

CBSFA

Central Bering Sea Fishermen's Association

Community Development Plan (CDP) for
2003-2005 Multi-Species Community Development Quota (CDQ) Program
1st Quarter Report 2005

Prepared for:
State of Alaska

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Central Bering Sea Fishermen's Association

I. Quarterly Highlights – 1st Quarter

- President Phillip Lestenkof, Chairman Myron Melovidov, Admin. Assistant Ray Melovidov and Simeon Swetzof (fisherman) attended the IPHC Annual Meeting in Victoria, B.C., January 2005.
- President Lestenkof and Vice President Robert Melovidov attended the Pribilof Islands Collaborative meetings, January 28-30, 2005.
- CBSFA delivered and processed its CDQ opilio allocation in St. Paul harbor, February 2005.
- A CBSFA Special BOD meeting was held on February 3, 2005.
- CBSFA Office Manager and Admin. Assistant hosted a booth at the St. Paul Job Fair in February 2005.
- In February 2005, President Lestenkof and Boardmember Jeff Kauffman attended the NPFMC meetings in Seattle.
- CBSFA President Phillip Lestenkof and CFO Jonathan Thorpe attended a MSDH BOD meeting in Seattle on February 12, 2005.
- The CBSFA Halibut Cooperative sold the remainder of its 2004 fish in inventory and made a profit sharing distribution to the fishermen in March 2005. Local fishermen received the highest price ever paid for their CDQ halibut.
- In Q1 2005, CBSFA President Phillip Lestenkof, Chairman Myron Melovidov and Vice President Robert Melovidov met with American Seafoods' management including Bernt Bodal, Mike Hyde and Inge Andreassen and discussed and signed the 2006-2008 pollock royalty agreement, March 2, 2005 in Seattle.
- On March 5, 2005 CBSFA President and Chairman met with TDX Corporation CEO, Ron Philemonoff to discuss the Zolotoi Partnership, Small Boat Harbor and the CBSFA leasing of land to construct the Vessel Repair/Storage Facility.
- On March 10, 2005 the CBSFA Investment Committee held their quarterly meeting.
- A Fishermen's Meeting was held on March 22, 2005 to discuss the 2005 CBSFA Fishery Management Plan for the CDQ halibut fishery.
- In March 2005, the CBSFA President and Chairman attended the Pribilof Islands Collaborative meetings in Seattle.
- Q1 2005, Dr. Jack Tagart has completed his research on halibut bycatch and is completing final review with CBSFA management.
- CBSFA deposited 40% of its 2005 set-aside funds in March.

II. COMMUNITY DEVELOPMENT

A. PROGRESS TOWARD MULTI-SPECIES GOALS, OBJECTIVES, PROJECTS, AND MILESTONES

Goal 1: Multi-Species Development Project

Objective: Develop a multi-species seafood company and at the same time create a competitive business environment that will attract and hold additional MSD businesses.

Milestone 1: Secure Options and Purchase Agreements

Status: Negotiations held during Q1, 2003.
During Q4 (2003) MSDH LLC, a wholly owned subsidiary of CBSFA, entered into a preliminary agreement to purchase equity stakes in the FV Starlite and FV Starward (pollock catcher vessels) to be included with the other four vessels in the MSD project fleet.
During Q1 2004 MSDH completed the acquisition of the FV Starlite and FV Starward.
The transfer of CBSV to MSDH was completed in Q2 2004.
In Q3 2004, MSDH signed term sheet to acquire certain processing assets.
In Q4 2004, at the December 8, 2004 meeting, the CBSFA BOD approved MSDH to purchase a stake in Bering Sea Partners.
In Q1 2005, MSDH/CBSFA negotiated increased interest percentage in crab processor quota transaction.

Milestone 2: Secure final berth, management and marketing agreements

Status: Lease payment for berth made in Q1, 2003.
During Q4 2003 MSDH LLC entered into a Memorandum of Understanding to establish a St. Paul based seafood venture with UniSea.
During Q1 2004 MSDH LLC began preliminary negotiations with Unisea and one other processor to develop the new shore-based processing venture on St. Paul Island. Those negotiations will set the stage for the final terms of the berth, management and marketing agreements.
Q2 2004, negotiations with processing partners is ongoing.
Q4 2004, the CBSFA/City of St. Paul MOU for the mooring berth expired December 31, 2004 and is being re-negotiated.
Q1 2005, CBSFA is reconsidering the necessity to renew the CBSFA/City MOU for the mooring berth because of other alternative plans that have been expressed by potential processors.

Milestone 3: *Develop Vertical Management and MSD framework*

Status: CBSFA Corporate Restructuring was completed in March 2004 with the transfer of CBSV from CBSFA to MSDH.

Milestone 4: *Establish crab venture entity/partnerships*

Status: In June 2003, CBSV LLC, a wholly owned subsidiary of CBSFA, purchased interest in four fishing vessels. CBSV LLC now owns 30% in each of the F/V Fierce Allegiance and F/V Early Dawn. CBSV LLC also owns 40% in each of the F/V Shishaldin and F/V Ballyhoo. These vessels have a diversified fishing history, which was one of the main reasons the CBSFA BOD and management approved investing in these vessels. In addition to having a good fishing history in opilio and Bristol Bay red king crab fisheries, the Early Dawn, Shishaldin and Ballyhoo also have fishing histories in the Aleutian Islands brown king crab fisheries. Besides having an excellent crab history, the Fierce Allegiance is also an American Fisheries Act (AFA) approved pollock catcher vessel with its own share of onshore pollock.

In Q1 2004 MSDH completed the acquisition of the FV Starlite and FV Starward, fulfilling the terms of the related Purchase and Sales Agreements.

In Q4 2004, the CBSFA BOD approved MSDH to purchase a stake in BSP.

Milestone 5: *Complete Acquisition of Shore-based Processing Assets*

Status: In Q1 2005, MSDH/CBSFA negotiated increased interest percentage in a crab processor quota transaction. Q2/Q3 2005.

Milestone 6: *Continue Expansion of Existing Fisheries and Investigate New Fisheries to Develop St. Paul Island Economy*

Status: On-going

Milestone 7: *Develop/Implement Outreach Program*

Status: In Q1 2005, MSDH completed a newsletter (MSDH Community Report) to be distributed to the residents of St. Paul.

Goal 2: CDQ Halibut Fishery

Objective: Continue to support and manage the growth of the Local Fleet through innovative CDQ halibut programs. *See also “C-IFQ Project” and “Local Fleet Support Program.”*

Milestone 1: *Continue CDQ Halibut RFP Process*

Status: In March 2004 the CBSFA Board approved the CBSFA Halibut Cooperative Business Plan for 2004 with CBSFA as the buyer and Trident Seafoods as the custom processor.

Milestone 2: *Conduct CDQ Fishery Management Plan Meeting*

Status: A Fishermen’s Meeting was held on March 17, 2004. A fishermen’s meeting was held August 2, 2004, to determine if CBSFA should hire larger vessels to fish CBSFA CDQ Halibut for the 2004 season. The fishermen approved hiring larger vessels.

In Q1 2005, a Fishermen’s Meeting was held on March 22, 2005 to discuss the CBSFA 2005 Fishery Management Plan for the CDQ halibut fishery and the regulation amendments impacting the Area 4C fishery.

Goal 3: CBSFA Halibut Cooperative

Objective: To raise the ex-vessel prices to the local fleet and reduce the costs associated with CBSFA’s Local Fleet Support Program, including the operations of the Small Boat Harbor.

Milestone 1: Develop CBSFA Halibut Cooperative Business Plan

Status: In March 2004 the CBSFA Board approved the CBSFA Halibut Cooperative Business Plan for 2004 with CBSFA as the buyer and Trident as the custom processor.

Milestone 2: Implement CBSFA Halibut Cooperative Plan

Status: CBSFA began buying CDQ halibut in June 2004 and signed a custom processing agreement with Trident.

Milestone 3: Profit Sharing Distribution to Members (if any)

Status: Profit sharing distributions will be paid after the CBSFA CDQ halibut is marketed and sold. At the end of the 3rd quarter, CBSFA had halibut in cold storage that still has to be marketed and sold.

In Q4 2004, a profit sharing distribution was made to the fishermen proportionate to the amount of fish that was sold as of December 2004, an additional distribution will be made after the remainder is marketed and sold.

In Q1 2005, the remaining 204 fish in inventory was sold and a final profit sharing distribution was made to the fishermen, with local fishermen receiving the highest price ever paid for their CDQ halibut.

Milestone 4: Annual Review and Report to Board and Members
Status: At the March 25, 2004 CBSFA Board meeting President Lestenkof reported on the results of the 2003 CBSFA Halibut Cooperative and proposed the 2004 CBSFA Halibut Cooperative Business Plan which the board approved.
In Q4 2004, at the CBSFA Annual Membership Meeting, President Lestenkof gave a report on the CBSFA Halibut Cooperative.

Goal 4: Local Fleet Support Program

Objective: Develop and facilitate programs that support the growth of the Local Fleet and insure their ability to prosecute the local fisheries. *See also "Education and Training."*

Milestone 1: *Deploy and retrieve floating dock system*

Status: The floating docks were deployed in June 2004 using the CBSFA Grove crane and 9 local people were employed for this project.
In Q4 2004 the floating docks were retrieved using the CBSFA Grove crane in November 2004, 5 local people were employed for this project.

Milestone 2: *Provide Vessel Launch and Retrieval services*

Status: Vessels participating in the 2004 CDQ Halibut Fishery were launched in June 2004 using CBSFA's Grove crane and additional launch and retrieval services will be provided as necessary.
In Q4 2004 all fishing vessels were retrieved in October/November 2004 using the CBSFA Grove crane.

Milestone 3: *Maintain Launch and Retrieval (crane and trailers) equipment*

Status: From March 17-19, 2004 an inspector from the American Bureau of Crane Inspection came to St. Paul Island and re-certified the Grove Crane RT760E. Replacement items were purchased for one of the CBSFA hydraulic trailers. Q2 2004, maintenance was done to one of the hydraulic trailers and replacement parts were installed on the Grove crane. Additional replacement parts were installed on the Grove crane in Q3 2004.
The crane is scheduled to be inspected and re-certified in April 2005. Negotiations have been made to have repair work done on one of the hydraulic boat trailers for Q2 2005.

Milestone 4: *Provide General Fishermen's Training*

Status: Darren Folkers from the American Bureau of Crane Inspection held a mobile crane safety operation and operators training course from March 17-19, 2004. Q1 2005, arrangements have been made for AMSEA instructors to conduct a marine safety training workshop in May 2005 at St. Paul Island for the local fishermen.

Goal 5: Community IFQ Project

Objective: Develop C-IFQ program to support the growth of the Local Fleet and the MSD Project.

Milestone 1: *Advocate for adoption of Pribilof Islands C-IFQ program*

Status: CBSFA submitted its C-IFQ proposal to the NPFMC in late 2002; At the Council's February 2003 meeting, under staff tasking, the Council decided not to take up new proposals at that time. In October 2003, the NPFMC IFQ Implementation Committee reviewed the CBSFA C-IFQ proposal and did not approve the proposal to be analyzed by the NPFMC at this time.

At the December 2003 NPFMC meeting, CBSFA submitted a proposal under the IFQ Program changes being analyzed by the council. CBSFA's proposal: Amend IFQ and CDQ halibut regulations to allow Area 4C fishermen to harvest Area 4C IFQ and CDQ in Area 4D. The council approved this proposal for analysis.

At the June 2004 NPFMC meeting, the council gave this proposal the highest priority.

In Q4 2004, at the December 2004 NPFMC meeting, the council approved the CBSFA proposal -- allowing Area 4C fishermen to harvest Area 4C IFQ and CDQ in Area 4D.

In Q1 2005, the IPHC approved allowing Area 4C IFQ/CDQ to be harvested in Area 4D.

Milestone 2: *Establish fund for C-IFQ purchases*

Status: Pending NPFMC action. (See Milestone 1)

Milestone 3: *Upon adoption, establish C-IFQ program guidelines*

Status: Pending NPFMC action. (See Milestone 1)

Milestone 4: *Implement C-IFQ program*

Status: Pending NPFMC action. (See Milestone 1)

Goal 6: Vessel Repair and Maintenance Program

Objective: Facilitate repair programs to insure the efficient and safest possible operation of the Local Fleet.

Milestone 1: *Assess Local Fleet Repair Needs*

Status: The local fishermen were surveyed in March 2004.

Q1 2005, CBSFA conducted a fishermen's survey in March 2005.

Milestone 2: *Facilitate a repair and maintenance program based on the assessment*
Status: CBSFC awarded a loan to a vessel owner to hire a local welder to replace the bottom of the vessel's hull. CBSFA provided the welding equipment for this project.
Q1 2005, CBSFA developed plans and made arrangements to facilitate vessel repairs and engine maintenance and repairs for the upcoming fishing season.

Goal 7: Vessel, Gear and IFQ Loans

Objective: Continue existing loan programs, and expand it to include C-IFQ program when adopted.

Milestone 1: *Annually review loan performance, program goals and budgets*

Status: CBSFC Loan Committee met on December 22, 2003 and reviewed the budgets for 2004, student loans and scholarships, IFQ loans and V/G Loans. On March 10, 2004 a notice was sent to the local fishermen on submitting applications for Vessel, Gear and IFQ Loans.
CBSFC Loan Committee held a meeting to review and approve new V/G Loans on April 16, 2004 and May 10, 2004.
The CBSFA Loan Committee awarded four loans to local fishermen for vessel repairs during fishing season in 3rd quarter.

Milestone 2: *Review IFQ Loan program if C-IFQ initiative succeeds*

Status: Pending NPFMC action.

Milestone 3: *Implement Board-approved IFQ program changes if needed*

Status: Due to slow fishing in 4C, no interest in buying IFQ's.

Goal 8: Construct Vessel Repair, Maintenance and Storage Facility

Objective: To construct a multiple-use facility that can be utilized for Local Fleet repair work, vessel and crane storage, and other dry storage needs.

Milestone 1: *Finalize building plan including construction finance, land acquisition and operation*

Status: CBSFA will be amending this milestone to have more time to finalize land acquisition, financing and construction issues. CBSFA is committed to construct the vessel repair, maintenance and storage facility.
In Q4 2004, President Phillip Lestenkof met with TDX CEO Ron Philemonoff on November 17, 2004 to discuss land acquisition/potential building sites for the construction of the Vessel Repair, Maintenance and Storage Facility. A preliminary site was identified, will be investigated further and will require approval by TDX.
In Q1 2005, CBSFA President Phillip Lestenkof and Chairman Myron Melovidov met with TDX Corporation CEO, Ron Philemonoff on March 5, 2005 to discuss

the leasing of land to construct the Vessel Repair, Maintenance and Storage Facility.

Milestone 2: *Contingent upon securing land, permits and financing, begin construction of facility*

Status: See Milestone 1.

Goal 9: American Seafood Investment

Objective: To continue to participate in this strategic investment, and utilize American Seafoods expertise when appropriate.

Milestone 1: *Monitor and participate in ASC Board activities*

Status: President Phillip Lestenkof attended an American Seafoods BOD Meeting on April 14, 2004 via teleconference. President Phillip Lestenkof attended an American Seafoods BOD Meeting on August 6, 2004 via teleconference. In Q4 2004, CBSFA received a distribution from American Seafoods in October 2004.

Milestone 2: *Strengthen relationship to access seafood industry expertise*

Status: CBSFA has a good working relationship with ASC. Pacific Longline Company, a subsidiary of American Seafoods, fully harvested CBSFA's 2004 Pacific Cod allocation in 3rd quarter. In Q4 2004, President Lestenkof and CFO Jonathan Thorpe met with American Seafoods management in Seattle on December 3, 2004 to discuss the CBSFA investment and harvesting agreements. In Q1 2005, CBSFA President Phillip Lestenkof, Chairman Myron Melovidov and Vice President Robert Melovidov met with American Seafoods' management including Bernt Bodal, Mike Hyde and Inge Andreassen and discussed and signed the 2006-2008 pollock royalty agreement, March 2, 2005 in Seattle.

Goal 10: F/V Ocean Cape and F/V Zolotoi

Objective: To gain better management/control or exit these vessel partnerships.

Milestone 1: *Implement Exit or Take-over strategies*

Status: The exit of the Ocean Cape LLC was completed in Q3 2004. The F/V Ocean Cape was sold during the 3rd quarter of 2004. The exit of the Zolotoi Partnership is pending. The F/V Zolotoi has applied to the Vessel Buyback Program. The Zolotoi was included in the successful referendum for the Vessel Buyback Program, which will lead to CBSFC's exit from this investment. In Q1 2005, CBSFA President and Chairman met with TDX Corporation CEO, Ron Philemonoff on March 5, 2005 to discuss the Zolotoi Partnership.

In Q1 2005, the FV Zolotoi has been purchased via the Vessel Buyback Program and the Zolotoi Partnership received payment and the company is being liquidated. Also the vessel hull has been sold.

Goal 11: Small Boat Harbor Project

Objective: To actively represent the Local Fleet's interest in this project.

Milestone 1: *Continue Local share set-aside program*

Status: CBSFA deposited its remaining 2003 SBH set-aside funds on February 29, 2004. CBSFA will set-aside full amount for 2004 in the 4th quarter. In Q4 2004, CBSFA deposited the full 2004 set-aside funds in November 2004. In Q1 2005, CBSFA deposited 40% of its 2005 set-aside funds in March.

Milestone 2: *Develop SBH Business Plan that includes long-term O&M funding options*

Status: Ongoing. Project review with City and Army Corps of Engineers began December 2003. The Army Corp of Engineers will complete its GRR (report) on the Small Boat Harbor in November 2004. In Q4 2004, President Lestenkof met with TDX CEO Ron Philemonoff to discuss the Small Boat Harbor on November 17, 2004, as it relates to local entities involvement. In Q4 2004, President Lestenkof and CFO Jonathan Thorpe met with the Army Corp to discuss the Small Boat Harbor construction plans and schedules. In Q1 2005, CBSFA President and Chairman met with TDX Corporation CEO, Ron Philemonoff on March 5, 2005 to discuss the Small Boat Harbor.

Goal 12: Essential Fish Habitat Advocacy & Research Project(s)

Objective: To advocate for Pribilof Islands harvesting and processing interests within the EFH process and to attract research projects to the Pribilof Islands.

Milestone 1: *Secure position in the EFH process, develop EFH strategy*

Status: CBSFA now has a seat on the EFH Committee and the Pribilof Islands Collaborative steering committee. At the February 29, 2004 meeting the CBSFA board appointed Phillip Lestenkof to represent CBSFA on the Pribilof Islands Collaborative. The Pribilof Islands Collaborative held meetings on St. Paul Island August 17-20, 2004 with all outside stake holders coming to St. Paul Island.

Milestone 2: *Develop EFH Research project(s), secure co-funding*

Status: CBSFA successfully secured funding for 2003, 2004 & 2005 from the North Pacific Research Board (NPRB) for two research projects: Area 4C halibut and Pribilof Blue King Crab. CBSFA and the State of Alaska began developing a crab enhancement research project in Q2 2003. St. Paul fishermen deployed water data recorders in 2002, 2003 and 2004 in collaboration with IPHC.

CBSFA hired Dr. Jack Tagart in June 2004 to research halibut bycatch in the BSAI.

The results of the halibut bycatch research are scheduled to be completed in January 2005.

As of Q4 2004, both of the above mentioned research projects are ongoing. Q1 2005, Dr. Jack Tagart has completed his research and is completing final review with CBSFA management.

Milestone 3: *Continue advocacy and research projects*

Status: CBSFA is participating in EFH committee, Fur Seal EIS committee, Pribilof Islands Collaborative meetings and proposed PNCIAC research committee meetings.

Q1 2005, President Lestenkof and Vice President Robert Melovidov attended the Pribilof Islands Collaborative meetings, January 28-30, 2005.

Q1 2005, the CBSFA President and Chairman attended the Pribilof Islands Collaborative meetings in March 2005 in Seattle.

Goal 13: Education and Training Programs

Objective: Provide education and training opportunities to members of the community, and to encourage our youth to return to the island with their new skills.

Milestone 1: *CBSFA will fund a scholarship, student loan and training program*

Status: The CBSFC Loan Committee met December 29, 2004 to review applications and award scholarships, student loans, and training grants. 15 scholarships, 1 student loan and 1 training grant were approved; they will be distributed in Q1 2005.

Milestone 2: *Review loan performance*

Status: The CBSFC Loan Committee met on December 29, 2004 and reviewed all loans and budgets.

Milestone 3: *Review loan and scholarship policies and budgets*

Status: The CBSFC Loan Committee reviewed the 2005 budget on December 29, 2004.

Goal 14: Community Outreach

Objective: Continue a two-way dialogue with the community through a combination of surveys and newsletters.

Milestone 1: *Continue quarterly newsletter*

Status: The CBSFA 2003 Annual Report was distributed to the members in December 2004.

Milestone 2: *Continue Member Survey*

Status: The local fishermen were surveyed in March 2004.

The community survey was completed in September 2004.
The local fishermen were surveyed in March 2005.

Milestone 3: *Continue Board Survey*
Status: The board was surveyed in September 2004.

Goal 15: General Management

Objective: Continue to provide effective and efficient management as CBSFA grows and diversifies its business interests.

Milestone 1: *Secure independent financial and performance audits*

Status: KPMG is engaged to perform the 2003 audit of CBSFA, to begin in April 2004.
CBSFA completed its 2003 audit in May 2004

Milestone 2: *Provide updated Board training and education*

Status: Mike Jansen, KPMG, was scheduled to come to St. Paul Island for board training in December 2003 but due to unforeseen circumstances he was not able to make the trip. The training was for reading and understanding financial statements, budgets and documents. This training is rescheduled for December 2004. In Q4 2004, the CBSFA BOD attended a training workshop conducted by KPMG, on December 14 & 15, 2004. Gregg French from KPMG conducted the workshop, training the board to properly read and understand financial statements, budgets and independent audit report documents.

Milestone 3: *Review Management performance, organization and projects*

Status: During Q4 2003 the CBSFA Board adopted a plan to restructure CBSFA, and to create two new subsidiaries: Central Bering Sea Holdings, LLC and Multi-Species Development Holdings, LLC. CBSH, LLC was specifically established to manage CBSFA's American Seafoods investment and MSDH, LLC was specifically established to manage CBSFA's MSD assets and project. Q2 2004, the transfer of CBSV, LLC from CBSFA to MSDH, LLC was completed. In Q4 2004, during board training, the board reviewed the CBSFA Q3 2004 financial reports and CBSFA 2003 independent auditor's report.

Milestone 4: *Review Partner(s) performance*

Status: Received K-1 forms from partners for 2003.
Q2 2004, MSDH accounting system integrated with CBSFA accounting system.

Milestone 5: *Provide Staff Training*

Status: Jonathan Thorpe flew to St. Paul in January 2004 to work with Rena Kudrin on the 4th Quarter Report. 1st quarter of 2004 was completed in Anchorage by CBSFA staff to correspond with the 2003 CBSFA Audit by KPMG-Anchorage. CBSFA CFO met with Trident Seafoods in Seattle in May 2004 to discuss the CBSFA Halibut Cooperative. Jonathan Thorpe participated in a seminar provided by Key Bank on derivatives. This is a continuing education towards the maintenance hours needed to retain his CPA license.

Rena Kudrin went to Anchorage to work with Jonathan Thorpe on the 3rd Quarter Report.

In Q4, Rena Kudrin, Jonathan Thorpe and Ray Melovidov attended the board training workshop held on December 14 & 15, 2004. Gregg French from KPMG conducted the workshop, training the staff how to properly read and understand financial statements, budgets and independent audit report documents.

Milestone 6: *Periodically review Strategic Plan and Five-year Forecast*

Status: Being revised as part of Substantial Amendment 04-01 CB.

Q3 & Q4 2004, CBSFA developed the 2006-2008 Community Development Plan.

Milestone 7: *Participate in NPFMC, IPHC and other appropriate policy forums*

Status: President Phillip Lestenkof attended the Pribilof Islands Collaborative meetings in Anchorage the week of January 15, 2004.

The 2004 IPHC Annual Meeting was held in Juneau, Jan 19-23, 2004; President Lestenkof, Chairman Myron Melovidov, Vice President Robert Melovidov and Boardmember Jason Bourdukofsky attended.

President Lestenkof attended the NPFMC meetings the week of February 2, 2004.

President Lestenkof attended the NPFMC meetings the week of March 29, 2004.

CBSFA management attended Pribilof Islands Collaborative meeting in April 2004.

CBSFA representative attended MPFMC meeting in June for 4C halibut boundary proposal.

CBSFA representative attended NPFMC meeting in June, Crab EIS adopted.

CBSFA representative attended Board of Fish meeting; Crab Rationalization Implementation Task Force.

President Phillip Lestenkof attended Pribilof Islands Collaborative stakeholders' meetings held in St. Paul Island during August 17-20, 2004.

In Q4 2004, President Phillip Lestenkof, Chairman Myron Melovidov and Admin.

Assistant Ray Melovidov attended the NPFMC meetings held in Sitka, October 2004 to support CBSFA's request to allow 4C CDQ/IFQ halibut to be fished in 4D.

In Q4 2004, President Phillip Lestenkof, Chairman Myron Melovidov, Vice President Robert Melovidov and Admin. Assistant Ray Melovidov attended the

NPFMC meetings held in Anchorage, December 2004 to support CBSFA's request to allow 4C CDQ/IFQ halibut to be fished in 4D.

In Q1 2005 President Phillip Lestenkof, Chairman Myron Melovidov, and Admin.

Assistant Ray Melovidov attended the IPHC Annual Meeting in Victoria, B.C., January 2005.

Q1 2005, President Lestenkof and Vice President Robert Melovidov attended the Pribilof Islands Collaborative meetings, January 28-30, 2005.

Q1 2005, President Lestenkof and Boardmember Jeff Kauffman attended the NPFMC meetings in Seattle, February 2005.

Q1 2005, the CBSFA President and Chairman attended the Pribilof Islands Collaborative meetings in March 2005 in Seattle.

Goal 16: Investment Fund Policies and Procedures

Objective: Maintain a conservative stance and sufficient liquidity to implement MSD and C-IFQ programs

Milestone 1: Develop Cash Flow model

Status: Maintained cash flow model and projection for Starpartner investment and potential American Seafoods IPO.
In 3rd quarter, CBSFA utilized fixed-income funds from its Morgan Stanley investments to manage the CBSFA Halibut Cooperative cash flow needs instead of utilizing a line of credit.
Q1 2005, the CBSFA Investment Committee reviewed and adjusted the funds allocation in the Morgan Stanley investment portfolio.

Milestone 2: Maintain sufficient liquidity to meet investment strategy

Status: In Q1 2003 CBSFA implemented a funds portfolio allocation at Morgan Stanley, which included liquidity to meet investment needs.

Milestone 3: Monitor portfolio performance and adjust as necessary

Status: In Q2 2004 CBSFA started meeting with Morgan Stanley to discuss options on stocks and market volatility.
In Q3 2004 CBSFA held meetings with Morgan Stanley to continue monitoring portfolio performance.
In Q4 2004 the CBSFA Investment Committee held a quarterly meeting with Morgan Stanley in November 2004.
In Q1 2005 the CBSFA Investment Committee held a quarterly meeting with Morgan Stanley on March 10, 2005.

B. OUTREACH

- The fishermen were surveyed in March 2005.
- CBSFA Office Manager Rena Kudrin and Admin. Assistant Ray Melovidov attended a Job Fair at the St. Paul School to provide information about job opportunities available through CBSFA and its partners.
- CBSFA donated a case of opilio crab to the St. George School for a fundraising raffle.
- CBSFA donated funds to the St. Paul High School Basketball team.
- CBSFA donated funds to the 5th grade class to visit the Marine Science Center in Seward.
- Assisted ADF&G on completion of 2004 subsistence halibut surveys.

C. EMPLOYMENT

1. CBSFA 2005 1st Quarter Employment Data Form

	1st Quarter		Year-to-Date		Year-to Date
	Position/People	Wages	Position/People	Wages	People
Management/Administrative	5	73,443	5	73,443	5
CDQ Pollock Related					
A/B Season	None		None		
C/D Season	None		None		
Other Fishing	1	unknown	1	unknown	1
CDQ Halibut Fisheries	58	150,369.39	58	150,369.39	58
Other Employment	1	1,200	1	1,200	1
Internships					
Total	65	225,012.39	65	225,012.39	65

2. Summary

Management/Administrative: Four local CBSFA members are employed at the St. Paul Island Office. Positions consist of President, Quota Manager, Office Manager and Administrative Assistant. The Quota Manager position has been temporarily moved to Anchorage. CBSFA staff also includes Jonathan Thorpe-CPA, as Chief Financial Officer.

CDQ Pollock Related (A/B Season): No Activity.

Other fishing: CBSFA member, Nicholas Philemonoff crewed on the FV Starward (which is owned by CBSFA) during cod season.

CDQ Halibut Fishery: In Q1 2005, the remaining 2004 fish in inventory was sold and a final profit sharing distribution was made to the fishermen, with local fishermen receiving the highest price ever paid for their CDQ halibut.

Other employment: Crane Operator

Internships: No Activity

D. Training

1. CBSFA 2005 1st Quarter Training Data Form

	1 st Quarter		Year-to-Date	
	People	Expenditure	People	Expenditure
Scholarships				
Postsecondary	15	37,500	15	37,500
Vocational	0	0		
Voch-tech Classes				
Basic	1	3000	1	3000
Advanced	0	0	0	
Other Training				
Fisheries related	0	0		
Student Loans	1	3700	1	3700
CDQ Staff/Board	0	0		
Other	0	0		
Other Expenditures				
To Educational Institutes	0	0		
Educational Endowment Funds				
Other	0	0		
Total	17	44200	17	44200

2. Summary

Scholarships: 17 students applied for the Spring 2005 scholarships and 15 met the qualifications and deadline of December 15, 2004. The next deadline for applying is June 30, 2005 for the Fall 2005 semester.

Vocational/Technical Grants: 1 student applied and met the qualifications and met the deadline of December 15, 2004. The next deadline for applying is June 30, 2005 for the Fall 2005 semester.

Other Training: None.

Student Loans: 1 student applied for a student loan and met the qualifications and deadline of December 15, 2004. The next deadline for applying is June 30, 2005 for the Fall 2005 semester.

Other Expenditures: None

III. ADMINISTRATION

A. Board Activities:

A CBSFA Special BOD meeting was held on February 3, 2005.

B. State of Alaska Reporting Compliance

CBSFA is in compliance with the State of Alaska reporting regulations.

C. Amendment Status

Quarter 1: **SA 05-01:** Transfer Pollock and associated by-catch for harvested in a pooled fishery.
 SA 05-02: Transfer Pacific Cod and associated by-catch for harvested in a pooled fishery.
 SA 05-03: Transfer Atka Mackerel, Flatfish, and associated by-catch for harvested in a pooled fishery.

D. Other Issues

IV. HARVESTING REPORT

A. Pollock and Multi-species CDQ Harvest by Quarter and Year to Date

1. Consolidated Summary of CDQ Harvesting Activities

Pollock

American Seafoods Company continues to be CBSFA's harvesting partner. To provide for increased utilization and minimize by-catch CBSFA, BBEDC, CVRF, and YDFDA pooled Pollock and by-catch. Season A fishery completed.

Flatfish and Atka Mackerel

To provide for increased utilization of the fishery resource and minimize by-catch CBSFA, BBEDC, YDFDA, and CVRF combined their Atka Mackerel and Flatfish quotas for harvest by one fishing partner, US Seafoods. No activity in the first quarter.

Pacific Cod

To provide for increased utilization and minimize by-catch CBSFA and CVRF pooled Pacific Cod for harvest by Pacific Longline Company. Season A fishery completed.

MS CDQ/PSQ Account Status Report 2005, Quarter 1

CDQ Group: CBSFA CDQ Reserve Category	Units	Initial Allocation Amount	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	7,392.500		7,392.500	0.000					-	-	-	-
Pacific Cod	mt	1,390.500		1,370.500	20.000	0.005				0.005	0.0%	19.995	99.98%
BS FG Sablefish	mt	39.040		0.000	39.040	15.119				15.119	38.7%	23.921	61.27%
AI FG Sablefish	mt	11.790		0.500	11.290					0.000	0.0%	11.290	100.00%
BS Sablefish	mt	8.280		4.190	4.090					0.000	0.0%	4.090	100.00%
AI Sablefish	mt	3.920		1.500	2.420					0.000	0.0%	2.420	100.00%
WAI Atka Mackerel 543	mt	120.000		118.250	1.750					0.000	0.0%	1.750	100.00%
CAI Atka Mackerel 542	mt	213.040		212.000	1.040					0.000	0.0%	1.040	100.00%
EAI/BS Atka Mackerel 541	mt	45.040		42.400	2.640					0.000	0.0%	2.640	100.00%
Yellowfin Sole	mt	544.080		539.000	5.080					0.000	0.0%	5.080	100.00%
Rock Sole	mt	249.040		242.000	7.040					0.000	0.0%	7.040	100.00%
BS Greenland Turbot	mt	16.240		5.410	10.830	0.539				0.539	5.0%	10.291	95.02%
AI Greenland Turbot	mt	4.200		2.000	2.200					0.000	0.0%	2.200	100.00%
Arrowtooth Flounder	mt	81.000		54.000	27.000	1.351				1.351	5.0%	25.649	95.00%
Flathead Sole	mt	131.670		103.000	28.670					0.000	0.0%	28.670	100.00%
Other Flatfish	mt	21.040		15.800	5.240					0.000	0.0%	5.240	100.00%
Alaska Plaice	mt	30.000		11.300	18.700					0.000	0.0%	18.700	100.00%
BS Pacific Ocean Perch	mt	6.300		3.690	2.610					0.000	0.0%	2.610	100.00%
WAI Pacific Ocean Perch 543	mt	30.480		30.000	0.480					0.000	0.0%	0.480	100.00%
CAI Pacific Ocean Perch 542	mt	18.240		18.000	0.240					0.000	0.0%	0.240	100.00%
EAI Pacific Ocean Perch 541	mt	18.480		17.300	1.180					0.000	0.0%	1.180	100.00%
Northern Rockfish	mt	0.000		N/A	N/A					N/A	N/A	N/A	N/A
Shortraker Rockfish	mt	0.000		N/A	N/A					N/A	N/A	N/A	N/A
Rougheye Rockfish	mt	0.000		N/A	N/A					N/A	N/A	N/A	N/A
BS Other Rockfish	mt	2.450		0.790	1.660					0.000	0.0%	1.660	100.00%
AI Other Rockfish	mt	3.520		2.000	1.520					0.000	0.0%	1.520	100.00%
Other Species	mt	0.000		N/A	N/A					N/A	N/A	N/A	N/A
PSQ Reserve Category													
Zone 1 Red King Crab	ea	1,182.000		547.000	635.000					0.000	0.00%	635.000	100.00%
Zone 1 Bairdi Tanner Crab	ea	5,880.000		2,310.000	3,570.000					0.000	0.00%	3,570.000	100.00%
Zone 2 Bairdi Tanner Crab	ea	17,820.000		7,400.000	10,420.000					0.000	0.00%	10,420.000	100.00%
Opilio Tanner Crab	ea	78,300.000		10,940.000	67,360.000					0.000	0.00%	67,360.000	100.00%
Pacific Halibut (mortality)	mt	30.780		16.200	14.580					0.000	0.00%	14.580	100.00%
Chinook Salmon	ea	109.000		109.000	0.000					-	-	-	-
Non-Chinook Salmon	ea	158.000		158.000	0.000					0.000	-	0.000	-

B. Pollock and Multi-species CDQ Harvest Activities by Target Fishery
1. Pollock Harvesting Activities 2005, Quarter 1

CDQ Reserve Category	Units	BBEDC	Transferred In			Transferred Out	Total After Transfers	CDQ Catch by Group				
			CBSFA	CVRF	YDFDA			BBEDC	CBSFA	CVRF	YDFDA	Total
BS Pollock	mt	31,048.500	7,392.500	35,484.000	5,010.000	0.000	78,935.000	12,417.939	2,956.652	14,191.930	2,003.764	31,570.286
Pacific Cod	mt	3,244.500	34.000	162.000	23.000	0.000	3,463.500	35.291	8.450	40.262	5.716	89.719
BS FG Sablefish	mt	48.800				0.000	48.800					
AI FG Sablefish	mt	74.670				0.000	74.670					
BS Sablefish	mt	20.240	0.190	0.900	0.130	0.000	21.460	0.007	0.002	0.008	0.001	0.017
AI Sablefish	mt	9.800				0.000	9.800					
WAI Atka Mackerel 543	mt	225.000				0.000	225.000					
CAI Atka Mackerel 542	mt	399.450				0.000	399.450					
EAI/BS Atka Mackerel 541	mt	84.450	0.300	1.400	0.200	0.000	86.350	0.002	0.001	0.003	0.000	0.006
Yellowfin Sole	mt	1,632.240	6.000	29.000	4.000	0.000	1,671.240	0.280	0.065	0.312	0.043	0.699
Rock Sole	mt	715.990	20.000	95.000	13.000	0.000	843.990	10.931	2.634	12.511	1.712	27.788
BS Greenland Turbot	mt	40.600	0.410	1.810	0.270	0.000	43.090	0.153	0.041	0.183	0.027	0.404
AI Greenland Turbot	mt	11.400				0.000	11.400					
Arrowtooth Flounder	mt	198.000	4.000	20.000	3.000	0.000	225.000	2.181	0.513	2.566	0.385	5.646
Flathead Sole	mt	307.230	13.000	63.000	9.000	0.000	392.230	23.334	5.515	26.728	3.818	59.395
Other Flatfish	mt	63.120	2.400	11.250	1.600	0.000	78.370	1.259	0.302	1.417	0.202	3.180
Alaska Plaice	mt	126.000	0.300	1.400	0.200	0.000	127.900	0.084	0.021	0.098	0.014	0.217
BS Pacific Ocean Perch	mt	22.050	0.190	0.900	0.130	0.000	23.270	0.269	0.064	0.302	0.044	0.678
WAI Pacific Ocean Perch 543	mt	57.150				0.000	57.150					
CAI Pacific Ocean Perch 542	mt	34.200				0.000	34.200					
EAI Pacific Ocean Perch 541	mt	34.650				0.000	34.650					
BS Other Rockfish	mt	6.650	0.190	0.900	0.260	0.000	8.000	0.984	0.117	0.553	0.160	1.814
AI Other Rockfish	mt	7.920				0.000	7.920					
Other Species	mt	N/A					N/A					18.857
PSQ Reserve Category												
Zone 1 Red King Crab	ea	3,103.000	47.000	225.000	32.000	0.000	3,407.000					
Zone 1 Bairdi Tanner Crab	ea	17,640.000	310.000	1,490.000	210.000	0.000	19,650.000					
Zone 2 Bairdi Tanner Crab	ea	51,233.000	400.000	1,940.000	270.000	0.000	53,843.000	5.437	1.288	6.183	0.871	13.779
Opilio Tanner Crab	ea	87,462.000	940.000	4,500.000	630.000	0.000	93,532.000					
Pacific Halibut (mortality)	mt	75.460	1.200	5.400	0.800	0.000	82.860	0.526	0.131	0.591	0.088	1.336
Chinook Salmon	ea	457.000	109.000	522.000	73.000	0.000	1,161.000	350.903	83.695	400.812	56.052	891.462
Non-Chinook Salmon	ea	662.000	158.000	756.000	106.000	0.000	1,682.000					

2. Pacific Cod Harvesting Activities 2005, Quarter 1

Pacific Cod Target Fishery Harvest Activity Quarter ended March 31, 2005													
CDQ Reserve Category	Units	CVRF Allocation	Transfer from CBSFA	Allocation after transfers	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total YTD Harvest	CVRF YTD Harvest	CBSFA YTD Harvest	CVRF % of Target Harvest	CBSFA % of Target Harvested
A Season (60%)	mt	1,470.000	774.300	2,244.300	2,169.025	-	-	-	2,169.025	1,420.695	748.330	96.65%	96.65%
B Season (40%)	mt	980.000	516.200	1,496.200	-	-	-	-	-	-	-	0.00%	0.00%
Pacific Cod Total	mt	2,450.000	1,290.500	3,740.500	2,169.025	-	-	-	2,169.025	1,420.695	748.330	57.99%	57.99%
Bycatch		0.000											
Non Pollock Quota	mt	-	-	-	-	-	-	-	-	-	-	-	-
BS FG Sablefish	mt	-	-	-	-	-	-	-	-	-	-	-	-
AI FG Sablefish	mt	1.500	0.500	2.000	-	-	-	-	-	-	-	-	-
BS Sablefish	mt	1.300	0.500	1.800	-	-	-	-	-	-	-	-	-
AI Sablefish	mt	-	-	-	-	-	-	-	-	-	-	-	-
WAI Atka Mackerel 543	mt	0.167	0.250	0.417	-	-	-	-	-	-	-	-	-
CAI Atka Mackerel 542	mt	-	-	-	-	-	-	-	-	-	-	-	-
EAI/BS Atka Mackerel 541	mt	0.288	0.100	0.388	0.006	-	-	-	0.006	0.004	0.002	-	-
Yellowfin Sole	mt	20.000	10.000	30.000	0.423	-	-	-	0.423	0.282	0.141	-	-
Rock Sole	mt	5.000	2.000	7.000	1.564	-	-	-	1.564	1.117	0.447	-	-
BS Greenland Turbot	mt	2.568	1.000	3.568	0.019	-	-	-	0.019	0.014	0.005	-	-
AI Greenland Turbot	mt	-	-	-	-	-	-	-	-	-	-	-	-
Arrowtooth Flounder	mt	47.000	20.000	67.000	2.620	-	-	-	2.620	1.838	0.782	-	-
Flathead Sole	mt	35.000	10.000	45.000	6.726	-	-	-	6.726	5.231	1.495	-	-
Other Flatfish	mt	7.500	2.400	9.900	3.965	-	-	-	3.965	3.004	0.961	-	-
Alaska Plaice	mt	5.000	1.000	6.000	-	-	-	-	-	-	-	-	-
BS Pacific Ocean Perch	mt	-	-	-	-	-	-	-	-	-	-	-	-
WAI Pacific Ocean Perch 543	mt	-	-	-	-	-	-	-	-	-	-	-	-
CAI Pacific Ocean Perch 542	mt	-	-	-	-	-	-	-	-	-	-	-	-
EAI Pacific Ocean Perch 541	mt	-	-	-	-	-	-	-	-	-	-	-	-
AI Northern Rockfish	mt	-	-	-	-	-	-	-	-	-	-	-	-
AI Shortraker/Rougheye Rockfish	mt	-	-	-	-	-	-	-	-	-	-	-	-
BS Other Rockfish	mt	0.750	0.100	0.850	0.139	-	-	-	0.139	0.123	0.016	-	-
AI Other Rockfish	mt	0.835	-	0.835	-	-	-	-	-	-	-	-	-
Other Species	mt	-	-	-	-	-	-	-	-	-	-	-	-
PSQ Reserve Category													
Zone 1 Red King Crab	ea	-	-	-	-	-	-	-	-	-	-	-	-
Zone 1 Bairdi Tanner Crab	ea	-	-	-	-	-	-	-	-	-	-	-	-
Zone 2 Bairdi Tanner Crab	ea	-	-	-	-	-	-	-	-	-	-	-	-
Opilio Tanner Crab	ea	-	-	-	-	-	-	-	-	-	-	-	-
Pacific Halibut (mortality)	mt	22.000	5.000	27.000	1.790	-	-	-	1.790	1.459	0.331	-	-
Chinook Salmon	ea	-	-	-	-	-	-	-	-	-	-	-	-
Non-Chinook Salmon	ea	-	-	-	-	-	-	-	-	-	-	-	-

3. Sablefish (Black Cod) Harvesting Activities 2005, Quarter 1

Sablefish Target Fishery Harvest Activity First Quarter as of March 31, 2005								
CDQ Reserve Category	Units	Allocation after transfers	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Harvest	% of Target Harvest
AI FG Sablefish	mt	10.000					0.000	
BS Sablefish (trawl)	mt	4.000						
AI Sablefish (Trawl)	mt	2.000						
Bycatch								
Pacific Cod	mt	-	0.005				0.005	-
WAI Atka Mackerel 543	mt	-						-
CAI Atka Mackerel 542	mt	-						-
EAI/BS Atka Mackerel 541	mt	-						-
Rock Sole	mt	-						-
BS Greenland Turbot	mt	-	0.539				0.539	-
AI Greenland Turbot	mt	-						-
Arrowtooth Flounder	mt	-	1.351				1.351	-
Other Flatfish	mt	-						
BS Other Rockfish	mt	-	0.068				0.068	-
AI Other Rockfish	mt	-						-

a. Summary of harvesting activities by target fishery (sablefish)

The F/V Early Dawn harvested 38.7% of CBSFA's Bering Sea Fixed Gear Sablefish allocation in Quarter 1, 2005.

b. Summary of by-catch in the Sablefish fishery

By-catch is minimized through the use of pot gear. No unusual by-catch to report.

4. Atka Mackerel / Flatfish Harvesting Activities 2005, Quarter 1

*No fishing activity occurred in Quarter 1, 2005.

5. Crab Harvesting Activities 2005, Quarter 1

Crab Harvest Activity									
First Quarter as of March 31, 2005									
CDQ Reserve Category	Units	Annual Allocation	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Harvest	Percent Harvested	Remaining Allocation
Bering Sea <i>C. Opilio</i> (snow) Tanner crab	lbs	371,267	371,138				371,138	99.97%	129
Bering Sea <i>C. Bairdi</i> Tanner crab	lbs	N/A							
Bristol Bay Red King crab	lbs	TBD							
Norton Sound Red King crab	lbs	N/A							
Pribilof Red & Blue King crab	lbs	Closed							
St Matthew Blue King crab	lbs	Closed							

a. Summary of harvesting activities by target fishery

***C. Opilio* (Snow Crab):** In Quarter 1 of 2005, the F/V Shishaldin and F/V Early Dawn harvested 99.97% of CBSFA's *C. Opilio* allocation.

BBRKC: The Bristol Bay Red King Crab fishery is anticipated to occur in the third or fourth quarter of 2005.

6. Halibut Harvesting Activities, 2005 Quarter 1

Halibut Harvest Activity									
First Quarter as of March 31, 2005									
CDQ Reserve Category	Units	Annual Allocation	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Harvest	Percent Harvested	Remaining Allocation
4B Halibut	lbs	0						-	-
4C Halibut	lbs	771,375	0				0	0.0%	771,375
4D Halibut	lbs	0						-	-
4E Halibut	lbs	0						-	-

a. Summary of harvesting activities by target fishery (Halibut)

No activity in Quarter 1.

b. Summary of by-catch in the Halibut fishery

No activity in Quarter 1.

C. Compliance / Enforcement Issues

NONE

D. Other Fishing Issues/Activities

NONE

V. CONFIDENTIAL ISSUES

A. Financial Statements

B. Tax Issues

No tax issues for Q1 2005.

C. Imminent Major Investments

D. Other

1. Board Minutes

CBSFA Special BOD Meeting February 3, 2005