

2008 FIRST QUARTER REPORT

January 1 – March 31, 2008



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

420 L Street, Suite 310
Anchorage, AK 99501
Phone: (907) 274-2248
Fax: (907) 274-2249

Table of Contents

PRIVILIGED & CONFIDENTIAL	i
I. Quarterly Highlights	1
A. Outreach	3
B. Employment	4
Employment Data Form	4
Employment Summary	5
Training Data Form	6
Training Summary	7
II. Administration	7
A. Board Activities	7
Board of Director Meetings	7
Substantial Decisions	7
III. Harvesting Report	8
CDQ Harvest Activities	8
Pollock	8
Pacific Cod	8
Atka Mackerel/Pacific Ocean Perch	8
Yellowfin Sole	8
Sablefish (black cod)	8
Flathead Sole	8
Bering Sea Opilio Crab	8
Bering Sea Bairdi Crab	9
Aleutian Island Brown Crab	9
IFQ Harvest Management	9
Sablefish (black cod)	9
Opilio Crab	9
Bairdi Crab	9
Brown Crab	9
IV. Confidential Issues	10
A. Financial Statements (Attachments 1-8)	10
B. Board of Director 4th Quarter Meeting Minutes (Attachment 9)	10

I. Quarterly Highlights

- The NSEDC Board of Directors held their 2007 fourth quarter meetings in Anchorage from January 24-25, 2008.
- The NSEDC Board of Directors identified Robert “Bob” Walsh as Chief Executive Officer.
- The NSEDC Board of Directors approved \$827,066 in Outside Entity Funding Requests at their first quarter meeting.
- Each of the 15 NSEDC Board of Directors was given the authorization to coordinate with local entities a \$5,000 discretionary award to be applied towards substance and alcohol abuse prevention activities within their community.
- NSEDC awarded \$198,901 to one hundred and four students in scholarships during the first quarter.
- Twenty-one residents of member communities or of nearby communities worked on the *F/V Northern Glacier*, *F/V Pacific Glacier*, and the *F/V Norton Sound* earning a total of \$190,100.45 in wages in the first quarter.
- Six residents successfully completed the Fisheries Safety Orientation Class held February 17th-27th of the first quarter.
- Two residents continued a six-month refrigeration training program in Phoenix, Arizona in the first quarter.
- NSFR&D partnered with Nome Beltz High School and facilitated a work-study program.
- NSFR&D addressed the Board of Fisheries to support a June 15 opening of the Norton Sound Red King crab fishery, which was approved.
- NSFR&D continued work with the Marine Advisory Agent in Nome to collect Blue king crab brood stock from Diomedes for the experimental crab hatchery in Seward.
- Habitat mapping and data logging of potential salmon spawning habitat was conducted in both southern and northern Norton Sound by NSFR&D.
- In the first quarter, 9,628 pounds of winter crab was delivered by six fishermen to Norton Sound Seafood Center in Nome for a total ex-vessel price to the fishermen of \$27,276.
- The NSEDC Board of Directors approved a quota purchase, bringing NSEDC’s overall brown crab quota holdings to about 524,000 pounds in the eastern area (the allowable cap) and about 230,000 pounds in the western area (about half the cap).

- NSEDC held a Community Outreach Liaison orientation and training in Nome on February 12th and 13th.
- NSEDC accepted a bid from Delta Western for the delivery of fuel purchased through NSEDC's Bulk Fuel Program for the third year in a row. Twenty-one entities will participate in the program in 2008 ordering 1,113,427 gallons of heating fuel and 348,031 gallons of gasoline.
- NSEDC distributed a newsletter to all NSEDC member community box holders in the first quarter.

A. Outreach

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

- NSEDC Board of Directors held their 2007 fourth quarter meetings in Anchorage from January 24-25, 2008 at the Westmark Hotel.
- NSEDC Board of Directors notified residents of the 2007 fourth quarter meetings by placing an ad in the Nome Nugget Newspaper.
- NSEDC placed six newspaper advertisements during the first quarter.
- NSEDC staff traveled to Shaktoolik in March to attend community meetings and discuss NSEDC related activities.
- NSEDC facilitated Outside Entity Funding recipient's commencement of projects and programs.
- In the first quarter, NSEDC had Community Outreach Liaisons in thirteen of our member communities with Community Development Coordinators, Paul Ivanoff III and Fred Eningowuk, serving Unalakleet and Nome, respectively, as well as assisting the other member communities. The NSEDC liaisons are sent informational fliers, applications, and other information to circulate within their 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.
- NSSP has a web page on the internet (www.nortonsoundseafood.com).

B. Employment

Employment Data Form

**Table 1
EMPLOYMENT DATA FORM
March 31, 2008**

	Quarter		Year-to-Date	
	People	Wages	People	Wages
Management/Administrative				
NSEDC	7	\$128,677.24	7	\$128,677.24
NSSP	5	\$72,528.69	5	\$72,528.69
Total Management/Administrative	12	\$201,205.93	12	\$201,205.93
CDQ Pollock Related				
A/B Season	21	\$184,194.43	21	\$184,194.43
C/D Season	0	\$0.00	0	\$0.00
Total Pollock Related	21	\$184,194.43	21	\$184,194.43
NSSP Employment	1	\$471.50	1	\$471.50
Other NSEDC Employment				
Skippers, Deckhands, Shoreside, etc.	0	\$0.00	0	\$0.00
Total Other NSEDC Empl.	0	\$0.00	0	\$0.00
Other Fishing				
GFC - Longline	1	\$5,906.02	1	\$5,906.02
Aleutian No. 1				
O/A Norton Sound Winter Red King Crab	7	\$27,276.00	7	\$27,276.00
O/A Norton Sound Red King Crab	0	\$0.00	0	\$0.00
NSEDC 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
NSEDC CDQ Halibut	0	\$0.00	0	\$0.00
Total Other Fishing	8	\$33,182.02	8	\$33,182.02
NSEDC Community Outreach Liaisons	13	\$19,500.00	13	\$19,500.00
Interns				
NSEDC Administration	2	\$14,735.19	2	\$14,735.19
NSEDC Salmon Rehab.	2	\$4,275.58	2	\$4,275.58
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	1	\$9,408.00	1	\$9,408.00
Total Interns	5	\$28,418.77	5	\$28,418.77
GRAND TOTALS	60	\$466,972.65	60	\$466,972.65
	NSEDC =	\$176,596.01	NSEDC =	\$176,596.01
	NSSP =	\$100,276.19	NSSP =	\$100,276.19
	Partners =	\$190,100.45	Partners =	\$190,100.45

Employment Summary

Management/Administrative – Twelve employees were employed by NSEDC/NSSP at various offices in the region, and eleven employees were employed in the administrative offices in Anchorage during the quarter.

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

Community Breakdown:

- 4 employees from Stebbins
- 4 employees from Unalakleet
- 3 employees from Shishmaref
- 1 employee from Teller
- 1 employee from Nome
- 1 employee from Brevig Mission
- 1 employee from Koyuk
- 1 employee from Nulato
- 1 employee from Mountain Village
- 1 employee from Soldotna
- 1 employee from Eagle River

NSSP Employment – NSEDC employed 6 employees during the quarter.

Community Breakdown:

- 4 employees from Nome
- 2 employees from Nome

Other NSEDC Employment – Eight employees were employed during the quarter.

Community Breakdown:

- 7 employees from Shaktoolik
- 1 employee from Unalakleet

Other Fishing –

One resident of member communities or of nearby communities was employed aboard the *F/V Norton Sound* during the quarter.

Community Breakdown: 1 employee from Shishmaref

Seven fishermen delivered 9,628 pounds of Open Access Norton Sound red king crab in the winter fishery during the quarter.

Community Breakdown: 7 fishermen from Nome

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 – Five internship positions were sponsored by NSEDC during the fourth quarter.

Community Breakdown: 2 interns from Anchorage
 2 interns from Nome
 1 intern from Unalakleet

C. Training

Training Data Form

Table 2
TRAINING DATA FORM
January 1 thru March 31, 2008

	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-Secondary	88	\$166,901.00	88	\$166,901.00
Vocational	16	\$32,000.00	16	\$32,000.00
Voc-Tech				
Basic				
Advanced				
Other Training				
Fisheries Related	15	\$28,563.24	15	\$28,563.24
Student Loans				
CDQ Staff				
CDQ Board				
Other				
Other Expenditures				
To Education Institute				
Education Endowment				
TOTAL	119	\$227,464.24	119	\$227,464.24

Training Summary

One hundred twenty seven students received funding in the first quarter: eighty-eight students received funding for post-secondary; sixteen received funding for vocational education and fifteen students received Other Training.

II. Administration

A. Board Activities

Board of Director Meetings

The NSEDC Board of Directors held their 2007 fourth quarter meetings in Anchorage from January 24-25, 2008.

The NSEDC Board of Directors held a special meeting in Nome, Alaska on March 17, 2008.

The NSEDC Rules & Bylaws Committee held a meeting on March 18, 2008 in Nome.

The NSEDC Executive Committee held a meeting in Nome on January 7, 2008.

Substantial Decisions

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

- Robert “Bob” Walsh was identified as the Chief Executive Officer.
- Janis Ivanoff was appointed as NSEDC’s representative to the Glacier Fish Company management team.
- The Board directed staff to continue negotiations for a Glacier Fish Company management agreement.
- The Board directed staff to identify alternative energy options for installation on the NSSP facilities in Unalakleet and Nome.
- The Board awarded \$827,066 in Outside Entity Funding requests.
- The purchase of Eastern Aleutian Golden Crab Quota was approved.
- The Board reduced Revolving Loan deductions to 10% and Large Vessel Loan deductions to 15%.
- The Board directed staff to address the Board of Fisheries to support a June 15th open access Norton Sound Red king crab opener.

III. Harvesting Report

CDQ Harvest Activities

During the first quarter, NSEDC conducted directed fishing for Pollock, Pacific cod, Atka mackerel, opilio crab, and bairdi crab.

Pollock

The *F/V Pacific Glacier* (PG) and the *F/V Northern Glacier* (NG) caught 8,798.4 tons of A season pollock for NSEDC in the 1st quarter, leaving only 1.6 tons remaining in the water. The fire aboard the PG led to a change in harvest plans mid-season. We shifted 1,273 tons of pollock intended for harvest aboard the PG and the NG, which did a great job fishing CDQ for us. Roe sales went very well for Glacier Fish Company this season, yielding a good price for our A season pollock.

Pacific Cod

The *F/V Norton Sound* and the *F/V Glacier Bay* harvested a total of 1,556.5 tons of Pacific cod for CDQ for NSEDC in the 1st quarter, out of 1,740 tons assigned for directed harvest.

Atka Mackerel/Pacific Ocean Perch

In the first quarter, the *F/V Seafreeze Alaska* caught about 260 tons of NSEDC mackerel in the eastern Aleutian Islands (Area 541) and 15 tons in the central Aleutian Islands (Area 542). About 24 tons of eastern quota remains and approximately 345 tons remain in the central region. None of the western quota was harvested in the 1st quarter.

Yellowfin Sole

There was no directed harvest of yellowfin sole or rock sole in the 1st quarter.

Sablefish (black cod)

There was no directed harvest of CDQ sablefish in the first quarter.

Flathead Sole

There was no directed harvest of flathead sole in the 1st quarter.

Bering Sea Opilio Crab

The *F/V Aleutian No. 1* harvested 734,612 pounds of NSEDC opilio crab (its entire allocation) between January 18 and March 3. Deliveries were made into Dutch Harbor and St. Paul. The *F/V Baranof* harvested about 130,000 pounds of opilio

crab (about 1/3 of its allocation) in the first quarter. Fishing was interrupted late in the 1st quarter due to ice covering the fishing grounds.

Bering Sea Bairdi Crab

The *F/V Barnaof* harvested approximately 45,000 pounds of eastern bairdi and about 18,000 pounds of western bairdi in the 1st quarter. There was a large fleet-wide issue with the harvest of bairdi in 2008, with extremely poor fishing rates and many boats not catching their quotas. We did better than most, harvesting a little better than 60% of our bairdi.

Aleutian Island Brown Crab

There was no directed harvest of brown crab in the 1st quarter.

IFQ Harvest Management

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

Sablefish (black cod)

On a trip that began in the first quarter, the *F/V Glacier Bay* caught approximately 54,579 pounds of NSEDC sablefish IFQ. Also on a trip that began in the first quarter, the *F/V Norton Sound* caught 52,052 pounds of NSEDC Central Gulf IFQ and 50,750 pounds of NSEDC Western Gulf IFQ.

Opilio Crab

The *F/V Aleutian No. 1* took our entire catcher vessel IFQ for opilio crab (290,279 lbs.) in the first quarter. The *F/V Baranof* was allocated the 196,900 pounds of our catcher-processor crab, of which they harvested approximately a third in the first quarter.

Bairdi Crab

Through the Sea Boat Co-op, NSEDC's bairdi crab allocation was partially harvested in the first quarter. Roughly 66% of our eastern IFQ bairdi catcher vessel allocation of 14,254 pounds was harvested, while only 26% of our 9,004 pounds of western IFQ catcher vessel allocation was taken. This is very indicative of bairdi fishing in the last several years fleet wide. Approximately 4,500 pounds of the 7,109 pounds of eastern catcher processor bairdi was taken on the *F/V Baranof* in the first quarter.

Brown Crab

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

IV. Confidential Issues

A. Financial Statements

- NSEDC Statement of Financial Position Fourth Quarter (Attachment 1)
- NSEDC Statement of Activities Fourth Quarter (Attachment 2)
- NSEDC Statement of Cash Flows Fourth Quarter (Attachment 3)
- NSEDC Budget to Actual Fourth Quarter (Attachment 4)
- NSEDC Species Royalty Analysis Fourth Quarter (Attachment 5)
- Glacier Fish Company Report
 - Fourth Quarter Balance Sheet (Attachment 6)
 - Fourth Quarter Income Statement (Attachment 7)
 - Fourth Quarter Statement of Cash Flows (Attachment 8)

B. Board of Director 1st Quarter Meeting Minutes (Attachment 9)

ATTACHMENT 9

NSEDC Board of Directors
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
2007 Fourth Quarter Board of Directors Meeting
Westmark Hotel-Turnagain Room
Anchorage, Alaska
January 24 & 25, 2008
10:00 A.M.**

CALL TO ORDER

Chairman Harrelson called the NSEDC 2007 Fourth Quarter Meeting to order at 10:58 A.M. on January 24, 2008.

ROLL CALL

Directors present in person: Mary Menadelook, Ramona Tungiyon, Truman Kava, Frank Oxereok Jr., Reggie Barr, Don Stiles, Dan Harrelson, Dean Peterson, Charles Saccheus Sr., Elvina Naranjo, Harvey Sookiyak, Frank Katchatag, Victor Joe, and Wilfred Katcheak. Joe Garnie was present via teleconference. Staff present were Janis Ivanoff, Simon Kinneen, Tasha Huffman, Dick Tremaine, Paul Ivanoff III, Katie Peterson, Charles Lean, Wes Jones, Fred Eningowuk, Josh Osborne, Rich Ferry, Kathy Wheelehan, and Jerry Ivanoff. Public present were Laurie McNicholas of *Nome Nugget*, Paula Cullenberg and Heidi Herter of UAMAP, Tim Smith, Jason Evans, Mike Reardon, and Hamachan Hamazaki and Jim Menard of ADF&G.

APPROVAL OF AGENDA

Chairman Harrelson stated the meeting would start in executive session on the tax status of NSEDC, after approval of the agenda. Under new business, Dan added 2008 Outside Entity Funding.

Frank Oxereok Jr. made a motion to approve the agenda, as amended. Wilfred Katcheak seconded the motion. The motion passed.

Dean Peterson made a motion to go into executive session at 11:01 A.M. to go over the NSEDC Tax Status with NSEDC Legal Counsel Julian Kim in Washington, D.C. Elvina Naranjo seconded the motion. The motion passed.

NSEDC Tax Status

Covered in executive session.

Harvey Sookiyak requested at 11:53 A.M. that the executive session be recessed until later, all agreed.

After a short break, the meeting reconvened at 12:07 P.M.

"NSEDC 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"

APPROVAL OF MINUTES

1. October 31 & November 1, 2007
2. December 11, 2007 Special Meeting
3. December 21, 2007 Teleconference

Elvina Naranjo made a motion to approve the minutes of October 31 & November 1, 2007, December 11, 2007, and December 21, 2007, as a block. Harvey Sookiayak seconded the motion. The motion passed.

INTERIM CEO REPORT

NSEDC Interim CEO Janis Ivanoff gave her report and thanked the board and staff for their support of her and staff during this transition period.

PUBLIC COMMENTS

Chairman Dan Harrelson turned the floor over to Mike Reardon-National Science and Engineering Program to discuss Alaska Natives in Biology Degree Programs, but he was not present, so he opened it for the public.

Tim Smith reported on his trip to the Alaska Governor's Office about permitting of the Hobson Creek Hatchery. Tim gave an overview on his work with the salmon hatchery and the associated impacts of Norton Sound fish. He stated that the hatchery needs funding support. Don Stiles clarified that he meant Donny Olson giving him support along with Richard Foster.

UNDERSTANDING FINANCIAL REPORTS

Tasha Huffman gave a presentation on understanding financial reports. Tasha noted that she would provide Joe Garnie a copy of her financial report presentation, as he was the board member that requested this training. NSEDC Board Vice-Chairman Dean Peterson asked if there were any questions for Tasha. There were none.

FINANCIAL/INVESTMENT PORTFOLIO

Tasha reported on the NSEDC Financial/Investment Portfolio.

For the record, Harvey Sookiayak was excused to witness the birth of his granddaughter, as his daughter went into labor.

MANAGERS REPORTS

1. NSIC-Dick Tremaine
 - Dick gave the following brief overview of his NSIC activities during his short period of employment with NSEDC:
 - a. Glacier Fish Company LLC - Rob Wood reported that on the 28% reduction of the Pollock Total Allowable Catch for 2008 and anticipated less crew share wages paid to NSEDC Norton Sound Seafood Processors on the trawlers. Dan Harrelson asked about the lower Pollock TAC and a possible price increase to offset the lower volume and the value of the yen in relation to our income. Rob stated that roe and surimi is sold to the Japanese, so we have to convert Japanese Yen to U.S. Dollars to calculate our income. Dick expounded on his negotiations with Glacier Fish Company with management

questions, which he would like to cover in executive session. He voiced his pleasure of working with Erik Breivik and John Bundy of Glacier Fish Company.

b. Norton Sound Ventures Dissolution Update - Dick updated the Board on the Norton Sound Ventures Dissolution, which might be finalized later today. He noted that the crab boats for sale are not moving, as there is not a lot of demand for crab boats like the F/V Ocean Olympic.

c. Aleutian #1 - Dick reported on the NSEDC crab boat activitey, the Aleutian #1, and our crab quota. Dick noted that our vessel with Captain Rick Alvarez harvested our brown crab and are harvesting our opilio, as we speak. With the Aleutian #1, Dan Harrelson informed the Board that Phillip Pryzmont is working on the boat today and the crew is pleased with his work.

d. IFQ - Dick reviewed NSEDC's IFQ's and requested that discussion over the crab IFQ's be held in executive session. Charlie Saccheus asked about the reduction in Pollock and why it was made. Dick noted the cyclical nature of the Pollock Resource and Simon stated that the cyclical nature of Pollock may rebound and increase the Pollock TAC in the future.

Chairman Harrelson noted the Board had a 1:00 P.M. teleconference with Eric and Wilman Osborne on their residency appeal.

2. CDQ HARVEST MANAGEMENT - Simon Kinneen presented the CDQ Harvest Management Report. Simon took over the CDQ Harvest Management January 1, 2008 and stated that Jon Zuck left NSEDC with good, trustworthy harvesting partners. Dan Harrelson added that Jon Zuck is still contracting with NSEDC for 2008 in a limited capacity to ensure the success of our programs and assisting Simon to bring him up to speed.

The Board took a break from the Managers' reports to accommodate Eric and Wilma Osborne's Residency Appeal. Don Stiles and Dan Harrelson excused themselves from these appeal proceedings and left the room. Chairman Harrelson turned the meeting over to NSEDC Board Vice-Chairman Dean Peterson.

Wilfred Katcheak made a motion to go into executive session at 1:00 P.M. to go over the Eric and Wilma Osborne Residency Appeal. Elvina Naranjo seconded the motion. The motion passed.

Elvina Naranjo made a motion to go out of executive session at 1:43 P.M. Mary Menadelook seconded the motion. The motion passed.

Frank Oxereok Jr. made a motion that the NSEDC Board of Directors abide by its residency policy regarding allowable absences and deny the appeal by the Osbornes for residency. Victor Joe seconded the motion. The motion passed.

A break was taken at 1:45 P.M. and the meeting reconvened at 1:55 P.M. with the manager's reports

3. NSSP - Josh Osborne & Middy Johnson provided a verbal report to the Board. The 2008 NSSP Budgets Review will be reviewed in the meeting tomorrow. Josh went over the planning for next summer's fishing operation in the Norton Sound. Simon spoke about an earlier opening for crabbing by June 15 with a larger crab quota for next year, possibly over 400,000 pounds. Dan Harrelson spoke about the possible crab fishermen in Unalakleet with an earlier opener expecting NSSP to have a buying station in Unalakleet. Dan noted that this would increase our tendering costs with running our crab from Unalakleet to Nome. Charlie Lean recommended a buying station offshore. William Johnson stated that we could buy the crab off the dock and the crab would survive. Dan Harrelson mentioned that Steve Ivanoff proposed to crab out of Unalakleet and wondered if we would have more dead loss with tendering our crab from Unalakleet to Nome. Dean Peterson noted that our biggest load out of Golovin was ten thousand pounds of crab with a bigger dead loss. Josh stated that we need to watch our crab loads to decrease our dead loss. Dan Harrelson spoke to the crab market in June noting the successful crab operations out of Unalakleet. Dan asked Josh if we could ship our crab out of Unalakleet and was informed that in order to purchase crab in Unalakleet a live crab tank would need to be installed.

William Johnson reported on the salmon operation in Unalakleet. With no fishing in Unalakleet now, Middy noted that we are not processing any fish today, but we have open water now. Middy noted that we have seven totes of bait to be picked up by mushers. In April or May, Middy would like to train a couple of his workers. Middy mentioned the tendering options presented by Rip Carlton, where they requested to add twenty feet to the tender vessel and repower, which might not make it available on time for our operations. Middy mentioned the better chum market in 2007, but with the restrictions of king salmon, NSEDC was not able to commercial fish chums and lost a potentially good harvest of chums. Middy reviewed the herring operation and discussion with YDFA to develop a market for NSEDC's herring roe fishery. If the market does not develop, NSEDC would have to work on its herring bait fishery. Dean Peterson asked how much Middy received for chums this past year and was informed we received \$1.00 to \$1.20 per pound. Elvina Naranjo asked about the new tendering vessel and its impact on our operations. Dan Harrelson asked Middy to discuss the work on NSEDC's new tender vessels and training crews with this boat. William recommended training to familiarize the crew with the new boat. Dan asked about desire to increase salaries to the tender vessel crew. He wondered if the crew had been underpaid over the years. Middy stated the crew is probably underpaid with their work requirements and conditions. Elvina Naranjo asked if NSEDC could expand its salmon buying to Koyuk with the new tender vessel, which would provide her community members with a much needed income. Charles Lean spoke about the Norton Bay Fishing Operations and noted that the water marked fish in Norton Bay made the salmon unmarketable. Charles Lean talked about the quality of the fish bought in Koyuk and Norton Bay, which were water marked. Elvina asked if we could use the Norton Bay Salmon for bait. Middy proposed NSEDC look to develop this in the future. Wilfred Katcheak asked about the quality control training for our workers and the volume of fish we bought.

Janis introduced Randy Romenesko, who is a candidate for the NSEDC Chief Executive Officer position. Dan Harrelson stated that Randy worked as the Nome City Manager the

last few years and lasted longer than any other city manager in Nome. Dan asked Randy why Randy to work for NSEDC. Randy informed the Board that he was the Nome City Manager for seven years with an operating budget of \$17,000,000 and sixty five employees. He left Nome in good condition with his work on the small boat harbor and improvements to the Nome City Port and the work that NSEDC does in the region is very important. He felt his engineering background would benefit NSEDC and he would be very excited to be a part of the significant impacts of NSEDC on the region. Dan Harrelson mentioned Randy's work in Juneau with their successful projects and asked Randy to expound on his work there. Randy discussed the strategic planning with his coworkers and the Nome Common Council to improve the City of Nome, lobbying in Juneau and in Washington, D.C. He said they were very good in delivering what they stated they would to Nome to the State of Alaska and Washington. Janis spoke about a transition plan, but wanted Randy and the board to meet each other.

Dan Harrelson asked for any questions on the managers' written reports.

1. EET Department - Don Stiles asked about the Aleutian #1 and opportunities for working on other vessels. Jerry informed Don that one processor had been requested to work with the Baranof Courageous, but the worker did not make it to Dutch Harbor. Dan Harrelson discussed NSEDC's scholarships and thanked Jerry for his successes.

2. Community Benefits Department - Don Stiles asked Katie about the monies not spent this year and a possible deadline to carry forward. Janis informed don that staff is working to close out the projects in 2007. Dan Harrelson voiced his appreciation for Katie to step up to assist NSEDC during its transition period.

3. NSFR&D - Don Stiles asked about the plan to remodel the building Charlie Lean is using in Nome. Simon Kinneen mentioned the funds available in the NSFR&D in 2008 to do this remodeling. Dan Harrelson congratulated Wes Jones with his marine water clean-up in our region. Wes Jones expounded on the cleanup for Golovin, Savoonga, and Gambell this coming year. Dan Harrelson stated that this was a great employment opportunity for our residents. Truman Kava asked Wes about the extent of the cleanup plan for St. Lawrence Island and was informed that work on the island would take a few years. Dan Harrelson asked if we were following the permitting requirements by Savoonga and Gambell. Frank Oxereok Jr. asked for the timeline for cleanup in the villages north of Nome. Wes stated his goal was to clean up all our communities within the next two summers. Dean Peterson asked about Mr. Sandone's decisions and their effects on the NSFR&D Program. Charlie Lean informed the board that we need to focus on our commercial and subsistence fishing, which are fully utilized, and that we may have to focus more funds to help these developed fisheries. Charlie Lean will ask the board for direction on this balancing act and the importance of developing our fisheries.

The meeting was recessed at 2:44 P.M until 10:00 A.M. tomorrow.

January 25, 2008

Chairman Harrelson reconvened the meeting at 10:06 A.M. For the record, all the board members were present physically except Joe Garnie, who was present telephonically.

The minutes of the NSEDC 2007 Special Board Meeting Minutes were inadvertently not included in the Board packet, so the meeting began with approving those minutes.

Dean Peterson made a motion to approve the NSEDC Special Board Meeting Minutes of November 15, 2007. Reggie Barr seconded the motion. The motion passed.

COMMITTEE REPORTS

1. Executive Committee Report - Chairman Harrelson gave the NSEDC Executive Committee Report.

Wilfred Katcheak made a motion to approve the NSEDC Executive Committee Report with all its recommendations. Dean Peterson seconded the motion. The motion passed.

Mike Seville joined the meeting at 10:30 A.M.

2. NSSP Working Group Report - Chairman Stiles gave the NSSP Working Group Report.

Don Stiles made a motion for the NSEDC Staff to look into energy alternatives for our operations. Wilfred Katcheak seconded the motion. The motion passed.

Chairman Harrelson informed the Board that Bob Walsh was present to address the directors. After introductions, Janis Ivanoff stated that Bob Walsh was a candidate for the NSEDC Chief Executive Officer position. Bob gave the Board a brief history of his employment. Dan Harrelson expressed appreciation with Bob's efforts to help NSEDC and asked him to expound on his involvement with the Alaska CDQ Program. Bob stated he started working with YDFA in 1992 when it was started and worked on the periphery to help develop the program.

3. Scholarship Committee Report - Chairman Joe gave the NSEDC Scholarship Committee Report.

Dean Peterson made a motion to approve the NSEDC Scholarship Committee Report with all its recommendations. Elvina Naranjo seconded the motion. The motion passed.

A break was taken at 11:06 A.M. and the meeting reconvened at 11:15 A.M.

Chairman Harrelson asked that the committee chairs summarize their reports so he, staff and board members could catch their 1:30 p.m. flights out of Anchorage.

4. Fisheries Development Committee Report - Wes Jones gave the NSEDC Fisheries Development Committee Report.

5. Finance Committee Report - Tasha Huffman gave the NSEDC Finance Committee Report.

Dean Peterson made a motion to approve the NSEDC Finance Committee Report with all its recommendations. Wilfred Katcheak seconded the motion. Wilfred Katcheak noted that other directors did not receive the investment portfolio. Tasha stated that she could provide this to the directors. Dan Harrelson stated that, because of the turmoil in the market, we will get a full report at the next meeting. The question was called and the motion passed.

6. Appeals Committee Report - The appeal of Eric and Wilma Osborne was addressed by the full board, so the NSEDC Appeals Committee did not meet.

7. Rules & Bylaws Committee Report - Chairman Stiles gave the NSEDC Rules & Bylaws Committee Report.

Don Stiles made a motion to approve the NSEDC Rules & Bylaws Committee Report with all its recommendations. Frank Oxereok Jr. seconded the motion. Harvey Sookiayak requested a roll call vote, which was taken reflecting 12 voting yes, 0 no, two abstentions, and one absent. The motion passed.

OLD BUSINESS

1. Community Benefit Share - Janis Ivanoff that all communities received their community benefit share, except Wales, with whom staff is working.

2. President's Contract – The NSEDC Corporate President's Contract was covered in executive session.

3. Tender Vessel Options – Previously discussed.

NEW BUSINESS

1. 2008 Outside Entity Funding, lawsuit update, GFC Management Contract, NSEDC Corporate President's Contract will be covered in executive session.

Reggie Barr made a motion to go into executive session at 11:38 A.M. to go over the NSEDC Corporate President's Contract, 2008 Outside Entity Funding, lawsuit update, GFC Management Contract, 2008 NSSP Budget Review, and IFQ Purchase Proposal. The NSEDC Transition Plan will also be reported during the executive session. Wilfred Katcheak seconded the motion. The motion passed.

Harvey Sookiayak made a motion to get out of executive session as 3:00 P.M. Frank Oxereok Jr. seconded the motion. The motion passed,

No action required on the lawsuit.

Dean Peterson made a motion to allow management to continue negotiations and communication with Glacier Fish Company about the management contract. Harvey Sookiayak seconded the motion. The motion passed.

Charlie Saccheus Sr. made a motion to approve the NSSP 2008 Budget Review as amended and proposed that an updated budget to be emailed and presented at the April NSEDC Board Meeting. Frank Oxereok Jr. seconded the motion. The motion passed.

Harvey Sookiayak made a motion to approve the NSEDC Corporate President's Contract as presented and amended. Frank Oxereok Jr. seconded the motion. The motion passed.

Frank Oxereok Jr. made a motion to approve the 2008 Outside Entity Funding Proposals as discussed. Harvey Sookiayak seconded the motion. Dan Harrelson requested the finalized list, which he would like to give to the press. Dean Peterson spoke of the need for a process

that leads to a fair distribution to all the communities and all the proposal writers, explaining that we have a limited amount of money available. The motion passed.

Wilfred Katcheak made a motion to recommend that Dick Tremaine continue negotiations on the IFQ Proposal as discussed in executive session. Dean Peterson seconded the motion. The motion passed with Harvey Sookiayak opposed.

Wilfred Katcheak made a motion to go along with the Dick Tremaine's Proposal to form a LLP with the Aleutian #1, under the IFQ Proposal, to give staff (Dick Tremaine and Janis Ivanoff) authority to loan funds up to \$2,500,000.00 to purchase Eastern Aleutian Golden Crab Quota and to set up a loan program for crew members. Victor Joe seconded the motion. The motion passed.

Chairman Harrelson mentioned the memo for board members to have \$5,000.00 available for their community entity of choice for substance abuse prevention. Call the staff with your request with latitude to go to the entity of the board member's choice.

Chairman Harrelson directed Janis to give her staff the rest of the day off with all the hard work they put into this board meeting.

OTHER BUSINESS

1. Executive Session-Report to Full Board on Transition Plan

ADJOURNMENT

Reggie Barr made a motion to adjourn the NSEDC 2007 Fourth Quarter Board of Directors Meeting at 3:45 P.M. Frank Oxereok Jr. seconded the motion. The motion passed.

Dan Harrelson, NSEDC Board Chairman

Jerry Ivanoff, NSEDC Corporate Secretary

Date



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
Special Board of Directors Meeting
Aurora Boardroom
March 17, 2008
4:30 p.m.

CALL TO ORDER

Chairman Harrelson called the meeting to order at 4:34 p.m.

ROLL CALL

Present: Dan Harrelson, Don Stiles, Frank Oxereok, Frank Katchatag, Reggie Barr, Joe Garnie, Ramona Tungiyak, Truman Kava, Charles Saccheus, Elvina Naranjo and Harvey Sookiyak. Dean Peterson, Mary Menadelook and Victor Joe were present via teleconference. Wilfred Katcheak arrived at 4:40. Victor Joe excused himself at the same time. Staff present: Janis Ivanoff, Dick Tremaine, Charlie Lean and Kathy Wheelehan.

APPROVAL OF AGENDA

Frank Oxereok moved seconded by Elvina Naranjo to approve the agenda as presented. Question was called. The motion passed unanimously.

APPROVAL OF MINUTES

Harvey Sookiyak moved seconded by Frank Katchatag to waive approval of the minutes until the regularly scheduled meeting. Question was called. The motion passed unanimously.

PUBLIC COMMENTS

There were no public comments.

OLD BUSINESS

There was no old business.

NEW BUSINESS

2008 Outside Entity Funding – Kawerak, Inc.

Chairman Harrelson updated the board on Kawerak's response to NSEDCE partially funding their enumeration project. Kawerak is not accepting the funds because they feel they cannot effectively manage the enumeration project without the full funding amount. Charlie Lean unsuccessfully met with Kawerak to see if the project cost could be kept under the funded amount. He summarized four options for the board to consider. The board discussed the options and with reassurance from Charlie that NSEDCE can manage the project alone decided to fund the project for \$150,000 this year and \$90,000 in future years. The additional \$60,000 this year is to purchase materials, hopefully from Kawerak.

"NSEDCE 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"

Don Stiles moved seconded by Harvey Sookiayak to follow staff's recommendation for NSED to do the enumeration project on its own with \$150,000 in funding this year and the regular funding amount, \$90,000, next year. Question was called. The motion passed unanimously.

Resolution Re: 401(K) Employee Contribution

A chart was provided to the Board showing different percentages and the payout to employees based on those percentages. It also showed how the amount automatically paid under the safe harbor payment. There was brief discussion. Don Stiles recommended we have the Finance committee review the chart and make a recommendation to the board.

Resolution Re: NSEDC Registered Agent Change

Chairman Harrelson explained that this is a 'housekeeping' issue. The State of Alaska requires companies to have a registered agent. Eugene Asicksik is listed as the registered agent. This resolution names Janis Ivanoff as the registered agent. The Board confirmed with Janis that she is going to be around for awhile.

Wilfred Katcheak moved seconded by Harvey Sookiayak to approve resolution 08-02. Question was called. The motion passed unanimously.

Tender Vessel Update

Janis Ivanoff reported that Middy Johnson and Rip Carlton found and inspected a tender vessel. She outlined the cost, readiness for the season in Nome and the desire to lengthen and repower it at the end of the season. Total cost will be under budget even with the modifications. NSEDC will send key staff to familiarize themselves with the vessel while the modifications are being made and they will bring the vessel back to the region. Janis asked that the board confirm its authorization to purchase the vessel and the modification plans.

Don Stiles moved seconded by Frank Oxereok to approve the purchase of the LCM, Egavik, with the understanding that it will be lengthened and repowered at the end of the season. Question was called. The motion passed unanimously.

OTHER BUSINESS

Executive Session – Proposed Acquisition

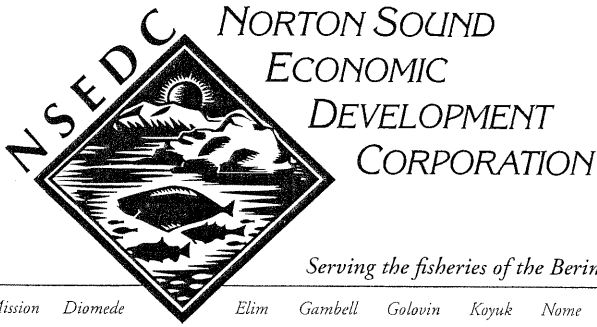
Harvey Sookiayak moved seconded by Elvina Naranjo to go into executive session. The Board went into executive session at 4:58 p.m.

Harvey Sookiayak moved seconded by Elvina Naranjo to return to regular session. The Board returned to regular session at 5:31 p.m.

Elvina Naranjo made a motion regarding discussion in Executive session and it was seconded by Harvey Sookiayak. Question was called. The motion passed unanimously. The Board asked that the details of the motion be kept confidential until further notice.

ADJOURNMENT

Harvey Sookiayak moved seconded by Elvina Naranjo to adjourn the meeting. The meeting adjourned at 5:35 p.m.



FILE COPY

Norton Sound Economic Development Corporation
Rules, Bylaws and Regulations Committee
NSEDC Nome Offices
March 18, 2008
9:00 a.m.

CALL TO ORDER

Chairman Stiles called the meeting to order at 9:37 a.m.

ROLL CALL

Present: Don Stiles, Elvina Naranjo, Charles Saccheus Jr., Joe Garnie, Frank Katchatag and Harvey Sookiayak. Mary Menadelook was present via teleconference. Staff present: Janis Ivanoff and Kathy Wheelahan. Others present: Margaret Russell.

APPROVAL OF AGENDA

Harvey Sookiayak moved seconded by Elvina Naranjo to approve the agenda as presented. Question was called. The motion passed unanimously.

APPROVAL OF THE MINUTES

Harvey Sookiayak moved seconded by Elvina Naranjo to waive approval of the minutes until the next regularly scheduled meeting. Question was called. The motion passed unanimously.

There were no public comments.

NEW BUSINESS

Review of Rules and Regulations, Bylaws and the Employee Handbook

Chairman Stiles reported on a Rules & Bylaws seminar he, Kathy Wheelahan, Katie Peterson attended. After the seminar the a meeting was held to discuss changes to policies. Chairman Stiles, at that time, recommended that the Rules and Bylaws committee meet and thoroughly review the policies with legal counsel.

Margaret Russell recommended that the committee go into executive session while she provided confidential legal advice.

Harvey Sookiayak moved seconded by Joe Garnie to go into Executive session. The committee went into Executive session at 9:45 a.m.

Elvina Naranjo moved seconded by Frank Katchatag to return to regular session. The committee returned to regular session at 1:25 p.m.

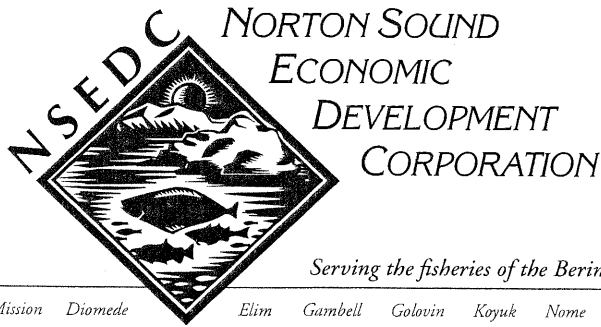
"NSEDC will participate in and encourage the clean harvest of all Bering Sea fisheries to promote and provide economic development through education, employment, training and financial assistance to member communities and Western Alaska, while protecting subsistence resources"

Harvey Sookiayak moved seconded by Joe Garnie to recommend to the full board that they approve the changes to the Bylaws as recommended by legal counsel. Question was called. The motion passed unanimously.

Harvey Sookiayak moved seconded by Frank Katchatag to recommend to the full Board that they approve the changes to the Rules and Regulations as recommended by legal counsel. Question was called. The motion passed unanimously.

Staff and legal counsel will work on the final language for changes in the Employee handbook for proposal to the full Board in April.

Elvina Naranjo moved seconded by Harvey Sookiayak to adjourn the meeting. The meeting adjourned at 1:29 p.m.



FILE COPY

Brevig Mission Diomedes Elim Gambell Golovin Koyuk Nome Saint Michael Savoonga Shaktoolik Stebbins Teller Unalakleet Wales White Mountain

Norton Sound Economic Development Corporation
Special Executive Committee Meeting
NSEDC Nome Offices
January 7, 2008
9:30 a.m.

CALL TO ORDER

Chairman Harrelson called the meeting to order at 9:35 a.m.

ROLL CALL

Present: Dan Harrelson, Dean Peterson, Harvey Sookiayak, Joe Garnie and Don Stiles.
Staff: Janis Ivanoff, Simon Kinneen, Kathy Wheelehan, Tasha Huffman and Dick Tremaine. Camille Cruz was present via teleconference for the first item under New Business.

APPROVAL OF AGENDA

Chairman Harrelson added an Executive Session for transition discussion as item one under Other Business.

Dean Peterson moved seconded by Harvey Sookiayak to approve the agenda as amended. Question was called. The motion passed unanimously.

WAIVER OF APPROVAL OF MINUTES

Harvey Sookiayak, moved seconded Joe Garnie, to waive approval of the minutes until the next regularly scheduled meeting. Question was called. The motion passed unanimously.

PUBLIC COMMENTS

There were no public comments.

OLD BUSINESS

There was no old business.

NEW BUSINESS

Search and Hiring Process for CEO

Janis Ivanoff said there isn't anything in the Employee Handbook specifying the process for hiring. Chairman Harrelson asked if the committee had any recommendations for the hiring process or for possible candidates. Several names that have come up are John Walsh, Bob Walsh, Randy Romensko, Ron Miller, and Marvin Yoder.

There was extensive discussion regarding the new person's job description, what their strengths should be, how to approach candidates, whether they have shown interest in the

"NSEDC 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"

position, and if they can manage the bigger matters at NSEDC. Matters mentioned at the meeting were GFC, Aleutian #1 and changes in the CDQ program. Several board members expressed a wish to promote from within the company and offered their support for Janis. She appreciated their faith in her but she said with three young boys, she doesn't feel like she can fairly balance her family and that position.

The committee agreed the process will be to informally approach candidates we would like to learn more about and see if they are interested and at the same time advertise in Nome and Anchorage. A timeline was discussed again, 45 to 60 days seems optimistic but possible. The committee doesn't want to rush it. If a list could be narrowed down to two or three candidates in time for the April meeting that would be fine too. As for screening applications several levels will be used. Janis can eliminate applicants that clearly are not suitable. Chairman Harrelson suggested we ask Don Mitchell to help with the political screening and Jack Carpenter for the financial screening. They, along with staff and board, can also help Camille compile a list of questions to help with the screening. The position will be advertised "open until filled". Salary will be determined later.

The committee took a ten minute break at 10:30 a.m.

Request for Increase on Simon's Credit Card Limit

Janis said with Eugene gone and his credit card limit no longer available she would like to increase Simon's credit card limit from \$5,000 to \$15,000 or \$20,000 for meeting space rentals, catering and other business related needs.

Don Stiles moved, seconded Harvey Sookiayak, to increase Simon's credit card limit to \$20,000. Question was called. The motion passed unanimously.

Chairman Harrelson asked if Charlie Lean should have a credit card since he is the new NSFR&D director. Simon said most of his charges are not related to that position. We may want to adjust Charlie's purchasing authority.

Dan Harrelson said he would like to be added to the local airlines "authorized to charge" list so he can make changes when he needs to.

OTHER BUSINESS

Executive Session: Transition Discussion

Harvey Sookiayak moved, seconded by Don Stiles, to go into executive session. The committee went into executive session at 10:45 a.m.

Dean Peterson moved, seconded by Harvey Sookiayak, to return to regular session. The committee returned to regular session at 12:10 p.m.

Don Stiles moved, seconded by Dean Peterson, to have staff explore the creation of a wholly owned for profit subsidiary corporation(s) to hold assets. Question was called. The motion passed unanimously.

ADJOURNMENT

Don Stiles moved, seconded by Harvey Sookiayak, to adjourn the meeting. The meeting adjourned at 12:12 p.m.