

# CBSFA

Central Bering Sea Fishermen's Association

Community Development Plan (CDP) for  
2003-2005 Multi-Species Community Development Quota (CDQ) Program  
4<sup>th</sup> Quarter Report 2004

Prepared for:  
State of Alaska

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## Central Bering Sea Fishermen's Association

### I. Quarterly Highlights – 4th Quarter

- 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.
- The CDQ halibut fishery ended in October 2004.
- All local fishing vessels and the floating docks were retrieved using the CBSFA Grove crane in October/November 2004, 5 locals were employed.
- The CBSFA Halibut Cooperative made a profit sharing distribution to the fishermen in December 2004.
- A distribution from American Seafoods was made in October 2004.
- A CBSFA Special BOD meeting was held on October 14, 2004.
- A CBSFA Special BOD meeting was held on October 19, 2004.
- A CBSFA/MSDH joint BOD meeting was held on November 22, 2004.
- A CBSFA Special BOD meeting was held on November 27, 2004.
- A CBSFA Special BOD meeting was held on December 8, 2004.
- At the December 8, 2004 meeting, the CBSFA BOD approved MSDH to purchase a stake in Bering Sea Partners.
- The CBSFA 13<sup>th</sup> Annual Membership Meeting was held in November 2004.
- Phillip – IPHC – Interim Meeting in Seattle?
- President Lestenkof and other board members met with the State CDQ Team in December 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.
- At the December 2004 NPFMC meeting, the Council approved CBSFA's request to allow area 4C CDQ/IFQ halibut to be fished in 4D.
- The CBSFA BOD and staff attended a training workshop conducted by KPMG, on December 14 & 15, 2004
- President Phillip Lestenkof and CFO Jonathan Thorpe met with the Army Corp of Engineers in Anchorage, December 2004.

## II. COMMUNITY DEVELOPMENT

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

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**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.

*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.

*Milestone 3: Exercise Options and Agreements*

**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.

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**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 May 6, 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.

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**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 and signed a custom processing agreement with Trident.

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

Status: Profit sharing distribution will be paid after the CBSFA CDQ halibut is marketed and sold. At the end of the 3<sup>rd</sup> 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.

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.

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**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 3<sup>rd</sup> quarter.

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.

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**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.

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)

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**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.

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.

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**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 3<sup>rd</sup> 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 IFQs.

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**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.

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

Status: See Milestone 1.

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**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 3<sup>rd</sup> 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.

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**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 3<sup>rd</sup> 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 CBSFA's exit from this investment.

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**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 4<sup>th</sup> quarter.

In Q4 2004, CBSFA deposited the full 2004 set-aside funds in November 2004.

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.

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**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.

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.

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**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 22, 2003 to review applications and award scholarships, student loans, and training grants. 14 scholarships and 2 student loans were approved; they will be distributed in Q1 2004. CBSFC Loan Committee met August 13, 2004 to review applications and award scholarships, student loans and training grants. 12 scholarships, 2 training grants and 1 student loan were awarded.

Milestone 2: *Review loan performance*

Status: The CBSFC Loan Committee met on December 22, 2003 and reviewed all loans and budgets. The CBSFC Loan Committee met on April 16, 2004 to review all loans and budgets.

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

Status: The CBSFC Loan Committee reviewed the budgets on April 16, 2004.

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**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: A newsletter was distributed in Q1 2004.

The CBSFA 2003 Annual Report was being drafted during 3<sup>rd</sup> quarter for distribution to the CBSFA membership. 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.

Milestone 3: *Continue Board Survey*

Status: The board was surveyed in September 2004.

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**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 20043 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 4<sup>th</sup> Quarter Report. 1<sup>st</sup> 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 CSBFA 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 3<sup>rd</sup> 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.

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, 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, 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.

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**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 3<sup>rd</sup> 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.

Milestone 2: Maintain sufficient liquidity to meet investment strategy

Status: In 1<sup>st</sup> quarter 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 2<sup>nd</sup> quarter CBSFA started meeting with Morgan Stanley to discuss options on stocks and market volatility.

In 3<sup>rd</sup> quarter CBSFA held meetings with Morgan Stanley to continue monitoring portfolio performance.

In Q4, the CBSFA Investment Committee held a quarterly meeting with Morgan Stanley in November 2004.

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## **B. OUTREACH**

- The CBSFA Annual Report was distributed to the members in December 2004.
- The fishermen were surveyed in Q4 2004.
- CBSFA provided opilio crab at a buffet held following the 2004 Annual Membership Meeting.
- CBSFA provided King Crab and Opilio Crab to local organizations for fund raising events.
- CBSFA purchased life rings for all St. Paul Harbor's docks to promote marine safety at local docks.

## C. EMPLOYMENT

### 1. CBSFA 2004 4th Quarter Employment Data Form

	4th Quarter		Year-to-Date		Year-to Date
	Position/People	Wages	Position/People	Wages	People
Management/Administrative	5	91,261.95	5	286,229.95	5
CDQ Pollock Related					
A/B Season	None		None		
C/D Season	None		None		
Other Fishing	0	0	2	2286.00	2
CDQ Halibut Fisheries	58	221,365.50	58	864,238.50	58
Other Employment	9	5,418.00	21	7,050.00	12
Internships			1	3,216.00	1
<b>Total</b>	<b>72</b>	<b>318,045.45</b>	<b>87</b>	<b>1,163,020.45</b>	<b>87</b>

### 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:** The CBSFA Halibut CDQ fishery started on June 7, 2004 employing local vessels and crews.

**Other employment:** Retrieval of the floating docks employed a crew of 6 and the security of the vessels mooring at the floating docks employed 3 persons.

**Internships:** No Activity

## D. Training

### 1. CBSFA 2004 4th Quarter Training Data Form

	3 <sup>rd</sup> Quarter		Year-to-Date	
	People	Expenditure	People	Expenditure
<b>Scholarships</b>				
Postsecondary	0	0	26	76,000
Vocational	0	0		
<b>Voch-tech Classes</b>				
Basic	1	444	2	963
Advanced	0	0	1	2500
<b>Other Training</b>				
Fisheries related	0	0		
Student Loans	0	0	3	8750
CDQ Staff/Board	0	0		
Other	0	0		
<b>Other Expenditures</b>				
To Educational Institutes	0	0		
Educational Endowment Funds				
Other	0	0		
<b>Total</b>	<b>1</b>	<b>444</b>	<b>32</b>	<b>88,213</b>

### 2. Summary

**Scholarships:** The spring term scholarship application deadline was December 15, 2004.

**Vocational/Technical Grants:** The deadline was December 15, 2004. During 4<sup>th</sup> quarter, 1 student applied and was funded.

**Other Training:** No activity.

**Student Loans:** The fall term student loan application deadline was December 15, 2004.

**Other Expenditures:** None

### **III. ADMINISTRATION**

**A. Board Activities:** None.

**B. State of Alaska Reporting Compliance**

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

**C. Amendment Status**

- Quarter 1:     **SA 04-01:** Amend CBSFA’s 2003-2005 CDP, adding Multi-Species Development Holding LLC and adds the F/V Starlite and F/V Starward.  
                  **SA 04-02:** Transfer Pollock and associated by-catch to BBEDC to be harvested in a pooled fishery.  
                  **SA 04-03:** Transfer Atka Mackerel, Flatfish, and associated by-catch to be harvested in a pooled fishery.  
                  **SA 04-04:** Addition of F/V Ballyhoo and the shoreside processors Westward and Unisea to CBSFA’s 2003-2005 CDP.  
                  **TA 04-05:** Proposed transfer of *C. opilio* to BBEDC. FAILED
- Quarter 2:     **TA 04-06:** Transfer Other Flatfish to CVRF to assist with the P. Cod fishery.
- Quarter 4:     **TA 04-07:** Transfer Yellowfin Sole, Rock Sole, Flathead Sole, and Alaska Plaice to BBEDC to support the combined “Flatfish Pool” being prosecuted by US Seafoods.  
                  **SA 04-08:** Amend CBSFA’s 2003-2005 CDP, adding Bering Sea Partners, LLC.

**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**

##### **2004 Species Transferred into pools for Harvest:**

###### **Pollock**

American Seafoods Company continues to be CBSFA's harvesting partner. To provide for increased utilization and minimize by-catch CBSFA, BBEDC, and CVRF pooled Pollock and by-catch. In 2004 this fishery pool is being harvested by American Seafoods vessels through the CDQ group BBEDC.

###### **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. In 2004 this fishery pool is being managed by BBEDC.

**MS CDQ/PSQ Account Status Report 2004, Quarter 4**

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	7,460.000		7460.000	0.000					-	-	-	-
Pacific Cod	mt	1,454.670		65.000	1,389.670	288.133	666.289	446.894		1,401.316	100.8%	(11.646)	-0.84%
BS FG Sablefish	mt	46.400		0.000	46.400	31.478	13.120			44.598	96.1%	1.802	3.88%
AI FG Sablefish	mt	13.950		0.000	13.950					0.000	0.0%	13.950	100.00%
BS Sablefish	mt	9.810		5.500	4.310					0.000	0.0%	4.310	100.00%
AI Sablefish	mt	4.640		2.500	2.140					0.000	0.0%	2.140	100.00%
WAI Atka Mackerel 543	mt	124.000		121.000	3.000					0.000	0.0%	3.000	100.00%
CAI Atka Mackerel 542	mt	186.640		183.000	3.640					0.000	0.0%	3.640	100.00%
EAI/BS Atka Mackerel 541	mt	67.440		65.700	1.740	0.448	0.010	0.026		0.484	27.8%	1.256	72.18%
Yellowfin Sole	mt	516.480		515.000	1.480			0.003		0.003	0.2%	1.477	99.80%
Rock Sole	mt	246.000		244.500	1.500	0.368	0.228	0.119		0.715	47.7%	0.785	52.33%
BS Greenland Turbot	mt	16.240		6.000	10.240	2.100	1.382	0.151		3.633	35.5%	6.607	64.52%
AI Greenland Turbot	mt	4.200		2.000	2.200					0.000	0.0%	2.200	100.00%
Arrowtooth Flounder	mt	81.000		55.000	26.000	7.936	7.387	17.146		32.469	124.9%	(6.469)	-24.88%
Flathead Sole	mt	128.250		120.100	8.150	1.999	2.776	2.327		7.102	87.1%	1.048	12.86%
Other Flatfish	mt	18.000		15.000	3.000	0.018	0.004			0.022	0.7%	2.978	99.27%
Alaska Plaice	mt	37.500		36.500	1.000					0.000	0.0%	1.000	100.00%
BS Pacific Ocean Perch	mt	6.360		4.500	1.860					0.000	0.0%	1.860	100.00%
WAI Pacific Ocean Perch 543	mt	31.120		30.100	1.020					0.000	0.0%	1.020	100.00%
CAI Pacific Ocean Perch 542	mt	17.520		16.500	1.020					0.000	0.0%	1.020	100.00%
EAI Pacific Ocean Perch 541	mt	18.320		17.300	1.020					0.000	0.0%	1.020	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	0.056	0.568			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		0.900	1.550	0.076	0.244	0.004		0.324	20.9%	1.226	79.10%
AI Other Rockfish	mt	3.840		1.900	1.940					0.000	0.0%	1.940	100.00%
Other Species	mt	0.000		N/A	N/A	112.754	206.748	102.230		N/A	N/A	N/A	N/A
<b>PSQ Reserve Category</b>													
Zone 1 Red King Crab	ea	1,182.000		850.000	332.000					0.000	0.00%	332.000	100.00%
Zone 1 Bairdi Tanner Crab	ea	5,880.000		3,300.000	2,580.000					0.000	0.00%	2,580.000	100.00%
Zone 2 Bairdi Tanner Crab	ea	17,820.000		13,300.000	4,520.000					0.000	0.00%	4,520.000	100.00%
Opilio Tanner Crab	ea	26,100.000		16,000.000	10,100.000					0.000	0.00%	10,100.000	100.00%
Pacific Halibut (mortality)	mt	30.870		13.000	17.870	0.122	1.105	2.402		3.629	20.31%	14.241	79.69%
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 for 2004, Quarter 4**

CDQ Reserve Category	Units	BBEDC Initial Alloc	Transferred In				Total After Transferrs	CDQ Catch by Group					Total
			CBSFA	CVRF	NSEDC	YDFDA		BBEDC	CBSFA	CVRF	NSEDC	YDFDA	
BS Pollock	mt	31,332.000	7,460.000	35,808.000	11.000	40.000	74,651.000	31,329.452	7,459.393	35,805.087	10.999	39.997	74,644.928
Pacific Cod	mt	3,394.230	35.000	159.000			3,244.230	163.657	35.000	158.745		0.000	357.402
BS FG Sablefish	mt	58.000					58.000						
AI FG Sablefish	mt	88.350					88.350						
BS Sablefish	mt	23.980	1.000	2.000			26.980	0.019	0.009	0.019		0.000	0.047
AI Sablefish	mt	11.600					11.600						
WAI Atka Mackerel 543	mt	232.500					232.500						
CAI Atka Mackerel 542	mt	349.950					349.950						
EAI/BS Atka Mackerel 541	mt	126.450	0.700	2.000			129.150	0.102	0.036	0.102		0.000	0.239
Yellowfin Sole	mt	1,549.440	20.000	25.000			1,584.440	4.907	3.271	4.089		0.000	12.267
Rock Sole	mt	707.250	52.000	248.000			1,007.250	87.485	20.964	99.983		0.000	208.432
BS Greenland Turbot	mt	40.600	2.000	4.000			46.600	0.462	0.462	0.925		0.000	1.849
AI Greenland Turbot	mt	11.400					7.400						
Arrowtooth Flounder	mt	198.000	20.000	30.000			228.000	15.828	9.045	13.567		0.000	38.440
Flathead Sole	mt	299.250	28.000	69.000			346.250	57.344	21.408	52.757		0.000	131.509
Other Flatfish	mt	54.000	5.000	10.000			67.000	11.336	3.779	7.557		0.000	22.671
Alaska Plaice	mt	157.500	4.000	20.000			181.500	0.324	0.065	0.324		0.000	0.713
BS Pacific Ocean Perch	mt	22.260	1.000	3.000			26.260	0.105	0.030	0.090		0.000	0.224
WAI Pacific Ocean Perch 543	mt	58.350					58.350						
CAI Pacific Ocean Perch 542	mt	32.850					32.850						
EAI Pacific Ocean Perch 541	mt	34.350					34.350						
BS Other Rockfish	mt	6.650	0.400	0.700			7.750	0.142	0.057	0.100		0.000	0.299
AI Other Rockfish	mt	8.640											
Other Species	mt												104.079
<b>PSQ Reserve Category</b>													
Zone 1 Red King Crab	ea	3,103.000	100.000	300.000			3,503.000	0.531	0.177	0.531		0.000	1.239
Zone 1 Bairdi Tanner Crab	ea	17,640.000	300.000	1,000.000			18,940.000	3.408	1.022	3.408		0.000	7.839
Zone 2 Bairdi Tanner Crab	ea	51,233.000	300.000	2,000.000			53,533.000	15.408	2.311	15.408		0.000	33.128
Opilio Tanner Crab	ea	78,300.000	1,000.000	7,000.000			86,300.000	0.000	0.000	0.000		0.000	0.000
Pacific Halibut (mortality)	mt	75.460	3.000	7.000			85.460	2.611	1.305	3.046		0.000	6.962
Chinook Salmon	ea	457.000	109.000	500.000			1,066.000	608.921	145.235	666.216		0.000	1,420.372
Non-Chinook Salmon	ea	662.000	158.000	730.000			1,550.000	246.985	58.948	272.355		0.000	578.288

## 2. Pacific Cod Harvesting Activities for 2004 Quarter 4

CBSFA Pacific Cod Target Fishery Harvest Activity Fourth Quarter as of December 31, 2004								
CDQ Reserve Category	Units	Alloc. after				YTD Harvest	% of Target Harvest	
		transfers	1st Qtr	2nd Qtr	3rd Qtr			4th Qtr
A Season (60%)	mt	833.802	287.875	533.376			821.251	98.5%
B Season (40%)	mt	555.868		132.911	446.894	0.000	579.805	104.3%
Pacific Cod Total	mt	1,389.670	287.875	666.287	446.894	0.000	1,401.056	100.8%
<b>Bycatch</b>								
Non Quota Pollock	mt	N/A	30.327	15.829	21.582		67.738	-
BS FG Sablefish	mt	-						-
AI FG Sablefish	mt	-						-
EAI/BS Atka Mackerel 541	mt	-		0.010	0.026		0.036	
Yellowfin Sole	mt	-			0.003		0.003	-
Rock Sole	mt	-	0.367	0.228	0.119		0.714	-
BS Greenland Turbot	mt	-	0.056	0.007	0.151		0.214	-
AI Greenland Turbot	mt	-						-
Arrowtooth Flounder	mt	-	0.342	5.051	17.146		22.539	-
Flathead Sole	mt	-	1.999	2.776	2.327		7.102	-
Other Flatfish	mt	-	0.018	0.003			0.021	-
Alaska Plaice	mt	-					0.000	-
BS Pacific Ocean Perch	mt	-						-
WAI Pacific Ocean Perch 543	mt	-						-
CAI Pacific Ocean Perch 542	mt	-						-
EAI Pacific Ocean Perch 541	mt	-						-
Northern Rockfish	mt	-						-
BS Other Rockfish	mt	-		0.003	0.004		0.007	-
AI Other Rockfish	mt	-						-
Other Species	mt	-	112.754	206.748	102.230		421.732	-
<b>PSQ Reserve Category</b>								
Zone 1 Red King Crab	ea	332.000						
Zone 1 Bairdi Tanner Crab	ea	2,580.000						
Zone 2 Bairdi Tanner Crab	ea	4,520.000						
Opilio Tanner Crab	ea	10,100.00						
Pacific Halibut (mortality)	mt	17.870	0.122	1.105	2.402		3.629	
Chinook Salmon	ea	0.000						
Non-Chinook Salmon	ea	0.000						

**a. Summary of harvesting activities by target fishery (Pacific Cod)**

Pacific Longline Company harvested 100.8% of the total Pacific Cod target allocation as of September 30, 2004. No harvesting activities occurred in the 4<sup>th</sup> quarter.

**b. Summary of by-catch in Pacific Cod fishery**

PLC exceeded the Arrowtooth Flounder allocation by 6.469 metric tons.

Note: CDQ groups are no longer individually allocated 'Other Species.'

### 3. Sablefish (Black Cod) Harvesting Activities for 2004 Quarter 4

Sablefish Target Fishery Harvest Activity Fourth Quarter as of December 31, 2004								
CDQ Reserve Category	Units	Allocation				YTD Harvest	% of Target Harvest	
		after transfers						
		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr			
BS FG Sablefish	mt	46.400	31.478	13.120	0.000	0.000	44.598	96.1%
AI FG Sablefish	mt	13.950					0.000	
BS Sablefish (trawl)	mt	4.310						
AI Sablefish (Trawl)	mt	2.140						
<b>Bycatch</b>								
Non Pollock Quota	mt	N/A						-
Pacific Cod	mt	-	0.258	0.002			0.260	-
WAI Atka Mackerel 543	mt	-						-
CAI Atka Mackerel 542	mt	-						-
EAI/BS Atka Mackerel 541	mt	-	0.448				0.448	-
Rock Sole	mt	-	0.001				0.001	-
BS Greenland Turbot	mt	-	2.044	1.375			3.419	-
AI Greenland Turbot	mt	-						-
Arrowtooth Flounder	mt	-	7.594	2.336			9.930	-
Other Flatfish	mt	-		0.001			0.001	-
Northern Rockfish	mt	N/A						-
Shortraker Rockfish	mt	N/A	0.056	0.568			0.624	-
Rougheye Rockfish	mt	N/A						-
BS Other Rockfish	mt	-	0.076	0.241			0.317	-
AI Other Rockfish	mt	-						-
Other Species	mt	N/A						-

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

The F/V Ballyhoo harvested 96.1% of CBSFA's Bering Sea Fixed Gear Sablefish allocation using pot gear. No harvesting activity occurred in the 3<sup>rd</sup> or 4<sup>th</sup> quarters.

**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 for 2004 Quarter 4**

**Flatfish Pool Fishery Harvest by Group, Fourth Quarter as of December 31, 2004.**

**See next page.**

CDQ Reserve Category	BBEDC Init. Alloc	Transferred In			Trans Out	Total After Transferrs	CDQ Catch by Group				
		CBSFA	CVRF	YDFDA			BBEDC	CBSFA	CVRF	YDFDA	Total
BS Pollock	31,332.000					31,332.000					
Pacific Cod	3,394.230	29.000	87.000	87.000	0.000	3,597.230	93.557	28.863	86.590	86.590	295.600
BS FG Sablefish	58.000										
AI FG Sablefish	88.350										
BS Sablefish	23.980	4.500	5.500	16.000	0.000	49.980	7.072	2.122	2.593	7.544	19.331
AI Sablefish	11.600	2.500	3.750	7.500	0.000	25.350	0.000	0.000	0.000	0.000	0.000
WAI Atka Mackerel 543	232.500	121.000	220.000	270.000	0.000	843.500	228.539	119.452	217.186	266.547	831.725
CAI Atka Mackerel 542	349.950	183.000	325.000	410.000	0.000	1,267.950	348.663	182.849	324.732	409.662	1,265.907
EAI/BS Atka Mackerel 541	126.450	65.000	110.000	140.000	0.000	441.450	120.710	63.790	107.952	137.394	429.846
Yellowfin Sole	1,549.440	495.000	335.000	1,700.000	0.000	4,079.440	1,559.043	494.063	334.366	1,696.782	4,084.253
Rock Sole	707.250	194.500	90.000	650.000	10.000	1,631.750	160.797	69.500	32.159	232.262	494.719
BS Greenland Turbot	40.600	4.000	24.000	21.000	0.000	89.600	0.704	0.178	1.070	0.936	2.888
AI Greenland Turbot	11.400	2.000	8.000	10.000	0.000	31.400	4.007	0.891	3.562	4.453	12.913
Arrowtooth Flounder	198.000	35.000	19.000	140.000	4.000	388.000	57.164	14.931	8.105	59.724	139.924
Flathead Sole	299.250	92.100	52.000	190.000	20.000	613.350	66.226	31.279	17.660	64.528	179.694
Other Flatfish	54.000	8.000	1.250	30.000	50.000	43.250	12.291	3.782	0.591	14.182	30.845
Alaska Plaice	157.500	32.500	140.000	75.000	2.000	403.000	47.673	12.911	55.619	29.796	145.999
BS Pacific Ocean Perch	22.260	3.500	16.080	14.000	0.000	55.840	0.071	0.021	0.096	0.083	0.271
WAI POP 543	58.350	30.100	55.000	63.000	0.000	206.450	57.312	29.820	54.488	62.414	204.034
CAI POP 542	32.850	16.500	30.000	33.000	0.000	112.350	28.130	14.348	26.086	28.695	97.259
EAI POP 541	34.350	17.300	32.000	32.000	0.000	115.650	29.102	16.782	31.042	31.042	107.968
BS Other Rockfish	6.650	0.500	1.500	4.500	0.000	13.150	0.278	0.139	0.416	1.249	2.082
AI Other Rockfish	8.640	1.900	1.000	4.500	0.000	16.040	3.417	0.861	0.453	2.039	6.770
Other Species					0.000	0.000					185.343
<b>PSQ Reserve Category</b>											
Zone 1 Red King Crab	3,103.000	750.000	1,200.000	1,600.000	0.000	6,653.000	51.649	25.825	41.319	55.092	173.885
Zone 1 Bairdi Tanner Crab	17,640.000	3,000.000	3,000.000	12,000.000	0.000	35,640.000	631.730	172.290	172.290	689.160	1,665.470
Zone 2 Bairdi Tanner Crab	51,233.000	13,000.000	20,000.000	40,000.000	0.000	124,233.000	3,679.415	1,258.747	1,936.534	3,873.068	10,747.765
Opilio Tanner Crab	78,300.000	15,000.000	25,000.000	45,000.000	0.000	163,300.000	0.000	0.000	0.000	0.000	0.000
Pacific Halibut (mortality)	75.460	10.000	8.000	40.000	0.000	133.460	27.394	7.609	6.088	30.438	71.529

## 5. Crab Harvesting Activities, 2004 Quarter 4

Crab Harvest Activity									
Fourth Quarter as of December 31, 2004									
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	356,416	353,808				353,808	99.3%	2,608
Bering Sea <i>C. Bairdi</i> Tanner crab	lbs	N/A							
Bristol Bay Red King crab	lbs	113,532				112,972	112,972	99.5%	560
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 2004, the F/V Shishaldin and F/V Early Dawn harvested 99.3% of CBSFA's *C. Opilio* allocation.

**BBRKC:** In Quarter 4 of 2004, the F/V Ballyhoo and the F/V Fierce Allegiance harvested 99.5% of CBSFA's Bristol Bay Red King Crab allocation.

## 6. Halibut Harvesting Activities for 2004 Quarter 4

Halibut Harvest Activity									
Fourth Quarter as of December 31, 2004									
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	731,000.00	0	89,382	245,604	60,756	395,742	54.1%	335,258
4D Halibut	lbs	0						-	-
4E Halibut	lbs	0						-	-

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

Harvesting activities began for CBSFA on June 7, 2004. For its first time, CBSFA hired three larger outside vessels to help harvest its halibut beginning mid-September. The season ended with 54.1% of the allocation harvested.

### b. Summary of by-catch in the Halibut fishery

No by-catch to report, all vessels are below 60 feet.

**C. Compliance / Enforcement Issues**

- During the third quarter of 2004 Pacific Longline Company inadvertently exceeded CBSFA's Pacific Cod allocation by 11.646 metric tons and Arrowtooth Flounder allocation by 6.469 metric tons during their final tow of the year. If CBSFA had been allowed to transfer back the remaining Arrowtooth Flounder initially transferred to the Pollock and Flatfish Pools, the Arrowtooth Flounder allocation would not have been exceeded. In fact, CBSFA would have ended the year with 24.555 metric tons of Arrowtooth Flounder remaining. However, current regulations prevent any transfers from occurring after a documented overage.

**D. Other Fishing Issues/Activities**

NONE

**V. CONFIDENTIAL ISSUES**

**A. Financial Statements**

**B. Tax Issues**

Corporate Restructuring.

**C. Imminent Major Investments**

**D. Other**

**1. Board Minutes**

CBSFA Special Board of Director's Meeting October 14, 2004.

CBSFA Special Board of Director's Meeting October 19, 2004

CBSFA/MSDH joint Board of Director's Meeting November 22, 2004.

CBSFA Special Board of Director's Meeting November 27, 2004.

CBSFA Special Board of Director's Meeting December 8, 2004.