

# 2009 FIRST QUARTER REPORT

January 1 – March 31, 2009



## NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

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## I. Quarterly Highlights

- The NSEDC Board of Directors held their 2008 fourth quarter meetings in Nome from January 29-30, 2009.
- In the first quarter \$235,335.00 in scholarships were awarded to 126 residents.
- Fifteen residents of member communities or of nearby communities worked on the *F/V Northern Glacier*, *F/V Norton Sound*, *F/V Glacier Bay* and the *F/V Alaska Ocean* earning a total of \$110,408.23 in wages during the first quarter.
- Five residents successfully completed the Indian Valley Seafood Processing class held in the first quarter.
- In the first quarter, nine Unalakleet residents completed the Conversational Inupiaq language class offered through the Northwest College Campus. NSEDC sponsored instructors Nita Towarak and Oscar Koutchak.
- NSEDC staff testified regarding the salmon bycatch reduction incentive plans as proposed by the industry during the first quarter NPFMC meeting in Anchorage.
- NSEDC began administration of the 2009 Bulk Fuel Program in the first quarter.
- Tiffany Martinson was hired as the Community Benefits Director and began employment on February 2, 2009. Tiffany will work from the Nome office.
- Yvonne “Galsy” Ashenfelter was promoted to Community Benefits Specialist.
- Aggie Blandford was hired as the Special Projects Coordinator and began employment on March 6, 2009. Aggie will work in the Anchorage office.
- Kevin Keith was hired as a Fisheries Biologist and began employment on February 9, 2009. Kevin will work in the Fisheries Research and Development department in the Nome office.
- FR&D staff conducted sampling with USGS and LGL to ground truth satellite imagery on water flow in the Nome River as part of the juvenile Coho salmon habitat study in the first quarter.
- FR&D staff participated as a judge for the Unalakleet Science Fair in the first quarter.
- During the first quarter, 4,500 pounds of winter crab were purchased. Though winter crab fishing has been hampered by fluctuating deliveries, crab has been shipped to Anchorage, Fairbanks, Kotzebue, and Norton Sound Villages.

## A. Outreach

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

- NSEDC Board of Directors held their 2008 fourth quarter meetings in Nome January 29-30, 2009 in the Bering Straits Native Corporation boardroom; these meetings were open to the public.
- NSEDC Board of Directors notified residents of the 2008 fourth quarter meetings by placing an ad in the Nome Nugget Newspaper.
- NSEDC placed eight newspaper advertisements during the first quarter.
- NSEDC staff traveled to Savoonga, Gambell, Wales, Teller, Brevig Mission, Nome, Unalakleet, St. Michael, Stebbins, Shaktoolik, and Koyuk to hold outreach meetings during the first quarter.
- NSEDC staff participated in the NPFMC salmon bycatch meetings held in Nome during the first quarter.
- In March, Community Benefits staff hosted an informational booth at the Lonnie O'Connor Iditarod Basketball Classic. The booth displayed NSEDC's current employment and training opportunities and information regarding upcoming projects. Free stadium cushions and frisbees were given to the audience
- NSEDC Community Benefits staff attended the Kawerak, Inc Regional Conference in February of the first quarter.
- NSEDC Community Benefits staff attended the legislative committee on energy meetings in Nome held in February of the first quarter.
- NSEDC Community Development Coordinator Katie Peterson traveled to Elim, Golovin and Brevig Mission for community visits and to White Mountain for a city council meeting in the first quarter.
- NSEDC awarded \$235,335.00 in scholarships in the first quarter.
- Five Unalakleet residents were sent to Indian Valley to participate in a value-added training.
- In the first quarter, NSEDC had Community Outreach Liaisons in thirteen of our member communities with Community Development Coordinator, Paul Ivanoff III serving Unalakleet and the NSEDC Nome Office serving Nome. The NSEDC liaisons are sent informational fliers, applications, and other information to circulate within their communities.

## B. Employment

### Employment Data Form

**Table 1  
EMPLOYMENT DATA FORM  
March 31, 2009**

	Quarter		Year-to-Date	
	People	Wages	People	Wages
<b>Management/Administrative</b>				
NSEDG	12	\$159,427.30	12	\$159,427.30
NSSP	5	\$72,527.84	5	\$72,527.84
<b>Total Management/Administrative</b>	<b>17</b>	<b>\$231,955.14</b>	<b>17</b>	<b>\$231,955.14</b>
<b>CDQ Pollock Related</b>				
A/B Season	13	\$93,468.99	13	\$93,468.99
<b>Total Pollock Related</b>	<b>13</b>	<b>\$93,468.99</b>	<b>13</b>	<b>\$93,468.99</b>
<b>Total NSSP Employment</b>	<b>2</b>	<b>\$708.76</b>	<b>2</b>	<b>\$708.76</b>
<b>Other NSEDG Employment</b>				
Skippers, Deckhands, Shoreside, etc.	0	\$0.00	0	\$0.00
<b>Total Other NSEDG Empl.</b>	<b>0</b>	<b>\$0.00</b>	<b>0</b>	<b>\$0.00</b>
<b>Other Fishing</b>				
GFC - Longline	2	\$16,939.24	2	\$16,939.24
Aleutian No. 1	0	\$0.00	0	\$0.00
O/A Norton Sound Winter Red King Crab	5	\$20,073.00	5	\$20,073.00
O/A Norton Sound Red King Crab	0	\$0.00	0	\$0.00
NSEDG CDQ Red King Crab	0	\$0.00	0	\$0.00
YDFDA CDQ Red King Crab	0	\$0.00	0	\$0.00
Norton Sound Salmon	0	\$0.00	0	\$0.00
Norton Sound Herring	0	\$0.00	0	\$0.00
NSEDG CDQ Halibut	0	\$0.00	0	\$0.00
<b>Total Other Fishing</b>	<b>7</b>	<b>\$37,012.24</b>	<b>7</b>	<b>\$37,012.24</b>
<b>NSEDG Community Outreach Liaisons</b>	<b>13</b>	<b>\$19,500.00</b>	<b>13</b>	<b>\$19,500.00</b>
<b>Interns</b>				
NSEDG Administration	0	\$0.00	0	\$0.00
NSEDG Salmon Rehab.	0	\$0.00	0	\$0.00
Alaska Dept. of Fish & Game	0	\$0.00	0	\$0.00
Kawerak, Inc.	0	\$0.00	0	\$0.00
Native Village of Unalakleet	0	\$0.00	0	\$0.00
City of Koyuk	0	\$0.00	0	\$0.00
Kawerak, Inc.- Unalakleet	0	\$0.00	0	\$0.00
Fisheries Development	0	\$0.00	0	\$0.00
<b>Total Interns</b>	<b>0</b>	<b>\$0.00</b>	<b>0</b>	<b>\$0.00</b>
<b>GRAND TOTALS</b>	<b>52</b>	<b>\$382,645.13</b>	<b>52</b>	<b>\$382,645.13</b>
	<b>NSEDG =</b>	<b>\$178,927.30</b>	<b>NSEDG =</b>	<b>\$178,927.30</b>
	<b>NSSP =</b>	<b>\$93,309.60</b>	<b>NSSP =</b>	<b>\$93,309.60</b>
	<b>Partners =</b>	<b>\$110,408.23</b>	<b>Partners =</b>	<b>\$110,408.23</b>

## Employment Summary

**Management/Administrative** – Seventeen employees were employed by NSEDC/NSSP at various offices in the region, with twelve employees located in the administrative offices in Anchorage during the quarter.

**CDQ Pollock** – Glacier Fish Company paid wages to thirteen residents of NSEDC member communities or nearby communities who were employed aboard the *F/V Northern Glacier* and the *F/V Alaska Ocean* during the quarter.

**Community Breakdown:**

- 2 employees from Unalakleet
- 3 employees from Stebbins
- 1 employee from Anchorage
- 1 employee from Shishmaref
- 2 employees from St. Michael
- 1 employee from Brevig Mission
- 1 employee from Kaltag
- 1 employee from Eagle River
- 1 employee from Shaktoolik

**NSSP Employment** – Two residents were employed during the quarter.

**Community Breakdown:**

- 1 employee from Unalakleet
- 1 employee from Nome

**Other NSEDC Employment** – There were no other NSEDC employees in the first quarter

### **Other Fishing** –

No residents of member communities or of nearby communities were employed aboard the *F/V Norton Sound* during the quarter.

Two residents of member communities or of nearby communities were employed aboard the *F/V Glacier Bay* during the quarter.

**Community Breakdown:**

- 1 employee from Brevig Mission
- 1 employee from Shishmaref

Five fishermen fished for open access Norton Sound Winter Red King Crab in the first quarter earning \$20,073.00.

**NSEDC Community Outreach Liaisons** – Thirteen residents held liaison positions during the quarter.

**Community Breakdown:** 1 liaison from St. Michael  
 1 liaison from Stebbins  
 1 liaison from Shaktoolik  
 1 liaison from Koyuk  
 1 liaison from White Mountain  
 1 liaison from Brevig Mission  
 1 liaison from Teller  
 1 liaison from Wales  
 1 liaison from Diomede  
 1 liaison from Savoonga  
 1 liaison from Gambell  
 1 liaison from Elim  
 1 liaison from Golovin

**Interns** – There were no internship positions sponsored by NSEDC during the first quarter.

**Training Data Form**

**Table 2  
 TRAINING DATA FORM  
 January 1 thru March 31, 2009**

	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
<b>Scholarships</b>				
Post-Secondary	112	\$207,335.00	112	\$207,335.00
Vocational	14	\$28,000.00	14	\$28,000.00
<b>Voc-Tech</b>				
Basic				
Advanced				
<b>Other Training</b>				
Fisheries Related				
Student Loans				
CDQ Staff				
CDQ Board				
Other				
<b>Other Expenditures</b>				
To Education Institute				
Education Endowment				
<b>TOTAL</b>	<b>126</b>	<b>\$235,335.00</b>	<b>126</b>	<b>\$235,335.00</b>

## **Training Summary**

126 students received post-secondary funding the in first quarter. Five residents completed an Indian Valley Seafood Processing class. Nine Unalakleet residents completed a Conversational Inupiaq language class presented by Northwest College Campus.

## **II. Administration**

### **A. Board Activities**

#### **Board of Director Meetings**

The NSEDC Board of Directors held their 2008 fourth quarter meetings in Nome January 29-30, 2009.

The Board of Directors held a Special Meeting at the Westmark Hotel in Anchorage March 12, 2009.

#### **Substantial Decisions**

A number of items and proposals were reviewed and approved by the NSEDC Board of Directors during the first quarter including:

- The Board of Directors authorized management to retain a law firm specializing in property matters to obtain protections available under Federal and State law for name, logo, and any other rights needing protection relating to Norton Sound Seafood Products.
- The NSEDC Board of Directors adopted Corporate Resolution 09-01 allocating an additional 3 percent to the 2008 employee 401(k) plan.
- The NSEDC Board of Directors adopted Corporate Resolution 09-03 to amend the Education Foundation's Articles of Incorporation to reflect the corrections to the terms of office.
- The Board of Directors authorized the CEO to increase the corporate credit card limit to \$50,000.00.
- The Board of Directors approved the appointment of Janis Ivanoff as the CDQ Panel Alternate for NSEDC.
- The Board of Directors accepted the 2007 Audit Report ending December 31, 2007 as presented by independent auditors Altman, Rogers, & Company.
- The Board of Directors agreed to support the 47,591 hard-cap in relation to the NPFMC Salmon Bycatch Plan to be discussed at the NPFMC meetings held in the first quarter.

### III. Harvesting Report

#### CDQ Harvest Management

During the first quarter of 2009, NSEDC conducted directed fishing of pollock, Pacific cod, Atka mackerel, and opilio crab.

##### Pollock

The *F/V Alaska Ocean* (AO) and the *F/V Northern Glacier* (NG) caught 1,774 tons of A season Pollock for NSEDC in the 1<sup>st</sup> quarter, making for a full harvest of NSEDC's season A quota.

##### Pacific Cod

The *F/V Norton Sound* and *F/V Glacier Bay* harvested a total of 1,807 tons of Pacific cod CDQ for NSEDC in the 1<sup>st</sup> quarter, which is NSEDC's entire allocation of cod for directed fishing in the A season.

##### Atka Mackerel/Pacific Ocean Perch

In the first quarter, the *F/V Seafreeze Alaska* caught approximately 92 tons of NSEDC mackerel in the central Aleutian Islands (Area 542). That accounts for approximately twenty percent of the central Aleutian Islands quota. None of the western or eastern quota was harvested in the first quarter.

##### Yellowfin Sole

There was limited directed harvest of Rock sole in the first quarter and the *F/V Ocean Alaska* harvested 19 tons.

##### Sablefish (black cod)

Sablefish operations began late in the 1<sup>st</sup> quarter with BBEDC as NSEDC's harvesting partner.

##### Flathead Sole

There was no directed harvest of flathead sole in the 1<sup>st</sup> quarter.

##### Bering Sea Opilio Crab

The *F/V Aleutian No. 1* harvested approximately 650,000 pounds of opilio crab (its entire allocation) in the 1<sup>st</sup> quarter. Deliveries were made into Dutch Harbor and St. Paul. The *F/V Baranof* harvested about half of its allocation of NSEDC CDQ opilio crab of 325,000 pounds in the 1<sup>st</sup> quarter.

##### Aleutian Island Brown Crab

There was no directed harvest of brown crab in the 1<sup>st</sup> quarter.

## **IFQ Harvest Management**

In the first quarter there was directed harvest of opilio crab, bairdi crab, and sablefish IFQ.

### **Sablefish (black cod)**

Both the *F/V Norton Sound* and the *F/V Glacier Bay* began fishing operations for NSEDC IFQ sablefish late in the third quarter.

### **Opilio Crab**

The *F/V Aleutian No.* took NSEDC's entire catcher vessel IFQ for opilio crab (about 270,000 pounds) in the 1<sup>st</sup> quarter. The *F/V Baranof* was allocated the 182,830 of NSEDC's catcher-processor crab, of which they harvested approximately half in the first quarter.

### **Bairdi Crab**

Through the Sea Boat Coop, NSEDC's bairdi crab allocation was partially harvested in the 1<sup>st</sup> quarter.

### **Brown Crab**

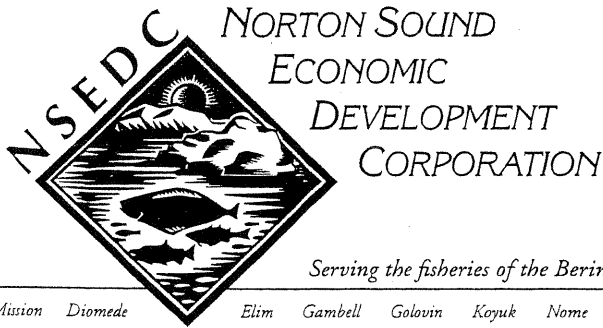
There was no harvest of brown crab IFQ in the first quarter.

## **IV. Board of Directors 4th Quarter Meeting Minutes (Attachment 1)**

## **V. Confidential Issues**

### **A. Financial Statements**

ATTACHMENT 1  
NSEDC Board of Directors  
Fourth Quarter Meeting Minutes



FILE COPY

*Serving the fisheries of the Bering Strait Region*

*Brevig Mission Diomede*

*Elim Gambell Golovin Koyuk Nome Saint Michael Savoonga Shaktoolik Stebbins Teller Unalakleet Wales White Mountain*

Norton Sound Economic Development Corporation  
Fourth Quarter Board of Directors Meeting  
January 29 & 30, 2009  
BSNC Boardroom  
9:00 a.m.

CALL TO ORDER

NSED C Board Chairman Dan Harrelson called the NSED C 2008 Fourth Quarter Board of Directors' Meeting to order at 9:07 a.m. on January 29, 2009.

ROLL CALL

The roll call was taken. Present at the meeting were Mary Menadelook, Joel James, Truman Kava, Frank Oxereok Jr., Reggie Barr, Joe Garnie, Don Stiles, Dan Harrelson, Dean Peterson, Charles Saccheus Sr., Elvina Naranjo, Harvey Sookiayak, Frank Katchatag, Victor Joe, and Wilfred Katcheak. Staff present were: Janis Ivanoff, Simon Kinneen, Dick Tremaine, Virginia Nashalook, Katie Peterson, Rick Walicki, Wes Jones, Charlie Lean, William Johnson, Rich Ferry, Kathy Wheelehan, and Jerry Ivanoff. Public present were Margaret Russell, Paul Korchin, Tim Smith, Laurie McNicholas, Eric Osborne, and John Bundy.

APPROVAL OF AGENDA

Don Stiles added after "approval of agenda", invocation.

*Frank Oxereok made a motion to approve the agenda, as amended. Dean Peterson seconded the motion. The motion passed.*

INVOCATION

Paul Korchin of KNOM gave the invocation.

APPROVAL OF MINUTES

1. November 5 & 6, 2008 3<sup>rd</sup> Quarter Board Meeting Minutes
2. December 1 & 2, 2008 Special Board of Directors Meeting Minutes

*Elvina Naranjo made a motion to approve the NSED C Third Quarter Board Meeting Minutes of November 5 & 6, 2008 and the December 1 & 2, 2008 Special Board of Directors Meeting Minutes, as a block. Harvey Sookiayak seconded the motion. The motion passed.*

PUBLIC COMMENTS

Tim Smith asked about the members of NSED C and expressed his views on the Nome election, Education Foundation, Siu Corporation, Nssp Management, the use of executive sessions and he brought up his previous lawsuit. Chairman Harrelson addressed some of Tim's comments noting that we have answered his question regarding the members of NSED C numerous times and given him a copy of the bylaws, we are in a competitive business and there are times when an executive session is needed, and that Nome's representative was elected by a majority vote.

*"NSED C will participate in and encourage the clean harvest of all Bering Sea fisheries to promote and provide economic development through education, employment, training and financial assistance to member communities and Western Alaska, while protecting subsistence resources"*

Eric Osborne voiced his support for Rich Ferry and Jerry Ivanoff and noted some of his beliefs about Middy Johnson's management of NSSP.

Don Stiles and Chairman Harrelson noted the numerous written comments in our packet with the thanks from various regional organizations that received help from NSEDC.

#### PRESIDENT'S REPORT-Dan Harrelson

Chairman Harrelson gave the NSEDC President's Report noting some of the recent highlights. The CEO contract was negotiated and tax settlements were completed for 2005, 2006 and 2007. He gave an update on the progress of Siu Alaska, royalty negotiations and the Aleutian No. 1 ownership status. At the end of his report, he and Janis recognized Rich Ferry for his ten years of service to NSEDC.

#### CEO'S REPORT-Janis Ivanoff

NSEDC CEO Janis Ivanoff gave her report noting work on the tax liability, energy program, Community Benefit Share and the 2007 Bulk Fuel payments. She thanked the local utilities for their support and Kawerak for their assistance with the energy program. Several staff positions were filled since the 4<sup>th</sup> quarter. She gave a personnel update.

#### FINANCIALS/INVESTMENT PORTFOLIO

##### 1. Audit Report Update

Janis gave an update on the 2007 Audit and the plan for the 2008 Audit. Once the audit is complete, Dan would like to have a special board meeting to review and then disburse it to our membership.

Rick Walicki gave a report on the NSEDC Financials/Investment Portfolio highlighting the differences of this portfolio from the previous year. There was an increase in equity from the Nissui deal, there were substantial expenses for the tender vessel and Reindeer Plant purchases, the preliminary net income for 2008 is \$13,500,000 and Rick pointed out the effect of the tax payments on the net income.

We took a ten minute break at 10:12 a.m. The meeting reconvened at 10:25 a.m.

Chairman Harrelson introduced Tiffany Martinson as the new Community Benefits Director and the Board introduced themselves to her.

#### MANAGERS' REPORTS

##### 1. Asset Manager-Dick Tremaine

Dick Tremaine gave an update on the Siu Corporation Assets. John Bundy will give the GFC report, the Aleutian No. 1 ownership update was already covered and the F/V Ocean Olympic is sold. Noting the confidentiality agreements with our business partners, Dick requested that the remainder of the report be held in executive session.

#### New Business Opportunities-Executive Session

*Victor Joe made a motion to go into executive session to discuss a potential business opportunity, which is confidential in nature, at 10:35 a.m. Harvey Sookiayak seconded the motion. The motion passed.*

*Elvina Naranjo made a motion to return to regular session at 11:18 a.m. Harvey Sookiayak seconded the motion. The motion passed.*

We took a break at 11:18 a.m. We reconvened at 11:28 a.m.

With the remaining items on the agenda, there is a good chance we could finish today, so the board opted to work through lunch to leave earlier.

*Dean Peterson made a motion to authorize management to retain a law firm specializing in property matters to obtain the protections available under Federal and State law for the name, logo and any other rights, which should be protected relating to the Norton Sound Seafood Products. Wilfred Katcheak seconded the motion. With our current logo, Don Stiles noted that it does not encompass all our resources. The motion passed unanimously.*

John Bundy gave the Glacier Fish Company Report. The F/V Pacific Glacier will be ready on April 25, 2009 instead of March as earlier predicted. The work is just taking longer than expected. So far Pollock prices are holding up. Cod prices are down. Surimi prices are down.

2. CDQ Management-Simon Kinneen

Simon Kinneen gave the CDQ Harvest Management Report mentioning the flatfish rationalization, which limited our partners to catch our entire quota. Chairman Harrelson asked about the transfer of our black cod quota. Simon stated that we had more quota than anticipated, largely due to our boats hold being full. Chairman Harrelson worried that we got the short end of the stick. Simon noted that we did not lose anything. Dan stated that we lost some profit distribution by using our quota for black cod to top off. Simon explained the cod fishery is not an all out derby fishery, where we would not have to compete for our CDQ Fishery. Chairman Harrelson stated that we need to work in this area.

3. Southern and Northern NSSP

a. Middy Johnson

Middy Johnson gave a verbal report on Southern NSSP. There is about \$1 million budgeted for T/V operations. NSSP is working with Rip Carlton to find another T/V for purchase. Chairman Harrelson pointed out the direction to sell the F/V Golovin Bay, but added we might want to utilize it until we get a good price for it. Chairman Harrelson asked if we had any inventory not sold. Other than herring bait, there is about 1000 pounds of fillets.

b. Rich Ferry

Rich Ferry gave the Northern NSSP Report. Rich noted a post season adjustment of \$.50 per pound for crab approved by the board. There was brief discussion about bait for the winter crab fishery, the halibut inventory and alternative energy to offset costs. There is about \$200,000 budgeted for the purchase of a used loader. There was discussion about how often it would be used, who would use it and the importance of having qualified loader operators. Another discussion was held regarding the red salmon fishery. Joe Garnie mentioned the mixed feelings about the fishery. Chairman Harrelson said it was set up to benefit Teller and Brevig Mission and if they want it to stopped, it can be. Rich Ferry said NSSP was informed by the Board to only purchase from Teller and Brevig Mission residents. Charlie Lean mentioned that fish buying rules complicate the purchase of fish in those two communities. Someone from Anchorage could set up a buying station.

We took a fifteen minute break at 12:28 p.m. We reconvened at 12:43 p.m.

4. Written Reports

a. Community Benefits Department-Katie Peterson

Chairman Harrelson noted the positive feedback for the Community Benefit Share. Don Stiles asked when the wind and thermal projects would restart. Katie informed him it would be the end of February. Don described a program called Rachel's Challenge and said it is being implemented in the Nome Public Schools. He noted one of NSEDC's vision elements to improve the quality of life of our residents, He asked staff to review and possibly implement Rachel's Challenge in the other Norton Sound schools. Chairman Harrelson commended Katie for keeping the department going smoothly and for all her hard work. He noted her work on the freezer plant in Nome, the problems with our contractor and her work to get a good quality project. Under this department, Wilfred Katcheak noted that we could put an article in the *Nome Nugget*. Chairman Harrelson stated we would like to utilize the *Nome Nugget* to put information out there on all our programs.

b. EET Department-Jerry Ivanoff

Jerry thanked the board for their support of the students of our region, as we went over-budget this year with an all time high of scholarships going out.

c. HR Department-Camille Cruz

No questions came up. Dan asked about possible training to make our operations safer. Rich stated that we are doing this.

d. NSFR&D-Charlie Lean

There was discussion about outreach meetings to review and get input regarding the salmon bycatch issue, mining issues and their affect on water quality, concerns of the chum salmon fishery being shut down because of Chinook bycatch and the possible affects of boat traffic and low water on salmon smolt mortality rates.

COMMITTEE REPORTS

1. Executive Committee Report

Chairman Harrelson gave the NSEDC Executive Committee Report.

2. NSSP Working Group Report

Chairman Garnie gave the NSSP Working Group Report.

3. Fisheries Development Committee Report

Wes Jones provided the FDC report. Chairman Harrelson asked how much the East Carolina University contract will cost. Charlie Lean said the cost is about \$50,000.00. Charlie and Simon will attend meetings in Seattle, where the salmon bycatch issue is going to be discussed further. Janis said NSEDC is not taking a position on their choice for which measures to use to reduce salmon bycatch until community outreach meetings have taken place and we have learned more about the incentive programs, as they are still evolving. There was discussion about the Norton Sound Fishermen's concerns regarding salmon bycatch and the affect on the salmon returns.

4. Rules & Bylaws Committee Report

Chairman Stiles gave the NSEDC Rules & Bylaws Committee Report.

Don Stiles didn't know if we needed to approve the appointment of the chairman, as we did in the past. Chairman Harrelson stated we do not.

5. Scholarship Committee Report  
Chairman Joe gave the NSEDC Scholarship Committee Report.

6. Finance Committee Report  
Chairman Harrelson gave the NSEDC Finance Committee Report.

*Dean Peterson made a motion to approve NSEDC Resolution 09-01. Wilfred Katcheak seconded the motion. The motion passed.*

We took a break at 1:50 p.m. The meeting reconvened at 2:00 p.m.

#### OLD BUSINESS

1. Siu Alaska Corporation Update  
Chairman Harrelson said this has been covered during the course of our meeting. Joe Garnie noted that people have asked him numerous questions regarding Siu Alaska. He knows the NSEDC board has gone over it but it would be helpful if printed information was provided to the public. There was discussion about how transparent Siu should be. Janis said information was sent to all member communities and there is information in the next newsletter, which has been mailed out. Janis was directed to work with any board members that are unclear of the purpose of Siu Alaska Corporation.

Mark Johnson walked in at 2:04 p.m.

2. NSEDC Education Foundation Update  
Chairman Harrelson informed the Board of the NSEDC Education Foundation organizational meeting held a couple days ago. There were some questions in the bylaws mainly regarding director's terms and officer's duties that need to be clarified. Katie Peterson brought up NSEDC Resolution 09-03 regarding an amendment to the Foundation's Articles of Incorporation to correct the terms of office.

*Wilfred Katcheak made a motion to adopt NSEDC Resolution 09-03. Harvey Sookiayak seconded the motion.*

Joe Garnie said he attended the Foundation meeting. Basically, he said we are not prepared to form the Foundation. Janis noted that the bylaws were not fully prepared and apologized but she didn't feel we should delay the formation of the Foundation. Margaret Russell said the Foundation Board would like to go through the bylaws once more at a second organizational meeting and present their recommended changes to the NSEDC Board for their approval. Don Stiles stressed the intent of the NSEDC Education Foundation, which is to protect the fund. We want this Foundation to provide scholarships for perpetuity beyond our lifetime. Joe Garnie mentioned concern about the Foundation's funding and wants to ensure we have Jerry Ivanoff's input on how much is needed financially. Chairman Harrelson mentioned that Siu Alaska can provide funds which will help with its tax liability. He feels the issues facing the Foundation can be worked out.

*The motion passed with fourteen yays and one nay.*

NEW BUSINESS

1. Credit Card Authorization for CEO

*Harvey Sookiyak made a motion for credit card authorization for the NSEDC CEO of \$50,000.00. Victor Joe seconded the motion. The motion passed.*

2. Resolution No. 09-01 Re: 401 (k) Plan

This was already covered.

3. CDQ Panel Alternate

*Don Stiles made a motion to appoint Janis Ivanoff as the CDQ Panel Alternate for NSEDC. Harvey Sookiyak seconded the motion. The motion passed.*

OTHER BUSINESS

No other business was brought up.

PUBLIC COMMENTS

Chairman Harrelson opened the floor for the second public comment.

Tim Smith commented on the Siu Alaska and NSEDC Education Foundation directors and their appointments, the Nome representative's election, and whether the Board understands their bylaws.

Eric Osborne commented on whom he thinks should manage Siu Alaska Corporation, the Nome NSEDC representative election, his opinion of Nome's representative, and about things he heard which seem to create a conflict of interest.

Mark Johnson thanked the NSEDC Board for the savings of the bulk fuel program for Unalakleet and other communities of our region. On behalf of himself and his family, he also publicly thanked the board for the electricity program. Chairman Harrelson expressed appreciation for Mark's comments.

Mitch Erickson gave an update on the renewable energy projects and invited the board to tour the wind farm. Mitch stated that NSEDC is funding a state of the art alternative energy project. He said we are leading the way and other people will come to us to find out how it was done. He thanked the Board for their dedication to renewable energy and spoke to the benefits it would provide in lowering energy costs to the villages.

BOARD COMMENTS

Dean Peterson said without a strong board and staff we would not be where we are today. He said we have come a long way and are successful despite any mistakes. We are doing the best we can. He said it is not easy being a board member or a new staff member. He thanked the Board and staff for doing a great job.

Wilfred Katcheak felt that it was a good meeting and we are trying to do the best we can. The membership is not one individual, as we represent the community.

Reggie Barr pointed out the Brevig Mission residents don't have any problem or conflict with Teller Residents for fishing commercially.

Charles Saccheus thanked the Board for helping our people in 2008. He thanked the Board for the bulk fuel and the \$500.00 electricity support. Charlie thanked the NSEDC Board for the

people he represents. Most of the board members are trying to do a good job and help our people.

Truman Kava had no comment but thanks.

Joel James encouraged Mr. Stiles to hang in there.

Don Stiles thanked Joel. Don Stiles thanked Mitch Erickson for his work on the wind to thermal energy. Not knowing the full specifics of it, Don felt that this project could revolutionize wind, heat, and electricity for our residents. If we could be a part of that, it could be a good thing. Don thanked staff for their hard work. Don brought up Rachel's Challenge and encouraged staff to implement it using the discretionary funds to help our people with something similar to help our wellness. It would have an impact on the kids in the school here and it would have an impact on the kids throughout the region.

Frank Oxereok Jr. noted that we did not come here on our own, as each one of our communities, the majority of the people, voted each of us on this board. Ever since he has been on the board, he has seen a lot of good come out of it. He looks for more positive things for our communities.

Mary thanked everybody and said it was good to see everybody again.

Elvina Naranjo thanked staff for all their hard work and thanked the board for their assistance with our tax issue, which alleviates the load on our shoulders. Lastly she said, for all the board members, united we stand and she thanked the Board.

Frank Katchatag thanked the Board and the public for all their comments. With all the good and bad going on, it's healthy. He said that's how problems are solved, how you smooth out bumps. He doesn't like that it had to get to ugly words in our emails but added it creates a healthy body and he believes we're all aware of issues that other people have.

Victor Joe said he didn't enjoy one staff member being pointed at and blamed for things she did not do herself. Victor Joe thanked Katie for her work for NSEDC.

Joe Garnie thanked everyone for putting up with him. He enjoyed seeing everybody again and looks forward to working with these individuals.

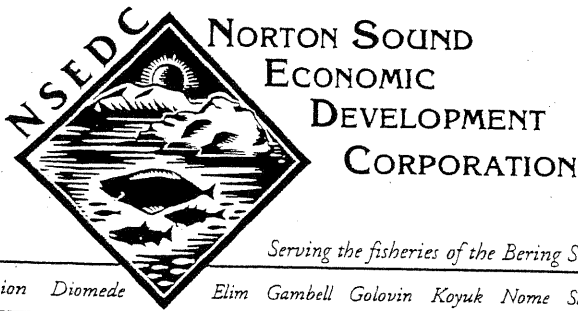
Harvey Sookiayak thanked the board for the 2008 energy subsidy from all fifteen communities. As for the public comment, he said everyone has a right to their opinion and it might not be good all the time. Our main goal is to work together, stick together, and move forward, regardless of the comments and how they come.

Chairman Harrelson addressed the public comments and emails by asking the Board to understand the purpose behind the comments and to ask what the people making them are gaining? He talked about efforts to divide the Board. There are a lot of allegations and no back up in many of the comments or emails but he and staff still have to spend time responding to the allegations, time that could be spent more constructively. He thanked the Board and staff. His last comment was that Clement and Erma Ungott sent muktuk and it will be available at the next Board meeting. Rich Ferry is putting together a package of crab and halibut to send and let them know we are still thinking about them.

Janis asked about the date and location of the next meeting. Chairman Harrelson asked if it should be at the call of the Chair. Harvey recommended having it in Unalakleet. Dan asked if there was any opposition. He said accommodations can be made and in April weather shouldn't be a concern. He added that our goal was to have one of our quarterly meetings in one of our communities, other than Nome, during the course of the year. He asked for any more suggestions. With none, he recommended the meeting be held in Unalakleet. The Special Meeting date will be at the call of the Chair.

**ADJOURNMENT**

*Harvey Sookiayak made a motion to adjourn the NSEDC 2008 Fourth Quarter Board Meeting at 3:08 p.m. Victor Joe seconded the motion. The motion passed.*



Brevig Mission Diomedé

Elim Gambell Golovin Koyuk Nome Saint Michael Savoonga Shaktoolik Sebbins Teller Unalakleet Wales White Mountain

**Norton Sound Economic Development Corporation  
Special Board of Directors Meeting  
Westmark Hotel Penthouse  
March 12, 2009  
9:30 a.m.**

**CALL TO ORDER**

Chairman Dan Harrelson called the NSED C Special Board Meeting to order at 9:48 a.m. on March 12, 2009.

**ROLL CALL**

Present at the meeting were Dan Harrelson, Frank Katchatag, Joel James, Harvey Sookiayak, Joe Garnie, Mary Menadelook, Reggie Barr, Frank Oxereok Jr., Elvina Naranjo, Wilfred Katcheak, Victor Joe, and Charles Saccheus Sr. Don Stiles, Dean Peterson and Truman Kava were present via teleconference. Staff who were present, were Janis Ivanoff, Rick Walicki, Aggie Blandford, Virginia Nashalook, Charlie Lean, Kathy Wheelehan and Jerry Ivanoff. Simon Kinneen was present via teleconference for the salmon bycatch. Public, who were present, were Margaret Russell, Julian Kim of Latham and Watkins, Tom Domagala, Grant Todd and Steve Wadleigh of Altman & Rogers and Tim Altman, also from Altman & Rogers, was present via teleconference.

Janis made all the introductions.

**APPROVAL OF AGENDA**

Under old business, Dan added legal issues, after the audit report in executive session.

*Don Stiles made a motion to approve the agenda, as amended. Frank Oxereok seconded the motion. The motion passed.*

**WAIVER OF APPROVAL OF MINUTES**

*Harvey Sookiayak made a motion to waive the approval of the NSED C 2008 Fourth Quarter Board Meeting Minutes. Elvina Naranjo seconded the motion. The motion passed.*

**PUBLIC COMMENTS**

No written or verbal public comments were provided.

**OLD BUSINESS**

*Harvey Sookiayak made a motion to go into executive session to go over the 2007 Audit Report and legal issues at 9:53 a.m. Elvina Naranjo seconded the motion. The motion passed.*

*Frank Oxereok made a motion to return to regular session at 1:51 p.m. Wilfred Katcheak seconded the motion. The motion passed.*

Mike Seville of Burr, Pease, and Kurtz joined the meeting at 10:30 a.m. Dick Tremaine joined the meeting at 10:35 a.m.

*Joel James made a motion to accept the 2007 Audit Report ending December 31, 2007, as presented by independent auditors Altman, Rogers, & Company. Harvey Sookiayak seconded the motion. The motion passed.*

*Wilfred Katcheak made a motion to approve the request by Donald Stiles to pay for expenses in defense costs in the claim against Don Stiles by Mr. Joe Garnie. Harvey Sookiayak seconded the motion. There were four abstentions by Don Stiles, Reggie Barr, Joe Garnie, and Charles Saccheus Sr. Dean Peterson was excused. The motion passed.*

*We took a break at 1:52 p.m. The meeting reconvened at 2:13 p.m.*

#### Salmon Bycatch

Simon explained the effects of this issue on our local Chinook Stocks and our ability to harvest our Pollock Quota. He described the options to follow on salmon bycatch. Charlie Lean explained how an endorsement of an incentive plan was really just an endorsement of the use of some incentive not necessarily a particular plan. Dan spoke of the danger to set a low hard cap, which would start a race for the fish. Dan asked if an incentive plan would help. Simon mentioned vessel and sector accountability, which could help with bycatch. Joe Garnie asked for clarification on the proposed caps by sectors. Charlie explained the situation. Dan asked which method would provide the best capability for NSEDC to harvest all of our Pollock. Dan asked what the other CDQ Groups' position is on this issue and if they are putting up a united front? Simon and Charlie explained that all the cap options would result in some lost income due to the inability to harvest Pollock in the high bycatch years. The options that were up for comment were intended to reduce bycatch to a level that resulted in a significant reduction in Chinook mortality without an overwhelming reduction in Pollock harvest. We had a lengthy discussion on the Chinook Salmon Bycatch. Frank Katchatag pointed out that our commercial fishermen have not been fishing Chinook for over fourteen years. There has been little input from our other fishermen on bycatch issues. Janis gave the timeline of this issue with the Unalakleet Community Outreach Meeting scheduled for March 23, 2009. Charlie mentioned the genetics research being conducted today. Frank Katchatag pointed out that our commercial fishermen made a lot of money fishing Chinook. Charles Saccheus Sr. pointed out that our Chinook Salmon are getting lower and lower, and, in the future, we won't have anything. Charlie Lean stated that there are a number of conservation concerns in many Chinook salmon stocks, and the complete elimination of the Chinook Bycatch in the Pollock Fishery will not fix our problem. Frank Oxereok recommended to work for a clean fishery, instead of a race for fish free for all. Joe Garnie agreed that we should work for a clean fishery cap of 47,000 with an incentive plan. Janis pointed out that they are only offering an incentive plan with a hard cap of 68,392. Janis informed the board that we could have a teleconference on this issue, after our Community Outreach Meetings in Unalakleet and Shaktoolik, where the bulk of the Chinook fisheries occur. Dan felt that there are other things that we could do to bring our fish back.

*Harvey Sookiayak made a motion to go with a hard cap of 47,591 with 100% allocation. Frank Oxereok seconded the motion. The motion passed.*

Joe Garnie brought up the request of industry to move the boundary line further north. Charlie Lean informed him that this was requested by the flat fish fishermen. Simon told him that this decision will be made by the North Pacific Fishery Management Council. We had a discussion on the northern boundary line of bottom fishing. Joe asked if they had a date to move the boundary line. Simon informed him that this is a process similar to the salmon bycatch process and they (NPFMC) are in the initial stages of evaluating this issue.

#### NEW BUSINESS

Chairman Harrelson discussed the NSEDC Board of Directors Life Insurance and that staff will be reviewing the issue and will report back to the board with any updates or changes as soon as possible.

#### OTHER BUSINESS

Joel James asked about board salaries. Chairman Harrelson informed him that there was no action taken by the board regarding this issue. Chairman Harrelson personally felt that each of the board members put their heart into this organization and were worth a million dollars apiece. If the board chooses to discuss this further, Chairman Harrelson suggested discussing it at the regular quarterly meeting in the region.

#### ADJOURNMENT

*Reggie Barr made a motion to adjourn the NSEDC Special Board Meeting at 3:46 p.m. Victor Joe seconded the motion. The motion passed.*

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**Dan Harrelson, NSEDC Board Chairman**

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**Jerry Ivanoff, NSEDC Corporate Secretary**

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**Date**