

***April 2015 Annual Cooperative Report to NPFMC
Alternative Cooperative Exchange (ACE)
Gretar Gudmundsson, President & Executive Director***

- 1) *What measures is the cooperative taking to facilitate the transfer of quota share to active participants, including crewmembers and vessel owners?* The ACE cooperative participates in the Right of First Offer (RoFO) program. Participation in the RoFO program was initially incorporated into the ACE Membership Agreement in 2012 and has remained a Membership requirement since. In addition, at least two ACE members have helped to finance QS acquisition by crewmembers.
- 2) *What is the level of participation from cooperative members regarding these measures?* Between November 13, 2013 and January 31, 2015 there have been 66 unique QS transactions where ACE members were the selling party. Of those sixty-six transactions, five (5/66) were internal reorganizations of ongoing concerns and thus exempt from the RoFO requirement. Of the remaining sixty-one (61/66) transactions, they were all offered for sale through the RoFO program. Of those sixty-one, sixteen sales (16/61) went through the traditional RoFO process. Forty-three (43/61) of the transactions that were offered through the RoFO resulted in “no takers.” However, of the forty-three transactions that were offered through the RoFO, all of the ultimate purchasers are defined as active fishermen for the purposes of RoFO (43/43). Of the two remaining transactions that were offered through the RoFO (2/61) we don’t know if the sale was a result of the QS being offered through the RoFO, but we do know the ultimate purchaser in both instances was an active fisherman. To provide some additional detail, of the sixty-one transactions that were offered through the RoFO, all sixty-one purchasers are active fishermen. Of those, six (6/61) are “boots on deck” crewmembers.
- 3) *How effective have these measures been?* We feel the RoFO program has been very effective in terms of facilitating QS acquisition by active participants, including crewmembers and vessel owners. The statistics we provide in the previous section are evidence in support of that assertion.
- 4) *What measures is the cooperative utilizing to address the issue of high lease rates, as they affect crew compensation?* ACE encourages its members to comply with the voluntary lease rate cap of 65% for BBR and 50% for BSS.

- 5) *What is the level of participation from cooperative members regarding these measures?* Several ACE members have their QS fished on ICE vessels. Lease rate information for that QS will be reflected in the calculations included in the ICE cooperative report. Several other ACE members have their QS fished on vessels owned by ACE members. However, given that only two vessels within ACE are fishing ACE quota, ACE has some concerns over confidentiality and has elected not to request lease rate information.
- 6) *How effective have these measures been?* While we may not have lease rate information specific to ACE, we believe the EDR data clearly shows the voluntary lease rate cap to be effective at keeping lease rates within a range deemed acceptable by the Council. In addition to this report, we have included a table 3 from the 2014 Crab Economic SAFE document. The figures related to lease rates for BBR and BSS show that voluntary industry efforts have clearly kept lease rates within the range deemed as acceptable by the Council.
- 7) *What future measures does the cooperative plan to take to address the Council concerns over active participation and lease rates as they affect crew compensation?* ACE intends to continue participating in both the Right of First Offer (RoFO) program as well as the voluntary lease rate cap.

Table 3: Crab Harvest Quota Lease Activity, Volume, Cost, and Average Lease Prices and Rates; CR Program Fisheries

| Year | Vessels ^c | Pounds Leased (1000lbs) | | | Cost (\$1000) | | | Average Lease Price (\$/pound) ^b | | | Average Lease Rate (Percent of ex-vessel value) ^e |
|-------------|----------------------|-------------------------|-----------|--------|---------------|-----------|--------|---|--------|--------|--|
| | | Total | Median | Mean | Total | Median | Mean | Median | Mean | Median | |
| CDQ + ACA | 2012 | 4 | * | * | * | * | * | * | * | * | * |
| | 2013 | 2 | * | * | * | * | * | * | * | * | * |
| CVC + CPC | 2012 | 4 | * | * | * | * | * | * | * | * | * |
| | 2013 | 5 | 151.06 | 27.36 | 25.18 | 306.44 | 44.72 | \$51.07 | \$1.86 | \$1.89 | 0.41% |
| CVO A | 2012 | 4 | * | * | * | * | * | * | * | * | * |
| | 2013 | 5 | 2,026.23 | 327.87 | 405.25 | 3,586.87 | 573.10 | \$717.38 | \$1.50 | \$1.65 | 0.35% |
| CVO B + CPO | 2012 | 4 | * | * | * | * | * | * | * | * | * |
| | 2013 | 6 | 1,284.80 | 83.15 | 142.76 | 1,828.34 | 227.00 | \$203.15 | \$1.48 | \$1.72 | 0.35% |
| CDQ + ACA | 2012 | 5 | 368.62 | 70.68 | 73.72 | 2,254.79 | 447.32 | \$450.96 | \$5.58 | \$6.14 | 0.64% |
| | 2013 | 8 | 713.42 | 77.40 | 89.18 | 3,440.46 | 364.23 | \$430.06 | \$4.86 | \$4.81 | 0.65% |
| CVC + CPC | 2012 | 36 | 171.60 | 4.24 | 4.52 | 927.41 | 21.93 | \$24.41 | \$5.39 | \$5.43 | 0.63% |
| | 2013 | 37 | 198.96 | 4.52 | 4.85 | 973.43 | 21.61 | \$23.74 | \$4.77 | \$4.92 | 0.66% |
| CVO A | 2012 | 50 | 3,618.97 | 65.48 | 72.38 | 18,415.90 | 315.77 | \$368.32 | \$5.34 | \$5.48 | 0.64% |
| | 2013 | 51 | 4,425.51 | 78.75 | 86.78 | 20,263.19 | 343.39 | \$397.32 | \$4.49 | \$4.64 | 0.64% |
| CVO B + CPO | 2012 | 42 | 539.10 | 7.60 | 11.72 | 3,011.82 | 43.02 | \$66.93 | \$5.52 | \$5.90 | 0.65% |
| | 2013 | 45 | 777.86 | 10.07 | 15.56 | 3,700.31 | 47.23 | \$74.01 | \$4.74 | \$4.64 | 0.65% |
| CDQ + ACA | 2012 | 11 | 6,463.57 | 563.35 | 587.60 | 7,534.51 | 684.46 | \$684.96 | \$1.16 | \$1.17 | 0.49% |
| | 2013 | 11 | 6,409.21 | 563.98 | 582.66 | 7,985.71 | 747.64 | \$725.97 | \$1.24 | \$1.24 | 0.54% |
| CVC + CPC | 2012 | 39 | 1,879.88 | 47.96 | 45.85 | 2,073.23 | 52.03 | \$51.83 | \$1.13 | \$1.15 | 0.46% |
| | 2013 | 41 | 1,767.02 | 35.03 | 40.16 | 2,080.07 | 39.90 | \$47.27 | \$1.13 | \$1.23 | 0.46% |
| CVO A | 2012 | 55 | 42,796.16 | 640.32 | 778.11 | 43,992.07 | 678.51 | \$799.86 | \$1.03 | \$1.03 | 0.46% |
| | 2013 | 56 | 34,352.58 | 486.63 | 613.44 | 36,888.66 | 514.12 | \$658.73 | \$1.06 | \$1.07 | 0.46% |
| CVO B + CPO | 2012 | 47 | 6,989.61 | 83.97 | 131.88 | 8,070.30 | 103.66 | \$152.27 | \$1.12 | \$1.19 | 0.46% |
| | 2013 | 50 | 7,740.91 | 78.48 | 133.46 | 9,536.70 | 94.59 | \$164.43 | \$1.16 | \$1.18 | 0.47% |

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Table 3: Continued

| | Year | Vessels ^a | | | Pounds Leased (1000lbs) | | | Cost (\$1000) | | | Average Lease Price (\$/pound) ^b | | | Average Lease Rate (Percent of ex-vessel value) ^c | |
|------------------|------------------|----------------------|----------|-------|-------------------------|----------|-------|---------------|--------|--------|---|--------|------|--|------|
| | | Total | Median | Mean | Total | Median | Mean | Total | Median | Mean | Total | Median | Mean | Median | Mean |
| BST | CDQ + ACA 2013 | 5 | 88.01 | 24.87 | 17.60 | 74.27 | 15.64 | \$14.85 | \$1.00 | \$1.04 | 0.34% | | | | |
| | CVC + CPC 2013 | 10 | 41.62 | 1.10 | 3.20 | 31.56 | 1.16 | \$2.43 | \$0.79 | \$0.74 | 0.28% | | | | |
| | CVO A 2013 | 16 | 776.65 | 52.73 | 48.54 | 543.84 | 25.23 | \$33.99 | \$0.73 | \$0.66 | 0.28% | | | | |
| SMB | CVO B + CPO 2013 | 13 | 130.35 | 6.21 | 8.15 | 119.31 | 4.50 | \$7.46 | \$0.79 | \$0.84 | 0.28% | | | | |
| | CDQ + ACA 2012 | 3 | * | * | * | * | * | * | * | * | * | | | | |
| | CVC + CPC 2012 | 9 | 94.70 | 2.48 | 10.52 | 46.53 | 5.54 | \$5.17 | \$1.47 | \$1.66 | 0.34% | | | | |
| CVO B + CPO 2012 | CVO A 2012 | 17 | 1,149.28 | 49.07 | 67.61 | 1,683.09 | 68.36 | \$99.01 | \$1.42 | \$1.66 | 0.32% | | | | |
| | CVO B + CPO 2012 | 10 | 143.73 | 11.56 | 11.06 | 214.51 | 18.54 | \$16.50 | \$1.47 | \$1.52 | 0.33% | | | | |

Notes: Other fishery data is not shown due to insufficient observations. Lease data shown represent arms length lease transactions reported by quota purchasers in the EDR. Harvest quota types are categorized in this report as the following: CVO A (catcher vessel owner Class A IFQ), CVO B + CPO (catcher vessel owner Class B IFQ and catcher/processor owner IFQ), and CVC + CPC (catcher vessel crew IFQ and catcher/processor crew IFQ). Statistics reported represent results pooled over all quota types and/or regional designations within each category.

^a Vessels column shows total count of vessel-level observations for fishery-year where both pounds and cost of quota leased were reported as non-zero values; in a small number of observations where leased pounds was reported for a given fishery/quota type but lease cost was missing, the mean price over all complete observations was used to impute the missing data in computing the total aggregate lease cost over all vessels.

^b Average lease price statistics by fishery and quota type are calculated as the median and arithmetic mean, respectively, over all observations where both pounds and cost for one or more quota type within the respective category were reported as non-zero values.

^c Average lease rate statistics by fishery and quota type are calculated as the median and mean, respectively, of the ratio of lease price to ex-vessel price, over all observations where both ex-vessel and lease pounds, and ex-vessel revenue and lease cost, were reported as non-zero values.

Source: NMFS AFSC BSAI Crab Economic Data (preliminary findings for 2013 subject to revision following completion of data validation).