

April 30, 1999

Mike Irwin, Commissioner
State of Alaska Dept. of Community & Regional Affairs
P.O. Box 112100
Juneau, Alaska 99800-2100

Dear Mr. Irwin:

CBSFA respectfully submits its first quarter report of 1999. Some of the information contained in the report, including financial and catch information are marked confidential. They qualify as confidential under 6AAC93.070.

CBSFA is a private, nonprofit corporation that represents St. Paul Island, Alaska. The CDP process by which we receive most of our revenues is competitive both between applicants and in arranging for seafood industry partners. Anything that places us at a competitive disadvantage has the possibility of significantly reducing our income. This can happen by a reduction in CDQ allocations from the Secretary, receiving a lower price for CDQ allocations that we lease, or business competition in our partner's commercial enterprises.

We are required to submit a great deal of information to both State and Federal agencies under CDQ regulation at 6AAC93 and 50CFR Part 675, respectfully. Much of this information is of a nature considered confidential by private corporations. The information contained in our financial statements lists investments in projects, the disclosure of which might unfairly disadvantage us in negotiations. The fishery catch information is confidential to our fishing partner and we believe federal, as well as state law, protects such confidentiality.

Sincerely,

Phillip Lestenkof
President

cc: DCRA Quarterly Reports
Board of Directors
File

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Central Bering Sea Fishermen's Association

I. Quarterly Highlights

Central Bering Sea Fishermen's Association's first quarter of 1999 included the following:

- Junior Achievement program for the St. Paul Island School, started January 4, 1999 and was completed March 23, 1999. Board members who participated were Rena J. Kudrin, Phyllis Swetzof, and John R. Mercurief.
- Employees of Kvichak Marine worked on St. Paul Island from March 13 through April 13 and assisted in repairing boats, training local fishermen in boat repair techniques, and trained four locals in hydraulic boat trailer operation and maintenance.
- Elected new officers for CBSFA in March.
- CBSFC loan committee issued new boat loans.
- Board members and staff attended State of Alaska CDQ regulatory meeting in Anchorage on January 20-22.
- Carl Mercurief, President of CBSFA, resigned effective January 20, 1999. Robert Melovidov took over as acting President until elections were held.
- The CBSFC Loan Committee met & discussed policies of the vessel program.
- The Pollock CDQ A season ended with 99.43% of the allocation being caught.
- CBSFA Board reviewed an updated draft policy and procedure manual to meet standard accounting procedures and met all state and federal requirements.
- Two Board members attended the January 25-29th IPHC Annual meeting in Prince Rupert, BC.
- Two Board members attended the February NPMC meeting in Anchorage.
- CBSFA signed a crab-processing agreement with Unisea for the 1999 opilio crab CDQ allocation on January 19.
- Misty Islands Seafood conducted live crab shipments from St. Paul and Dutch Harbor during the open access opilio fishery.
- Staff began due diligence investigations on a crab vessel partnership.
- Staff worked with other industry groups to investigate investment in the pollock fishery.
- The crab catcher vessel F/V *Arctic Lady* was added for the 1999 opilio CDQ fishery. The executive committee allocated CBSFA's opilio crab to crab catcher vessels on a percentage basis.
- Mary Boggs, of Gulf Mist, Inc. arranged with CBSFA to hire local residents Alfey Hanson and Nekifer Buterin on the freezer longliner F/V *Alaska Mist*.

- An internship position was authorized in the accounting department in the Anchorage office.
- Misty Islands Seafood operation contracted with two persons in St. Paul and offered several processing positions to St. Paul residents temporarily located in Anchorage.
- A CBSFA grant recipient received a certificate as a residential and light commercial electrical repairer on January 29th. A CBSFA grant recipient received his certification for completing a crane operators and riggers course on March 19th.
- The State of Alaska has yet to award the harbor tidelands conveyance to an applicant, i.e., the City of St. Paul or TDX/IRA.
- Applications for small Boat Harbor construction permits submitted by the City of St. Paul and DHI Consulting Engineers (TDX) are still pending approval.

II. COMMUNITY DEVELOPMENT

A. PROGRESS TOWARD GOALS, OBJECTIVES, MILESTONES

GOAL I. MAINTAIN CORPORATE INITIATIVES AND PRACTICES

GOAL I, OBJECTIVE 1. Maintain corporate practices, which are consistent with effective corporate administration and management.

MILESTONE A: Provide updated Board Effectiveness training each year.

No action undertaken on this milestone this quarter.

MILESTONE B: Annually reviews corporate by-laws and committee structure.

In the 4th quarter of 1998, CBSFA contracted with Alaska Village Initiative (AVI) to review CBSFA corporate by-laws. AVI made their recommendations in the first quarter of 1999. During the board of directors meeting of March 6 through 8, 1999, the board of directors along with CBSFA's legal council reviewed the recommendations. As of this date, CBSFA legal council is preparing the final draft copy of necessary by-laws changes to be presented at the next regular meeting of the board of directors.

The board of directors approved forming an executive committee comprised of three directors. The purpose of this committee is for management consultation.

MILESTONE C: Bi-annually review operations and status of subsidiary company(s) including Central Bering Sea Fishermen's Corporation (CBSFC).

President of CBSFC, Phillip Lestenkof gave a report on the operations of CBSFC during the meeting of CBSFA March 6 through 8, 1999. Chairman of CBSFC loan committee Ben Barrera provided a written report on the boat, gear, IFQ, small business, and student loan programs to date and for FY98. Dick Tremaine and Robert Melovidov, co-managers of Misty Island Seafoods (MIS) gave their report on the operations of MIS. Gordon Blue gave a report on the Zolotoi Partnership operations.

GOAL I, OBJECTIVE 2. Maintain financial accountability.

MILESTONE A: Annually secures independent financial and performance audits.

CBSFA and subsidiary companies will hold their annual audit the last week of April.

MILESTONE B: Conduct periodic reviews or audits of industry partners' operation as it affects CBSFA.

No action on this milestone this quarter.

MILESTONE C: Complete and submit monthly and quarterly budget comparisons for use by the Board and its management in evaluating performance with formal revisions to plans and budgets when necessary.

Review of monthly and quarterly budgets is on going by management.

MILESTONE D: Annually review Investment Fund policies and procedures.

CBSFA controller gave a report on the current and proposed operating manual and investment policies and procedures. CBSFA is in the process of designing a portfolio to achieve not only the short-term goals but also the long-range goals. The design of the portfolio also addresses the reserve set-aside requirements for 1999 toward the small boat harbor project.

GOAL I, OBJECTIVE 3. Annually assess operational and long-term needs of CBSFA and its programs.

MILESTONE A: Develop and utilize annual corporate strategic planning process prior to the end of each fiscal year of the CDQ program.

Board reviewed the proposed operating manual and investment policies and procedures. This is under review and will be taken up at the next CBSFA regular meeting of the board of directors.

MILESTONE B: Submit annual operations need assessments to the appropriate Board(s).

No action on this milestone this quarter.

GOAL I, OBJECTIVE 4. Advocate for the enhancement of the fisheries interest of CBSFA, its subsidiaries, and affiliates in all appropriate forums and processes.

MILESTONE A: Participate in Western Alaska Fisheries Development Association, North Pacific Fishery Management Council, International Pacific Halibut Commission, Alaska Board of Fish, and other such forums on an ongoing basis.

Phillip Lestenkof, Robert Melovidov, Brenda Parnell, and Dick Tremaine attended a facilitated joint State/CDQ group meeting, January 20 & 21, 1999 in Anchorage.

Phillip Lestenkof and John R. Mercurief, Sr. attended the annual meeting of IPHC January 25th-29th, 1999 in Prince Rupert, BC.

Phillip Lestenkof, Robert Melovidov, and Dick Tremaine attended the NPMC meeting February 1st-2nd, 1999 in Anchorage.

Phillip Lestenkof attended a teleconference with WAFDA, March 15, 1999.

MILESTONE B: Monitor reports and participates in meetings on the status of Bering Sea fishery resources on an ongoing basis.

Staff and consultants participated in management meetings (see Milestone 1.4.A., above) and reviewed reports as appropriate throughout the quarter.

GOAL I, OBJECTIVE 5. Ensure proper management of current investments and subsidiaries.

MILESTONE A: Annually receive and review overview and annual report for each investment held by subsidiary company(s), including office/rental building on St. Paul Island, *F/V Zolotoi*, and Misty Islands Seafoods.

President of CBSFC presented a report to the CBSFA board at the regular meeting of the board on March 6 through 8, 1999. Chairman Ben Barrera provided a written report on the CBSFC loan committee activities. Dick Tremaine and Robert Melovidov co-managers of MIS gave their report on MIS.

GOAL II. INVESTMENTS

GOAL II, OBJECTIVE 1. Invest in the fishing industry.

MILESTONE A: By February 1998, develop and adopt a plan to actively participate in the marketing of live Opilio crab.

This milestone was completed in 1998.

MILESTONE B: By August 1998, finalize assessment, perform adequate due diligence procedures, and take appropriate action regarding the opportunity to acquire ownership of a live crab facility in Anchorage, Alaska. A company named Misty Islands Seafood's will be created to operate the facility.

Accomplished. Milestone met by creating Misty Islands Seafoods (MIS) during third quarter 1998.

MIS made live crab shipments during the 1999 opilio crab season. On January 25, 1999, the first shipment from St. Paul was sent to the Anchorage plant.

MILESTONE C: By September 1998, conduct due diligence procedures and make a determination regarding a proposed investment in the crab-fishing vessel *Scandies Rose*.

After analysis management made a decision to recommend against this investment due to high asking price.

MILESTONE D: By February 1999, perform due diligence procedures and complete a preliminary plan and assessment with regard to development of a joint investment in a freezer longliner with Jubilee Fisheries.

Ongoing. Discussions were held with Jubilee management during the quarter.

MILESTONE E: By September 1999, conduct due diligence procedures and make a determination regarding a proposed investment in a crab-fishing vessel.

Presented at the CBSFA board meeting of March 6, 7, & 8, 1999, a proposal from Gordon Blue on the F/V Ocean Cape. The Board directed management to do a due diligence on the proposal.

MILESTONE F: By July 2000, perform due diligence procedures and make a determination regarding investment in pollock catching and/or processing.

CBSFA conducted some activities on this milestone during the quarter. There are further discussed in the confidential section.

GOAL II, OBJECTIVE 2. Develop local fisheries

MILESTONE A: By December 2000, complete an assessment and investigation regarding investment in the sea urchin fishery.

Discussion for joint operations initiated with APIDCA during first quarter.

MILESTONE B: By September 2000, develop and implement a plan to utilize the local fleet to catch Pacific cod for local processing.

No action to date.

MILESTONE C: By December 2000, and contingent upon Alaska Department of Fish and Game's decision on shifting the season, develop and implement a plan to use three local boats to harvest hair crab.

No action to date.

MILESTONE D: Halibut fishery annual milestones.

- (1) Participation each year by 30 locally owned vessels.
- (2) Participation each year by 130 local residents as fishing crew, baiters, or processors workers.
- (3) 100% of annual CDQ allocation caught.
- (4) 100% of halibut caught under this CDP processed locally.
- (5) At least 15 days of CDQ halibut fishing.
- (6) Reported average ex-vessel price, minus transportation costs from the Pribilof Islands to Anchorage; greater than or equal to that reported by NMFS or the IPHC for average ex-vessel prices in Kodiak.

No CDQ halibut fishing in the first quarter.

GOAL II, OBJECTIVE 3. Develop and implement a real-time data tracking and catch accounting system.

MILESTONE A: By January 1, 1998:

- (1) Sign a letter of understanding with other CDQ groups to participate in a coordinated development of a real-time data accounting and tracking system.
- (2) Finish development of a mutually cooperative real-time data accounting and tracking system in conjunction with other CDQ groups.
- (3) Beta tests the system during the 1997 Pollock "B" season.

These milestones were successfully met in 1997/8.

MILESTONE B: Implement the real-time data tracking system as soon as CDQ fishing begins.

Milestone accomplished in 1998.

GOAL III. EMPLOYMENT

GOAL III, OBJECTIVE 1. Develop an outreach program that offers employment to Alaskan residents other than St. Paul residents.

MILESTONE A: By January 1, 1998:

- (1) Develop and adopt an employment outreach plan.
- (2) Draft and sign an employment outreach agreement with both American Seafoods and Icicle Seafoods.
- (3) Contact at least 5 regional or Village Native organizations concerning seafood industry employment opportunities.

This was accomplished in 1998.

MILESTONE B: By May 1998, assist in the development and sponsorship of Bering Sea fishing industry job fairs for the residents of all selected communities/regions.

A fishery related job fair did not occur in St. Paul during 1998. The board of directors will be evaluating the possibilities in 1999.

MILESTONE C: By October 1998, report to the Board on the effectiveness of CBSFA's efforts at expanding Bering Sea fishing industry employment opportunities and create new outreach milestones as deemed appropriate.

Report past due and not deemed applicable, no further action.

GOAL IV. LOCAL EMPLOYMENT AND TRAINING

GOAL IV, OBJECTIVE 1. Increase internship and job opportunities for local residents.

MILESTONE A: By January 2, 1998, expand internship and employment preference program to all harvesting, processing, and marketing partners.

All of CBSFA's long term partners have agreed to employ St. Paul residents and to provide internship opportunities as part of their partnership discussions and contracts. Management is discussing the possibility of two internship positions in the Anchorage office.

MILESTONE B: Annually increases St. Paul resident participation in the job training and career development program.

Two grant recipients of CBSFA have received certificates in the following areas, Joseph Melovidov for residential and light commercial electrical repairer on January 29, 1999 and Anthony Kushin received his certification for a crane operator and rigger course on March 19, 1999.

MILESTONE C: Assist at least two St. Paul residents in securing career path employment with CDQ partners each year.

There was no participation for the first quarter.

MILESTONE D: Re-evaluate training and employment program in a formal report to the Board twice each year and modify targets and plan based on Board direction.

CBSFA is in the process of re-evaluating the training program based upon the CBSFC 's loan committee meeting held in December.

MILESTONE E: Ensure that employment of community members in fisheries other than halibut increases each year.

Mary Boggs of Gulf Mist, Inc. contacted CBSFA about hiring St. Paul residents to work on F/V Alaska Mist, which is a freezer long liner. With CBSFA's assistance, local residents Alfey Henry Hanson and Nekifer Buterin were hired. To date Nekifer Buterin is still working on the F/V Alaska Mist.

Local residents Jeffery Philemonoff, Simeon Swetsof, III, Jeremy Philemonoff, Alfey Hanson, Jr., Ben Feenstra, Juan Leon Guerrero, and Alexander Kushin have worked on crab vessels during the 1999 open access opilio season.

MIS operation employed two personnel in St. Paul and offered several processing positions to St. Paul residents temporarily located in Anchorage.

GOAL IV, OBJECTIVE 2. Provide access to substance abuse treatment program on behalf of CBSFA members in the seafood industry.

MILESTONE A: Initiate substance abuse treatment program on January 2, 1998.

Accomplished during January 1998.

CBSFA coordinates our program with Aleutian Pribilof Island Association, Pribilof Counseling Center, on St. Paul Island. One individual inquired about funding for alcohol treatment in 1st quarter and CBSFA directed the person to go through the Pribilof Counseling Center.

MILESTONE B: On an annual basis evaluate substance abuse treatment program and act on the results of the evaluation.

No activity during the first quarter.

GOAL IV, OBJECTIVE 3. Maintain local fleet facilities.

MILESTONE A: Annually maintains small vessel mooring dock.

No activity during the first quarter.

GOAL IV, OBJECTIVE 4. Develop local vessel repair facility.

MILESTONE A: By May 2000 secure a facility, including equipment, within which local fishermen can work on their trailerable fishing boats.

No activity on a permanent facility for this milestone during the first quarter. Kvichak Marine conducted a training/repair workshop in a rented building during the first quarter. This allowed some fishermen a closed area in which they could work on their boats. The space was not well ventilated and had numerous other problems. However, by using rented space we are better able to identify the needs for permanent space.

On March 4, 1999, CBSFA entered into a contract with Kvichak Marine Industries, Inc. to facilitate a project titled-CBSFA/Kvichak Boat Repair Project. On March 13 the project began with the arrival of two Kvichak personnel. One week later a need was determined to bring in one more aluminum welder/fitter due to the scope of the work. Three local boats received extensive rebuilding work and one boat received structural reinforcement work. A 32-foot aluminum boat was lengthened to 35 feet and had its engine replaced with a rebuilt engine. Another aluminum 26 footer was lengthened to 32 feet and had its engine replaced with a new engine. A 32-foot fiberglass boat had its cabin shortened in the rear to create space for setting longline gear and had a new engine installed. A 26-foot aluminum boat, which was lengthened during last years project received structural reinforcement to fix a problem with cracking, welds. The boat repair project was completed on April 13, 1999.

GOAL IV, OBJECTIVE 5. Administer loan funds.

MILESTONE A: Annually review status of all loan and scholarship programs (education, training, boat and gear, IFQ, and business development).

Chairman Ben Barrera of CBSFC loan committee provided a written report on the boat, gear, IFQ, small business, and student loan programs to date and for FY 98'. CBSFC loan committee held a meeting February 11, 1999 to review and take action on boat, gear, and student loan applications. CBSFC loan committee held a meeting February 22, 1999 to review and take action on loan applications not processed at the last meeting, due to credit history checks.

GOAL IV, OBJECTIVE 6. Ensure that community members are educated and trained for business and the seafood industry.

MILESTONE A: Annually ensures that all the students in school on St. Paul Island have the opportunity to participate in Junior Achievement.

Junior Achievement started in the Pribilof School District January 4, 1999. Three board members participated and completed their projects by March 23, 1999. The three board members elevation of this program was excellent. Other members of the community of St.

Paul also participated in the Junior Achievement (JA) program. This year JA reached all 145 children enrolled in the St. Paul School grades 1st through 12th grade. This was the first year this program was offered to the elementary students.

MILESTONE B: Annually provide at least one training workshop on St. Paul Island aimed at improving local fishermen's skills.

Shortly after receiving the hydraulic boat trailer, Kim Alexander of Kvichak Marine, who has experience in the operation of this type of trailer came to St. Paul Island from January 5 through 7, 1999 to train local fishermen on the operation and use of the trailer. Four local fishermen received training on the operation of the trailer. The 32 foot long trailer is designed to lift boats off and set boats down on the ground using a hydraulic ram lifting system with the use of boat supports.

From March 13 to April 13, 1999, CBSFA facilitated a project titled CBSFA/Kvichak Boat Repair Project. Three local boats received extensive rebuilding and one vessel received structural reinforcement. The four boat owners received on the job training and gained valuable hands on experience by working with the Kvichak crew.

GOAL IV, OBJECTIVE 7. Provide small vessel launch and retrieval facilities.

MILESTONE A: By June 5, 1999, prepare and implement plan to repair boat ramp, and provide launch and retrieval equipment.

In the fourth quarter of 1998 CBSFA purchased and received a used 32 feet long boat trailer, which incorporates a hydraulic lifting system. The trailer is designed to lift boats off the ground and set boats back on the ground using a hydraulic ram lifting system with the use of boat supports. Kvichak Marine Industries, Inc. assisted CBSFA in locating and shipping the boat trailer. The local fleet to launch and retrieve boats and transport boats for storage and repairs will use it. In the first quarter it was used to transport a 32-foot vessel to the boat repair shop location.

GOAL V SMALL BOAT HARBOR

GOAL V, OBJECTIVE 1. Coordinate with other local entities to form united St. Paul community approach and design for small boat harbor.

MILESTONE A: Hold coordination meetings on St. Paul Island throughout the later half of 1998 and first half of 1999 until local agreement is reached.

CBSFA held meeting with the Tribal Government of St. Paul. The purpose of the meeting was to discuss small boat harbor plan.

CBSFA was notified that as of the 1st quarter the tidelands conveyance is still not awarded to applicant, I.E., the City of St. Paul or TDX/Tribal Government of St. Paul.

CBSFA was notified that applications for small boat harbor construction permits submitted by the City of St. Paul and DHI Consulting Engineers is still pending approval.

MILESTONE B: Work with local organizations to reach an agreed upon harbor development plan and design with final plan drafted by June 1, 1999.

CBSFA is continuing scheduling meetings with the Tribal Government of St. Paul, TDX, and the City of St. Paul so we can all discuss the importance of the small boat harbor.

GOAL V, OBJECTIVE 2. Obtain funding for small boat harbor.

MILESTONE A: Establish and fund dedicated set-aside account from pollock CDQ revenues consisting of 80% of all such revenues.

No activity for first quarter.

MILESTONE B: Along with other local entities obtain sufficient funds for small boat harbor dredging, ramp, and minimal docking by June 1, 2000.

No activity for first quarter.

GOAL V, OBJECTIVE 3. Construct small boat harbor.

MILESTONE A: Issue an RFP for construction by September 1, 2000.

No activity required for 1st quarter.

MILESTONE B: Ensure contract for construction firm signs small boat harbor dredging by March 1, 2001.

No activity required for 1st quarter.

MILESTONE C: Begin dredging small boat harbor by June 1, 2001.

No activity required for 1st quarter.

MILESTONE D: Have small boat harbor, including ramp and minimal docks, in place and in use by June 1, 2003.

No activity required for 1st quarter.

B. OUTREACH

The CBSFA office is located on St. Paul Island and maintains contact with local residents on a daily basis. Staff visits with residents at public functions, at the store, and in other community settings. The St. Paul office is open and visited by local residents. When fishing jobs are available staff contact interested persons and spread the word of available work.

C. EMPLOYMENT

Employment by CBSFA, CBSFC, and Misty Islands Seafood's during the first quarter involved 37 people, earning approximately \$94,466. The employment Data Table below summarizes this employment.

CBSFA staff members earned \$35110.00 in total wages. CBSFC's St. Paul office staff included the President, who earned \$8038.00, and clerical staff is accounted in CBSFA management. CBSFA hired the services of one attorney and one consultant in conjunction with contract negotiations, legal issues, government compliance and assistance with Multi-Species CDP issues.

	Quarter IV		Year-to-Date Totals		Year-to-Date	St. Paul
	People	Expenditure	Position/Trips	Expenditure	People	Residents
<u>WITHIN CBSFA</u>						
CBSFA Management	5	35,110	5	35,110	5	4
<i>Anchorage Clerical</i>						
Employees	0	-	0	-	0	0
Temporary Staff	4	15,727	4	15,727	4	0
<i>St. Paul Clerical</i>						
Employees	0					
Temporary Staff	0		0	-	0	0
Contract Labor	0	-	0	-	0	0
<i>Internships</i>	1	48	1	48	1	1
CBSFC Management	1	8,038	1	8,038	1	1
Misty Islands Seafood's - Crab						
Management	3	21,923	3	21,923	3	1
Production Staff	23	13,620	23	13,620	23	1
Other: Contract Labor						
Total w/l CBSFA	37	\$ 94,466	37	\$ 94,466	37	8

WITHIN THE FISHING INDUSTRY

CDQ Pollock Related						
A Season	None	None	None	None	None	None
B Season						
Other Fishing						
Crabbing	9	No Data Available				

D. TRAINING AND EDUCATION

During the first quarter, CBSFA sponsored - students. These students are attending the following schools: University of Alaska-Anchorage and Fairbanks; Arizona State University; Keller Graduate School; Montana State University.

TRAINING/SCHOLARSHIP/STUDENT LOAN					
1999 QUARTER I					
		Quarter I		Year-to-Date I	
		People	Expenditure	People	Expenditure
Scholarships					
	Postsecondary	17	36602	17	36602
	Vocational	0	0	0	0
Voc-tech Classes					
	Basic				
	Advanced	4	10663	4	10663
Other Training					
	Fisheries related				
	Student Loans	3	7656	3	7656
	CDQ Staff/Board				
	Other				
Other Expenditures					
	To Educational Institutes				
	Educational Endowment Funds				
	Other				
Total		24	54921	24	54921

III. ADMINISTRATION

A. Board Activities

CBSFA Board of Directors Meetings –

- January 13, 1999
- March 6,7, & 8, 1999

CBSFC Board of Directors Meetings

- January 11, 1999

B. CDP Amendment status

Two technical amendments were submitted during the quarter, both adding pollock CDQ harvesting/processing vessels. The first amendment added the C/P *Northern Eagle* and the second added the C/P *Northern Jaeger*. Both vessels fished for CBSFA during the first quarter.

C. Other Issues

D. Reporting Compliance

We are in compliance with all reporting requirements.

IV. HARVESTING REPORT

A. Pollock Harvest Activities

The C/Ps *American Triumph*, *Northern Eagle*, and *Northern Jaeger* fished CDQ pollock for CBSFA during the first quarter. CBSFA harvested 99.43% of its "A" season pollock allocation. There was high bycatch of squid (a non-CDQ species) and chinook PSQ. It is not known why chinook bycatch was so high. We are interested in following up on observer debriefing to determine if expansion errors were made. Most of the chinook bycatch occurred aboard the *American Triumph* and we also want to discuss the issue with the skipper. American Seafoods is aware of the problem and conducting their own investigation. The catch and yearly cumulative totals are presented in the attached table, below.

B. Processing Report

All pollock processing occurred aboard the C/Ps. Products included surimi, fillets, and meal. No other groundfish or crab CDQ processing occurred during the quarter. The Unisea barge in St. Paul was standing by to accept CDQ crab at the end of the quarter.

C. Other Fishing Issues/Activities

Crab CDQ fishing

Crab CDQ fishing began during the last week of the quarter but no deliveries were made. The five crab catcher vessels fishing for CBSFA are the F/Vs: *Arctic Lady*, *Kona Kai*, *Ocean Ballad*, *Ocean Cape*, and *Zolotoi*. All deliveries will be made to the Unisea processing barge anchored in St. Paul Island harbor. Fishing is expected to be completed by early May.

Multi-species groundfish fishing

There was no multi-species CDQ fishing during the first quarter. Fishing for turbot, sablefish, and mackerel is anticipated for the second quarter.

Misty Islands Seafoods

Misty Islands Seafoods shipped live open access opilio during the first quarter. Virtually all shipments were to Japan. Operations began in late January and ended in mid-March. Market conditions in Japan were less than optimal with competing product not only from other Alaskan suppliers but also from Russia and North Korea. These last two sources were unusual and had marked downward effect on market prices. Misty Islands bought crab from Prime Alaska in Dutch Harbor and from three processors on St. Paul Island. This balanced supply allowed product flow even when weather halted shipments from one port or the other. Although industry production is not well known, we believe that Misty Islands shipped more live opilio than any of its competitors.