in that sheet,  
12 whereas, here, if I am considering them separately, those  
13 numbers will look like two separate accounts, and do you know  
14 what I mean?

15  
16 Those numbers aren't going to match, depending on whether you're  
17 looking at it by share category or not, and, also, the FOIA page  
18 is always live, and these are captures in time as well, and the  
19 movement of accounts is always very dynamic.

20  
21 **MR. ANSON:** Thank you.

22  
23 **CHAIRMAN GUYAS:** Robin.

24  
25 **MR. RIECHERS:** So this isn't necessarily the purpose of your  
26 analysis, but I'm wondering whether or not you might have seen  
27 some of these trends or can speak to at least some of the claims  
28 that we continue to hear, and one is the difficulty in getting  
29 red snapper shares, or allocation, in certain parts of the Gulf,  
30 and then, more recently, hearing about movement of red grouper  
31 into the western Gulf, and I am just wondering whether, in your  
32 analysis, did you even look at that, or you might have seen some  
33 notion of that, and, like I said, again, I realize that your  
34 analysis wasn't really designed to do that.

35  
36 **MS. GRAY:** Thank you. This analysis did not take geographic  
37 location into account, and the data gets a bit muddy when you  
38 start teasing it out, and it's quite sparse in some areas, but I  
39 did not look at that specifically for this review, and I know,  
40 for some of the amendments, like 53, they might have looked at  
41 it a little bit more, but not for this review, and I know that  
42 Jessica Stephen might have a little bit more on that, but I  
43 can't speak to it right now anyway.

44  
45 **MR. RIECHERS:** That's fine. Like I said, I understood that that  
46 really wasn't what your purpose is, but I appreciate you at  
47 least sharing that, and so thank you.

1 **CHAIRMAN GUYAS:** Tom.  
2  
3 **DR. FRAZER:** Just a real quick question. On the slide, a couple  
4 of slides before this, that has to do with discard reasons, I'm  
5 trying to -- Is that from a single year, or are those data  
6 compiled over multiple years?  
7  
8 **MS. GRAY:** Actually, I would have to see if Jeff Pulver is on,  
9 and I did not generate these numbers, but I would imagine that  
10 these would be like -- Typically, we do a three-year average,  
11 and so it probably is a five or three-year average, and I feel  
12 like, most often, we do a three-year average, and so, if this  
13 was based on 2019 logbook data, then I assume it was 2017 to  
14 2019, possibly, but I am not 100 percent on that, and it might  
15 even be 2016 to 2018, if he didn't include 2019 here.  
16  
17 **DR. FRAZER:** Right, and so I'm particularly interested in the  
18 red grouper row, where 97 percent of the discards were due to  
19 the small size, and whether or not a gear or a restriction might  
20 work and help with that, and so I guess I will talk to the  
21 council about it.  
22  
23 **MS. GRAY:** To speak to that, if you don't mind, red grouper,  
24 2016 to 2018, like I showed, had a pretty high quota, and so  
25 they probably wouldn't have issues such as other regulations, if  
26 that's referring to allocation, for instance, and that would  
27 have been a less likely reason to discard, especially during  
28 that timeframe, and so I think that that probably is playing at  
29 least a part in what we're seeing here.  
30  
31 **DR. FRAZER:** Okay. Thank you.  
32  
33 **CHAIRMAN GUYAS:** Okay. Any other questions for Alisha right  
34 now? I am not seeing any, and so let's do this. Jeff, please,  
35 jump in.  
36  
37 **MR. JEFF PULVER:** These analyses, they use data from 2012  
38 through 2018, to coincide with the rest of the analysis, if that  
39 answers Tom's question.  
40  
41 **CHAIRMAN GUYAS:** Can you say that again? It was a little  
42 jumbled.  
43  
44 **MR. PULVER:** Sorry. It's from 2012 through 2018, and that's the  
45 year range for the discards in the table.  
46  
47 **DR. FRAZER:** Okay. Thanks, Jeff.  
48

1 **CHAIRMAN GUYAS:** Okay. Seeing no other hands for questions for  
2 Alisha right now, Alisha, I hope you can stay on the line, but  
3 I'm thinking, before we move into Assane's other presentation,  
4 we will take a little break, and so that will put us at 3:25.

5  
6 (Whereupon, a brief recess was taken.)

7  
8 **CHAIRMAN GUYAS:** While Assane is getting ready here, we've got a  
9 hard stop at 5:00, and so we will continue on with this  
10 presentation, and we've got a couple other items under this, and  
11 then we'll cover as much of 36B and C as we can, but we will cut  
12 it off at 5:00, and so maybe we'll get through 36B. Tom.

13  
14 **DR. FRAZER:** Just remember, folks, that, at 5:00, we have the  
15 open Q&A, and so that's the reason for the hard stop.

16  
17 **CHAIRMAN GUYAS:** All right. Dr. Diagne, whenever you're ready.  
18 I think we've got your slides up now.

19  
20 **DR. DIAGNE:** All right. Thank you very much. I will continue  
21 the presentation, and I will start with discussing the impact of  
22 IFQ programs on ex-vessel prices. Essentially, we looked at  
23 several studies that were conducted, and the conclusions, the  
24 main conclusions, would be that, for the grouper and tilefish  
25 IFQ program, that program does not appear to have had a  
26 significant, statistically significant at least, increasing  
27 impact on grouper prices, essentially, and that's for the  
28 grouper and tilefish program, and we have several studies that  
29 came to the same conclusions.

30  
31 As far as the red snapper IFQ program, for that IFQ program, the  
32 studies that we reviewed show evidence of statistically-  
33 significant increases in price, ex-vessel prices, of red  
34 snapper, due to the implementation of the red snapper IFQ.

35  
36 In addition to that, one of the studies determined that the red  
37 snapper IFQ program is responsible for stabilizing the prices,  
38 essentially decreasing the variability observed in the price,  
39 ex-vessel price, of red snapper.

40  
41 In terms of market power determinations, for the grouper and  
42 tilefish allocation, as well as the grouper and tilefish and red  
43 snapper, the share cap did not limit landings. Based on our  
44 review, there is no evidence in market power in any of the  
45 markets that we looked at, and we looked at three markets, the  
46 landings market, the shares market, as well as the annual  
47 allocation market for each share category, and, in all of those,  
48 there is no evidence of market power, but we have to take this

1 conclusion with caution, because the estimates that we have do  
2 not account for vertical integration.

3  
4 What we see in these programs is that dealers are acquiring  
5 shares, and essentially controlling those shares, and directing,  
6 therefore, the harvest to their dealership. NMFS has begun  
7 collecting data to be able to study vertical integration and  
8 look at its potential impact on market power. Therefore, the  
9 market concentration conclusions that we offered have to be, at  
10 least for the time being, looked at with caution until we have  
11 more information concerning the vertical integration and until  
12 we see the trends in the future.

13  
14 We also looked at the inequality of distribution, and, here, to  
15 measure that, the accepted metric is what is known as the Gini  
16 coefficient, and, essentially, it's a coefficient that ranges  
17 between zero and one, or, if one prefers, from zero percent to  
18 100 percent, and 100 percent, or one, being a maximum  
19 inequality. For example, if you have one entity that controls  
20 the entirety of the quota, meaning 100 percent of it, then then  
21 Gini coefficient would be equal to one.

22  
23 Here, we can say that the distribution of shares is highly  
24 unequal in every share category for our IFQ programs, and the  
25 coefficients that were computed were relatively stable during  
26 this review period, which covers 2012 to 2018. The most unequal  
27 distributions, when it comes to share, were observed for the  
28 deepwater groupers, tilefish, as well red snapper.

29  
30 We looked at studies evaluating Gini coefficients and inequality  
31 across IFQ programs around the country, and, based on the  
32 findings, the effects of implementing the red snapper and the  
33 grouper-tilefish IFQ are similar to the effects seen in other  
34 catch share programs. The major difference here is that, prior  
35 to the implementation of our IFQ programs, we had, in the Gulf,  
36 fairly unequal revenue distributions across vessels before that.

37  
38 Therefore, even though we still have high inequality, when it  
39 comes to the distribution, we cannot say that the IFQ programs  
40 are responsible for that, because we had fairly unequal  
41 distributions to start with. For example, if you were just to  
42 think about red snapper prior to the IFQ, we had Class 1 and  
43 Class 2 permits, and Class 1 permits were allowed to harvest  
44 2,000 pounds per trip, if I remember correctly, and Class 2 was  
45 only 200, and so, obviously, if the distribution of shares is  
46 based on historical landings, it will be highly unequal going in  
47 favor of those that had Class 1 permits.

48

1 Now touching on safety-at-sea and the impact of the IFQ on  
2 safety-at-sea, the main conclusion here is that the  
3 implementation of IFQ programs improved safety-at-sea  
4 significantly, and the improvement was more marked once the  
5 grouper and tilefish IFQ went onboard, and part of the reason  
6 here is the fact that, and Ms. Gray touched on that, the overlap  
7 between the two programs, and so, when you expand and look at  
8 the multispecies nature of both programs combined, then that  
9 would explain the more significant reduction in fatalities,  
10 meaning the larger improvement in safety-at-sea once the grouper  
11 IFQ program came onboard.

12  
13 One interesting result here is that, following the  
14 implementation of IFQ programs, captains gave more, and are  
15 still giving more, weight to weather conditions when planning  
16 trips. Essentially, their attitudes toward risk has evolved.

17  
18 We have included definitions for fishing capacity and  
19 overcapacity, just for reference. In terms of changes in  
20 capacity and technical efficiency, the results here rely on a  
21 study conducted by Doctors Agar, Horrace, and Parmeter, and this  
22 study was reviewed by the SSC at a previous meeting, and they  
23 looked at fleet dynamics based on two models, and they looked at  
24 it based on a model concentrating on the red snapper IFQ, and  
25 the main finding is that technical efficiency increased by 6  
26 percent post-IFQ.

27  
28 For the reef-fish-wide model, which would account for the  
29 grouper and tilefish IFQ, technical efficiency improved by 5  
30 percent post-IFQ.

31  
32 Now I will just go through some of the conclusions of the  
33 review, and some of the points that I will make will be repeats  
34 from Ms. Gray's presentation. The overall conclusion is that  
35 both IFQ programs have been relatively successful in making  
36 progress towards achieving their stated objectives, and, in  
37 saying that, we have to keep in mind that, when these programs  
38 were developed, most of the objectives were, and still are, of a  
39 qualitative nature, for example, reduce capacity or improve  
40 safety-at-sea.

41  
42 There is one exception to that, which is the elimination of  
43 season and quota closures, because we can measure the number of  
44 days where fishing is available, and both programs are now  
45 offering the opportunity for year-round fishing, provided that  
46 the participant has the quota to land the fish.

47  
48 In terms of data collection and reporting, this is still a

1 challenge, although the collection of allocation, as well as  
2 share prices, has greatly improved since NMFS started requiring  
3 transfer reasons, but this is an area where improvement could be  
4 made.

5  
6 In terms of participation and operational changes, overcapacity  
7 has declined, and capacity utilization has increased. We have  
8 also seen a consolidation and efficiency gain within the bottom  
9 longline as well as the longline sector. The number of dealers  
10 buying IFQ species is on an increasing trend, and it has been on  
11 an increasing trend during the review period, and part of the  
12 idea here is a lot of commercial fishermen are essentially  
13 trying to cut out the middleman, if we could put it that way, by  
14 becoming their own dealers.

15  
16 In terms of shares and allocation caps, the distribution of  
17 shares and landings have changed very little since the programs  
18 were established. Based on the evidence we have so far, market  
19 power does not exist in any of the markets that we looked at,  
20 landings, share, or annual allocation, and, here again, we need  
21 to take this with caution, given the vertical integration that  
22 we see, and so we will see more later on, once we have more  
23 data.

24  
25 The share and allocation caps are not constraining landings,  
26 and, as we mentioned earlier, when we looked at the distribution  
27 inequalities, landings, as well as revenues, were highly unequal  
28 in these fisheries prior to the implementation of the IFQs.  
29 Despite that, there are still concerns about unfairness and  
30 distributional inequities.

31  
32 As far as prices, ex-vessel prices, share and allocation prices,  
33 the collection of share and allocation prices, as mentioned  
34 earlier, continues to be a challenge, and, therefore, an  
35 analysis of those prices is very difficult, if you would,  
36 because analysis is hindered by erroneous data.

37  
38 The red snapper IFQ program appears to have increased the ex-  
39 vessel price for red snapper, as well as increased the stability  
40 in those prices, but, for the grouper and tilefish IFQ, we did  
41 not see a similar impact, and the program does not appear to  
42 have had a significant impact on the ex-vessel price of grouper.  
43 The flexibility that these programs afford the participants has  
44 improved the profitability of fishing operations, because  
45 fishermen are able to reduce their operating costs.

46  
47 The programs do provide year-round fishing opportunities,  
48 assuming that one has the quota, and the multiuse shares were

1 not particularly effective, because the bulk of it is used to  
2 harvest gag grouper. The primary reason for discarding IFQ  
3 species is minimum legal size and other regulations, and, within  
4 the IFQ context, other regulations could be the lack of annual  
5 allocation.

6  
7 Safety-at-sea, as we mentioned, the programs have improved the  
8 safety-at-sea, and they have resulted in significant decreases  
9 in the number of fatalities, and the risk profile, if you would,  
10 or the attitude towards risk of captains has changed, especially  
11 the risks associated with poor weather conditions.

12  
13 To talk about new entrants, in general, when we say that a  
14 program is promoting new entrants, that may seem inconsistent  
15 with a limited-access privilege program. However, this fishery,  
16 all fisheries, need replacement fishermen to maintain  
17 sustainable and viable fisheries in the long term, and so,  
18 therefore, when we talk about new entrants, we have to primarily  
19 think about replacement fishermen.

20  
21 Many new entrants are already participating in the IFQ programs  
22 in some capacity. For example, we have crew members and hired  
23 captains who currently do not own shares, or didn't own shares,  
24 and then started buying little by little and then became full  
25 participants, if you would, in the IFQ program.

26  
27 For those reasons, access by new entrants, and keeping in mind  
28 particularly replacement fishermen, would be consistent with the  
29 objectives of both the red snapper as well as the grouper and  
30 tilefish IFQ program.

31  
32 This was also mentioned by Ms. Gray. During the review period,  
33 the cost recovery fees collected have fully funded the IFQ  
34 program, including all enforcement activities and salaries of  
35 staff working on the programs as well as the migration and  
36 modernization of the online system.

37  
38 The IFQ has implemented changes that have improved the  
39 stakeholders' experience, as well as the performance of the  
40 system. Improvements in outreach efforts are also noted, and,  
41 for example, now, the catch share section publishes brief  
42 newsletters to address stakeholder requests, and that would  
43 include in-season prices as well as landings data. That would  
44 be the last one, and I will try to answer questions, if you have  
45 any.

46  
47 **CHAIRMAN GUYAS:** All right. Thanks, Dr. Diagne. We've got a  
48 couple of hands up already, and I'm going to go to Jessica

1 Stephen first.  
2  
3 **DR. JESSICA STEPHEN:** I did not have my hand up.  
4  
5 **CHAIRMAN GUYAS:** Okay. Sorry. Greg.  
6  
7 **DR. STUNZ:** Well, thank you, Martha, and thanks, Assane and Ms.  
8 Gray, for the presentations. I had a couple of questions, and,  
9 Assane, I don't know if the first one is for you or for Ms.  
10 Gray, because it was kind of in her presentation, but you  
11 concluded with it there, and it had to do with the cost recovery  
12 fees, and I'm sure you recall that was quite a bit of contention  
13 over that, and I seem to recall, in the past, that the program  
14 did not meet its expenses, and, in fact, there was a net, I  
15 guess, loss, or whatever you want to call it, in terms of the  
16 administrative costs to the program and to run it. Did  
17 something change, or I guess you said that's recently, or why  
18 did it switch from in the red to in the black, all of a sudden?  
19  
20 **DR. DIAGNE:** Thank you, Dr. Stunz, and, yes, absolutely. In the  
21 beginning, as, if you recall, in the beginning, we only had one  
22 IFQ program, red snapper, and so, at that time, for the first  
23 review of the red snapper IFQ program, the cost recovery fees  
24 collected were insufficient, and they did not cover all the  
25 costs of running the programs, but, by the mere fact of adding a  
26 second program, essentially, you would have a larger scope, more  
27 participants, and a much larger base from which to collect the  
28 cost recovery.  
29  
30 That is the main reason, if you would, because you have the  
31 single online platform that is running both programs, and it's  
32 the same staff, and so, essentially, that is the main reason why  
33 cost recovery fees collected now are sufficient to cover all the  
34 expenses of the program.  
35  
36 **DR. STUNZ:** Okay, and when was that inflection point, Assane?  
37 When did it start to --  
38  
39 **DR. DIAGNE:** Well, the grouper and tilefish program came online  
40 in 2010, and so, as soon as you have that second program, the  
41 cost recovery fees were multiplied, if I can say it that way,  
42 because it is based on 3 percent of the ex-vessel value of the  
43 fish landed. Obviously, by the time you add the red snapper  
44 quota to all of the quotas of the five share categories that we  
45 have under grouper and tilefish, you have a much wider base to  
46 collect from.  
47  
48 Just another note is the review presented here covers 2012 to

1 2018, and so, for the entirety of the review period, collected  
2 cost recovery fees were sufficient to cover all the costs of the  
3 IFQ program.

4  
5 **DR. STUNZ:** Okay. Thank you, Assane. If I may, Madam Chairman,  
6 I have one more question. Back in the early fifty slides, and I  
7 don't recall exactly which one you were talking about, but  
8 market power, and I am certainly not an economist, and so this  
9 is coming from a layperson perspective, but you talked about  
10 there wasn't market power, and my understanding of market power,  
11 I guess, is that you're artificially maintaining a price that  
12 wouldn't be there if there wasn't some type of other controlling  
13 factor or something, but, in that same sort of slide, or in your  
14 conclusion slide, you are obviously saying that there's concerns  
15 about inequities and other sort of issues by people, maybe, that  
16 don't have the shares.

17  
18 That doesn't seem -- When we hear the testimony, and, for  
19 example, the grouper longline fleet comes to mind, that we  
20 recently heard over the past several meetings, I think they are  
21 clearly arguing that there is some market power going on there  
22 that's not allowing them to either get the shares they need or  
23 enter that fishery to buy the shares and that sort of thing,  
24 that they're inflated above what they can actually make from  
25 doing the fishing.

26  
27 I am wondering, is that just back to you not having the data  
28 that you talked about you needed and more research, but it seems  
29 like we're, at least at the council level, and I'm not an  
30 economist, we're getting two stories, depending upon who you're  
31 talking to here.

32  
33 **DR. DIAGNE:** Thank you for the question, and I think it's the  
34 same story, but let's start and take this, if I may, piece by  
35 piece. The first part of your question refers to market power.  
36 If we wanted to define market power, we would say that market  
37 power is the ability to increase prices above the marginal  
38 costs, if I could put it that way.

39  
40 For example, if you think about let's say a farmer in the middle  
41 of Iowa, or someplace, he or she has really no ability to  
42 influence prices on the international market for whatever  
43 commodity, and let's say corn, for example.

44  
45 The more market power one has, the higher, or the wider, the  
46 gap, or the distance, between the price and the marginal cost of  
47 the product in question, and one last thing I will say, in terms  
48 of I guess economics, is that, if you look at a perfectly

1 competitive market, there is zero market power over there, and  
2 so the price is going to be equal to the marginal cost of the  
3 product.

4  
5 At the other extreme, if you were to look at a monopoly, there  
6 is a lot of daylight between the price of the product and the  
7 marginal costs, because, well, that entity has market power, has  
8 the ability to influence the price of the product, and so we can  
9 just consider market power as one's ability to influence the  
10 price of the product and put it above the marginal cost, and so,  
11 when we look at the three markets, the landings market, the  
12 shares market, as well as the allocation market, the studies  
13 that we have looked at, and the estimates that we have, indicate  
14 that, for the time being, we do not have market power in any one  
15 of those markets.

16  
17 That said, I believe that I mentioned that we have to take that  
18 conclusion with caution, because something that would, or  
19 possibly could, result in market power is the vertical  
20 integration that we are seeing in this fishery, and, by that, I  
21 mean having the dealers control the share and the annual  
22 allocation and essentially then controlling the harvest for the  
23 product, and being in control of the chain as you move up, and,  
24 hence, the term "vertical integration".

25  
26 NMFS has begun collecting data to better study that. It is  
27 possible that, in the future, when we come back, one of the  
28 conclusions would be, given vertical integration, we are  
29 beginning to see evidence of market power in this or that  
30 market, and that is possible.

31  
32 The third part of what I understood from your question has to do  
33 with people who cannot find shares, at least as they related to  
34 you or in discussions to all of us, and, for that, I mean, the  
35 first thing that I would say is that these programs are called  
36 IFQs, right, individual fishing quotas, or catch shares, or  
37 rights-based management, but there is another name that perhaps  
38 sometimes we forget, and these programs are also called limited  
39 privilege programs, right, and limited access privilege  
40 programs, or LAPPs, in short.

41  
42 Part of their main objective is to limit access, and, if you  
43 were to do that, then anybody that would want to come in would  
44 essentially have to, I guess, follow market conditions and pay  
45 the asking price, if you would. It is not that shares and  
46 allocation are not available, but it may be the case that they  
47 are too pricey for some, but that is, in essence, something  
48 that, the minute you design an IFQ program, or a LAPP, that

1 comes with it, if you would. I don't know if I missed a portion  
2 of your question or if I answered it.

3  
4 **DR. STUNZ:** Thank you, Assane. No, that was a very thorough  
5 answer, but, I mean, I guess I would just say -- Madam Chair, I  
6 will end here, so you can further the discussion, but what I'm  
7 hearing from the people -- I understand LAPPs and the purpose of  
8 limiting access, but they're willing to buy in, but they just  
9 can't buy in at that marginal rate where they can actually make  
10 money, based upon their costs.

11  
12 To me, that signals that there must be some type of market power  
13 there that is driving this above what it really costs them to go  
14 out and get the fish and make a reasonable profit kind of thing.  
15 I don't know, and I'm just trying to reconcile, and maybe it is  
16 this vertical integration, and I don't know, but it's hard to  
17 really pin down what is happening here.

18  
19 **DR. DIAGNE:** I mean, further studies are certainly warranted,  
20 but, if we looked across the Gulf and nobody was buying  
21 allocation, nobody, zero, then you would think that, well,  
22 people cannot make money, but the fact of the matter is, when we  
23 look at the allocation transfers, and I think Ms. Gray  
24 mentioned, that, you see that the transfers, both shares and  
25 annual allocation, are very, very dynamic, if you would, and, in  
26 fact, the amount transferred exceeds the quota, in several  
27 occasions.

28  
29 I mean, the margin between I guess the selling price of an  
30 annual allocation and the expected ex-vessel price appears to be  
31 thin for some operators, and so I guess those operators are not  
32 going to buy annual allocation, but you have, around the Gulf, a  
33 lot of operators whose business model is to buy annual  
34 allocation and harvest the fish and take the difference, and so  
35 I guess further studies are warranted, but, for the time being,  
36 those are the observations that I can offer.

37  
38 **CHAIRMAN GUYAS:** Thanks, Greg, and thanks, Assane. Tom.

39  
40 **DR. FRAZER:** Greg, I was listening to what you had to say with  
41 regard to some of the most recent observations, and the same  
42 question came up to me earlier, and this review was actually  
43 carried out on data only through 2018, and so a lot of the  
44 comments that we are hearing about are based on 2019, 2020, and  
45 2021, and so there's a little bit of a mismatch there, likely.

46  
47 **CHAIRMAN GUYAS:** Kevin.

48

1 **MR. ANSON:** Thank you. Great presentation, Dr. Diagne. I tried  
2 to look in the document, the current review document, and was  
3 there any analysis, or any study, that was done directly with  
4 the red snapper or grouper-tilefish participants regarding  
5 operating costs prior to the implementation of the IFQ program  
6 and at any time after the IFQ programs were implemented?

7  
8 **DR. DIAGNE:** A study on the operating costs prior and then  
9 directly after? I am not aware of a study looking at operating  
10 costs prior to the implementation of these IFQ programs, and so  
11 let's say, for red snapper, that would be in 2005 and so forth,  
12 but, after the IFQ programs were implemented, and especially as  
13 we move closer to current time periods, Dr. Liese of the Science  
14 Center has spent a lot of time looking at operating costs.

15  
16 Some of that is included in the description of the economic  
17 environment within the review, and, if you look, you will see  
18 segments of interest, or SOI, as the acronym, and, over there,  
19 it is essentially subdivided in groups, and one could look at  
20 the operating costs for different segments of interest,  
21 including the red snapper and IFQ programs and so forth, as well  
22 as the rate of returns, but, prior to the implementation of the  
23 IFQ programs, I am not aware of studies that essentially look at  
24 operating costs for the fleet itself.

25  
26 **MR. ANSON:** All right. Thank you.

27  
28 **CHAIRMAN GUYAS:** Any other questions for Assane? Okay. I am  
29 not seeing any right now, and we do have a couple of other items  
30 to cover under this agenda item. Let's go next to Dr. Lorenzen  
31 for the SSC recommendations.

#### 32 33 **SSC RECOMMENDATIONS**

34  
35 **DR. LORENZEN:** The SSC reviewed the material with respect to the  
36 joint red snapper and grouper-tilefish IFQ and finds it  
37 acceptable for review by the AP panel and the council. The  
38 motion carried with no objection, and that concludes my  
39 presentation.

40  
41 **CHAIRMAN GUYAS:** Thanks, Kai. Are there questions for Kai?  
42 Okay. In that case, let's go to the Ad Hoc Reef Fish IFQ AP  
43 recommendations. I think, Dr. Diagne, it sounds like you're up  
44 again.

#### 45 46 **AD HOC REEF FISH IFQ AP RECOMMENDATIONS**

47  
48 **DR. DIAGNE:** Thank you. The AP met on June 2 and discussed the

1 IFQ review, and it was a joint review of both the IFQ programs.  
2 They had long discussions on several of these items, and I will  
3 just point out some of the comments made by the AP, and, also, I  
4 will talk about the motions that they approved.

5  
6 When we discussed the challenges of collecting valid prices for  
7 the transfers of shares, as well as annual allocation, the AP  
8 members did suggest that the price data collected could be  
9 improved by going directly to the websites that are now  
10 essentially advertising IFQ shares and allocation for sale, and  
11 so, over there, more relevant, if you would, prices could be  
12 collected to supplement the data collection program that we  
13 have.

14  
15 The IFQ members did discuss public participation, and one of the  
16 observations they made was that, when these programs were being  
17 developed, most commercial fishermen were opposed to public  
18 participation, but, at the end of the day, that was a decision  
19 that the council made.

20  
21 AP members did discuss the increasing trends that we see in the  
22 number of dealers, and they commented that several fishermen  
23 have decided to become their own dealer, to essentially handle  
24 their own landings, but some AP members still felt that a small  
25 number of large dealers control, or, if you would, handle most  
26 of the fish landed.

27  
28 Although most of the multiuse shares are devoted to harvesting  
29 gag, the panel noted its appreciation for the multiuse shares  
30 and the added flexibility it affords, and they passed a motion,  
31 which is on the board right now, for the grouper and tilefish  
32 IFQ program that we maintain all flexibility measures associated  
33 with the red and gag multiuse and shallow-water grouper and  
34 deepwater grouper, and that motion carried without any  
35 opposition.

36  
37 When they discussed prices of annual allocation and shares, the  
38 AP noted that the high prices observed for annual allocation  
39 were simply a reflection of market conditions, in their  
40 estimation.

41  
42 We did mention, in our conclusions, that the grouper and  
43 tilefish IFQ program does not appear to have resulted in a  
44 significant increase in the ex-vessel price of groupers, and AP  
45 members did express some skepticism towards that conclusion, but  
46 we did discuss and note that this conclusion comes from two  
47 peer-reviewed studies, independent studies.

48

1 We did talk about the absence of market power, which was part of  
2 Dr. Stunz's question, and, here, we reemphasized the caution  
3 that, until we have time to look at vertical integration in-  
4 depth, one should take the conclusion with caution, when it  
5 comes to the absence of market power, and, again, the agency has  
6 begun collecting ownership data to better track and study this  
7 issue of vertical integration, its impact on concentration, and  
8 which, in turn, how it would impact market power.

9  
10 As far as the review itself, these were the main comments  
11 offered by the AP, but, in Other Business, the AP also discussed  
12 the red grouper reallocation, as well as a potential expansion  
13 of IFQ to other reef fish species.

14  
15 If we go down to Other Business, there is a motion at the very  
16 end. Essentially, the Ad Hoc Red Snapper and Grouper-Tilefish  
17 IFQ AP supports Reef Fish 53, Action 1, Alternative 2, which  
18 would maintain a de facto allocation. What the AP members  
19 commented on was the fact that red grouper is a key species to  
20 the survival of several fishermen.

21  
22 Finally, AP members discussed a potential expansion of IFQs to  
23 other reef fish species, and their recommendation, in the form  
24 of a motion, is to have the council establish an ad hoc advisory  
25 panel to develop an IFQ program for the remaining reef fish  
26 species, and which species would be included in such a potential  
27 program would be determined and discussed when that AP gets  
28 underway, and that motion also carried without opposition.

29  
30 I would stop here, and these were the comments, the main  
31 comments, from the AP, and, if you have questions, we will try  
32 to answer, or maybe the chair of the AP, Mr. Krebs, would also  
33 have answers to your questions.

34  
35 **CHAIRMAN GUYAS:** Thanks, Assane. Yes, David Krebs is here in  
36 person, if anyone wants to ask him questions. Thanks for being  
37 here, David. Are there any questions about this report, the AP  
38 report? Are you good?

39  
40 **MS. BOSARGE:** Yes, and I think I will have some questions maybe  
41 as we get into specific actions in the document, and I think  
42 that would be a better time for me to ask.

43  
44 **CHAIRMAN GUYAS:** All right. For the IFQ program review, are we  
45 going to go through the action document, or is that it? Leann,  
46 at least for the IFQ review, if that's what you're talking about  
47 -- Okay. We have this IFQ review, and I think the council staff  
48 is looking for us to recommend approval and publication of this

1 review, and, basically, they are ready to put it on the website,  
2 right? Would you like a motion for that then?

3

4 **EXECUTIVE DIRECTOR SIMMONS:** Yes. That would be great.

5

6 **CHAIRMAN GUYAS:** All right. At this point, if we have  
7 recommendations or updates to this report, or changes, now would  
8 be the time to bring those up. Otherwise, we're looking for a  
9 motion to mark this as final and disseminate. Kevin. Thank  
10 you.

11

12 **MR. ANSON:** I was waiting for somebody, if they wanted to add  
13 anything to the document, and so I will make a motion to make  
14 the red snapper and grouper-tilefish individual fishing quota  
15 program review as final and available for posting to the  
16 council's website.

17

18 **CHAIRMAN GUYAS:** You might need to say that again, Kevin, a  
19 little slower.

20

21 **MR. ANSON:** I will make a motion to make the red snapper and  
22 grouper-tilefish individual fishing quota program review final  
23 and available for posting to the council's website.

24

25 **CHAIRMAN GUYAS:** Okay. Is there a second to that motion? It's  
26 seconded by Dale. Thanks. Any discussion? **Is there any**  
27 **opposition to this motion? Seeing and hearing none, the motion**  
28 **carries.** Okay. That will take us to --

29

30 **DR. DIAGNE:** Madam Chair, if I may, and thank you, we will just  
31 add -- We appreciate the motion, and thank you very much. We  
32 will add to the review just a little summary of the points that  
33 the council has made today, and, with that, it will be final,  
34 and so we take this motion as also giving us the editorial  
35 license to reflect today's discussions before we publish on the  
36 website.

37

38 **CHAIRMAN GUYAS:** Okay. 10-4.

39

40 **DR. DIAGNE:** Okay. Thank you very much.

41

42 **CHAIRMAN GUYAS:** All right. Let's move into our next item,  
43 which is Reef Fish Amendments 36B and C. We have that hard stop  
44 at 5:00, and so we'll see how far we get, but I'm going to turn  
45 it over to Dr. Lasseter.

46

47 **REEF FISH AMENDMENTS 36B AND 36C: MODIFICATIONS TO INDIVIDUAL**  
48 **FISHING QUOTA PROGRAMS**

1  
2 **DR. AVA LASSETER:** Thank you, Madam Chair. With forty-five  
3 minutes, let me touch on the action guide first, and then we can  
4 make a decision. What I intend to do is, since we have not seen  
5 these documents in quite a while, is I was going to review the  
6 history and the actions, starting with Amendment 36A and then go  
7 through B and C.

8  
9 We brought you a public hearing draft for Amendment 36B to the  
10 August 2020 meeting, which we were not able to review, and you  
11 last looked at Amendment 36C in January of 2020, and so it has  
12 been some time. At that time, we still have not had a chance to  
13 provide you with the recommendations from the Reef Fish AP,  
14 their last meeting, and now the remaining recommendations from  
15 the Ad Hoc IFQ AP.

16  
17 There is a public hearing draft for Amendment 36B, and so, if we  
18 do approve the document, we have a few questions for you, and it  
19 would be ready for public hearings, if you directed us to do so,  
20 and we have had already had discussion that we would conduct  
21 public hearings through a mail-out and two webinars, and I don't  
22 think we're going to get to Amendment 36C today, and so we'll  
23 probably have to push that to another meeting.

24  
25 The question to pose to you now is the IFQ AP report. Because  
26 we have the chairman of the AP, David Krebs, here, it might be  
27 better to review those first. In the presentation, I have  
28 incorporated all of the motions by action, and maybe it would be  
29 a little easier to discuss then, because your memories may not  
30 be -- My memory of the last time we reviewed this, I had to  
31 really go back and read some minutes, and it might help to get  
32 into the documents more first before we review the AP motions,  
33 but is there a preference?

34  
35 **DR. FRAZER:** Well, I mean, it's your committee, Martha, and I  
36 will defer to you, but there's probably some preference here to  
37 get into the document.

38  
39 **CHAIRMAN GUYAS:** Yes, and I was just opening the presentation,  
40 and maybe we can, like you mentioned, hit some of those AP  
41 recommendations as we move through, and I think that's probably  
42 the most efficient way.

43  
44 **DR. LASSETER:** That sounds good, and what I will do is I will  
45 try and keep an eye on the time, and, at like ten minutes before  
46 5:00, we'll just wrap up the presentation and hit the rest of  
47 the AP recommendations. Okay. Let's move into the  
48 presentation.

1  
2 Because we have been working on this for so long, we added a  
3 history of the whole document for Amendment 36 to Appendix A,  
4 and so Appendix A has your alternatives considered but rejected,  
5 and, in the full version of 36B, if you look at Appendix A,  
6 there is a quite lengthy summary of the history of what has  
7 happened with all these amendments, and here is a brief outline  
8 of that.

9  
10 As you heard in the last presentation, the beginning of 2007 is  
11 when the red snapper program was implemented, and the beginning  
12 of 2010 was grouper-tilefish, and then each of the programs  
13 opened up at the first of the year five years later, and so  
14 we're talking the beginning of 2012 for red snapper and 2015 for  
15 grouper-tilefish.

16  
17 In August of 2011, and so that's just two meetings before it  
18 went open to the public for red snapper, the council actually  
19 initiated this Amendment 36 with a single action, which would  
20 have stopped the opening for public participation, and it would  
21 have maintained the requirement for shareholder to have a  
22 permit. That was driven by public comment at the time from  
23 commercial fishermen.

24  
25 We were beginning the process for the initial five-year review  
26 for the red snapper program, and we did not go final on that  
27 original Amendment 36, and we postponed it at that time, to get  
28 the five-year review conclusions and then to consider additional  
29 changes.

30  
31 You reinitiated 36 in April of 2014, and, at that time, the  
32 council reviewed a list of potential changes, and you began to  
33 work on a document with multiple potential actions, until  
34 January of 2016, when you divided 36A and 36B and moved forward  
35 with A, and I will touch on those actions in just a moment,  
36 going final on that in April of 2017.

37  
38 You continued working on the remaining actions in Amendment 36B  
39 until August of 2019, when you then split B and C, and so B has  
40 only the permit requirement and a supporting action, and then,  
41 last August, and so nearly a year ago, we did bring you a public  
42 hearing draft for 36B, but we were unable to review the document  
43 at that time.

44  
45 36A had three actions in it, and it reclaimed shares that were  
46 held in accounts that had never been activated since 2010, or  
47 when the grouper-tilefish program had come onboard, and it also  
48 gave NMFS the authority to withhold IFQ allocation at the

1 beginning of a year in which a quota reduction was anticipated.  
2 Both of those actions were effective in the middle of 2018, and  
3 the final action required all reef fish vessels, including those  
4 without IFQ species, to hail-in three to twenty-four hours  
5 before landing and to land at an approved landing location, and  
6 that became effective at the beginning of 2019.

7  
8 We do still have these reclaimed shares, and that action is  
9 Amendment 36C, and I just wanted to highlight that, since we may  
10 not get to that this afternoon.

11  
12 36B, the purpose statement in 36B is currently to limit IFQ  
13 share ownership in shareholder accounts without a valid or  
14 renewable commercial reef fish permit, thereby promoting share  
15 ownership by fishermen who have the ability to land reef fish  
16 within the IFQ programs.

17  
18 In this action, there are two related actions, and the first one  
19 is requiring shareholders to have a permit, requiring some or  
20 all shareholder accounts to be associated with a commercial reef  
21 fish permit, and the second action is titled Share Divestment,  
22 but it is the process for actually implementing that  
23 requirement.

24  
25 Those who are unable to meet the permit requirement, those  
26 shareholder accounts that are not associated with a permit,  
27 would need to do so by such a date, and there are options  
28 provided, and then there's also an alternative that addresses  
29 accounts in the future. Should they not have a permit, how much  
30 time would they be allowed, be provided, to get their account in  
31 compliance before having NMFS reclaim those shares. Ms.  
32 Bosarge.

33  
34 **MS. BOSARGE:** Dr. Lasseter, it seems like, the last time we went  
35 through this amendment, you kind of felt like our purpose and  
36 need maybe didn't really fit the action items that we have in  
37 the document, and I don't remember what the purpose and need  
38 statement said then, and do you still feel like it needs a  
39 little bit of tweaking, or are you comfortable with it?

40  
41 **DR. LASSETER:** I'm guessing that you're referring to Amendment  
42 36C, and that's where we're talking about the new entrants and  
43 the small participants and reducing discards.

44  
45 **MS. BOSARGE:** No, I was referring to this one, and let me read  
46 you something. The purpose, and you tell me if you're  
47 comfortable with what you have or if you think this links it  
48 better, and it doesn't matter to me either way. The purpose of

1 this action is to promote a stronger relationship between share  
2 ownership and federally-permitted commercial fishermen, thereby  
3 increasing the likelihood that benefits on the IFQ fishery flow  
4 to those directly involved in it.

5  
6 **DR. LASSETER:** I'm afraid I would have to kind of look at that  
7 written down. I mean, I'm happy if you wanted to provide --

8  
9 **MS. BOSARGE:** You just think about it, and we'll talk about it  
10 later.

11  
12 **DR. LASSETER:** Okay. That sounds great. It was a lot of words  
13 just listening.

14  
15 **CHAIRMAN GUYAS:** It's 4:30, folks, and it's been a long day.

16  
17 **DR. LASSETER:** Okay. Let's go to the next slide, and here are  
18 our alternatives for Action 1, and so always our Alternative 1  
19 is no action, which would not establish new requirements to  
20 obtain or maintain shares, and, in the interest of fitting all  
21 of these on one slide, all of the following alternatives pertain  
22 to the ability to obtain or to maintain, keep, shares that are  
23 held in an account.

24  
25 Alternative 2 would require all shareholder accounts to be  
26 associated with a valid or renewable commercial reef fish  
27 permit, and the note at the bottom also applies to all of these  
28 alternatives, which defines what that means, and a shareholder  
29 account is considered to be associated with a permit if the  
30 permit has the same entity listed on both the shareholder  
31 account and the permit.

32  
33 Back to Alternative 2, all shareholder accounts would be  
34 required to have a permit, and Alternatives 3 through 5 would  
35 exempt some accounts. Alternative 3 would allow shareholder  
36 accounts established after December 31, 2014, and that are still  
37 active -- I'm sorry. Accounts after that date must be  
38 associated with a commercial reef fish permit, and that date is  
39 the five years after implementation of the grouper-tilefish  
40 program, and that's seven years after the red snapper program,  
41 and that's when public participation was then opened for both  
42 programs.

43  
44 Alternative 4 would establish that exemption date of  
45 grandfathering in accounts at the date of a Reef Fish AP meeting  
46 in 2019, October 2, and so all accounts established after that  
47 date would need to be associated with a reef fish permit, and so  
48 all accounts established before that date would be grandfathered

1 in and would not be required to get a permit.  
2  
3 Then Alternative 5 would set the date at the time when this  
4 amendment is implemented, and so it's still in the future from  
5 now, and that's why we don't have specific numbers for this one,  
6 because -- In terms of what number of accounts would be  
7 affected, because people could continue to open accounts until  
8 this amendment is implemented, and all of those would be  
9 grandfathered in and would not be required to have a reef fish  
10 permit.  
11  
12 We do have some recommendations from both APs on this, and we  
13 have those in a subsequent slide, and I wanted to talk a little  
14 bit more about this action before we go into those, and so, to  
15 give you a sense of the numbers we're talking here, if we look  
16 at the next slide, both of these tables are provided in the  
17 document.  
18  
19 These provide the number of accounts, and here we're talking  
20 active, initial, and suspended accounts, and these numbers were  
21 valid on February 25, 2020, and, of course, new accounts could  
22 be created or closed all the time, and so the numbers can change  
23 somewhat, and, on the left side, you can see accounts with and  
24 without a permit, those that are associated with a permit and  
25 those that are not associated with a permit on the right, and  
26 then the top row being those accounts with shares and the bottom  
27 without shares.  
28  
29 You have 369 accounts with shares that also have a permit, and,  
30 here, we're talking red snapper and grouper-tilefish, and, at  
31 the same time, you have 314 accounts that did not have a permit,  
32 but did hold some amount of shares in at least one share  
33 category. This 314 number is what you would be talking about in  
34 this action. These are the accounts that, under Alternative 2,  
35 if you required all shareholder accounts to have a permit, you  
36 would be talking 314 accounts that currently would be affected  
37 on that date. They have shares, but they don't have a permit.  
38  
39 Now, if you remember back to the presentation that Ms. Gray just  
40 gave, she talked about related accounts, and I believe the  
41 number is about 90 percent they think are actually related to  
42 another account, and that means there is some entity held in  
43 common across these accounts, and many people may have their  
44 shares held in one account and then a separate account where  
45 they don't hold shares, but that's where they have their vessel  
46 account, and so this 314 doesn't mean there's just going to be  
47 314 needed permits. It would be a number less than that under  
48 Alternative 2.

1  
2 On the table on the right, you can see, for each of the  
3 alternatives, from that date, the number of accounts that would  
4 be required to be associated with a permit and then the number  
5 that would be exempt under each of those alternatives, and so  
6 there is that Alternative 2 again, requiring all accounts, and  
7 there is that 314, and the fewer accounts as you move forward in  
8 time, and so, if you grandfather in everybody that opened an  
9 account before public participation went final for the grouper-  
10 tilefish program, there would be sixty-four accounts that would  
11 be required to be associated with a permit, which is Alternative  
12 3.

13  
14 Picking that Reef Fish AP date in 2019 would require four  
15 accounts to be associated with a permit by that date, and then  
16 Alternative 5 is not any accounts at this time, but additional  
17 accounts could even be created.

18  
19 This is another table that is in the document that looks at the  
20 number of reef fish permits in relation to landings and IFQ  
21 accounts, and we have the data for 2015 and 2018, just as a  
22 comparison, and the number of reef fish permits in 2018 is 845  
23 valid or renewable reef fish permits. Of those, 528 made at  
24 least one pound of landings of any reef fish during that year,  
25 and so this idea of how many permits would possibly be available  
26 that are not being used, if we want to say latent permits, would  
27 have been around 317 that no landings were made of any reef fish  
28 in 2018.

29  
30 At the bottom, you can see the number of IFQ accounts that were  
31 associated with permits that had an active IFQ in 2018, over  
32 700, and those with IFQ landings of, again, any share category  
33 is about 450. That's just to kind of give you some numbers of  
34 permits available and accounts that could potentially be  
35 affected under the different alternatives.

36  
37 We would expect shareholders with an account that does not have  
38 a permit to respond in different ways to a potential requirement  
39 to get a permit. Some would likely obtain a permit, and some  
40 could possibly sell their shares, and we would expect that many  
41 would consolidate related accounts or potentially form new  
42 business partnerships.

43  
44 We would not expect that many shares would be reclaimed by NMFS.  
45 We would not expect that many would be available in accounts  
46 that would be subject to divestment. People would either --  
47 They would most likely take care of them in some way. However,  
48 we don't know what would be done and who would do what, and

1 potentially public hearings could provide more insight.  
2  
3 Then one more note that this is in terms of accounts with shares  
4 being able to maintain or obtain more shares, and accounts  
5 without shares could continue to transfer allocation without  
6 having a permit associated with them.  
7  
8 The next several slides, we're going to have some questions, and  
9 let's kind of go through all of them before we answer them, so  
10 you can be thinking about them, but, under those three  
11 alternatives, 3, 4, and 5, there would be a new -- There would  
12 be a group of accounts that would be exempt from the permit  
13 requirement, and so there are some additional questions to  
14 address of those.  
15  
16 What is the committee's intent for how those accounts could be  
17 used, and would they be different than all the other accounts  
18 that would be required to have a permit, and so, here again,  
19 we're talking about, if you total up all of those accounts on  
20 the left-hand-side table, you end up with 1,024 accounts, and  
21 hang on to that for a moment.  
22  
23 This is the number of active initial accounts, which are those  
24 that have been created that have not actually been used yet and  
25 accounts that have been suspended, and there's various reasons  
26 for that, like they need to update their citizenship  
27 information, et cetera, and let's go on to the next slide.  
28  
29 Those are the three accounts that I just explained, and there's  
30 one more, which is closed, and so closed accounts are still in  
31 the system, and they can be reopened. The names on the  
32 accounts, however, may not be changed. If you need to make a  
33 name change, NMFS would create a new account for you.  
34  
35 Based on the account's creation date, these closed accounts  
36 could be exempt from the permit requirement, if you intended  
37 that, and so the question would be, to the committee, should  
38 closed accounts that are potentially reopened later -- Would  
39 they be considered exempt from the permit requirement? To give  
40 you a sense of how many closed accounts you're talking, the  
41 total accounts from the previous slide, 1,024, you've got an  
42 additional 800-plus accounts that are closed.  
43  
44 More questions about how can these exempted accounts -- Which  
45 accounts would be exempt, and how could they be used. Can an  
46 exempt account that's not required to have a permit increase the  
47 amount of shares in that account, or is that exempted account,  
48 the amount of shares, is that capped at the time this amendment

1 is implemented?

2  
3 If an exempted account then sells some of its shares, does that  
4 become the new share cap for that account, or can they then  
5 again further increase their amount of shares? Then just a note  
6 for the first five years of each program, before participation  
7 began, we did have some -- You had some accounts that no longer  
8 maintained their permit, but they did keep their shares, and  
9 those accounts were allowed to maintain the amount of shares  
10 that they had, but they could not increase their shareholdings.  
11 They had to obtain a permit.

12  
13 Additional questions, currently, accounts that have been closed,  
14 as noted, can be reopened, and it retains that original date of  
15 creation. As I noted, changing the name for an account would  
16 require a new account. However, changing the ownership behind  
17 an account that's in the name of a business would not require  
18 the creation of a new account, and so some accounts that are  
19 names of businesses, once they're exempt, they could be changing  
20 ownership behind them, and they would maintain that exempt  
21 status, but we want to know, would it be the committee's intent  
22 to allow closed accounts to be reopened and be considered exempt  
23 from the permit requirement and to be able to reopen their  
24 account and obtain shares without getting a permit?

25  
26 Now I am going to come to the AP recommendations, and they are  
27 very similar to the Alternative 4, which provided an AP date as  
28 a more updated date after the five-year public participation  
29 date for when the council would be grandfathered in.

30  
31 From the Reef Fish AP's October 6, 2020 motion, and so a year  
32 after their Alternative 4 motion, they passed another one to add  
33 an Alternative 6. For shareholder accounts established after  
34 that date of that October 6, 2020 AP meeting date, and then the  
35 remaining text of that alternative.

36  
37 The recent Ad Hoc IFQ AP, that met on June 2, 2021, passed a  
38 similar motion as well, to add an alternative grandfathering in  
39 all shareholder accounts established before the date of that AP  
40 meeting. Thus, all accounts after June 2, 2021 would be  
41 required to be associated with a reef fish permit, and they also  
42 recommended this alternative -- The ad hoc AP recommended this  
43 as -- That the council select this as their preferred.

44  
45 Here is all the alternatives, and I included the AP motions at  
46 the bottom there, and so, for each alternative, accounts with  
47 shares, and that's the number that would be required to have a  
48 permit, those accounts opened before each respective date that

1 would not be required to have a permit, and, on the right  
2 column, you can see the number of accounts with shares, but no  
3 permit, as of a year ago, that would fall under each of those  
4 alternatives, and so there is that 314 number that we looked at  
5 before for Alternative 2, and that's all accounts from that date  
6 that would be required to have a permit, and then backing off.

7  
8 For five years, you're talking about sixty-four accounts that  
9 are going to have to either align with another account or get a  
10 permit or sell their shares. Then four as of the October 2019  
11 AP, and to be determined for the current AP motions. I am going  
12 to stop there for a moment.

13  
14 **CHAIRMAN GUYAS:** Ed and then Leann.

15  
16 **MR. SWINDELL:** Do all Reef Fish Advisory Panel members hold  
17 accounts?

18  
19 **DR. LASSETER:** I believe they all hold shareholder accounts. I  
20 don't know if Mr. Parker owns -- I'm sorry. The Reef Fish AP,  
21 or did you say the IFQ AP? The Reef Fish AP is made up of  
22 private recreational, charter captains, and commercial  
23 fishermen, and so not all Reef Fish AP members are involved in  
24 the IFQ program and have an account, no.

25  
26 **CHAIRMAN GUYAS:** Leann.

27  
28 **MS. BOSARGE:** Ava, is it our intention to send this out for  
29 public hearings after this meeting?

30  
31 **DR. LASSETER:** That is at the discretion of the committee and  
32 the council, if you feel you wish to pursue this and send this  
33 out for public hearings.

34  
35 **MS. BOSARGE:** Okay. Then I'm going to make a motion, in order  
36 to start some discussion, and let's try and pick a preferred, if  
37 that's okay with you, Madam Chair. Do you want some discussion  
38 first? I can hold on.

39  
40 **CHAIRMAN GUYAS:** Well, theoretically, I'm good with that, but we  
41 have twenty minutes, and we have David here, and so I was  
42 wanting to at least get through the AP stuff, so that at least  
43 folks can conference with him on the side, or staff can  
44 facilitate conversations with him, if there are people that are  
45 on the phone, but that's where I'm at, and so I would say we  
46 kind of just need to get through this presentation, honestly,  
47 but, Dale.

1 **MR. DIAZ:** I don't know what Leann's motion was, but, without  
2 having to make a motion, I would like to see one of the AP  
3 motions added into the document, and we've got two advisory  
4 panels giving us advice, and I don't want to load the document  
5 up with too much stuff that's got to be analyzed either, and so  
6 we might have to pull some stuff out, but I am in favor of  
7 putting some stuff in, but we don't have to do it right now.  
8

9 **CHAIRMAN GUYAS:** Let's do this. Let's, to the extent that we  
10 can, handle this at Full Council, if we can, so that we can at  
11 least kind of get this stuff out there, and people can chew on  
12 it for a couple of days, and then we'll do what we can in Full  
13 Council, and then we may just need to see where we are. We may  
14 not be through enough of this to approve it for public hearing  
15 at this meeting. Susan, do you have a question?  
16

17 **MS. BOGGS:** Yes, ma'am. Ava, thank you for the presentation so  
18 far. Based on some of the dates that we're hearing, and not  
19 making a motion, but hearing some dates, control dates, of like  
20 June 2, 2021, how would it change this with the number of  
21 accounts, as of February 25, 2020, that we're looking at for  
22 account holders, and would it change 10 percent or 50 percent,  
23 or do you have a clue?  
24

25 **DR. LASSETER:** I do not have a clue. We will have to request  
26 that information, and we will. We did not update the data in  
27 this, except a couple of little tables, since we brought it to  
28 you in the public hearing draft, because we really weren't sure  
29 if you were going to go forward with a public hearing draft and  
30 what might happen with 36C, and so we do need to do -- If you do  
31 send this out for public hearings, we intend to update the draft  
32 with more recent data and then potentially go to public hearings  
33 between August and October, would kind of be our broad plan.  
34

35 I don't expect -- Like looking at these numbers though, I mean,  
36 only four accounts since January of 2020, and I wouldn't think  
37 it would be that many with shares, but I really don't know.  
38

39 **CHAIRMAN GUYAS:** Okay.  
40

41 **DR. LASSETER:** I will just review Action 2, and then we'll  
42 finish the rest of the AP motions for 36C, and then we'll call  
43 it a day. Okay. Action 2, this action addresses, pretty much  
44 implements, or makes effective, the previous action. Thus, the  
45 Alternative 1 is written such that shareholders must be in  
46 compliance by the effective date of the final rule implementing  
47 this amendment, or NMFS would reclaim the shares from those  
48 accounts.

1  
2 Alternative 1 here is essentially saying all accounts that the  
3 council would select as needing a permit would have to have  
4 gotten that permit by the time this amendment goes final, or  
5 else those shares will be reclaimed.

6  
7 The alternatives here provide grace periods, essentially, and it  
8 allows time for accounts beyond the date that this amendment is  
9 being implemented to get into compliance. Alternative 2 is kind  
10 of like the immediate effect. NMFS will reclaim all shares in a  
11 shareholder account that is not associated with a commercial  
12 reef fish permit in one year, three years, or five years  
13 following the effective date of the final rule implementing this  
14 amendment, and there's more detail in the discussion that  
15 describes this as this is what happens in the short term, and  
16 this is reaction to this immediate implementation of this.

17  
18 Alternative 3 refers to after implementation of this amendment,  
19 in the future, should accounts later on no longer be in  
20 compliance with this requirement, and how much time would they  
21 have to get their accounts in order, and the same options are  
22 provided there of one year, three years, or five years, and we  
23 have it termed "following the transfer or termination of the  
24 permit".

25  
26 When the IPT was developing this, we were considering what would  
27 be future reasons that an account might not be in compliance,  
28 that we needed to have this covered, and that was, okay, you  
29 didn't maintain your permit, for some reason, but another issue  
30 came up and was pointed out to us by the IFQ AP, and so they --  
31 I see this as aligned with this particular action, and so let's  
32 go to the next slide there.

33  
34 The IFQ AP recommendation at the bottom, this was part of one of  
35 their alternatives asking for this different control date, and  
36 they added there "inherited shares from a death in the family  
37 are exempt from this requirement for a period of three years".

38  
39 There was quite a bit of discussion amongst the AP members about  
40 having this kind of a provision, and so, until now, there would  
41 be no need for a provision like this, because there is no  
42 restriction on share transfers, right, and so you don't need to  
43 say, well, you get to inherit them, because there is no  
44 prohibition on doing so, but this would be an initial  
45 requirement restriction. To get a restriction on transfer of  
46 shares, you must have a permit, and so the AP is recommending  
47 that you add this as a type of exemption and you provide three  
48 years.

1  
2 There is a process in the regulations that NMFS follows if  
3 somebody does pass away, and it's under the closed accounts  
4 section, and so somebody would contact -- It is incumbent on the  
5 individuals to contact NMFS and let them know that, hey, I am  
6 the heir of this person, and this person has died, and so you do  
7 have to go through NMFS and through this process to provide  
8 documentation.

9  
10 Another point here is that these requirements are not on the  
11 individual. They are on the accounts, and so, just because  
12 somebody dies, NMFS does not know that they have passed away,  
13 and that account is still there, and so somebody would have to  
14 take action and open a new account and contact NMFS and provide  
15 the documentation and then have shares transferred over.

16  
17 We need to discuss that with the IPT still, and we have not had  
18 a chance to meet since the AP, but this sounds like this action  
19 could be expanded to address this issue of inherited shares with  
20 the same range of time periods, one, three, and five years, or  
21 you could potentially intend there to be a different grace  
22 period for someone to settle their estate, versus someone who  
23 let their permit expire. I will pause there.

24  
25 **CHAIRMAN GUYAS:** I've got Leann and then Troy.

26  
27 **MS. BOSARGE:** I think, honestly, that exemption is really -- We  
28 didn't plan for it to be that, but it's already in the document.  
29 If you look at that second action item that you have, Ava, it  
30 seems to me like we would be choosing two preferreds there, when  
31 we get ready to choose preferreds, and the first would be --  
32 Well, let's look straight at Alternative 3, because it speaks to  
33 what the AP was talking about.

34  
35 It says, after implementation of this amendment, if a  
36 shareholder account no longer has a valid or renewable reef fish  
37 permit, and so, first, let me back up. If I had made the  
38 motion, I was going to say that this would not -- This would  
39 only apply at implementation, okay, and any account opened after  
40 implementation of this amendment would be required to have a  
41 reef fish permit, all right, and so, when this was implemented,  
42 it would be my prerogative to give them three years, and I would  
43 choose that three-year option, and this is why I wanted to pick  
44 preferreds, and it would be easier to understand if I was making  
45 motions, but, anyway, to pick the three-year option.

46  
47 After we implement this, if you didn't have a permit associated,  
48 and you open a new account, and you don't have a permit

1 associated with it, you've got three years, right? Then, if you  
2 have an account, and somehow the permit gets disjoined from it,  
3 right, which could happen in this thing about death and things  
4 like that, you have -- The way this alternative reads is, if a  
5 shareholder or an account no longer has an associated valid or  
6 renewable reef fish permit, i.e., the permit is transferred or  
7 not renewed or something, the shareholder must divest of the  
8 account shares, which means you've going to have to sell them or  
9 open a new account or something, in order to meet the  
10 requirements of Action 1, or the shares will be reclaimed by  
11 NMFS.

12  
13 My intent was to choose that three years following the transfer  
14 or termination of the permit, and so that essentially, in that  
15 death scenario, gives you three years, again, to have time to do  
16 something before NMFS would take back the shares, and so I just  
17 thought I would throw that out there, so that, if we are going  
18 to get some public testimony on this, you would know at least my  
19 thought process and you could give us some feedback.

20  
21 While I have the mic, the reason that I was going to choose to  
22 have this apply, this requirement of having a permit associated  
23 with the shareholder account, the reason I was going to have it  
24 apply upon implementation of this document was actually because  
25 of the discussion that the IFQ AP had.

26  
27 Personally, I was hoping to go backwards in time with this,  
28 right, but, after I listened to them, I thought they made some  
29 good points, and I felt like some of them wanted it back in time  
30 and some of them wanted it out into the future, and I think they  
31 kind of came to a good landing spot on that, and so I didn't  
32 feel the need to fall on my sword and go back in time if we  
33 could just get this established going forward, and I thought  
34 that would be a big step, and so David Krebs is in the audience,  
35 and he was the chairman of that AP, if he wanted to add anything  
36 that maybe I misinterpreted or didn't catch in that meeting.

37  
38 **CHAIRMAN GUYAS:** Troy. David, you're coming up? Okay.

39  
40 **MR. DAVID KREBS:** Leann, I think you captured our concerns,  
41 because it was a departure from the original advisory panel  
42 recommendation of what to do after death, and so it was a  
43 concern of ours, because nobody that I know of had prepared for  
44 it.

45  
46 We had the individual option, as an heir, to sell the shares or  
47 to keep them, in the original premise of the AP, and then,  
48 because it got opened up to the public after five years, and now

1 you guys want to close that, and we did too, and we never wanted  
2 an investor fishery, but now that changes the whole parameters,  
3 as you try to limit this stuff down, and it gets really  
4 interesting, because it's the double conundrum. You said here  
5 half the day and talked about more people wanting to get shares  
6 and get in, and, by doing these things, we're actually forcing  
7 more people out, but you got it.

8  
9 **CHAIRMAN GUYAS:** Thanks, David. Troy and then Andy, or, Andy,  
10 is it a question for David?

11  
12 **MR. WILLIAMSON:** I guess my question is can the shareholders  
13 transfer their shares into a private corporation?

14  
15 **DR. LASSETER:** There are private corporations that hold shares.  
16 You open an account, and you go through the process of opening  
17 an account, and so, yes, many accounts are held in the name of a  
18 business entity name, and many accounts are held in the name of  
19 an individual or more than one individual.

20  
21 **MR. WILLIAMSON:** So, in the event of -- Corporations don't die,  
22 and so there is no issue regarding a shareholder who has  
23 transferred his shares into a corporation, the death of one,  
24 because they don't have to -- In other words, if it's in a  
25 corporation, and they have a permit, then they don't have to do  
26 anything, right?

27  
28 **DR. LASSETER:** NMFS does maintain ownership of accounts, and so  
29 the -- If somebody dies and is the sole owner of the  
30 corporation, somebody, at some point, will notify NMFS and  
31 update the ownership, whoever has access to that account.

32  
33 **MR. WILLIAMSON:** So we've got a corporation that never dies, and  
34 we've got -- That owns shares of a public resource in  
35 perpetuity.

36  
37 **DR. LASSETER:** Technically, the shares are permits that are  
38 endured ten years, I believe, and then it's just they are  
39 continually renewed unless the council changes it, and I think  
40 that's the way it was set up in Magnuson.

41  
42 **CHAIRMAN GUYAS:** David, go ahead.

43  
44 **MR. KREBS:** I like the way Troy is thinking, but that was not  
45 our interpretation, and so, in my case, my shares were qualified  
46 under a corporation, and so the shares went -- The boats are in  
47 a corporation, and they qualified for the permits, and so the  
48 permits and shares came into the corporation as well, and so

1 there is still a reef fish permit associated with the  
2 corporation, and so they are still tied together, even though  
3 there's a corporation, and I like the way you're thinking, if I  
4 could get away with not having a permit and keep the shares in a  
5 corporation, and so, I mean, that's something you may want to  
6 define as well.

7  
8 There are people that are corporations after the five years that  
9 bought as private investors and put it in a corporation, but,  
10 for the majority of us, I think, that have corporations when we  
11 were qualifying from 1993 to 2004, I think that we qualified as  
12 corporations, and the shares were issued in the corporation's  
13 name, if that helps any.

14  
15 **MR. WILLIAMSON:** I guess, David, that I think it's a great way  
16 to do business, and, if I were your attorney, I would be  
17 recommending the same thing, but I guess my concern is about  
18 getting these shares back into the marketplace, and, if they're  
19 in a corporation -- Like I said, it's a public resource that's  
20 in a corporation in perpetuity, and that just doesn't seem right  
21 to me.

22  
23 **MR. KREBS:** Well, again, being as we're on opposite sides of the  
24 fence with recreational, commercial fishing is a tough business.  
25 We on the AP, and I was on the original AP that designed it --  
26 Alaska allowed for processor shares, and Bill Horn from Buck  
27 Seafood and I were the only dealers that I remember being on the  
28 AP, and we said, well, are you guys going to put processor  
29 shares, or how do you maintain a fish house if you have no fish?

30  
31 Throughout the whole derby years, everybody needed the fish for  
32 fish houses, and now, as you're hearing today, fishermen are  
33 getting their own dealer permits and becoming their own dealers.  
34 Well, I've got a substantial investment, and I had it back then,  
35 and I've got it now, and what keeps my fish house alive? That's  
36 why Alaska has processor shares, to make sure that investment  
37 continues, because it does take the mechanism of people to move  
38 the wholesale fish through the supply chain.

39  
40 As much as I appreciate what you're saying, you can look at it  
41 from the recreational side too, of, if only one person can sell  
42 hooks, or boats or whatever, but it's just commerce, and so I  
43 wonder, long term, as we keep whittling this stuff down, how are  
44 the fish houses going to survive, honestly, and it takes a lot  
45 of product to pay bills, and so I am not as concerned about this  
46 perpetuity -- I mean, I would love for my kids to take over my  
47 fish house, and I think Captain Guindon would love for his kids,  
48 and, I mean, we've put our whole life and blood into supplying

1 American with fish, and so we would like to see it keep going.

2  
3 **CHAIRMAN GUYAS:** Thanks, David, and thanks, Troy. We've got a  
4 time check, and it is 4:57, and I have one more hand, and so I'm  
5 going to go to Andy, and I think you're going to be it.

6  
7 **MR. STRELCHECK:** Wow. The last word. Leann, I like the way you  
8 were thinking earlier, when you started talking about the  
9 purpose, and I feel like 36B and C have really struggled to get  
10 off the ground, because we've been trying to figure out, well,  
11 what problem are we trying to resolve, or what problem are we  
12 trying to answer.

13  
14 I still am struggling, I think, with the purpose and need, in  
15 some respects because of information we saw this morning, which  
16 is the system is dynamic and public participant accounts are  
17 related to accounts with permit holders, and it's just kind of  
18 hard to tell exactly kind of all those interconnections within  
19 the system.

20  
21 One of the things that I guess that I wanted to comment on, with  
22 regard to the need statement, is we talk about optimizing yield  
23 in the fishery as kind of the basis for this decision, but, if  
24 you look at red snapper, we're catching 99.5 percent of the  
25 quota, right, and so we're optimizing the yield, at least coming  
26 out of the commercial portion of the red snapper fishery, and I  
27 would argue, for the grouper-tilefish fishery, there's probably  
28 not a lot of public participation that's really limiting what's  
29 being caught, and that's more conditions of the fishery itself.

30  
31 I think we need to think about the purpose and need a little bit  
32 more carefully here, and I go back to, Leann, your comment  
33 earlier about, if the desire is to ensure quota shares are in  
34 the hands of those fishermen, and that's kind of a goal or  
35 objective of ours, then that purpose and need statement should  
36 reflect that accordingly.

37  
38 The other, I guess, statement I would make is, given the range  
39 of options here and the amount of people that could be exempted  
40 from this, to me, I really struggle with seeing those large  
41 numbers that would be exempted as really accomplishing the  
42 purpose and need as written currently, right, because, if we are  
43 truly trying to put it either in the hands of fishermen or  
44 optimize yield, then, ideally, those would be the ones linked to  
45 reef fish permits, and so food for thought.

46  
47 **CHAIRMAN GUYAS:** Tom says yes, and it's 5:00.

1 **MS. BOSARGE:** All right, and so, Andy, I'm going to get with  
2 staff, because I did also revamp the need statement, based on  
3 what you said, and, just to kind of paraphrase, in that need  
4 statement, yes, there is this need to achieve OY, but, balanced  
5 with that need, you have to balance the need for ensuring that  
6 sustained participation from those fishing communities, and so,  
7 to me, that's what this whole premise is about, is when you  
8 start having the public participation kind of disjoining the  
9 fish from the fish house and the fishermen, and so I will get  
10 with staff and see if they like it.

11

12 **CHAIRMAN GUYAS:** We will call it there.

13

14 (Whereupon, the meeting adjourned on June 23, 2021.)

15

16

- - -