



Quota Bank 2018 Annual Meeting Executive Summary

December 13, 2018 / St. Petersburg, FL

On December 13, 2018 the Gulf of Mexico Reef Fish Shareholders' Alliance hosted its annual Quota Bank meeting, open to current and perspective members as well as interested individuals. Fourteen fishermen and partners were in attendance. The goals of the meeting were to establish a transparent process for attendees to act as a *de facto* "Advisory Committee", for this Committee to provide feedback and input on the successes and challenges in the Quota Bank, and for the Committee to make recommendations to the Board of Directors of the Shareholders' Alliance on the future of the Quota Bank program. The majority of the meeting was focused on discussing the eligibility criteria, participation requirements, allocation and application process and potential changes to the aforementioned topics. Staff reiterated the need to continue to build a transparent, inclusive, competitive program with objective criteria, that maintained financial solvency, and aligned with the goals and objectives of the Shareholders' Alliance.

I. QUOTA BANK ELIGIBILITY CRITERIA

Shareholders' Alliance staff presented the current eligibility criteria and offered the Committee the opportunity to discuss potential changes and updates. The current criteria for participants include gear restrictions (only fishermen using hook and line gear may apply), ownership of an active reef fish permit, possession of an active IFQ account, membership to the Shareholders' Alliance (which was strongly supported), and submitting your prior year of trip tickets if you're applying for the program for the first time. Discussion from the group centered around the need to build an inclusive but competitive program for qualifying fishermen, to minimize the risk of participants acquiring allocation then not meeting participation requirements, and repercussions for participants who do not meet their requirements. The Committee also discussed multi-year commitments and term limits for participation.

Recommendations

- Keep the existing eligibility criteria.

- If a member commits to attending a meeting, but fails to do so that year, he or she should be banned from participating in the Quota Bank for three years or members must attend a meeting prior to receiving allocation.
- Attending more than the required amount of meetings should prioritize an applicant for allocation in the following year.
- Explore establishing “term limits” for participation in the Quota Bank.
- Shareholders’ Alliance staff should develop a deadline for applications to be considered for 2019 and then explore “open enrollment” model where applications for subsequent years should occur between October and December of previous year.
- Create outreach plan around eligibility criteria, including post cards, website, social media, etc. to better communicate the program and to address misconceptions in the public.

II. PARTICIPATION REQUIREMENTS

Staff then presented the current participation requirements and asked the Committee for feedback. Current requirements include attending one meeting of the Gulf of Mexico Fishery Management Council, Florida Fish and Wildlife Conservation Commission, or a Washington D.C. fly-in. Participants must also submit trip tickets reports within 24 hours of trip completion or before leaving on the next trip. There was overwhelming support for requiring Quota Bank members to attend at least one meeting per year. Discussion also centered around the trip ticket requirement because it is the requirement with the least amount of compliance and can be difficult to enforce. The Committee also discussed the need for multi-year participants to have a higher level of requirements and participation.

Recommendations

- Require all participants to attend two meetings per year.
- Develop multi-year commitment options for Quota Bank participants, but there was no consensus on what participation requirements should be for multi-year participants.
- Prioritize members that exceed participation requirements (i.e. attend three or more meetings in a year).
- Include Quota Bank membership meetings in meeting attendance requirement.
- Improve and expand outreach to educate people about the program and address misconceptions.

III. APPLICATION AND ALLOCATION

Staff presented the committee the application, Board review, and allocation price setting processes. While the Board reviews and approves applications based on eligibility, criteria, and allocation availability; allocation price is set *completely independent* from the Board by an approved formula that takes into account available sources of public allocation lease data. The Committee did not have any objectives to the application or review process, or the formula/methodology by which the lease price was identified. The Committee also supported

digitizing the application process in 2019 and creating regular deadlines within the year for applications instead of status quo of rolling applications and review. The Committee also suggested a streamlined renewal process and one member proposed a tiered priced structure based on a participant's activity level, dedication to the program, or if the enter a multi-year commitment.

Recommendations

- Create quarterly application deadlines (i.e. January 15, April 15, etc) to alleviate time commitment by staff and Board.
- Explore an open enrollment period in subsequent years, i.e. applications for 2020 should be submitted between October and December of 2019.
- Streamline renewal process for members that may request additional quota in the same year.
- For financial stability, Quota Bank should aim to lease out 100% of quota by October of each year.
- Improve and expand outreach to educate people about the program and address misconceptions.

IV. OTHER TOPICS

The Committee also discussed other topics regarding the Quota Bank, including successes and challenges. The Committee agreed that the Quota Bank's recent purchase of red snapper IFQ shares was a major success. They also agreed that the program was accessible and reasonable, and that the staff and Board were doing a good job. Identified challenges included lack of a robust communication plan and the potential need for more allocation. The Committee suggested Shareholders' Alliance staff should publish more information about the Quota Bank and its operating procedures on the website.

Recommendations:

- Increase transparency of Quota Bank through print and digital outreach.
- Create a more robust outreach and communications plan.