

## DMR MAINE PERMIT BANK PROGRAM 2011 ACE DISTRIBUTION PROPOSAL AMENDMENT

**AMENDMENT NUMBER:** 2

**AMENDMENT DATE:** May 18, 2011

**DESCRIPTION:**

The purpose of Amendment 0002 to the Maine Permit Bank Program 2011 Annual Catch Entitlement Distribution Proposal is to revise the following sections. The complete, revised version of this ACE Distribution Proposal follows this summary. Unless specifically addressed below, all other provisions and clauses of the ACE Distribution Proposal remain unchanged.

### **Annual Catch Entitlement (ACE) Overview**

The Maine Department of Marine Resources (DMR), through its Maine Permit Bank Program (MPBP), will auction allocations of its annual catch entitlement (ACE) for 14 fish stocks for the 2011 fishing year to qualified *Sectors whose respective qualified federal permit holders* submit the highest bids through a live auction process. This ACE distribution mechanism (auction, detailed below) is a pilot program that will be used to inform DMR in how best to distribute MPBP ACE in the future fishing year. This mechanism applies for the 2011 fishing year only, and is subject to change in future years, as determined by DMR.

For the 2011 fishing year, the revenue that will be generated from each *Sector's respective qualified federal permit holder's* (bidder's) successful auction bid will be used to fulfill the stated purpose of the MPBP, as outlined in Section IV of the Memorandum of Agreement (MOA) between the National Marine Fisheries Service (NMFS) and the DMR, which is to promote the effective implementation of catch-shares programs. *It is DMR's intent to*, at the discretion of the Commissioner, utilize revenues generated from the 2011 fishing year MPBP ACE auction to fund, by reimbursement, in part or in full, certain Sector management-associated activities, which include the Sector manager's salary and associated professional training, dockside monitoring or at-sea monitoring. *It is DMR's intent to* apportion to the respective Sector those funds, less costs associated with administration of the permit bank, received at the auction by bidders from their respective Sectors. *DMR has submitted a request to amend the grant to allow for the apportionment of funds to the respective Sectors. If the amendment is not approved by the National Oceanic and Atmospheric Administration (NOAA), The Department of Commerce (DOC) and NMFS, then the funds shall be retained by the DMR and used to offset costs incurred by the DMR in the operation and administration of the Permit Bank program, as is consistent with the terms of the DOC regulations at 15 CFR 24.25.*

*Each federal permit holder intending to participate in the auction in order to be authorized by a sector to utilize ACE obtained through the permit bank auction must sign an agreement with DMR before the auction. The agreement will state that the federal permit holder, if authorized by his/her sector to utilize ACE obtained by the sector through the permit bank auction, will:*

*-- be the sole entity to endeavor to harvest all MPBP ACE authorized by their respective Sector as a result of the ACE auction, and will not solicit any other permit holders to harvest this MPBP ACE on their behalf, and to not, after 2 pm, May 19, 2011, engage in any activities resulting in a transfer of any previously held ACE of the same stocks acquired at the MPBP ACE auction to any other federal permit holder either within their Sector or among other Sectors. (Explanatory note: This means that a bidder may not acquire ACE of a stock in the*

auction *on behalf of his or her sector* and then *participate in the transfer of ACE* of the same stock *either within his or her sector, or to another sector*. Successful bidders retain the right to *participate in the transfer of* previously held allocation of stocks for which they have not *participated in the acquisition of MPBP ACE allocation*.);

-- agree to fish in a responsible and sustainable manner;

-- agree to provide all information detailing how the MPBP ACE was utilized (date landed/stock/pounds) to their Sector manager; and

-- abide by all the terms and conditions set forth in the MOA (Section I), as well as those set forth by the DMR (Section II).

Each Sector manager must sign an agreement with the DMR before their Sector receives any MPBP ACE transfers. The agreement will:

-- guarantee that *qualified* federal permit holders in their Sector will be *the sole entity to endeavor to harvest all MPBP ACE authorized by their Sector as a result of the ACE auction, and to not authorize any other permit holders to harvest this ACE on their behalf, and to not, after 2 pm, May 19, 2011 engage in any activities resulting in a transfer of any previously held ACE of the same stocks acquired at the MPBP ACE auction to any other federal permit holder either within their Sector or among other Sectors*. (Explanatory note: This means that a bidder may not acquire ACE of a stock in the auction on behalf of his or her sector and then participate in the transfer of ACE of the same stock either within his or her sector, or to another sector. Successful bidders retain the right to participate in the transfer of previously held allocation of stocks for which they have not participated in the acquisition of MPBP ACE allocation.);

-- *guarantee that federal permit holders in their Sector will fish in a responsible and sustainable manner, and;*

Each *Sector* that is awarded MPBP ACE in the auction *on behalf of one of their respective bidders* must provide payment to the State of Maine before receiving a transfer of MPBP ACE *for their respective Sector members*. *Sectors* can make payment by a check or a money order which must be addressed to "Treasurer, State of Maine." Once the payment has cleared, the ACE transfer will be made within five business days to the Sector of which the successful bidder is a member.

*Please note that although the term "bidder" is used throughout this document to indicate an auction participant, the MPBP ACE auction is not authorizing, or promoting, the purchase of ACE (or quota) by an individual federal permit holder. Rather, auction participants who bid on lots of ACE available through the MPBP are doing so on behalf of his or her Sector, and for the authorization from his or her Sector to utilize the ACE obtained by the Sector as a result of his or her bid.*

### General ACE Auction Instructions

DMR will conduct a live auction at the Portland Fish Exchange (PFE) at 6 Portland Fish Pier, Portland, Maine, on May 19, 2011 at 2 pm. The auction will be performed and overseen by Bert Jongerden, General Manager of the PFE. *Each Sector's* qualifying federal permit holders who wish to bid must register in person with the PFE before the commencement of the auction and

will receive a numbered paddle to be used in a ‘call-out’ auction and an auction catalogue with details on each individual lot being auctioned. If a bidder cannot be present at the time of the auction, a proxy may take their place so long as it is pre-approved with DMR staff at least 24 hours in advance of the auction. In addition to registration, bidders must sign, before participating in the auction, a contract with the DMR reflecting that they agree to abide by all the terms and conditions set forth in the MOA (Section I), as well as the terms and conditions required by the DMR (Section II).

It is DMR’s intent to ensure that the auction is fair, transparent and equitable to all qualifying **Sector’s** federal permit holders. Therefore, DMR and PFE staff will conduct a pre-auction workshop at the PFE from 10-12 pm on May 19 before the auction to provide an overview and detailed instructions on:

- how the auction will be conducted;
- how **Sector’s** bidders can place bids on lots of fish;
- how the **Sector’s** winning bidder will be announced, and
- the rationale for the reserve price per pound, lots sizes and the maximum amount limits for MPBP ACE.

The pre-auction workshop will also provide the opportunity for *each Sector’s* federal permit holders to ask questions in relation to the auction and the contract agreement as well as the opportunity to pre-register for the auction. An auction catalogue with details on each individual lot being auctioned will be provided at the pre-auction workshop in addition to regular auction registration.

ACE will be divided into lots to be bid upon in a live, competitive ‘call-out’ auction setting. *Each Sector’s* bidders will be identified with a numbered paddle they will receive upon registration. Lot sizes and numbers depend on the amount of MPBP ACE for each stock that is available (Table 1). A *Sector’s* bidder may bid on more than one lot per stock of GOM Cod, Grey Sole (Witch Flounder) and White Hake, but no one bidder may acquire more than a maximum amount of 5,000 lbs. of GOM Cod and 1,500 lbs. of Grey Sole (Witch Flounder) and White Hake. DMR will set a minimum reserve price for all stocks. DMR may, at the conclusion of the auction, and at its sole discretion, offer unsold lots and remainder poundage of GOM Cod, Grey Sole (Witch Flounder) and White Hake for a second or subsequent round of bidding to all bidders, not withstanding the maximum amount limits.

## II. Additional DMR Terms and Conditions

- e) *Each federal permit holder intending to participate in the auction in order to be authorized by a sector to utilize ACE obtained through the permit bank auction must sign an agreement with DMR before the auction. The agreement will state that the federal permit holder, if authorized by his/her sector to utilize ACE obtained by the sector through the permit bank auction, will:*

*-- be the sole entity to endeavor to harvest all MPBP ACE authorized by their respective Sector as a result of the ACE auction, and will not solicit any other permit holders to harvest this ACE on their behalf, and to not, after 2 pm, May 19, 2011 engage in any activities resulting in a transfer of any previously held ACE of*

*the same stocks acquired at the MPBP ACE auction to any other federal permit holder either within their Sector or among other Sectors. (Explanatory note: This means that a bidder may not acquire ACE of a stock in the auction on behalf of his or her sector and then participate in the transfer of ACE of the same stock either within his or her sector, or to another sector. Successful bidders retain the right to participate in the transfer of previously held allocation of stocks for which they have not participated in the acquisition of MPBP ACE allocation.);*

-- agree to fish in a responsible and sustainable manner;

-- agree to provide all information detailing how the MPBP ACE was utilized (date landed/stock/pounds) to their Sector manager; and

-- abide by all the terms and conditions set forth in the MOA (Section I), as well as those set forth by the DMR (Section II).

- f) Each Sector manager must sign an agreement with the DMR before their Sector receives any MPBP ACE transfers. The agreement will:

-- guarantee that *qualified* federal permit holders in their Sector will be *the sole entity to endeavor to harvest all MPBP ACE authorized by their Sector as a result of the ACE auction, and to not authorize any other permit holders to harvest this ACE on their behalf, and to not, after 2 pm, May 19, 2011, engage in any activities resulting in a transfer of any previously held ACE of the same stocks acquired at the MPBP ACE auction to any other federal permit holder either within their Sector or among other Sectors. (Explanatory note: This means that a bidder may not acquire ACE of a stock in the auction on behalf of his or her sector and then participate in the transfer of ACE of the same stock either within his or her sector, or to another sector. Successful bidders retain the right to participate in the transfer of previously held allocation of stocks for which they have not participated in the acquisition of MPBP ACE allocation.);*

-- *guarantee that federal permit holders in their Sector will fish in a responsible and sustainable manner, and;*

- g) For the 2011 fishing year, revenue generated from the MPBP ACE auction will be used to fulfill the stated purpose of the MPBP, as outlined in Section IV of the MOA, which is to promote the effective implementation of catch-shares programs. *It is DMR's intent to, at the discretion of the Commissioner, utilize revenues generated from the 2011 MPBP ACE auction to fund, by reimbursement, in part or in full, certain Sector management-associated activities, which include the Sector manager's salary and associated professional training, dockside monitoring or at-sea monitoring. DMR has submitted a request to amend the grant to allow for the apportionment of funds to the respective Sectors. If the amendment is not approved by the National Oceanic and Atmospheric Administration (NOAA), The Department of Commerce (DOC) and NMFS, then the funds shall be retained by the DMR and used to offset costs incurred by the DMR in the operation and administration of the Permit Bank program, as is consistent with the terms of the DOC regulations at 15 CFR 24.25.*

[END OF REVISION SUMMARY]

## **Annual Catch Entitlement (ACE) Auction Overview**

The Maine Department of Marine Resources (DMR), through its Maine Permit Bank Program (MPBP), will auction allocations of its annual catch entitlement (ACE) for 14 fish stocks for the 2011 fishing year to qualified Sectors whose respective qualified federal permit holders submit the highest bids through a live auction process. This ACE distribution mechanism (auction, detailed below) is a pilot program that will be used to inform DMR in how best to distribute MPBP ACE in the future fishing year. This mechanism applies for the 2011 fishing year only, and is subject to change in future years, as determined by DMR.

For the 2011 fishing year, the revenue that will be generated from each Sector's respective qualified federal permit holder's (bidder's) successful auction bid will be used to fulfill the stated purpose of the MPBP, as outlined in Section IV of the Memorandum of Agreement (MOA) between the National Marine Fisheries Service (NMFS) and the DMR, which is to promote the effective implementation of catch-shares programs. It is DMR's intent to, at the discretion of the Commissioner, utilize revenues generated from the 2011 fishing year MPBP ACE auction to fund, by reimbursement, in part or in full, certain Sector management-associated activities, which include the Sector manager's salary and associated professional training, dockside monitoring or at-sea monitoring. It is DMR's intent to apportion to the respective Sector those funds, less costs associated with administration of the permit bank, received at the auction by bidders from their respective Sectors. DMR has submitted a request to amend the grant to allow for the apportionment of funds to the respective Sectors. If the amendment is not approved by the National Oceanic and Atmospheric Administration (NOAA), The Department of Commerce (DOC) and NMFS, then the funds shall be retained by the DMR and used to offset costs incurred by the DMR in the operation and administration of the Permit Bank program, as is consistent with the terms of the DOC regulations at 15 CFR 24.25.

Each federal permit holder intending to participate in the auction in order to be authorized by a sector to utilize ACE obtained through the permit bank auction must sign an agreement with DMR before the auction. The agreement will state that the federal permit holder, if authorized by his/her sector to utilize ACE obtained by the sector through the permit bank auction, will:

-- agree to fish in a responsible and sustainable manner;

-- be the sole entity to endeavor to harvest all MPBP ACE authorized by their respective Sector as a result of the ACE auction, and will not solicit any other permit holders to harvest this ACE on their behalf, and to not, after 2 pm, May 19, 2011, engage in any activities resulting in a transfer of any previously held ACE of the same stocks acquired at the MPBP ACE auction to any other federal permit holder either within their Sector or among other Sectors. (Explanatory note: This means that a bidder may not acquire ACE of a stock in the auction on behalf of his or her sector and then participate in the transfer of ACE of the same stock either within his or her sector, or to another sector. Successful

bidders retain the right to participate in the transfer of previously held allocation of stocks for which they have not participated in the acquisition of MPBP ACE allocation.);

-- agree to provide all information detailing how the MPBP ACE was utilized (date landed/stock/pounds) to their Sector manager, and;

-- abide by all the terms and conditions set forth in the MOA (Section I), as well as those set forth by the DMR (Section II).

Each Sector manager must sign an agreement with the DMR before their Sector receives any MPBP ACE transfers. The agreement will:

-- specify the fishing vessels enrolled in the Sector and the amount of MPBP ACE that each vessel acquired through the auction, in pounds and by stock;

-- require a full accounting by the Sector manager that details how the revenue received from DMR that were generated from the ACE auction is to be spent and how MPBP ACE is utilized (date landed/stock/pounds) in monthly and year-end reports;

-- guarantee that qualified federal permit holders in their Sector will be the sole entity to endeavor to harvest all MPBP ACE authorized by their Sector as a result of the ACE auction, and to not authorize any other permit holders to harvest this ACE on their behalf, and to not, after 2 pm, May 19, 2011, engage in any activities resulting in a transfer of any previously held ACE of the same stocks acquired at the MPBP ACE auction to any other federal permit holder either within their Sector or among other Sectors. (Explanatory note: This means that a bidder may not acquire ACE of a stock in the auction on behalf of his or her sector and then participate in the transfer of ACE of the same stock either within his or her sector, or to another sector. Successful bidders retain the right to participate in the transfer of previously held allocation of stocks for which they have not participated in the acquisition of MPBP ACE allocation.);

-- guarantee that federal permit holders in their Sector will fish in a responsible and sustainable manner, and;

-- affirm that the sector will abide by the terms and conditions set forth in the MOA (Section I) as well as those set forth by the DMR (Section II).

Each Sector that is awarded MPBP ACE in the auction on behalf of one of their respective bidders must provide payment to the State of Maine before receiving a transfer of MPBP ACE for their respective Sector members. Sectors can make payment by a check or a money order which must be addressed to "Treasurer, State of Maine." Once the payment has cleared, the ACE transfer will be made within five business days to the Sector of which the successful bidder is a member.

Please note that although the term "bidder" is used throughout this document to indicate an auction participant, the MPBP ACE auction is not authorizing, or promoting, the

purchase of ACE (or quota) by an individual federal permit holder. Rather, auction participants who bid on lots of ACE available through the MPBP are doing so on behalf of his or her Sector, and for the authorization from his or her Sector to utilize the ACE obtained by the Sector as a result of his or her bid.

All other provisions of State and Federal fishing laws, regulations and reporting requirements apply to federal permit holders fishing MPBP ACE.

**In the event of a question or dispute concerning the terms of this auction or any parts or elements thereof, DMR staff will have exclusive authority and this decision will be final.**

### **General ACE Auction Instructions**

DMR will conduct a live auction at the Portland Fish Exchange (PFE) at 6 Portland Fish Pier, Portland, Maine, on May 19, 2011 at 2 pm. The auction will be performed and overseen by Bert Jongerden, General Manager of the PFE. Each Sector's qualifying federal permit holders who wish to bid must register in person with the PFE before the commencement of the auction and will receive a numbered paddle to be used in a 'call-out' auction and an auction catalogue with details on each individual lot being auctioned. If a bidder cannot be present at the time of the auction, a proxy may take their place so long as it is pre-approved with DMR staff at least 24 hours in advance of the auction. In addition to registration, bidders must sign, before participating in the auction, a contract with the DMR reflecting that they agree to abide by all the terms and conditions set forth in the MOA (Section I), as well as the terms and conditions required by the DMR (Section II).

It is DMR's intent to ensure that the auction is fair, transparent and equitable to all qualifying Sector's federal permit holders. Therefore, DMR and PFE staff will conduct a pre-auction workshop at the PFE from 10-12 pm on May 19 before the auction to provide an overview and detailed instructions on:

- how the auction will be conducted;
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- how the Sector's winning bidder will be announced, and
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The pre-auction workshop will also provide the opportunity for each Sector's federal permit holders to ask questions in relation to the auction and the contract agreement as well as the opportunity to pre-register for the auction. An auction catalogue with details

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| <b>2011 ACE Auction Details</b>       |                 |                     |                    |                  |               |
|---------------------------------------|-----------------|---------------------|--------------------|------------------|---------------|
| <b>Stocks</b>                         | <b>Poundage</b> | <b>Max. Amt.</b>    | <b>Min. \$/lb.</b> | <b>Lot Sizes</b> | <b># Lots</b> |
| GB Cod EAST                           | 51              | No                  | \$0.30             | 51               | 1             |
| GB Cod WEST                           | 1,056           | No                  | \$0.30             | 500              | 2             |
|                                       |                 | No                  | \$0.30             | 56               | 1             |
| <b>GOM Cod</b>                        | <b>42,054</b>   | <b>5,000</b>        | <b>\$0.50</b>      | <b>2,000</b>     | <b>12</b>     |
|                                       |                 | <b>5,000</b>        | <b>\$0.50</b>      | <b>1,000</b>     | <b>12</b>     |
|                                       |                 | <b>5,000</b>        | <b>\$0.50</b>      | <b>500</b>       | <b>12</b>     |
|                                       |                 | <b>5,000</b>        | <b>\$0.50</b>      | <b>54</b>        | <b>1</b>      |
| GB Haddock EAST                       | 1,652           | No                  | \$0.05             | 500              | 3             |
|                                       |                 | No                  | \$0.05             | 152              | 1             |
| GB Haddock WEST                       | 3,634           | No                  | \$0.05             | 500              | 7             |
|                                       |                 | No                  | \$0.05             | 134              | 1             |
| GOM Haddock                           | 1,302           | No                  | \$0.20             | 100              | 13            |
|                                       |                 | No                  | \$0.20             | 2                | 1             |
| GB Yellowtail                         | 2               | No                  | \$0.10             | 2                | 1             |
| SNE/MA Yellowtail                     | 1               | No                  | \$0.20             | 1                | 1             |
| CC/GOM Yellowtail                     | 4,043           | No                  | \$0.20             | 500              | 6             |
|                                       |                 | No                  | \$0.20             | 100              | 10            |
|                                       |                 | No                  | \$0.20             | 43               | 1             |
| Plaice (Dab)                          | 41,287          | No                  | \$0.15             | 5,000            | 4             |
|                                       |                 | No                  | \$0.15             | 1,000            | 21            |
|                                       |                 | No                  | \$0.15             | 287              | 1             |
| <b>Grey Sole<br/>(Witch Flounder)</b> | <b>9,166</b>    | <b>1,500</b>        | <b>\$0.50</b>      | <b>500</b>       | <b>18</b>     |
|                                       |                 | <b>1,500</b>        | <b>\$0.50</b>      | <b>166</b>       | <b>1</b>      |
| GB Winter (Black Back)                | 2               | No                  | \$0.20             | 2                | 1             |
| GOM Winter                            | 1,065           | No                  | \$0.30             | 100              | 10            |
|                                       |                 | No                  | \$0.30             | 65               | 1             |
| Redfish                               | 4,090           | No                  | \$0.05             | 1,000            | 2             |
|                                       |                 | No                  | \$0.05             | 500              | 4             |
|                                       |                 | No                  | \$0.05             | 90               | 1             |
| <b>White Hake</b>                     | <b>12,123</b>   | <b>1,500</b>        | <b>\$0.15</b>      | <b>500</b>       | <b>24</b>     |
|                                       |                 | <b>1,500</b>        | <b>\$0.15</b>      | <b>123</b>       | <b>1</b>      |
| Pollock                               | 58,883          | No                  | \$0.05             | 4,000            | 10            |
|                                       |                 | No                  | \$0.05             | 1,000            | 18            |
|                                       |                 | No                  | \$0.05             | 883              | 1             |
| ALL Stocks TOTAL                      | 180,411         | <b>Total # Lots</b> |                    |                  | <b>204</b>    |
| GOM Stocks TOTAL                      | 111,088         |                     |                    |                  |               |
| <b>High Value TOTAL</b>               | <b>63,343</b>   |                     |                    |                  |               |

Table 1. ACE auction details, including lots size, minimum reserve price, number of lots as well as the total poundage for each stock available for auction.

## Terms and Conditions

### I. DMR-NMFS MOA Terms and Conditions

The terms and conditions outlined in the MOA between the NMFS and the DMR that specifically pertain to the transfer of MPBP ACE to qualified Sectors are described in this section. To refer to the original documents, please see “Section VI. Terms and Conditions” in Exhibit A.

1. The DMR shall operate the Permit Bank such that no individual may be granted, or have access to, the rights and privileges associated with any Federal fishing vessel federal permits held and/or obtained by the DMR using funds from a Federal grant award for the purposes of the Permit Bank (including, but not limited to ACE), unless that individual meets all of the following criteria:

- a. Owns and materially participates in the operation of a fishing vessel permitted to fish in the Federal limited access Northeast multispecies fishery that is not more than 45 feet in registered length overall, according to the vessel baseline specifications as documented in the NMFS vessel permit database at the time the transaction application is submitted;
- b. Has, for the current fishing year and at least the preceding three fishing years, no record of substantial Federal permit sanctions or major violations of any Federal fishing regulations;
- c. Resides in, and/or operates his/her fishing vessel from, a community with a population of no more than 30,000 residents; and
- d. Agrees to and signs a contract with DMR agreeing to fish in a responsible and sustainable manner.

2. The DMR shall operate the Permit Bank such that no fishing vessel shall be utilized to fish under ACE transferred from the Permit Bank in accordance with the MOA unless that fishing vessel meets all of the following criteria:

- a. Is permitted to participate in the Federal limited access Northeast multispecies fishery;
- b. Is not more than 45 feet in registered length overall, according to the vessel baseline specifications as documented in the NMFS vessel permit database at the time the lease application is submitted; and
- c. The vessel owner resides in, and/or operates the vessel from, a community with a population of no more than 30,000 residents.

3. The DMR shall operate the Permit Bank such that no Sector shall be granted, or have access to, the rights and privileges associated with any Federal fishing vessel permits held and/or obtained by the DMR using funds from a Federal grant award for the purposes of the Permit Bank, unless that Sector meets all of the following criteria:

- a. That the Sector is operated by a community, corporation, non-profit organization, or government entity based principally in Maine; and
- b. That at least 65 percent of the fishing vessels enrolled in the Sector, and the owners of said vessels, individually meet all criteria identified in items 1 and 2 above.

4. The DMR shall obtain, from any qualifying Sector selected to receive ACE transferred from the Permit Bank, an agreement signed by the manager of said Sector identifying the specific fishing vessels enrolled in the Sector that are intended to utilize the transferred ACE, prescribing the amount of ACE, in pounds and by stock, to be assigned to each vessel.

5. The DMR shall ensure that sub-transfers of ACE initially provided to a qualifying fishing vessel or Sector do not occur, with the following exception: Sub-transfers of ACE by a Sector to another Sector may occur in the last two weeks of the fishing year for which the initial transaction was processed, or in the first two weeks of the subsequent fishing year.

**A. Qualifying Federal Permit Holders/Individuals**

Currently, two Sectors, the Northeast Coastal Communities Sector (NCCS) and the Port Clyde Community Groundfish Sector (PCCGS), meet the terms and conditions set forth in the MOA. The NCCS has six federal permit holders that qualify for MPBP ACE (Table 2).

| <b>Northeast Coastal Communities Sector Vessels</b> |              |                 |                    |            |              |             |
|---|--------------|-----------------|--------------------|------------|--------------|-------------|
| <b>#</b>  | <b>MRI #</b> | <b>Permit #</b> | <b>Vessel Name</b> | <b>LOA</b> | <b>First</b> | <b>Last</b> |
| 20  | 47953        | 212916          | RITA B             | 25.0       | Ed           | Snell       |
| 5   | 1570         | 232910          | SHERM & JAKE       | 37.5       | Maynard      | Brewer      |
| 6   | 1663         | 231803          | LOOK OUT           | 38.0       | Russel       | Brewer      |
| 10  | 2278         | 223572          | ANDANAMRA          | 38.0       | Jayson       | Joyce       |
| 14  | 122          | 242753          | MALLARY SKY        | 38.0       | Tad          | Miller      |
| 12  | 2042         | 242718          | TORI KAY           | 43.0       | Jayson       | Knowles     |

Table 2. Federal permit holders and their associated vessels in the Northeast Coastal Communities Sector that qualify for MPBP ACE and will be active in the 2011 fishing year.

The PCCGS, has 18 federal permit holders that qualify for MPBP ACE (Table 3).

| <b>Port Clyde Community Groundfish Sector Vessels</b> |                 |                    |            |              |             |
|---|-----------------|--------------------|------------|--------------|-------------|
| <b>MRI #</b>  | <b>Permit #</b> | <b>Vessel Name</b> | <b>LOA</b> | <b>First</b> | <b>Last</b> |
| 2260  | 150163          | BEVERLY JOYCE      | 31.0       | Robert       | Bichrest    |
| 17  | 222478          | ASHLEY NICOLE      | 32.0       | Cory         | Hawkes      |
| 1864  | 114793          | ENDEAVOR           | 35.0       | Dale         | Martel      |
| 78  | 220685          | GRETCHEN MARIE     | 36.0       | Brian        | Pearce      |
| 163   | 230524          | JEANNE C           | 36.0       | Kelo         | Pinkham     |
| 130   | 212165          | FREEBIRD           | 37.7       | Brian        | Durant      |
| 1823  | 139950          | PRETENDER          | 38.0       | Mitchell     | Nunan       |
| 290   | 147517          | HANNAH JO          | 38.0       | Knoep /      | Nieuwkerk   |
| 1642  | 231459          | JULIE ANN          | 38.0       | Tad Miller   | Miller      |
| 2273  | 220363          | SARAH GALE         | 38.1       | Russell      | Daggett     |
| 286   | 240636          | HIGH ROLLER        | 40.0       | Steven C.    | Benner      |
| 1815  | 242777          | PAMELA GRACE       | 40.0       | Troy         | Bichrest    |
| 1835  | 140344          | THERESA IRENE III  | 42.0       | Tom          | Casamassa   |
| 97  | 221740          | HAYLEY ANN         | 42.0       | Joe          | Nickerson   |
| 2341  | 242844          | SAFE HAVEN         | 42.0       | Bryan        | Bichrest    |
| 222   | 240081          | NORTH STAR         | 42.4       | Vincent      | Balzano     |
| 2358  | 250527          | MARIA & DOROTHY    | 43.9       | Robert       | Odlin       |
| 383   | 250387          | ELLA CHRISTINE     | 45.0       | Randy /      | Cushman     |

Table 3. Federal permit holders and their associated vessels in the Port Clyde Community Groundfish Sector that qualify for MPBP ACE and will be active in the 2011 fishing year.

## **II. Additional DMR Terms and Conditions**

The terms and conditions outlined below are in addition to those set forth in the MOA between the NMFS and the DMR. The DMR will require that no federal permit holder, Sector, corporation, non-profit organization, or government entity may be granted, or have access to, the rights and privileges associated with any Federal fishing vessel permits held and/or obtained by the DMR using funds from a Federal grant award for the purposes of the Permit Bank, unless that federal permit holder, Sector, corporation, non-profit organization, or government entity meets all of the following criteria and/or requirements:

- a) Agrees to pay, at the least, the minimum reserve price for all stocks;
- b) Agrees that they may not obtain more than 5,000 lbs. of ACE for GOM Cod and 1,500 lbs. of Grey Sole (Witch Flounder) or White Hake. DMR may, at the conclusion of the auction, and at its sole discretion, offer unsold lots and remainder poundage of GOM Cod, Grey Sole (Witch Flounder) and White

Hake for a second or subsequent round of bidding to all bidders, not withstanding the maximum amount limits;

- c) Must meet all the terms and conditions outlined in the MOA between the NMFS and the DMR, as described above, by signing an agreement with the DMR to that effect;
- d) Has, for the current fishing year and at least the preceding three fishing years, no record of substantial Marine Patrol license sanctions or major violations of any State of Maine fishing regulations;
- e) Each federal permit holder intending to participate in the auction in order to be authorized by a sector to utilize ACE obtained through the permit bank auction must sign an agreement with DMR before the auction. The agreement will state that the federal permit holder, if authorized by his/her sector to utilize ACE obtained by the sector through the permit bank auction, will:

-- agree to fish in a responsible and sustainable manner;

-- be the sole entity to endeavor to harvest all MPBP ACE authorized by their respective Sector as a result of the ACE auction, and will not solicit any other permit holders to harvest this ACE on their behalf, and to not, after 2 pm, May 19, 2011, engage in any activities resulting in a transfer of any previously held ACE of the same stocks acquired at the MPBP ACE auction to any other federal permit holder either within their Sector or among other Sectors. (Explanatory note: This means that a bidder may not acquire ACE of a stock in the auction on behalf of his or her sector and then participate in the transfer of ACE of the same stock either within his or her sector, or to another sector. Successful bidders retain the right to participate in the transfer of previously held allocation of stocks for which they have not participated in the acquisition of MPBP ACE allocation.);

-- agree to provide all information detailing how the MPBP ACE was utilized (date landed/stock/pounds) to their Sector manager; and

-- abide by all the terms and conditions set forth in the MOA (Section I), as well as those set forth by the State of Maine (Section II);

- f) Each Sector manager must sign an agreement with the DMR before their Sector receives any MPBP ACE transfers. The agreement will:

-- specify the fishing vessels enrolled in the Sector and the amount of MPBP ACE that each vessel acquired through the auction, in pounds and by stock;

-- require a full accounting by the Sector manager that details how the revenue received from DMR that were generated from the ACE auction is to be spent

and how MPBP ACE is utilized (date landed/stock/pounds) in monthly and year-end reports;

-- guarantee that qualified federal permit holders in their Sector will be the sole entity to endeavor to harvest all MPBP ACE authorized by their Sector as a result of the ACE auction, and to not authorize any other permit holders to harvest this ACE on their behalf, and to not, after 2 pm, May 19, 2011, engage in any activities resulting in a transfer of any previously held ACE of the same stocks acquired at the MPBP ACE auction to any other federal permit holder either within their Sector or among other Sectors. (Explanatory note: This means that a bidder may not acquire ACE of a stock in the auction on behalf of his or her sector and then participate in the transfer of ACE of the same stock either within his or her sector, or to another sector. Successful bidders retain the right to participate in the transfer of previously held allocation of stocks for which they have not participated in the acquisition of MPBP ACE allocation.);

-- guarantee that federal permit holders in their Sector will fish in a responsible and sustainable manner, and;

-- affirm that the sector will abide by the terms and conditions set forth in the MOA (Section I) as well as those set forth by the State of Maine (Section II).

- g) For the 2011 fishing year, revenue generated from the MPBP ACE auction will be used to fulfill the stated purpose of the MPBP, as outlined in Section IV of the MOA, which is to promote the effective implementation of catch-shares programs. It is DMR's intent to, at the discretion of the Commissioner, utilize revenues generated from the 2011 MPBP ACE auction to fund, by reimbursement, in part or in full, certain Sector management-associated activities, which include the Sector manager's salary and associated professional training, dockside monitoring or at-sea monitoring. DMR has submitted a request to amend the grant to allow for the apportionment of funds to the respective Sectors. If the amendment is not approved by the National Oceanic and Atmospheric Administration (NOAA), The Department of Commerce (DOC) and NMFS, then the funds shall be retained by the DMR and used to offset costs incurred by the DMR in the operation and administration of the Permit Bank program, as is consistent with the terms of the DOC regulations at 15 CFR 24.25.

**Exhibit A**

**Memorandum of Agreement (MOA) between NOAA and DMR**

[See attached MOA file]