

2001 FIRST QUARTER REPORT

January 1 – March 31, 2001



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

Table of Contents

<u>I.</u>	<u>Quarterly Highlights</u>	1
<u>II.</u>	<u>Community Development</u>	2
	<u>A. Progress Toward Goals, Objectives, Milestones</u>	2
	<u>Administrative</u>	2
	<u>CDQ Harvest Management</u>	3
	<u>Fund for Purchase of Equity Interest in the Fishing Industry</u>	4
	<u>Funding for Harvesting and Tending Vessel</u>	4
	<u>Education, Employment and Training Program – Education & Training Component</u>	5
	<u>Education, Employment and Training Program - Employment Component</u>	6
	<u>Education Endowment</u>	6
	<u>Revolving Loan Program</u>	7
	<u>Fund for IFQ Purchases</u>	7
	<u>Fisheries Development Program</u>	7
	<u>Salmon Rehabilitation and Enhancement Program</u>	8
	<u>Shoreside Infrastructure Improvements Program – For Profit</u>	8
	<u>Shoreside Infrastructure Improvements Program – Non Profit</u>	8
	<u>CDQ Fees</u>	8
	<u>Norton Sound Seafood Products</u>	9
	<u>Norton Sound Vessel Management</u>	9
	<u>Glacier Fish Company</u>	10
	<u>Community Outreach Program</u>	12
	<u>Investment Oversight</u>	13
	<u>Other Fund Management</u>	13
	<u>Board Training</u>	14
	<u>Substance Abuse Prevention</u>	14
	<u>Community Benefit Share</u>	14
	<u>B. Outreach</u>	15
	<u>C. Employment</u>	16
	<u>Employment Data Form</u>	16
	<u>Employment Summary</u>	17
	<u>D. Training</u>	18
	<u>Training Data Form</u>	18
	<u>Training Summary</u>	18
<u>III.</u>	<u>Administration</u>	19
	<u>A. Board Activities</u>	19
	<u>Changes in Members</u>	19
	<u>Substantial Decisions</u>	19
	<u>Board Meeting Minutes</u>	19
	<u>B. State of Alaska Reporting Compliance</u>	19
	<u>C. Amendment Status</u>	19
<u>IV.</u>	<u>Harvesting Report</u>	20
	<u>A. Pollock and Multi-species CDQ Harvest Activities by Target Fishery</u>	20
	<u>B. CDQ Fishing Activities</u>	25
	<u>Pollock</u>	25
	<u>Pacific Cod</u>	26
	<u>Sablefish and Greenland Turbot</u>	27
	<u>Atka Mackerel, Yellowfin Sole and Rock Sole</u>	27
	<u>Halibut</u>	27
	<u>Bering Sea Opilio Crab</u>	27
	<u>Norton Sound Red King Crab</u>	28

	Bristol Bay Red King Crab	28
	St. Matthew Blue King Crab	28
C.	Other Fishing Issues	28
	Pre-season NMFS Meeting	28
	Other Activities	28
	CDQ Crab Marketing Activities	29
V.	Confidential Issues	31
	A. Financial Statements	31
	B. Tax Issues	31
	C. Imminent Major Investments	31
	D. Other	31

I. Quarterly Highlights

- NSEDC standing committees held their 2000 fourth quarter meetings in Nome on January 25th.
- NSEDC Board of Directors held their 2000 fourth quarter meetings in Nome on January 25th & 26th.
- NSEDC Executive Committee met on February 23rd.
- NSEDC Board of Directors held a Special Board of Directors meeting on March 29th.
- Glacier Fish Company held their quarterly meeting on March 2nd.
- NSEDC sponsored an entry-level seafood processing class on March 19 – 31, 2001, with thirteen students successfully completing the class.
- NSEDC awarded \$61,500 to forty-nine residents in post-secondary scholarships.
- NSEDC awarded \$11,250 to nine residents in vocational scholarships.
- Twenty-two residents worked on the *F/T Northern Glacier*, *F/T Pacific Glacier* and the *F/V Norton Sound* earning a total of \$133,363.80 in wages in the first quarter.
- Four residents worked for Icicle Seafoods earning a total of \$7,404.46 in wages in the first quarter.
- NSEDC concluded the 2000 Community Benefit Share distribution of \$20,000 to each of the NSEDC member communities in the first quarter. The total distribution totaled \$300,000.
- NSEDC staff held a meeting in Unalakleet, AK on January 17th with regional fishermen to discuss the Large Vessel Loan Option proposal.
- The NSEDC Norton Sound Seafood Center project was put out to bid from February 20th to March 20th.
- NSEDC staff attended the Regional Planning Team (RPT) meeting in Nome on February 14th.

II. Community Development

A. Progress Toward Goals, Objectives, Milestones

Administrative

MILESTONE: NSEDC BOARD OF DIRECTORS WILL HOLD REGULARLY SCHEDULED MEETINGS DURING EACH QUARTER IN 2001-2002

Activity: NSEDC Board of Directors held their fourth quarter meetings in Nome on January 25th & 26th, 2001.

MILESTONE: NSEDC'S FOUR ADVISORY COMMITTEES WILL HOLD REGULARLY SCHEDULED MEETINGS DURING EACH QUARTER IN 2001-2002

Activity: The NSEDC Advisory Committees held their fourth quarter meetings in Nome on January 25, 2001

MILESTONE: NSEDC WILL HAVE AN ANNUAL AUDIT PERFORMED BY A NATIONAL ACCOUNTING FIRM, TO BE COMPLETED BEFORE MAY 31 OF 2001 AND 2002

Activity: No activity this quarter.

MILESTONE: NSEDC WILL PREPARE AND SUBMIT AN ANNUAL BUDGET FOR THE FOLLOWING YEAR, NOT LATER THAN THE END OF THE FIRST QUARTER OF EACH YEAR.

Activity: NSEDC submitted an annual budget for 2001 in December of 2000.

MILESTONE: NSEDC WILL PREPARE A CORPORATE ANNUAL REPORT FOR ITS MEMBERS, AND MAIL IT TO RESIDENTS IN THE FIFTEEN MEMBER COMMUNITIES BY THE THIRD QUARTER 2001 AND 2002

Activity: Preparation the NSEDC Corporate Annual Report began in the first quarter.

MILESTONE: NSEDC WILL PROVIDE STAFF TRAINING EACH YEAR, NOT LATER THAN THE END OF THE FOURTH QUARTER

Activity: No activity this quarter

MILESTONE: NSEDC WILL FILE QUARTERLY REPORTS TO THE STATE OF ALASKA WITHIN THIRTY DAYS OF THE END OF EACH CALENDAR QUARTER

Activity: Quarterly reports for the fourth quarter of 2000 were submitted to the State of Alaska on January 31, 2001.

MILESTONE: NSEDC WILL FILE AN ANNUAL REPORT TO THE STATE OF ALASKA BY MAY 31 OF EACH YEAR

Activity: The NSEDC Annual report for 2001 was submitted to the State of Alaska on January 31, 2001.

MILESTONE: NSEDC WILL SUBMIT AN OMNIBUS BUDGET PLAN AMENDMENT, BY THE END OF THE SECOND QUARTER OF EACH YEAR

Activity: No activity this quarter.

CDQ Harvest Management

MILESTONE: BY THE END OF THE THIRD QUARTER OF THE YEAR 2002 NEGOTIATE NEW HARVEST AGREEMENTS FOR ALL MULTISPECIES CDQ

Activity: No activity this quarter

MILESTONE: NSEDC AND GFC WILL HARVEST ITS CDQ POLLOCK ALLOCATION, AS MUCH AS PRACTICABLE WITHOUT OVER-HARVEST, BY THE END OF EACH FISHING SEASON

Activity: NSEDC & GFC harvested 10,602.88 metric tons of CDQ pollock using both the Pacific Glacier and the Northern Glacier during the first quarter.

MILESTONE: NSEDC AND ITS HARVEST PARTNERS FOR CRAB WILL HARVEST ITS CDQ ALLOCATIONS, AS CLOSE AS REASONABLY POSSIBLE WITHOUT OVER-HARVEST, OF CRAB BY THE END OF THE FISHING SEASON EACH YEAR FOR EACH SPECIES

Activity: NSEDC-contracted crab harvesting vessels - the Adventure and Viking Queen - harvested and delivered a total of 337,488 pounds of CDQ opilio crab including both live and dead crab in the first quarter.

MILESTONE: NSEDC AND ITS HARVESTING PARTNERS FOR PACIFIC COD, GREENLAND TURBOT, AND SABLEFISH WILL HARVEST ITS CDQ ALLOCATIONS, AS MUCH AS PRACTICABLE WITHOUT OVER-HARVEST, BY THE END OF THE FISHING SEASON EACH YEAR FOR EACH SPECIES

Activity: The NSEDC contracted two catcher processing vessels harvested 150 metric tons of CDQ Pacific cod during the last week of the

quarter. There was no directed harvest of Greenland Turbot or Sablefish in the first quarter.

MILESTONE: NSEDC AND ITS HARVESTING PARTNER FOR ROCK SOLE WILL HARVEST ITS CDQ ALLOCATION, AS MUCH AS PRACTICABLE WITHOUT OVER-HARVEST, BY THE END OF THE FISHING SEASON EACH YEAR

Activity: There was no directed harvest of CDQ Rock Sole during the first quarter.

MILESTONE: NSEDC AND ITS HARVESTING PARTNER FOR ATKA MACKEREL WILL HARVEST ITS CDQ ALLOCATION, AS MUCH AS PRACTICABLE WITHOUT OVER-HARVEST, BY THE END OF THE FISHING SEASON EACH YEAR

Activity: There was no directed harvest of Atka Mackerel during the first quarter.

MILESTONE: NSEDC WILL ATTEND NORTH PACIFIC FISHERIES MANAGEMENT COUNCIL MEETINGS DURING 2001 AND 2002

Activity: During the first quarter, NSEDC participated in a variety of meetings sponsored by the NMFS. These meetings took place in the months of January, February and March.

Fund for Purchase of Equity Interest in the Fishing Industry

MILESTONE: NSEDC WILL EVALUATE THE POTENTIAL FOR EQUITY INVESTMENT IN ONE OR MORE BERING SEA FISHING COMPANIES BY THE END OF EACH YEAR 2001 AND 2002

Activity: Ongoing

MILESTONE: BY THE END OF THE SECOND QUARTER, 2002 NSEDC WILL HAVE A CONTINGENCY PLAN IN PLACE FOR ANY OFFER MADE UNDER SECTION 8.3 OF THE GFC OPERATING AGREEMENT.

Activity: No activity this quarter

Funding for Harvesting and Tendering Vessel

MILESTONE: NSEDC WILL EVALUATE THE POTENTIAL FOR ACQUISITION AND OPERATION OF A CRAB HARVESTING VESSEL (S) OR VESSEL RIGHTS BY THE END OF THE THIRD QUARTER OF EACH YEAR.

Activity: Ongoing

MILESTONE: BY THE END OF THE THIRD QUARTER OF EACH YEAR NSEDC WILL EVALUATE THE POSSIBILITY OF BORROWING MONEY UNDER THE CDQ LOAN PROGRAM ESTABLISHED IN THE AMERICAN FISHERIES ACT IN ORDER TO ASSIST IN THE ACQUISITION OF A POLLOCK-RELATED VESSEL OR ANOTHER ACQUISITION PERMITTED IN THE PROGRAM UNDER FEDERAL LAW.

Activity: No activity this quarter.

MILESTONE: NSEDC WILL EVALUATE THE POTENTIAL FOR ACQUISITION AND/OR CONSTRUCTION OF A SECOND FREEZER LONGLINER BY JULY 1, 2001.

Activity: This activity is being coordinated with Glacier Fish Company in confidential meetings.

MILESTONE: NSEDC WILL EVALUATE THE POTENTIAL FOR ACQUISITION AND OPERATION OF AN H&G TRAWL VESSEL BY JULY 1, 2002

Activity: No activity this quarter.

Education, Employment and Training Program – Education & Training Component

MILESTONE: NSEDC WILL HAVE PROVIDED FISHERIES SKILLS TRAINING UNDER THIS CDP FOR 45 RESIDENTS OF THE REGION OR OF NEARBY COMMUNITIES OF WHICH AT LEAST FIVE TRAINING SLOTS WILL BE MADE AVAILABLE TO RESIDENTS OF NEARBY COMMUNITIES, BY THE END OF THE FOURTH QUARTER OF EACH YEAR

Activity: NSEDC provided Entry Level Seafood Processor training to ten residents from NSEDC member communities and three residents from nearby communities.

MILESTONE: NSEDC WILL AWARD AT LEAST \$120,000 IN SCHOLARSHIPS TO STUDENTS BY THE END OF THE FOURTH QUARTER OF EACH YEAR

Activity: NSEDC awarded \$61,500 to 49 residents in post-secondary education scholarships and \$11,250 to 9 residents in vocational scholarships during the first quarter.

MILESTONE: NSEDC EET PERSONNEL WILL MAKE OUTREACH VISITS FOR THIS PROGRAM TO AT LEAST FIVE COMMUNITIES IN THE REGION AND TO AT LEAST TWO COMMUNITIES OUTSIDE THE REGION BY THE END OF THE FOURTH QUARTER OF EACH YEAR

Activity: NSEDC EET Personnel traveled to Nome for an outreach visit during the first quarter.

Education, Employment and Training Program - Employment Component

MILESTONE: NSEDC AND NSSP WILL FACILITATE THE EMPLOYMENT OF 110 RESIDENTS OF THE REGION OR OF NEARBY COMMUNITIES ONTO FACTORY TRAWLERS, OTHER OFFSHORE FISHING VESSELS, NEAR-SHORE PROCESSORS AND FISHING VESSELS, AND IN SHORESIDE PROCESSING PLANTS BY THE END OF THE FOURTH QUARTER OF EACH YEAR

Activity: Twenty-two residents worked with Glacier Fish Company and four residents worked with Icicle Seafoods during the first quarter.

MILESTONE: NSEDC EET PERSONNEL WILL MAKE OUTREACH VISITS FOR THIS PROGRAM TO AT LEAST FIVE COMMUNITIES IN THE REGION AND TO AT LEAST TWO COMMUNITIES OUTSIDE THE REGION BY THE END OF THE FOURTH QUARTER OF EACH YEAR.

Activity: NSEDC EET personnel made an outreach visit to Nome during the first quarter.

MILESTONE: NSEDC WILL PLACE AT LEAST SIX INTERNSHIPS IN OFFICE OR FIELD SETTINGS BY THE END OF THE FOURTH QUARTER EACH YEAR

Activity: No activity this quarter.

Education Endowment

MILESTONE: NSEDC WILL EVALUATE THE POSSIBILITY OF FUNDING THE EDUCATION, TRAINING, AND SCHOLARSHIP PROGRAM FROM EARNINGS OF THE EDUCATION, TRAINING, AND SCHOLARSHIP ENDOWMENT AND DEVELOP A SCHEDULE FOR DOING SO, BY THE END THE FOURTH QUARTER 2002.

Activity: No activity this quarter.

MILESTONE: NSEDC FINANCIAL ADVISORY COMMITTEE WILL REVIEW INVESTMENT PERFORMANCE AND ASSET ALLOCATION AT LEAST ONCE EACH QUARTER.

Activity: The NSEDC Financial Advisory Committee met on January 25, 2001 and reviewed the investment performance of the Education Endowment.

Revolving Loan Program

MILESTONE: NSEDC WILL CONDUCT ANNUAL REVIEWS OF THE REVOLVING LOAN PROGRAM BY THE END OF THE 4TH QUARTER EACH YEAR.

Activity: The NSEDC Board of Directors passed a motion to expand the NSEDC Revolving Loan program to include a Large Vessel Loan Option, to aid Norton Sound Fishermen in acquiring suitable vessels for the Norton Sound red king crab fishery and halibut fishery.

MILESTONE: NSEDC FINANCIAL ADVISORY COMMITTEE WILL REVIEW THE REVOLVING LOAN PROGRAM PORTFOLIO QUARTERLY

Activity: The NSEDC Financial Advisory Committee met on January 25, 2001 and reviewed the NSEDC Revolving Loan Program Portfolio.

Fund for IFQ Purchases

MILESTONE: NSEDC WILL EVALUATE THE PURCHASE OF QUOTA SHARE, COOPERATIVE CONTRACT RIGHTS, OR OTHER HARVESTING RIGHTS FOR USE BY THE F/V *NORTON SOUND*, *PACIFIC GLACIER*, *NORTHERN GLACIER* OR OTHER VESSELS OWNED BY NSEDC BY OR IN A BUSINESS RELATIONSHIP WITH NSEDC, BY THE END OF THE FOURTH QUARTER OF EACH YEAR

Activity: This activity is being coordinated with Glacier Fish Company in confidential meetings.

Fisheries Development Program

MILESTONE: NSEDC WILL PREPARE A DETAILED PLAN TO CONDUCT FISHERIES DEVELOPMENT ACTIVITIES BY THE END OF THE SECOND QUARTER EACH YEAR.

Activity: Preparation on this plan is ongoing in the first quarter.

MILESTONE: NSEDC WILL FUND AT LEAST ONE FISHERY DEVELOPMENT PROJECT BY THE END OF THE FOURTH QUARTER EACH YEAR.

Activity: The NSEDC Fisheries Development Coordinator developed a crab tagging study plan in the first quarter to be implemented during the second quarter of 2001.

Salmon Rehabilitation and Enhancement Program

MILESTONE: NSEDC WILL PREPARE A DETAILED PLAN TO FUND SALMON REHABILITATION AND ENHANCEMENT PROJECTS BY THE END OF THE SECOND QUARTER OF EACH YEAR

Activity: NSEDC Salmon Rehabilitation & Enhancement Coordinator started the preparation of this plan which will include a Salinity/Plankton Measurement study for the Northern Norton Sound and a Smolt Outmigration study for the Northern Norton Sound for 2001.

MILESTONE: NSEDC WILL FUND AT LEAST ONE SALMON REHABILITATION AND ENHANCEMENT PROJECT BY THE END OF THE FOURTH QUARTER OF EACH YEAR

Activity: NSEDC Salmon Rehabilitation & Enhancement Coordinator is coordinating with agencies and organizations in Norton Sound member communities to develop and implement projects during the spring and summer seasons of 2001.

Shoreside Infrastructure Improvements Program – For Profit

MILESTONE: NSEDC FISHERIES DEVELOPMENT COMMITTEE WILL EVALUATE AT LEAST ONE SITE-SPECIFIC FOR-PROFIT SHORESIDE INFRASTRUCTURE IMPROVEMENT PROJECT EACH YEAR

Activity: No activity this quarter.

Shoreside Infrastructure Improvements Program – Non Profit

MILESTONE: NSEDC WILL EVALUATE AT LEAST TWO SITE-SPECIFIC NON PROFIT SHORESIDE INFRASTRUCTURE IMPROVEMENT PROJECTS EACH YEAR

Activity: No activity this quarter.

MILESTONE: NSEDC WILL MAKE ALL APPROVED CONTRIBUTIONS TO THE NOME NAVIGATION IMPROVEMENTS PROJECT IN A TIMELY FASHION

Activity: No activity this quarter.

CDQ Fees

MILESTONE: NSEDC WILL MAKE ANY REQUIRED PAYMENTS OF CDQ FEES WITHIN 60 DAYS OF THE END OF THE QUARTER IN WHICH THEY ARE DETERMINABLE

Activity: No activity this quarter.

Norton Sound Seafood Products

MILESTONE: NORTON SOUND SEAFOOD PRODUCTS WILL EVALUATE THEIR CAPABILITIES FOR ASSUMING THE MARKETING OF EACH SPECIE OF CDQ CRAB ALLOCATED TO NSEDC BY JANUARY 1, 2000, AND EVALUATE OPERATIONS FOR FISHERIES IN THE REGION INCLUDING HERRING, SALMON, CRAB, AND HALIBUT BY THE END OF THE SECOND QUARTER, 2001.

Activity: NSSP and GFC coordinate together to market NSEDC CDQ Crab. The NSSP Operations Manager presented to the NSEDC Board of Directors a partial plan for the 2001 NSSP operating season at the quarterly meeting on January 25th and 26th, 2001. The Board approved the presented operations, with knowledge that a completed plan of operations will be presented at the 1st quarter meeting in April 2001.

MILESTONE: NSEDC BOARD WILL ACT UPON THE RECOMMENDATIONS OF NSSP NO LATER THAN THE END OF THE SECOND QUARTER EACH YEAR.

Activity: No activity this quarter

MILESTONE: NSEDC OR AN NSEDC SUBSIDIARY WILL MARKET AT LEAST 50% (BY WEIGHT) OF THE CDQ CRAB ALLOCATED TO NSEDC BY THE END OF THE FOURTH QUARTER EACH YEAR.

Activity: NSSP management coordinates with GFC in marketing NSEDC CDQ crab.

Norton Sound Vessel Management

MILESTONE: NORTON SOUND VESSEL MANAGEMENT WILL EVALUATE OPERATIONS IN THE REGION INCLUDING SUPPORT TO THE HERRING, SALMON, CRAB AND HALIBUT FISHERIES BY THE END OF THE SECOND QUARTER EACH YEAR

Activity: No activity this quarter.

MILESTONE: NSEDC BOARD WILL ACT UPON THE RECOMMENDATIONS OF NORTON SOUND VESSEL MANAGEMENT NO LATER THAN THE END OF THE SECOND QUARTER EACH YEAR

Activity: No activity this quarter.

Glacier Fish Company

Business Management and Investment

MILESTONE: HOLD QUARTERLY MEETINGS AMONG THE OWNERS TO REVIEW FINANCIAL PERFORMANCE, BUDGETS, OPERATION PLANS, AND OTHER TIMELY BUSINESS ISSUES

Activity: Quarterly owner meeting was held on March 2, 2001 in Seattle to review the 2000 fourth quarter financial information and other matters.

MILESTONE: CONTINUE TO SUCCESSFULLY MARKET CDQ CRAB PRODUCTION FOR NSEDC

Activity: 66,144 finished lbs. of opilio and red king crab products were sold for \$513,475.

MILESTONE*: CONTINUE TO PAY DOWN LONG TERM DEBT, PARTIALLY GUARANTEED BY NSEDC (50%), IN A TIMELY MANNER CONSISTENT WITH LOAN AGREEMENTS ENTERED INTO IN CONNECTION WITH NSEDC'S ACQUISITION OF GFC AS APPROVED BY THE STATE OF ALASKA ON OCTOBER 10, 1997 AND UNITED STATES DEPARTMENT OF COMMERCE ON NOVEMBER 6, 1997 (DEBT SERVICE IN 2001 AND 2002 ON THE PORTION OF LONG TERM DEBT GUARANTEED BY NSEDC WILL BE APPROXIMATELY \$3,700,000)

Activity: First quarter activity completed in accordance with terms of loan agreements.

MILESTONE*: BY THE END OF THE FOURTH QUARTER OF EACH YEAR GFC WILL HAVE MADE IMPROVEMENTS OF UP TO.

- (A) \$1 MILLION TO ITS VESSELS,
- (B) \$1.5 MILLION IN PRODUCT RECOVERY TECHNOLOGY & EQUIPMENT

Activity: No activity this quarter.

MILESTONE*: MAKE ANNUAL DISTRIBUTIONS TO NSEDC (AND OTHER OWNERS) BY THE END OF THE SECOND QUARTER OF EACH YEAR BASED ON PROFITABILITY OF THE PRIOR YEAR.

Activity: \$1,000,000 distributed to NSEDC.

MILESTONE: CONDUCT AN ANNUAL AUDIT OF THE PRIOR YEAR USING AN INDEPENDENT CPA FIRM TO BE COMPLETED BY THE END OF THE SECOND QUARTER OF EACH YEAR.

Activity: Audit activity occurred; will be completed in 2nd quarter.

MILESTONE: CONTINUE TO DEVELOP NEW MARKET CHANNELS AND PRODUCT FORMS FOR ALASKA SEAFOODS SUCH AS COD, PINK SALMON, AND CRAB.

Activity: R&D on new freezing technology for cod milt and test marketing in Japan. Continuing efforts to establish Norton Sound king crab promotion with Ivar's (Seattle-based restaurant chain.)

Local Employment

MILESTONE*: PROVIDE A MARKET TO LOCAL NORTON SOUND FISHERMEN FOR PINK SALMON DURING THE THIRD QUARTER 2002, PROBABLY AT A FINANCIAL LOSS TO GFC, AND IN DOING SO, DEPENDING ON RUN STRENGTH, EMPLOY UP TO 65 LOCAL FISHERMEN AND PAY FISH TICKETS OF UP TO \$225,000 FOR PINK SALMON DELIVERED TO NORTHERN GLACIER.

Activity: No activity this quarter.

MILESTONE*: PROVIDE EMPLOYMENT OPPORTUNITIES TO NORTON SOUND RESIDENTS OF UP TO 185 TRIP/POSITIONS OF EACH YEAR AND PAY GROSS WAGES TO NORTON SOUND RESIDENTS TOTALING UP TO \$720,000.

Activity: 81 trip/positions provided; \$133,364 gross wages paid to Norton Sound residents.

Training

MILESTONE: CONTINUE TO SEND TOP MANAGEMENT TO ATTEND AND REPORT ON GFC MATTERS TO NSEDC BOARD MEETINGS AND TO PARTICIPATE IN NSEDC'S FISHERIES DEVELOPMENT COMMITTEE.

Activity: The President of GFC participated as a member of NSEDC's Fisheries Development Committee and made his report to NSEDC's Board of Directors at the Board meeting in Nome on January 25-26, 2001.

MILESTONE: CONTINUE THE INTERN PROGRAM IN AREAS OF INVENTORY, TRAFFIC AND FINANCE.

Activity: No activity this quarter.

MILESTONE: WORK WITH OTHER CDQ PARTNER COMPANIES IN SEATTLE TO IMPROVE QUALITY OF INTERN PROGRAMS.

Activity: No activity this quarter.

MILESTONE: BY END OF FOURTH QUARTER 2002, REDUCE THE INCIDENCE OF DRUGS AND ALCOHOL IN PROSPECTIVE EMPLOYEES THROUGH COORDINATION WITH COMMUNITY OUTREACH WORKERS (SEE COMMUNITY OUTREACH PROJECT).

Activity: No activity this quarter.

Fisheries Management and Research

MILESTONE: BY THE END OF FOURTH QUARTER OF EACH YEAR GFC WILL HAVE CONDUCTED BOTH OPEN ACCESS AND CDQ POLLOCK AND PACIFIC COD HARVESTS, AND OPEN ACCESS HAKE HARVEST.

Activity: Open access and CDQ Pollock harvest occurred during the quarter, as did open access longline cod.

MILESTONE*: BY THE END OF THIRD QUARTER 2002, CONTRIBUTE AN ADDITIONAL \$8,000 FOR UNIVERSITY RESEARCH ON STELLER SEA LIONS.

Activity: More than \$8000 for SSL research was contributed during the quarter to University of Alaska Fairbanks.

Investment with other CDQ Groups

MILESTONE*: BY THE END OF THE FOURTH QUARTER 2002 GFC WILL HAVE EVALUATED AND MADE A REASONABLE BUSINESS JUDGMENT REGARDING A JOINT VENTURE WITH ONE OR MORE OTHER CDQ GROUPS TO:

- A) SITE A WET SALT COD OR OTHER SHORESIDE FACILITY IN ALASKA;
- B) INVESTING UP TO \$1 MILLION IN SUCH FACILITY

Activity: No activity this quarter.

Financial Support of Educational and Cultural Programs

MILESTONE*: CONTINUE TO FUND THE ALASKA NATIVE HERITAGE CENTER IN ANCHORAGE AT THE RATE OF \$5000 ANNUALLY.

Activity: No activity this quarter.

*FINANCIAL AND EMPLOYMENT MILESTONES ARE SUBJECT TO ACCESS TO POLLOCK AND COD CDQ, AT MARKET PRICE, AT OR ABOVE CURRENT LEVELS ALLOCATED TO NSEDC.

Community Outreach Program

MILESTONE: PROVIDE STAFF SUPPORT AND FUNDING FOR THE PREVENTION OF ALCOHOL AND SUBSTANCE ABUSE BY THE END OF EACH YEAR.

Activity: NSEDC met with the Superintendent of the Bering Strait School District on February 7, 2001 to discuss substance abuse prevention program funding for the school district

MILESTONE: DIRECTLY CONTACT AT LEAST 30 INDIVIDUALS EACH QUARTER REGARDING THE AVAILABILITY OF NSEDC'S TRAINING AND SCHOLARSHIP PROGRAMS.

Activity: Twenty-three residents were given the opportunity for Entry Level Seafood Processor Training and fifty-eight residents were awarded scholarships from NSEDC.

Investment Oversight

MILESTONE: HOLD QUARTERLY MEETINGS OF THE FINANCIAL ADVISORY COMMITTEE.

Activity: The NSEDC Financial Advisory Committee held their fourth quarter meetings on January 25, 2001.

MILESTONE: WITH RESPECT TO INCOME-PRODUCING INVESTMENTS WHICH ARE OPERATING COMPANIES, ATTEND ALL REGULAR AND SPECIAL MEETINGS OF THE OWNERS OR MEMBERS AND PARTICIPATE FULLY IN THE DECISION-MAKING PROCESS IN A TIMELY FASHION.

Activity: NSEDC management attended the GFC quarterly management meeting in Seattle on March 2, 2001.

MILESTONE: NSEDC WILL PROVIDE INVESTMENT OVERSIGHT AND MONITORING OF ALL INCOME-PRODUCING INVESTMENTS DURING EACH QUARTER

Activity: NSEDC management attended the GFC quarterly management meeting in Seattle on March 2, 2001 in which financials were reviewed. NSEDC management receives weekly reports from GFC on investment activity, inventory, and financials.

Other Fund Management

MILESTONE: NSEDC FINANCIAL ADVISORY COMMITTEE WILL REVIEW INVESTMENT PERFORMANCE AND ASSET ALLOCATION AT LEAST ONCE EACH QUARTER.

Activity: NSEDC Financial Committee held their fourth quarter meeting on January 25, 2001.

Board Training

MILESTONE: THE NSEDC BOARD OF DIRECTORS WILL ATTEND AN ANNUAL RETREAT FOR THE PURPOSE OF BOARD TRAINING BY THE END OF THE 4TH QUARTER EACH YEAR.

Activity: No activity this quarter.

Substance Abuse Prevention

MILESTONE: NSEDC WILL CONTINUE TO FOLLOW THE SUBSTANCE ABUSE POLICIES OUTLINED IN OUR PERSONNEL POLICIES.

Activity: NSEDC continued to follow the substance abuse policy outlined in the NSEDC personnel policies during the first quarter.

MILESTONE: NSEDC WILL SCREEN ALL APPLICANTS FOR EMPLOYMENT POSITIONS WITHIN THE SEAFOOD INDUSTRY FOR DRUG-FREE STATUS.

Activity: NSEDC continued to screen all applicants for employment positions within the seafood industry during the first quarter.

MILESTONE: NSEDC WILL MAKE A GRANT TO EACH SCHOOL DISTRICT THAT FALLS WITHIN OUR MEMBER COMMUNITIES TO AID IN FUNDING AN ABUSE PREVENTION PROGRAM/CURRICULUM.

Activity: NSEDC met with the Superintendent of the Bering Strait School District on February 7, 2001 to discuss substance abuse prevention program funding for the school district.

Community Benefit Share

MILESTONE: THE NSEDC BOARD WILL DECLARE A COMMUNITY BENEFIT SHARE BY THE END OF THE THIRD QUARTER OF EACH YEAR.

Activity: No activity this quarter.

MILESTONE: NSEDC WILL TRANSMIT FUNDS TO EACH COMMUNITY THAT ACCEPTS THE TERMS OF THE COMMUNITY BENEFIT SHARE WITHIN 45 DAYS OF NSEDC'S NOTIFICATION OF THE ACCEPTANCE.

Activity: NSEDC concluded the transmittal of funds to each community during the first quarter of 2001 for the 2000 Community Benefit Share.

B. Outreach

NSEDC management and staff performed a number of outreach projects/activities during the first quarter of 2001.

- NSEDC Board of Directors held their 2000 fourth quarter meetings in Nome on January 25th & 26th at the Bering Straits Native Corporation Board room, this meeting was open to the public.
- NSEDC Board of Directors notified residents of the 2000 fourth quarter meeting by placing an ad in the Nome Nugget Newspaper.
- NSEDC sent a newsletter to each box holder in the NSEDC member communities.
- NSEDC sponsored radio spots on KNOM radio station.
- The 2000 fourth quarter reports were mailed out on February 6th
- NSEDC notified residents about the Entry Level Seafood Processor (ELSP) training by placing an ad in the Nome Nugget and posting flyers in member communities.
- NSEDC has a web page on the internet (www.nsedc.com) in which constituents can access quarterly reports, newsletters, applications, and information regarding opportunities with NSEDC.

C. Employment

Employment Data Form

**Table 1
EMPLOYMENT DATA FORM
March 31, 2001**

	Quarter		Year-to-Date	
	Positions/Trips	Wages	Positions/Trips	Wages
Management/Administrative				
NSEDC	14/-	\$166,288	14/-	\$166,288
NSSP	2/-	23,308	2/-	23,308
Total Management/Administrative	16/-	\$189,596	16/-	\$189,596
CDQ Pollock Related*				
A/B Season	21/1	\$120,929.54	21/1	\$120,929.54
C/D Season	0/0	0.00	0/0	0.00
Total Pollock Related	21/1	\$120,929.54	21/1	\$120,929.54
CDQ Crab (Icicle Seafoods)	0/-	\$0.00	0/-	\$0.00
NSSP Employment	0/-	\$0.00	0/-	\$0.00
Other employment-NSEDC	0/-	\$0.00	0/-	\$0.00
Other Fishing				
GFC-longline	1/2	\$12,434.26	1/2	\$12,434.26
Icicle Seafoods	4/-	\$7,404.46	4/-	\$7,404.46
Total Other Fishing	5/2	\$19,838.72	5/2	\$19,838.72
Interns	0/-	\$0.00	0/	\$0.00
GRAND TOTALS	42/3	\$330,364.26	42/3	\$330,364.26
	NSEDC =	\$166,288	NSEDC =	\$166,288
	NSSP=	\$23,308	NSSP=	\$23,308
	Partners=	\$140,768.26	Partners=	\$140,768.26

Employment Summary

Management/Administrative – Nine personnel were employed at NSEDC’s main office in Anchorage, five at the NSEDC offices in Unalakleet and two were located in Seattle, WA. All sixteen of the personnel are permanent full-time employees.

CDQ Pollock – Glacier Fish Company Employed 21 residents aboard the *F/V Northern Glacier* and the *F/V Pacific Glacier* during the first quarter of 2001.

Other Fishing – One resident was employed by Glacier Fish Company aboard the *F/T Norton Sound* and four residents were employed by Icicle Seafoods as processors during the first quarter of 2001.

D. Training

Training Data Form

**Table 2
TRAINING DATA FORM
March 31, 2001**

	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-Secondary	49	\$61,500	49	\$61,500
Vocational	9	\$11,250	9	\$11,250
Voc-Tech				
Basic				\$
Advanced				
Other Training				
Fisheries related	13	\$37,638.48	13	\$37,638.48
Student Loans				
CDQ Staff/Board				
Other (Elec.Navigation)				
Other Expenditures				
To Educational Institute				
Education Endowment				
Other				
TOTAL	71	\$110,388.48	71	\$110,388.48

Training Summary

Scholarships – Forty-nine residents were awarded post-secondary scholarships and nine residents received nine vocational scholarships.

Other Training – Twenty-three residents were given the opportunity for Entry Level Seafood Processor training. Of this twenty-three, two residents from Kaltag, one resident from Anchorage and ten residents from NSEDC member communities were trained.

III. Administration

A. Board Activities

Changes in Members

There were no changes in members on the NSEDC Board of Directors during the first quarter of 2001.

Substantial Decisions

NSEDC Board of Directors approved amending the NSEDC Revolving Loan Program to include a Large Vessel Loan Option to assist Norton Sound Fishermen in acquiring suitable vessels for the Norton Sound red king crab and halibut fisheries. NSEDC Board of Directors rescinded the motion to extend the invitation to bid process another thirty days and approved management to review and award the bid for the construction phase of the Norton Sound Seafood Center. This action was taken after discussions with legal counsel and the ASCG, Inc. determined the thirty day extension would delay the project by one year and would put NSEDC at risk of a lawsuit.

Board Meeting Minutes

Please see Attachment 10

B. State of Alaska Reporting Compliance

NSEDC complied with all State of Alaska requirements during the first quarter.

C. Amendment Status

Amendments to the 2001-2002 Multi-species Community Development Plan (CDP) submitted during the first quarter are listed below:

- CDP amendment 01-01NS: NSEDC submitted a substantial amendment to the CDP for the transfer of annual CDQ from CVRF to NSEDC including 50 mt of Greenland turbot in the Bering Sea, 0.5 mt of other rockfish in the Bering Sea, 0.2 mt of other red rockfish in the Bering Sea, and 2 mt of arrowtooth flounder. This amendment was approved by NMFS on March 22, 2001.

IV. Harvesting Report

A. Pollock and Multi-species CDQ Harvest Activities by Target Fishery

See the following tables below:

Table 3: Annual CDQ Harvest by Groundfish Target Fisheries

Table 4: 2001 CDQ Harvest – Pollock Target Fishery

Table 5: 2001 CDQ Harvest – Pacific Cod Target Fishery

Table 6: 2001 CDQ Harvest – Crab Target Fishery

Table 3
ANNUAL CDQ HARVEST BY GROUND FISH TARGET FISHERIES
through First Quarter 2001

TARGET FISHERY	Pollock	Pacific Cod	Sablefish	Turbot	Groundfish	Halibut	Total	NSEDC	Trades/	*Revised	Percent	Remaining	
GEAR TYPE	Trawl	H&L	Pot	H&L	Trawl	H&L	Harvest	Annual CDQ	Transfers	Annual	Harvested	CDQ	
SPECIES								2001	(see notes)	CDQ			
Halibut (4D)						-	-	82.895	30%	-	82.895	0.00%	82.89
Pacific Cod (BS/AI)	35.169	138.760	-	-	-	-	173.93	2,538.000	18%	-	2,538.000	6.85%	2,364.07
Sablefish (BS)	-	-	-	-	-	-	-	31.200	20%	-	31.200	0.00%	31.20
Sablefish (AI)	-	-	-	-	-	-	-	75.000	20%	-	75.000	0.00%	75.00
Trawl Sablefish (BS)	0.062	-	-	-	-	-	0.06	10.620	18%	-	10.620	0.58%	10.56
Trawl Sablefish (AI)	-	-	-	-	-	-	-	4.700	10%	-	4.700	0.00%	4.70
Greenland Turbot (BS)	0.754	0.010	-	-	-	-	0.76	63.300	15%	50.000	113.300	0.67%	112.54
Greenland Turbot (AI)	-	0.040	-	-	-	-	0.04	41.600	20%	-	41.600	0.10%	41.56
Atka Mackerel (Western AI)	-	-	-	-	-	-	-	293.020	14%	-	293.020	0.00%	293.02
Atka Mackerel (Central AI)	-	-	-	-	-	-	-	352.800	14%	-	352.800	0.00%	352.80
Atka Mackerel (Eastern AI)	0.004	0.480	-	-	-	-	0.48	81.900	14%	-	81.900	0.59%	81.42
Yellowfin Sole	1.091	0.320	-	-	-	-	1.41	593.250	7%	-	593.250	0.24%	591.84
Flathead Sole	17.400	0.160	-	-	-	-	17.56	450.000	15%	-	450.000	3.90%	432.44
Other Flatfish	0.165	-	-	-	-	-	0.17	210.000	10%	-	210.000	0.08%	209.84
Rock Sole	39.785	0.210	-	-	-	-	40.00	618.750	11%	-	618.750	6.46%	578.76
Bering Sea Pollock								32,200.000	23%	-	32,200.000		
A/B season	10,480.982	-	-	-	-	-	10,480.98	12,880.000		-	12,880.000	81.37%	2,399.02
C/D season	-	-	-	-	-	-	-	19,320.000		-	19,320.000	0.00%	19,320.00
Aleutian Pollock	-	-	-	-	-	-	-	46.000	23%	-	46.000	0.00%	46.00
Bogoslof Pollock	-	-	-	-	-	-	-	23.000	23%	-	23.000	0.00%	23.00
Non-quota Pollock	N/A	2.530	-	-	-	-	2.53						
Arrowtooth Flounder	1.813	0.090	-	-	-	-	1.90	140.335	10%	2.000	142.335	1.34%	140.43
True POP (BS)	0.043	-	-	-	-	-	0.04	23.400	18%	-	23.400	0.18%	23.36
Other Red Rockfish (BS)	0.040	-	-	-	-	-	0.04	1.600	16%	0.200	1.800	2.22%	1.76
True POP (Western AI)	-	-	-	-	-	-	-	49.840	14%	-	49.840	0.00%	49.84
True POP (Central AI)	-	-	-	-	-	-	-	26.880	14%	-	26.880	0.00%	26.88
True POP (Eastern AI)	-	-	-	-	-	-	-	30.520	14%	-	30.520	0.00%	30.52
Sharpchin/Northern (AI)	-	0.030	-	-	-	-	0.03	70.840	16%	-	70.840	0.04%	70.81
Shortraker/Rougheye (AI)	-	-	-	-	-	-	-	11.560	18%	-	11.560	0.00%	11.56
Other Rockfish (BS)	0.124	-	-	-	-	-	0.12	3.510	13%	0.500	4.010	3.09%	3.89
Other Rockfish (AI)	-	0.080	-	-	-	-	0.08	8.670	17%	-	8.670	0.92%	8.59
Squid	5.364	-	-	-	-	-	5.36	-	-	-	-		(5.36)
Other Species	20.080	7.320	-	-	-	-	27.40	270.368	16%	74.477	344.845	7.95%	317.45
TOTAL	10,602.876	150.030	-	-	-	-	10,752.906	38,353.558		127.177	38,480.735	27.94%	27,727.83
Bycatch %	1.15%	7.51%											
PROHIB SPECIES													
Halibut mortality (mt)	1.759	0.270	-	-	-	-	2.029	41.175	12%	-	41.175	4.93%	39.15
Opilio (no.)	-	-	-	-	-	-	-	32,625	10%	-	32,625	0.00%	32,625.00
Tanner Crab - Zone 1 (no.)	-	-	-	-	-	-	-	4,380	8%	-	4,380	0.00%	4,380.00
Tanner Crab - Zone 2 (no.)	-	-	-	-	-	-	-	17,078	11%	-	17,078	0.00%	17,078.00
Red King Crab (no.)	-	-	-	-	-	-	-	509	7%	-	509	0.00%	509.25
Chinook Salmon (no.)	552	-	-	-	-	-	552	707	23%	-	707	78.08%	155.00
Other Salmon (no.)	68	-	-	-	-	-	68	693	22%	-	693	9.81%	625.00
* Note: The amount of annual CDQ for various species and allocations to target fisheries and vessels may change as in-season adjustments are made between target fisheries and the NSEDC reserve, and transfers are approved between CDQ groups. Trades/transfers are listed below:													
1. CDP amendment 01-01NS: transfer from CVRF to NSEDC of 50 mt of Greenland turbot and assorted bycatch.													
2. CDP amendment 01-04NS: transfer 72.477 mt from non-specific reserve to other species category, pending approval.													

Table 4
2001 CDQ HARVEST – POLLOCK TARGET FISHERY
(in metric tons)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to date
SPECIES					
Pacific Cod (BS/AI)	35.169	-	-	-	35.169
Sablefish (BS)	-	-	-	-	-
Sablefish (AI)	-	-	-	-	-
Trawl Sablefish (BS)	0.062	-	-	-	0.062
Trawl Sablefish (AI)	-	-	-	-	-
Greenland Turbot (BS)	0.754	-	-	-	0.754
Greenland Turbot (AI)	-	-	-	-	-
Atka Mackerel (Western AI)	-	-	-	-	-
Atka Mackerel (Central AI)	-	-	-	-	-
Atka Mackerel (Eastern AI)	0.004	-	-	-	0.004
Yellowfin Sole	1.091	-	-	-	1.091
Flathead Sole	17.400	-	-	-	17.400
Other Flatfish	0.165	-	-	-	0.165
Rock Sole	39.785	-	-	-	39.785
Bering Sea Pollock					
A/B season	10,480.982	-	-	-	10,480.982
C/D season	-	-	-	-	-
Aleutian Pollock	-	-	-	-	-
Bogoslof Pollock	-	-	-	-	-
Arrowtooth Flounder					
True POP (BS)	1.813	-	-	-	1.813
Other Red Rockfish (BS)	0.043	-	-	-	0.043
True POP (Western AI)	0.040	-	-	-	0.040
True POP (Central AI)	-	-	-	-	-
True POP (Eastern AI)	-	-	-	-	-
Sharpchin/Northern (AI)	-	-	-	-	-
Shortraker/Rougheye (AI)	-	-	-	-	-
Other Rockfish (BS)	-	-	-	-	-
Other Rockfish (AI)	0.124	-	-	-	0.124
Squid	-	-	-	-	-
Other Species	5.364	-	-	-	5.364
	20.080	-	-	-	20.080
TOTAL					
TOTAL	10,602.876	-	-	-	10,602.876
Bycatch %	1.15%				1.15%
PROHIB SPECIES					
Halibut mortality (mt)	1.759	-	-	-	1.759
Opilio (no.)	-	-	-	-	-
Tanner Crab - Zone 1 (no.)	-	-	-	-	-
Tanner Crab - Zone 2 (no.)	-	-	-	-	-
Red King Crab (no.)	-	-	-	-	-
Chinook Salmon (no.)	552	-	-	-	552
Other Salmon (no.)	68	-	-	-	68

Table 5
2001 CDQ HARVEST – PACIFIC COD TARGET FISHERY
(in metric tons)

					Total
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to date
SPECIES					
Pacific Cod (BS/AI)	138.760	-	-	-	138.760
Sablefish (BS)	-	-	-	-	-
Sablefish (AI)	-	-	-	-	-
Trawl Sablefish (BS)	-	-	-	-	-
Trawl Sablefish (AI)	-	-	-	-	-
Greenland Turbot (BS)	0.010	-	-	-	0.010
Greenland Turbot (AI)	0.040	-	-	-	0.040
Atka Mackerel (Western AI)	-	-	-	-	-
Atka Mackerel (Central AI)	-	-	-	-	-
Atka Mackerel (Eastern AI)	0.480	-	-	-	0.480
Yellowfin Sole	0.320	-	-	-	0.320
Flathead Sole	0.160	-	-	-	0.160
Other Flatfish	-	-	-	-	-
Rock Sole	0.210	-	-	-	0.210
Bering Sea Pollock					
A/B season	-	-	-	-	-
C/D season	-	-	-	-	-
Aleutian Pollock	-	-	-	-	-
Bogoslof Pollock	-	-	-	-	-
Non-quota Pollock	2.530	-	-	-	2.530
Arrowtooth Flounder	0.090	-	-	-	0.090
True POP (BS)	-	-	-	-	-
Other Red Rockfish (BS)	-	-	-	-	-
True POP (Western AI)	-	-	-	-	-
True POP (Central AI)	-	-	-	-	-
True POP (Eastern AI)	-	-	-	-	-
Sharpchin/Northern (AI)	0.030	-	-	-	0.030
Shortraker/Rougheye (AI)	-	-	-	-	-
Other Rockfish (BS)	-	-	-	-	-
Other Rockfish (AI)	0.080	-	-	-	0.080
Squid	-	-	-	-	-
Other Species	7.320	-	-	-	7.320
TOTAL	150.030	-	-	-	150.030
Bycatch %	7.51%				7.51%
PROHIB SPECIES					
Halibut mortality (mt)	0.270	-	-	-	0.270
Opilio (no.)	-	-	-	-	-
Tanner Crab - Zone 1 (no.)	-	-	-	-	-
Tanner Crab - Zone 2 (no.)	-	-	-	-	-
Red King Crab (no.)	-	-	-	-	-
Chinook Salmon (no.)	-	-	-	-	-
Other Salmon (no.)	-	-	-	-	-

Table 6
2001 CDQ HARVEST – CRAB TARGET FISHERY

FISHERY	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to date	Total	NSEDC	Percent	Remaining
						CDQ	CDQ	Harvested	CDQ
Bering Sea opilio	337,488	-	-	-	337,488	338,053	338,053	99.83%	565
Bristol Bay red king crab	-	-	-	-	-	-	-	-	-
St. Matthew king crab	-	-	-	-	-	-	-	-	-
Bering Sea bairdi	-	-	-	-	-	-	-	-	-

B. CDQ Fishing Activities

During the first quarter of 2001, NSEDC conducted CDQ fishing operations for pollock in the Bering Sea, Pacific cod in the Bering Sea and Aleutian Islands, and opilio crab in the Bering Sea. We did not conduct directed fishing operations for sablefish, Greenland turbot, Atka mackerel, yellowfin sole, rock sole, halibut and king crab during this period. To date, NSEDC has harvested a total of 10,752.906 metric tons of annual groundfish CDQ including both target and bycatch species. This harvest is approximately 28% of the total allocation of annual groundfish CDQ in 2001.

A summary of the harvest of annual CDQ for the groundfish species by target fishery through the end of the first quarter is provided in Table 3. In addition, harvest information for each of the target fisheries by quarter are provided in Tables 4-5. Information on the harvest of CDQ crab by fishery is also provided in Table 6.

Pollock

The CDQ pollock fishery in the Bering Sea similar to the open access fishery is operating again this year under restrictive measures designed to protect Steller sea lion populations. In brief, like last year, the fishery has four seasons: the A season from January 20 to April 1; B season from April 1 to June 10; C season from June 10 to August 20; and the D season from August 20 to November 1. Each of the four seasons has a specific pollock harvest allotment and a limit on the amount of pollock that may be harvested inside the sea lion conservation areas (SCA).

During the first quarter of this year, NSEDC harvested 10,602.88 metric tons of CDQ pollock using both the Pacific Glacier and the Northern Glacier. Both vessels harvested amounts of CDQ pollock during three plus fishing trips – the Northern Glacier in twenty-eight fishing days between February 21 and March 23, and the Pacific Glacier in twenty-five days of fishing between February 11 and March 31. This harvest was worth roughly \$1.7 million in CDQ royalty payments to NSEDC, excluding roe royalty. Roe recovery rates for the quarter were just over 4%. NSEDC fishing operations for pollock will continue for several weeks in April during the B season. See Table 4 for a summary of the CDQ and PSQ harvest in the pollock fishery.

Summary of bycatch: The bycatch rate of other CDQ species in the pollock target fishery during the first quarter was one and fifteen one-hundredth of one percent (1.15%) of the total harvest. This bycatch rate was relatively low for this time of year, however the bycatch of chinook salmon and other species was higher than was experienced last year in the first quarter. Most of the bycatch consisted of Pacific cod, flathead sole, other species such as skate, sculpin and

shark, and lesser amounts of squid and arrowtooth flounder. Refer to Table 4 for additional detailed information.

Processing report: Products from A season processing of CDQ pollock included roe, surimi, mince and fillet blocks.

Compliance/enforcement issues: To the best of our knowledge, NSEDC-contracted vessels conducted CDQ pollock fishing operations in compliance with applicable federal and state laws and regulations governing the fisheries in the BSAI.

Pacific Cod

NSEDC harvested a small amount of Pacific cod in targeted CDQ fishing operations in the Bering Sea and Aleutian Islands during the first quarter. The open access fishery closed on March 25 and CDQ fishing started shortly thereafter with the Norton Sound and Courageous. The two catcher processing vessels harvested about 150 metric tons of CDQ Pacific cod during the last week of the quarter. The cod catch rates were slower than anticipated since the vessels are working grounds that are less productive but have lower bycatch rates of other species. This harvest was worth about \$30,000 in royalty payments to NSEDC. See Table 5 for a summary of the CDQ and PSQ harvest in the cod target fishery.

Summary of bycatch: The catch of other CDQ species in the Pacific cod target fishery accounted for approximately seven and one-half percent (7.5%) of the total harvest. This bycatch primarily consisted of ‘other species’ including skate and sculpin, non-quota pollock, some flatfish and rockfish, and a small amount of Atka mackerel. The bycatch rates in the cod fishery during this quarter were considerably lower than rates experienced last year at this time. The vessels are making a considerable effort to avoid bycatch, even at the expense of fish quality and size, and productivity. See the attached harvest summary in Table 5 for more detailed information.

Processing report: Products from our Pacific cod CDQ fishery were primarily headed and gutted, eastern-cut and western cut cod packaged and frozen in approximately 40-pound and 50-pound blocks. A portion of this H&G product is intended on feeding the Glacier Saltfish plant in Seattle for further processing into wet and dry salt cod products.

Compliance/enforcement issues: To the best of our knowledge, NSEDC-contracted vessels conducted CDQ Pacific cod fishing operations in compliance with applicable federal and state laws and regulations governing the fisheries in the Bering Sea and Aleutian Islands. There were no violations reported by NMFS Enforcement.

Sablefish and Greenland Turbot

There was no directed harvest of CDQ sablefish and Greenland turbot during the first quarter. NSEDC will commence targeted fishing operations for these species during the next quarter.

Atka Mackerel, Yellowfin Sole and Rock Sole

There was no directed harvest of CDQ Atka mackerel, yellowfin sole and rock sole during the first quarter. NSEDC will commence targeted fishing operations for Atka mackerel during the third quarter of the year.

Halibut

There was no harvest of CDQ halibut during the first quarter. NSEDC will conduct halibut fishing operations in the region and offshore starting next quarter.

Bering Sea Opilio Crab

During the first quarter, NSEDC-contracted crab harvesting vessels – the Adventure and Viking Queen - harvested and delivered a total of 337,488 pounds of CDQ opilio crab including both live and dead crab out of a total CDQ allocation of 338,053 pounds (see Table 7). The fishery commenced on February 23 and the final delivery of crab was made by March 20. NSEDC vessels harvested all except for 565 pounds of the CDQ opilio allocation. Dead loss from this harvest was about 3,044 pounds or 0.90 % of total CDQ poundage delivered.

NSEDC received royalty payments (at \$1.55 per pound grounds price) for delivered CDQ opilio (excluding dead loss) of \$226,586. NSEDC placed and paid for crab observers on each of the harvesting vessels.

Summary of Bycatch: There was no reported bycatch of other crab species in the CDQ opilio fishery.

Processing Report: Icicle Seafood processed the catch of CDQ opilio on-board the processing barge Arctic Star located in St. Paul harbor. Icicle custom processed the CDQ crab under contract to NSEDC. Product included various sizes of frozen clusters packed in 25-pound boxes.

Compliance/Enforcement Issues: NSEDC conducted CDQ opilio fishing operations in compliance with applicable federal and state laws and regulations governing the fisheries in the Bering Sea and Aleutian Islands. NSEDC crab harvesting vessels each carried a fisheries observer.

Norton Sound Red King Crab

There was no harvest of CDQ red king crab in the Norton Sound fishery during the first quarter. The GHF for this fishery will be set by ADF&G sometime this spring. The CDQ fishery will commence after the conclusion of the open access fishery - starting July 1 - probably during the third quarter of the year.

Bristol Bay Red King Crab

There was no harvest of CDQ red king crab in the Bristol Bay fishery during the first quarter. A groundfish crab survey to assess the status of the crab stocks will be conducted by ADF&G this summer. The GHF for this coming season - starting in October or November - will be set sometime thereafter. NSEDC will commence targeted fishing operations after the open access harvest probably during the fourth quarter.

St. Matthew Blue King Crab

There was no harvest of CDQ king crab at St. Matthew during the first quarter. This commercial crab fishery will probably be closed again to open access and CDQ harvest in 2001. The fishery was closed in 1999 and 2000. NSEDC will continue to monitor information from the North Pacific Fisheries Management Council and NMFS regarding status of these stocks, the preparation of the rebuilding plan and progress towards reopening this crab fishery.

C. Other Fishing Issues

Pre-season NMFS Meeting

NSEDC attended a meeting in Juneau in early January with NMFS personnel and other CDQ groups to review CDQ fishing operations in 2000 and to discuss CDQ fisheries management issues and associated priorities for this coming season. The sea lion conservation measures, or reasonable and prudent alternatives (RPAs) as they are called, are being continued for the first portion of the fishing year and starting in June, new restrictions for fishing in sea lion critical habitat (CH) areas will be applied to the pollock, Atka mackerel and Pacific cod fisheries. These restrictions will be developed through the North Pacific Council and applied by NMFS.

Other Activities

During the first quarter, NSEDC participated in variety of meetings sponsored by the North Pacific Fisheries Management Council including a special meeting in Seattle on January 11 to discuss sea lion protection measures, a regularly scheduled meeting in Anchorage during the week of February 5 and additional meetings in Anchorage during the month of March to discuss rationalization of

crab fisheries and further analysis of sea lion protection measures or RPAs. Eugene Asicksik was appointed by the Chairman of the Council to sit on the CDQ Policy Committee. NSEDC attended the annual meeting of the International Pacific Halibut Commission in Vancouver on January 24-26. NSEDC staff and contractors also participated in other meetings with CDQ groups, At-sea Processors Association, NMFS and the state CDQ team regarding the implementation and management of the multi-species CDQ program.

CDQ Crab Marketing Activities

NSEDC started working with Glacier Seafood International (GSI) – a division of Glacier Fish Company - in sales of crab product from the CDQ fisheries when the CDQ program first expanded into the crab fisheries in 1998. Since the start of these efforts, the NSEDC/GSI joint venture has sold custom processed crab product (produced by Icicle Seafoods under the CDQ crab processing agreement) from the Bering Sea opilio fishery and the Bristol Bay king crab fishery, and one year during the St. Matthew king crab fishery. The Bering Sea bairdi fishery has remained closed to commercial fishing as well as the St. Matthew fishery since after the 1998 season.

Rising ex-vessel prices, declining stocks and harvest limits in the Alaskan crab fisheries combined with increasing production from Canadian and Russian crab fisheries have resulted in a narrowing of the profit margin from the sales of CDQ crab product. In summary of the past years' operations, the fisheries in 1998 and 1999 were generally profitable from the standpoint of marketing CDQ crab product while the fisheries in 2000 and so far in 2001 have shown reduced revenues, high costs per pound and resulting marginal profits or losses.

For the first quarter of this year, NSEDC/GSI has various amounts of CDQ crab product in inventory from the 1999 Bristol Bay king crab fishery and the 2000 and 2001 Bering Sea opilio fisheries. All other product from the CDQ fisheries has been sold.

2000 Norton Sound red king crab

In addition to the CDQ fisheries, NSEDC has also been working with GSI in the production and sales of king crab product from the open access fishery in Norton Sound. The first year of this crab processing and marketing operation was 2000. About 104,000 pounds of mostly No. 1 sections of the total production of about 178,000 pounds of product remains in cold storage from the 2000 fishery. However a large portion of this inventory is committed for sale. Based on current projections, NSEDC is expecting a small profit on estimated revenues of about \$1.24 million. Planning for the 2001 fishery is currently underway.

1999 Bristol Bay red king crab

Through the end of the first quarter, NSEDC and GSI have sold almost the entire inventory of red king crab product from the 1999 Bristol Bay CDQ fishery. Only 281 pounds of mixed claws and miscellaneous product remain in cold storage. This remaining small amount of product will be sold during the next quarter. We are anticipating a negative cash flow on projected total revenues of about \$839,897 and almost \$890,000 in expenses.

2000 Bering Sea opilio crab

By the end of the first quarter, NSEDC and GSI sold or committed for sale about 206,400 pounds of #1 fancy and grade A opilio clusters for total revenues of \$943,213. These sales included almost the entire inventory of 5-8 oz. clusters at a market price of \$4.50 per pound. The remaining inventory of 81,175 pounds includes mostly 8 oz. up and 10 oz. up clusters with some grade A and bits and pieces. IPC has reprocessed the bits and pieces for sale as cocktail claws and broken pieces. At current market prices, we are projecting a small negative cash flow on projected revenues of about \$1.28 million.

2001 Bering Sea opilio crab

In March of this year, Icicle Seafoods custom processed opilio crab from the Bering Sea CDQ fishery on behalf of NSEDC. The Arctic Star, an Icicle-owned processing barge located in St. Paul harbor, produced 215,900 pounds of finished product at total recovery rate from delivered round weight crab of almost 65% (excluding dead loss). Finished product included various amounts of 5 oz. up No. 1 clusters, 5-8 oz. No.1 clusters, 8 oz. up No. 1 clusters, grade A product, and bits and pieces. A portion of the finished product has already been shipped to market while the remaining amount is currently awaiting shipment from St. Paul to cold storage in Seattle. NSEDC/GSI has already committed for sale the entire production of 5 oz. up and 5-8 oz. No. 1 product. The remaining production is being shipped to Seattle for sale. With the current commitment of sales and projections at current market prices, NSEDC is anticipating either a breakeven or a small profit from the sales of CDQ product from this fishery of roughly \$816,000.

V. Confidential Issues

A. Financial Statements

NSEDC Statement of Activities (Attachment 1)
NSEDC Statement of Financial Position (Attachment 2)
NSEDC Statement of Cash Flows (Attachment 3)
Glacier Fish Company Report
 Comparative Schedule of Operations (Attachment 4)
 Balance Sheet (Attachment 5)
 Statement of Cash Flows (Attachment 6)
NSEDC Administrative Expense Schedule (Attachment 7)
NSEDC Budget to Actuals (Attachment 8)
NSEDC Species Royalty Analysis (Attachment 9)

In accordance with State of Alaska Statutes 6AAC93.070 (b), (c), and (d), NSEDC requests these and other documents marked “CONFIDENTIAL” be kept confidential and not released to the public or any other party.

B. Tax Issues

None

C. Imminent Major Investments

None

D. Other

Also included as attachments to this report are the following items;

- 2000 Community Benefit Share Listing (11)
- NSEDC newspaper ad announcing the fourth quarter Board of Directors meeting and Special Board of Directors meeting (Attachment 12)
- NSEDC newspaper ad announcing ELSP Training (Attachment 13)
- NSEDC Newsletter (Attachment 14)