

March 24, 2015

Mr. Hull, Chairman
North Pacific Fishery Management Council
605 W. 4th Avenue
Anchorage, AK 99501-2252

Dear Chairman Hull,

Aleutian Islands Cooperative, is a crab-harvesting cooperative formed pursuant to 50 C.F.R. § 680.21, submits the following report under Council agenda item C-2.

Aleutian Islands Cooperative has 10 member entities which hold catcher vessel owner (“CVO”) and catcher vessel crew (“CVC”) quota share (“QS”) units issued under the Bering Sea and Aleutian Island (“BSAI”) crab rationalization program, which implements Amendments 18 and 19 to the Fishery Management Plan for Bering Sea and Aleutian Island King and Tanner Crabs.

The following report answers the seven (7) questions derived from the Council’s original February 2013 motion concerning measures crab harvesting cooperatives are taking or have taken to facilitate the transfer of QS to active participants, including crew members and vessel owners, and the available measures taken to address high lease rates and crew compensation.

1. What measures is the cooperative taking to facilitate the transfer of quota share to active participants, including crew members and vessel owners?

During the past year Aleutian Island Cooperative and our ten members, have had no known purchase and or sales of quota shares. Aleutian Islands Cooperative and our ten members continue to voluntarily follow the RoFO provisions.

Aleutian Island Cooperative has also encouraged and helped facilitate an application for ‘BSAI Crab ELIGIBILITY TO RECEIVE QS/PQS OR IFQ/IPQ BY TRANSFER’ for active crewmembers seeking QS.

Aleutian Island Cooperative and our ten members were active members of ICE prior to the 2013-2014 season. We were party to the 2012-2013 ICE Membership Agreement, which included the Right of First Offer (RoFO) provisions. Although Aleutian Islands Cooperative is no longer a member of ICE, we voluntarily follow the RoFO provisions.

2. What is the level of participation from cooperative members regarding these measures?

All members follow the RoFO provisions.

3. How effective have these measures been?

We have had no known transactions this year. However, the measures have been successful to transfer crab to active participants. We have had three unique QS transfers from January 30th through November 10th, 2013. One of the transfers was from a CVO QS holding entity to a newly eligible crewmember that did not receive an initial allocation of QS. The second transfer was from a CVC QS holder to another qualified crewmember. The third transfer was an internal reorganization of a QS holding entity.

4. What measures is the cooperative utilizing to address the issue of high lease rates, as they affect crew compensation?

Aleutian Islands Cooperative's members charge the crew industry standard lease rates of 65% of adjusted gross revenues for BBR, 50% adjusted gross revenues for BBS and 30% adjusted gross revenues for EBT/WBT.

5. What is the level of participation from cooperative members regarding these measures?

All members follow these standard industry rates.

6. How effective have these measures been?

Our lease rates ensure crew is equitably compensated consistent with the industry standard.

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?

We will continue to use the RoFO guidelines and help facilitate QS transfers for active crewmembers.



Heidi A. Eriksen-Yocom
Aleutian Islands Cooperative
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Seattle, WA 98103

CRAB PRODUCERS AND HARVESTERS, LLC
4019 21ST AVE W., SEATTLE, WA 98199

March 27, 2015

Mr. Dan Hull, Chairman
North Pacific Fishery Management Council
605 W. 4th Avenue
Anchorage, AK 99501

RE: Voluntary Crab Harvesters Report

Dear Chairman Hull:

Crab Producers and Harvesters, LLC (“CPHLLC”) hereby submits this voluntary crab cooperative report for the April 2015 NPFMC meeting, Agenda Item C1. CPHLLC is an affiliated crab cooperative that currently has 27 members who collectively hold CVO, CVC, CPO and/or CPC shares. Nine members hold CVC shares and three members hold CPC shares. The following is in response to the seven questions outlined in the Council’s February 2013 motion regarding certain measures taken by crab cooperatives.

1. What measures is the cooperative taking to facilitate the transfer of quota share to active participants, including crewmembers and vessel owners?

Our membership is supportive of transferring quota share to active participants. When quota share in our cooperative becomes available for sale, I contact members who are potential buyers.

2. What is the level of participation from cooperative members regarding these measures?

Since 2008, all but one sale of quota share were made to members of our cooperative who are active in Alaska’s fisheries, and all but one of those purchasers are active participants in the BSAI crab fishery.

3. How effective have these measures been?

Based on sales since 2008, we believe it's been very effective. This past year, an inactive participant in our cooperative sold his shares to 3 active participants in our cooperative.

4. What measures is the cooperative utilizing to address the issue of high lease rates, as they affect crew compensation?

Our membership has been made aware of the Council's interest in lease rates, however these arrangements are generally confidential between the parties. It's my understanding and belief that the vessel owners in our coop do not charge lease rates for initially issued crab quota share, and that holders of both owner and crew quota shares charge industry standard lease rates for quota share purchased after initial issuance.

5. What is the level of participation from cooperative members regarding these measures?

See response to #4.

6. How effective have these measures been?

See response to #4.

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?

To continue to encourage members who are selling their quota share to give preference to active participants in the fishery.

Respectfully submitted,

CRAB PRODUCERS AND HARVESTERS, LLC



Rob Rogers
President

March 26th, 2015

Dan Hull, Chairman
North Pacific Fishery Management Council
605 W. 4th Avenue, Suite 306
Anchorage, AK 99501-2252

RE: Agenda Item C-1, BSAI Crab Cooperative Reports

Dear Chairman Hull:

During the February 2013 meeting the Council passed the following motion:

"The Council requests that each of the BSAI crab rationalization cooperatives voluntarily provide an annual report detailing measures the cooperative is taking to facilitate the transfer of quota share to active participants, including crew members and vessel owners, and available measures which affect high lease rates and crew compensation. The annual reports should convey to the Council the effectiveness of the measures implemented through the cooperatives and the estimated level of member participation in any voluntary measures and include supporting information and data. These reports are requested to be delivered for the October meeting each year."

These reports are on the agenda for the April Council meeting. Following is the 2014-2015 season report on behalf of the Dog Boat Cooperative.

Dog Boat Cooperative is a smaller affiliated crab cooperative with 21 entities representing 3.2% of the Bristol Bay red king crab (BBR) quota share and 5.3% of the Bering Sea opilio (BSS) quota share. Approximately 2% of the BBR quota share and 2.8% of the BSS quota share is held by one member of Dog Boat, a CDQ group. The remainder, approximately 1.2% of BBR quota share and 2.5% of BSS quota share is held by entities that were all initially issued quota share, other than one crew member who purchased quota share after the program began.

Following are Dog Boat Cooperatives answers to the specific questions from the Council's February motion:

1. What measures is the cooperative taking to facilitate the transfer of quota share to active participants, including crew-members and vessel owners? Dog Boat Cooperative is voluntarily adhering to the Right of First Offer approach developed by Alaska Bering Sea Crabbers and implemented by the Inter-Cooperative Exchange. The definitions and processes followed by Dog Boat Cooperative are similar to those described by the Inter-Cooperative Exchange.
2. What is the level of participation from cooperative members regarding these measures? All members of Dog Boat Cooperative are voluntarily adhering to this approach.

3. How effective have these measures been? This approach has been successful. During 2013, one member of Dog Boat Cooperative decided to sell 79,871 lbs of Eastern Aleutian Island golden king crab IFQ (EAG). Ten percent of this quota share, or 8,000 lbs, was offered to active crew and the entire 8,000 lbs was purchased by four individual active crew. One of the purchasing crewmembers had no previous ownership of crab quota share. The remaining 90% of the quota share was purchased by members of Dog Boat who own active fishing vessels.

During 2014, a quantity of 8,193 lbs of Bering Sea opilio IFQ was made available for sale from Dog Boat members. Of this, 7,384 lbs was purchased by an active Dog Boat member. As part of this sale, active crew committed to purchase 10% of the transaction, or 819 lbs. Although the crew portion has not yet closed, it is expected to close and transfer after opilio season.

The non-active Dog Boat Cooperative members have not purchased additional quota share since the Council moved the motion requesting this information at the February 2013 meeting. It is very unlikely that these non-active members will purchase additional quota share as it would first need to be offered to active crew and boat owners. If Dog Boat Cooperative members did not voluntarily adhere to the Right of First Offer approach, it is unlikely that these crew members would have had the opportunity to purchase this quota share.

Finally, Dog Boat Cooperative members generally qualify as “active”. Note that when mentioning “active” or “non-active” members, this is referring to the ICE cooperative definition. There are clearly several Dog Boat members who are very active in the industry, but are defined as “non-active” based on the ICE cooperative definition. These members are treated as “non-active per the voluntary Right of First Offer agreement within Dog Boat. However, the various levels of “activity” of Dog Boat members is broken out below to reflect the fact that “active” versus “non-active” is a bit difficult to define. Having said this, all Dog Boat members are kept informed regarding the issues facing our industry. The following table shows the level of activity of Dog Boat members by quota share for red king crab and opilio as of February, 2015:

Dog Boat Cooperative	Red King Crab	Opilio
Active per ICE ROFO Definition	81.8%	75.6%
Works in Industry	6.2%	5.1%
Former Crew	1.6%	2.1%
Not Active	10.4%	17.2%
Total	100.0%	100.0%

4. What measures is the cooperative utilizing to address the issue of high lease rates, as they affect crew compensation? For the 2014-2015 season, the majority of Dog Boat members had their IFQ fished on vessels that pay a flat 50% for opilio and 65% for red king crab. Prior to the 2012-2013 season, these members were receiving 50% for opilio and 70% for red king crab. The reduction

in the red king crab royalty was a result of the voluntary industry effort. One member of Dog Boat (a CDQ entity) is a little more complex. They own a substantial amount of quota share. They also fish some of their IFQ on vessels owned by a subsidiary while other IFQ is leased out. Lease rates for this member during the 2014-2015 season were somewhat above 50% for opilio and 65% for red king crab. However, from a crew pay perspective, average lease rates for the vessel were 50% or less for opilio and 65% or less for red king crab.

5. What is the level of participation from cooperative members regarding these measures? All non-CDQ members of Dog Boat Cooperative have voluntarily adopted lease rates of 50% for opilio and 65% for red king crab. The one CDQ member of Dog Boat Cooperative modified its harvest contracts so that those vessels fishing this members IFQ did not deduct average lease rates of more than 50% for opilio or more than 65% for red king crab against crew pay.

6. How effective have these measures been? These voluntary measures have effectively reduced all Dog Boat Cooperative average lease rates, as it affects crew, for red king crab from 70% to 65%. In addition, all Dog Boat Cooperative members are now either receiving only 50% lease rates on opilio or ensuring that crew are not deducted more than 50% against crew pay.

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? Some members of Dog Boat Cooperative (both active and non-active members) are pursuing additional opportunities to invest in Bering Sea crab vessels. There has also been some talk, but no concrete plans as of yet, as to how to facilitate the transfer of C shares from non-active Dog Boat members to crew of active vessels owned by Dog Boat members. Finally, Dog Boat members intend to continue with the voluntary measures described in this report in the future.

Sincerely,



Edward Poulsen, President
Dog Boat Cooperative

April 2015
Agenda Item C-1

March 31, 2015

Mr. Dan Hull, Chairman
North Pacific Fishery Management Council
605 W. 4th Avenue
Anchorage, AK 99501-2252

Dear Chairman Hull:

The following report is submitted under Council agenda item C-1 by Inter-Cooperative Exchange ("ICE"), a crab harvesting cooperative formed pursuant to 50 C.F.R. § 680.21. ICE is an Alaska cooperative corporation organized and operated to qualify as a fishermen's association under the Fishermen's Collective Marketing Act of 1934, 15 U.S.C. § 521 et seq. (the "FCMA").

ICE has 195 members that hold quota shares ("QS") issued under the Bering Sea and Aleutian Islands ("BSAI") crab rationalization program (the "Program"). ICE vessels harvest approximately 70% of the crab available under Program individual fishing quota ("IFQ").

The following report is framed as answers to questions derived from the Council's February 2013 motion concerning crab cooperative measures taken to facilitate the transfer of QS to active participants, including crew members and vessel owners, and to address Council concerns regarding lease rates and crew compensation.

1. What measures is the cooperative taking to facilitate the transfer of QS to active participants, including crew members and vessel owners?

a. ROFO. ICE has implemented a "right of first offer" ("ROFO") in favor of crew members and active fishermen, giving them an opportunity to purchase QS in connection with each QS sale made by an ICE member that does not fall within a specific ROFO exemption. The current ICE ROFO provisions are included as an addendum to this report.

For purposes of the ICE ROFO, a crew member is an individual who meets the Council's catcher vessel crew ("CVC") QS eligibility requirements, and who did not receive catcher vessel owner ("CVO") QS at initial allocation. An active fishermen is a crew member or a person that holds a direct or indirect interest in a vessel over 29' in length that was employed in commercial fishing in State or Federal waters off Alaska during the last 12 months.

Under the ICE ROFO, crew members receive a first priority right to be offered not less than 10% of QS sold by ICE members, unless the sale falls within one of the ROFO exemptions. Active fishermen receive a second priority right of offer with respect to the other 90% of the QS being sold. Please note that crew members qualify as active fishermen, so they have two rights of first offer in connection with each QS sale.

Direct sales to crew members are not subject to the ROFO, and direct sales to active fishermen other than crew members are only subject to the crew member ROFO.

There is no minimum amount of QS a crew member or active fisherman must purchase to exercise the ROFO, and if either crew members' or active fishermen's offers to purchase exceed the amount offered for sale, the amount offered is allocated among the offerors on a pro rata basis.

b. FCMA Eligibility Standard. As a separate matter, ICE has adopted an eligibility standard that limits its membership to persons who work on a U.S. commercial fishing vessel under terms that give them direct exposure to the financial risks of production, or who hold a direct (i.e., Coast Guard documented) interest in a U.S. commercial fishing vessel under the same terms.

This standard was adopted as part of an FCMA compliance review, not as a measure to facilitate transfer of QS to active participants. However, QS holders value access to collective price negotiation and binding arbitration, and (to the best of our knowledge) ICE is currently the only crab harvesting cooperative that offers access to these functions and the related sensitive delivery term information. Therefore, it is reasonable to expect that additional QS holders will take steps to meet the ICE membership eligibility standard over time.

2. What is the level of participation from cooperative members regarding these measures? The ICE ROFO is incorporated into the ICE Membership Agreement, which each member is required to execute. To the best of ICE management's knowledge, no ICE member has transferred QS in breach of their ROFO obligations under the ICE Membership Agreement.

All ICE members must meet the ICE membership requirement described in Section 1.b, above.

3. How effective have these measures been? Application of the ICE ROFO requirement has resulted in crew members and active fishermen being offered the opportunity to purchase crab QS on a priority basis.

A website (www.crabqs.com) was created in 2013 to perform several ROFO program functions. Qualified crew members are able to register to receive notification of sales offerings. Brokers are able to easily distribute offerings to the qualified crew. Transfers are tracked to monitor compliance.

During the period November 10, 2013 through January 31, 2015, there were 243 unique transfers of QS of all types from 47 unique QS holding entities. Of these, 85 (or 35%) of the transfers were directly to qualified crewmembers, and 64 of those were transfers of CVC QS. As noted above, transfers to qualified crewmembers are not subject to ROFO.

Of the remaining 179 transfers, 31 transfers were made by four ICE members, 66 were made by 16 Alternative Crab Exchange member entities, one was made by one member of Crab Producers and Harvesters, nine were made by two members of the Trident Affiliated Crab Harvesting Corporation and 27 were made by four members of Alaska King Crab Harvesters Cooperative.

ICE members transferred a total of 3,572,898 QS units. Transfers of 3,228,431 units were subject to ROFO. All QS unit transfers were ROFO compliant. One qualified crewmember purchased 100 QS units. Active fishermen purchased 2,579,030 QS units (or 72% of the total number of units transferred by ICE members).

Members of all crab cooperatives transferred a total of 69,729,453 CVO and catcher processor owner ("CPO") QS units during the reporting period. Of those units, 4,351,046 units (or approximately 6.2%) were purchased by qualified crew members.

When transfers from CVC and CPC holders are removed from the data set, the amount of CVO/CPO transferred is 66,467,025 QS units. Of that amount, 1,409,050 QS units (2.1%) were purchased by qualified crew and 61,125,919 (92%) were purchased by active fishermen.

4. What measures is the cooperative taking to address the issue of high lease rates, as they affect crew compensation? ICE has taken steps to sensitize its members to Council concerns regarding lease rates but, for reasons explained below, ICE has not taken steps to directly address the impact of lease rates on crew compensation.

As an initial matter, we note that the question posed above assumes lease rates affect crew compensation. ICE believes that whether or not they do, and if so, the extent to which they do, is unresolved.

As a separate but related matter, ICE has concerns regarding its authority to collect and report crew compensation information in its voluntary reports to the Council. ICE has concluded that it can collect and report quota lease rate information within the ambit of its FCMA exemption, as it reflects the distribution of crab harvesting revenues among its harvesting and non-harvesting members, and collective action by cooperative members concerning how those revenues are distributed is a well-recognized FCMA function. ICE has accordingly undertaken a lease rate survey, and the results are provided in Section 5, below.

On the other hand, ICE does not believe the FCMA authorizes its harvesting members to collectively negotiate crew compensation. Rather, ICE believes it is essential that each vessel owner negotiates with their crew on an individual and independent basis. Because surveys can be construed as methods for exchanging information to facilitate collective action, ICE has decided it would not be appropriate to undertake surveys that directly or indirectly address the issue of crew compensation.

We note that crew compensation data is available to the Council through Economic Data Reports ("EDR"), which vessel owners are required to file under Program regulations, and which they complete on an individual and confidential basis. We respectfully suggest that EDR data are the appropriate source of information to evaluate crew compensation. If the Council is interested in determining whether there is a relationship between lease rates and crew compensation, we respectfully suggest it do so by analyzing the relationship between lease rate data reported by cooperatives through their voluntary reports and by vessel owners through the EDR process, and crew compensation information it receives through EDRs.

All that being said, ICE is taking two steps to address Council concerns regarding crab quota lease rates. First, ICE notifies its members that the Council is concerned about the potential impact of high lease rates on vessel operations, and asks its members to individually consider voluntarily capping their lease rate asks and offers at 65% of adjusted gross revenues for Bristol Bay red King crab (“BBRKC”) and 50% of adjusted gross revenues for Bering Sea Snow crab (“BSS”).

Second, ICE requires its harvesting members to report the lease rates paid by every vessel that harvests crab under ICE IFQ. This requirement was initially adopted for the 2013-2014 crab fishing year, and is intended to remain in effect indefinitely.

ICE completed its first lease rate survey during March of this year, and is reporting the results in Section 5, below. The survey collected data from calendar year 2014, so it covers the 2013-2014 BSS season and the 2014-2015 BBRKC season. ICE collects lease rate information on a basis that is intended to be consistent with the related queries under the Program’s EDR requirements.

5. What is the level of participation from cooperative members regarding these measures?

Per Section 4, above, ICE collected and compiled information from vessels for BBRKC and BSS crab delivered on ICE IFQ permits.

The vessel manager or responsible ICE member was asked to provide calendar year 2014 financial information if the vessel made one or more deliveries of BBRKC or BSS crab harvested under leasing arrangements.¹ If a vessel harvested crab under two or more different leasing arrangements, the reporting party was asked to provide separate information for each of them. If a vessel did not harvest crab under a lease, their information was not collected for this report.

For each fishery, reporting parties were asked to provide the following information:

1. The total pounds harvested by the vessel, its gross sales revenues, the pounds harvested under lease and the sales revenues from leased crab.
2. The type and amount of expenses deducted from leased crab sales revenues before applying their lease factor. Reported deductions included landing taxes, NMFS cost recovery fees, crab buy-back fees, cargo insurance, Bering Sea Fisheries Research Foundation assessments and others.
3. The total amount paid to the lessor(s).

These data were reported directly to the Sullivan & Richards law firm, where vessel names were redacted to ensure confidentiality and the information was entered into spreadsheets. In two instances for BBRKC and in three instances for BSS, landings resulted in overages that were subject to 100% forfeiture of all revenues. These data were not included in the lease rate calculations.

¹ Some final prices for the 2014-2015 BBRKC fishery were not settled until after December 31, 2014, so the revenues from that fishery may be understated, and lease rates may be overstated.

47 vessels made landings of leased crab on ICE IFQ permits during the 2013-2014 BSS fishery, and 43 vessels made landings of leased crab on ICE IFQ permits during the 2014-2015 BBRKC season. For the BSS fishery, the requested information was compiled from 46 of the 47 vessels. One vessel reported that their financial records for the fishery had been archived and were not accessible prior to the report deadline. For the BBRKC fishery, the requested information was compiled from 43 of 43 vessels.

Two lease rates were derived from information reported by the vessels. One rate was measured as a percentage of adjusted gross (or “net”) revenues (i.e., gross sales revenues less certain expenses). The other rate was measured as a percentage of gross sales revenues. The “percent of net” lease rate does not account for the observed variation among vessels concerning the expenses deducted before “net” revenues are calculated. The “percent of gross” lease rate accounts for that variation, and allows for a more “apples to apples” comparison of the percentage of revenues paid to quota lessors.

BSS	% of Net	% of Gross
Simple Average	51.00%	46.72%
Weighted Average	50.70%	46.50%
Q1	50.00%	45.90%
Q2 (median)	50.00%	46.10%
Q3	51.00%	47.10%

BBRKC	% of Net	% of Gross
Simple Average	65.80%	61.90%
Weighted Average	65.70%	62.00%
Q1	65.00%	61.60%
Q2 (median)	65.00%	61.70%
Q3	69.10%	66.40%

6. How effective have these measures been? As stated above, ICE has not attempted to measure the effect, if any, of these measures on crew compensation. ICE continues to believe that crew compensation is best evaluated by comparing the daily rate of pay received by crab vessel crew members prior to rationalization (adjusted to include pre-season and post-season employment) to EDR data concerning the daily rates of pay received by crab crew members under the Program.

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? ICE plans to continue developing and promoting its ROFO program. ICE will continue to notify its members regarding the Council’s sensitivity to high lease rates, will continue to request that members consider voluntarily restricting their lease rate asks and offers per paragraph 4, above, and will continue to conduct lease rate surveys and report the results to the Council. ICE will also continue to monitor EDR data as they become available, and will inform its members if crew member daily rates of pay reflected in those data vary significantly from pre-rationalization rates.

Addendum

Inter-Cooperative Exchange

Quota Share Right of First Offer

Definitions. The capitalized terms in this document have the following meanings.

“Active Fisherman” means a Person that either: (i) holds a direct or indirect ownership interest in a Commercial Fishing Vessel as of the Annual Record Date, provides ICE or its agent with the information and documents that ICE requests as evidence of such ownership interest, and is named on the “Active Fisherman” list that ICE maintains; or (ii) is a Crab Crewmember.

“Annual Record Date” means the annual date selected and announced as such by the ICE Board of Directors from time to time.

“Commercial Fishing Vessel” means a vessel not less than twenty-nine (29) feet in length overall that has been employed in commercial fishing in Alaska state waters or in the Federal Fishery Conservation Zone off Alaska during the twelve (12) month period prior to the Annual Record Date. For purposes of this definition, a vessel employed in support of commercial fishing as a tender or research vessel is considered a Commercial Fishing Vessel.

“Crab Crewmember” means an individual who (i) meets the Crab Rationalization Program (“Program”) “C” share recent participation requirements as of the Record Date; (ii) did not receive catcher vessel owner (“CVO”) or catcher processor owner (“CPO”) quota share (“QS”) under the Program at initial allocation; and (iii) is named on the Crab Crewmember list that ICE maintains.

“Member” means a current member of Inter-Cooperative Exchange.

“Person” means natural persons, corporations, partnerships, limited liability companies and all other business entities.

“ROFO Administrator” means the person designated by ICE who maintains the Crab Crewmember and Active Fisherman eligibility lists, receives notices concerning Members’ QS sales, distributes those notices to the Persons on those lists, collects their replies, and notifies the QS seller or their agents regarding the amount of QS that Crab Crewmembers and Active Fishermen have elected to purchase.

Right of First Offer. The right of first offer (“ROFO”) described below is part of the ICE Membership Agreement. By becoming a Member, a Person agrees to give Crab Crewmembers and Active Fishermen a ROFO in connection with any sale of their Crab rationalization Program quota shares (“QS”) while they are a Member, and for a period of twelve (12) months after they terminate their ICE membership.

QS Sales. For ROFO purposes, a “QS sale” includes arm’s length purchase and sale transactions and sales of a majority interest in a business entity that holds QS (if the entity does not hold an interest in a Commercial Fishing Vessel). QS gifts, bequests and exchanges are not considered “sales” for ROFO purposes.

If a Member sells a direct or indirect majority interest in a business entity that holds QS, the business entity is required to extend a ROFO on the amount of QS it holds that is proportionate to the ownership interest being transferred.

If a Member sells direct or indirect interests in a business entity that holds QS to the same Person in separate transactions, sales within six (6) months of each other will be treated as a single sale for ROFO purposes. For example, if a Member sells a 20% interest in an LLC that holds QS to a third party on January 1, 2014, and then sells an additional 31% interest in the same LLC to the same third party on March 1, 2014, the two sales will be considered a single sale of a majority interest in the LLC, and if the third party purchaser is not a Crab Crewmember or an Active Fisherman, before completing the second sale, the LLC will have to offer 51% of its QS to Crab Crewmembers and Active Fishermen through the ROFO procedure below.

ROFO Procedure. The ROFO procedure is as follows:

1. Before selling QS to a Person who is not a Crab Crewmember, the Selling Member must notify the ROFO Administrator of the amount of QS offered for sale (the “Offered QS”), and the associated sale terms (the “Offer Terms”).
2. Upon receiving notice from a Selling Member, the ROFO Administrator will notify the Crab Crewmembers that ten percent (10%) of the Offered QS is available for purchase on the Offer Terms. The 10% being offered to the Crab Crewmembers is referred to as the “Crew Offer QS”.
3. Each Crab Crewmember will have fifteen (15) days from receiving notice during which they may agree to purchase some or all of the Crew Offer QS on the Offer Terms. Once made, a Crab Crewmember’s QS Offer is not revocable.
4. If the Crab Crewmember(s) agreeing to purchase Crew Offer QS (the “Purchasing Crewmembers”) collectively agree to purchase an amount of QS in excess of the Crew Offer QS, the ROFO Administrator will allocate the right to purchase Crew Offer QS among the Purchasing Crewmembers pro rata, according to the amount of the Crew Offer QS each of them has agreed to purchase.
5. When the 15-day Crab Crewmember offer period ends, the ROFO Administrator will determine the remaining amount of the Offered QS available for purchase, by deducting the amount that Crab Crewmembers have agreed to purchase. The remaining amount of QS is referred to as the “Fisherman Offer QS”.

6. The Selling Member may sell the Fisherman Offer QS to one or more Active Fishermen without going through the next steps of the ROFO procedure. However, if the Selling Member wishes to sell some or all of the Fisherman Offer QS to one or more Persons who are not Active Fishermen, the Selling Member must first notify the ROFO Administrator, who will notify the Active Fishermen of the amount of Fisherman Offer QS that the Selling Member wishes to sell to Persons other than Active Fishermen (the "Third Party QS") and the Offer Terms on which the Third Party QS can be purchased.

7. The Active Fishermen will have five (5) days during which one or more of them may agree to purchase some or all of the Third Party QS on the Offer Terms. Once made, an Active Fisherman's QS Offer is not revocable.

8. If the Active Fishermen agreeing to purchase Third Party QS (the "Purchasing Fishermen") collectively agree to purchase an amount of QS in excess of the Third Party QS, the ROFO Administrator will allocate the right to purchase the Third Party QS among the Purchasing Fishermen pro rata, according to the amount each of them has agreed to purchase.

9. When the 5-day Active Fisherman offer period expires, the ROFO Administrator will determine the total amount of the Offered QS that the Crab Crewmembers and the Active Fishermen have agreed to purchase on the Offer Terms, and will notify the Selling Member. The Selling Member will then have the right to sell the remaining balance of the Offered QS (the "Market QS") to persons other than the Crab Crewmembers and Active Fishermen (the "Third Parties") provided that the terms of the Third Party sales are not more favorable than the Offer Terms, and the Third Party sales take place within one hundred eighty (180) days (the "Market Period").

10. If a Selling Member accepts an offer during the Market Period from one or more Third Parties to purchase some or all of the Marketable QS on terms no more favorable to the Third Parties than the Offer Terms (an "Accepted Offer"), the Selling Member must notify the ROFO Administrator of the Accepted Offer and the proposed closing date for the related transaction, which must not be earlier than twelve (12) business days from the date of that notice.

11. Within two (2) business days of receiving notice of an Accepted Offer, the ROFO Administrator will notify the Purchasing Crewmembers and the Purchasing Fishermen of the Accepted Offer and proposed closing date. Within ten (10) days of receiving that notice, each Purchasing Crewmember and Purchasing Fisherman must deposit their share of any cash to be paid to the Selling Member at closing into escrow as directed by the ROFO Administrator, and must execute and deliver any financial instruments and other documents consistent with the Offer Terms.

12. If the Selling Member transfers QS to one or more Third Parties in accordance with the Accepted Offer, the Selling Member will notify the ROFO Administrator, who will notify the Purchasing Crewmembers and Purchasing Fishermen and who will direct the

escrow agent to proceed with closing of the QS transfers from the Selling Member to the Purchasing Crewmembers and Purchasing Fishermen.

13. If the Selling Member does not sell any of the Offered QS to a Third Party within the Market Period, the Purchasing Crewmembers' and the Purchasing Active Fishermen's offers to purchase Offered QS will expire, and the Purchasing Crewmembers and the Purchasing Active Members will have no right or obligation to purchase any of the Offered QS. The Selling Member must not sell the Offered QS unless and until the Selling Member repeats the ROFO procedure described above.

Transactions Exempted from Right of First Offer. The following QS sales and transfers of interest in business entities holding QS are not subject to the ROFO procedure.

1. QS sales in which not less than ten percent (10%) of the QS is sold to one or more Crab Crewmembers and the remaining balance of the QS is sold to one or more Active Fishermen.

2. QS sales made in connection with a foreclosure of a security interest or pursuant to a court order.

3. QS sales made in connection with the sale of a Bering Sea or Aleutian Islands crab fishing vessel, or as part of the sale of an entire commercial Bering Sea or Aleutian Islands "Crab Fishing Business". A "Crab Fishing Business" means a fishing business that owns QS and one or more fishing vessel(s) that were employed to harvest crab in a Program crab fishery during the year prior to the sale of the business. A sale of all or substantially all assets of a Crab Fishing Business, or sale of all or substantially all of the ownership interest in a Crab Fishing Business are both exempt under this provision.

4. QS transfers or sales between "Affiliated" business entities. Business entities in which the same person holds a ten percent (10%) or greater voting interest or ownership interest are "Affiliated".

5. Transfers of a direct or indirect ownership interests in a business entity between or among existing owners.

6. QS transfers or transfers of ownership interest in QS holding entities that are made under a contract that was in effect as of May 29, 2012.

Crab Crewmember and Active Fisherman Failure to Perform. In consideration for the benefits extended to Crab Crewmembers and Active Fishermen under the ROFO, each of them has an obligation to perform their in connection with the closing and purchase of any QS they agree to buy under the ROFO. The ROFO Administrator has the right to permanently remove a person from the Crab Crewmember or Active Fisherman lists if they make an offer and then fail to perform.

Member Failure to Perform. If a Member fails to comply with the ROFO, they are in breach of the ICE Membership Agreement. Because the damages associated with a ROFO breach are difficult to quantify, a Member who fails to comply with the ROFO is liable for “liquidated damages” in an amount equal to ten percent (10%) of the amount paid for QS sold.

No Assignment. The rights granted to Crab Crewmembers and Active Fishermen under the ROFO procedure are personal, and may not be assigned. Any purported assignment is void.

March 26, 2015

Mr. Dan Hull, Chairman

North Pacific Fishery Management Council

605 W 4th Avenue

Anchorage, AK 99501-2252

RE: Agenda Item C-1 BSAI Crab Cooperative Reports

Dear Chairman Hull:

The following report is submitted under Council agenda item C-1 by R & B Cooperative, a crab-harvesting cooperative formed pursuant to 50 C.F.R. 680.21.

R & B Cooperative is a smaller affiliated crab cooperative with 12 members that hold catcher vessel owner (CVO), catcher processor owner (CPO), catcher vessel crew (CVC) and catcher processor crew (CPC) quota share units issued under the BSAI crab rationalization program.

Following are answers to the seven questions derived from the Council's February 2013 motion concerning crab harvesting cooperatives and what they are doing to facilitate the transfer of quota share to active participants and to address high lease rates and crew compensation.

1. What measures is the cooperative taking to facilitate the transfer of QS to active participants, including crew and vessel owners?

R & B Cooperative members generally all qualify as active participants, except for one former crew member who is currently taking a break from fishing. It has always been our practice to encourage and assist members of our crew to invest in our vessels and fishing rights. When quota share is available for sale it is always offered to our interested active coop members and crew. In the last year, we had an ownership change in one of our active crab fishing vessels in which a 3% share of the vessel and its crab quota share units was offered to and purchased by the Captain of the vessel who previously had no crab QS ownership. This purchase was financed personally by one of our coop members. An additional 36.375% ownership of the mentioned vessel and its QS was purchased by other current R & B Cooperative active vessel owners.

One active vessel owner member also purchased some outside quota share in October 2014 which will be issued to our coop for the 2015/16 seasons.

There was also an internal R & B Cooperative swap of quota share units between two members to facilitate a quota share ownership cap issue with no exchange of funds.

2. What is the level of participation from cooperative members regarding these measures?

All members are on board.

3. How effective have these measures been?

This practice has been successful as evidenced by the transactions mentioned in question 1. However, at the current market prices for the QS units, most crew members have declined any offers to purchase QS as they don't see a return on it for several years to come.

4. What measures is the cooperative utilizing to address the issue of high lease rates, as they affect crew compensation?

The vessel owners in our coop do not charge lease rates on the vessel's "own" (initial issuance plus any since purchased) quota share. For other leased crab IFQ fished on our vessels, we pay on a sliding scale depending on the final price/lb. For opilio crab it ranges from 49% to a maximum of 55%. For BBR- red king crab, with the current market prices, we have been paying a 68% lease rate. We also fish EAG (Eastern Aleutian Golden/Brown) on one of our vessels and that lease rate range is 55% to 60% maximum. Central Bering Sea Fishermen Association (CDQ group) is a partner in all our coop vessels and consequently we fish all their BBR, EAG, & BSS CDQ quota for which we pay slightly higher lease rates. Our effective lease rates (IFQ & CDQ combined) for crew compensation, however, after figuring in **no** lease rates on vessel owned QS, are approximately:

Opilio: 44%

Red King : 52-56%

Brown King: 47%

5. What level of participation from the Cooperative members regarding these measures?

All members have been following these guidelines for several years.

6. How effective have these measures been?

Since rationalization and the end of the race for crab, working conditions have become much safer, professional crew is now the rule, and crew compensation is much more stable. Overall our crew compensation has risen and they are making significant incomes. Our lease rates ensure our crews are well compensated and appreciate their jobs.

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?

We plan to continue our current measures and assist crew in acquiring QS or vessel ownership if they so desire. We will not authorize any increases to our current lease rates that would affect crew compensation.

Respectfully,

Mary Mezich

R & B Cooperative - Manager

7215 156th St SW

Edmonds, WA 98026

March 18, 2015

Mr. Dan Hull, Chairman
North Pacific Fishery Management Council
605 W. 4th Avenue, Suite 306
Anchorage, AK 99501-2252

RE: April 2015 agenda item: BSAI Crab Cooperative Reports

Dear Chairman Hull:

During the February 2013 meeting, the Council passed the following motion:

The Council requests that each of the BSAI crab rationalization cooperatives voluntarily provide an annual report detailing measures the cooperative is taking to facilitate the transfer of quota share to active participants, including crew members and vessel owners, and available measures which affect high lease rates and crew compensation. The annual reports should convey to the Council the effectiveness of the measures implemented through the cooperatives and the estimated level of member participation in any voluntary measures and include supporting information and data. These reports are requested to be delivered for the October meeting each year.

Trident Affiliated Crab Harvesting Corporation, a crab harvesting cooperative was formed under 50 C.F.R. § 680.21, submits the following report for the April 2015 Council meeting:

Trident Affiliated Crab Harvesting Corporation is a smaller affiliated crab cooperative with 25 member entities this year, including one CDQ group, that hold Bering Sea crab IFQ. Our Coop is made up of only eight member vessels, all of which are participating in the BSAI crab fisheries.

The following report answers the seven questions derived from the Council's February 2013 motion concerning measures crab harvesting cooperatives are taking or have taken to facilitate the transfer of QS to active participants, including crew members and vessel owners, and the available measures taken to address high lease rates and crew compensation.

1. What measures is the cooperative taking to facilitate the transfer of quota share to active participants, including crew-members and vessel owners?

The purpose of establishing the Trident Affiliated Crab Harvesting Corporation was not to provide its members with a mechanism for consolidation. It was established by Trident Seafoods Corporation merely for the purpose providing greater flexibility in the company's fishing plan, not to retire vessels. Other independent vessel owners asked to join because they also wanted additional flexibility and the managers of those vessels were comfortable being members of an affiliated cooperative with Trident. Every vessel that entered the cooperative basically catches the quota it brings into the Cooperative.

There are no specific measures that the Trident Affiliated Crab Harvesting Cooperative has taken to ensure active participation, but consolidation is not the purpose of the cooperative. As a result, all of the vessels that

are in the Cooperative actively fish. Members of the Cooperative do not routinely transfer or lease quota share to "outside" cooperatives or vessels. Thus, all of the eight cooperative vessels remain active in the crab fisheries.

2. What is the level of participation from Cooperative members regarding these measures?

Our Coop members, as active participants and vessel owners harvest their own quota shares. All of the eight member vessels actively fish crab.

3. How effective have these measures been?

The Trident Affiliated Crab Harvesting Corporation's member entities have been harvesting their own quota share since the inception of the Cooperative. There is one member vessel that leased their quota shares early in the crab rationalization program, and then decided to stop leasing its quota and return to active participation in the BSAI crab fisheries. That member vessel has remained an active participant.

4. What measures is the cooperative utilizing to address the issue of high lease rates, as they affect crew compensation.

Our Cooperative members and vessel owners own their quota shares. The Cooperative managers are aware of some intra-coop leases at below market rates between member vessels and this has mitigated the issue of high lease rates impacting crew compensation.

5. What is the level of participation from cooperative members regarding these measures?

Our entire Coop membership participates in the practices outlined above as they all own their own crab.

6. How effective have these measures been?

Because member vessels do not rely on leased crab, these measures seem effective.

7. What future measures does the cooperative plan to take to address the Council concerns over active participation and lease rates as they effect crew compensation?

Because the purpose of the Trident Affiliated Crab Harvesting Cooperative was not consolidation, and all of the member's vessels actively fish their own quota, the Cooperative is not anticipating future measures to address consolidation or high lease rate issues.

Sincerely,



Brian S. Parsons
TRIDENT AFFILIATED CRAB HARVESTING CORPORATION