

**2005 Multi-Species CDQ
First Quarter Report
(Public Version)**

for the

**Aleutian Pribilof Island
Community Development
Association**

May 2, 2005

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I. Quarterly Highlights

It goes without saying that a considerable amount of management's time and energy has been diverted from APICDA's normal business to respond to the CDQ quota reductions recommended for APICDA by the state CDQ team on February 9, 2005. Our preparations for the upcoming fishing year have been degraded, our desire to develop a coherent exit strategy for OceanLogic has been frustrated, partnership issues with each of our outside, offshore investments have been set aside, internal management issues are not being addressed in a timely manner, and employee morale has suffered tremendously. There are more costs associated with the CDQ team's draft allocation recommendations than the simple mathematical calculations the quota cut portrays. By the end of this quarter, our unanticipated legal costs alone were just under \$ 40,000. We do not expect to see this situation improve until late summer. We were absolutely blindsided by the recommended cuts, and unprepared for them.

APICDA's employment goal for 2005 is to provide at least 80 jobs for APICDA residents. By the conclusion of the first quarter, a total of 39 job positions (39 discrete individuals) had been filled by APICDA residents, generating wages of \$295,408 – over \$ 7,500 per job. Based on population, we employed just over seven percent (7%) of APICDA's community members during the first quarter of 2005. During the first quarter, nineteen individuals attended various vocational education or specialized training programs. APICDA invested \$20,756 in vocational education scholarships for its residents this quarter. Forty -two individuals used APICDA higher education scholarships during the first quarter of the year. Each scholarship is capped at \$5,000 for the school year. A total of \$98,750 in higher education scholarships were disbursed in the first quarter.

The APICDA board, subsidiary boards, and committees were quite active in the first quarter. These various boards and committees conducted a total of ten meetings over the quarter.

In January, APICDA's management team spent four days re-assessing the current viability and future potential for Ocean Logic, utilizing the dynamic planning tool introduced to the team by Professional Growth System's Bill Dann. Another one day follow up session was held in late March. The results of those sessions will be briefed to the AJV BOD in May for final action.

The management team conducted a thorough, due diligence examination on the prospective purchase of 50 % ownership in the crab vessel Barbara J.

Management and staff spent approximately 55 "person days" in the APICDA region in the first quarter. The majority of these 55 days consisted of servicing our 8 wholly owned vessels for the upcoming fishing year and beginning several maintenance projects on existing plants and facilities. However, four members of APICDA's five person management team (Joe Kyle, John Moller, Rob Smith, and Mark Ervice) conducted a dynamic planning session in False Pass with community leaders. The purpose of the session was to integrate community and APICDA desires in a "right sized" shore based processing plant, based on the earlier concepts presented in the McDowell Group's feasibility study and business plan for the facility.

Joe Kyle and John Moller spent a one day session with Mr. Bill Dann, our outside "consultant", to continue his work with APICDA's management team.

Quarterly Highlights (cont.)

APICDA concluded its Bering Sea “A” season pollock fishery during the first quarter. Nearly 100 percent of the A season allocation was harvested. PSC catch year-to-date consisted of less than three metric tons of halibut, 91 Chinook salmon, and 7 opilio crabs.

John Moller, General Manager of APICDA and member of the Advisory Panel (AP) of the North Pacific Fishery Management Council (NPFMC), participated in one NPFMC meeting this quarter. He played a leadership role as the AP endorsed a regulatory change for halibut management Area 4C and 4D. The change will allow Area 4C halibut CDQ and IFQ to be caught in Area 4D, and permit “D” class shares to be harvested on larger and safer, “C” and “B” class vessels.

Director Pete Crandall and Joe Kyle participated in Cannon Fish Company’s annual BOD meeting.

Larry Cotter participated in Mum Alaska L.L.C.’s annual BOD meeting.

Mr. Jim O’Connell unexpectedly resigned as APICDA’s financial consultant in January. As a result, the HarrisDirect portion of the LRA was closed, and all funds were transferred to APICDA’s LRA account at SmithBarney. The net effect of this change in LRA management is a reduction in management fees paid for LRA administration.

A problem with the NPDES permit for APS surfaced during the late summer and fall of 2004, when we began researching requirements to upgrade the existing permit to allow for greater discharge levels associated with our plans to produce fletches in quantity. An internal investigation uncovered the fact that the Atka Fishermen’s Association, in whose name the NPDES permit was originally issued, failed to renew the permit in 1998. We notified EPA of the error, supplied the agency with the pertinent facts, and await any enforcement action that may result. In the meantime, EPA issued APS a new NPDES permit to cover our anticipated needs from the fletching operation.

Please visit APICDA web site at: www.apicda.com

II. Community Development

A. Progress Toward Goals, Objectives, Milestones

The following is a review of the highlights from APICDA's goals, objectives, and milestones. See Tables 1 through 7 for a specific review of all milestones, by community.

1.) Employment: APICDA's employment goal for 2005 is to provide at least 80 jobs for APICDA residents. In the first quarter, a total of 39 job positions (39 discrete individuals) had been filled by APICDA and CDQ residents, generating wages of \$295,408.

APICDA's employment goal (number of jobs/year) for CY 2005 may be understated. During CY 2003 and CY 2004, APICDA averaged 102 individuals employed each year, with an average wage of over \$13,000 per individual. Based on population, approximately nineteen percent (19%) of APICDA's community members were employed through APICDA generated activities during those two years of the current CDP cycle.

2.) Training: APICDA's goal is to provide vocational education and training assistance for any resident who desires the opportunity or needs help. During the first quarter, nine APICDA residents attended various vocational education or specialized training programs. Total funds requested and approved were \$20,756.

3.) Internships: APICDA seeks to place five to ten college students in the scholarship program in summer internships. The purpose of the college internship is to provide summer (or non-school time) employment opportunities to residents receiving higher education scholarships in fields of interest to them, APICDA and its subsidiaries. This quarter our Human Resource director began recruiting both student and potential employer participants for this summer's program. We expect to meet the outlined milestones associated with this project.

4.) Education: Forty-two individuals used APICDA higher education scholarships during the first quarter of the year. Each scholarship is in the amount of up to \$5,000 for the school year. A total of \$98,750 in higher education scholarships on behalf of APICDA residents has been spent the first quarter.

5.) APICDA Joint Ventures, Inc. (AJV) Activities: AJV activities during the first quarter consisted of overseeing the various subsidiary corporations, including Atka Pride Seafoods, Puffin Seafoods, L.L.C., Kayux Development, L.L.C., APICDA Vessels, Inc. (includes Farwest Leader), Nelson Lagoon Storage Company, L.L.C., OceanLogic, L.L.C., Nazan Bay Inn, Starbound, Cannon Fish Company, Prowler, L.L.C., Ocean Prowler, L.L.C., Golden Dawn, L.L.C., Bering Pacific Seafoods, L.L.C., Ugludax, L.L.C., and MUM Alaska, L.L.C. AJV continued to discuss the formation of new joint venture corporations, and to review other investment opportunities.

6.) APICDA Vessels, Incorporated (AVI): AVI activities during the first quarter consisted of preparing and launching its fleet for the upcoming fisheries. This includes the five AP boats, the *Bonanza*, the *Taty Z*, and the *Konrad I*.

The *AP 1*, *AP 2*, and *AP 3* will be used for the tendering and harvesting platforms in the St. George halibut fishery. Management is in the process of hiring local St. George residents to run the vessels this summer.

The *AP 4*, *AP 5*, *Bonanza*, *Taty Z*, and *Konrad I* will participate in the Atka halibut fishery. AVI staff is currently preparing the vessels for the up-coming season. The 4B halibut fishery is anticipated to commence in early June.

The F/V *Konrad I* participated in three fisheries in the first quarter. In January, the *Konrad* participated in the South Peninsula Bairdi crab fishery. The *Konrad* harvested approximately 25,500 pounds of Bairdi. This harvest represents nearly ten percent (10%) of the entire quota for this area. In February, the vessel participated in the state and federal Pacific cod fishery. Using pot gear, the vessel harvested over 330,000 pounds of Pacific cod.

The vessel was skippered by an APICDA resident. One of the two deckhands was also an APICDA resident, while the other deckhand was from the region (King Cove). The skipper performed exceptionally well exceeding management's fish plan expectations for total gross income of the combined fisheries by forty-eight percent (48%).

The vessel is currently harvesting Bering Sea IFQ/CDQ sablefish. One APICDA and one regional community member are part of the fishing crew.

7.) Atka Pride Seafoods (APS) Activities: APS is undergoing additional modifications in 2005. Projects include electrical up-grades, outfall line installation, upgraded ice making capacity, and widening of the dock. The cost of these up-grades is included in the 2005 budget. The plant will open for business in late May or early June.

8.) Puffin Seafoods, L.L.C.: Puffin Seafoods will operate as a fish handling facility in 2005. We anticipate that one, possibly two local community members will be employed. AVI is will be involved with the fishery and committed the use of the *AP 1*, *AP 2*, and *AP 3* as tenders/harvesting vessels. The halibut will be sold directly to the Trident plant in St. Paul, and then be custom processed for Cannon Fish Company. Two or three local skiffs will also participate in the fishery.

9.) Nelson Lagoon Storage Company, L.L.C.: Nelson Lagoon Storage Company is gearing up for the up-coming salmon season. In the off season, the company purchased a forklift and travel-lift to better serve its clients. The forklift will provide easier access to the second level of the storage building, making this area more available for storage rentals. In 2005, the company is planning extensive groundwork to stabilize and reinforce the

gravel road and warehouse apron/parking lot between the dock and the boat yard so the travel lift can carry boats without sinking in the loose gravel.

10.) Bering Pacific Seafoods, L.L.C.: The APICDA and Bering Pacific Seafoods, L.L.C. Board of Directors approved the shoreside processor business plan prepared by the McDowell Group. Construction will begin in the 2nd quarter of CY 2005.

11.) Ugludax Lodge: Booking for the lodge in Nikolski is higher than last year at this time. MUM of Alaska, who manages the Ugludax Lodge property, reported that the lodge has nine weeks of booking to date. Operations will begin in May, with the first clients arriving in early summer. Activities include reindeer hunts, sport fishing outings, and eco- tourism adventures.

12.) Akutan Fishing Venture: APICDA established a loan program to assist local Akutan residents to purchase halibut quota shares in 2003. Over \$235,000 was loaned to help local Akutan residents purchase about 30,000 pounds of IFQ halibut. The APICDA board committed \$200,000 for 2005. The fishery is expected to commence by mid-May.

B. Outreach

APICDA management traveled to many of our communities during the first quarter to meet with residents and discuss a wide variety of CDQ and development related issues. Management and staff spent approximately 55 "person days" in the APICDA region in the first quarter. Project development, project maintenance, and community outreach are some of the activities/purposes for their trips to the APICDA communities. The bulk of this outreach was in the communities of Atka and False Pass.

APICDA's Human Resource department is actively recruiting APICDA residents for available positions and anticipated future positions with APICDA, APICDA subsidiaries, and APICDA harvesting partners.

APICDA Community Liaison Officers (CLO) provided employment and training information to residents of their communities. This includes assisting in recruiting and recommending funding for in-region training and other training opportunities. All CLOs are required to interview scholarship applicants to verify their eligibility and employment goals after their training. The CLOs work closely with the Human Resources Director in relaying community training needs and ideas.

APICDA provides each entity within our eligible communities a copy of the Community Development Plan (CDP), and public version of the quarterly reports. Quarterly newsletters and website are vehicles used by management to increase awareness of all that APICDA and its subsidiaries have to offer for our community members.

C. Employment

CDQ Local Resident Employment for First Quarter, 2005 and Year-to-Date

	Quarter		Year-To-Date		Year-To-Date
	Positions	Wages	Positions	Wages	Discrete People
Management/Admin	5	\$94,860		\$94,859.66	5
Board Members	9	23,100		23,100.00	9
Community Liaisons	7	9,000		9,000.00	7
CDQ A/B Season	5	38,612		38,612.15	5
CDQ C/D Season					
Other Fishing	9	109,894		109,894.30	9
Internships	0	0		0.00	0
Other Employment	13	43,042		43,041.88	13
Totals	39	\$295,408		\$295,407.99	39
Quarter Discrete	39	Yearly Discrete Positions	39	Yearly Discrete People	39

Note: "Positions" are the total number of individuals who receive compensation for the quarter or year-to-date. "Discrete people" and "discrete positions" refer to the actual number of individuals or positions during the time period. Several individuals were employed in different categories during the quarter or year-to date; this means that these individuals are double (or triple) counted in the "positions" column or category, and show up in more than one of the "discrete people" categories; however, they are only counted once in the bottom line under "discrete people" or "discrete positions." Additionally, **Appendix 15** provides a complete listing by name, category, and community for all individuals employed for the first quarter. **Appendix 16** provides a complete list of Alaska Residents employed by APICDA and subsidiaries in the first quarter.

Summary

Management/Administrative: Five (5) employees are working for APICDA in Juneau and Anchorage. These employees are enrolled residents (or their spouses) of APICDA member communities and Unalaska. Total wages paid this quarter \$94,860.

Board Members: During the fourth quarter, nine (9) board members from various boards received compensation for their duties and responsibilities. Compensation for the quarter totaled \$ 23,100 (this figure **IS NOT** included in the above financial statistics).

Community Liaison Officers: Seven (7) APICDA residents received compensation for CLO duties. The total expended during the quarter was \$9,000.

Direct Employment from CDQ Pollock Fishing: Five (5) Atka residents fished pollock on the Starbound this A season. Four of the Atkans are returning employees, and one resident completed her first season. Of note, one Atkan just completed his 6th season on the Starbound. The combined total wages for these residents is \$38,612.15.

Other Fishing - 9 Residents Total: In the first quarter two (2) residents from Akutan were deckhands on the Barbara J. One resident is a returning crew member and fished Opilio crab and Pacific cod. The other Akutan resident fished Pacific cod only. This was his first season on the Barbara J. However, he has fished with other APICDA partners. In 2004 during the third and fourth quarter he fished on Prowler and in 2003 he was a processor on Starbound. The combined total wages for these residents is \$27,064.61.

One (1) St. George resident fished on the F/V Bering Prowler and two (2) Akutan residents fished on the F/V Prowler during the first quarter. These are returning employees. The total combined wages for these residents is \$50,347.56.

Three (3) residents of False Pass fished on the Konrad I for the 2005 Tanner Crab and Pacific Cod. One individual skippered the Konrad I and during the 4th quarter 2004 received his OUPV license through APICDA's Supplemental Education Scholarship program. The total combined wages for these residents is \$30,481.97.

One (1) Atka resident received an additional 2004 Atka Pride Seafoods year end bonus this quarter in the amount of \$2,000 for her outstanding performance.

Other Employment - 12 Residents Total: Atka Pride Seafoods employed three (3) Atka residents during the off-season in the first quarter. The total combined wages for these residents is \$12,520.50.

One (1) Nikolski resident was employed as the watchman of the Ugludax Lodge for a total of \$3,600.00 paid in wages.

One (1) Atka resident was employed as Nazan Bay Inn's Manager during this quarter for a total of \$502.90 paid in wages.

One (1) False Pass resident was employed as Bering Pacific's watchman during this quarter for a total of \$5,538.48 paid in wages.

Two (2) Nelson Lagoon residents were employed by APICDA Joint Venture's subsidiary company Nelson Lagoon Storage Company. Total combined wages for the quarter were \$5,400.

Five (5) Akutan residents were employed as divers and stevedores for a total of \$15,480.00 paid in wages.

D. Training & Education

Training and Education for First Quarter, 2005 and Year-to-Date

		Quarter	Year-To-Date		
	People	Expenditures	People	Expenditures	
Scholarships					
Post Secondary	42	\$98,750	42	\$98,750	
Vocational		0		0	
Voc-Tech Classes					
Basic	1	2,369	1	2,369	
Advanced	0	0	0	0	
Other Training					
Fisheries Related	18	18,397	18	18,397	
Student Loans	0	0	0	0	
CDQ Staff/Board	3	993	3	993	
Other	0	0	0	0	
Other Expenditures					
To Educational Institutions					
Education Endowment					
Funds					
Community Conference					
Fish Association Grants	N/A	60,000	N/A	60,000	
School Grants	N/A	39,400	N/A	39,400	
Miscellaneous Grants	N/A	\$5,716		5,716	
Total	64	\$225,625	64	\$225,625	

Summary

1.) Higher Education: APICDA awarded **42** Higher Education Scholarships to students during the first quarter. Each scholarship was a maximum of \$2,500 for the spring semester, totaling \$98,750.00 in awards this quarter. The Human Resources Director was in contact with all students about the progress of their continuing education and received their current transcripts.

Student awards by community:

- 7 Students from Atka
- 5 Students from False Pass
- 2 Students from Nelson Lagoon
- 4 Students from Nikolski
- 3 Students from St. George
- 21 Students from Unalaska

**An additional scholarship was awarded to 1 student from Homer, who is a benefited as an APICDA employee's dependent.

2.) Vocational Education: During the first quarter **18** residents participated in APICDA's supplemental education scholarship program. A total of **20** training opportunities were offered. Two residents participated in more than one training program this quarter. All training was fisheries related.

A HAZWOPER course was held in Nikolski this quarter. Eleven (**11**) people participated in the training. Those certified are working on an oil spill clean up in Nikolski. The participants are now certified to manage their new tank farm emergencies.

One (**1**) St. George resident earned his OUPV license this quarter to skipper one of AVI's AP boats.

One (**1**) resident from False Pass is attending AVTEC to receive an Able Seaman certificate.

Four (**4**) residents completed Copper Development Pipe Soldering; One resident from Atka, one resident from Unalaska and two residents from St. George.

Two (**2**) residents from Nikolski completed Basic Electrical Training.

One (**1**) resident from St. George completed an 8 hour HAZWOPER Refresher course to gain employment with the Unalaska oil spill clean up. This resident earned the 40 hour HAZWOPER license last year from APICDA sponsored in-region training in St. George.

One (**1**) APICDA employee who previously lived in St. George attended a basic Voc-Tech class on CAT engines in Texas this quarter for a total of \$2,369.33. This training will help with responsibilities in maintaining APICDA's vessels.

3.) Other Expenditures: APICDA provides various programs to the communities that receive funds from the Training & Education Program. These programs provide benefits to APICDA communities in education, experience, and good will services.

APICDA awards Fishermen Association grants in the amount of \$20,000 yearly to our seven participating fishermen's associations. These grants provide seed money to the associations for fishery-related projects, organizational expenses, and funds to participate in regulatory fishery management meetings. A total of \$60,000 was been awarded through the first quarter.

The Miscellaneous Grant program is available for projects in the community that otherwise do not fit within existing APICDA programs. An amount up to \$2,857 can be awarded to eligible community. The Executive Committee reviews each proposal before funds are awarded. Two grants were awarded in the first quarter for a total of \$5,716.

The School Grant is available to schools in each of the eligible communities. An amount of up to of \$6,000 per year is available. Six grants for a total of \$39,400 have been awarded for the 2004-05 school year. A brief description of the school grant awarded is as follows:

<u>School</u>	<u>Amount</u>	<u>Program</u>
Akutan	\$6,000	Sea survival skill training course
Atka	\$3,400	Navigation course involving GPS technology
False Pass	\$6,000	Field trip to fishery facilities in Unalaska
Nelson Lagoon	\$6,000	Sea survival skill training course
Nikolski	\$6,000	Local marine life recognition field trip
St. George School	\$6,000	Seward Sea Life Center field trip
Unalaska	\$6,000	Fish hatchery facility and equipment upgrades

APICDA also provides education and training opportunities to employees of APICDA and its subsidiaries. In the first quarter, three staff members attended various training and educational programs. Total expenditures were \$993.

Appendix 17 provides a breakdown of each individual enrolled/attending APICDA funded education and training programs.

III. Administration

A. Board Activities

1.) Changes in Board: There were no changes to APICDA board members during the first quarter.

2.) Decisions/Actions: The Board of Directors for APICDA met in February. There were no other decisions or actions of major consequence that are not included here or in the confidential section of this report.

3.) Schedule for Next Quarter: The next APICDA board meeting is scheduled for May, 2005, although committees and subsidiaries will meet throughout the quarter.

4.) Minutes: Approved minutes from board meetings in the first quarter are attached as **Appendix 14** in the confidential section of this report.

B. State Of Alaska Reporting Compliance

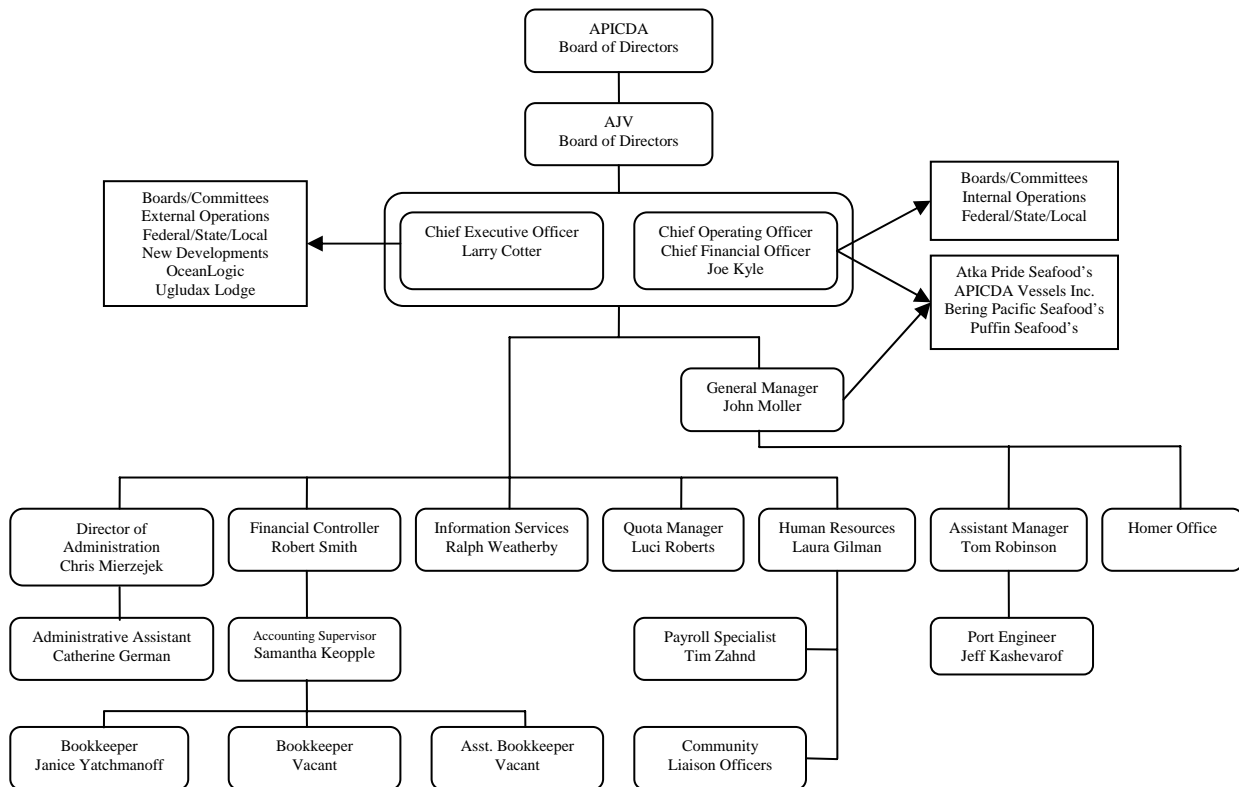
APICDA opilio crab harvesting partner, Trident Seafoods, incurred an approximate 2,600 pound overage in APICDA's opilio CDQ crab fishery. Otherwise, APICDA and its subsidiaries are and were in full compliance with all State of Alaska CDQ reporting regulations.

C. CDP Amendment Status

Shown below are the plan amendments approved through the first quarter.

2005 Technical / Substantial Amendments				
Numbers	Type	Description	Date Submitted	Date Approved
SA#05-01	Substantial	Transfer AI Pollock to BBEDC	02/16/05	02/16/05
SA#05-02	Substantial	Transfer A season Pacific cod to NSEDC	02/18/05	02/18/05
TA#05-03	Technical	Transfer Opilio crab from NSEDC	02/22/05	not approved by ADF&G
TA#05-04	Technical	Removal of vessels from CDP	03/02/05	03/03/05

D. Corporate Organizational Structure



IV. Harvesting Report

A. Target Fishery Harvest Activity

1.) Pollock CDQ Harvest: The pollock “A” season CDQ fishery was completed in the first quarter. The *C/P Starbound*, *C/P Island Enterprise*, and *C/P Kodiak Enterprise*, harvested APICDA’s “A” season pollock.

CDQ Reserve Category	Units	Allocation after transfers	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Harvest	% of Target Harvest
A Season (40%)	mt	8,279.600	8,233.379				8,233.379	100.000%
B Season (60%)	mt	12,419.400					0.000	0.000%
BS Pollock Total	mt	20,699.000	8,233.379	0.000	0.000	0.000	8,233.379	100.000%
Bycatch								
Pacific Cod	mt	1,477.500	42.483				42.483	0.516%
BS FG Sablefish	mt	36.600					0.000	0.000%
AI FG Sablefish	mt	55.020					0.000	0.000%
BS Sablefish	mt	19.320					0.000	0.000%
AI Sablefish	mt	12.740					0.000	0.000%
WAI Atka Mackerel 543	mt	450.000					0.000	0.000%
CAI Atka Mackerel 542	mt	798.900					0.000	0.000%
EAI/BS Atka Mackerel 541	mt	168.900	0.033				0.033	0.000%
Yellowfin Sole	mt	1,904.280	0.964				0.964	0.012%
Rock Sole	mt	747.120	47.235				47.235	0.574%
BS Greenland Turbot	mt	32.480	0.028				0.028	0.000%
AI Greenland Turbot	mt	10.200					0.000	0.000%
Arrowtooth Flounder	mt	198.000	3.172				3.172	0.039%
Flathead Sole	mt	292.600	48.041				48.041	0.583%
Other Flatfish	mt	68.380	0.343				0.343	0.004%
Alaska Plaice	mt	84.000	0.014				0.014	0.000%
BS Pacific Ocean Perch	mt	17.850					0.000	0.000%
WAI Pacific Ocean Perch 543	mt	114.300					0.000	0.000%
CAI Pacific Ocean Perch 542	mt	68.400					0.000	0.000%
EAI Pacific Ocean Perch 541	mt	69.300					0.000	0.000%
BSAI Northern Rockfish	mt	0.000	0.006				0.006	0.000%
BSAI Shortraker Rockfish	mt	0.000					0.000	0.000%
BSAI Rougheye Rockfish	mt	0.000					0.000	0.000%
BS Other Rockfish	mt	7.350	0.019				0.019	0.000%
AI Other Rockfish	mt	9.240					0.000	0.000%
Other Species	mt	0.000	3.917				3.917	0.048%
PSQ Reserve Category								
Zone 1 Red King Crab	ea	3,546	0				0	
Zone 1 Bairdi Tanner Crab	ea	19,110	0				0	
Zone 2 Bairdi Tanner Crab	ea	53,460	7				7	
Opilio Tanner Crab	ea	81,563	0				0	
Pacific Halibut (mortality)	mt	75.240	2.743				2.743	0.033%
Chinook Salmon	ea	305	91				91	
Non-Chinook Salmon	ea	441	0				0	

- 2.) Pacific Cod CDQ Harvest: No activity in the first quarter
- 3.) Atka Mackerel CDQ Harvest: No activity in the first quarter
- 4.) Yellowfin Sole CDQ Harvest: No activity in the first quarter

CDQ Crab Harvest

5.) Opilio CDQ Harvests: A total of 151,087 pounds of opilio CDQ was harvested during the first quarter. Trident incurred an overage of 2,580 pounds. No formal charges have been received yet. The overage was forfeited and a fine is forthcoming. Trident will cover the costs of all fines associated with the overage.

Vessels participating in the 2005 opilio harvest were the *Farwest Leader*, and *Billikin*.

CDQ Reserve Category	Units	Annual Allocation	Trans.In	Trans. Out	Allocation after transfers	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Harvest	Percent Harvested	Remaining Allocation
Bering Sea C. <i>Opilio</i>	lbs	148,507			148,507	151,087				151,087	101.74%	-2,580
Bering Sea C. <i>Bairdi</i>	lbs				0					0	0.00%	0
Bristol Bay Red King crab	lbs				0					0	0.00%	0
Norton Sound Red King crab	lbs	0			0					0	0.00%	0
Pribilof Red & Blue King crab	lbs	0			0					0	0.00%	0
St Matthew Blue King crab	lbs	0			0					0	0.00%	0

- 6.) Halibut Harvesting: No activity in the first quarter.
- 7.) Sablefish Harvesting: No activity in the first quarter.

PSC Harvests

- 8.) Pollock Harvested by Non-Pollock Vessels: No activity in the first quarter.
- 9.) PSC Not Accrued Against PSQ Allocations: No activity in the first quarter.

Transfers

10.) CDQ Allocation Transfers: APICDA transferred 840 metric tons of Pacific Cod to NSEDC and 266 metric tons of AI pollock to BBEDC in the first quarter.

CDQ Group: APICDA CDQ Reserve Category	Units	Initial Allocation	Transferred In				Transferred Out		Total After Transfers
							NSEDC	BBEDC	
BS Pollock	mt	20,699.000						20,699.000	
AI Pollock	mt	266.000					266.000	0.000	
Pacific Cod	mt	2,317.500				840.000		1,477.500	
BS FG Sablefish	mt	36.600						36.600	
AI FG Sablefish	mt	55.020						55.020	
BS Sablefish	mt	19.320						19.320	
AI Sablefish	mt	12.740						12.740	
WAI Atka Mackerel 543	mt	450.000						450.000	
CAI Atka Mackerel 542	mt	798.900						798.900	
EAI/BS Atka Mackerel 541	mt	168.900						168.900	
Yellowfin Sole	mt	1,904.280						1,904.280	
Rock Sole	mt	747.120						747.120	
BS Greenland Turbot	mt	32.480						32.480	
AI Greenland Turbot	mt	10.200						10.200	
Arrowtooth Flounder	mt	198.000						198.000	
Flathead Sole	mt	292.600						292.600	
Other Flatfish	mt	68.380						68.380	
Alaska Plaice	mt	84.000						84.000	
BS Pacific Ocean Perch	mt	17.850						17.850	
WAI Pacific Ocean Perch 543	mt	114.300						114.300	
CAI Pacific Ocean Perch 542	mt	68.400						68.400	
EAI Pacific Ocean Perch 541	mt	69.300						69.300	
BSAI Northern Rockfish	mt	0.000						0.000	
BSAI Shortraker Rockfish	mt	0.000						0.000	
BSAI Roughey Rockfish	mt	0.000						0.000	
BS Other Rockfish	mt	7.350						7.350	
AI Other Rockfish	mt	9.240						9.240	
Other Species	mt	0.000						0.000	
PSQ Reserve Category									
Zone 1 Red King Crab	ea	3,546						3,546	
Zone 1 Bairdi Tanner Crab	ea	19,110						19,110	
Zone 2 Bairdi Tanner Crab	ea	53,460						53,460	
Opilio Tanner Crab	ea	81,563						81,563	
Pacific Halibut (mortality)	mt	75,240						75,240	
Chinook Salmon	ea	305						305	
Non-Chinook Salmon	ea	441						441	

B. Pollock & MSCDQ Harvested by Quarter and Y-T-D

CDQ Group: APICDA CDQ Reserve Category	Units	Initial Allocation	Transferred In	Transferred Out	Allocation after transfers	CDQ / PSQ Catch Reported				YTD Harvest	Percent Harvested	CDQ / PSQ Remaining	Percent Remaining
						1st Qtr	2nd Qtr	3rd Qtr	4th Qtr				
BS Pollock	mt	20,699.000	0.000	0.000	20,699.000	8,233.379	0.000	0.000	0.000	8,233.379	39.8%	12,465.621	60.2%
AI Pollock	mt	266.000	0.000	266.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%	0.000	0.0%
Pacific Cod	mt	2,317.500	0.000	840.000	1,477.500	42.483	0.000	0.000	0.000	42.483	2.9%	1,435.017	97.1%
BS FG Sablefish	mt	36.600	0.000	0.000	36.600	0.000	0.000	0.000	0.000	0.000	0.0%	36.600	100%
AI FG Sablefish	mt	55.020	0.000	0.000	55.020	0.000	0.000	0.000	0.000	0.000	0.0%	55.020	100.0%
BS Sablefish	mt	19.320	0.000	0.000	19.320	0.000	0.000	0.000	0.000	0.000	0.0%	19.320	100%
AI Sablefish	mt	12.740	0.000	0.000	12.740	0.000	0.000	0.000	0.000	0.000	0.0%	12.740	100%
WAI Atka Mackerel 543	mt	450.000	0.000	0.000	450.000	0.000	0.000	0.000	0.000	0.000	0.0%	450.000	100%
CAI Atka Mackerel 542	mt	798.900	0.000	0.000	798.900	0.000	0.000	0.000	0.000	0.000	0.0%	798.900	100.0%
EAI/BS Atka Mackerel 541	mt	168.900	0.000	0.000	168.900	0.033	0.000	0.000	0.000	0.033	0.0%	168.867	100.0%
Yellowfin Sole	mt	1,904.280	0.000	0.000	1,904.280	0.964	0.000	0.000	0.000	0.964	0.1%	1,903.316	99.9%
Rock Sole	mt	747.120	0.000	0.000	747.120	47.235	0.000	0.000	0.000	47.235	6.3%	699.885	93.7%
BS Greenland Turbot	mt	32.480	0.000	0.000	32.480	0.028	0.000	0.000	0.000	0.028	0.1%	32.452	99.9%
AI Greenland Turbot	mt	10.200	0.000	0.000	10.200	0.000	0.000	0.000	0.000	0.000	0.0%	10.200	100.0%
Arrowtooth Flounder	mt	198.000	0.000	0.000	198.000	3.172	0.000	0.000	0.000	3.172	1.6%	194.828	98.4%
Flathead Sole	mt	292.600	0.000	0.000	292.600	48.041	0.000	0.000	0.000	48.041	16.4%	244.559	83.6%
Other Flatfish	mt	68.380	0.000	0.000	68.380	0.343	0.000	0.000	0.000	0.343	0.5%	68.037	99.5%
Alaska Plaice	mt	84.000	0.000	0.000	84.000	0.014	0.000	0.000	0.000	0.014	0.0%	83.986	100.0%
BS Pacific Ocean Perch	mt	17.850	0.000	0.000	17.850	0.000	0.000	0.000	0.000	0.000	0.0%	17.850	100.0%
WAI Pacific Ocean Perch 543	mt	114.300	0.000	0.000	114.300	0.000	0.000	0.000	0.000	0.000	0.0%	114.300	100%
CAI Pacific Ocean Perch 542	mt	68.400	0.000	0.000	68.400	0.000	0.000	0.000	0.000	0.000	0.0%	68.400	100.0%
EAI Pacific Ocean Perch 541	mt	69.300	0.000	0.000	69.300	0.000	0.000	0.000	0.000	0.000	0.0%	69.300	100.0%
BSAI Northern Rockfish	mt	0.000	0.000	0.000	0.000	0.006	0.000	0.000	0.000	0.006	N/A	N/A	N/A
BSAI Shortraker Rockfish	mt	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	N/A	N/A	N/A
BSAI Rougheye Rockfish	mt	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	N/A	N/A	N/A
BS Other Rockfish	mt	7.350	0.000	0.000	7.350	0.019	0.000	0.000	0.000	0.019	0.3%	7.331	99.7%
AI Other Rockfish	mt	9.240	0.000	0.000	9.240	0.000	0.117	0.000	0.000	0.117	1.3%	9.123	98.7%
Other Species	mt	0.000	0.000	0.000	0.000	3.917	0.000	0.000	0.000	3.917	N/A	N/A	N/A
PSQ Reserve Category													
Zone 1 Red King Crab	ea	3,546	0	0	3,546	0	0	0	0	0	0.00%	3,546	100%
Zone 1 Bairdi Tanner Crab	ea	19,110	0	0	19,110	0	0	0	0	0	0.00%	19,110	100%
Zone 2 Bairdi Tanner Crab	ea	53,460	0	0	53,460	7	0	0	0	7	0.01%	53,453	100.0%
Opilio Tanner Crab	ea	81,563	0	0	81,563	0	0	0	0	0	0.00%	81,563	100.0%
Pacific Halibut (mortality)	mt	75.240	0.000	0.000	75.240	2.743	0.000	0.000	0.000	2.743	3.65%	72.497	96.4%
Chinook Salmon	ea	305	0	0	305	91	0	0	0	91	29.84%	214	70.2%
Non-Chinook Salmon	ea	441	0	0	441	0	0	0	0	0	0.00%	441	100.0%

C. Compliance

With the exception of a 2,580 pound overage in the 2005 CDQ opilio fishery, APICDA and its harvesting partners were in full compliance.

D. Other Fishing Issues/Activities

There were no other fishing issues or activities.

E. APICDA's 2003-05 Measurable Milestones

**Table 1
Akutan Milestones**

Project	Completion Date	Status
Monitor progress toward construction of large boat harbor in 2006.	2006	\$850,000 commitment by APICDA.
Form sport fish joint venture.	2003	Pending.

**Table 2
Atka Milestones**

Project	Completion Date	Status
Continue water taxi and pilot boat activities.	Ongoing	Ongoing.
Process sablefish & halibut CDQ.	Ongoing	Ongoing.
Expand processing at APS, both by species and time of year.	Ongoing	Ongoing
Pursue development of a small boat harbor in Atka.	Ongoing	Ongoing.
Provide limited vessel repair opportunity.	Ongoing	Proposed.
Evaluate providing fuel depot services.	Ongoing	Proposed.

Evaluate warehouse storage opportunity.	Ongoing	Proposed.
Bring sport fish clients to Atka.	2003	Proposed.
Negotiate a <i>quid pro quo</i> agreement in 2003 with the Atxam Corporation. If successful, distribute a grant for partial federal matching funds up to \$125,000 towards the hydro project.	2003	Completed
If 2003 <i>quid pro quo</i> agreement is in place, distribute the remaining grant funds up to \$250,000 as requested by the City of Atka in 2004-05	2004-05	Completed
Monitor progress towards construction of a hydroelectric facility.	2003-05	Ongoing
Expand and up-grade the Atka Pride Seafoods Processing Plant	2004	Complete
Extend the existing dock by 600 square feet.	2005	Proposed

Table 3
False Pass Milestones

Project	Completion Date	Status
Employ fifteen or more local residents in connection with Dipper operations.	Ongoing.	Terminated
Purchase and process 3 million pounds of Pacific cod, with focus on local fishermen.	Ongoing.	Terminated
Maximize financial return.	Ongoing.	Ongoing.
Complete plan to transition to shoreplant.	2004	Complete

Construct shore plant and expand operations.	2007	Pending.
Complete joint venture discussions for store.	2003	Terminated
Pursue development of a small boat harbor in False Pass.	2005	Ongoing.

**Table 4
 Nelson Lagoon Milestones**

Project	Completion Date	Status
Complete feasibility study, business plan and design for processing plant.	2004	Suspended
Construct plant.	2005	Suspended

**Table 5
 Nikolski Milestones**

Project	Completion Date	Status
Employ six or more local residents in lodge business.	Ongoing	In progress.
Maximize financial return from Ugludax Lodge.	Ongoing	In progress.
To provide up to \$150,000 for the purchase of various navigational aides and installation costs associated with the project.	2003	Completed

Monitor progress of installation of navigational aides in Nikolski in 2003-04	2003-04	Completed
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Table 6
St. George Milestones

Project	Completion Date	Status
Complete engineering and permitting; construct shore plant.	2003	Pending.
Open facility and process crab, Pacific cod and halibut.	2004	Pending.
Provide 40 or more local jobs in connection with construction of the plant, harvesting, processing, and ancillary activities.	2004/05	Pending.
Maximize financial return from processing company.	2004/05	Pending.
Harvest 4C halibut CDQ and IFQ.	2003/2005	Ongoing.
Maintain gear and vessel upgrade program	2003/2005	Ongoing.
Identify Tract I tenants and generate revenue from facilities.	2003/2005	Ongoing.
Expand number of sport fish visitors to St. George.	2003/2005	Pending.
Provide employment for six or more local residents in conjunction with sport fishing business.	2003/2005	Pending.
Maintain Puffin Seafoods as a viable business.	2003/2005	Ongoing.

Table 7
Other APICDA Milestones

Project	Completion Date	Status
Purchase large commercial fishing vessels.	Ongoing	Ongoing.
Continue Quota Share Loan Guarantee Program.	Ongoing	Ongoing.
Purchase Quota Shares.	Ongoing	Ongoing.
Provide annual donation to local fishermen's associations.	Spring (each year)	Ongoing.
Hold annual APICDA Village Outreach Conference.	Spring (annual)	Ongoing.
Assessment of Product Diversification Program expansion opportunities.	Ongoing	Ongoing
Develop flatfish operation.	Ongoing	In process.
Distribute annual school grants.	Winter (annual)	Ongoing.
Establish higher education scholarship funding levels and identify recipients.	Spring (annual)	Ongoing.
Implement revised Small Vessel Acquisition Program.	2003	Suspended
Evaluate all joint venture and subsidiary investments from a goal, objective, and ROI making perspective.	Ongoing	Ongoing.
Maximize harvest of all APICDA MSCDQ allocations.	Ongoing	Ongoing.
Maximize the harvest of target species and minimize the harvest of incidental species, particularly prohibited species.	Ongoing	Ongoing.

Maximize the use of gear types that have minimized adverse impacts upon habitat.	Ongoing	Ongoing.
Monitor MSCDQ vessel harvesting activities on an individual vessel basis to manage target and non-target harvests.	Ongoing	Ongoing.
Monitor MSCDQ vessel activities to ensure compliance with all federal and state regulations.	Ongoing	Ongoing.
Comply with all state and federal reporting requirements on a timely basis.	Ongoing	Ongoing.
Achieve a royalty return from MSCDQ harvesting and processing operations that are fair to all parties involved.	Ongoing	Ongoing.
Maximize the return from MSCDQ harvesting and processing operations by participating as a whole or part-owner at as many levels of the industry (harvesting, processing, marketing, etc.) as possible and practical.	Ongoing	Ongoing.
Maximize the employment of local residents in all phases of MSCDQ harvesting, processing, and marketing.	Ongoing	Ongoing.
Contribute ten percent of annual APICDA revenue into the Longterm Reserve Account (LRA) until \$10 million.	Ongoing	Ongoing.
Invest LRA funds in accordance with APICDA's Investment Guidelines.	Ongoing	Ongoing.
Manage non-LRA funds to maximize liquidity while emphasizing security.	Ongoing	Ongoing.
Normally generate one-half to one percent above prime as a rate of return for internal loans.	Ongoing	Ongoing.

Establish annual board and administrative budgets, and monitor budgets on a continuing basis.	Ongoing	Ongoing.
Maintain a cash flow projection six months into the future.	Ongoing	Ongoing.
Establish annual board and administrative budgets, and monitor budgets on a continuing basis.	Ongoing	Ongoing.
File quarterly and annual reports on a timely basis.	Ongoing	Ongoing.
Comply with all CDQ federal and state rules and regulations.	Ongoing	Ongoing.
Complete an annual audit.	Ongoing	Ongoing.
Have regular board and sub-committee meetings.	Ongoing	Ongoing.
Review by-laws on an annual basis.	Ongoing	Ongoing.
Ensure that fishermen associations conduct their APICDA board representative elections in accordance with appropriate by-laws.	Ongoing	Ongoing.
Ensure that staff implements board policies as enunciated.	Ongoing	Ongoing.
Maintain Quota Share Retention Program.	Ongoing	Ongoing.
Maintain College Intern Program.	Ongoing	Ongoing.
Implement a comprehensive set of board administrative policies developed and adopted by the APICDA and AJV Board of Directors.	Winter 2003	Ongoing

<p>Implement an investment criteria matrix developed and adopted by the APICDA and AJV Board of Directors.</p>	<p>Winter of 2003</p>	<p>Completed</p>
<p>Establish standards/guidelines for due diligence analysis of potential investments developed and adopted by APICDA and AJV Board of Directors.</p>	<p>Winter of 2003</p>	<p>Completed</p>
<p>Evaluate newly developed corporate governance structure and provide recommendations for improvement of governance considered.</p>	<p>Spring of 2005</p>	<p>Completed</p>
<p>Define responsibilities for the completion of strategic assessment planning.</p>	<p>Summer of 2003</p>	<p>Completed</p>
<p>Board affirms APICDA purpose and defines long-term vision for the corporation. Completion date</p>	<p>Fall of 2003.</p>	<p>Completed</p>
<p>The APICDA board trained on use of strategic plan and instrument panel to monitor performance of projects.</p>	<p>Fall of 2003</p>	<p>Completed</p>
<p>Strategic investment completed using new Board of Directors investment criteria.</p>	<p>Winter of 2003</p>	<p>Completed</p>
<p>Develop corporate internal assessment and priority initiatives.</p>	<p>Spring of 2004</p>	<p>Completed</p>
<p>Identify planning of strategic and internal improvement initiatives.</p>	<p>Spring of 2004</p>	<p>Completed</p>
<p>Provide an effective method for tracking progress on initiatives developed and implemented.</p>	<p>Spring of 2004</p>	<p>Completed</p>
<p>Identify responsibilities, authorities, and accountabilities of each management member.</p>	<p>Summer 2003</p>	<p>Completed</p>

Clarify and define new management job descriptions implemented and disseminated.	Fall of 2003	Completed
Identify method to measure performance on accountabilities defined and implemented.	Fall of 2003	Completed
New management structure evaluated by management team and by staff.	Spring of 2004	Completed
Establish criteria for projects to be managed by new internal project management system.	Summer of 2003	Completed
Develop a template/process for completion of due diligence on new ventures planned and approved by the board of directors.	Fall of 2003	Completed
Provide alternatives for project management system researched and system selected.	Fall of 2003	Completed
Develop a template/process for due diligence on new ventures implemented.	Winter of 2003	Completed
Incorporate policy/procedure for launching projects that defines structure and authority implemented.	Winter of 2003	Completed
Project management system implemented	Spring 2004	Completed
Monitor Cannon Fish Company investments to ensure operation maximizes financial return	Ongoing	Ongoing
Monitor employment opportunities at Cannon Fish Company for local and regional residents, as well as residents from other CDQ regions.	Ongoing	Ongoing

Monitor Cannon Fish Company's activities to ensure compliance with all federal and state regulations.	Ongoing	Terminated
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