

American Fisheries Society
May Management Committee Meeting
Tuesday, May 29, 2018

Participants:

MC Members: Steve McMullin, Jesse Trushenski, Scott Bonar, Brian Murphy, Joe Margraf, Craig Bonds, Justin Davis, Rebecca Krogman, Joe Larscheid, Jackie Watson, Heather Hettinger, Steve Lochmann, Randy Schultz, John Boreman (Constitutional Consultant, non-voting), and Doug Austen (Executive Director, non-voting).

AFS Staff: Drue Winters

Agenda:

1. **Meeting called to order** – at 1:03 p.m. by McMullin
2. **Quorum established** by Boreman
3. **Agenda accepted**
4. **Approval of Management Committee minutes** from the April 16, 2018. Approved with unanimous consent.
5. **Policy update** – Drue Winters
 - A. Status of RAWA – Winters has been meeting with House of Representative staff to work on bill sponsorship. The Cal-Neva chapter has sent letters to all California House members requesting support. Currently there are 57 co-sponsors in addition to the Representatives Fortenberry and Dingell. A RAWA event with AFWA, NWF, AFS and others will be held on June 21. We are still waiting on a Senate bill for RAWA.
 - B. WOTUS – A “headwaters working group” is being convened to synthesize knowledge of headwaters use by fish. This will eventually result in two documents; (a) a synthesis article for Fisheries and, (b) a submission on EPA rule-making once a new draft rule is proposed and open for comment.

CASS Amicus brief – The request for AFS to sign on to this brief was discussed and generally supported. However, it was asked that the brief be sent to the Management Committee for their review.

WOTUS riders on rule repeal and narrow definition – TRCP developed a letter to members of the House of Representatives regarding proposed riders in the Farm Bill and Appropriations bills that would repeal and/or replace the Clean Water Rule with

a narrow definition. AFS has co-signed the letter. This will be circulated to the Management Committee for visibility.

- C. Magnuson-Stevens Act working group update – the working group is attempting to have a draft document by June 1 for working group review. It would then be sent to the Marine Fisheries Section for review before submission to Management Committee for review.
- D. Offshore Wind Energy and Fisheries Panel at Atlantic City – Winters reviewed the current plans for the panel and noted the substantial interest in this topic that is being generated.
- E. Cooperative Fish and Wildlife Research Units funding status – Austen reported that the most recent budget report from the House Interior Appropriations Committee included a net budget increase over FY2018 of \$1.92 million for the Unit program.

6. Constitutional Consultants report (Boreman) - No motions were submitted. A new Constitutional Consultant (CC) apprentice is being sought and several AFS members have been contacted but no final selection has been made. Boreman will continue in his role until a new CC is identified and fulfill his role in training the apprentice.

7. President/Officers report

- A. McMullin reported on the AFS Western Division meeting that was attended by himself, Trushenski and Austen representing AFS leadership. The meeting was extremely well managed and attended. A letter on Pebble Mine is continuing to be reviewed by the Western Division leadership
- B. Annual Meeting Revenue Sharing Model (McMullin; Attachment A) – In recognition of the changes to annual meeting management and other issues, a concept paper for discussion was developed by McMullin to engage the Management Committee in dialogue about options to improve the allocation of annual meeting revenue. It should be noted that this is not a proposal for a set of concepts to encourage discussion and exploration of options. Discussion notes were:
 - (1) Of the models for revenue sharing among the four AFS divisions, Krogman suggested that the membership number based model would be supported. Other options suggested included allocation based upon meeting registration by Division. It was also suggested by Justin Davis that the more even annual allocation of funds to the Divisions would be a benefit to Division budgeting.
 - (2) Chapter allocation – It was suggested that some “host” chapters may not want to give up the traditional 20% allocation for meeting hosting because they have sufficient capacity and interest in providing the traditional level of meeting support.
 - (3) In order to better inform this discussion it was asked that AFS staff provide a more thorough documentation of the division of annual meeting tasks and responsibilities across the spectrum of Staff, Divisions and Chapters.

- C. Annual meeting location discussion – It was requested that AFS staff make sure to fully vet meeting location options with the relevant chapter and division leadership.
- D. President-elect Trushenski – Reported on discussions with vendors at the WD meeting that AFS needs to explore better ways to engage trade show vendors and improve interaction with meeting registrants. Trushenski encouraged dialogue with vendors to explore a variety of options to make the events more meaningful for all parties.
- E. 1st Vice-president Bonar – Noted that the 150th anniversary committee is being developed. Steve Lochmann has agreed to chair these activities and will work with the Columbus, Ohio, annual meeting organization team on activity development and coordination.
- F. 2nd Vice-president Murphy – Reported on the Virginia high school stream program and noted that Cassidy attended one of their field events.

8. Executive Director and AFS staff report

- A. Elections for 2nd Vice-president are going well with the exception of some members not receiving the initial ballot due to email blocking spam filters. Alternative means of informing members of the vote are being employed and members can contact Jasmine Sewell to get vote access through direct means.
- B. Atlantic City annual meeting planning is going well and registration has been open for over a month.
- C. Staffing updates – New meeting planning assistant Steve Kambouris is now working with Shawn Johnston to provide additional and much-needed capacity. A search is underway for the **Fisheries** Managing Editor position with interviews scheduled for early June.

9. Additional Topics – None

10. Adjourn at 2:30 p.m. EDT

Attachment A

Concept Paper – For Discussion Only

Options for Consideration in Changing the Distribution of AFS Annual Meeting Surplus Revenue

The current formula for distribution of surplus revenue from the AFS annual meeting is:

20% to the host chapter

10% to the host division (if the division has substantial involvement or foregoes its annual meeting in lieu of hosting the annual meeting)

70% to AFS (80% if the division is not involved in distribution of surplus revenue)

That distribution model was based on the historical approach of having chapters bid to host the annual meeting and depending largely upon the host chapter to manage nearly all aspects of planning and running the annual meeting. Although chapters (and in recent years, divisions) continue to invest much time and energy into planning and running annual meetings, that model has changed significantly, with AFS assuming far more responsibility for locating and evaluating meeting venues, negotiating contracts and assisting with planning and running meetings. The 2018 annual meeting in Atlantic City will be the last meeting site to be selected from bids submitted by chapters.

The current model for distribution of surplus revenue, along with the changes that have occurred in how meeting sites are selected and contracts are negotiated, has generated several questions that AFS must address:

1. Should the formula for distribution of surplus revenue be changed to reflect greater AFS involvement in the process?
2. Should AFS depart from the traditional practice of rotating the annual meeting among the divisions every four years?
3. If AFS does not maintain the four-year rotation among divisions, should the distribution of surplus revenue to the divisions be altered to provide a more stable revenue stream to the divisions?

Each of these question will be addressed in more detail below.

Should the formula for distribution of surplus revenue be changed to reflect greater AFS involvement in the process?

Although AFS receives the largest share of surplus revenue distribution, in most cases (excepting annual meetings that generate large amounts of surplus revenue), the time and travel expenses of AFS staff to assist with planning, negotiations, and administration (both on-site and off-site) of the annual meeting exceed the revenue returned to the Society. AFS staff exists to serve the members and consequently, it is not unreasonable to expect staff time and expenses to be devoted to assisting with planning and implementation of annual meetings. However, if greater staff involvement has resulted in greater revenue generated and lower expenses compared to past years, then both the units and the Society benefit from greater surplus revenue generated than otherwise would be the case. In addition, the greater involvement of AFS staff has relieved the host chapters and divisions of some of the duties they historically assumed. Therefore, some reallocation of surplus revenue to increase revenue for AFS seems justifiable.

Should AFS depart from the traditional practice of rotating the annual meeting among the divisions every four years?

The primary reason for rotating the location of the annual meeting is to ensure that at least once every four years, the annual meeting will be relatively close to the members in each division. This remains a valid reason for rotating the meeting site; however, must the rotation be exactly four years, or is it acceptable to introduce some flexibility in the rotation? Being more flexible in the rotation would allow AFS to locate the meeting in cities where adequate facilities are available at an attractive price. Convention and hotel facilities in many of the largest cities in North America are prohibitively expensive for AFS. Unfortunately, affordable locations to hold the annual meeting are not evenly distributed across the four divisions.

If AFS does not maintain the four-year rotation among divisions, should the distribution of surplus revenue to the divisions be altered to provide a more stable revenue stream to the divisions?

The financial benefit to divisions provides a secondary reason for rotating the meeting site. Under the current model, a division may receive 10% of the surplus revenue from the annual meeting once every four years and nothing in the other three years. In addition, the revenue distributed to divisions varies widely, as the largest (and often most profitable meetings) usually occur in the Western Division, while the smallest (and generally less profitable) meetings usually occur in the middle of the country. If the surplus distribution model changed to allocate a smaller percentage to each division every year, the divisions would have a steadier source of income. However, such a modification likely would result in a smaller overall allocation to the Western Division and a larger distribution to the other divisions.

Proposed actions:

1. Change the allocation model for surplus revenue from the annual meeting as follows:
 - a. Host chapter 13%
 - b. Each division 3%
 - c. AFS 75%

2. Continue to rotate location of the annual meeting but allow for increased flexibility as follows:
 - a. The annual meeting should be held in each division no less frequently than once every 6 years.
 - b. A division may not host the annual meeting more than twice in any 4-year period.

Justification for Proposed Actions

The proposed allocation model for surplus revenue provides a small increase for AFS and for the divisions, while still providing a significant financial incentive for chapters that host the annual meeting. In addition, the 3% allocation to each division every year will provide a regular stream of income to each division. Although the proposed model treats all divisions equally, the Management Committee may wish to consider alternative schemes that allocate surplus funding to all divisions every year, but on a formula based on the number of members in each division, or to provide a bonus to the host division. The attached table shows how host chapters, divisions and AFS have fared over the annual meetings from 2014-2017, and how surplus revenue would have been allocated under the proposed model. The proposed meeting rotation would provide additional flexibility in locating the annual meeting and still ensure that each division would host at least one annual meeting every 6 years.

Table 1. Surplus revenue distribution from AFS annual meetings from 2015 through 2018. Actual columns show revenue shared under current model (except for 2018, which is estimated). Proposed columns show what revenue distribution would have been under the proposed distribution model.

Year	Total Surplus	Location	AFS		Chapter		Division	
			Actual	Proposed	Actual	Proposed	Actual	Proposed
2015	\$620,000	Portland	\$434,000	\$465,000	\$125,000	\$80,600	\$61,000	\$18,600
2016	\$67,000	Kansas City	\$47,000	\$50,250	\$13,000	\$8,710	\$7,000	\$2,010
2017	\$230,000	Tampa	\$161,000	\$172,500	\$46,000	\$29,900	\$23,000	\$6,900
2018	\$231,000	Atlantic City	\$162,000	\$173,250	\$46,000	\$30,300	\$23,000	\$6,930
	Total		\$804,000	\$861,000	\$230,000	\$149,510	\$114,000	\$137,760*

*Under the proposed distribution model, each division would have received a total of \$34,440 over the 4-year period.

Divisional allocation if done by percent of total AFS membership

Western \$31,248 + \$3,377 + \$11,592 + \$11,642 = \$57,859
 Southern \$17,866 + \$1,930 + \$6,624 + \$6,653 = \$33,073
 North Central \$17,121 + \$1,849 + \$6,348 + \$6,376 = \$31,694
 Northeastern \$8,188 + \$884 + \$3,036 + \$3,049 = \$15,157

Attachment B

April 26, 2018

MEMORANDUM

To: Douglas Austen,
Executive Director; and
Dan Cassidy, Deputy Exec. Dir.,
American Fisheries Society

From: Gretchen S. Bolton,
CFP®, CLU, ChFC

Subject: **American Fisheries Society 1st Quarter Review 2018**



The 1st Quarter Review for 2018 of AFS Long Term Investment and Collateral Reserves is based on figures from AXA/LPL Performance Appraisals through March 31, 2018, and Morningstar Snapshot Reports, both of which are attached herewith. The most authoritative sources for account information are your monthly Statements, which have been sent to you separately.

You had a total of \$4,411,443.56 in Reserves at the end of the quarter.¹ The Long Term Reserve balance was \$3,707,233.81, and the Collateral Reserve account balance \$704,209.75. AFS made no deposits nor withdrawals in the 1st Quarter, although there was a chapter fund withdrawal of \$10,000 on 4/16/2018, after the end of the quarter. The combined portfolio has stayed within our allocation guidelines, with current allocations about the same as at the beginning of the year, 73% equity to 27% fixed income and cash, on the cusp of the Moderately Aggressive and Moderate benchmarks.

Security markets have been extremely volatile since the beginning of the year and went negative the last week of the quarter. The Moderately Aggressive benchmark was down -0.83% for the year, and the Moderate benchmark, down -0.91%. Your returns, down -0.95%, are within range of these benchmarks, although we work to do better than these targets. (Returns came back to even for the year as of the date this review is being written.) Both equity and bond markets took a hit in the period. The S&P 500 US Total Return index² was down -0.76%, and Barclay's US Aggregate Bond Index fell to -1.46%. Past performance is no guarantee of future performance.

Fixed income holdings are estimated to yield \$37,017 (currently going to cash) over the next 12 months, and another \$44,824 will come from dividends on stock fund holdings (most of which are reinvested), bringing the cash yield to 1.84% for the whole portfolio.¹ Cash balances were somewhat high most of the year, reducing income, but allowing for the withdrawal in April to come from cash, without the necessity of redeeming any securities. Cash balances totaled \$35,926.83 on March 31 and are now \$20,438.94, after the withdrawal and the wrap advisory fee.

AXA ADVISORS

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Securities and Investment advisory services offered through AXA Advisors, LLC (NY, NY 212-314-4600), member FINCA, SIPC

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The Federal Reserve lifted its key interest rate from 1.5% to 1.75% on March 21, the highest level since 2008. In the past week, word came out that it intends to hike interest rates even faster over the next few months. These changes will result in further decline in value of bond funds, but with compensatory higher income. A policy of diversity in durations, inclusion of international and high income categories, and overweighting on short duration was validated in the recent roiling markets. In this quarter, only the longest duration bonds fell below than the index, while the shortest term and global bonds were in positive territory by more than 1%. While we have held off reinvesting dividends when bond interest rates were low, it is now time to reverse that strategy.

We are able to evaluate the quality of your investments and their performance through the hypothetical Morningstar Snapshot. It demonstrates what the performance of your portfolio's specific fund choices in the given allocation would have looked like in a *static* portfolio, with no activity, over a multi-year look-back period. Our goal is that quality fund choices in the mix will outperform the benchmark index, both on returns and with less risk, on a rolling look-back basis. This is not a perfect comparison for your portfolio because you are on the cusp of Moderate and Moderately Aggressive allocations. However, your specific allocation and funds beat the Moderate benchmark in the 1-3-5 and 10 year rolling averages, with only fractionally more risk, and at the same time beat the Moderately Aggressive benchmark in the 5 and 10 year periods, with less risk.⁴ Past performance is no guarantee of future performance.

¹Figures are based on the March 31, 2018, AXA/LPL Performance Appraisal Reports and the Estimated Income projections, which accompany this summary. Total returns are calculated by a modified internal rate of return method and include both market valuation changes and dividends. While this material summarizes certain information contained in the attached documentation, it is not the official record of your account. This summary is offered at your request for your general reference, but the information it provides is in no way guaranteed. You should rely solely on the attached documentation and monthly statements that you have already received for complete and final information. In the event of a discrepancy between this summary and the attached documentation, or a discrepancy between this summary and any other product sponsor/issuer-generated statements, the monthly statements will prevail. Please note that values shown herein may not reflect surrender charges that may be applicable to annuities and life insurance products and that some investments may have substantial fees and/or penalties associated with early withdrawals. (This last sentence does not apply to your current holdings.) Securities products and services are offered through AXA Advisors, LLC (member FINRA and SIPC), 1290 Avenue of the Americas, New York, NY 10104 (212) 314-4600.

²All quoted indices herein are unmanaged baskets of securities according to type, valuable as indications of market trends, not directly comparable to your portfolio. Indices are provided by Morningstar Associates daily, at its website <http://news.morningstar.com/index/indexreturn.html>. Past performance is no guarantee, nor forecast, of future performance.

³Resources used in preparing this report include AXA Advisors portfolio information sources; Morningstar Associates, LLC; S&P Stock Reports; LPL Financial research sources, and access to multiple independent researchers' evaluations and recommendations. Please refer to the Research Disclaimer Statements accompanying the Portfolio Appraisal and the Morningstar Snapshot.

⁴Volatility or "risk" is measured by Standard Deviation; return on risk is measured by the Sharpe ratio—see the Morningstar Snapshot report, which looks back at and provides statistics on the performance of your *current* allocations and fund selections over a period of years. Returns in the Morningstar report are not identical with your actual returns, since activities in your accounts (including deposits, withdrawals, and changes in investments) in the look-back periods are not taken into consideration.

AMERICAN FISHERIES
Summary of All Units
For the Three Months Ending 3/31/2018

	Year to Date - Actual			Budget		2017 Annual
	2018	2017	Var \$	2018 BUDGET	vs YTD Actual	Actual
Revenue						
Administration	(\$36,567)	\$172,451	(\$209,019)	\$297,000	(\$333,567)	\$560,301
Web	16,839		16,839	7,000	9,839	4,920
Continuing Education				12,000	(12,000)	19,675
Rotenone				16,000	(16,000)	3,856
Certification	1,510	300	1,210	10,000	(8,490)	5,750
Other Education				12,000	(12,000)	
Other Gov		590	(590)			
Hutton	4,000		4,000	150,000	(146,000)	134,650
Cornell				132,000	(132,000)	237,477
Other Grants & Contracts				125,000	(125,000)	
Annual Meeting	24,280	17,570	6,710	1,009,000	(984,720)	931,802
Membership	459,941	415,030	44,911	567,000	(107,059)	464,930
Awards	3,207	3,750	(543)	4,000	(793)	5,590
Mem Other	5,525	3,047	2,478	13,000	(7,475)	8,865
Jobs	6,675	6,650	25	30,000	(23,325)	26,677
Advocacy		23,500	(23,500)	25,000	(25,000)	26,700
Books	21,202	14,136	7,066	131,000	(109,798)	30,843
Journals	276,740	835,717	(558,977)	1,240,000	(963,260)	1,048,166
Fisheries						45
Total Revenue	783,352	1,492,741	(709,391)	3,780,000	(2,996,649)	3,510,247
Expenses						
Administration	110,668	75,952	(34,716)	320,000	209,332	569,365
Staff Costs	548,410	523,904	(24,506)	2,139,000	1,590,590	2,029,516
Technology	18,337	1,064	(17,273)	39,000	20,663	36,403
Communication	566	26	(540)	11,000	10,434	1,585
Web	9,912	6,985	(2,926)	19,000	9,088	40,131
Development		433	433	12,000	12,000	3,234
Continuing Education	280		(280)	10,000	9,720	20,132
Rotenone				16,000	16,000	
Certification	44		(44)	1,000	956	404
Other Education				1,000	1,000	2,040
Board	13,967	22,828	8,861	54,000	40,033	46,008
Committees				2,000	2,000	
Hutton	62	1,991	1,929	123,000	122,938	96,291
Cornell	26,385	20,114	(6,271)	61,000	34,615	88,792
Annual Meeting	73,881	35,469	(38,412)	818,000	744,119	758,089
Other Meetings				1,000	1,000	488
Membership	28,561	26,396	(2,165)	114,000	85,439	134,627
Awards	451	966	515	15,000	14,549	5,791
Mem Other	1,058		(1,058)	1,000	(58)	1,043
Units		577	577	1,000	1,000	577
Advocacy	4,105		(4,105)	27,000	22,895	5,099
Books	9,833	10,068	235	25,000	15,167	32,213
Journals	14,045	6,180	(7,865)	152,000	137,955	168,741
Fisheries	1,267	5	(1,262)	7,000	5,733	2,750
Total Expenses	861,832	732,958	(128,873)	3,969,000	3,107,168	4,043,319
Net Change from Operations	(78,480)	759,783	(838,264)	(189,000)	110,520	(533,072)
Non Operating (shown on a net basis)						
Rotenone						(3,856)
Restricted contributions	18,560	7,124	11,436	285,000	(266,440)	98,779
Total Non Operating	18,560	7,124	11,436	285,000	(266,440)	94,923
TOTAL NET CHANGE	(59,920)	766,907	(826,828)	96,000	(155,920)	(438,149)

American Fisheries
Statement of Financial Position
As of 3/31/2018

	2018	2017	Variance
ASSETS			
Current Assets			
Petty Cash	\$694	\$694	
Checking	570,060	857,747	(287,687)
Certificate of Deposits		54,095	(54,095)
Accounts Receivable	54,430	181,510	(127,080)
Allowance of doubtful accounts	(14,170)	(14,170)	
Inventory	282,238	439,814	(157,576)
Prepaid Expenses & Deposits	55,328	91,381	(36,053)
Current Assets	<u>948,580</u>	<u>1,611,071</u>	<u>(662,491)</u>
Property and Equipment	1,119,826	1,085,886	33,940
Accumulated Depreciation	(708,524)	(672,706)	(35,818)
Net Property and Equipment	<u>411,302</u>	<u>413,180</u>	<u>(1,878)</u>
Long Term Assets			
Long-Term Investments	4,409,305	4,141,704	267,601
Total Long Term Assets	<u>4,409,305</u>	<u>4,141,704</u>	<u>267,601</u>
Total Assets	<u>5,769,187</u>	<u>6,165,955</u>	<u>(396,768)</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable	161,531	154,585	6,946
Accrued Expenses	237,634	178,551	59,083
Subunits Dues Payable	132,298	94,340	37,958
Subunits Books Payable	18,804	20,549	(1,745)
Deferred Income	867,857	107,303	760,554
Total Current Liabilities	<u>1,418,124</u>	<u>555,328</u>	<u>862,796</u>
Net Assets			
Net Assets - Unrestricted	4,409,323	4,843,718	(434,395)
Change in Unrestricted Net Assets - Curr Year	(58,260)	766,909	(825,169)
Total Net Assets - End. Balance	<u>4,351,063</u>	<u>5,610,627</u>	<u>(1,259,564)</u>
Total Liabilities and Net Assets	<u>5,769,187</u>	<u>6,165,955</u>	<u>(396,768)</u>