

I. Quarterly Highlights

APICDA's employment goal for 2001 is to provide at least 80 jobs for APICDA residents. By the conclusion of the third quarter, a total of 272 job positions (129 discrete individuals) had been filled by APICDA residents and residents from other CDQ regions, generating wages of \$613,390 for the quarter and \$1,579,302 since the first of the year.

During the third quarter, seven individuals attended various vocational education or specialized training programs.

Thirty-one individuals used APICDA higher education scholarships during the third quarter of the year. Each scholarship is in the amount of \$5,000 for the school year. A total of \$119,920 in higher education scholarships on behalf of APICDA residents has been spent this calendar year.

APICDA continued its Bering Sea "C/D" season pollock fishery during the third quarter. A total of 67 metric tons of pollock remains at the end of the quarter. PSC catch through the third quarter consists of less than three metric tons of halibut mortality, twenty-four Chinook salmon, 201 non-Chinook salmon, and no crab.

The Area 4C halibut CDQ fishery in St. George was completed in the third quarter. A total of 97,000 pounds, approximately 96% of the allocation, was harvested. Production was lower in 2001 due to poor weather conditions throughout the fishing season.

The Area 4B halibut CDQ fishery in Atka continued through the third quarter. A total of 663,000 pounds had been harvested through the end of the quarter. As with St. George, production is down from last year, due primarily to poor weather conditions. Additionally, local fishermen report that the presence of large trawl catcher-processors (normally not seen in the area) coincided with reductions in halibut catch rates.

Bering Pacific Seafoods reopened in September to purchase and process Pacific cod. BPS earlier closed its doors for the salmon season following a fishermen's strike in June. Cod fishing was slow during the month of September, but the plant remained active and continued operating into October.

The Nikolski Lodge was completed in early September. The grand opening for the lodge was scheduled for September 14, but delayed due to the September 11 terrorist attack. A formal opening of the lodge will occur next spring, however some clients are scheduled to use the lodge later this year.

Please visit APICDA web site at: www.apicda.com

II. Community Development

A. Progress Toward Goals, Objectives, Milestones

The following is a review of the highlights from APICDA's goals, objectives, and milestones. See Tables 1 through 7 for a specific review of all milestones, by community.

1.) Employment: APICDA's employment goal for 2001 is to provide at least 80 jobs for APICDA residents. By the conclusion of the third quarter, a total of 272 job positions (129 discrete individuals) had been filled by APICDA residents and residents from other CDQ regions, generating wages of \$613,390 for the quarter and \$1,579,302 since the first of the year.

2.) Training: APICDA's goal is to provide vocational education and training assistance for any resident who desires the opportunity or needs help. During the third quarter, seven APICDA residents attended various vocational education or specialized training programs. Total funds requested and approved were \$13,259. APICDA has awarded \$48,618 in supplemental scholarships funds to APICDA residents since the first of the year.

3.) Education: Thirty-one village residents used APICDA higher education scholarships during the third quarter, for a total of \$70,754 for the quarter and \$119,920 since the first of the year. Higher education scholarships are generally \$5,000 per school year per individual.

4.) APICDA Joint Ventures, Inc. (AJV) Activities: AJV activities during the third quarter consisted of overseeing the various subsidiary corporations, including Atka Pride Seafoods, Kayux Development, L.L.C., APICDA Vessels, Inc., the Nelson Lagoon Storage Company, L.L.C., the Nazan Bay Inn, Prowler, L.L.C., Ocean Prowler, L.L.C., Golden Dawn, L.L.C., Konrad 1, L.L.C., the Dipper L.L.C. the Bering Pacific Seafoods, L.L.C., and the newly formed MUM Alaska, L.L.C. AJV continued to discuss the formation of new joint venture corporations, and to review other investment opportunities.

5.) APICDA Vessels, Incorporated (AVI): AVI activities during the third quarter consisted of harvesting both IFQ and CDQ halibut and sablefish, and sport fishing charters in the near waters of Unalaska. AVI vessels include the five AP boats, the *Stardust*, the *Bonanza*, and the halibut sport charter vessel *Grand Aleutian*.

The F/V *Stardust* fished for CDQ and IFQ sablefish in the Bering Sea and Aleutian Islands, IFQ halibut in Area 4D, and CDQ halibut in Area 4B. The *Stardust* also tendered halibut for Puffin Seafoods.

The M/V *Grand Aleutian* had a busy third quarter. In June alone, the vessel chartered over 100 people to the sport fishing grounds near Unalaska. In August, the vessel hosted the widely watched, Canadian fishing show, "Fishing with Shelly and Courtney." This type of quality and free exposure is excellent advertising and recognizes the quality of our charter boat operation. The chartering season is winding down for the year. The vessel expects to have a few business charters later in the fall.

The five AP boats and the *Bonanza* all concentrated on Area 4B halibut CDQ fishing as part of the Atka Pride Seafood's operation.

6.) Small Vessel Acquisition Program (SVAP): During the December 1998, board meeting, the SVAP was suspended. The suspension will carry through 2001 while the board reviews methods to improve the program.

7.) Atka Pride Seafoods (APS) Activities: APS commenced operations in May. Through September 30, the total harvest was 784,000 pounds (of this amount, the local fleet harvested 662,832 pounds, with the remainder of the harvest coming from leases to other operations). Poor weather conditions (higher winds than normal) kept local, small boat fishermen off the grounds for long periods this year. Additionally, local fishermen report that the presence of large trawl catcher-processors (normally not seen in the area) coincided with reductions in halibut catch rates. Payments to fishermen and fish processing workers, most of whom are local Atkans or western Alaskans, total approximately \$845,600 year to date. The fish deliveries to Atka have generated over \$30,000 in local raw fish taxes year-to-date.

8.) Puffin Seafoods, L.L.C.: St. George fishermen, fishing for Puffin Seafoods, began their harvesting operations in mid-June and finished in early August. The halibut were tendered to St. Paul, where Trident Seafoods processed the catch. The local fleet harvested a total of 84,049 pounds of halibut CDQ (83% of their allocation), with an additional 13,000 pounds harvested by the *Stardust* (an APICDA Vessels, Inc., vessel). Production by the small-boat, local fleet declined from 2000 due to poor weather conditions throughout the fishing season. Nevertheless, the operation generated approximately \$ 123,000 in payments to local fishermen.

9.) Nelson Lagoon Storage Company, L.L.C.: The company is open for business, and some activity is taking place. Management is actively restructuring marketing strategies to increase client use of the facility.

10.) OceanLogic, L.L.C.: Programming was brought in-house during the first quarter. OceanLogic completed their first version of the vessel verification system software (VVS) in late May. The software, once installed, will allow companies in the fishing industry to monitor a vessel's location at any time. OceanLogic is in the

process of installing the software on selected Coast Guard vessels and fishing vessels for beta testing purposes. OceanLogic is completing electronic logbook software (ELB). The software will enable fishing companies to submit required fish tickets and reports electronically to state and federal fishery agencies.

11.) Bering Pacific Seafoods, L.L.C. and the Barge Dipper: Bering Pacific Seafoods reopened September 1 to purchase and process Pacific cod (the plant closed in June due to a fishermen's strike over salmon prices). Cod fishing was slow during the month of September and the volume of deliveries lower than desired, but the quality of the product was excellent. BPS will continue to buy and process Pacific cod into October before closing for the remainder of the year. BPS will reopen for cod in January.

12.) Nikolski Lodge: The lodge was completed in early September. Multiple Use Managers Alaska, L.L.C. (managing partner for the lodge) has scheduled a few waterfowl trips for late fall 2001. Marketing efforts will increase throughout the winter and the company expects an early spring start for a full season of wildlife, fishing, and hunting adventures.

13.) Sea Urchins: APICDA and ADF&G have agreed to delay the commencement of the St. George fishery until 2002. The 2002 fishery will be of limited size, intended to ascertain the feasibility of a commercial sea urchin harvesting and processing operation in St. George.

B. Outreach

APICDA staff traveled to many of our communities during the third quarter to meet with residents and discuss a wide variety of CDQ and development related issues.

APICDA hosted its third annual Community Outreach Conference on April 25 and 26. Representatives from the local government, the village corporation, and the local traditional council or IRA from each of APICDA's eligible communities attended the conference. Also attending were the APICDA board and staff, representatives of the state of Alaska, some of APICDA harvesting partners, and various private sector entities from the APICDA region. The purpose of the conference was to discuss the future of APICDA, its subsidiaries, its impact upon each of the villages, and the goals and desires of the villages. A total of fifty-nine people participated.

APICDA staff produced, and mailed out a September 2001 newsletter, to all APICDA communities, CDQ partners, and various agencies associated with APICDA and the CDQ program.

APICDA's Human Resource department is actively recruiting APICDA and CDQ residents for available positions and anticipated future positions with APICDA, APICDA subsidiaries, and APICDA harvesting partners. With our pollock CDQ partners, we will be traveling to our communities in the fourth quarter to recruit community members for positions currently available as well as gather base line data for a "Job Bank" program that is being developed.

C. Employment

Table 1
CDQ Local Resident Employment for Third Quarter, 2001 and Year-to-Date

	Quarter Positions	Quarter Wages	Year-To-Date Positions	Year-To-Date Wages	Year-To-Date Discrete People
Management/Admin	21	\$ 135,110	61	\$ 402,861	23
CDQ "A/B" Season	0		18	174,887	18
CDQ "C/D" Season	2	9,715	2	9,715	2
Other Fishing	61	406,659	135	751,538	70
Internships ¹	3	11,318	7	11,318	4
Other Employment	20	50,589	49	229,903	21
Totals	107	\$ 613,390	272	\$ 1,579,302	138
Quarterly Discrete People	98	Yearly Discrete Positions	244	Yearly Discrete People	129

Note: "Positions" are the total number of individuals who received compensation for the quarter or year-to-date. "Discrete people" and "discrete positions" refers to the actual number of individuals or positions during the time period. Several individuals were employed in different categories during the quarter or year-to-date; this means that these individuals are double (or triple) counted in the "positions" column or category, and show up in more than one of the "discrete people" categories; however, they are only counted once in the bottom line under "discrete people" or "discrete positions." Additionally, **Appendix 16** provides a complete listing by name, category, and community for all individuals employed for the third the third quarter. **Appendix 17** provides a complete list of Alaska Residents employed by APICDA and subsidiaries in the third quarter.

Summary

¹ Due to confidentiality, intern wages were rolled into "other fishing" during the first quarter. No wages were paid for the interns during the second quarter; these will be picked up in the third quarter.

Management/Administrative: During the third quarter, there were twenty-one APICDA residents who received compensation for management/administrative duties. These functions ranged from staff employment and honorariums, to Community Liaison Officers (CLO) activities. The total expended during the quarter was \$135,110.

Direct Employment from CDQ Pollock Fishing: There were two CDQ residents from other CDQ regions employed in pollock fishing and/or processing operations at-sea on the *C/P Starbound* during the quarter. Total wages were \$9,715.

Other Fishing: Sixty-one CDQ residents (60 from APICDA communities), were employed in the "other fishing" category: one APICDA resident participated in the Pacific cod fishery on the *F/LL Prowler*; eight APICDA residents generated wages from the Bering Pacific operation; thirty-nine APICDA residents, and one CDQ resident from another CDQ region, were employed at Atka Pride Seafoods in a variety of processing and harvesting jobs; twelve APICDA residents were employed at Puffin Seafoods in harvesting and land based operations pertaining to the area 4C halibut fishery; and, one APICDA resident participated in a tendering operation for our partner Trident Seafoods in Akutan. Total wages for all other fishing activities combined for the third quarter was \$406,659.

Other Employment: Twenty APICDA residents were employed in a variety of non-direct fishery activities, including the gear storage warehouse in Nelson Lagoon, construction projects directly related to APICDA CDP projects, and other activities. Total wages generated for the third quarter were \$50,589.

Interns: There were three APICDA resident interns during the third quarter; all were participating in APICDA's summer college intern program. Total wages generated for the third quarter were \$11,318.

Ancillary Employment and Economic Impacts: The activities of APICDA and its subsidiaries generate significant economic benefits in the region, but much of the benefit is not captured by the existing employment and earnings data tables. For example, the Bering Pacific Seafoods facility in False Pass purchases fish from resident fishermen, from fishermen living in the region (but outside the CDQ eligible communities), and from fishermen living outside the region. Similarly, BPS (and other APICDA subsidiaries) employs local residents, regional residents, other Alaska residents, and non-residents. The purchase of fish and the payment of wages, whether to residents or non-residents, have an undeniable economic impact in the community. Goods are purchased with the money received and taxes are paid to the city, the borough and the state.

As an example, shown below is a summary of payments made during the first and third quarters resulting from Bering Pacific Seafoods operations in False Pass. BPS employed thirty-five individuals total during the quarter; of these, eight were False Pass residents,

nine were Alaska residents from non-CDQ communities, and nineteen were non-Alaska residents. In addition, BPS purchased Pacific cod and/or salmon from 95 different vessels through the third quarter; many of these vessels employed CDQ community residents and other Alaska residents.

Category	1st Quarter	2nd Quarter	3rd Quarter	Total
Salmon Marketing Tax	\$ 0	\$ 89	\$ 0	\$ 89
State Raw Fish Tax (3%)	16,311	9,844	3,235	29,390
Aleutians East Borough Tax (2%)	10,874	6,562	2,157	19,593
City of False Pass Tax (2%)	11,250	6,755	2,157	20,162
ASMI Tax (.3%)	1,631	984	323	2,938
Total Fish Purchases	547,705	328,143	107,827	983,675
City of False Pass Berthing Fees	9,519	0	0	9,519
City of False Pass Warfage	2,781	5,613	1,518	9,912
Total Employee Wages	239,735	145,856	99,924	485,515
Rent	3,674	45,300	66,274	115,248
Utilities	3,588	5,194	10,188	18,970
Fuel	22,144	80,768	15,106	118,018
Total	\$ 869,212	\$ 635,109	\$308,709	\$ 1,813,030

D. Training & Education

Training and Education for Third Quarter, 2001 and Year-to-Date

Category	Quarter		Year-To-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post Secondary	31	\$ 70,754	38	\$ 119,920
Vocational	7	13,259	28	48,618
Voc-Tech Classes				
Basic	0		0	0
Advanced	0		0	0
Other Training				
Fisheries Related	0		0	0
Student Loans	0		0	0
CDQ Staff/Board	10	6,460	14	12,341
Other	0		0	0
Other Expenditures				
To Educational Institutions	0		0	0
Education Endowment Funds	0		0	0
Community Conference	0		49	44,733
Fish Association Grants	N/A	N/A	N/A	100,000
Total	48	\$ 90,473	129	\$ 325,614

Summary

1.) Vocational Education: During the third quarter, seven APICDA residents attended various vocational education or specialized training programs.

2.) Higher Education: Thirty-one village residents used APICDA higher education scholarships during the third quarter, for a total of \$70,754 for the quarter and \$119,920 since the first of the year. Higher education scholarships are generally \$5,000 per school year per individual.

3.) Summer Intern Program: The APICDA Board of Directors approved a major, new intern program in the summer of 2000. The purpose of the program is to provide summer (or non-school time) employment opportunities to residents receiving higher education scholarships in fields of interest to them, APICDA and its subsidiaries. APICDA offers interns employment in companies in which it has ownership, or with its CDQ partners and other companies in a variety of occupational fields related to the needs of the Bering Sea and Aleutian Islands. Salaries and other costs will be borne in whole or part by APICDA. The work performance of interns will be evaluated on a continuing basis. Interns will be able to return to the program year after year during their college career, providing their evaluations are good and they continue to maintain eligibility for higher education scholarships. Eventually, interns could be offered full-time positions with APICDA or its subsidiaries.

There were three APICDA residents participating in the Summer Intern Program in the third quarter. Two individuals were employed at the Museum of the Aleutians in Unalaska, and one individual with Altman, Rogers & Company, accountant firm, in Anchorage. Total wages paid out were \$11,317.92

4.) Other Expenditures: APICDA provides various programs to its communities that derive funds from the Training & Education Program. These programs provide benefits to APICDA communities in education, experience, and good will services.

APICDA awards Fishermen Association grants in the amount of \$20,000 yearly to each of the eligible communities. These grants provide seed money to the associations for projects and other expenses generated by a business. A total of \$100,000 has been awarded through the third quarter.

The Miscellaneous Grant program is available for projects in the community that otherwise don't fit in the existing APICDA programs. An amount up to \$2,857 can be awarded to eligible community. The Executive Committee reviews each proposal before funds are awarded. A total of \$8,264 has been distributed through the third quarter.

A school grant is available to schools in each of the eligible communities. A total of \$6,000 per year per community is available. Criteria for the grant directs that the funds be used to enhance the learning of fishery related subjects to the children in the communities. No grants have been awarded or requested in the year 2001.

E. Other Issues

There are no other issues not otherwise addressed.

III. Administration

A. Board Activities

1.) Changes in Board Members: There were no changes in board members during the quarter

2.) Decisions/Actions: The Board of Directors for APICDA did not meet in the third quarter. The APICDA Executive Committee met at various times in the third quarter.

There were no other decision or actions of major consequence that are not included here or in the confidential section of this report.

3.) Schedule for Next Quarter: The next APICDA board meeting will be in November, 2001.

4.) Minutes: Approved minutes from board meetings in the third quarter are attached as **Appendix 15** in the confidential section of this report.

B. State Of Alaska Reporting Compliance

APICDA and its subsidiaries are and were in full compliance with all State of Alaska CDQ reporting regulations.

C. CDP Amendment Status

Shown below are the plan amendments approved in the third quarter:

Numbers	Technical or Substantial	Description	Date Submitted	Date Approved
TA#01-10	Technical	Add a vessel - Trinity	07/09/01	07/10/01
TA#01-11	Technical	Add vessels - Lady Mary and the Sea Spider	07/10/01	07/11/01
TA#01-12	Technical	Transfer NSR to 'Other Species'	08/16/01	08/16/01

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TA#01-13	Technical	Add a vessel - Pacific	08/16/01	08/16/01
TA#01-14	Technical	Add a vessel - Guiding Star	08/20/01	08/20/01
		Add Peter Pan, C/P American Triumph,		
TA#01-15	Technical	C/P Northern Jaeger	08/23/01	08/27/01
TA#01-16	Technical	Add Unisea Inc as a processor	09/10/01	09/12/01
TA#01-17	Technical	Transfer WAI POP from CVRF	09/26/01	09/28/01
TA#01-18	Technical	Transfer WAI POP/WAI AM from YDFDA	09/27/01	09/28/01
SA#01-19	Substantial	Transfer WAI POP from BBEDC	09/28/01	10/01/01

D. Other Issues

There are no other issues not otherwise addressed.

IV. Harvesting Report

A. Target Fishery Harvest Activity

Pollock CDQ Harvest: The pollock "C" season CDQ fishery was completed and the "D" Season commenced in the third quarter. The following table is a report on all species harvested in that fishery. The *C/P Starbound* harvested the majority of APICDA's pollock with 976 metric tons harvested by the *C/P American Triumph*.

	Metric Tons Harvested					YTD % of Target	
	CDQ Allocation	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Harvest	Harvest
A/B Season	7,840.000	6,851.593	983.783			7,835.376	98.85%
C/D Season	11,700.000			7,795.905		7,795.905	99.80%
Total						15,631.281	99.33%
Bycatch							
Sablefish, Trawl - BS		0.002	0.000	0.190		0.192	0.00%
Sablefish, Trawl - AI		0.000	0.000	0.000		0.000	0.00%
Pacific Cod		31.088	11.273	1.710		44.071	0.28%
WAI Atka mackerel		0.000	0.000	0.000		0.000	0.00%
CAI Atka mackerel		0.000	0.000	0.000		0.000	0.00%
EAI Atka mackerel		0.004	0.000	0.290		0.294	0.00%
Yellowfin sole		0.073	0.000	0.000		0.073	0.00%
Rock sole		11.582	2.262	0.078		13.922	0.09%
Greenland Turbot BS		0.049	0.005	0.927		0.981	0.01%
Greenland Turbot AI		0.000	0.000	0.000		0.000	0.00%
Arrowtooth flounder		1.919	0.016	1.609		3.544	0.02%
Flathead sole		20.060	2.008	4.847		26.915	0.17%
Other flatfish		0.301	0.001	2.792		3.094	0.02%
True POP - BS		0.000	0.000	0.872		0.872	0.01%
WAI POP		0.000	0.000	0.000		0.000	0.00%
CAI POP		0.000	0.000	0.000		0.000	0.00%
EAI POP		0.000	0.000	0.000		0.000	0.00%
BS other red rockfish		0.000	0.000	0.012		0.012	0.00%
AI Sharpchin/Northern		0.000	0.000	0.000		0.000	0.00%
AI Shortraker/Rougheye		0.000	0.000	0.000		0.000	0.00%
Other rockfish - BS		0.004	0.000	0.022		0.026	0.00%
Other rockfish - AI		0.000	0.000	0.000		0.000	0.00%
Other species		7.825	1.830	1.913		11.568	0.07%
TOTAL		6,924.500	1,001.780	7,811.167		15,736.845	100.00%

PSQ Bycatch

PSQ Red King Crab Zone 1	0.000	0.000	0.000		0.000	0.00%
PSQ Bairdi Tanner Zone 1	3.000	0.000	0.000		3.000	0.02%
PSQ Bairdi Tanner Zone 2	0.000	9.000	0.000		9.000	0.06%
PSQ Opilio Tanner Crab	6.000	4.000	0.000		10.000	0.06%
Halibut mortality	0.858	0.042	2.403		3.303	0.02%
PSQ Chinook	318.290	11	24.		353.290	2.24%
PSQ Other salmon	0.000	0	201.		201.000	1.28%

Pacific Cod CDQ Harvest: No targeted harvesting activities occurred in the third quarter. To date, approximately thirty-five percent of APICDA's annual Pacific cod has been harvested. The F/V *Prowler* and *Bering Prowler* harvest APICDA's Pacific cod.

	CDQ	Metric Tons Harvested				YTD	% of Target
	Allocation	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Harvest	Harvest
Pacific Cod	2,256.000	85.838	779.251	0.000		865.089	83.02%
Bycatch							
Sablefish, FG - BS		0.000	0.000	0.000		0.000	0.00%
Sablefish, FG - AI		0.000	0.000	0.000		0.000	0.00%
Sablefish, Trawl - BS		0.000	0.000	0.000		0.000	0.00%
Sablefish, Trawl - AI		0.000	0.000	0.000		0.000	0.00%
WAI Atka mackerel		0.000	0.000	0.000		0.000	0.00%
CAI Atka mackerel		0.000	0.000	0.000		0.000	0.00%
EAI Atka mackerel		0.000	0.028	0.000		0.028	0.00%
Yellowfin sole		0.000	0.000	0.000		0.000	0.00%
Rock sole		0.043	0.815	0.000		0.858	0.08%
Greenland Turbot BS		0.000	0.254	0.000		0.254	0.02%
Greenland Turbot AI		0.000	0.000	0.000		0.000	0.00%
Arrowtooth flounder		0.311	2.268	0.000		2.579	0.25%
Flathead sole		0.355	2.075	0.000		2.430	0.23%
Other flatfish		0.000	0.271	0.000		0.271	0.03%
True POP - BS		0.000	0.000	0.000		0.000	0.00%
WAI POP		0.000	0.000	0.000		0.000	0.00%
CAI POP		0.000	0.000	0.000		0.000	0.00%
EAI POP		0.000	0.000	0.000		0.000	0.00%
BS other red rockfish		0.000	0.310	0.000		0.310	0.03%
AI Sharpchin/Northern		0.000	0.000	0.000		0.000	0.00%
AI Shortraker/Rougheye		0.000	0.000	0.000		0.000	0.00%
Other rockfish - BS		0.000	0.157	0.000		0.157	0.02%
Other rockfish - AI		0.000	0.000	0.000		0.000	0.00%
Other species		9.234	127.051	0.000		136.285	13.08%
Non-Pollock Quota BS		2.740	31.030	0.000		33.770	3.24%
TOTAL		98.521	943.510	0.000		1,042.031	100.00%
PSQ Bycatch							
Halibut mortality		0.097	2.841	0.000		2.938	0.28%

**Halibut in the longline fishery is the only species deducted from PSQ allocations
 The other PSQ catch, such as crab and salmon do not count against PSQ allocations

Atka Mackerel Harvesting: APICDA's partner, Cascade Fishing, Inc., has shown great efficiency in harvesting CDQ Atka mackerel. Their ability to minimize bycatch has made it desirable for other CDQ groups to transfer their annual allocations of Atka mackerel and related bycatch to APICDA for near complete harvest of the CDQ allocation. Through the third quarter, APICDA received a total of 2,374 metric tons of Atka mackerel and related bycatch from CVRF, YDFDA, CBSFA, and BBEDC combined. These transfers, including APICDA's allocation, represents 46 percent of the total Atka mackerel 2001 CDQ allocation. The F/T *Seafisher* harvests APICDA's Atka mackerel and Pacific Ocean Perch.

	CDQ	Metric Tons Harvested				YTD	% of Target
	Allocation	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Harvest	Harvest
Total Atka Mackerel	3625.400	0.000	3065.362	389.724		3455.086	77.19%
Totals by Areas:							
WAI	1,464.900	0.000	1046.630	302.607		1349.237	30.14%
CAI	1,768.000	0.000	1640.309	87.117		1727.426	38.59%
EAI	392.500	0.000	378.423	0.000		378.423	8.45%

Bycatch

Sablefish, Trawl - BS		0.000	0.000	0.000		0.000	0.00%
Sablefish, Trawl - AI		0.000	0.000	0.000		0.000	0.00%
Pacific Cod		0.000	191.330	3.953		195.283	4.36%
Yellowfin sole		0.000	0.000	0.000		0.000	0.00%
Rock sole		0.000	0.629	0.010		0.639	0.01%
Greenland Turbot BS		0.000	0.000	0.000		0.000	0.00%
Greenland Turbot AI		0.000	7.403	0.000		7.403	0.17%
Arrowtooth flounder		0.000	5.436	4.180		9.616	0.21%
Flathead sole		0.000	0.056	0.000		0.056	0.00%
Other flatfish		0.000	0.265	0.039		0.304	0.01%
True POP - BS		0.000	0.000	0.000		0.000	0.00%
WAI POP		0.000	188.588	68.269		256.857	5.74%
CAI POP		0.000	81.765	53.671		135.436	3.03%
EAI POP		0.000	131.591	0.000		131.591	2.94%
BS Other Red Rockfish		0.000	0.000	0.000		0.000	0.00%
AI Sharpchin/Northern		0.000	114.744	100.736		215.480	4.81%
AI Shortraker/Rougheye		0.000	2.284	12.374		14.658	0.33%
Other rockfish - BS		0.000	0.000	0.000		0.000	0.00%
Other rockfish - AI		0.000	3.163	2.180		5.343	0.12%
Other species		0.000	12.906	3.424		16.330	0.36%
Non-Pollock Quota BS		0.000	29.948	2.010		31.958	0.71%
TOTAL		0.000	3839.017	640.570		4476.040	100.00%

PSQ Bycatch

Halibut mortality		0.000	2.390	0.111		2.501	0.06%
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**Halibut in the Atka mackerel fishery is the only species deducted from PSQ allocations
 The other PSQ catch, such as crab and salmon do not count against PSQ allocations

Opilio CDQ Harvests: All of APICDA's opilio CDQ was harvested in the first quarter. Unless additional allocations are received, this fishery is complete for the year. Vessels participating in the opilio harvest were the *Farwest Leader*, *Royal Viking*, and *Billikin*.

	CDQ	Metric Tons Harvested				YTD	
	Allocation	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Harvest	% of Harvest
Opilio Crab	187,807	189,302	0.000	0.000	0.000	189,302	100.8%

Halibut Harvesting: A total of 784,385 pounds of Area 4B halibut has been harvested through the third quarter. Of this amount, 662,832 pounds was harvested by local Atka fishermen and the remainder by outside vessels. Poor weather conditions (higher winds than normal) kept local, small boat fishermen off the grounds for long periods this year. Additionally, local fishermen report that the presence of large trawl catcher-processors (normally not seen in the area) coincided with reductions in halibut catch rates. The fishery continued into the fourth quarter.

In St. George, a total of 97,103 pounds of Area 4C halibut CDQ was harvested (84,089 pounds by local fishermen and the remainder by the F/V Stardust, owned by AVI). Weather conditions played a major role in the reduced lower production by the local small boat fleet. The fishery ended in early August.

Halibut	Allocation (lbs)	Harvest (lbs)	% of Allocation	Remaining Allocation (lbs)
Area 4B	982,000	784,385	79.88%	197,615
Area 4C	101,500	97,103	95.67%	4,397
Total	1,083,500	881,488	81.36%	202,012

Sablefish Harvesting: Sablefish CDQ fishing in the Bering Sea increased during the third quarter as we begin to fish using pots. Three vessels harvested CDQ sablefish for APICDA in the third quarter. The F/V *Guiding Star* harvested the majority of APICDA's Bering Sea CDQ sablefish allocation. Difficulty in obtaining CDQ observers was the limiting factor that curtailed harvests in both the Bering Sea and Aleutians for the skipper of the *Guiding Star*. The *Guiding Star* is an Unalaska vessel. We are particularly pleased with the results of fishing sablefish with pots and anticipate expanding that effort next year.

Sablefish CDQ fishing in the Aleutian Islands has become difficult due to the conflict between state of Alaska and NMFS regulations. Approximately 80% of the sablefish in the AI is harvested within three miles (state waters). State regulations prohibit the retention of sablefish in state waters when state waters are closed to sablefish fishing. The state sablefish season in the Aleutians is brief and open access. Once the quota is harvested, state waters are closed. It is difficult to convince fishermen to pay for the right to harvest sablefish CDQ when they can fish sablefish for free; hence, it is difficult to conduct a sablefish CDQ fishery when state waters are open. Conversely, the economics

of fishing sablefish outside of state waters are very difficult since 80% of the catch historically occurs inside state waters. This issue needs to be addressed by the state. In effect, current state regulation precludes a CDQ sablefish fishery.

Sablefish	<u>Allocation (lbs)</u>	<u>Harvest (lbs)</u>	<u>% of Allocation</u>	<u>Remaining Allocation (lbs)</u>
Bering Sea	51,587	43,192	83.73%	8,395
Aleutian Islands	124,008	7,403	5.97%	116,605
Total	175,595	50,595	28.81%	125,000

7.) PSC Harvest: The bycatch of prohibited species continues to be low. The third quarter results are reported in the following table.

Pollock Harvested by Non-Pollock Vessels:

	<u>Harvest (mt)</u>	<u>Retained (mt)</u>	<u>Discarded (mt)</u>	<u>% Retained</u>
Fixed Gear	33.770	18.523	15.247	55%
Trawl Catch Processor	31.958	30.425	1.533	95%
Total	65.728	48.948	16.780	74%

PSC that does not accrue against the PSQ allocation:

	<u>Chinook</u>	<u>Non-Chinook</u>	<u>King Crab</u>	<u>Bairdi</u>	<u>Opilio</u>
Fixed Gear	0	0	0	0	94
Trawl Catcher-Processor	5	12	0	0	6
Trawl Catcher Vessel	0	0	0	0	0
<u>Total</u>	<u>5</u>	<u>12</u>	<u>0</u>	<u>0</u>	<u>94</u>

B. CDQ Harvest by Quarter and Year-to-Date

Species	2001 CDQ Allocation	Trans In	Trans Out	Metric Tons Harvested				YTD Harvest	Percent of Allocation
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr		
Atka Mackerel									
Eastern 541	175.500	217.000		0.000	378.455	0.029		378.484	96.43%
Central 542	756.000	1,012.000		0.000	1,640.309	92.595		1,732.904	98.01%
Western 543	627.900	1,145.000		0.000	1,046.630	302.958		1,349.588	76.12%
Arrowtooth	198.120	20.000		2.230	7.720	7.938		17.888	8.20%
Other Flatfish	525.000	2.000		0.301	0.537	3.879		4.717	0.90%
Flathead Sole	600.000	2.000		20.415	4.139	5.287		29.841	4.96%
Turbot (BS)	84.400			0.049	0.853	5.091		5.993	7.10%
Turbot (AI)	33.280	8.000		0.000	7.403	0.000		7.403	17.93%
Pacific Cod	2,256.000	171.000		116.926	981.854	12.097		1,110.877	45.77%
Pollock BS	19,600.000			6,851.593	983.783	8,267.457		16,102.833	82.16%
A/B Season	7,840.000			6,851.593	983.783	0.000		7,835.376	99.94%
C/D Season	11,700.000			0.000	0.000	8,267.457		8,267.457	70.66%
Pollock AI	28.000			0.000	0.000	0.000		0.000	0.00%
Non- Pollock Quota - BS	N/A			2.740	31.030	0.000		33.770	N/A
Non- Pollock Quota - AI	N/A			0.000	29.948	2.010		31.958	N/A
Pacific Ocean Perch (BS)	23.400			0.000	0.000	1.015		1.015	4.34%
Pacific Ocean Perch (AI)									
Eastern 541	65.400	78.000		0.000	131.591	0.000		131.591	91.76%
Central 542	57.600	67.000		0.000	81.765	49.262		131.027	105.16%
Western 543	106.800	187.200		0.000	188.588	84.934		273.522	93.03%
Other Red Rockfish BS	2.300			0.000	0.000	0.322		0.322	14.00%
Sharpchin/Northern (AI)	151.800	120.000		0.000	114.744	104.425		219.169	80.64%
Shortraker/Rougheye (AI)	14.960	6.760		0.000	2.284	13.032		15.316	70.52%
Other Rockfish BS	6.750			0.004	0.305	0.024		0.333	4.93%
Other Rockfish AI	11.730	2.500		0.000	3.195	2.286		5.481	38.52%
Rock sole	1,350.000	2.000		11.625	3.706	0.115		15.446	1.14%
Sablefish Trawl (BS)	10.030			0.002	0.000	0.190		0.192	1.91%
Sablefish Trawl (AI)	11.280			0.000	0.000	0.000		0.000	0.00%
Sablefish Fixed Gear (BS)	23.400			0.000	2.468	17.124		19.592	83.73%
Sablefish Fixed Gear (AI)	56.250			0.000	1.207	2.151		3.358	5.97%
Yellowfin Sole	2,373.000			0.073	0.000	0.000		0.073	0.00%
Other species	304.164	259.796		17.059	141.787	10.393		169.239	30.01%
Non Specific Reserve	251.796		251.796					251.796	100.00%
4B Halibut (in lbs)	982,000				141,037	643,348		784,385	79.88%
4C Halibut (in lbs)	101,500				9,972.5	87,130.5		97,103	95.67%
BS Opilio	187,807			189,302	0.000	0.000		189,302	100.80%
BB Red King Crab	101,500			0.000	0.000	0.000		0.000	0.00%
Prohibited Species									
Halibut (MT)	75.400			0.955	5.273	2.305		8.533	11.32%
Bairdi Zone 1 (#s)	14,235			3	0	0		3	0.02%
Bairdi Zone 2 (#s)	35,708			0	9	0		9	0.03%
Opilio Tanner Crab (#s)	78,300			6	4	0		10	0.01%
Red King Crab (#s)	2,110			0	0	0		0	0.00%
Chinook Salmon (#s)	461			318	11	24		353	76.57%
Other Salmon (#s)	473			0	0.000	201		201	42.49%

C. Compliance

APICDA's Atka mackerel harvesting partner, Cascade Fishing, Inc., exceeded APICDA's annual allocation of Central Aleutian Island Pacific Ocean Perch by 6.427 metric tons on August 29, 2001. When informed of the overage, APICDA management immediately notified NMFS enforcement and NMFS CDQ personnel. Judgment on the overage has not been received.

D. Other Fishing Issues/Activities

There were no other fishing issues or activities.

Table 1
Akutan Milestones

Project	Completion Date	Status
Identify funding for harbor.	2004	\$1 million commitment by APICDA and \$2 million by AEB. Permitting underway.
Complete species/production identification plan, complete harvest and marketing plans, and complete corporate structure for seafood company.	2001	Pending.
Initiate seafood company.	2001	Pending.
Provide trailer to fishermen's association.	2001	Pending.
Continue seafood company operations.	2002	Pending.
Construct harbor.	2004	Pending.

Table 2
Atka Milestones

Project	Completion Date	Status
Continue water taxi and pilot boat business.	Ongoing	Continuing.
Process sablefish & halibut CDQ.	Ongoing	Continuing.
Expand processing at APS, both by species and time of year.	Ongoing	In progress.
Offer water supply service for vessels at dock.	Spring, 1999	Complete.
Evaluate possibilities for value-added production of sablefish, halibut and cod at APS.	2000	Pending.
Complete feasibility analysis and business plan for proposed lodge. Start operations in fall. Provide six local jobs.	2001	Pending.
Provide limited vessel repair opportunity.	2001/02	Pending.
Provide fuel depot services.	2001/02	Pending.
Provide warehouse storage opportunity.	2001/02	Pending.

Table 3
False Pass Milestones

Project	Completion Date	Status
Employ fifteen local residents in connection with Dipper operations.	Ongoing.	In progress.
Purchase and process 3 million pounds of Pacific cod and salmon.	2001/02	In progress.
Operate profitably.	2001/02	Pending.
Complete plan to transition to shoreplant.	2001/02	Pending.
Construct shore plant and expand operations.	2002/03	Pending.
Complete feasibility analysis and business plan for store. Construct if approved.	2001	In progress.
Open store and employ five residents.	2001/02	Pending.

**Table 4
 Nelson Lagoon Milestones**

Project	Completion Date	Status
Open storage business	1999	Complete.
Construct ice delivery system.	2001/02	Pending.
Complete processing plant decision-making process.	Winter, 2001	In progress.
Construct processing plant (if approved)	2002	Pending.
Open processing plant.	2002	Pending.

**Table 5
 Nikolski Milestones**

Project	Completion Date	Status
Evaluate near shore fishing opportunities.	2001	In progress.
Employ six local residents in lodge business.	2001	In progress.
Operate lodge profitably.	2002	Pending.
Commence mariculture operations.	2001	Pending.

Table 6
St. George Milestones

Project	Completion Date	Status
Complete evaluation for construction of new processing plant.	Winter, 2001	Pending.
Construct processing plant.	2001/02	Pending.
Open processing plant for business.	2001/02	Pending.
Harvest 4C halibut CDQ and IFQ.	Continuing.	Continuing.
Initiate gear and vessel upgrade program	Continuing.	Continuing.
Identify Tract I tenants or generate revenue from facilities	Continuing.	Continuing.
Complete feasibility analysis and business plan for lodge operation. Commence operations, and employ six residents.	2001	Pending.

Table 7
Other APICDA Milestones

Project	Completion Date	Status
Purchase large commercial fishing vessels.	Ongoing	Continuing.
Continue Quota Share Loan Guarantee Program.	Ongoing	Continuing.
Purchase Quota Shares.	Ongoing	Continuing.
Provide annual donation to local fishermen's associations.	Spring (each year)	Continuing.
Hold annual conference of Community Liaison Officers.	Winter (annual)	Continuing.
Hold annual APICDA Village Outreach Conference.	Spring (annual)	Continuing.
Assessment of Product Diversification Program expansion opportunities.	Ongoing	Ongoing
Develop flatfish operation.	Ongoing	In process.
Distribute annual school grants.	Winter (annual)	Continuing.
Establish higher education scholarship funding levels and identify recipients.	Spring (annual)	Ongoing.
Continue implementation of Small Vessel Acquisition Program.	Fall (annual)	In process.
Assess sea urchin resource.	Ongoing	Complete.
Develop mariculture proposal for Atka, Akutan, Nikolski, & False Pass.	2001	Submitted, April, 1999.
Implement limited mariculture program.	Ongoing	Pending.
Evaluate all joint venture and subsidiary investments from a goal, objective, and profit making perspective.	Ongoing	Continuing.
Maximize harvest of all APICDA MSCDQ allocations.	Ongoing	Continuing.
Maximize the harvest of target species and minimize the harvest of incidental species, particularly prohibited species.	Ongoing	Continuing.

Maximize the use of gear types that have minimize adverse impacts upon habitat.	Ongoing	Continuing.
Monitor MSCDQ vessel harvesting activities on an individual vessel basis to manage target and non-target harvests.	Ongoing	Continuing.
Monitor MSCDQ vessel activities to ensure compliance with all federal and state regulations.	Ongoing	Continuing.
Comply with all state and federal reporting requirements on a timely basis.	Ongoing	Continuing.
Achieve a royalty return from MSCDQ harvesting and processing operations that are fair to all parties involved.	Ongoing	Continuing.
Maximize the return from MSCDQ harvesting and processing operations by participating as a whole or part-owner at as many levels of the industry (harvesting, processing, marketing, etc.) as possible and practical.	Ongoing	Continuing.
Maximize the employment of local residents in all phases of MSCDQ harvesting, processing, and marketing.	Ongoing	Continuing.
Contribute ten percent of annual APICDA revenue into the Longterm Reserve Account (LRA).	Ongoing	Continuing.
Invest LRA funds in accordance with APICDA's Investment Guidelines.	Ongoing	Continuing.
Manage non-LRA funds to maximize liquidity while emphasizing security.	Ongoing	Continuing.
Normally generate one-half to one percent above prime as a rate of return for internal loans.	Ongoing	Continuing.
Establish annual board and administrative budgets, and monitor budgets on a continuing basis.	Ongoing	Continuing.
Maintain a cash flow projection twelve months into the future.	Ongoing	Continuing.
Establish annual board and administrative budgets, and monitor budgets on a continuing basis.	Ongoing	Continuing.
File quarterly and annual reports on a timely basis.	Ongoing	Continuing.
Comply with all CDQ federal and state rules and regulations.	Ongoing	Continuing.

Complete an annual audit.	Ongoing	Continuing.
Have regular board and sub-committee meetings.	Ongoing	Continuing.
Review by-laws on an annual basis.	Ongoing	Continuing.
Ensure that fishermen associations conduct their APICDA board representative elections in accordance with appropriate by-laws.	Ongoing	Continuing.
Ensure that staff implements board policies as enunciated.	Ongoing	Continuing.
Implement Quota Share Retention Program.	Ongoing	Continuing.
Implement College Intern Program.	Summer 2000	Continuing.