



COASTAL VILLAGES REGION FUND

Neqsurtet Nepiit

“The Sound of the Fishermen”

SUMMER 2006

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Ella White and George Smith unveiling the sign

STEVEN “ANGIVRAN” WHITE FISHERIES SUPPORT CENTER

On July 18, 2006 the Coastal Villages Region Fund (CVRF) Board of Directors dedicated our local fishery support building in Eek in honor and memory of Steven “Angivran” White. All agreed that the dedication to Steven is fitting, as he was one of the founding fathers of CVRF. For nearly a decade, he served his community by taking valuable time and dedicating it to finding a better way to support local fishermen and local fisheries for the benefit of the people. His good judgment and understanding of the fisheries continue to have a positive impact that guides us today. He was there when the company faced its early challenges. With Steven’s wisdom and guidance, the company flourished into one of the most successful CDQ groups today.

During the dedication ceremony, George Smith, fisheries support center superintendent, said, “He lived and worked so that others would benefit from his work and he deserves a place in our history books. Dedicating this building will preserve his memory and his story. It is a reminder for generations to come of Steven’s hard work, a reminder that if we work hard, if we work together, we can accomplish many good things.”

Steven could see that the profits from large commercial Bering Sea fisheries (e.g. pollock, cod, crab) could be used

to build and sustain our relatively small commercial fisheries (herring, halibut, salmon) in and around Kuskokwim Bay. This vision provided the framework CVRF as it exists today, using earnings from the Bering Sea to build stable local processing capacity.

The sign for the Steven “Angivran” White Fisheries Support Center was unveiled as Steven’s family, friends and other appreciative residents of Eek and surrounding communities looked on. During the dedication, a plaque was given to Steven’s widow, Ella White. Following the ceremony, food and refreshments were served to those who attended the dedication. Soon after the food was served, the group visited Steven’s final resting place to honor him with a wreath.

The Steven “Angivran” White FSC, initially built in May 2005, is one of the first fisheries support centers built by Coastal Villages. By 2007, Coastal Villages will have Fisheries Support Centers to serve all 20 of its member communities from Scammon Bay to Platinum. The support centers provide a place to make repairs on boats, four-wheelers, snow-machines, and provide other mechanical and welding services.

More coverage inside Pg 8-9

CHEFORNAK • CHEVAK • EEK • GOODNEWS BAY • HOOPER BAY • KIPNUK • KONGIGANAK
KWIGILLINGOK • MEKORYUK • NAPAKIAK • NAPASKIAK • NEWTOK • NIGHTMUTE • OSCARVILLE
PLATINUM • QUINHAGAK • SCAMMON BAY • TOKSOOK BAY • TUNTUTULIAK • TUNUNAK

FISHERIES UPDATES

Halibut Fisheries

Local halibut fishermen have been having another successful season after our halibut operations opened later than expected due to the unusually late spring. At the beginning of the season, CVS had problems with snow pack at the plants, frozen fresh water lines and the fleet could not get out to the halibut grounds.

Since then, fishermen have been landing near record amounts of halibut and the grounds price is the highest it has been in recent history.

Total quota for CVS in 2006 is as follows:

Area	Quota	Catch	Remaining
4D	115,920	9,736	106,184
4E	231,000	231,000	0
TOTAL	346,920	240,736	106,184

Prices in 2006 for CVS plants opened at \$2.50 per pound. This is \$.50 more than 2005 and \$1.25 more than 2004 and 2003.

As of August 11, 2006, our shore side plants purchased 240,736 pounds of halibut totaling \$598,915 for our local fisherman. Purchases have been made in Cheforvak, Mekoryuk, Quinhagak, Toksook Bay, Tununak, Hooper Bay, and Kipnuk. All shore side plants bought halibut for \$2.50 per pound and \$2.25 at the South Nunivak Island.

Demand is excellent for CVS halibut due to the high quality of our product. CVS only purchases #1 halibut from fishermen and this is reflected in the market price received for sales. CVS is aiming to further increase the volume running through these six plants which should reduce the operating losses making these plants more sustainable.

South Nunivak Halibut Tender

CVS also purchased halibut from a tender on South Nunivak Island during the month of June. This type of mobile purchasing was done once before in 2004. This project was complicated and had many hurdles. CVS provided food, bait and fuel for sale to the fishermen. CVS also linked a shore based internet satellite signal to the tender via long range wireless connection. The fish was delivered to Toksook Bay for processing.

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Martin Jr. and Carrie Aliralria fishing for halibut



Alfred Nicolai offloading halibut in Mekoryuk



Toksook Bay halibut plant workers



Michael Chagluak deheading a halibut

Salmon Fisheries

The Quinhagak processing plant is managed by Jim Sartelle. Jim has worked at the Quinhagak plant as a production manger since the summer of 2002.

Quinhagak is having a record year purchasing over 1.4 million round pounds of product through the end of July. A good Coho production should push this number over 2 million pounds netting cash in fishermen's pockets, overtime for plant workers, and more production for CVS customers.

The Bethel Buy & Fly is managed by Perry Hendricks and had two openers in June. Coho season opened August 1 on the lower Kuskokwim River and a good Coho run will hopefully net around 1.5 million lbs of production for this operation by the end of the month.



Quinhagak salmon plant crew



Quinhagak fishermen waiting to deliver salmon

Salmon	Quinhagak	Bethel	Total
Chum	325,356	160,620	485,976
Coho	2,538	0	2,538
King	302,794	18,011	320,805
Sockeye	802,363	52,999	855,362
TOTAL	1,433,051	231,630	1,664,681

Herring Fisheries

Here are the final harvest numbers for all five CVRF districts. Cape Avinof district was not opened due to lack of participation, and Nunivak Island is not open for commercial harvest. The following is a summary of the activity for 2006.



Delivering salmon

District	Quota (tons)	Harvest	Roe %
Goodnews Bay	822	64	9.64%
Cape Avinof	105	0	—
Nelson Island	562	260	10.88%
Cape Romanzof	609	92	10.07%
TOTAL	2,098	416	



Willard Chayalkun holding two bled kings



Fishing for herring

F/V KELLY MAE

In early 2003 Coastal Villages turned its focus towards improving transportation infrastructure in the region in both the near and long-term. Now that we were providing a home for fishermen to sell their catch, how can we get it to market more efficiently? Limited energy and transportation infrastructure in Quinhagak left us with few options to move product. Frozen product must be moved out of Quinhagak quickly, as the power plant would only support 9.5 freezer vans (or cans) at a time. Available freight operators could only haul one can at a time. Vans were shuttled to Bethel, where they were staged to wait for a larger barge. Nearly one-third of the cost of getting frozen product from Quinhagak to market was eaten up by the Quinhagak to Bethel portion of the trip.



F/V Kelly Mae

A search began for a vessel that could haul freight, tender salmon and navigate the mud flats in front of Quinhagak. The search concluded that such a vessel did not exist. A new search was begun for a vessel that could haul freight, tender salmon and have a good chance to navigate the mud flats in front of Quinhagak. This search resulted in one promising option.

The 135-foot F/V KELLY MAE, a military surplus LCU (landing craft, utility) was purchased and brought through the Panama Canal from Florida in 2004. We then used it in 2005, hauling one load of materials for our salmon operations, tendering salmon in the Kuskokwim and Goodnews Bays, and hauling vans out of Quinhagak. Her biggest load was nearly 80,000 lbs of salmon, and she was able to carry 3 vans at a time from Quinhagak to the Port of Dillingham. Best of all, two CVRF region residents were with her the entire time, from initial set up in Florida, through Panama, up the West Coast, working on the retrofit in Everett, guiding her north to Alaska and being met by the community of Quinhagak.

In early 2006, with a season of actual operations under our belt, we decided that we had a good asset, but we could make it better. This spring, again with the help of CVRF region residents, the KELLY MAE underwent a major retrofit in Seattle. Joe Hall, fisheries manager for Coastal Villages, reports that "this vessel did everything that we expected of her in 2005 and the CVRF Board of Directors approved a budget to further upgrade the vessel for long-term use in our fisheries. We replaced a majority of the bottom, installed two new cranes for tendering and freight, two new main engines and two new generators, made deck modifications to haul four 40 foot refrigerated vans instead of three and painted the vessel with Coastal Villages' colors."

Newly retrofitted, tested and deemed ready for the upcoming season, the KELLY MAE traveled safely from Seattle to Quinhagak. It is now employing local residents, hauling freight for our operations, and tendering for fishermen.

F/V DETERMINATION

Hooper Bay Fishermen Are Determined to Find Halibut

The F/V DETERMINATION, a 30-foot halibut longliner was built to help CVRF region fishermen catch our CDQ halibut. She is operating out of Hooper Bay with a crew of five. The first crew includes Simeon Swetsoff, Norman Joe of Chevak, and Luke Tall, David Bunyan, and Ben Nukusuk of Hooper Bay. Kevin Kennedy, vessel manager, oversaw the design and construction of the new vessel. The DETERMINATION was built this spring and will provide a platform to train local fishermen how to longline and deliver halibut to our local halibut plants.



F/V Determination

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Capable of delivering 6,000 pounds of halibut, the DETERMINATION is 30 feet long, 11.5 feet wide and 8.5 feet tall. The size makes it more stable than the average skiff and allows it to travel as far as St. Lawrence Island. It has twin 150 Honda outboard motors, and is made of all aluminum. It is also equipped with an electronic positioning emergency radio beacon (EPERB), depth finder, fish finder, life raft, and survival suits.

The vessel arrived in Hooper Bay in late July and is currently fishing for halibut. While the local crewmembers are new to longlining, they are in the process of training to take the lead. Local residents normally use fishing rods to jig for halibut. A longline is capable of pulling in more than one halibut at a time, and should allow for an increase in the harvest.



F/V Determination Crew

A HISTORIC SEASON IN THE MAKING

With no road system in place, shipping hundreds of thousands of pounds of Kuskokwim Bay Wild Salmon out of Quinhagak during the fishing season is done by air and water. Coastal Villages Seafoods (CVS), a subsidiary of Coastal Villages Region Fund (CVRF), often charters planes capable of shipping 5,400 pounds from various airlines to Bethel. From Bethel, the salmon is shipped to Anchorage where Pacific Harvest and Commodity Movers ship the salmon to buyers. Kuskokwim Bay Wild Salmon has reached vendors as far as Italy, located halfway around the world from Alaska.



Loading fish onto the Everts DC-6

June 22 was a historic day for CVRF and CVS. Everts Air Cargo's DC-6 flew 24,000 pounds of packaged salmon out of Quinhagak, the most ever on a single flight. Jim Sartelle, salmon operations manager for the Quinhagak plant, says that, "we are now starting to use the large DC-6 airplane to transport out fresh salmon to Anchorage since we now have an extension on the runway. We can ship four to five times the amount that we have in the past on one flight instead of flying five loads that fly to Bethel and are transferred to a larger carrier to fly to Anchorage. The fresh salmon get to market faster, there's no delay waiting for flight transfer which can take up to several hours and or wait for a flight the next day. This method of shipping more fish enhances the amount we can ship and also helps on reducing limits to fishermen."

Flying a DC-6 cargo plane into Quinhagak would not have been possible without the runway extension. The State of Alaska Department of Transportation completed a 3200-foot runway in 2003 after the prior runway near the river was eroding away. The Native Village of Kwinhagak (NVK) and CVRF determined that 3200 feet was not sufficient for cargo planes to fly in and out to deliver packaged salmon.

In 2005, CVRF provided matching funds to secure funding from the federal Economic Development Administration (EDA) to extend the runway to 4000 feet, making it possible to fly cargo planes in and out of Quinhagak. A total of \$1,529,862 was invested creating 189 jobs in the extension project.

Salmon caught near Quinhagak and Goodnews Bay are delivered to the Quinhagak plant to be processed and packaged. CVS is on schedule to surpass its total catch in a season of each of the past five years. Between 2002 and 2005, an average of 802,408 pounds of salmon has been bought each season by the end of July. By the end of July 2006, we have bought more than 1.4 million pounds of salmon.

Due to the success of Coastal Villages Seafoods and the abundance of salmon this year, local fishery managers are looking at extending the commercial fishing openers from two per week to three per week.



American Seafoods workers offloading pollock



John Joe working on an American Seafoods vessel



Frank Hill of Quinhagak working in Dutch Harbor



Mekoryuk halibut plant workers

QUOTA MANAGEMENT UPDATE

Pollock

In 2006 BBEDC, CBSFA, and CVRF have pooled together their pollock quota, which is being harvested by American Seafoods. The groups have agreed to rotate harvest management responsibilities on an annual basis, and this year CVRF is the quota manager. Pollock harvest as of July 26 is 49,699mt of 80,200mt, or 62%.

Pacific Cod

For 2006 Pacific Cod, CBSFA and CVRF have pooled together and CVRF is the quota manager. As of July 26th, 2,310mt of 3,504mt has been caught, or 66%.

FG Sablefish

The Sea Venture is going to harvest CVRF's sablefish this year. For this season, 115mt is allocated for harvest. As of July 26, there is no activity.

Halibut – Area 4D

Area 4D halibut is currently being fished by CVRF region residents, and delivering to local plants in Hooper Bay, Toksook Bay, Tununak, Mekoryuk, Cheforak and Kipnuk. The total catch as of August 10 is 9,736lbs of 115,920lbs, or 8%.

Halibut – Area 4E

Area 4E halibut is currently being fished by CVRF region residents, and delivering to local plants in Hooper Bay, Toksook Bay, Tununak, Mekoryuk, Cheforak and Kipnuk. The total catch as of August 10 is 231,000lbs of 231,000lbs, or 100%.

Atka Mackerel/Flathead/Rock/Yellowfin Sole

This year the flatfish pool is being managed by CVRF, with BBEDC, CBSFA and YDFDA pooled together. As of July 26th, 3,777mt of 9,432mt was harvested, or 40%.



Brian Carl and James Active III of Kipnuk showing their halibut catch

FSC CONSTRUCTION UPDATE

Construction has started on four new fisheries support centers in Hooper Bay, Toksook Bay, Kwigillingok, and Kongiganak. Paug-Vik Development Corporation (PVDC) is the general contractor and is using local hires from each village: Homer Tinker, Gabriel Moses, Murphy Hoelscher, and Naaman Tomaganuk in Hooper Bay; Ben Charlie, Michael Manchuak, Robert Lincoln, and Joseph Nevak in Toksook Bay; Frederick N. Black, Reuben S. Paul, Ralph Kiunya Sr. and Ralph Kiunya Jr. in Kongiganak. Homer Tinker is a graduate of AVTEC's Facility Maintenance Construction, a past participant of CVRF's scholarship program and has also been hired to work as an intern.

Construction is slated to wrap up around mid-August to be followed by four more FSC's to be built in Tununak, Nightmute, Mekoryuk and Chefornak. PVDC will also be using local hires for those projects and employment information is available at the office of the tribal administrator in each village.

CVRF is currently conducting site selections in Chevak, Kipnuk, Tuntutuliak, Quinhagak, Napakiak, Goodnews Bay, and Napaskiak/Oscarville for FSC construction in 2007.

FSC's in Kongiganak and Kwigillingok consist of a 25' x 34' shop, a community liaison office, and two additional rooms to be used as either offices or bunkrooms. The FSCs in Hooper Bay and Toksook Bay have a 36' x 36' shop, CL office and two additional multi-purpose offices.

Each FSC will have a qualified mechanic/welder on staff. By providing a year round maintenance facility, fishermen are able to make the most of the fishing season without experiencing delays waiting for last minute boat and motor repairs on snow machines, four wheelers and trailers.

Any questions regarding this project can be brought up to your local CVRF office or the Anchorage office at 888-795-5151.

FISH PLANT EXPANSION

Work has begun on the construction of a new salmon processing plant to be located on the north Platinum Spit. Geologists, engineers, and other contractors are currently working on soils analysis and site plans for the new plant. The plant will employ around 125 workers when fully staffed. This new processing facility will relieve the workload on the Quinhagak plant eliminating the need for setting limits and allowing for increased fishing opportunities in District 5. Ground breaking on the complex is scheduled to begin late this fall with completion slated for July 2008, in time for the silver salmon opener.

Any questions regarding this project can be brought up to your local CVRF office or the Anchorage office at 888-795-5151.



Construction of the Kongiganak FSC



Homer Tinker of Hooper Bay



Construction of the Hooper Bay FSC



Soil testing at the north Platinum Spit

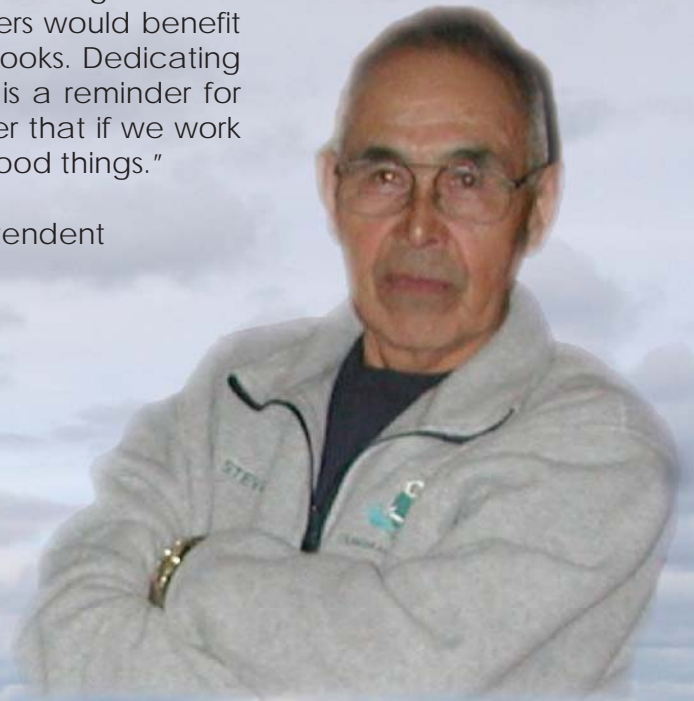


On Tuesday July 18, Coastal Villages dedicated the Steven "Angivran" White Fisheries Support Center in Eek. Steven was a founding father of Coastal Villages although he gave all the credit to Wassilie Bavilla of Quinhagak and David Bill Sr. of Toksook Bay. Steven served on the Board of Coastal Villages at the executive Board level for nearly ten years. He was one of the few men who understood Bering Sea pollock, crab, cod, and the other multi-species and how their harvest allocation could benefit our communities. And Steven took it a step further; he connected those Bering Sea industrial fisheries to the responsible, sustainable support for local commercial harvest of herring, halibut, and salmon operations.

As CVRF developed, Steven White became a revered leader. When Steven spoke, everyone in the room came to the edge of their seat even if they did not understand a word of his perfect old-time unbroken Yupik. He knew just how to sum up the facts and sort through the feelings and get on with business united and strong.

"Being on the CVRF Board along with Steven taught me about his passion for providing for his people. His work ethic and compassion to provide for his people still live with the company. We at CVRF will never forget Steven "ANGIVRAN" White. He lived and worked so that others would benefit from his work and he deserves a place in our history books. Dedicating this building will preserve his memory and his story. It is a reminder for generations to come of Steven's hard work, a reminder that if we work hard, if we work together, we can accomplish many good things."

-George Smith, FSC Superintendent



Steven experienced the early struggles of Coastal Villages and he was a key member of the turnaround. In October of 1999, Steven attended the first of many meetings with Centre Partners, the New York City private equity firm that led to the acquisition of our largest holding, American Seafoods. It is entirely fitting that Steven was also present when we EARNED our first million from that transaction. We hope that Steven would be proud as we currently own over 45 percent of the equity interest and hold significant control over matters of corporate governance with presence on American Seafoods' board of directors.

For the twenty communities from Scammon Bay to Platinum, we honor Steven White, CVRF founding father for all the work and dedication to the development company, the support for the programs, and the love of the people. He will forever be a part of our company and our region.

PROGRAM UPDATE

CDQ Project Fund

In the first six months, requests from communities for the Project Fund have been increasing. Funds are still available through the program for various communities, of which city and tribal governments are eligible to apply. ANY project that will provide economic benefit to the community will be considered. Fisheries related projects will be given precedence over other related projects.

The communities of Eek, Kwigillingok, and Toksook Bay each received funding for potlatches to honor the troops who were deployed for Iraq. Hooper Bay, Newtok, Tununak, and Nightmute each received funding for their spring-clean up projects. Kongiganak Traditional Council received their 2006 funds to repair their boardwalk. Napakiak received funding to hire a grant researcher/writer project director for 2006. Quinhagak received their 2006 through 2007 funding for a community plan project. Mekoryuk received funding for 2006 through 2008 to assist with leveraging the Tribal COPS funding. Hooper Bay has been approved to receive funding for Summer Youth Clean-Up.

Any questions regarding this program can be brought up to your local CVRF office or the Anchorage office at 888-795-5151.

HaullyWOOD Project

The price of heating fuel (stove oil) in the Coastal Villages Region Fund communities has never been more expensive. Communities across rural Alaska, where fuel can only be barged and in some emergency cases flown in, have been hit the hardest economically. CVRF has recently conducted a survey in all of its 20 communities and is currently in the process of evaluating the overall need and use of wood for heating to offset costs of heating fuel in our communities.

According to the survey, it is estimated that for every two drums of heating fuel used, one sled load of wood is used. Approximately half the households that participated have woodstoves.

After further management review of the results, a determination will be made if this is a feasible project.

Any questions regarding this project can be brought up to your local CVRF office or the Anchorage office at 888-795-5151.



Troops from Chevak who have been deployed to Iraq



Spring Youth Clean up in Tununak



Wood stove in Newtok



Meeting with KUC college students in May

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Summer Interns: Esther Simon, Wayne Phillip



Andrew Agloinga and his snow-machine bought with earnings from American Seafoods



Ilarion Tunuchuk and his new 4-wheeler bought with earnings from American Seafoods



Kongiganak youth participating in Campfire USA

4-SITE - Scholarships, Internships, Training, Employment

Scholarships – A total of 58 complete applications were received and approved for \$250,600 for the Fall 2006 semester. The amount of applications and overall award totals more than it has the past three years. Applications for the Spring 2007 semester can be submitted and the deadline is October 31, 2006. Scholarships can be used for college, vocational training, and GED classes.

Internships – Two interns were hired during the summer. Wayne Phillip of Kongiganak, also a LBMS recipient, has been hired as the administrative intern for the Quinhagak plant. Esther Simon of Scammon Bay, another LBMS recipient is the accounting intern for the Anchorage office. Interested parties may apply through their local CVRF office or the Anchorage office.

Training – CVRF has an MOU/MOA with Paug Vik Development Corporation for apprenticeship opportunities on the construction of the eight fisheries support centers planned for this year. If you are interested in this opportunity contact the Anchorage office. Joseph Karl, Gregory Angaiak, Tod Knivila, Jonathan Pingayak, Lester Wilde, Oscar Amos, and Lilly Wassillie attended the HACCP training in Quinhagak from May 22-27.

Employment – CVRF is currently recruiting for a new community liaison for Nightmute. Recruitment for the B Season began in late March and is continuing until the season is over. We have 28 region residents currently working for American Seafoods, 1 working for Westward Seafoods and 4 are working on the F/V Kelly Mae. A total of 362 applications have been submitted for work at our plants and fishing partners.. 85% of the workers for our seven plants and Bethel station are CVRF residents!

Youth Leadership - Youth groups from Hooper Bay and Cheforak traveled to Bethel from June 5-9 to attend the Rural Provider's Conference. A group from Chevak also traveled to Anchorage to attend the Alaska Catholic Youth conference from June 11-17. Kongiganak, along with Campfire USA, held a two-week Rural Water Safety and Recreation Program from June 24 through July 8 for youth between the ages of 4-20. We are finalizing selections for 20 youth to attend the AFN Youth and Elders Conference October 21-25.

Outreach - Dawson Hoover and Mae Hank traveled to Bethel to meet with college students attending the Kuskokwim University Campus and they gave out promotional items and scholarship applications to the students. A gift and congratulatory notes were sent to the 89 high school graduates of 2006. The outreach coordinator met with prospective 4-SITE participants during the Native Youth Olympics state meeting in April.

Commercial Fishing Loan Program - The commercial fishing loan is available for fisherman who need a boat, motor, and fishing gear. The deadline to apply for this loan for the 2007 fishing season is October 15, 2006. Please call 1-888-795-5151 if you are interested.

CVRF Board of Directors

Oscar Evon, *President*
Kwigillingok

Timothy Samson, *Vice President*
Kipnuk

John O. Mark, *Secretary*
Quinhagak

David Bill Sr., *Treasurer*
Toksook Bay

Eric Olson Sr.,
Executive Committee Member
Hooper Bay

Jonathan Lewis,
Executive Committee Member
Chefornak

Gabriel Olick,
Executive Committee Member
Tuntutuliak

Earl Atchak
Chevak

William Brown
Eek

Evan S. Evan
Goodnews Bay

Ralph Kiunya
Kongiganak

Hultman Kiokun
Mekoryuk

Nicholas Paul
Napakiak

Helen Kaganak
Napaskiak

Peter John
Newtok

Jimmy George
Nightmute

Frank Berezkin
Oscarville

John Bright
Platinum

Sebastian Kasayuli
Scammon Bay

Felix Albert
Tununak

BOARD UPDATE

During the quarter, the Executive Committee had meetings on May 19, June 14, July 14, and July 26-27. During the May 19 meeting, the new Coastal Villages Region Fund Strategic Mission Statement was approved. During the June 14 meeting, the Committee approved management's request to purchase a tugboat if deemed to be viable, feasible, and prudent. On July 14, the Committee elected Morgen Crow as its CDQ panel representative. They also discussed the balance needed for water supply between the salmon plant operation in Quinhagak and the community residents. On July 27, the scholarship committee approved 58 scholarships for the Fall 2006 semester for a total of \$250,600.

The Board of Directors had their second quarter meeting in Anchorage on June 6. Scott Miller of KPMG gave the 2005 audit report to the Board. Updates and reports were given on the following: Current Financial Update, CDQ Project Fund, CVS Operations, Projects, Legislative/Policy Report, Bering Sea Fisheries Status, Potential Acquisitions, and Other Investment Opportunities. The Strategic Mission Statement was approved by the Board.

Fairbanks Work Session

The Coastal Villages Region Fund Board of Directors along with the executive staff had their annual board work session in Fairbanks May 2-3. They prepared for the fishing season and learned about strategic planning for the region.

The Board met with Gubernatorial candidate John Binkley, and Doyon President/CEO Orié Williams during the work session. Following the meeting, Mr. Williams gave a tour of the Doyon, Limited building. After the tour, the group visited the Trans-Alaska Pipeline.

The following day, the Board and staff had their meeting at the Westmark hotel. The Board was updated on current and upcoming projects for the season.

The Board and staff met with representatives from the University of Alaska Fairbanks School of Fisheries Management. Chancellor Steve Jones also met

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CVRF Board of Directors and Staff

with the group during the meeting to discuss the School of Fisheries Initiative. Following the meeting, the Board and staff toured the newly renovated UAF Museum.

The Board of Directors appointed a Strategic Planning Committee to draft a new Strategic Mission Statement. The mission statement was presented to the Board and accepted at the second quarterly meeting. The statement reads as follows:

STRATEGIC INTENT (VISION)

Continuous focus on balancing growth in commercial fishing and sustainable development of CVRF communities.

STRATEGIC MISSION

Provide the means for Development of our communities by creating sensible, tangible, and long-term opportunities that generate hope for all people who want to fish and work.

CORE VALUES

- Effective Strategic Leadership
- Trust, Integrity & Teamwork
- Respect for and Understanding of all PEOPLE
- Active Community Participation
- Respect for and Understanding of the Land, Sea, and the Resource
- Growth & Sustainability through Maximum Return on Capital
- Industrious People + Job Opportunities = Self Determination

CORE COMPETENCIES

- Balance the needs, wants, and expectations of all – Now and 7 generations from now
- Understand risks/rewards, develop a plan of action, support it and execute on it
- Deliver efficient and equitable economic benefits to our communities
- Develop and deploy successful business models and adapt as needed for future use
- Support bold thinking and continuous innovation
- Deliver disciplined, purposeful & sensible initiatives to sustain and stimulate new economic growth in our region



John Binkley, David Bill Sr., and Oscar Evon



CVRF Board and staff visiting the Trans-Alaska Pipeline



Orie Williams giving a tour of the Doyon building to the Board

COAST GUARD BILL UPDATE

Senator Ted Stevens and Congressman Don Young Make Major Improvements to Western Alaska CDQ Program

On July 11, 2006, President George Bush signed into law (Public Law 109-241) some major improvements to the western Alaska CDQ Program that Senator Ted Stevens and Congressman Don Young have been pursuing for the past year. The CDQ amendments were part of a broader bill (H.R. 889) that deals with the U.S. Coast Guard. CVRF joined three other CDQ groups in working with Senator Stevens and Congressman Young and strongly supporting their amendments. The changes were based on recommendations made in 2005 by the Blue Ribbon CDQ Panel that was chaired by Ed Rasmuson. The amendments make the following important changes to the western Alaska CDQ Program:

(1) **Purposes of Program:** For the first time, the purposes of the western Alaska CDQ Program are stated in federal statute. The basic purpose of the CDQ program is “to provide...western Alaska villages with the opportunity to participate and invest in fisheries in the [BSAI]...to support economic development in western Alaska...to alleviate poverty and provide economic and social benefits...and...to achieve sustainable and diversified local economies in western Alaska.”

(2) **Program Allocations:** The amendments mandate the continuation of Bering Sea and Aleutian Island (BSAI) fishery allocations to the CDQ program at current levels and with no sunset date. Previously, the allocations to the CDQ program required periodic renewals by the North Pacific Council and were susceptible to changes or sunsets. The amendments also require a 33 percent increase in the allocations of multi-species groundfish (e.g. cod, mackerel, flatfish, and rockfish) to the CDQ program once and if individual quotas or sector allocations are implemented in these fisheries. The amendments also require that 10 percent of any new fisheries in the BSAI be allocated to the CDQ Program. The amendments clarify that processing rights are included in the allocations of BSAI fishery resources to the CDQ program and to each CDQ group.

(3) **Regulation of CDQ Harvest:** The amendments prohibit the North Pacific Council and NMFS from regulating the harvest of CDQ allocations in a manner that is more restrictive than for other participants in all of the fisheries in which quota systems have been implemented.

(4) **Allocations to CDQ Groups:** The amendments mandate a 10-year review cycle for the allocations among the six CDQ groups, thereby replacing the existing 3-year review cycle. The first review under the new process will take place in the year 2012, the year during which the results from the 2010 Census will become available. Each CDQ group will continue to receive its existing 2006 allocations up until the 2012 review is completed. For the first time in the history of the program, CDQ groups will not have to constantly fight each other for fish.

(5) **Eligible Villages and Groups:** All of the 65 villages eligible to participate in the CDQ Program -- including the 20 villages represented by CVRF -- are now listed by name in the federal statute in order to avoid any further confusion about village eligibility.

(6) **CDQ Boards:** The amendments require the following with respect to each CDQ group: (A) 75 percent fishermen on CDQ boards, and at least one board member from each community; (B) CDQ group must elect a representative to serve on CDQ Panel; (C)

(7) **CDQ Investments:** The amendments allow up to 20 percent of a CDQ group's investments to be non-fisheries investments, with other 80 percent either fisheries-related or consistent with past practices. Each group must submit an annual written statement of compliance to the State and Secretary about its investments, rather than continue to go through the complicated and burdensome existing system of State review of investments.

(8) **BSAI Harvesting and Processing Caps** The amendments specify that each CDQ group is subject to BSAI harvesting and processing caps only to the extent of its actual ownership, thereby eliminating the practice in which CDQ groups have been attributed with portions of companies they do not own. CVRF is joining its partner, American Seafoods in seeking additional changes that will eliminate remaining inequities in the BSAI pollock harvest cap.

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(9) **Annual Reports to Villages:** CDQ groups are required to comply with State law requiring annual reports to member villages, including the disclosure of expenditures, general and administrative costs, and the compensation levels for their top-five highest-paid employees. CDQ groups must also comply with State laws dealing with the prevention of fraud.

(10) **Elimination of State/Federal Approval of CDPs and Investments:** CDQ groups will no longer have to obtain State approval of financial transactions or State or Federal approval of their community development plans (CDPs) and CDP amendments. Instead, each CDQ group will prepare and approve its own CDP, and the State will participate in a review every 10 years of the CDPs and performance of each CDQ group.

(11) **CDQ Panel:** The amendments create a new CDQ Panel that will have one member selected by each of the six CDQ groups. The Panel's job is to administer those aspects of the CDQ program that are not otherwise addressed in the CDQ section of the federal statute. The CDQ Panel can implement its decisions either through private contractual arrangement or through recommendations to the appropriate governmental entity. The Panel can only make decisions by unanimous consent of its six members. Each CDQ group is required to comply with the decisions of the CDQ Panel.

(12) **Decennial Review and Allocation Adjustments:** During the year 2012 and every 10 years thereafter, the State of Alaska will review the performance of each CDQ group based on the following criteria, as weighted by each group to reflect its particular needs and goals: population, poverty level, economic development, financial performance, fishery and non-fishery investments, employment, scholarships, training, and whether the group achieved the goals it set in its own CDP. If the State determines on the record and after a hearing opportunity that a CDQ group has not maintained or improved overall, the State may reduce the CDQ group's allocation by up to 10 percent, for all or part of the next 10 year period. If a group has maintained or improved overall, the group's allocations are automatically extended for the next 10 years. Prior to these amendments, the State could allocate however it chose among the CDQ groups, and the allocation tensions as well as State politics were seriously tainting the CDQ program.

The new CDQ amendments are expected to bring a new era of independence and growth for the CDQ program. The implementation of the amendments will likely take a few years. For the first time, the CDQ groups will have stability in their allocations similar to the stability enjoyed by most other participants in the BSAI fisheries. Senator Ted Stevens and Congressman Don Young deserve a very special thanks from all of our villages and our people for their leadership in updating the CDQ program and in continuing to protect it as they have since the inception of the CDQ program.

FOLLOWING THE EFFORT

Our company's growth is tied to our investments in the Bering Sea fisheries. Today, we own 46% of American Seafoods, a world-leading at-sea processor and harvester.

Written a decade ago, a Federal law aimed at limiting foreign interests in the Bering Sea fisheries now hinders the growth of American Seafoods by capping its pollock harvest at 17.5 percent. Therefore, this restriction also hinders the growth of Coastal Villages.

We have asked our region residents for support in lifting this cap so that we can expand our fishing operations in our region. The response we have gotten is massive as shown in our 1,811 signatures. We would like to thank our residents who have supported our efforts to grow. Your support for our company is vital and key to our success.

Quyana!



Trevor McCabe



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Negsurtet Nepiit, "The Sound of the Fishermen", is a quarterly newsletter that is distributed by Coastal Villages Region Fund (CVRF) to share information on the scholarship, internship, training, employment and economic development opportunities that we provide to our member communities. If you would like to be added to our distribution list, please call the CVRF Anchorage office at (888) 795-5151 or at (907) 278-5151, or fax your request to (907) 278-5150.

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Liane Kameroff	Napakiak	Abraham Rivers	Scammon Bay
Laura Evan	Napaskiak/Oscarville	Vanessa Lincoln	Toksook Bay
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