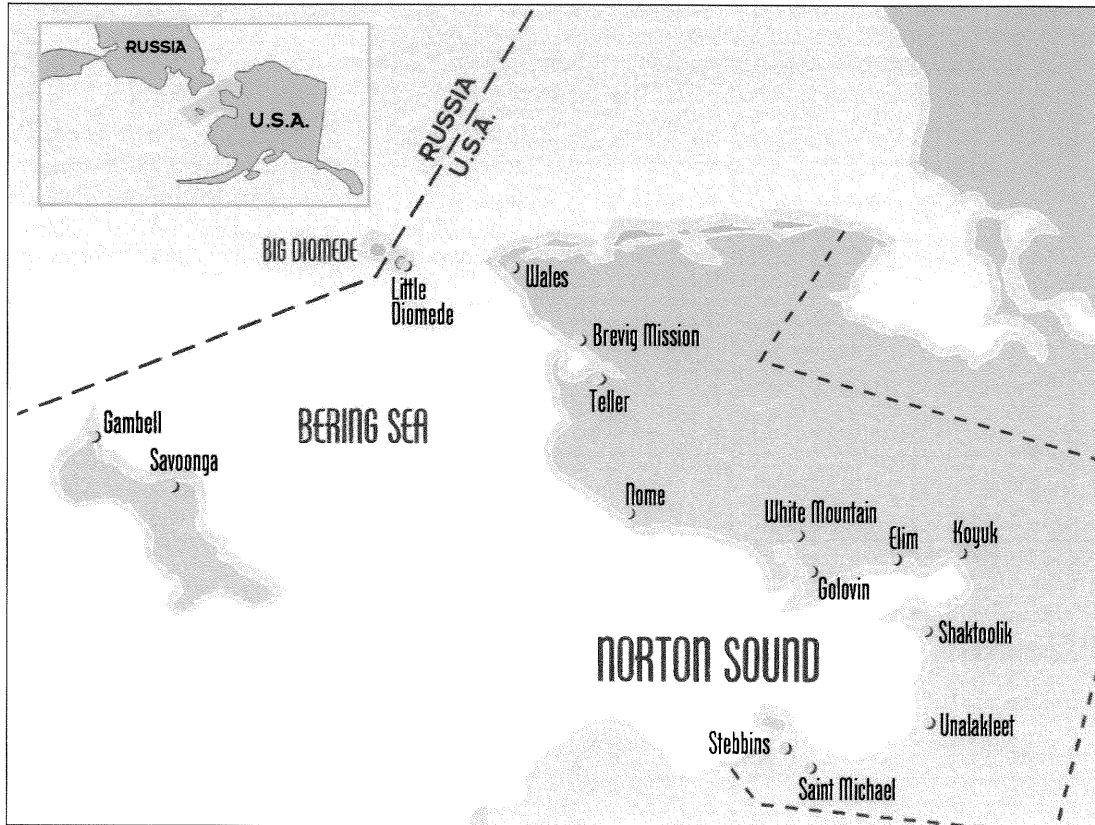


FOR DISTRIBUTION

2010 FIRST QUARTER REPORT

January 1 – March 31, 2010



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

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I. Quarterly Highlights

- The NSEDC Board of Directors held its 2009 fourth quarter meetings in Nome, Alaska February 2 – 5, 2010.
- NSEDC sponsored one resident's attendance at an Alaska Native Language Instructor course held at the University of Alaska Fairbanks January 17 – 20, 2010.
- NSEDC sponsored an Athabascan Beading Class through UAF Northwest Campus in Unalakleet February 5 – 7, 2010.
- Fifteen residents participated in an NSEDC Fisheries Safety Orientation class held at the Alaska Vocational Technical Center in Seward February 28 – March 10, 2010.
- NSEDC sponsored one resident's attendance at the Operator of Uninspected Passenger Vessels (OUPV) licensing class held at the Alaska Nautical Training School in Anchorage March 15 – 26, 2010.
- Scholarships totaling \$253,889 were awarded to 130 residents.
- Twenty-two residents of NSEDC member communities and other Alaska communities worked on the *F/V Pacific Glacier*, *F/V Alaska Ocean*, *F/V Norton Sound*, and the *F/V Glacier Bay* earning a total of \$153,893 in wages.
- Nine fishermen delivered 7,697 pounds of Open Access Norton Sound winter red king crab to NSSP receiving an ex-vessel total of \$26,940 for their harvests.
- In January, Kyan Olanna was hired as NSEDC's general counsel. Kyan will be working at the NSEDC offices in Anchorage.
- The NSEDC Board of Directors held a special meeting in Anchorage on March 26, 2010.

A. Outreach

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

- The NSEDC Board of Directors held its 2009 fourth quarter meetings in Nome February 2 – 5, 2010; these meetings were open to the public.
- NSEDC Board of Directors notified residents of the 2009 fourth quarter meetings by placing an ad in The Nome Nugget.
- NSEDC placed seven newspaper advertisements during the quarter.
- The Alaska Board of Fisheries met to discuss fin fish regulations of the AYK Region January 26 – 31, 2010 in Fairbanks. NSEDC staff attended the meetings and testified on proposed regulations for Norton Sound and Port Clarence.
- NSEDC staff attended the National Marine Fisheries Service (NMFS) workshop on the Northern Bering Sea Research Area plan in Anchorage in February.
- NSEDC staff attended the North Pacific Fisheries Management Council (NPFMC) meetings held in February at the Benson Hotel in Portland, Oregon.
- NSEDC staff attended a National Marine Fisheries Service meeting in Unalakleet.
- NSEDC staff hosted a community meeting in Little Diomed.
- NSEDC staff attended and presented at the AYK Norton Sound fisheries research minisymposium. NSEDC staff presented two of the symposium's eleven project reports. NSEDC was also recognized in seven of the other reports for contributions to various projects.
- NSEDC staff participated in a Waste and Water workshop and subsequent meetings pertaining to the formation of a Watershed Alliance.
- NSEDC staff presented information about NSEDC scholarships and vocational training at career fairs in Gambell, Elim, and Stebbins. A fair scheduled for Golovin was cancelled due to inclement weather.
- NSEDC continued to update the organization's web site (www.nsedc.com) from which constituents can access quarterly reports, newsletters, applications, and information regarding opportunities with NSEDC.
- NSEDC has Community Outreach Liaisons in thirteen of its member communities with Community Benefits Director Paul Ivanoff III serving Unalakleet and Community Development Coordinator Roy Ashenfelter serving Nome. The NSEDC liaisons are sent informational fliers, applications, and other information to circulate within their communities.

Table 1
 EMPLOYMENT DATA FORM
 March 31, 2010

	Q1		Q2		Q3		Q4		Year-to-Date
	People	Wages	People	Wages	People	Wages	People	Wages	Wages
Management/Administrative									
NSEDC - In-region	10	\$ 187,371.69						\$	187,371.69
NSEDC - Anchorage	13	\$ 216,086.85						\$	216,086.85
NSSP - In-region	3	\$ 52,204.34						\$	52,204.34
Total Management/Administrative	26	\$ 455,662.88						\$	455,662.88
CDQ Pollock Related	20	\$ 130,128.62						\$	130,128.62
Total NSSP Employment	11	\$ 12,332.68						\$	12,332.68
Other NSEDC Employment									
Skippers, Deckhands, Shoreside, etc.	0	\$ -						\$	-
Total Other NSEDC Empl.	0	\$ -						\$	-
Other Fishing									
GFC - Longline	2	\$ 23,765.12						\$	23,765.12
Aleutian No. 1	1	\$ 14,000.00						\$	14,000.00
O/A Norton Sound Winter Red King Crab	9	\$ 26,940.55						\$	26,940.55
O/A Norton Sound Red King Crab	0	\$ -						\$	-
CDQ Red King Crab	0	\$ -						\$	-
Norton Sound Salmon	0	\$ -						\$	-
Norton Sound Herring	0	\$ -						\$	-
NSEDC CDQ Halibut	0	\$ -						\$	-
Total Other Fishing	12	\$ 64,705.67						\$	64,705.67
NSEDC Community Outreach Liaisons	13	\$ 19,500.00						\$	19,500.00
Interns									
NSEDC Administration	0	\$ -						\$	-
NSEDC Salmon Rehab.	0	\$ -						\$	-
Alaska Dept. of Fish & Game	0	\$ -						\$	-
Fisheries Development	0	\$ -						\$	-
Total Interns	0	\$ -						\$	-
GRAND TOTALS	82	\$ 662,829.85						\$	682,329.85
NSEDC =	36	\$ 422,958.54						\$	422,958.54
NSSP =	23	\$ 91,477.57						\$	91,477.57
Partners =	23	\$ 167,893.74						\$	167,893.74

Employment Summary

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

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

Community Breakdown:

- 7 employees from Unalakleet
- 2 employees from Brevig Mission
- 2 employees from Nome
- 2 employees from Shaktoolik
- 1 employee from Anchorage
- 1 employee from Golovin
- 1 employee from Kaltag
- 1 employee from Shishmaref
- 1 employee from St. Michael
- 1 employee from Stebbins/Anchorage
- 1 employee from Teller

NSSP Employment – Eleven residents were employed during the first quarter.

Community Breakdown:

- 8 employees from Nome
- 1 employee from Anchorage
- 1 employee from Savoonga
- 1 employee from Unalakleet

Other Fishing – One resident of a member community was employed aboard the *F/V Norton Sound* during the quarter.

Community Breakdown: 1 employee from Shishmaref

One resident was employed aboard the *F/V Glacier Bay* during the quarter.

Community Breakdown: 1 employee from Elim/Anchorage

Nine fishermen delivered 7,037 pounds of Open Access Norton Sound winter red king crab to NSSP and 660 pounds were bought out of Elim during the quarter.

Community Breakdown:

- 8 fishermen from Nome
- 1 fisherman from Elim

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

Training Data Form

Table 2
TRAINING DATA FORM
January 1 through March 31, 2010

	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-Secondary	116	\$225,889.00	116	\$225,889.00
Vocational	14	\$28,000.00	14	\$28,000.00
Voc-Tech				
Basic	0	\$0.00	0	\$0.00
Advanced	0	\$0.00	0	\$0.00
Other Training				
Fisheries Related	16	\$38,787.56	16	\$38,787.56
CDQ Staff	0	\$0.00	0	\$0.00
CDQ Board	0	\$0.00	0	\$0.00
Other	3	\$3,612.91	3	\$3,612.91
TOTAL	149	\$296,289.47	149	\$296,289.47

Training Summary

One hundred thirty students received funding for post-secondary and vocational education in the first quarter. One resident participated in an Alaska Native Language Instructor course at the University of Alaska Fairbanks and is now qualified to teach Native language courses in the region. Fifteen residents completed the NSEDC Fisheries Safety Orientation Class held in Seward in February – March. One resident participated in an Operator of Uninspected Passenger Vessels (OUPV) licensing class at the Alaska Nautical Training School in Anchorage in March. NSEDC sponsored an Athabascan Beading class in Unalakleet during the quarter.

I. Administration

A. Board Activities

Board of Director Meetings

The NSEDC Board of Directors held its 2009 fourth quarter meetings in Nome, Alaska February 2 – 5, 2010.

The NSEDC Board of Directors held a special meeting in Anchorage, Alaska March 26, 2010.

Substantial Decisions

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

- The Board recognized and thanked Mary Menadelook for her years serving as Little Diomedes's NSEDC board representative.
- The Board welcomed and swore in Orville Ahkingha, Jr. as Little Diomedes's new board representative.
- The Board approved the purchase of portable welding packages for each member community through the Community Welder Project. If a welder would not be the most useful equipment, city councils have the option to submit proposals for alternate equipment that will provide similar benefits to their community.
- The Board reviewed and approved the Rules and Bylaws Committee's recommended changes to the Board of Directors/Officers Rules, Regulations, and Policies manual and the NSEDC Employee Handbook. The recommended changes added provisions to expressly address issues related to the employment of family members which had previously been dealt with through the general conflict of interest policy.

II. Harvesting Report

A. CDQ Harvest Management

During the first quarter of 2010, NSEDC conducted a number of CDQ fishing activities including the directed harvest of pollock, Pacific cod, Atka mackerel/Pacific Ocean Perch, rock sole, and Bering Sea opilio crab.

Pollock

The *F/V Alaska Ocean (AO)* and *F/V Pacific Glacier (PG)* completed the harvest of the A (roe season) NSEDC pollock during the first quarter. The Glacier Fish Company (GFC) vessels conducted operations from January 20th to March 22nd and harvested about 7,153 metric tons of NSEDC pollock.

Pacific Cod

The *F/V Norton Sound (NS)* and *F/V Glacier Bay (GB)* harvested approximately 1,598 metric tons of CDQ cod in the A season during the quarter. The A season harvest began on February 9th and continues into the second quarter with the *NS*. The B season commences June 10th.

Atka Mackerel/Pacific Ocean Perch

The *F/V Seafreeze Alaska (SFA)* harvested approximately 276 metric tons of CDQ Atka mackerel in the eastern Aleutian Island management area on behalf of NSEDC during the first quarter. This harvest was completed in two days of fishing in mid-March. Bycatch of other CDQ species in this target fishery were minimal.

The *SFA* will resume the directed fishery for CDQ mackerel and POP during the second quarter.

Yellowfin Sole, Flathead Sole and Rock Sole

The *F/V Legacy*, a catcher-processor vessel owned and operated by US Seafoods, undertook a directed fishery for rock sole in cooperation with NSEDC targeting roe during the quarter. The vessel harvested approximately 180 metric tons of rock sole and various amounts of other CDQ species. This directed fishery was discontinued due to the unexpectedly high levels of cod bycatch.

Arrowtooth Flounder/Greenland Turbot

There was no directed harvest of CDQ Arrowtooth flounder/Greenland turbot during the first quarter. NSEDC and the vessel *F/V Ocean Alaska (OA)* will commence CDQ harvesting operations in this target fishery possibly in June and/or in August/September.

Sablefish

There was no directed harvest of CDQ sablefish during the first quarter. For 2010, NSEDC has a new harvesting partner and two new vessels targeting CDQ sablefish in the Aleutian Islands and Bering Sea. The *F/V Cynosure*, a newly constructed hook and line/pot vessel, will target 149,913 round pounds of CDQ sablefish in the

Aleutian Islands. This vessel is owned and operated by HAT, LLC under the direction of managing member Lenny Herzog.

The *F/V Ballyhoo*, a vessel using pot gear, will target 99,207 round pounds of CDQ sablefish in the Bering Sea. This vessel is owned and operated by Arctic Packer, LLC also under the management of Lenny Herzog. NSEDC has been given harvest priorities in both management areas and the vessels expect to start harvesting NSEDC quota in April.

Halibut

There was no directed harvest of CDQ halibut during the first quarter.

The halibut quota allocated to NSEDC for 2010 is 146,250 pounds. This quota is reserved for harvest by the local fishing fleet. The IPHC season opened on March 6th with the local fishery likely to open at the end of June or early July. Any halibut quota remaining at the end of the local in-region season will be harvested by the *F/V Saint Paul* or *F/V Shemya*, whichever is available.

Bering Sea Opilio Crab

The *F/V Aleutian No. 1 (A1)* harvested the entire allocation of CDQ opilio crab during the first quarter. The vessel harvested 864,306 pounds of crab in four trips with a dead loss of roughly 1.2%.

The *A1*, under separate processing agreements, delivered roughly half of this CDQ crab to Trident Seafoods in St. Paul and the remainder to Alyeska Seafoods in Dutch Harbor. These processing agreements essentially guarantee the *A1* the higher of the A/B share ex-vessel price and will pay NSEDC a crab processing fee or royalty.

Norton Sound Red King Crab

There was no harvest of CDQ Norton Sound red king crab during the quarter.

Bristol Bay Red King Crab

There was no harvest of CDQ Bristol Bay red king crab during the quarter. The 2010-2011 fishing season opens October 15th.

Eastern Aleutian Islands Golden King Crab

There was no harvest of CDQ golden king crab during the first quarter. The 2010-2011 fishing season opens on August 15th.

St. Matthew Blue King Crab

There was no harvest of CDQ St. Matthew blue king crab during the quarter. The 2010-2011 fishing season opens October 15th.

Bering Sea Bairdi Crab

There was no harvest of CDQ bairdi crab during the quarter. The 2010-2011 bairdi crab fishery opens on October 15th.

B. IFQ Harvest Management

During the first quarter, NSEDC managed fishing operations and harvest of individual fishing quotas (IFQs) in the Bering Sea opilio crab and Aleutian Islands golden king crab fisheries.

Sablefish

There was no directed harvest of IFQ sablefish during the first quarter. For the coming year, IFQ sablefish has been allocated to various companies/vessels as follows: 92,000 pounds of IFQ in the central gulf to vessels under contract with FWAS; 32,275 pounds in the central gulf and 47,748 pounds in the western gulf to Clipper Seafoods and the *F/V Clipper Express*; 47,528 pounds in the Aleutian Islands to Glacier Fish Company (GFC) and the *F/V Norton Sound* or *F/V Glacier Bay*; and 2,141 pounds to the *F/V Ballyhoo*.

Halibut

There was no harvest of IFQ halibut during the quarter. Vessels under contract to FWAS will harvest the 3B halibut quota of 27,071 pounds again this year on behalf of NSEDC.

Bering Sea Opilio Crab

The *F/V Aleutian No. 1 (A1)* harvested 103,169 pounds of IFQ opilio crab (both A and B shares in the north and south) during the first quarter.

The *A1* has discontinued harvesting operations for IFQ opilio in the interest of targeting remaining golden king crab quota in the western Aleutian Islands. A1 LLC has subleased portions of the remaining quota to the *F/V Fierce Allegiance* (140,301 pounds of south A shares) and the *F/V Bristol Mariner* (90,401 pounds of CPO shares). The *Bristol Mariner* will deliver the CPO crab to Alyeska Seafoods in Dutch Harbor with the same benefits to NSEDC as with the processing agreement for the CDQ crab.

Bristol Bay Red King Crab

There was no harvest of IFQ red king crab in the Bristol Bay fishery during the quarter. The 2010-2011 fishing season opens on October 15th.

Aleutian Islands Golden King Crab

The *F/V Aleutian No. 1* harvested the entire NSEDC quota of EAG crab (550,000 pounds) in the third and fourth quarters of 2009. A1 LLC had previously transferred 86,496 pounds of WAG undesignated A share quota to the *F/V Alaska Trojan* for harvest in the first quarter; this amount of IFQ was harvested.

The *F/V Aleutian No. 1* will harvest the remaining WAG quota of 155,026 pounds of IFQ crab from WAG-U shares, WAG B shares, and WAG-W A shares. A portion of the WAG-W quota (125,000 pounds) was supposed to be delivered to a non-functioning plant in Adak. This issue has been resolved by

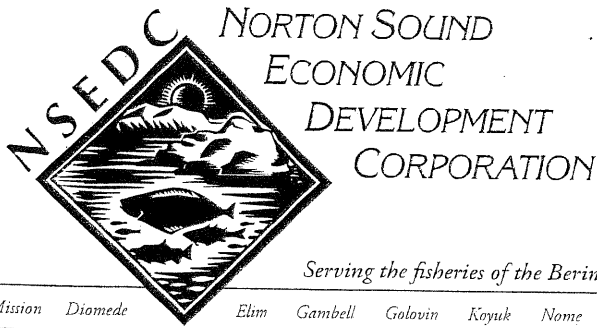
a temporary emergency order allowing for delivery of this crab into Dutch Harbor.

Bering Sea Bairdi Crab

There was no harvest of IFQ bairdi crab during the first quarter. The 2010-2011 fishing season opens October 15th.

III. Board of Directors January 1 – March 31 Meeting Minutes (Attachments 1 - 2)

ATTACHMENT 1
NSEDG Board of Directors
2009 Fourth Quarter Meeting Minutes



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

**Norton Sound Economic Development Corporation
2009 Fourth Quarter Board of Directors Meeting
BSNC Boardroom, Nome, Alaska
February 4 & 5, 2010
9:00 a.m.**

CALL TO ORDER

Chairman Dan Harrelson called the NSEDCE 2009 Fourth Quarter Board Meeting to order at 9:00 a.m. on February 4, 2010.

ROLL CALL

Present at the meeting were Dan Harrelson, Don Stiles, Dean Peterson, Joel James, Harvey Sookiyak, Joe Garnie, Orville Ahkinga, Reggie Barr, Truman Kava, Frank Oxereok Jr., Frank Katchatag, Elvina Naranjo, Wilfred Katcheak, Victor Joe, and Oscar Takak. Staff present: Janis Ivanoff, Simon Kinneen, Rick Walicki, Kyan Olanna, Rich Ferry, William Johnson, Charlie Lean, Kevin Keith, Paul Ivanoff III, Kathy Wheelehan, and Jerry Ivanoff. Public present were Paul Johnson, John Eckels, Margaret Russell, Jack Carpenter, Steve Rieger, Eric Osborne, Randy Maes, Tim Smith, and Laurie McNicholas.

RECOGNITION OF MARY MENADELOOK

Chairman Dan Harrelson recognized Mary Menadelook for her years of service as the NSEDCE Little Diomede Board Member. Chairman Harrelson publicly thanked her for her contributions to NSEDCE and her years of dedication.

SWEARING-IN OF ORVILLE AHKINGA JR.

Chairman Harrelson welcomed Orville Ahkinga Jr. to the NSEDCE Board of Directors.

NSEDCE CEO Janis Ivanoff swore in Orville Ahkinga Jr. of Little Diomede, as their board member. Orville read the NSEDCE Oath of Office and completed the Conflict of Interest form.

INVOCATION

Oscar Takak gave the invocation.

APPROVAL OF AGENDA

To avoid multiple Executive Sessions, Chairman Harrelson moved Investment Portfolio to 1:00 p.m. During that Executive Session Cussy Kauer and her group would address the board.

Joe Garnie asked to add Aleutian No. 1 and Alaska Ocean to the agenda. Chairman Harrelson suggested they be discussed under the Siu Alaska Corporation Report. Joe asked to add NMFS, it will be discussed under the Fisheries Development Committee Report, and Community Benefits, which will be discussed under Managers' Report. Joe also requested to add Office Relocation. It was added to Old Business.

"NSEDCE will participate in the Bering Sea fisheries to provide economic development through education, employment, training and financial assistance to our member communities."

Reggie Barr made a motion to approve the agenda, as amended. Victor Joe seconded the motion. The motion passed,

APPROVAL OF MINUTES

1. November 4, 5, & 6, 2009

Harvey Sookiayak made a motion to approve the NSEDC Board Meeting Minutes of November 4, 5, & 6, 2009. Frank Oxereok Jr. seconded the motion.

Joe Garnie asked about the Appeals committee minutes from the April meeting in Unalakleet. Janis Ivanoff noted that this will be covered after the next Appeals committee meeting. Harvey Sookiayak noted that a word in the second to last paragraph on page three was misleading. He requested that the word “giveaway” be changed to “donation”.

The motion passed with the change.

2. December 1 & 2, 2009 and December 15, 2009

Harvey Sookiayak made a motion to approve the NSEDC Board Meeting Minutes of December 1 & 2, 2009 and December 15, 2009, as a block. Elvina Naranjo seconded the motion. The motion passed.

PUBLIC COMMENTS

Eric Osborne would like the board to do a settlement for the crab, halibut, and cod fishermen, as their expenses were very high this year. He mentioned the unprecedented shut-down of the crab fishery.

Tim Smith handed out a two page list of questions and summarized a letter from Lisa Murkowski. Tim did not want written answers. He requested answers from the board and stated if they refuse, he will report it back to our congressional delegation and ask them for legislation for all CDQ groups to respond to reasonable constituent requests. Tim brought up concerns regarding staff's request for more information on his Nome Fishermen's Association's OEF proposal.

Paul Johnson noted that the crab came in later this season. It was not management's fault, but an act of Mother Nature.

PRESIDENT'S REPORT-Dan Harrelson

NSEDC Corporate President Dan Harrelson gave the President's Report, which was written and provided to the NSEDC Board of Directors.

Phil Pryzmont joined the meeting at 9:25 a.m. Virginia Nashalook and Yvonne Ashenfelter walked in at 9:30 a.m. Jon Zuck joined the meeting at 9:35 a.m.

CEO's REPORT-Janis Ivanoff

NSEDC CEO Janis Ivanoff gave updates and summarized her written report provided in the packet. She noted changes on the NSEDC and Siu Boards, changes in NSEDC personnel, provided an update on pending tax legislation, and shared news of the Norton Sound Seafood House at the Ted Stevens International Airport. She also noted the Finance Committee approved Altman and Rogers for the 2009 NSEDC Audit. She went over the Nome Office Remodeling, which should be done by next summer. Chairman Harrelson asked about the CDQ Harvest

Management Position and the interest to date. Joe Garnie suggested an internship program to develop the right person for the CDQ Harvest Management Position.

FINANCIALS/INVESTMENT PORTFOLIO

Rick Walicki gave the NSEDC Financials/Investment Portfolio.

Reggie Barr asked for clarification on the Aleutian No. 1 Operation. Rick Walicki informed him on the equity level of accounting on a fifty percent or less level.

Mike Orr of Wells Fargo entered at 9:47 a.m. Wes Jones joined the meeting at 9:59 a.m.

We took a ten minute break at 9:48 a.m. The meeting reconvened at 10:04 a.m.

SIU ALASKA CORPORATION REPORT-John Eckels

John Eckels gave the Siu Alaska Corporation Report. Joe Garnie asked for clarification on our financial agreements with the Aleutian No. 1 Management. John stated that Siu is the manager for the Aleutian No. 1. There is a management agreement with one of the skippers for management of the operations. Joe asked about the debt for the Alaska Ocean. John said Glacier Fish Company incurred this debt. NSEDC and Siu Alaska Corporation did not give any debt guarantee. If GFC, for some reason, cannot meet the loan obligations it is conceivable that Siu would provide some capital costs, as one of the members of GFC. Chairman Harrelson added that we don't foresee GFC having an inability to make the debt payments and noted that GFC is obligated to pay for eight years. John said GFC Management is confident about payments for 2010. They've done a good job of cost control.

Chairman Harrelson asked about the brown crab operation of the Aleutian No. 1. John said we had a break even season in brown crab. He went over crab prices. Jon Zuck said they paid us about \$650,000 total. Joe Garnie asked if Siu made payments to NSEDC. Chairman Harrelson noted we received tax free royalty payments. Joe Garnie stated that we formed guidelines for Siu and questioned the donations to NACTEC and BSWG. Chairman Harrelson noted the past NSEDC board meetings, where we had lengthy discussion regarding the Aleutian No. 1 donation. Harvey had a copy of the packet previously provided to the Board which included copies of minutes and resolutions supporting the donations. John Eckels said Siu was careful to follow the wishes of the NSEDC board. He continued with his report and said we are still expecting a retro payment for brown crab from Aleutian No. 1 and noted the NOAA contracts for use of the F/V Pacific Star.

Oscar Takak made a motion to go into executive session for the Siu Alaska Corporation Report at 10:21 a.m. to discuss a possible business venture and our investment portfolios. Elvina Naranjo seconded the motion. The motion passed.

Reggie Barr made a motion to return to regular session at 2:03 p.m. Elvina Naranjo seconded the motion. The motion passed.

Roy Ashenfelter joined the meeting at 2:04 p.m.

MANAGERS REPORTS

1. CDQ Management-Jon Zuck

Jon Zuck gave the NSEDC CDQ Management Report noting that the F/T Alaska Ocean and F/T Pacific Glacier started Pollock "A" Season on January 20, 2010. Jon covered the operation of

the Norton Sound and Glacier Bay longlining cod. Chairman Harrelson asked for the value of cod today. Jon said the price for cod has gone up. Jon went over the mackerel and POP for 2009 and the plan for 2010. Yellowfin Sole and Rock Sole fishing had some bycatch issues. U.S. Seafoods with their vessel Ocean Alaska will harvest our Greenland Turbot. Black cod and sablefish were harvested by YDFDA and BBEDC in 2009. Jon went over all the CDQ Fishing Operations of 2009 and the plans for 2010. Joe Garnie asked Jon about the slow fishing in the Bering Sea and asked if it was due to weather or a lack of fish. Jon said our boats were trying to find roe filled pollock.

2. Southern and Northern NSSP

a. Middy Johnson

William Johnson took the floor for the Southern Norton Sound Seafood Products Report. He thanked the accounting department for their work this year. Chairman Harrelson asked about the pink salmon operation in 2010. Middy informed him that we will still sell to the frozen market and, as before, buy and process as much as we can. The 2010 SNSSP Operation Plan will be presented at the April meeting. Chairman Harrelson wished Middy well on the Iditarod Trail.

b. Rich Ferry

Rich Ferry gave the Northern Norton Sound Seafood Products Report. He noted that the ice conditions are improving and crab is starting to come in. He covered some of the markets for the crab. Rich is still planning for the Nome and Golovin improvements. Rich went over our inventory for the restaurants. Rich explained the management decisions for the crab operation this last season, where we had to close it down due to skinny crab and would have lost our market. We paid \$3.27 for red king crab at the dock this year, as we got a better price for our crab. Rich noted that we reduced packing boxes by one pound from 43 pounds to 42 pounds. Chairman Harrelson asked about the reason for this reduction. Rich noted that we are guaranteeing a 40 pound case. Chairman Harrelson and Rich spoke about the cost benefits to the halibut and bait operation in St. Lawrence Island with the option, coming soon, of shipping directly between St. Lawrence Island and Anchorage.

We took a ten minute break at 2:36 p.m. The meeting reconvened at 2:48 p.m.

Chairman Harrelson noted the written reports provided and asked if there were any questions.

3. Written Reports

a. Community Benefits Department-Paul Ivanoff III

Joe Garnie requested that Roy Ashenfelter do a workshop in Teller before the OEF application deadline in March. He also requested that the grant funding be distributed on an equal basis and not competitive. Chairman Harrelson explained that each community will receive an equal amount of grant funding. The community-based review committee, which Joe will chair for Teller, will decide how the grant funds will be spent. Teller won't be in competition with any other community. Joe said he received a letter stating that a portion of it would be competitive. Paul Ivanoff III explained that ten percent of the funds available for OEF are only available to regional non-profits and the process for those grant funds is considered competitive. Janis Ivanoff stated that Paul Ivanoff III will join Roy for this workshop.

Chairman Harrelson asked if there questions for EET, HR, or NSFR&D. There were none.

COMPENSATION COMMITTEE APPOINTMENTS

Janis explained the process for the NSEDC Compensation Committee Appointments and its composition. The board needs to select three more individuals for this committee.

Don Stiles nominated Harvey Sookiayak for the executive committee representative on the compensation committee.

Dean Peterson moved to cease nominations. Don Stiles seconded the motion. The motion passed.

Harvey Sookiayak will sit on the NSEDC Compensation Committee, as the Executive committee Representative.

As a member of the NSEDC Finance Committee, Don Stiles nominated Dean Peterson.

Harvey Sookiayak made a motion to cease nominations and asked for unanimous consent. Wilfred Katcheak seconded the motion. The motion passed.

Dean Peterson is the NSEDC Finance Committee Representative on the NSEDC Compensation Committee.

Dan Harrelson nominated Orville Ahkinga. Harvey Sookiayak nominated Don Stiles, who declined as he sits on the NSEDC Executive Committee.

Wilfred Katcheak made a motion to close nominations and ask for unanimous consent. Elvina Naranjo seconded the motion. The motion passed.

Orville Ahkinga Jr. will sit on the NSEDC Compensation Committee, as a NSEDC Board Member.

Chairman Harrelson noted that the NSEDC Compensation Committee will meet at 4:30 p.m.

COMMITTEE REPORTS

1. Executive Committee Report

NSEDC Board Chairman Dan Harrelson gave the NSEDC Executive Committee Report.

Don Stiles made a motion to adopt the NSEDC Executive Committee Recommendation for our community welders. Oscar Takak seconded the motion.

Joe Garnie asked how much each of these welders will cost and how many people will be trained in each community. Chairman Harrelson noted that our EET Department requires ten people for community training. He also noted that Unalakleet will have a marine support facility soon and we could train them there. Janis Ivanoff spoke to the requirements for receiving the welders from NSEDC. Joe Garnie asked if they needed a resolution to receive this welder. Paul Ivanoff III informed him that each community will be required to establish ownership, where it will be stored, and who will do the maintenance. Paul Ivanoff III stated that if communities do not want the welders, the funds could be used for another project with similar benefits. He gave an example of one community that wanted to use the funds to repair two boat trailers.

The motion passed.

2. Scholarship Committee Report

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

Reggie Barr made a motion to approve the NSEDC Scholarship Committee Report. Wilfred Katcheak seconded the motion. The motion passed.

3. Rules & Bylaws Committee Report

NSEDC Rules & Bylaws Committee Chairman Don Stiles gave the NSEDC Rules & Bylaws Committee Report. Jerry Ivanoff clarified that NSEDC did not compensate Joe Garnie for his instruction on the sled building class.

Dean Peterson made a motion to approve the NSEDC Rules & Bylaws Committee Report. Harvey Sookiyak seconded the motion. The motion passed.

4. Fisheries Development Committee Report

NSEDC Fisheries Development Committee Chairman Oscar Takak gave the fisheries development committee report.

Don Stiles made a motion to approve the NSEDC Fisheries Development Committee Report with all its recommendation. Frank Oxereok Jr. seconded the motion.

Reggie Barr thanked Janis Ivanoff & Dan Harrelson for getting him to Fairbanks to testify against the fishery in Teller and Brevig Mission. He spoke to the Salmon Lake Fertilization.

The motion passed.

Mary Menadelook walked in at 3:32 p.m. Chairman Harrelson thanked Mary for her years of service and noted that our board will miss Mary and her quiet demeanor. When she did speak, we all listened. NSEDC CEO Janis Ivanoff presented Mary with a nice photograph of Little Diomedea and a jacket. Mary Menadelook thanked the board and said she was very glad to have met everyone.

5. Finance Committee Report

NSEDC Finance Committee Chairman Dan Harrelson gave the finance committee report.

Dean Peterson made a motion to approve the NSEDC Finance Committee Report with all its recommendations. Frank Katchatag seconded the motion. The motion passed.

We took a ten minute break at 3:45 p.m. The meeting reconvened at 3:55 p.m.

6. Compensation Committee Report

This committee will meet after the board meeting later today, February 4, 2010.

OLD BUSINESS

1. Education Foundation Update

The NSEDC Education Foundation Update was provided in the NSEDC CEO Report of Janis Ivanoff.

2. Pilgrim Hot Springs Update-executive session

3. Election Lawsuit Update-executive session

4. AFA Update-executive session

5. HMS Host Update

The HMS Host Update was provided in the NSEDC CEO's Report of Janis Ivanoff.

6. Office Relocation

Joe Garnie was given the floor for the office relocation and why the office was moved to Anchorage.

Joe Garnie made a motion to relocate our NSEDC Central Office back to the region. Reggie Barr seconded the motion.

There was discussion about the timeframe, location, change in staff, and the benefits of moving back to the region. Joe Garnie asked when our office lease would be up in Anchorage and recommended this move happen by January 2011. Some of the Board members said they would have a hard time supporting the motion without more information about what the relocation would cost, not only financially, but in staff loss. Dean Peterson said we have a solid core staff; NSEDC has grown and is very effective, we have a strong presence in the region and we are one of the leaders of the CDQ Groups, he would hate to jeopardize that. Joe suggested the date could be changed and discussed further.

A roll call vote was taken reflecting three abstentions, nine no votes, two yes votes, and one absent. The motion failed.

Oscar Takak made a motion to go into executive session at 4:12 p.m. to go over the Pilgrim Hot Springs Update, the Election Lawsuit Update, and the AFA Update. Elvina Naranjo seconded the motion. The motion passed.

Frank Oxereok Jr. made a motion to return to regular session at 4:45 p.m. Dean Peterson seconded the motion. The motion passed.

Don Stiles made a motion to follow staff's recommendation regarding Pilgrim Hot Springs. Frank Oxereok Jr. seconded the motion.

Reggie Barr voiced his opposition.

The motion passed.

We recessed for the day at 4:47 p.m.

February 5, 2010 9:00 a.m.

Chairman Dan Harrelson reconvened the meeting at 9:00 a.m. For the record, all the board members were present, except for Truman Kava, who was excused due to a death in the family.

We went back to the NSEDC Compensation Committee Report.

Compensation Committee Report

NSEDC Compensation Committee Chairman Dan Harrelson gave the compensation committee report.

Oscar Takak made a motion to approve the NSEDC Compensation Committee Report with its recommendations. Don Stiles seconded the motion.

Reggie Barr asked Chairman Harrelson if he anticipated any further conflicts of interest in future meetings because of relatives. Chairman Harrelson said he does not. Elvina Naranjo asked if the increase would apply to the entire staff. Chairman Harrelson said the three percent is for everyone except for the salary of NSEDC CEO Janis Ivanoff. The CEO's salary is determined during the annual evaluation.

The motion passed.

NEW BUSINESS

No new business was presented.

Wilfred Katcheak made a motion to go into executive session at 9:07 a.m. to go over two business proposals previously presented to the board earlier in the meeting. Elvina Naranjo seconded the motion. The motion passed.

Oscar Takak made a motion to return to regular session at 10:55 a.m. Frank Oxereok Jr. seconded the motion. The motion passed.

We took a break at 10:55 a.m. The meeting reconvened at 11:14 a.m.

Don Stiles made a motion to move forward as discussed in executive session with the proposal put forward by Cussy Kauer and her group. Oscar Takak seconded the motion.

Reggie Barr asked for clarification on which item they were voting on.

The motion passed.

Don Stiles made a motion to approve the loan guarantee for Siu Alaska Corporation's Purchase of Fisheries Assets and Fishing Rights and NSEDC's Purchase of Associated Crab Quota. Wilfred Katcheak seconded the motion.

Reggie Barr requested a roll call vote.

The vote reflected eleven votes yes, two votes no, one abstention, and one absent. The motion passed.

PUBLIC COMMENTS

Chairman Harrelson opened the floor for public comments.

Heidi Herter, UAF Marine Advisory Program, thanked the board for supporting her program and gave an update on the marine advisory program. She went over the budget plans to support her staff working in Juneau with our legislators, which will end at the latter part of April, 2010. Chairman Harrelson appreciated the great job she has done and thanked her for her success.

Eric Osborne voiced his support of Joe Garnie's motion to move the office back. He felt this move would provide positive communication and positive economic impact.

Tim Smith expressed his opinion on the Northern Economic Study for the office relocation back to the region. He said the move would provide economic benefit to the region. He provided his own calculations of what it would cost to move the office back to Elim. He gave a breakdown of the costs totaling, he said, "two-hundred nine dollars and six hundred fifty-three cents to move

the office.” Tim Smith asked for clarification of the minutes of the executive committee. Tim said he did not hear anything on the chum salmon bycatch. Tim expressed his opinion about how NSEDC is handling the chum bycatch issue.

BOARD COMMENTS

Chairman Harrelson opened the floor for NSEDC Board Comments.

Oscar Takak voiced his pleasure to be back and was amazed on the growth over the years. He thought back to 1992 when we started with nothing, and noted that the person, who encouraged him to get involved, warned him of the fight for funds later upon our success. He said it is amazing to see the growth of NSEDC.

Victor Joe welcomed Orville Ahkinga Jr. to the board.

Orville Ahkinga Jr. was glad to be part of the board and he has a lot of homework to catch up.

Wilfred Katcheak asked for sponsorship amount for the little dribbler’s program of \$3,000 and would like to see it increased. Chairman Harrelson noted the \$5,000.00 discretionary grant to our communities.

Don Stiles had no comment.

Joel James welcomed Orville Ahkinga Jr.

Frank Oxereok Jr. welcomed Orville Ahkinga Jr. to the board. It is good to be on the board and ready to move forward.

Elvina Naranjo welcomed new board members Oscar Takak and Orville Ahkinga Jr. She made a list of all the good things we do to help our communities. Koyuk will be happy for the welders, the bulk fuel program, outside entity funding, community benefit share, and the elders’ program support. She mentioned the community energy fund, our scholarship for higher education, and the little dribbler’s program. Our villages are happy with these.

Joe Garnie agreed with Tim Smith on the bycatch issue and we should be working hard on this before 2011. We are part of the bycatch problem and some of our families are going without dried fish. He cautioned the board to vote to support our villages on this issue. We are part of the problem and felt he should apologize for our actions.

Reggie Barr had no comment.

Frank Katchatag welcomed Orville Ahkinga Jr. and wished to bring our programs back to our communities.

Harvey Sookiayak thanked staff for their hard work and all the benefits brought back to our communities. Our constituents continue to hold us under the fire.

Dean Peterson had no comment.

Dan Harrelson noted that debate is a healthy thing and reminded that we move forward with a majority vote. He applauded the board for their openness, even when emotions run high, but each is being honest. He commended staff for their continued hard work to move the direction

of the board. He will support the staff. He welcomed Oscar Takak and thanked him for his wisdom. He welcomed Orville Ahkinga Jr. to the board.

ADJOURNMENT

Oscar Takak made a motion to adjourn the NSEDC 2009 Fourth Quarter Board Meeting at 11:42 a.m. on February 5, 2010. Harvey Sookiayak seconded the motion. The motion passed.

Dan Harrelson, NSEDC Board Chairman

Jerry Ivanoff, NSEDC Corporate Secretary

Date

ATTACHMENT 2
NSEDC Board of Directors
Special Meeting Minutes
March 26, 2010



FILE COPY

Serving the fisheries of the Bering Strait Region

Bering Mission Diomedé Elim Gambell Golovin Koyuk Nome Saint Michael Savoonga Shaktolik Stebbins Teller Unalakleet Wales White Mountain

Norton Sound Economic Development Corporation

Special Board of Directors Meeting Minutes

Westmark Turnagain Room

March 26, 2010

9:00 a.m.

CALL TO ORDER

Chairman Dan Harrelson called the NSED C Special Board of Directors Meeting to order at 9:00 a.m. on March 26, 2010.

ROLL CALL

Present were: Dan Harrelson, Don Stiles, Dean Peterson, Joel James, Harvey Sookiayak, Joe Garnie, Reggie Barr, Frank Oxereok Jr., Frank Katchatag, Elvina Naranjo, Wilfred Katcheak, Victor Joe, and Oscar Takak. Truman Kava and Orville Ahkinga Jr. were absent and excused. Staff present: Janis Ivanoff, Kyan Olanna, Aggie Blandford, Kathy Wheelehan, and Jerry Ivanoff. Public present was Laurie McNicholas.

INVOCATION

Oscar Takak gave the invocation.

WAIVER OF NOTICE OF MEETING

Harvey Sookiayak made a motion to approve a waiver of notice of the meeting. Frank Oxereok Jr. seconded the motion. The motion passed.

APPROVAL OF AGENDA

The NSED C Education Foundation Update was added under New Business.

Victor Joe made a motion to approve the agenda as amended. Dean Peterson seconded the motion. The motion passed.

WAIVER OF APPROVAL OF MINUTES

Oscar Takak made a motion for a waiver of approval of minutes. Elvina Naranjo seconded the motion. The motion passed.

OLD BUSINESS

Frank Oxereok Jr. made a motion to go into executive session at 9:05 a.m. to discuss the Cussy Kauer and Group, Pilgrim Hot Springs Update, and the NSED C Education Foundation Update. Oscar Takak seconded the motion. The motion passed.

"NSED C will participate in the Bering Sea fisheries to provide economic development through education, employment, training and financial assistance to our member communities."

Cussy Kauer & Group

This was covered in executive session

Pilgrim Hot Springs Update

This was covered in executive session

Frank Oxereok Jr. made a motion to return to regular session at 10:00 a.m. Oscar Takak seconded the motion. The motion passed.

We took a break at 10:00 a.m. The meeting reconvened at 10:13 a.m.

Oscar Takak made a motion that NSEDC not take any further action on the proposal from Cussy Kauer and Group. Wilfred Katcheak seconded the motion. The motion passed.

Corrections to Minutes

- a. Third Quarter Board of Directors Meeting, November 4, 5, & 6, 2009-pg. 7
- b. Special Board of Directors Meeting, December 1 & 2, 2009-pg. 3

Chairman Harrelson went over the handout which provided one-word corrections to the November 4-6 & December 1-2, 2009 Board of Director meeting minutes.

Frank Oxereok Jr. made a motion to change "NSEDC" to "Siu" in the Siu Resolution 09-03 motion of the NSEDC Board of Directors Third Quarter Meeting Minutes. Dean Peterson seconded the motion. The motion passed.

Harvey Sookiayak made a motion to change November 2011 to October 2010 regarding the date of Diomedes's term of office in the minutes of the NSEDC Special Board of Directors Meeting of December 1 & 2, 2009. Victor Joe seconded the motion. The motion passed.

NEW BUSINESS

Rules & Bylaws Committee Report

Chairman Don Stiles gave the NSEDC Rules & Bylaws Committee Report. Chairman Harrelson thanked Kyan Olanna for her work on the Rules & Bylaws.

Don Stiles made a motion to pass the recommendation of the NSEDC Rules & Bylaws Committee Meeting of March 25, 2010. Wilfred Katcheak seconded the motion. The motion passed.

Dean Peterson made a motion to go into executive session at 10:25 a.m. to go over the hiring of family members in our NSEDC Rules and Regulations. Frank Oxereok Jr. seconded the motion. The motion passed.

Frank Oxereok Jr. made a motion to return to regular session at 10:32 a.m. Victor Joe seconded the motion. The motion passed.

Wilfred Katcheak made a motion to adopt the staff recommendation concerning hiring of family members. Frank Oxereok Jr. seconded the motion. The motion passed.

NSEDC Education Foundation Update

This was covered in executive session.

Discussion on the location of the upcoming 2010 First Quarter Board Meeting took place. Chairman Harrelson stated that he would notify the board of the location once it is determined.

ADJOURNMENT

Don Stiles made a motion to adjourn the NSEDC Special Board of Directors Meeting of March 26, 2010 at 10:39 a.m. Harvey Sookiayak seconded the motion. The motion passed.