

SEAFOOD PRODUCERS COOPERATIVE

FINANCIAL OBLIGATIONS OF SPC OWNERSHIP

The Board of Directors has asked that this letter be sent to each SPC owner in order to review the financial obligations of membership in SPC.

Annual Minimum Delivery Requirement or Minimum-Delivery Fee; for Alaska members (an assessment of 10 cents per pound on the number of pounds short of 5,000 pounds)
for CA members delivering in CA (an assessment of 10 cents per pound on the number of pounds short of 2,500 pounds)

Those members who do not meet the minimum delivery requirement will be assessed a minimum delivery fee of 10 cents per pound on the number of pounds short of their minimum poundage requirement. This fee is non-refundable. Members who have received the Golden Halibut award and any member who has delivered over 50,000 pounds of pooled IFQ product over the past three years and owns 75,000 pounds of IFQs, is exempt from this policy. Members who are classified as "inactive" for the year will be exempt from this requirement as well.

Capital Investment (\$500 minimum, \$2,000 maximum)

Each member is required to invest 10 percent of their gross settlement as capital investment each year subject to a minimum annual investment of \$500 and a maximum annual investment of \$2,000. There will be no Capital Investment requirement for a new member's first production season. The current lifetime limit per member on capital investment is \$15,000. Once that limit is reached no further capital is taken, however the limit may be changed from time to time by the Board of Directors. The capital investment represents your ownership or investment in SPC and is used to finance the day-to-day operations. Interest is not paid on capital investment. When a member resigns from SPC, his/her capital investment is paid out in equal amounts over a seven-year period or, if the member is 62 or older and retiring from fishing, the capital will be paid out in equal amounts over a period of three years subject to Board approval. An "inactive" member is exempt from paying the minimum capital investment.

Inactive Status

Upon written request a member may, in a given year, be classified "inactive" by the Board of Directors, if the member is incapable of fishing. Generally, the only members approved are those who are unable to fish because of health reasons or those who have lost or sold their vessel. An "inactive" member is not subject to any financial obligation (minimum delivery fee or capital investment) except for an annual fee of \$100. A member may be approved for "inactive status" for no more than 3 years.

Resignations

The fiscal year for SPC begins March 1. All members of record on March 1 are subject to the above financial obligations. Resigning members must submit their resignations in writing to avoid being liable for these obligations for the new year.

Hopefully, this information will help you to better understand the financial obligations that you have as a member of SPC. If you have any questions about these obligations or about any other matter, please feel free to contact the office.