

MULTI-SPECIES CDQ PROGRAMS
CVRF QUARTERLY ACTIVITY REPORT
APRIL 1 – JUNE 30, 2001

STATUS AS OF JUNE 30, 2001, WITH SUBSEQUENT
ACCOMPLISHMENTS AND ACTIVITIES NOTED AS APPROPRIATE

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I. Quarterly Highlights

The Quarterly Highlights section for the 2ND Quarter contains a description of all of the initiatives that CVRF currently has underway. This description will provide to the reader a general understanding of the progress being undertaken by CVRF to accomplish the goals and programs contained within its 2001-2002 Multi-Species CDP.

- Simeon John, Toksook Bay, accepts office of CVRF Board President.
- In its first month of operations, CVS processes 357,000 lbs. of salmon, 64,348 lbs of halibut in five village plants contributing over \$200,000 to local economy through crew wages and fishermen payments.
- 2000 Annual Report – “A Statement of Strength” is well received by member villages, government agencies, and by industry.
- Second Annual Board retreat revisits and confirms CVRF vision, mission, and strategic plan for next five years.

II. Community Development

A. Progress toward goals, objectives, milestones

2001/2002 *Offshore Harvesting, Processing, and Investment Program*
2001/2002 *Groundfish Vessel Investments - Proposed*

- Investigate vessels or vessel owning companies in the freezer-longlining category

CVRF altered its initial plan to investigate investments in the freezer-longline category to investing in an H&G catcher-processor. An opportunity arose to invest in the *F/V Cape Horn* as the vessel was required by the American Fisheries Act to reduce its foreign ownership to the 25% level.

- Complete financial analysis of investment opportunities

CVRF reviewed all of the financial information made available by the owners and completed a valuation analysis according to the standard process used by CVRF for all of its financial investments.

- Evaluate resource issues involving the species targeted, regulatory environment, biological status, allocative situation, and commercial value

CVRF evaluated the resource issues involved in the H&G fisheries. This evaluation included a report from Natural Resources Consultants as well as an investigation through the Groundfish Forum.

- Monitor investments in offshore harvesting vessels on weekly and Quarterly basis

Investment in the vessel is to be completed by the end of the 3rd Quarter.

2001/2002 *Crab Vessel Investments - Proposed*

- Make an investment in a second crab vessel.

CVRF has continued to stay in contact with its crab partner, the F/V Silver Spray, about possible ownership in another vessel with similar ownership. No definitive proposal has been received to date.
- Maintain two crewmembers on vessel during CDQ fishing and at least one crewmember during open access fishing.

See above
- Participate in opilio crab, Bristol Bay king crab, and St. Matthew king crab open access and CDQ fisheries.

See above
- Achieve minimum rate of return.

See above
- Prepare financial statements and tax returns for new LLC

See above
- Monitor investments in offshore harvesting vessels on weekly and Quarterly basis.

See above

2001/2002 *Inshore Harvesting, Processing, and Investment Program*

2001/2002 *Shoreside Processing Development - Proposed*

- Expand halibut buying operations in one additional communities - Hooper Bay

CVRF has been conducting an informal test fishery during the 2nd and 3rd Quarters to determine the availability of resources to support a halibut plant in Hooper Bay. The results will be available during the 3rd Quarter.
- Purchase at least 200,000 pounds of halibut

See above.
- Operate using local work force only

See above.
- Have each plant operational by June 1

See above.
- Operate professionally, including proper accounting, efficient employment and crew replacement, efficient decision-making, successful marketing, and good communications

See above.

2001/2002 *Commercial Fisheries Support Businesses - Proposed*

- Purchase one or more tender vessels to support the shoreside processing projects.

CVS investigated the purchase of a tender vessel to support its salmon operation in Quinhagak. No final decision has been made concerning a purchase as of the end of the 2nd Quarter.
- Start up one or more businesses that support the Inshore Program - potential businesses include gear suppliers, construction contractors, repair services.

No new businesses have been started up to date.

- Provide training for local residents to operate the support businesses.

No activity to date.

2001/2002 *Infrastructure Development Program*
2001/2002 *Infrastructure Development - Proposed*

- Provide technical assistance and organizational support during planning stages of the Regional Port Facility.

The initial planning stage involving a Regional Economics Study shows that the Regional Port facility is not economically feasible based on National Economic Benefit standards. CVRF is providing organizational support by collecting comments to be submitted to the Corps of Engineers during the 3rd Quarter.

- Provide matching funds for the project as it develops through the U.S. Army Corps of Engineers process

CVRF is unable to provide further financial support to a project that is not economically feasible. Funding requests from the community on related projects may be considered upon receipt of request(s).

- Support infrastructure projects identified through the “Ciunerkam Tangruarutii” process.

During the 2nd Quarter, development staff reassessed its approach in addressing non-fisheries related priority projects and focused on identifying and conducting research strictly on fisheries-related projects likely to be supported by CVRF. This process involved the creation of detailed definitions that may help filter out the types of projects that fit within the parameters of CVRF’s development approach. Among the most qualified projects include ice machines, processing facilities, boat building projects, and net mending operations. Other related projects have not been addressed in full detail at this point.

2. Active Projects

2001/2002 *4-SITE Program*
2001/2002 *4-SITE Project and Support Services*

- 25- 35 scholarships are awarded for academic or vocational training related to careers in the fishing industry.

32 scholarships were awarded for a total of \$91,362 in June for the Fall 2001 Semester.

- 2-4 interns/ 4-6 apprentices are placed in CVRF affiliated CDQ business partners.

1 accounting clerk intern was placed with CVRF, 1 rural recruiter was placed with American Seafoods, 2 engineering apprentices were placed with Icicle.

- 10-12 CVRF residents are trained in technical skills related to careers in the fishing industry.

No activity for 2nd Quarter.

- Continue implementation of the Employment facilitation program with the following milestones:

- 2-4 new employers join CVRF’s employment facilitation network for CVRF residents’ training and job placement.

No activity during the 2nd Quarter.

- Recruitment, selection, management, and training of 2-4 recruiters and 15 administrative/management.

1 at-sea recruiter was hired during this reporting period. Recruitment for two others began.

- Develop and conduct Business Plan Development and Operations Management training for subsidiary employees and village partner organizations.

No activity for 2nd Quarter.

- Annual recruitment and placement of following crew: 12 crab, 14 crab processing, 40 bottom trawling, 12 Pacific cod, 6 sablefish/halibut, 115 Pollock, 50 halibut processing, 120 salmon processing, 14 value-added, 50 non-CDQ processing.

Recruitment was completed for 11 C/D season pollock crew, 1 hake season, 120-130 salmon processors, and 99 halibut processors.

- Participate in 8-12 Local Advisory Council (State Workforce Investment Board) meetings to create active network of job referral and placements.

Attended 3 regular LAC meetings and 2 LAC Youth Committee meetings.

- CVRF sponsors Junior Achievement of Alaska in member villages and facilitates expansion of program throughout YK Delta.

In April 2001 Oscar Kawagely, Student Teacher of Hooper Bay and Frank Hill, CVS employee of Quinhagak were trained over the phone to serve as JA consultants.

Two more JA packets were completed. (1 in Scammon Bay and 1 in Chevak.)

Junior Achievement classes ended in early May with the end of the school year. A total of 19 packets were taught and completed between the villages of Scammon Bay, Hooper Bay, Chevak, Toksook Bay, Cheforak, Kwigillingok, and Kipnuk.

- Initiate and maintain Coastal Villages Youth Leadership Program (CVYLP) in 16-20 villages.

Updated information received from villages to ensure that information was current and up to date on after school activities and existing youth organizations.

Numerous teleconferences and meetings to talk about our goals and what we need to accomplish each week toward establishing Youth Councils/Organizations.

Set program goals for the next two years under the Community Service Program.

Worked on a Memorandum of Agreement with Rebecca Napoleon, Director of Youth Opportunity Center ("YOC"), who has set up youth councils in four of the CVRF villages under the auspices of the YOC. YOC received a youth opportunity grant from CITC for the purpose of establishing youth councils.

Community Project Managers traveled to Anchorage to observe the Native Youth Leadership Conference sponsored by Cook Inlet Tribal Council youth services.

Greg Anelon and Bernard Murran attended the Prudential Youth Leadership Institute Trainer of Trainers workshop in Anchorage.

Greg Slats and Byron Ulak traveled to Grand Rapids, Michigan to attend the annual United National Indian Tribal Youth (UNITY) conference.

Talked to Russell Coker, one of the personnel from the UNITY organization, for possible training of newly hired Community Liaisons.

Traveled to Mekoryuk, one of the pilot villages, to talk to the community about the role the Community Liaison would play in their community and the need to hire a strong candidate from that community.

Started meeting with the youth in Chevak after getting them officially organized.

Posted notices to hire Community Liaisons in eight pilot project villages of Cheforak, Chevak, Hooper Bay, Mekoryuk, Napakiak, Quinhagak, Scammon Bay and Tooksook Bay.

- Initiate and maintain Rural Education Adult Development (READ) program for village residents.

Rural Adult Education Development (READ) program was developed to counter and prevent the high dropout rates that is affecting the quality life in rural villages. Currently, we are working with the Kuskokwim Campus (KuC) to develop onsite General Education Diploma (GED) support services to high school dropouts in eight of the CVRF member villages. A

cooperative agreement was established with KuC to train the eight Community Program Managers and CVRF Liaisons who will help to facilitate the READ program providing onsite service. CPMs and Liaisons will take the 3 credit Education 131 Implementation of an Adult Education Program class this coming fall. Eight Liaisons will be located in the villages of Chevak, Chefornak, Hooper Bay, Mekoryuk, Napakiak, Quinhagak, Scammon Bay, and Toksook Bay.

- Outgoing new crewmembers are invited to participate in the Coastal Villages' "Orientation for Success."

No activity for 2nd Quarter.

- 16-20 Unity Councils are initiated for the village youth.

No activity for 2nd Quarter.

2001/2002 *Offshore Harvesting, Processing, and Investment Program*

2001/2002 Groundfish Vessel Investments - Active

- Kokopelli will employ three people from the region by the end of the season. The new crew member will receive training in longlining needed to achieve full crew member status.

Two region residents have been employed on the vessel for the entire season. Neither has obtained full crew status as of this time. When they do, a third crewmember will be recruited from the region.

- Kokopelli and CVL will provide an analysis prior to the season outlining the maximum capacity of the Ocean Harvester to harvest target species. Goal setting plans to reach these quotas will be made and, if necessary, additional quota investments will be considered to round out the fishing year.

Kokopelli and CVL completed a fishing plan for the season. This plan showed the ability of the vessel to complete its IFQ and CDQ harvests during the season. The major change in the harvesting plan for the vessel is a decrease in the amount of Area 4D halibut due to a reallocation from the offshore sector to the inshore Area 4E fishery. CVRF is closely monitoring the Area 4E catch to determine whether the small boat fleet will be able to harvest an additional 80,000 pounds of the Area 4D quota. If they can harvest the quota, the vessel will be limited to a harvest of approximately 69,000 pounds for the season.

- Preseason financial goals will be set including no additional capital infusion and rate of return for fishing season.

Kokopelli and CVL anticipated a season similar to that experienced in 2000. However, many different events have led to a less favorable result. These include a leak at the beginning of the season, then a breakdown of the main engine, and finally, a reduction in the amount of bycatch available to harvest the target species of halibut and sablefish.

- A CVRF region crewmember will be identified for long term commitment to work on an iceboat with IFQs and CDQ and a plan laid out for the individual's investment in the Ocean Harvester or similar type vessel.

CVRF continues to work with a Mekoryuk resident on a major commitment in this sector.

- Monitor investments in offshore harvesting vessels on weekly and Quarterly basis.

The operations of the *F/V Ocean Harvester* are monitored on a weekly basis through a report from the captain to the CVRF office.

- Ocean Prowler will employ four people from the region by the end of the season. The new crewmember will receive training in longlining needed to achieve full crewmember status.

One individual was employed on the OceanProwler during the 2nd Quarter.

- Ocean Prowler and CVLLC will provide an analysis prior to the season outlining the maximum capacity of the Ocean Prowler to harvest target species. Goal setting plans to reach these quotas will be made and, if necessary, additional quota investments will be considered to round out the fishing year.

The Ocean Prowler provided a proposed fishing plan for the 2001 season. The main change from 2000 was the plan to use the vessel to conduct the Gulf of Alaska Longline Survey during the summer months. The result of this change is that the vessel will not be able to harvest all of CVRF's cod CDQ this year. CVRF entered into a contract with the Alaska Leader

to harvest the remaining quota.

- Preseason financial goals will be set including no additional capital infusion and rate of return for fishing season.

The vessel and CVL anticipated similar results as were obtained in 2000.

- Monitor investments in offshore harvesting vessels on weekly and Quarterly basis.

CVRF monitors the vessel on a daily basis during harvesting and processing periods.

2001/2002 Crab Vessel Investments –Active

- Maintain two crewmembers on vessel during CDQ fishing and at least one crew member during open access fishing.

No crab fishing occurred during the 2nd Quarter.

- Monitor investments in offshore harvesting vessels on weekly and quarterly basis.

CVRF receives weekly reports from the vessel during the fishing season.

2001/2002 Pollock Vessel Investments – Active

- Analyze and, if determined beneficial, increase ownership interest in American Seafoods above the 20% level.

CVP increased its investment to 22% during 2000. This decision was based upon a financial analysis that indicated that an increased level of ownership at the “going in price” was justified.

- American Seafoods will offer employment to in excess of 50 people in all aspects of the American Seafoods businesses.

American Seafoods and CVRF continue to work on improving the number of individuals hired from the region. For the “A/B” season, 22 region residents went to work of whom 17 were employed during the 2nd Quarter.

- CVP will participate on the American Seafoods board to further the purposes of the company and to further the goals of the CDQ program for the Coastal Villages region.

CVRF representatives attended all meetings of the American Seafoods board.

- Preseason financial goals will be set including no additional capital infusion and rate of return for the fishing season.

American Seafoods provides comprehensive preseason revenue and expense goals. No additional capital infusion is expected by CVP, other than to increase ownership levels.

- Monitor investments in offshore harvesting vessels on weekly and Quarterly basis.

Harvests are monitored on a daily basis. During the “A” season, American Seafoods sends out weekly reports on its fishing activities.

2001/2002 Inshore Harvesting, Processing, and Investment Program

2001/2002 Shoreside Processing Facilities - Active

For Kuskokwim salmon

- Make determination about expansion of Kuskokwim salmon program into the mainstream of the river.

Based upon the closure of the Kuskokwim River salmon fishery for the months of June and July, CVS determined that it was no prudent to enter the river fishery at this time.

- Based upon the expansion decision, purchase salmon in all Kuskokwim fishing districts.

CVS began purchasing salmon in the Kuskokwim Bay fishing districts on June 21. In total, CVS purchased and processed salmon during 4 periods in June.

- Expand quality control program.

CVS instituted a policy of requiring fishermen to ice their fish to improve quality prior to delivery to the dock.

- Capital investment in ownership in facilities operating salmon processing business.

CVS instituted a major capital investment program at its Quinhagak plant. Construction projects include a new fillet processing room, a new egg room, upgrades to the cool room, installation of a blast freezer, and construction of a bunkhouse facility with a kitchen and lavatory. Funding for these improvements was received from the U.S. Department of Agriculture, the State of Alaska CDBG program, from CVRF, and from CVIF.

- Expand value-added production.

CVS planned to increase its value-added production through the processing of fillets throughout the season. During June, CVS began by producing king, sockeye, and chum salmon fillets. These fillets were shipped to Anchorage for eventual sales and for further processing into a canned smoked product by Indian Valley Meats.

- Conduct successful employment and training program, including filling all available positions with local hire, up to 3 internships, and on-the-job training.

CVS has embarked on a major employment program at its Quinhagak facility. Over 130 region residents were employed during the first two months of operations. One individual who participated in CVRF's apprenticeship program is now responsible for maintaining the ever-increasing amount of sophisticated equipment at the plant. In addition to the on-the-job training in areas of grading, sorting, and other processing skills, CVS sponsored training in filleting and operation of the machines that now serve as the backbone of the Quinhagak plant's operations.

- Obtain loyalty of 75% of Goodnews Bay fisherman and 60% of other region fisherman.

CVS was the only buyer in Quinhagak and Goodnews Bay during June.

- Operate professionally, including proper accounting, efficient employment and crew replacement, efficient decision-making, successful marketing and good communications.

CVS continues to go through a growth curve associated with its salmon operations. Due to the late construction of the new facilities, the season started out with a great deal of activity and minimal organizational control. As the season progressed, shifts were developed, leads were identified, and operations became a great deal smoother. The major problem for the 2001 season is the very low price for salmon in the marketplace. CVS entered into an agreement with 10th & M Seafoods for marketing CVS' production. While the program has worked well given the difficult logistics of flying fresh fish from Quinhagak through Bethel to Anchorage, the low price will detract from the successes that have been achieved this season.

For Area 4E halibut project:

- Purchase at least 200,000 pounds of halibut.

Over 64,000 pounds had been harvested by June 30th.

- Operate with local workforce only.

The halibut plants are employing residents of the CVRF region.

- Have each plant operational by June 1

Each plant was open for purchasing halibut by June 1. No halibut was purchased until later in June due to ice in the bays and frozen water lines.

- Operate professionally, including proper accounting, efficient employment and crew replacement, efficient decision-making, successful marketing, and good communications

The halibut plants have been running smoothly since the beginning of the season.

For Bering Sea herring

- Offer technical assistance to the regional herring associations.

During the 2nd Quarter, assistance was extended to the Tsaninek Pingurpak Association, a membership association of herring fishermen from the Cape Avinoff District. No substantial progress developed in 2nd Quarter, however, CVRF received a resolution from a member community addressing the need to formalize the Goodnews Bay Herring Fishermen's Association.

- Support efforts of the regional herring associations and fishermen in ways agreed to by CVRF and the fishermen.

During the CVRF Board meeting, the CVRF Board of Directors unanimously endorsed the creation of the Coalition of Herring Associations from the CVRF region, which had been raised by the herring association fishermen in previous meetings sponsored by CVRF. A list of possible goals and objectives of the Coalition will be retrieved from meeting files to better support the needs of herring associations and provide direction to CVRF support staff.

- Develop at least one additional village-based community development projects.

No additional activity during the 2nd Quarter.

- Monitor investments in inshore fisheries on a weekly and quarterly basis.

No activity during the 2nd Quarter.

2001/2002 Sportfish Guiding Service

- Manage Arolik River LLC to agreed standards of success

The 2nd Quarter marked the start of the operation for 2001. The venture partner, Alaska West, began setting up the campsite several days prior to the arrival of the first guests. All functions of the operation were in working order.

All venture partners planned on participating in a community gathering to celebrate and discuss the Arolik River Sportfishing, LLC, but weather kept CVA representatives from being present. Alaska West reported that about 350 residents participating in this community gathering held on June 21st. All partners continue to share updated information and various concerns to be addressed via telephone conversations.

- Establish human resources development goals identified for CVA and region

Completed in 1st Quarter. Goals not accomplished or in progress during the 1st Quarter were reached in the 2nd Quarter: Goal 5) Advertise and utilize current pool – complete; Goal 6) Orientation and training progress – complete.

- Explore possible expansion of guiding service to other rivers within region.

Alaska West, LLC supplied CVA with financial statements for its Kanektok River operations that were reviewed by CVRF senior accountants. Discussions with Alaska West employees continue as part of the due diligence process. The CVA Board will not be making decisions until Alaska West provides additional information.

2001/2002 *Loan Programs*
2001/2002 *Fisheries Retention Project*

Through CVIF:

- Establish CVIF/CVRF loan program serving needs of fisheries-related businesses in region.

Approved loan recipients in the 1st Quarter received a half-day financial education class in Bethel offered in partnership with the National Bank of Alaska, Wells Fargo representatives. This educational program had a successful 100% turnout of loan recipients and the full CVIF Committee. The second half of the day encompassed a one-on-one session with the loan recipients to review the loan agreements, promissory notes, down payments, insurance coverage confirmation, payment schedules, and

other legal documents necessary to carry out the program. The next day, CVRF staff began coordinating the purchase of products with vendors for those loan packages that met the minimum requirements. The 2nd Quarter marketed a very positive beginning for the newly developed loan program. Discussions are underway about the next application cycle.

- Assist fishermen in the purchase of additional halibut and sablefish Quota Shares.

No requests or applications were received to purchase additional halibut and sablefish Quota Shares during the 2nd Quarter.

- Provide a loan to one additional aluminum welding business and other fisheries-related businesses.

Discussions regarding the Scammon Bay aluminum welding business continued through the 2nd Quarter. This idea continues to be in the critical planning stage.

- Provide loan criteria, policies, and procedures

Completed during the 1st Quarter. CVRF continues to make information available to fishermen for future consideration.

- Conduct a major outreach initiative to promote the loan program through local newspapers and CVRF quarterly newsletters

Completed during the 1st Quarter.

- Loan committee to meet quarterly to discuss loan program, review applications, and address areas needing modification.

The Loan committee met during the 2nd Quarter to discuss the 1st Quarter performance, activities to date and modifications to consider in the overall loan application schedule. The Loan Committee requested staff to carefully monitor the existing loans and provide a thorough update during the next board meeting.

2001/2002 ***Tax and Permit Assistance Program***

2001/2002 *Fisheries Retention Project*

- Support VITA program in at least six villages during the tax-filing season.

No Activities with the ABDC Volunteer Tax & Loan Assistance Program in 2nd Quarter.

- Assist taxpayers who are in danger of losing their permits.

No Activities with the ABDC Volunteer Tax & Loan Assistance Program in 2nd Quarter.

- Obtain permits for fishermen from the CVRF region.

CVRF staff obtained CDQ halibut permits for approximately 700 fishermen for the 2001 season.

2001/2002 ***CVRF Development Project***

2001/2002 *CVRF Development Project*

- Conduct on-going analysis of capabilities of staff, board, resources in the region, and performance.

CVRF senior management conducted an extensive analysis and review of CVRF's role in local economic development.

The outcome of this exercise was a redesign of the organizational structure to align staff focus and skill sets to better meet our goals. Changes associated with the restructure are effective July 1, 2001

- Maintain "Standards of Leadership" for Board of Directors.

All Board members are held accountable to the Standards of Leadership. Any behavior by a Board member acting in conflict with those standards is addressed through the Board's formal disciplinary process.

- Develop system of 360-degree performance feedback for senior management.

Different methodologies and delivery systems for 360 degree feedback are being researched. Target date for implementation is late in 2001

- Develop and maintain Continuous Improvement (CI) Model for Board, Management and 4-SITE Program activities.

Different methodologies and delivery systems for CI are being researched. Target date for implementation is late in 2001.

- Conduct an annual Board retreat.

An annual board retreat was conducted April 3 – 5, 2001 in Girdwood, Alaska.

- Meet outreach goals, including notices to communities, newsletters, and newspaper articles.

A newspaper article was published in the Delta Discovery describing activities at the Quinhagak salmon plant.

2001-2002 *Outreach Plan*
2001-2002 *Outreach Project*

- Host monthly 30 minute “Alaska Rural Development 2000” program on ARCS

The 2nd Quarter show was focused on the Urban Rural Youth Program of the Alaska Humanities Forum. CVRF did not host additional shows, because the producer chose to present other shows of his choice.

- Quarterly newsletter publication continues.

Annual report distributed to member residents in June 2001.

- Sponsor Native News and Weather on KYUK.

Sponsorship renewed in June for 6 months.

- 6-8 village potlatches are sponsored.

No activity in 2nd Quarter.

- Website of all CVRF affiliated organizations is designed and made accessible via the internet

A website proposal was submitted June. Staff is in process of reviewing this proposal.

- Initiate Emerging Leaders Program, conduct pilot project for 10-20 participants from villages

No activity in 2nd Quarter.

- 5-6 bi-monthly informational articles are submitted to the Tundra Drums for publication

No activity in 2nd Quarter.

- CVRF sponsors Junior Achievement of Alaska in member villages and facilitates expansion of program throughout YK Delta

In April 2001 Oscar Kawagely, Student Teacher of Hooper Bay and Frank Hill, CVS employee of Quinhagak were trained over the phone to serve as JA consultants.

Two more JA packets were completed. (1 in Scammon Bay and 1 in Chevak.)

Junior Achievement classes ended in early May with the end of the school year.

- CVRF participates in development of inter-organizational committee for regional training initiatives.

No activity during the 2nd Quarter.

- CVRF interns design and complete village-based improvement project that supports or compliments a goal identified in CVRF’s CDP.

Administrative intern submitted a project on experience and the importance of participating in an internship.

- CVRF works with industry HR Coalition to establish FishNet, an interactive, computer-based school-to-work curriculum

No activity during the 2nd Quarter.

2001/2002 *Administration*
2001/2002 *Administration*

- Adopt an annual budget and submit to the State by December 15

The 2001 budget was submitted to the State by December 15, 2000. The 2002 budget will be submitted in December.

- Maintain spending at levels authorized by budget and submit amendments to cover unexpected expenses.

CVRF submits monthly budget to actual reports to the board. We have no amendments for the 2nd Quarter. We did have some unexpected expenses and will submit an amended budget in the 3rd Quarter.

- Maintain existing levels of office staffing and only expand staff where a recognized need has been identified.

CVRF hired a travel clerk to replace the fees of our travel agent and to help reconcile our travel expenses. Also, CVRF hired an accounting clerk to help with the accounting for CVS and the distribution of fish tickets. We currently have some vacancies and are in the recruitment process.

- Maintain office equipment and supplies in top condition.

All equipment and supplies appear to be in top condition. We have several maintenance contracts.

- Provide services to the projects sponsored by CVRF and its subsidiary companies.

CVRF provides all human resource and accounting services to its subsidiary companies. In addition, CVRF provides financial reporting support to Silver Spray Seafoods, LLC and the Arolik River Guiding Service, LLC. Other support services include marketing and logistical support for salmon and halibut programs run through CVS and monitoring activities with its other partner companies.

- Complete evaluations of staff in a timely manner.

CVRF maintains records of evaluation due dates at corporate headquarters.

- Conduct quarterly meetings of the board of directors and monthly meetings of the Executive Committee.

In the 2nd Quarter two special meetings of the board of directors took place in April 2001 and one regular meeting occurred in June.

- Submit quarterly and annual reports, financial audits, and meet other regulatory deadlines.

The 1st Quarter report was submitted in April 2001. The annual audit financial reports were submitted in May.

- Prepare and submit application for the 2003 CDQ allocation process in a timely manner.

The 2003 application will be due in July or August 2002, unless otherwise scheduled.

2001/2002 *CVIF*

- Ensure that CVIF receives its credit as receivable under the Alaska Landing Tax Credit program from its partners.

Completed during the 1st Quarter.

- Begin enforcing policies and procedures as designed in the recently established CVIF Grant Program.

The grant applicants have been responsive to the designed policies and procedures to date.

- Perform a region-wide advertisement regarding the newly established grant guidelines and application procedures.

The Tundra Drums and Delta Discovery newspapers featured advertisements about the CVIF grant program for a period of two weeks a month prior to the deadline of June 15, 2001.

- Conduct quarterly meetings to review grants submitted by eligible grantees for approval and discuss areas needing program administrative adjustment.

A CVIF Committee meeting took place in Bethel to review three grants received for the June cycle.

- Perform assurance tests on grantees to identify fiscal and administrative capabilities of applicants.

Most applicants have passed the test for fiscal and administrative capabilities. An applicant that neglected to provide this information was asked to submit additional information before any decisions could be made on their request. They will be provided another review period once the requested material is received.

- Monitor performance of grants and assure compliance of grant reporting requirements.

Previously approved grants have revised their start dates, so we have yet to enforce our reporting requirements.

- Approve no less than (4) feasible proposals that meet the funds criteria established under the Alaska Landing Tax Credit program statute and regulations.

One grant application is being considered for the 2nd Quarter.

- Provide technical assistance to denied applicants by making referrals to outside agencies capable of meeting their programmatic needs.

Two proposals were denied approval in the June cycle. Once we are certain about potential funding agencies, they will be referred in the near future.

2001/2002 Passive Investments

- All investments are to be made in compliance with CVRF investment policy

No changes in our investing during the 2nd Quarter. CVRF is in compliance with this policy.

- All cash and cash equivalents earn a 4% rate of return for short-term holdings.

Liquid cash not needed for operations was held in money funds that earned more than 5%.

- All cash and cash equivalents earn an 8% rate of return for investments of more than one year.

Investments in equities have not achieved a positive rate of return this year.

- Budgeted revenues and budgeted expenses analyzed to manage cash flow and cash needs.

Cash flow need is analyzed on an on-going basis. CVRF encountered no problems in this regard during the 2nd Quarter.

- Cash in balanced portfolio consistent with investment policy.

CVRF is in compliance with its investment policy.

2001/2002 CDQ Contract Management

- Ensure that each royalty contract with harvesting partners is in full force and effect.

CVRF has current royalty agreements with each company that is harvesting CDQ in 2001.

- Obtain approvals for amendments to the royalty contracts as necessary and appropriate.

CVRF has received approval for several amendments, including one dealing with royalty contracts. CVRF entered into an agreement with the *Alaska Leader* to harvest a portion of CVRF's Pacific cod allocation.

- Monitor performance of harvesting partners and inform them of compliance issues.

No compliance issues arose during the 2nd Quarter.

- Ensure that royalty payments are being made according to contract terms.

Royalty payments have been received in a timely manner according to contract provisions.

- Negotiate contracts for the 2003 – allocation period.

No activity during 2001.

2001/2002 CDQ Quota Management

- Monitor pollock and multi-species allocations

Allocations are monitored daily. Reports are received from Sea State and are customized for each partner company.

- Prepare CDQ harvest activity and status reports

CDQ harvest activity reports are prepared daily for CVRF's partners and quarterly as part of this report.

- Ensure that CVRF is in compliance with Federal, State, local regulatory and legal requirements.

No notices of violations associated with fishing activity in the 2nd Quarter have been received by CVRF.

B. Employment

1. Data Form

Employment Data Form		<u>Quarter</u>		<u>Year to Date</u>		<u>Year to Date</u>
		Positions/People	Wages	Positions/People	Wages	People
Management/Administrative	CVRF	29	\$274,332	32	\$514,651	32
CDQ Pollock Related						
A/B Season	American	17	205,749	21	227,390	21
	Westward					
Halibut/Sablefish Related						
Offshore	OH	2	14,316	2	14,316	2
Onshore (fisherman)		341	189,710	341	189,710	341
Other Fishing						
Salmon and Halibut	CVS Mgt	7	22,799	22	77,884	22
Processing (CVS)		220	91,416	220	101,146	220
Hake (American)						
Crab and Cod	Icicle	7	20,651	7	34,836	7
	Silver Spray			5	9,778	5
	Prowler			1	15,017	1
Flathead Sole						
Other Employment	CVRF			2	1,440	2
Internships	CVRF	1	4,326	2	8,343	2
	Icicle	2	4,016	2	4,016	2
	American	1				1
TOTAL		627	\$819,289	657	\$1,198,527	658

2. Summary

C. Training

1. Data Form

Training Data Form		Quarter		Year to Date	
		People	Expenditures	People	Expenditures
Scholarships	Postsecondary	20	\$43,268.00	33	\$29,195.00
	Vocational	12	48,094.00	15	9,676.00
Voc-Tech Classes	Basic				
	Advanced				
Other Training	Fisheries Related			28	74,882.00
	Student Loans				
	CDQ Staff/Board/Intern	12	12,300.00	19	18,835.00
	Other- Leadership Team				
Other Expenditures	To Educational Institutions				
	Educational Endowment Funds				
TOTAL		44	\$103,662.00	95	\$236,250.00

2. Summary

3. Other Issues

III. Administration

A. Board Activities

1. Changes in members

Changes in office occurred in the 2nd Quarter at April 27, 2001. Newly elected officers include:

President, Simeon John

Vice President, Howard Amos

Secretary, Clifford Kaganak, Sr.

Treasurer, Wassilie Bavilla

2. Board Decisions:

Board action removes Fred K. Phillip as President at April 27, 2001 special meeting.

John Pingayak is appointed to the board representing Chevak at June 5, 2001 meeting.

Approved an investment in the *F/V Cape Horn*.

Established Coastal Villages Groundfish, LLC.

3. Minutes from any meeting

See attached

4. State of Alaska Reporting Compliance

5. Amendment Status

The major amendment submitted during the 2nd Quarter concerned the investment in the H&G vessel the *F/V Cape Horn*. This amendment was approved.

6. Other Issues

IV. Harvesting Report

A. Pollock & Multi-species Harvest Activities by Target Fishery

1. Table of Data –

2. SPECIES: POLLOCK

Season	CDQ Allocation	Metric Tons Harvested 1 st Qtr.	2 nd Qtr	3 rd Qtr	4 th Qtr.	YTD Harvest	Target Fishery Information % of Target Harvest
"A/B"	13,440	11,487.901	1941.29			13429.191	99.9%
"C/D"							
BYCATCH							
EAI Atka Mackerel	.019						
Other rockfish - BS	1.050	.204	.01			.214	
Other red rockfish - BS	.074	.412				.412	
True POP – B S	.190	.041				.041	
Sablefish - BS	1	.278				.278	
Turbot – BS	9.090	1.120	.08			1.200	
Pacific cod	65.470	34.675	25.71			60.385	
Yellowfin sole	2.44	.567				.567	
Flathead sole	71.020	35.314	9.72			45.034	
Arrowtooth	4.190	4.793	.07			4.863	
Other species	22.060	19.714	15.07			34.784	
Other flats	1.110	.779	.63			1.409	
Rock sole	116.230	32.470	12.41			44.88	
PROHIBITED SPECIES							
PSQ total Bairdi		2	4			6	
PSQ Chinook	250	297	4			301	
PSQ Other salmon	75	104				104	
PSQ Red King Crab – 10 min							
PSQ Other Tanner Crab			4			4	
Halibut mortality	3.070	1.196	.41			1.606	
Total Harvest							

3.

SPECIES: PACIFIC COD

	CDQ Allocation	Metric Tons Harvested					Target Fishery Information
		1 st Qtr.	2 nd Qtr	3 rd Qtr	4 th Qtr.	YTD Harvest	% of Target Harvest
Pacific cod	2397.000	31.819	1247.71			1279.71	53.3%
BYCATCH							
EAI Atka Mackerel	.259						
WAI Atka Mackerel	.005		.11			.11	
Other rockfish - BS	.613		.09			.09	
Other rockfish - AI	.750		.06			.06	
Other red rockfish - BS	.500		.13			.13	
True POP – B S	.750						
True POP - EAI	.500						
Sablefish - BS	.030						
Turbot – BS	8.143		.49			.49	
Sharpchin/Northern	.300		.01			.01	
Turbot- AI			.02			.02	
Yellowfin sole	.666	.095	.115			.21	
Flathead sole	12	.007	1.277			1.27	
Arrowtooth	21.840		1.85			1.85	
Other species	310	2.022	198.863			200.77	
Other flats	.530		.13			.13	
Rock sole	.860	.002	.108			.11	
Shortraker/rougheye	1						
PROHIBITED SPECIES							
PSQ total Bairdi							
PSQ Chinook							
PSQ Other salmon							
PSQ Red King Crab – 10 min							
PSQ Other Tanner Crab							
Halibut mortality	14.300	.027	2.253			2.28	
Total Harvest							

Summary of Bycatch.

2. Summary of Bycatch.

4. SPECIES: SABLEFISH

	CDQ Allocation	Metric Tons Harvested					Target Fishery Information
		1 st Qtr.	2 nd Qtr	3 rd Qtr	4 th Qtr.	YTD Harvest	% of Target Harvest
Sablefish H&L - AI		0	4.88				
BYCATCH							
Other rockfish - AI			.39				
Other red rockfish - BS							
Pacific cod			.29				
Turbot- AI			1.54				
Arrowtooth			.76				
Other species			.24				
Shortraker/rougheye			.27				
PROHIBITED SPECIES							
PSQ total Bairdi							
PSQ Chinook							
PSQ Other salmon							
PSQ Red King Crab – 10 min							
PSQ Other Tanner Crab							
Halibut mortality							
Total Harvest							

5. SPECIES: ATKA MACKEREL

	CDQ Allocation	Metric Tons Harvested					Target Fishery Information
Harvested cooperatively under the auspices of APICDA		1 st Qtr.	2 nd Qtr	3 rd Qtr	4 th Qtr.	YTD Harvest	% of Target Harvest
Atka Mackerel		0	654.547			654.547	
BYCATCH							
Other flats			.176			.176	
Flathead sole			.037			.037	
Pacific cod			49.482			49.482	
Turbot- AI			1.564			1.564	
Arrowtooth			1.087			1.087	
POP			92.497			92.497	
Shortraker/rougheye			.331			.331	
Sharpchin/Northern			34.082			34.082	
Rock Sole			.419			.419	
Total Harvest							

2. Summary of Bycatch.

6. SPECIES: OPILIO TANNER CRAB

	Pounds Allocated	Pounds Harvested	Percent of allocated	% of Target Fishery
Total Harvest Opilio – 1 st Quarter	319,272	314,843	98.6%	98.6%

2. Summary of Bycatch.

7. SPECIES: AREA 4E HALIBUT

	Pounds Allocated	Pounds Harvested	Percent of allocated	% of Target Fishery
Total Harvest 4E Halibut	273,000	64,000	23.4%	23.4%

2. Summary of Bycatch.

8. CDQ TRANSFERS

Species	Metric Tons Allocated	Metric Tons Harvested YTD	% of Allocation	Transfer In	Metric Tons Harvested YTD	% of Transfer Harvested
Other Species	270.368	21.736	6.8	74.945	0	0
Species	Metric Tons Allocated	Metric Tons Harvested YTD	% of Allocation	(Transfer Out)	Metric Tons Harvested YTD	% of Transfer Harvested
Non-Specific Reserve	74.954	0	0	(74.954)	0	0
Greenland turbot - BS	63.3	1.12	1.7	(50.5)	0	0
Other rockfish - BS	9.18	.204	2	(0.5)	0	0
Other red rockfish	1.6	.412	.25	(.2)	0	0
Other red rockfish	1.6	.567	35.46	.2		
Arrowtooth	154.369	4.793	3.1	(2)	0	0
Other Species	270.368	21.736	6.8	(2)	0	0
Atka Mackerel EAI	87.75	.019	.02	(82)	654.547	85.3
Atka Mackerel CAI	378	0	0	(375)		
Atka Mackerel WAI	313.95	.112	.04	(310)		
POP EAI	53.4	0	0	(31)	92.498	84
POP CAI	28.8	0	0	(27)		
POP WAI	53.4	0	0	(52)		
Greenland Turbot AI	43.68	1.56	4.34	(2)	.419	20

Pacific Cod	2397	1353.804	56.48	(60)	49.481	82.4
Arrowtooth	181.61	9.806	5.4	(5)	1.087	21.70
Other flats	210	1.84	.88	(2)	.176	8.8
Rock Sole	618.75	45.304	7.32	(2)	.419	20.9
Sharpchin/Northern	75.9	.009	.01	(60)	34.08	56.8
Shortraker/Rougheye	12.24	.296	2.42	(2)	.332	16.6

9. TOTAL CDQ HARVEST

CVRF 2001 CDQ Harvests by Quarter and Yearly Total									
Species	2001 CDQ Allocation	Trans In	Trans Out	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	YTD Harvest	Percent of Allocation
Atka Mackerel									
Eastern 541	87.75		(80)	.278	654.547			654.825	83.9
Central 542	378.00		(372)						
Western 543	313.95		(310)	.005					
Arrowtooth	154.369		(7)	4.793	3.767			8.56	4.7
Other flatfish	210.00		(2)	.779	.936			.8	
Flathead sole	450.00		(2)	35.321	11.034			46.355	10.3
Turbot (BS)	63.30		(50.5)	1.12	.57			1.69	2.6
Turbot (AI)	43.68		(2)		1.54			1.54	3.5
Pacific cod	2,397.00		(60)	66.494	1323.192			1389.686	57.9
Pollock	33,600.00			11,487.901	1941.29			13429.191	39.9
A/B	13,440.00			11,487.901	1941.29			13429.191	99.9
C/D	20,160.00								
POP – BS	23.40			.041	0			.041	.1
POP									
Eastern 541	32.70		(31)		92.497			92.497	80.5
Central 542	28.80		(27)						
Western 543	53.40		(52)						
Other Red Rock	1.60	0.2	(0.2)	.204	.13			.334	20.8
Sharp/Northern	75.90		(60)		34.092			34.092	45
Short/Rougheye	12.24		(2)		.601			.601	4.9
Other rock – BS	3.24		(0.5)	.204	.1			.304	11.1
Other rock – AI	9.18				.45			.45	4.9
Rock Sole	618.75		(2)	33.33					
Sable Trawl BS	10.03			.278	0			.278	2.7
Sable Trawl AI	4.70								
Sable Fix – BS	0.00								
Sable Fix – AI	112.50				4.88			4.88	4.34
Yellowfin sole	508.50			.662	.115			.777	.1
Other Species	270.368	75.945	(2)	21.736	214.173			235.909	68.5
Non-specific reserve	74.954		(74.945)						
4D Halibut	146.16								

4E Halibut	273,000				64,000			64,000	23.4
BS Opilio	319,272			314,843					
BB Red King Crab									
Prohibited Species									
Halibut	41,160			1,223	2,663			3,886	9.4
Bairdi Zone 1	4,380			2	4			6	.1
Bairdi Zone 2	18,360								
Opilio	35,888								
Red King Crab	509								
Chinook Salmon	707			297	4			301	42.5
Other Salmon	725			104	0			104	14.3

B. Compliance

CVRF did not have any compliance issues during the 2nd Quarter.

C. Other Fishing Issues/Activities

CVRF participated in the North Pacific Fishery Management Council meeting in Kodiak in June. At that time, CVRF requested that the Council consider three items for analysis in conjunction with CDQ management issues. The Council did not adopt any of these three requests, though CVRF will continue to push for their adoption at subsequent Council meetings.