

POLLOCK and MULTI-SPECIES CDQ PROGRAMS
CVRF QUARTERLY ACTIVITY REPORT
OCTOBER 1 THROUGH DECEMBER 31, 2000

STATUS AS OF DECEMBER 31, 2000, WITH SUBSEQUENT
ACCOMPLISHMENTS AND ACTIVITIES NOTED AS APPROPRIATE

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I. Quarterly Highlights

The Quarterly Highlights section for the 4th 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 1998-2000 Pollock and Multi-Species CDP.

- CVRF completes its CDQ fishing for the year on December 28 with the last haul by the *Ocean Prowler* in the Pacific cod fishery.
- CVRF sponsors and coordinates a “funding summit” as part of the ongoing activities associated with the CT project.
- CVRF takes an active role in the Governor’s Task Force on Steller sea lions.
- CVRF enters into partnership with regional entities on the “People’s Learning Center.”
- CVRF receives a 2% increase in its pollock CDQ quota.

II. Community Development

A. Progress toward goals, objectives, milestones

2000 Shoreside Processing Facilities

- Expand halibut buying operations in one or two additional communities - choices include Kipnuk, Chefornek, Quinhagak, or Scammon Bay/Hooper Bay

In 2000, the conversion of a freezer unit into a halibut buying stations was completed in Chefornek. The community fishermen were able to sell halibut toward the end of the season shortly after the building was complete. The construction of the Kipnuk facility has been delayed as a result of the Federal Agency's requirement to perform a Section 7 review of the proposal. Their timeframe did not allow CVRF to move forward with the plans to further expand the halibut buying operations in 2000. CVRF continues to work with EDA for continuation of the project in 2001. EDA reported that a determination may be made in the 1st Quarter of 2001.

- Purchase at least 200,000 pounds of halibut

CVS purchased 272,225 lbs of halibut during the 2000 season. This is equal to 99.7% of CVRF's Area 4E quota.

- Operate using local work force only

All plants used a local work force exclusively. Local resident plant managers were hired for five plants. These managers recruited processing workers within their communities. A total of 164 local residents were hired to work in the processing plants over the season.

- Have each plant operational by July 1

Quinhagak, Toksook Bay, Tununak, and Mekoryuk began buying operations in June. Chefornek began operations during the middle of August.

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

CVS and CVRF continued to improve the operations of its salmon and halibut businesses during the 2000 season. Overall, the 2000 season was an operational success. In regard to halibut, the quota was taken, fishermen were paid, and a good product was delivered to the market. By the end of the season, all of the halibut had been sold and payments were received. A planning meeting for the 2001 season was held in Toksook Bay early in the 4th Quarter. Further improvements to the plants and operations will be made for the 2001 season.

2000 Groundfish Vessel Investments

- Investigate a minimum of three vessels or vessel owning companies in the freezer-longlining category

CVRF took an in-depth look at two freezer-longline vessels between the fall of 1999 and January 2000. The investigations included a full due diligence process leading to the submission of a substantial amendment in January and closing on the *Ocean Prowler* at the end of January.

- Complete financial analysis of investment opportunities

CVRF conducted a full-scale financial analysis of an investment in a freezer-longline vessel. The conclusions of the analysis led to a decision to invest in the *Ocean Prowler*.

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

As part of the due diligence process, CVRF made a review of the risk factors associated with investment in the Pacific cod fishery. The conclusion was that even at projected lower levels of resource abundance, the investment made sense.

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

CVL requests its partner companies to submit weekly reports describing in summary fashion the activities of the previous week. In addition, CVL monitors CDQ harvests on a daily basis and receives quarterly financial reports. CVL instituted this program for the *Ocean Prowler*.

2000 Crab Vessel Investments

- Make an investment in a second crab vessel.

CVRF has had on-going discussions with its crab partner concerning investment in a second crab vessel. Uncertainty over the status of the resource and potential buy-back programs delayed any concrete steps towards an investment in 2000.

- Maintain two crew members on vessel during CDQ fishing and at least one crew member 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, monthly, and quarterly basis.

See above.

2000 Pollock Vessel Investments

- Investigate investment in the pollock sector by reviewing proposals in the factory/trawler (vessels or companies) and catcher vessel sectors.

Originally, this milestone was intended to document the decision to invest in American Seafoods. When the investment was approved, CVRF included a new set of milestones covering the on-going results of that investment (See 2000 Groundfish Vessel Investments, below). As a result, this milestone was used to discuss the process CVRF employed to exercise, through a warrant, the ability to invest further in American Seafoods. The initial decision to enter into the American Seafoods investment was described in a substantial amendment

submitted in January. The closing took place on January 28, 2001. The exercise of the warrant was completed during the 4th Quarter. As a result, CVP owns in excess of 22% of American Seafoods, LP.

- Complete financial analysis of investment opportunities

CVRF spent considerable time investigating the financial opportunities and risks associated with the initial investment in American Seafoods and updated this analysis when it exercised its warrant. The analysis included investigations into the financial models created by co-investors and independent review by an investment banking firm. Each of these analyses indicated that the investment was prudent and that there is a good potential for substantial returns over the next five years.

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

The investors contracted for independent analyses of each of the items listed. These analyses were reviewed by CVRF and submitted as part of the substantial amendment. The regulatory/biological situation changed in the summer and fall when the issue of Steller sea lions became more prominent. CVRF worked with the other owners on minimizing the impact of the regulatory actions, while recognizing that there are on-going concerns with the status of sea lions in the Bering Sea and Aleutian Islands.

- If feasible, complete investment during 2000

The investment in American Seafoods was completed on January 28, 2000. The warrant was exercised effective October 1, 2000.

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

CVP receives weekly reports from American Seafoods during the height of fishing activity and monthly reports during the remainder of the year. In addition, financial information is presented on a monthly basis.

2000 Sports Fishing Services

- Develop business plans for two additional rivers

Expansion into additional rivers did not occur in 2000. Plans for 2001 do not include expansion into other rivers. CVRF is concentrating on the Arolik operations.

- Develop investment schedules for two additional rivers

See above.

- Manage Arolik River LLC to agreed standards of success

This season was an overwhelming success due to the remoteness, wilderness character, and exclusiveness of the operation. Every spot was taken over the season. All spots for 2001 season are pre-booked already. This is attributed to word-of-mouth and repeat customers. The owners wanted to start small, with four guests per week. Original projections were for a profit of \$32,000. As of the end of November, a profit of \$35,926.56 is reported. Successful with four clients a week. Charged any fishermen \$100/day more from the Alaska West camp to fish the Arolik for the day. Suggest still keeping it a small operation to maintain a minimal impact on the river. Hired two local residents during season. Plan to expand next year and move into higher positions.

- Complete management review of KRSI

Planned for Spring 2001. Long-term plan may be for expansion of operations through the buyout of Alaska West. KRSI and CVA would takeover management of Alaska West, with possible involvement of a third party.

KRSI may utilize their guides through the Arolik River venture. This would allow for greater experience in a successful sportfishing operation. Discussions will take place in 2001 with KRSI to assess management capabilities, interest in expansion, and retention and development of management capabilities.

- Establish human resources development goals identified for CVA and region

Have developed recruiting plan with team of Alaska West, CVRF, and KRSI staff. This includes job descriptions, recruiting timeline, and pay scales. Working with CVRF staff to implement training program through Junior Achievement to train and gain interest of high school students. May hire KRSI guides. This would allow them more steady work and train them further in professional guiding practices. Community meetings planned for 2001 to recruit for staff. Mail out to all residents of Quinhagak planned for Spring 2001 to inform residents on business and recruit for staff.

2000 Shoreside Processing Development

- Continue salmon buying and processing business in Kuskokwim Bay with the following performance measures:

Purchase at least 1.5 million pounds of salmon

CVS purchased in excess of 1.7 million pounds of salmon during the 2000 season. Except for the first king period, when one other buyer was on the grounds, CVS purchased all of the salmon caught in the W4 and W5 fishing districts.

Institute a quality control program in conjunction with the ARDOR

CVS instituted an incentive program for iced and bled fish that was delivered to the dock. By the end of the season, approximately 75% of the fish landed was either iced or bled. Quality was improved as a result of this incentive program. CVS plans to build off of the program in 2001 and apply it to all fish purchased in W4 and W5.

Invest in operations only up to the initial capitalization

This was not possible for the 2000 season. Problems that were encountered centered on the cost of airfreight out of Quinhagak and the need to spend extra amounts to produce fillets outside of the community. Finally, fish prices remained weak during the entire season. CVS has several plans in place to address these specific concerns and operate at least at a break even level in 2001.

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

CVS continued the successful employment and training program begun in 1999. Warren Jones, a resident of Quinhagak, returned as the operations manager for the Quinhagak plant. Warren filled virtually all positions of the positions at the Quinhagak plant with local labor or residents from surrounding Coastal Villages region communities. The local labor force increased production at the plant from 8,000 lbs. in 1999 to over 500,000 lbs. this year. A total of 62 individuals were hired to work at the Quinhagak plant. This equals 10% of the total population of the Quinhagak.

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

Other than for the first period, CVS was the only purchaser of salmon in the Kuskokwim Bay fishing districts.

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

CVS conducted extensive planning in preparation for the 2000 season and has begun planning for the 2001 season. By almost any standard, 2000 was a successful year. With the increase in production in Quinhagak,

CVS stressed the existing infrastructure in Quinhagak and Bethel. A short runway in Quinhagak, lack of cool room space in Bethel, lack of a place to house and feed workers in Quinhagak, and a shortage of coho during August, all had to be dealt with during the season. Despite these and other problems, CVS purchased fish during every open period, produced a good product, and has control over the remaining inventory. There are more improvements planned for the 2001 season and beyond. Until the runway is lengthened and a new plant is constructed with more capacity, CVS will be working with some serious limitations. Once these improvements are realized, the salmon operation should be able to be stabilized and look to producing a different array of products that will increase the value of the resources to the fishermen, the workers, and the region.

- Continue halibut buying and processing business on Nelson Island with possible expansion into other communities, with the following performance measures:

Purchase at least 200,000 pounds of halibut

A total of 272,225 lbs. was purchased at five plants.

Operate using local work force only

Each halibut buying station was crewed by a locally recruited manager. CVS did not employ outside workers this year.

Have each plant operating by June 1

CVS opened the Tununak, Toksook Bay, Quinhagak, and Mekoryuk plants in June. Chefornak opened during the 4th Quarter and the Kipnuk plant should open in 2001.

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

CVS continued to improve its operations in halibut through the active involvement of the Plants Superintendent, Nick Chanar, of Toksook Bay. Nick traveled to each of the communities where halibut plants are located to make certain that preparations for the 2000 season were completed and to follow up with direction during the season. No major problems were encountered during the year.

2000 Groundfish Vessel Investments

- CVL 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

The Ocean Harvester continued fishing during the 4th Quarter with one continuing crewmember and one returning crewmember from last year. These crewmembers continue to perform successfully.

- 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

For the 2000 season, the AI Sablefish quota was increased by approximately 75%. In addition, CVL and the master of the vessel own quota shares for halibut and sablefish in the Gulf of Alaska, the Aleutian Islands and the Bering Sea. Based upon this significant increase in IFQs and CDQs for 2000, no further purchases of quota shares are anticipated for this season. By the end of the 4th Quarter, all but a few remaining IFQs in the Gulf of Alaska, IFQs in the Bering Sea, and Area 4D halibut had been harvested.

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

Over the past two years, Kokopelli Fisheries, the owner of the Ocean Harvester, has improved its financial picture. In 1999, gross stock was increased substantially over 1998. As a result, the vessel showed a cash profit so that no additional capital infusion was required for start up costs for the 2000 season. The 2000 season also turned out to be a financial success, with the highest gross stock achieved since the start up of the partnership. This level of success has enabled the vessel to make distributions to the owners.

- A CVRF region crew member 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.

At the beginning of the 2000 season, the vessel took on two new crew members from the region. As a result, it is too early to determine if either individual will meet the requirements of this milestone. On the other hand, another region fisherman who is purchasing quota shares with the assistance of CVIF is interested in purchasing additional quota shares and increasing his participation in the fishery. No additional purchases were made during 2000.

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

CVL receives weekly reports from the Ocean Harvester. In addition, CVL is provided quarterly financial reports by the company's accounting firm.

2000 Groundfish Vessel Investments

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

Prowler Fisheries hired a total of 8 region residents during 2000. Crew members were trained in the various jobs on a freezer-longline vessel.

- Ocean Prowler and CVL 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

CVRF allocated the bulk of its Pacific cod allocation to the Ocean Prowler for the 2000 fishing season. Over 99% of the quota was harvested by the end of the 4th Quarter. For 2001, the vessel will be taking part in the longline survey for NMFS and will not need additional fishing opportunities for next season.

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

No new cash infusions will be required for the 2001 season. CVL is awaiting a distribution from the proceeds of the 2000 season, which will be used to make the third payment on the vessel due in January 2002.

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

CVL requests that certain information be provided on a weekly basis as well as receipt of financial statements on a quarterly basis. Additionally, CVL monitors CDQ harvests on a daily basis.

2000 Groundfish Vessel Investments

- American Seafoods will offer employment to in excess of one hundred people in all aspects of the American Seafoods business

American Seafoods has opened up processing and intern positions to CVRF region residents. CVRF and American Seafoods are committed to increasing the number of residents employed over time. For 2000, American Seafoods employed a total of 22 region residents in processing positions. There is still a ways to go to meet the one hundred goal.

- CVPI 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

The fourth American Seafoods board meeting took place at Centre Partners' offices in New York City. Major discussions included current market conditions and expansion into new product forms through American Seafoods International.

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

American Seafoods will surpass its forecasted earnings for the year and that there will be no need for further capital infusions. The budget for the 2001 season was approved at the 4th Quarter board meeting.

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

CVP receives weekly reports during the height of the harvesting season and bi-weekly reports during the remainder of the year.

2000 Crab Vessel Investments

- Make final payment on the Silver Spray by April 1 using proceeds from Silver Spray operations and Icicle crab revenues

Final payment was made in December 1999.

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

The vessel participated in the Bristol Bay king crab open access and CDQ fisheries during the 4th Quarter. The Silver Spray has met its employment goals during each crab season since the inception of the partnership.

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

CVC receives reports from Silver Spray Seafoods on a weekly basis. It also receives financial reports on a monthly basis.

2000 Outreach

- CVRF will continue implementing its grass roots outreach plan. Performance measures include:

- Continue on-going media information programs (KYUK, Tundra Drums, KCUK, village cable

Daily job announcements were made through the Department of Labor and KYUK, as well as village cable for those villages that do have cable.

- Quarterly newsletter continues publication

CVRF's quarterly newsletter "Neqsurtet Nepiit" came out in February, September, and December 2000. During the 2nd Quarter, CVRF produced its 1999 Yearbook.

- Display is designed and constructed for public forums (AFN, career fairs, FishExpo)

This display was used in October 2000 at the AFN convention job fair.

- 3-4 Village Potlatches will be hosted

CVRF sponsored a potlatch at Scammon Bay in conjunction with their Suicide Prevention rally in November 2000. CVRF also sponsored a potlatch at Hooper Bay during the Hooper Bay Sobriety Rally in December

- Website of all CVRF affiliated organizations /CVSI/CVLI/CVCI will be designed and made accessible via the internet

CVRF received two website proposals in 2000 and is in the process of reviewing them for implementation in 2001.

- Leadership Team meetings are held every 6-8 weeks

Leadership Team is no longer active.

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

Employment opportunities were advertised in the 4th Quarter and included advertisements for the “A” and “B” pollock seasons.

- CVRF facilitated YK Delta Employers Council meets 4-5 times throughout the year

The local advisory council meets the first Tuesday of every month.

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

CVRF staff and coaches began teaching JA classes in Toksook Bay, Chevak, Kipnuk, Hooper Bay, and Scammon Bay. Chefnak, Tuntutuliak, Kwigillingok, and Quinhagak will begin in the spring semester of 2001. Of the 28 JA packets selected by CVRF consultants, 13 completed in the 4th quarter. The remaining 15 packets will be completed in the spring of 2001.

- CVRF participates in the development of a regional training center with YKHC and AVCP

Yuut Elitnaurviat, a Yup'ik term meaning the People's Learning Center, became the official name of the partnership entered into by CVRF with the Lower Kuskokwim School District, Association of Village Council Presidents (AVCP), Yukon Kuskokwim Health Corporation (YKHC), Bethel Native Corporation (BNC), AVCP Regional Housing Authority, City of Bethel and the UAF Kuskokwim Campus. Yuut Elitnaurviat continued to meet through the fourth quarter to discuss the progress with planning organizational and programmatic details. One major event toward the end of 2000 included a presentation to the Alaska Human Resource Investment Council (AHRIC) and the State Legislature as they focused on vocational training needs throughout Alaska. Yuut Elitnaurviat, although not specifically named in the report, is an integral part of the final recommendations (recommendation number 7) of the blueprint for Alaska's Future Workforce Strategic Policies and Investment. CVRF intends to continue to participate in this partnership in the future.

- Each CVRF intern designs and completes a village-based improvement project which supports or compliments a goal identified in CVRF's CDP

The intern submitted a CDQ project proposal in December 2000 and is expected to complete it in January.

- CVRF works with industry HR Coalition to create interactive, computer based school to work curriculum

The HR Coalition is no longer active.

- CVRF forms partnership with YKHC to expand number of village-based para-counselors to address chemical misuse and promote sobriety through education and awareness activities.

CVRF's Community Program Managers are currently working with YKHC's Rural Substance Abuse Program, forming partnerships with the Ernie Turner Center, planning to address chemical misuse, and promote sobriety education with awareness activities. CVRF staff participated in the planning process of the Hooper Bay Sobriety Rally.

2000 4-SITE Program

- Continue administration of the 4-SITE Program scholarship, internship, apprenticeship, and training programs. Performance measures are as follows:

CVRF Leadership Team completes fishing industry training need assessment process, designs new training plan using results

Leadership Team is no longer active.

12-14 scholarships are awarded for academic or vocational training related to careers in the fishing industry

The Louis Bunyan Memorial Scholarship program received 16 scholarship applications in October 2000 of which the committee reviewed in January 2001.

8-10 interns/ 7-8 apprentices are placed in CVRF affiliated CDQ business partners

CVRF sponsored a Rural Recruiter Intern at American Seafoods for one month in November 2000. An Administrative Assistant Intern was placed in house at the CVRF Anchorage office in the 4th Quarter.

- CVRF Leadership Team implements revised training plan based on needs assessment results

The Leadership Team is no longer active.

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

There was no activity during the 4th Quarter. The total number of individuals who received technical training in 2000 equaled 24. A major technical training program was being organized during the 4th Quarter for CVS salmon and halibut operations in conjunction with the Marine Advisory Program.

- Leadership Team collaborates with AVCP TERO office in administering a regional talent/skill database

No longer active

- Leadership Team collaborates with YKHC to design culturally relevant "alanon" program for family members of alcoholics and drug abusers.

Now that the Leadership Team no longer exists, CVRF's Community Program Managers are currently working with YKHC to begin implementing an "alanon" program for teenagers and families of alcoholics. CVRF is also working with YKHC Village Sobriety Project Counselors to establish a partnership with Youth Groups in addressing substance abuse prevention in the communities.

- Continue administration of the Employment Facilitation Program. Performance measures include the following:

3-5 new employers join CVRF's employment facilitation network for CVRF residents' training and job placement

CVRF added Premier Pacific to its employment facilitation network. A notice was placed in the CVRF newsletter informing the readership of job opportunities with this company.

Recruitment, selection, management, and training of following staff: 7 Management / Administrative; 10-14 4-SITE; 1 Tax and Permit; 2 offshore.

During the 4th quarter, job advertisements were placed for the recruitment of 3 Rural Recruiters (of which 3 were hired in November and December of 2000), a Community Services Program Manager, a Community Program Manager, and a Sr. Accountant.

- Recruitment and placement of following crew: 12 crab, 14 crab processing, 40 rock sole, 12 pacific cod, 6 sablefish/halibut, 115 Pollock, 50 halibut processing, 120 salmon processing, 14 value-added, 50 non-CDQ processing.

The following were recruited and placed (not including currently working – see Employment Table):

2 Cod – Ocean Prowler

2 Crab – Silver Spray

- Conduct 4-6 Y-K Delta Employers' Council meetings to create active network of job referral and placements.

The Local Advisory Council, which replaced the Y-K Delta Employers Council, meets the first Tuesday of every month.

- CVRF conducts substance abuse prevention training for all 4-SITE staff.

No activity in the 4th quarter, however CVRF's Community Program Managers have been partnering with the Ernie Turner Center in planning future substance abuse prevention training sessions.

2000 Fisheries Retention

Through CVIF:

Determine the effectiveness of the AVCP Revolving Loan Program and make a decision on additional funding for commercial fishermen's loans.

CVRF has tentatively agreed to move forward with plans to create its own Revolving Loan Fund program, starting with a \$300,000 budget to be used over a two-year period.

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

CVIF approved a request from a fisherman to assist in the purchase of additional Quota Shares. Investigation into this possibility was not completed in 2000, but further investigation will occur in 2001.

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

The major activity in aluminum welding during 2000 was to ensure that the equipment that had been purchased was made available for productive use by the herring fishermen's associations in the region. Many of these fishermen use aluminum boats and this is a way to cut down on the expense of having to purchase new boats in this very marginal fishery.

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

As reported in the 1st Quarter report, CVRF continues to support the region's fishermen through the VITA program. This on-going effort has proven very popular in the communities that are visited. Plans are underway to continue the program in 2001.

Assist taxpayers who are in danger of losing their permits

Assistance is provided through the VITA program.

Obtain permits for fishermen from the CVRF region.

No activity during the 4th Quarter.

2000 Coastal Villages Investment Fund and Coastal Villages Scholarship Fund

CVIF

- Obtain all landing tax credit funds available from the offshore harvesting companies

CVIF received landing tax credits from American Seafoods and Ocean Prowler for 2000 fishing activity.

- Maintain current status on outstanding loans, assess accrued interest, and project interest to be earned

CVIF repossessed a halibut/sablefish IFQ loan and resold the Quota Shares. This loan is now current. All but one of the remaining loans is now current. CVIF is working to transfer aluminum-welding equipment from the two delinquent buyers to two herring fishermen's associations.

- Make community development loans and grants that support local fisheries business/infrastructure projects within scope of the CVIF budget.

CVIF issued five grants to its member villages that support the local fisheries infrastructures. Mekoryuk received a \$25,000 grant to upgrade the existing processing plant. Scammon Bay was approved for a \$95,000 matching grant for a multi-purpose boat building and repair shop. The release of funds is on hold pending on approval from other sources. Chefornak received a \$30,000 grant to relocate the existing plant facility to a spot closer to the river. A \$50,000 matching fund was approved for the purchase of ice machines that would support Salmon and Halibut fisheries in Quinhagak, Toksook Bay and Mekoryuk. The release of funds is on hold pending on approval from other sources. Quinhagak received a \$25,000 grant for the upgrade of the Salmon buying and processing operation. CVRF approved a \$400,000 capital contribution to CVS to upgrade the Quinhagak salmon facility and to make other improvements at the halibut plants in time for the 2001 season.

CVSF

- Provide grants of up to \$85,000 to 501c3 eligible organizations for culturally relevant educational and/or technical skill building programs.

All funds have been expended and the account is closed.

2000 Passive Investments

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

CVRF is in compliance with its investment 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%. Longer term instruments earned more than the money funds. Although there was a drastic downturn in the stock market, CVRF held through this period leaving the portfolio a chance to maintain a return of more than 8%.

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

See above.

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

CVRF completed a substantial budget amendment in the 4th Quarter as it has over past years. The amended budget is based upon current and expected spending patterns for the remainder of the year. It also includes updated revenue forecasts based upon CDQ allocations and market variations. Cash flow need is analyzed on an on-going basis. CVRF encountered no problems in this regard during 2000.

- Cash in balanced portfolio consistent with investment policy.

CVRF is in compliance with its Investment Policy.

2000 Administration

- Adopt an annual budget and submit to the State by December 15, 1999

The 2001 budget was submitted to the State by the December 15 deadline.

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

A complete income and expenditure budget to actual occurs at the staff level, which is then presented to the board. As in the past several years, CVRF submitted an amendment in early November with changes from its previously approved budget. The amendment was approved by the State prior to the close of the year.

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

Currently, there are full time staff and 8 part-time positions with active vacancies.

- Maintain office equipment and supplies in top condition

Supply inventory systems and equipment maintenance contracts have been implemented in the Anchorage CVRF office.

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

CVRF provides all human resources and accounting services to its subsidiary companies. In addition, it 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 the salmon and halibut programs run through CVS and monitoring activities with its other partner companies.

- Complete evaluations of staff in a timely manner

A master calendar of all employee performance reviews has been developed and is monitored on a monthly basis.

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

The 4th Quarter annual meeting of the board was held in November. An Board retreat meeting was held in October.

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

The 3rd Quarter financial reports were submitted in a timely manner.

- Prepare and submit application for the 2001 CDQ allocation process in a timely manner.

CVRF submitted its 2001-2002 CDP in a timely manner.

2000 CDQ Contract Management

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

CVRF has royalty contracts in full force and effect with each of its harvesting partners.

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

No amendments to royalty contracts were initiated during the 4th Quarter.

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

CVRF monitors the performance of its harvesting partners on a daily basis. During the 4th Quarter, there was increased attention to bycatch of other salmon due to the rise in incidence of bycatch throughout the fleet during September. The highest bycatch was reported in the shorebased fleet. As a result, Westward Seafoods halted fishing temporarily to see if there were other areas where it could harvest pollock without running into large concentrations of other salmon. Despite these problems, westward was able to complete its harvest by the November 1st deadline.

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

CVRF monitors royalty payments to make certain they remain on schedule. No problems were reported during the 4th Quarter.

- Negotiate contracts for the 2001 – allocation period.

Negotiations were completed with all partners by the end of the 4th Quarter.

2000 CVRF Development Project

- Complete analysis of capabilities of staff, board, resources in the region, and performance.

Complete a minimum of two board training sessions.

A training session on board responsibilities was conducted during the October retreat. Retired judge Karen Hunt made a presentation on the do's and don'ts of a not for profit corporate board. CVRF attorney, Dick Monroe, made a presentation on strategies used in negotiating business agreements.

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

CVRF gets credit for sponsorship of the KYUK and KCUK radio station in Bethel and Chevak that serves many villages in the region. Both radio stations make daily announcements of employment opportunities. In December of 2000, CVRF published and distributed the Neqsurtet Nepiit newsletter to the region.

Complete analysis of progress made towards implementation of management review.

CVRF has spent the entire year working on improvements to its management and board structure and performance. CVRF believes that it has completed this milestone successfully through its consolidation in Anchorage, its improved outreach programs, its consolidated financial systems, its ability to analyze substantial investments, and its training program for board members.

CDQ Quota Management

- Monitor pollock and multi-species allocations

Harvests are monitored on a daily basis. The only problem during the 4th Quarter was an overharvest of some 800 pounds in the king crab fishery. The captain underestimated the amount of crab on board at the

conclusion of fishing. The violation was reported immediately to Fish and Wildlife Protection in Dutch Harbor and all legal matters were resolved between the captain and the State.

- Prepare CDQ harvest activity and status reports

Harvest reports are prepared by Sea State and submitted to NMFS in a timely manner. Final year and 4th Quarter harvest status is included in this report.

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

The only problems brought to CVRF's attention concerned some of the landing requirements associated with the Area 4E halibut fishery. CVS has set up a working session with NMFS Enforcement for February 2001 to address the issues. The problems concern the regulations dealing with pending landing reports and the timing of landings. CVS hopes to work out these issues so that there is a system that meets the needs of NMFS Enforcement and works in these fisheries that have so many landings on a daily basis.

B. Employment

1. Data Form

EMPLOYMENT FORM (including Halibut/Sablefish Program)

	QUARTER	YEAR-TO-DATE		YEAR TO DATE	
	Positions	Wages	Positions	Wages	People
MANAGEMENT/ADMINISTRATIVE	27 (CVRF)	\$246,905	27	\$920,287	27
CDQ POLLOCK RELATED					
C/D Season	6 (American)	\$32,058	61	\$277,922	61
	4 (Westward)	\$16,550			
HALIBUT/SABLEFISH RELATED					
OFFSHORE	2 (OH)	\$7,292	417	\$1,140,163	417
ONSHORE (fishermen)					
OTHER FISHING					
SALMON AND HALIBUT	4 (CVS MGT)	\$40,034	184	\$630,589	184
PROCESSING					
HAKE					
CRAB AND COD	1 (Icicle)	\$6,033			
	2 (Silver Spray crab)	\$16,692			
	3 (Highland Light)	\$1,816			
	2 (Prowler Fisheries)	\$44,791			
FLATHEAD SOLE					
OTHER EMPLOYMENT/ CVRF	5 (contract)	\$39,959	5	\$164,612	5
INTERNSHIPS	1 (Westward)	\$4,277	9	\$118,571	9
	2 (Icicle)	\$6,176			
TOTAL	57	\$430,527	705	\$3,252,145	690

2. Summary

C. Training

1. Data Form

	QUARTER		YEAR-TO-DATE	
	People	Expenditures	People	Expenditures
SCHOLARSHIPS				
Postsecondary			20	\$59,944
Vocational			2	\$7,182
VOC-TECH CLASSES				
Basic				\$
Advanced				
OTHER TRAINING				
Fisheries related			1	\$2,000
Student Loans				
CDQ Staff/Board/Interns	1	\$650	23	\$22,193
Other – Leadership Team				
OTHER EXPENDITURES				
To Educational Institutions		\$		\$
Educational Endowment Funds		\$		\$
TOTAL	1	\$650	65	\$101,676

2. Summary

3. Other Issues

III. Administration

1. Board Activities

The board met in November in Bethel. The Executive Committee met in October in addition to the quarterly board meetings.

2. Decisions

At the November meeting, the board approved budgets for the 2001 calendar year and management agreements between CVRF and its subsidiary companies.

3. Other Issues

IV. Harvesting Report

A. Species

1. Summary of harvesting activities by target fishery –

SPECIES: SABLEFISH (Fixed Gear)

	Metric tons allocated	Metric tons Harvested	% of total allocation	Total for 2000
AI Sablefish Harvest	109.2	9.372	26.24%	28.66
Turbot - AI		2.46		7.81
BYCATCH				
Arrowtooth flounder		1.38		2.23
Shortraker/rougheye		.3		.87
Other rockfish		1.27		3.21
Pacific cod		.189		.45
Other species		1.1		2.395
TOTAL HARVEST		14.071		45.625

Summary of Bycatch

No unusual bycatch to report.

B. Processing Report

SPECIES: AREA 4D Halibut

	Pounds allocated	Metric tons Harvested	% of total allocation	Total for 2000
Area 4D Halibut	146,160		100%	146,160
BYCATCH				
Arrowtooth flounder				1.530

Turbot - BS				.690
Other rockfish BS				.057
Sablefish				.186
Pacific cod				.261
Other species				.765
Other red rockfish - BS				.312
Halibut mortality				.308
TOTAL HARVEST				

Summary of Bycatch

No harvesting during the 4th Quarter.

B. Processing Report

SPECIES: AREA 4E Halibut

	Pounds allocated	Pounds Harvested	% of allocation	Total for 2000
Area 4E Halibut	273,000		99.7%	272,225
TOTAL HARVEST				272,225 lbs.

Summary of Bycatch

No harvesting during the 4th Quarter.

B. Processing Report

SPECIES: PACIFIC COD

	Metric Tons Allocated	Metric Tons Harvested	Percent of allocated0	Total 2000 harvest
Total Harvest Pacific Cod	2272	180.547	99.99%	2271.761

BYCATCH			
Turbot - AI			.018
Turbot - BS	.455		1.276
Other rockfish - AI			.25
Other rockfish - BS			.103
EAI Atka Mackerel			.009
WAI Atka Mackerel			.005
Other red rockfish	.249		.359
Flathead sole	1.128		9.259
Arrowtooth	4.692		19.464
Other species	37.776		299.544
Yellowfin Sole			.166
Other flats			.28
Rock sole	.001		.361
Sharp/Northern AI			.932
Shortraker/rougheye			1.24
PSQ total Bairdi			
PSQ Red King Crab			
PSQ Red King Crab – Zone 1			
PSQ Red King Crab – 10 min			
PSQ Other Tanner Crab			
Halibut mortality	1.405		9.983
Total Harvest	226.163		2615.01
Percent of total Pacific Cod Fishery retained	79.8%		86.9%

Summary of Bycatch.

No unusual bycatch to report. Harvesting was completed at the end of the year. The unusual length of the open access fishery affected the length of the season.

SPECIES: POLLOCK

	Metric Tons Allocated	Metric Tons Harvested	Percent of total allocated	Total 2000 Harvest
Total Harvest Pollock	25,058	7,018.12	99%	24,825.82

BYCATCH			
EAI Atka Mackerel			.1
Other rockfish - BS	.04		.595
Other red rockfish - BS			.039
True POP – B S			.1
Sablefish - BS			
Turbot – BS	.31		4.993
Pacific cod	25.33		34.18
Yellowfin sole	6.04		1.277
Flathead sole	40.83		37.074
Arrowtooth	30.02		2.19
Other species	10.3		11.516
Other flats	.28		.58
Rock sole	.53		60.676
PSQ total Bairdi	4		82
PSQ Chinook	64		165
PSQ Other salmon	159		338
PSQ Red King Crab – 10 min			
PSQ Other Tanner Crab	3		17
Halibut mortality	2.01		3.609
Total Harvest	7,131.8		25,096.706
Percent of total Pollock Fishery retained	98.4%		98.9%

2. Summary of Bycatch.

The only issue with bycatch occurred in the shorebased fishery. Here there was a high level of salmon bycatch that was similar to that experienced throughout the shorebased fleet.

SPECIES: FLATHEAD SOLE

	Metric Tons Allocated	Metric Tons Harvested	Percent of total allocated	Total 2000 Fishery
Total Harvest Flathead Sole	500		12.9%	64.621
BYCATCH				
Turbot – BS				.137

Pacific cod				28.531
Yellowfin sole				48.854
Arrowtooth				5.654
Other species				22.350
Other flats				20.392
Rock sole				7.427
PSQ total Bairdi				422
PSQ Other Tanner Crab				1,019
Halibut mortality				6.327
Total Harvest				197.966
Percent of total Flathead Fishery retained				32.6%

2. Summary of Bycatch.

No activity during the 4th Quarter.

SPECIES: BRISTOL BAY KING CRAB

	Pounds Allocated	Pounds Harvested	Percent of allocated	% of Target Fishery
Total Harvest Opilio	118,113	118,113	100%	100%

2. Summary of Bycatch.

No bycatch issues associated with this fishery.

The Atka mackerel and Pacific Ocean Perch fisheries were harvested fully by the *Seafisher*. CVRF's allocation was transferred to APICDA, which should be reported as part of their 4th Quarter harvest.

B. Processing Report

CVRF did not process any species during the 4th Quarter.

C. Compliance

The only compliance issue was associated with the overharvest by 800 pounds in the Bristol Bay king crab fishery.

D. Other Fishing Issues/Activities

No additional fishing issues to report.

Coastal Villages Region Fund
2000 CDQ Allocations and Harvests

	2000 Allocation	Transfer in (Transfer out)	2000 Harvests	% of Allocation
Species				
BS FG Sablefish	-		-	
AI FG Sablefish	109.20		28.655	26%
BS Pollock	25,058	30.00	24,857.235	99%
Pacific cod	2,461	(60.00)	2,385.517	99%
WAI Atka mackerel	378.59	(375.00)	0.005	0%
CAI Atka mackerel	314.84	(310.00)	0.007	0%
EAI/BS Atka mackerel	209.10	(208.00)	0.018	0%
Yellowfin sole	462.20		63.515	14%
Rock sole	2,019.40	(2.00)	69.891	3%
BS turbot	4.67	10.00	7.211	49%
AI turbot	32.00		7.827	24%
Flathead sole	590.20	(2.00)	159.051	27%
Other flatfish	940.75	(2.00)	22.730	2%
WAI Pacific Ocean Perch	72.25	(72.00)	-	0%
CAI Pacific Ocean Perch	44.71	(45.00)	-	0%
EAI Pacific Ocean Perch	39.78	(38.00)	-	0%
BS Sablefish	9.25		0.207	2%
AI Sablefish	7.65		-	0%
Arrowtooth flounder	1,334.20	(2.00)	63.608	5%
BS Pacific Ocean Perch	33.15		0.051	0%
BS Other red rockfish	2.38		0.719	30%
AI Sharpchin/Northern	65.62	(63.00)	0.933	36%
AI Shortraker/Rougheye	11.22	(2.00)	2.115	23%
BS Other rockfish	4.86		0.767	16%
AI Other rockfish	9.18	(4.00)	4.212	81%
Other species	560.93	(9.00)	349.862	59%
BB Red King Crab	118,113	4,835	122,948	100%
Opilio Tanner Crab	429,189		429,085	100%
Area 4E Halibut	273,000		272,225	100%
Area 4D Halibut	146,160		146,160	100%
Prohibited Species				
Halibut	44.59		19.928	45%
Zone 1 Bairdi crab	5,602.5		12	0%
Zone 2 Bairdi crab	17,010		491	3%
Opilio Crab	29,362.5		1,031	4%
Zone 1 King crab	1,091.25		-	0%
Chinook Salmon	792		86	11%
Other Salmon	693		1	0%

