

FOR DISTRIBUTION

2011 SECOND QUARTER REPORT

April 1 – June 30, 2011



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

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I. Quarterly Highlights

- The NSEDC Board of Directors held its 2011 first quarter meetings in Unalakleet, Alaska, April 28 – 29, 2011.
- Thirty-four residents were awarded scholarships totaling \$60,501.
- A total of 19 current residents of NSEDC member communities and one who now lives in Anchorage worked on the *F/V Pacific Glacier* and the *F/V Alaska Ocean*, earning a total of \$147,883.06 in wages.
- Three residents completed a NSEDC-sponsored commercial driving class in Teller in June under the direction of UAF Northwest Campus instructor Glenn Tate.
- Twelve residents took a NSEDC-sponsored commercial driving class in Unalakleet in April and May under the direction of UAF Northwest Campus instructor Glenn Tate.
- Ten residents of Unalakleet participated in a NSEDC-sponsored Inupiaq language class in April 2011.
- Ten residents of Brevig Mission signed up to participate in a NSEDC-sponsored skin sewing class during the second quarter of 2011.
- The cities of Koyuk, White Mountain, Savoonga, Shaktoolik, Wales, Elim and Unalakleet, as well as the Native Village of Teller and Native Village of St. Michael participated in NSEDC's Community Employment Program by employing a NSEDC scholarship recipient, or a resident of their choice if no scholarship recipient was available, for four months.
- Ten residents received certifications after completing a Fisheries Safety Orientation Class at AVTEC in Seward in May.
- Josh Osborne returned to the Northern Norton Sound Seafood Products in Nome as assistant manager.
- Several NSEDC board members and staff attended the North Pacific Fishery Management Council meeting in Nome in June, principally to follow the council's deliberations on chum bycatch and the Northern Bering Sea Research Area. During the week, NSEDC also hosted several well-attended events.
- Advocacy from NSFR&D staff help avert a drastic cut to the Norton Sound red king crab commercial quota at the NPFMC meeting in June.
- NSEDC's Norton Sound Fisheries Research and Development Program developed a new counting tower project on the Iglutalik River near Koyuk.
- NSFR&D staff attended the Tribal Marine Workshop in Seldovia during the quarter.
- For the second year in a row, a herring fishery occurred in Norton Sound following NSEDC's negotiations with Icicle Seafoods. NSFR&D provided aerial support while NSSP provided shoreside support. Thirty-five fishermen hauled in more than 800 tons of herring, most of record high roe quality.
- Crab and salmon fishing were proceeding well during the quarter. Results of those fisheries, as well as halibut, will be available in the third quarter report.
- Deliveries of fuel from NSEDC's Bulk Fuel Program were taking place during the second quarter of 2011 by Crowley.

A. Outreach

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

- The NSEDC Board of Directors held its 2011 first quarter meetings in Unalakleet April 28 – 29, 2011; these meetings were open to the public.
- NSEDC Board of Directors notified residents of the 2011 first quarter meetings by placing advertisements in *The Nome Nugget*.
- NSEDC staff traveled to the University of Alaska Anchorage and the University of Alaska Fairbanks to meet with scholarship recipients who were presented with renewal applications, and job and internship information.
- NSEDC and NSSP staff held fishermen's meetings in Unalakleet, St. Michael, Stebbins, Shaktoolik, Koyuk, Elim, Golovin, Nome and Savoonga during the quarter.
- NSFR&D and NSSP staff traveled to Brevig Mission and Teller to meet with test fishing crews for NSEDC's Northern Communities Developing Fishery Project.
- NSEDC produced and disseminated a newsletter that went to every boxholder in member communities.
- NSEDC produced a feature story published in *The Nome Nugget* with photos detailing NSFR&D staff helping first- and second-graders release coho salmon they raised over the year into Anvil Creek.
- NSEDC produced a feature story published in *The Nome Nugget* detailing NSEDC's and several regional organizations' support of the Bering Strait Health Consortium's project to train nurses in Nome.
- NSEDC produced continual updates that were aired on local radio stations and on NSEDC's website to detail the progress and eventual opening of the herring fishery.
- News outlets throughout the state picked up a story from a NSEDC-issued press release detailing Siu Alaska Corp.'s partnership with the Bering Sea Women's Group in the vessel *Aleutian No. 1*.
- Siu Alaska Corp. President and CEO participated in a radio interview in Kodiak to speak on the partnership with the Bering Sea Women's Group. He also was interviewed by a radio station in Unalaska to speak on Siu's participation in a deal to purchase many of the assets of Wards Cove.
- NSEDC staff submitted a lengthy letter published in the *Nome Nugget* detailing NSEDC's considerations in regard to the NPFMC instituting new rules to address chum bycatch in the Bering Sea pollock fishery.

- NSEDC's press releases detailing fish/crab prices and season results have received widespread dissemination by statewide and national news websites and blogs.
- NSEDC staff presented scholarship awards to 12 high school graduates in Nome during the graduation ceremony in May.
- NSEDC produced advertisements in *The Nome Nugget* to announce the opening of the Small Business Initiative.
- NSEDC produced radio spots on KNOM and KICY to seek applications for the Small Business Initiative. KNOM later aired a profile story on the SBI program, speaking with NSEDC staff and past SBI winners.
- NSEDC posted employment opportunities on its website, a popular e-mail distribution list in Nome, *The Nome Nugget* and on KNOM radio multiple times throughout the quarter.
- NSFR&D staff attended a Golovin Bay Watershed Alliance meeting during the quarter.
- 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. Press releases have been added to the home page and a news page has been developed.
- 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.

B. Employment

Table I
EMPLOYMENT DATA FORM
June 30, 2011

	Q1		Q2		Q3		Q4		Year-to-Date
	People	Wages	People	Wages	People	Wages	People	Wages	Wages
Management/Administrative									
NSEDC - In-region	12	\$ 198,241.93	11	\$ 229,110.86					\$ 427,352.79
NSEDC - Anchorage	13	\$ 233,478.91	12	\$ 218,583.32					\$ 452,062.23
NSSP - In-region	6	\$ 54,558.39	6	\$ 84,701.59					\$ 139,259.98
Total Management/Administrative	31	\$ 486,279.23	29	\$ 532,395.77					\$ 1,018,675.00
CDQ Pollock Related	14	\$ 130,068.55	20	\$ 147,883.06					\$ 277,951.61
Total NSSP Employment	13	\$ 10,702.61	38	\$ 84,238.84					\$ 94,941.45
Other NSEDC Employment									
Skippers, Deckhands, Shoreside, Clean Waters, etc.	2	\$ 44,497.50	28	\$ 112,719.21					\$ 157,216.71
Total Other NSEDC Employment	2	\$ 44,497.50	28	\$ 112,719.21					\$ 157,216.71
Other Fishing									
Glacier Bay	0	\$ -	0	\$ -					\$ -
Aleutian No. 1	1	\$ 29,700.00	0	\$ -					\$ 29,700.00
O/A Norton Sound Winter Red King Crab	3	\$ 17,333.40	4	\$ 7,824.60					\$ 25,158.00
Sheefish / Tomcod	3	\$ 2,908.00	2	\$ 1,547.50					\$ 4,455.50
O/A Norton Sound Red King Crab	0	\$ -	0	\$ -					\$ -
CDQ Red King Crab	0	\$ -	1	\$ 8,490.45					\$ 8,490.45
Norton Sound Salmon	0	\$ -	27	\$ 115,450.24					\$ 115,450.24
Norton Sound Herring	0	\$ -	35	\$ 274,713.48					\$ 274,713.48
NSEDC CDQ Halibut	0	\$ -	0	\$ -					\$ -
Total Other Fishing	7	\$ 49,941.40	69	\$ 408,026.27					\$ 457,967.67
NSEDC Community Outreach Liaisons	13	\$ 19,500.00	13	\$ 19,500.00					\$ 39,000.00
NSEDC Community Employment Program	0	\$ -	10	\$ 67,164.50					\$ 67,164.50
Interns									
NSEDC Administration	1	\$ 215.67	1	\$ 344.54					
NSFR&D			1	\$ 2,036.25					
Total Interns	1	\$ 215.67	2	\$ 2,380.79					\$ 2,596.46
Fisheries Technicians									
NSEDC Salmon Rehab.	0	\$ -	17	\$ 40,218.97					\$ 40,218.97
Alaska Dept. of Fish & Game	0	\$ -	1	\$ 548.83					\$ 548.83
Fisheries Development	1	\$ 353.35	2	\$ 6,755.10					\$ 7,108.45
Total Technicians	1	\$ 353.35	20	\$ 47,522.90					\$ 47,876.25
GRAND TOTALS	82	\$ 741,558.31	229	\$ 1,421,831.34	0	\$ -	0	\$ -	\$ 2,163,389.65
NSEDC =	42	\$ 496,071.69	96	\$ 694,600.79	0	\$ -	0	\$ -	\$ 1,190,672.48
NSSP =	25	\$ 85,502.40	113	\$ 576,966.70	0	\$ -	0	\$ -	\$ 662,469.10
Partners =	15	\$ 159,768.55	20	\$ 147,883.06	0	\$ -	0	\$ -	\$ 307,651.61

Employment Summary

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

CDQ Pollock – Glacier Fish Company paid wages to 20 residents of NSEDC member communities who were employed aboard the *F/V Pacific Glacier* and the *F/V Alaska Ocean* during the quarter.

Community Breakdown: 9 employees from Unalakleet
 1 employee from Shaktoolik
 3 employees from Stebbins
 2 employees from St. Michael
 2 employees from Nome
 2 employees from Teller
From non-member communities:
 1 employee from Anchorage who is
 originally from the region

NSSP Employment – Thirty-eight residents of Norton Sound communities were employed during the quarter.

Community Breakdown: 16 employees from Unalakleet
 13 employees from Nome
 7 employees from Savoonga
 1 employee from Anchorage
 1 employee from Wasilla

Other NSEDC Employment – Twenty-eight residents of Norton Sound or other communities were employed during the quarter.

Community Breakdown: 3 employees from Unalakleet
 4 employees from Nome
 1 employee from Elim
 1 employee from Golovin
 1 employee from Kotlik
 5 employees from Koyuk
 7 employees from Shaktoolik
 2 employee from Saint Michael
 2 employees from White Mountain
 1 employees from Anchorage
 1 employee from Out of State

Other Fishing – Four fishermen delivered 2,415 pounds of open access winter red king crab to NSSP during the quarter.

Community Breakdown: 3 fishermen from Nome
 1 fisherman from Elim

One fisherman delivered 1,605 pounds of CDQ Norton Sound red king crab to NSSP during the quarter.

Community Breakdown: 1 fisherman from Nome

Thirty-five fishermen delivered 1,620,115 pounds of sac roe and bait herring to Icicle Seafoods and NSSP during the quarter.

Community Breakdown: 16 fishermen from Unalakleet
10 fishermen from Shaktoolik
1 fisherman from Golovin
2 fishermen from Elim
3 fishermen from Nome
2 fishermen from Stebbins
1 fisherman from St. Michael

Twenty-seven fishermen delivered 172,196 pounds of Norton Sound salmon to NSSP during the quarter.

Community Breakdown: 16 fishermen from Elim
7 fishermen from Golovin
1 fisherman from Unalakleet
1 fisherman from Koyuk
2 fishermen from Nome

Two fishermen delivered 3,095 pounds of miscellaneous finfish (tom cod) to NSSP during the quarter.

Community Breakdown: 1 fisherman from Unalakleet
1 fisherman from Teller

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 Diomedea
1 liaison from Savoonga
1 liaison from Gambell
1 liaison from Elim
1 liaison from Golovin

Interns – There were two internship positions sponsored by NSEDC during the quarter.

Community Breakdown: 1 intern from Unalakleet
1 intern from Anchorage

Fisheries Technicians – There were twenty fisheries technician positions either directly employed or sponsored by NSEDC during the quarter.

Community Breakdown:
4 technicians from Shaktoolik
8 technicians from Nome
8 technicians from Unalakleet

Training Data Form

**Table 2
TRAINING DATA FORM
April 1 through June 30, 2011**

	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-Secondary	25	\$42,501.00	168	\$324,334.00
Vocational	9	\$18,000.00	39	\$78,000.00
Voc-Tech				
Basic	15	\$17,216.00	15	\$17,216.00
Advanced	0	\$0.00	0	\$0.00
Other Training				
Fisheries Related	13	\$38,241.01	15	\$40,477.01
CDQ Staff	1	\$1,872.00	1	\$1,872.00
CDQ Board	0	\$0.00	0	\$0.00
Other	10	\$6,345.45	63	\$22,993.22
TOTAL	73	\$124,175.46	301	\$484,892.23

Training Summary

Thirty-four students received funding for post-secondary and vocational education in the second quarter. Twelve residents took a NSEDC-sponsored commercial driving class in Unalakleet in April and May. Three residents took a NSEDC-sponsored commercial driving class in Teller in June. Ten residents of Unalakleet participated in a NSEDC-sponsored Inupiaq language class in April. Thirteen residents participated in a Fisheries Safety Orientation Class at AVTEC in Seward in May. One member of the NSFR&D staff attended the Tribal Marine Workshop in early April in Seldovia. Ten residents of Brevig Mission signed up to participate in a NSEDC-sponsored skin sewing class during the second quarter of 2011; as of the end of the quarter, the class was still in the planning stage.

II. Administration

A. Board Activities

Board of Directors Meetings

The NSEDC Board of Directors held its 2011 first quarter meetings in Unalakleet, Alaska, April 28 – 29, 2011.

The NSEDC Board of Directors held a special meeting in Anchorage, Alaska, May 23, 2011.

Board members Joe Garnie, Dan Harrelson, Victor Joe, Middy Johnson, Truman Kava, Frank Oxereok Jr., Walter Seetot, Don Stiles and Oscar Takak Sr. attended the North Pacific Fisheries Management Council Meeting in Nome in June to follow the council's deliberations on chum salmon bycatch and the Northern Bering Sea Research Area.

Substantial Decisions

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

- The Board approved a distribution of \$5 million to Siu Alaska Corporation earmarked for investments at its inception.
- For the upcoming herring fishery the Board approved a motion to pay \$250 for a roe percentage of 10% and a scale that increased/decreased by \$20 per percentage point in both directions. Anything under 7% would be bait.
- The Board approved the NSEDC Scholarship Committee's Recommendation to set the deadline for the fall semester submission of official transcripts on August 31st and February 28th for the spring semester.
- The Board approved the 2010 NSEDC Annual Statement of Compliance.
- The Board approved sending a letter of support for the Southern Norton Sound Advisory Committee Chinook Salmon Disaster Declaration.
- The Board authorized the NSEDC President to file a lawsuit in NSEDC's name or to take any other legal action necessary to correct the State of Alaska Records for the Norton Sound Bering Strait Regional Aquaculture Association and to remedy or address any harm caused by unauthorized filings.
- The Board expanded its authorization to bring legal action related to the Norton Sound Bering Strait Regional Aquaculture Association (NSBSRAA) to include authorization to assist NSEDC's recognized members and officers of the NSBSRAA in bringing lawsuits related to the unauthorized filings.
- The Board approved the 2010 NSEDC Audit performed by Altman, Rogers & Co.

III. Harvesting Report

A. CDQ Harvest Management

During the second quarter of 2011 NSEDC conducted a number of CDQ fishing activities including the directed harvest of pollock, Pacific cod, Atka mackerel/Pacific Ocean perch, Yellowfin sole, Rock sole, Flathead sole, Arrowtooth flounder, sablefish and Bering Sea opilio crab.

Pollock

Glacier Fish Co.'s F/T *Pacific Glacier* and F/T *Alaska Ocean* fully prosecuted the A season NSEDC pollock fishery during the first quarter. Prices have softened due to an influx of whitefish supply. The *Pacific Glacier* completed one trip in the B season in the second quarter, harvesting 2,700 metric tons (mt) of pollock.

Pacific Cod

Alaskan Leader Fisheries harvested 2,196 mt of Pacific cod through the second quarter, 99% of NSEDC's A season allocation, using the F/V *Bristol Leader* and F/V *Alaskan Leader*. The outlook is positive for B season prices as the Japanese are replacing inventory and the Chinese are becoming bigger players in the market. There was low bycatch in this fishery, except for Flathead sole, which was below 50% of NSEDC's allocation.

Atka Mackerel/Pacific Ocean Perch

The F/V *Seafreeze Alaska*, owned and operated by US Seafoods, harvested 67 mt (41%) of CDQ Atka mackerel in the Central Aleutian Islands as well as 6 mt (8%) of Pacific Ocean Perch on behalf of NSEDC during the second quarter. Bycatch in these fisheries was minimal. The *Seafreeze Alaska* will resume fishing for CDQ Atka mackerel and Pacific Ocean Perch in the third quarter.

Yellowfin Sole, Flathead Sole, Rock Sole and Arrowtooth Flounder

The F/T *Northern Glacier* has harvested 63% of the Yellowfin sole, 14% of Rock sole, 3% of Flathead sole, and 1% of Arrowtooth flounder allocations provided by a pool of four CDQ groups. Through the second quarter, 1,000 mt of NSEDC's flatfish allocation had been harvested, 90% of which is Yellowfin sole. Approximately 40% of NSEDC's flatfish allocation had been harvested through the second quarter. Overall, fishing has been clean. The highest bycatch species was halibut (16% of allocation, or approximately 10 mt). Flatfish prices have trended upward this year.

Sablefish

The F/V *Ballyhoo* harvested 88,654 lbs or 78% of NSEDC's CDQ sablefish allocation in the Bering Sea. The F/V *Cynosure* will target CDQ sablefish in the Aleutian Islands beginning in the third quarter. Dock prices are over \$8/lb.

Halibut

There was no directed harvest of CDQ halibut in the second quarter. NSEDC's CDQ allocation for 2011 is 152,100 lbs (up 4% from 2010).

Bering Sea Opilio Crab

The F/V *Aleutian No. 1* completed the harvest of NSEDC's CDQ opilio quota in the second quarter, catching just over 400,000 lbs. Final prices are around \$2.50/lb ex-vessel, over \$1/lb higher than last year.

B. IFQ Harvest Management

During the second quarter, NSEDC managed fishing operations and the harvest of individual fishing quotas (IFQs) in the Western Gulf of Alaska sablefish, Central Gulf of Alaska sablefish and Area 3B halibut fisheries.

Crab

There was no directed harvest of IFQ crab in the second quarter.

Sablefish

In the second quarter, NSEDC's entire allocation of Western Gulf sablefish (46,599 lbs) was harvested by the F/V *Frontier Mariner*, owned and operated by Clipper Seafoods. In the Central Gulf of Alaska, the F/V *Frontier Mariner* harvested 32,000 lbs and the F/V *Provider* (Wild Alaskan Seafood) harvested 59,477 lbs. The remaining 30% of NSEDC's Central Gulf quota is expected to be harvested in the third quarter. Dock prices started strong (around \$8/lb) and have trended upward over the year.

Halibut

The F/V *Provider* harvested 10,000 lbs (about 50%) of NSEDC's Individual Fishing Quota in Area 3B in the second quarter. Prices remain solid at around \$6.50 per lb.

C. Compliance/Enforcement

To the best of the CDQ Harvest Manager's knowledge, there were no vessel or fishing violations, illegal activities and/or fines or penalties imposed on vessels operating under contract to NSEDC during the second quarter of 2011.

D. NSEDC Quota Royalties

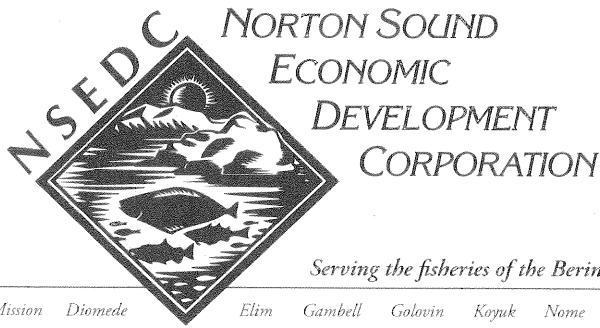
To date for the year, NSEDC has generated roughly \$8.41 million in royalties from CDQ fishing operations and approximately \$2.17 million in royalties from IFQ fishing operations.

IV. Board of Directors April 1 – June 30 Meeting Minutes (Attachment 1)

ATTACHMENT 1

2011 First Quarter Meeting Minutes

May 23, 2011 Special Meeting Minutes



FILE COPY

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

**Norton Sound Economic Development Corporation
First Quarter Board of Directors Meeting
Aaron Paneok & Myles Gonangnan Memorial Hall
April 28 & 29, 2011
9:00 a.m.**

CALL TO ORDER

Chairman Dan Harrelson called the NSED C 2011 First Quarter Board Meeting to order on April 28, 2011 at 9:00 a.m.

ROLL CALL

Present at the meeting were Daniel Harrelson, Don Stiles, Dean Peterson, Joel James, Eugene Asicksik, Joe Garnie, Walter Seetot, Truman Kava, Frank Oxereok, William Johnson, Elvina Naranjo, Wilfred Katcheak, Victor Joe, and Oscar Takak. Orville Ahkinga was absent and excused. Staff present were Janis Ivanoff, Simon Kinneen, Kyan Olanna, Reese Huhta, Wes Jones, Rich Ferry, Joel Cladouhos, Virginia Nashalook, Kevin Keith, Tyler Rhodes, Charlie Lean, Jerry Ivanoff, and Kathy Wheelehan. John Eckels, Siu Alaska Corporation President and CEO, was also present. Public present from Glacier Fish Company were John Bundy, Rob Wood, and Jim Johnson.

INVOCATION

Oscar Takak gave the invocation.

APPROVAL OF AGENDA

Chairman Harrelson moved "litigation update" to after New Business so there would be one executive session.

Don Stiles made a motion to approve the agenda as amended. Oscar Takak seconded the motion.

Joe Garnie asked about the office remodel and a report. Chairman Harrelson noted that this would be covered under Janis's Report.

The motion passed.

APPROVAL OF MINUTES

1. January 27 & 28, 2011

William Johnson made a motion to approve the NSED C Board Meeting Minutes of January 27 & 28, 2011. Frank Oxereok seconded the motion. The motion passed.

PUBLIC COMMENTS

None were provided.

CEO's Report-Janis Ivanoff

Chairman Harrelson noted that he also provided a short report for board review.

NSED C CEO Janis Ivanoff summarized her written report providing updates on personnel, the audit, the June NPFMC meeting, Pilgrim Hot Springs, and a recommendation for an overall review of the Bylaws. There was discussion about open positions and internship opportunities.

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

FINANCIALS/INVESTMENT PORTFOLIO

Rick Walicki gave the NSEDC Financials/Investment Portfolio Report. There was discussion on the line of credit, long term assets, community outreach, Siu administrative expenses and NSSP inventory.

A break was taken at 9:37 a.m. The meeting reconvened at 9:50 a.m.

SIU ALASKA CORPORATION REPORT-John Eckels

John Eckels gave the Siu Alaska Corporation Report. Joe Garnie asked about the amount of the distribution to NSEDC from Aleutian No 1. John Eckels deferred the Glacier Fish Company Report to the GFC Management Team present, John Bundy, Rob Wood, and Jim Johnson. John Eckels went on to cover the Glacier Bay Fisheries. William Johnson asked for clarification on the price for pacific cod. There was discussion about the effort to sell Pacific Star. John gave an update on Bering Fisheries and some of the work done to the plant, on BSAI Partners and some improvements they would like to make and provided information on employment opportunities available at both plants. John noted that Siu Alaska Corporation's audit is being done separately from NSEDC's.

Elvina Naranjo made a motion to go into executive session at 10:11 a.m. to go over the Glacier Fish Company Report. Victor Joe seconded the motion. The motion passed.

Frank Oxereok made a motion to return to regular session at 12:09 a.m. Elvina Naranjo seconded the motion. The motion passed.

Joel James made a motion to distribute to Siu Alaska Corporation the five million dollars earmarked for investments at its inception and draw from the established NSEDC Line of Credit. Elvina Naranjo seconded the motion. A roll call vote was taken reflecting thirteen yes votes, one no vote, and one absent. The motion passed.

Lunch break was taken at 12:12 p.m. The meeting reconvened at 1:35 p.m.

MANAGERS REPORTS

CDQ Management-Joel Cladouhos

Joel Cladouhos gave the CDQ Management Report. He went over the 2011 CDQ harvest by fishery, IFQ harvest by fishery, and compliance and enforcement issues.

William Johnson asked for clarification on the royalties of our opilio crab. Chairman Harrelson asked where our opilio crab is going. Most of it goes to Japan. Over all, Joel noted that crab prices are at record highs, the quota was all caught, and we did not have any fishing violations.

Joel went over some of the impacts on the fishing industry from the earthquake and tsunami in Japan.

Joe Garnie asked about the low bycatch in pollock. Joel noted that it was king salmon bycatch and not chum. Eugene Asicksik, on Pacific Cod, asked if this specie would be harvested by Siu Alaska Corporation. NSEDC CEO Janis Ivanoff noted there would be discussions with Glacier Bay. William Johnson wondered if a strong price would be paid to our crab fishermen. Don Stiles asked if we were still contracting with Jon Zuck. Chairman Harrelson noted that we do not have a contract with Jon Zuck, but we utilize Joel Cladouhos and Simon Kinneen.

Southern and Northern NSSP

Reese Huhta

Reese Huhta gave the Southern Norton Sound Seafood Products Report. He explained that Simon Kinneen will be covering herring. Reese introduced Frank Doty, the Southern NSSP Assistant Manager. William Johnson asked about refrigeration in Koyuk. Reese stated that this would be assessed during the fishermen's meetings. Chairman Harrelson asked about the plan to import workers from our member

communities and providing stipends for them. Reese and his staff are working on plans for improvements to the plant. Chairman Harrelson voiced his gratitude to have both Southern NSSP Managers on the ball.

Simon summarized work on the 2011 Herring Operation Agreement. He also noted the situation in Japan and the resulting economic uncertainty. It was anticipated that the market was going to be soft this year and he stressed we will need fishermen's participation to meet our guarantee. William Johnson asked Rich about the price for herring bait and the plan for storing it. Simon noted we are not obligated to buy damaged fish. A discussion was held on who would process the herring bait, the price for transportation, and sale of the herring bait. William would like to see our local workers process the bait. He asked how much of the 1000 tons we caught last year and the amount of the guarantee. Eugene Asicksik asked about the herring price to our fishermen. Simon noted that we had a high roe percentage of herring last year. Don Stiles brought up the tendering capacity and our ability to meet the 1000 ton guarantee. Joe Garnie stated that Teller would like to do a herring bait fishery. William noted that NSEDC has vessel and gear programs. There was discussion about how many Teller residents would participate, NSEDC's role in providing assistance, and what responsibility the resident has in order to participate.

Simon noted that we need direction on setting a price for the herring and the sliding scale for roe content. He covered the price from last year.

Don Stiles made a motion to adopt the 2011 proposed herring payment schedule. Dean Peterson seconded the motion.

William Johnson noted that we had problems with ice last year and the price we paid to our fishermen. He recommends paying a better price reasoning that by paying a higher price, fishermen would catch the required quota and NSEDC would not need to pay more to Icicle. Don Stiles brought up the tendering and processing capability of Icicle Seafoods and the possible inability to harvest the 1000 tons due to their lack of capacity. Chairman Harrelson asked about the ice conditions and if it would hamper our fishermen this year in Elim, Shaktoolik, Golovin, and Koyuk. William does not anticipate the ice problem this year. Simon stated we may have some leeway, if Icicle Seafoods is not able to meet the processing capability. Chairman Harrelson asked if we could process the herring in our plant this year, if Icicle has problems. A lengthy discussion was held on the price and gear size. Eugene asked for the incentive paid last year, how much we invested, and our return.

The motion failed.

Don Stiles made a motion to pay \$250.00 for 10% herring roe of \$250.00 and \$20.00 per percentage points in both directions. Anything under 7% would be bait. Dean Peterson seconded the motion.

Don felt that we should negotiate to lower the total tonnage of 1000 to 750 tons, unless we had other processors involved. William Johnson felt we should keep the 1000 ton threshold to offset our costs. Chairman Harrelson stated that he would like to have each of the board members vote on this issue, even if they have a conflict of interest in the interest of our fishermen.

The motion passed with one abstention.

A break was taken at 2:50 p.m. The meeting reconvened at 3:00 p.m.

Rich Ferry

Rich Ferry gave the Northern Norton Sound Seafood Products report covering the 2011 salmon and halibut, the open access crab, miscellaneous finfish, training, tender vessel operations, Norton Sound Seafood Center, and inventory and sales. William Johnson asked for clarification on the price paid for miscellaneous finfish, where NSSP paid \$.50 per pound. Rich noted that this was hook and line only. Eugene Asicksik asked if the Northern NSSP Assistant Manager was hired. That position has not been

filled yet. Chairman Harrelson asked if this position would be filled prior to the beginning of this season. Rich stated that this was the plan. William asked if would be too late, after breakup, to go after herring bait in the Teller Area. Joe Garnie stated that the herring bait fishery should happen in June and they have herring and tomcod in the fall. Rich noted the effort in the past to buy bait herring in Teller. Eugene noted that we tried a herring bait fishery in the fall, but there was a large bycatch of whitefish. There was discussion on the herring bait fishery and freezing capacity. William stated that we need more infrastructure in our region to develop our resources. Chairman Harrelson asked about the condition of the plant and tender vessels and if they will be ready the season. Rich gave a brief summary of work being done and said they will be ready. Chairman Harrelson asked if Rich has a schedule for doing more training on halibut filleting. Rich will work with Copper River when the season gets closer.

Written Reports

Community Benefits Department-Paul Ivanoff

William Johnson asked for clarification on the Community Benefit Share (CBS) and how our communities access the funds. Janis went over the required documentation which includes the minutes of the public meeting at which the public decides how these funds will be spent. Paul Ivanoff III stated that each community must provide public notice of this meeting. There was discussion regarding the Outside Entity Funding, the Small Business grant funds and Community Benefit Share including what the funds from these programs can be used for, how to access them, and how long an entity has to utilize the funds. Paul is going to send Eugene the policies and copies of paperwork related to Shaktoolik.

There was discussion about what the Community Energy Fund can be used towards. One criteria is that the project be shovel ready. The funds cannot be used for a feasibility study. It is for large scale projects to reduce reliance on fossil fuels or to help make generators more fuel efficient. Janis noted the original policy was geared for infrastructure type projects. Chairman Harrelson suggested putting this on the next agenda and directed staff to provide copies of the Community Energy Fund policy.

Eugene Asicksik asked for an update on the wind to thermal project in Nome and Unalakleet. The wind turbines purchased were inoperable and the initial contractor disappeared. The vertical axis wind generators were rated at 5KW but they didn't produce that and are not useful. There is \$70,000 left in the budget and options are being explored. The original intent was to look at ways to assist individual households with a more cost efficient way to heat their homes. Paul stated that the more he has researched, the better solar energy seems compared to wind generation. Chairman Harrelson asked if the turbines can be returned, the warranty time was been exceeded. He suggests putting the \$70,000 back into the general budget and look at something else down the road. When the board last discussed this they suggested looking at alternatives. Paul noted that BSNC is using solar to thermal and is producing too much hot water. They are working on ways to loop it into their heating system. Joe Garnie asked how UVEC's wind generators are working and their cost. Teller and Brevig Mission are looking at an inner-tie between the communities and AVEC is suggesting the same wind generators as UVEC. With the money left over from the wind generation project, Paul recommended doing something similar to what BSNC has done. William felt that, if it is working, we do not have to develop something new. Janis said NSEDC's project is for smaller scale use in households. Chairman Harrelson noted that wind generation is not an area that we have much expertise in and he doesn't think we should spend another \$70,000 on it until we know what we are doing. If NSEDC is not going to move forward with this project, Paul requested the board approve funds to remove or transfer the pad installed at the King Island Native Corporation site. Janis recommended we research this and bring it back to the board. The vertical wind axis turbines will be put out to bid.

Eugene Asicksik asked if NSEDC would provide Hughes Net internet service. There was discussion about the different providers, their reliability and cost. Janis said staff will look into it and if a budget amendment is needed, it will be brought forward. Paul Ivanoff brought up the NSEDC Fishermen's Fairs in Stebbins, St. Michael, and Stebbins.

Human Resources-Tiffany Martinson

Tiffany had to leave, but Janis fielded the questions. Chairman Harrelson noted that it was nice to have Tiffany on board. Janis stated that it has been nice to have her back on staff. Janis provided a brief overview of Tiffany's Report.

EET Department-Jerry Ivanoff

William Johnson asked about the employment on the boats and if Jerry had any concerns with the number of employees on our vessels in the last few years. Jerry stated that this was a concern in the past, where trainees successfully made it through the training program called for employment, were not selected, and gave up. Jerry noted that he has a seafood processing class in Nome now doing their employment documentation, and GFC Human Resources has informed him that four successful trainees could travel from Seward to the boat to do hake. The crew share earnings and number of positions have dropped during the tough economic times, but Glacier Fish Company has paid over \$14,000,000.00 to our seafood processors from 1992 to 2011.

Chairman Harrelson asked about the Savoonga Drivers Permit Class and who put it on. Jerry informed him this was put together by the City of Savoonga and the UAF/NWCC. NSEDC did pay for the class.

Eugene Asicksik asked about the Unalakleet Inupiat Class, who was participating and if NSEDC is paying the instructor. Jerry informed him that UAF NWCC assisted Willa Eckenweiler and Nita Towarak to develop this class. We are paying for Willa to instruct the class, which requires a minimum of ten Unalakleet resident's participation.

NSFR&D-Charlie Lean

Charlie had to attend an ADF&G Meeting, so Simon was available for questions. Chairman Harrelson asked about the new administrative assistant and where she would work in the office in Nome. Eugene noted that Charlie may have to correct the spelling of Iglutalik in his report.

A break was taken at 3:57 p.m. The meeting reconvened at 4:10 p.m.

COMMITTEE REPORTS

Executive Committee Report

Chairman Harrelson gave the NSEDC Executive Committee Report.

Don Stiles made a motion to adopt the NSEDC Executive Committee Report and its recommendations. Oscar Takak seconded the motion. The motion passed.

Finance Committee Report

Chairman Harrelson gave the NSEDC Finance Committee Report. There was one motion missing from the minutes regarding item 3, Loan Applicant Request, under Old Business. Chairman Harrelson explained what the motion was.

Oscar Takak made a motion to adopt the NSEDC Finance Committee Report with its recommendations. Eugene Asicksik seconded the motion. The motion passed.

Fisheries Development Committee Report

Chairman Takak gave the NSEDC Fisheries Development Committee Report.

William Johnson noted a correction to the minutes where Oscar Takak was nominated as chair by unanimous consent.

William Johnson made a motion to adopt the NSEDC Fisheries Development Committee Report. Frank Oxereok seconded the motion. The motion passed.

Rules & Bylaws Committee Report

Chairman Stiles gave the NSEDC Rules & Bylaws Committee Report.

NSSP Working Group

Chairman Takak gave the NSSP Working Group Report.

Scholarship Committee Report

Chairman Joe gave the NSEDC Scholarship Committee Report.

William Johnson made a motion to adopt the NSEDC Scholarship Committee Recommendation to set the fall semester submission of official transcripts of August 31st and February 28th for the spring semester and take no action on the second recommendation to deny summer scholarships. Oscar Takak seconded the motion.

Chairman Harrelson asked if the official transcript deadline puts undue hardship on scholarship recipients. Jerry stated that he did not think so, as the official transcripts deadline is two months after the scholarship deadline, which is ample time for the students to get their official transcripts to our office. Students need to provide proof that their official transcripts were ordered to be sent to our office by the deadline.

The motion passed.

The meeting was recessed at 4:53 p.m. until 9:00 a.m. on April 29, 2011.

April 29, 2011

Chairman Harrelson reconvened the meeting at 8:56 a.m. For the record, all the board members were present, except Orville Ahkinga, who was excused.

OLD BUSINESS

Litigation Updates-executive session-moved to after New Business

NEW BUSINESS

Non-Chinook Salmon Bycatch in BSAI Pollock Fishery

Chairman Harrelson noted the bycatch workshop on Wednesday. Janis noted this could also be discussed further, after the NPFMC analysis is released, at the audit meeting in late May. Elvina Naranjo noted that Kawerak's Chum Bycatch is 30,000, but felt that if NSEDC's position is going to be different we should explain why. We should communicate with them and work together.

William Johnson made a motion to table the non-Chinook salmon bycatch in BSAI Pollock Fishery until the audit meeting in May. Frank Oxereok seconded the motion. The motion passed.

2010 NSEDC Annual Statement of Compliance

NSEDC CEO Janis Ivanoff went over the 2010 NSEDC Annual Statement of Compliance.

William Johnson made a motion to approve the certificate of resolution 11-04, titled Approval of 2010 NSEDC Annual Statement of Compliance. Oscar Takak seconded the motion.

Don Stiles asked if this is a staff issue. Eugene Asicksik asked if we were going to see the statement of compliance. Janis stated that a letter would be sent out.

The motion passed.

SNSAC Chinook Salmon Disaster Declaration

Simon Kinneen went over the process for the SNSAC Chinook Salmon Disaster Declaration. Chairman Harrelson asked what action was needed of NSEDC. Simon stated that we would just need to send in a letter of support. Eugene Asicksik noted that SNSAC should include sub-district 5 & 6 and NNSAC

should be asked for their support. Eugene felt that sub-districts should include 1, 2, 3, and 4. William felt that we should include Koyuk, Elim, and Golovin. Simon noted that there was a chance of that some kings could be caught with the relaxation of the chum bycatch. William Johnson noted the conservation restrictions on gear size in Unalakleet.

Wilfred Katcheak made a motion to support the SNSAC Chinook Salmon Disaster Declaration. Oscar Takak seconded the motion. The motion passed.

Northern Bering Sea Research Area

A handout was provided and Simon Kinneen gave some history regarding the research area. In 2008 it was closed to commercial bottom trawling until there is a management plan that provides guidelines for protecting crab, marine mammals, and endangered species; and protects subsistence needs of Western Alaska communities. Simon noted that no fishing activity has occurred there. Chairman Harrelson stated that our member communities have spoken that they do not want to see commercial trawling in this area and he believes NSEDC doesn't have a problem agreeing with that. It is the research trawling that is in question. Simon noted that, if research trawling was to be banned in this area, there could be a 50 percent cut in Norton Sound crab fishery stock. Janis noted that the Bering Sea Elder's Group met and agreed to a resolution that would allow research trawling. She read a portion of the resolution. William Johnson felt that it would be good to get more information, but we don't need to take a stand now. Joe Garnie said he understood that the southern and northern NSAC are opposing trawling in this area and he believes the scientific survey is an economical attempt to see what's in our water and opposes it. William disagreed with Joe stating that fisheries development and the crab quota allocation depend on the surveys. Chairman Harrelson asked if the research results would be accessible to the fishing industry. Simon believes they would have access it. Janis Ivanoff stated we could draft a letter of support for discussion at the next meeting. Joe asked if we were sending a letter of support. Janis clarified that it is a draft letter for the Board's review, it isn't being sent. For guidance on the letter, William asked for a show of hands of those who would oppose both research and commercial trawling and again for those that would support research but oppose commercial trawling. It was not an official vote but the consensus was in support of research trawling. Eugene Asicksik asked about the research of the Pandalus. Simon noted that they received a permit to do research. William asked Simon about the permitting process and if it allows for public input. Joe Garnie, for the record, would vote against the research trawling. Chairman Harrelson noted that we will take action, after the letter is drafted.

Wilfred Katcheak and Victor Joe were excused at 9:20 a.m.

NS/BSRAA

Janis Ivanoff explained why Norton Sound/Bering Straits Regional Aquaculture Association is on the agenda.

A break was taken at 9:27 a.m. The meeting reconvened at 9:35 a.m.

Kyan Olanna went through a power-point presentation on the NS/BSRAA, which included an explanation of the NS/BSRAA board of directors and purposes of the organization. Chairman Harrelson asked how the representative from each area is selected. Kyan noted the records show that letters were sent to each community seeking nominations to be seated on this association and Oscar Takak provided additional details about the process Elim went through. There was discussion about who sat on the board before it became inactive and where the funding came from. Chairman Harrelson wondered why Tim Smith could appoint the members. Kyan informed the board that Tim Smith has been using the NS/BSRAA President Title in various ways and provided a detailed timeline of NS/BSRAA activities. A lengthy discussion was held on these events, including the most recent letter from Tim, which stated that NSEDC is represented on the NS/BSRAA Board by Joe Garnie. Chairman Harrelson asked Joe if he had been asked to sit on this association. Joe stated that he felt that it was a good association to sit on, as the salmon in

his area are not coming back, but that he had no knowledge of any of these events and had never attended a NS/BSRAA meeting. Don Stiles and Oscar noted that the NSEDC Board needs to select their representative on this association as required in the NS/BSRAA articles of incorporation. Oscar noted that Tim's filings and board selection do not do this. William Johnson felt there should be regional representation from our communities and that the filings should be corrected, to ensure nothing unlawful happens with the NS/BSRAA, because NSEDC is a member of this association. Oscar brought up the comprehensive plan for the region's salmon enhancement activities, noting it expired in 2010. Joe concurred with William. Chairman Harrelson noted that if Smith doesn't voluntarily back down, then the aquaculture association's only recourse would be to bring a lawsuit. Kyan recommended going into executive session to discuss legal options

Don Stiles made a motion to go into executive session at 10:15 a.m. to discuss this issue, litigation update, and board/personnel issues. William Johnson seconded the motion. The motion passed.

Oscar Takak made a motion to return to regular session at 11:40 a.m. Frank Oxereok seconded the motion. The motion passed.

A break was taken at 11:40 a.m. The meeting reconvened at 11:55 a.m.

Elvina Naranjo moved to authorize the NSEDC President to file a lawsuit in NSEDC's Name or to take any other legal action necessary to correct the State of Alaska Records for the Norton Sound Regional Aquaculture Association and to remedy or address any harm caused by unauthorized filings. Don Stiles seconded the motion.

Eugene Asicksik did not know if he had a letter waiting for him as the Shaktoolik Mayor. Chairman Harrelson stated that he and Janis should respond to everyone that was sent the letter. Everyone concurred that we need a correct filing.

The motion passed with one abstention.

Board/Personnel Issue – executive session
This discussion was held in executive session.

Litigation Updates-executive session
This discussion was held in executive session.

PUBLIC COMMENTS

None were provided.

BOARD COMMENTS

Don had no comment.

William felt the need for larger and more infrastructure in the future to handle our herring and develop our resources. In the future, we need to develop our infrastructure on a larger scale to provide more economic development for the region. We could be more aggressive to develop our finfish.

Steve Ivanoff, sitting on the Denali Transportation Committee, has not seen a project from our region come to the table. They are funding projects with 91% funding with a 9% match. If they received projects with a 50% match, they would fly through the system. He noted the amounts awarded or requested for projects in Elim and St. Michael. He voiced his frustration with the limited projects coming from our villages.

Frank Oxereok had no comment.

Joe Garnie wished all commercial fishermen a good season. He asked Steve Ivanoff how to access the Denali Transportation funds. Steve stated, if we work through NSEDC, we can get projects in our region.

Eugene would like to see more of our resources developed and a figure on the amount of bait used in Norton Sound. He mentioned the possibility to move some herring with a tender vessel. He requested a copy of the 2011 NSEDC Budget. He noted that the ice machine is sitting on his property. He may not renew the lease with Southern NSSP, if a 20 by 20 building goes in, he would not like to renew the lease.

Joel James requested the board, at some point in the future, hold the meeting privately.

Walter Seetot asked Paul Ivanoff III on the status of the community welder. Paul noted this was not out of the community benefit share, and ownership is with the City of Brevig Mission. Be safe hunting and fishing this spring.

Truman Kava had no comment.

Elvina Naranjo thanked the staff for their hard work and the NSEDC Board for hard decisions. She thanked Unalakleet for their hospitality.

Oscar Takak had no comment.

Dean Peterson noted the success of the Golovin Net Hanging Class with twenty two participants. He was happy for the training class. He mentioned an eighty eight year old woman that took the class. It really worked out well, and he thanked NSEDC for this program.

Dan Harrelson stated that it is nice to be in Unalakleet as the community gets ready for fishing and hunting. He thanked Unalakleet for having us, William and Aurora Johnson for their hospitality, staff for keep things running smoothly, as Janis keeps him informed, almost daily, to Tiffany for doing a good job Tyler for getting out some good information, Simon for all the traveling, and the Board for their efforts.

Janis thanked Unalakleet for their hospitality and it was good to be here. Janis requested a group picture with their kuspuks. Please bring them to the next meeting for this picture. Janis again noted the end of May Audit Meeting.

Joe Garnie informed the board that he cannot sit on an illegal association, referring to NS/BSRAA's current status.

Elvina Naranjo, on behalf of the board members, thanked Jerry and his wife for the caribou soup, which kept them full for a couple of days.

William Johnson stated that he would like to get the herring information out.

Janis informed the board on the schedule of the fishermen's meetings.

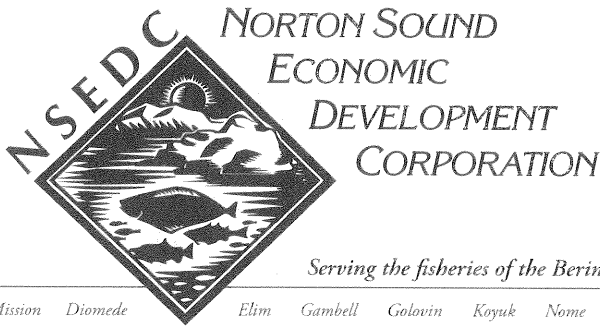
ADJOURNMENT

Oscar Takak made a motion to adjourn the NSEDC 2011 First Quarter Board Meeting at 12:09 p.m. Frank Oxereok seconded the motion. The motion passed.

NSEDC Board Chairman, Dan Harrelson

NSEDC Corporate Secretary, Jerry Ivanoff

Date



Norton Sound Economic Development Corporation
 Special Board of Directors Meeting/Meeting of Members
 Westmark Chugach Room
 May 23, 2011
 9:00 a.m.

CALL TO ORDER

Chairman Dan Harrelson called the NSED C Special Board Meeting to order at 9:03 a.m.

ROLL CALL

Present at the meeting were Dan Harrelson, Don Stiles, Dean Peterson, Joel James, Eugene Asicksik, Joe Garnie, Walter Seetot, Truman Kava, Frank Oxereok, Elvina Naranjo, Wilfred Katcheak, Victor Joe, Oscar Takak Sr. and via teleconference William Johnson. Orville Ahkinga Jr. was absent. Staff present were Janis Ivanoff, Simon Kinneen, Kyan Olanna, Rick Walicki, Joel Cladouhos, Charlie Lean, Tyler Rhodes, Kathy Wheelahan, and Jerry Ivanoff. Tim Altman and Steve Wadleigh of Altman and Rogers were also present.

INVOCATION

Oscar Takak gave the invocation.

PUBLIC COMMENTS

None provided.

APPROVAL OF AGENDA

Chairman Harrelson added the Substance Abuse Policy review under New Business.

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

WAIVER OF APPROVAL OF MINUTES

- 1. April 28 & 29, 2011

Oscar Takak made a motion for the waiver of the approval of the minutes of April 28 & 29, 2011. Eugene Asicksik seconded the motion. Eugene Asicksik asked if these minutes were mailed yet. Jerry informed him that he sent them to central office, but they have not come back yet with the edits. The motion passed.

OLD BUSINESS

Don Stiles made a motion to go into executive session to go over the NSED C 2010 Audit, the election lawsuit, the Bering Straits Regional Aquaculture Association, and the litigation update at 9:09 a.m. Oscar Takak seconded the motion. The motion passed.

- 1. 2010 Audit-executive session

A break was taken at 9:49 a.m. The meeting reconvened at 10:05 a.m.

2. Litigation Update-executive session

Oscar Takak made a motion to return to regular session at 11:36 a.m. Dean Peterson seconded the motion. The motion passed.

The meeting was recessed at 11:36 a.m. for lunch. The meeting reconvened at 12:51 p.m.

Walter Seetot made a motion to expand the authorization to bring legal action related to the Norton Sound Bering Strait Regional Aquaculture Association to include authorization to assist NSEDC's Recognized Members and Officers of the NSBSRAA in bringing lawsuits related to the unauthorized filings. Frank Oxereok Jr. seconded the motion. Eugene Asicksik and Oscar Takak noted for the record they were members of the aquaculture association. Joe Garnie abstained. The motion passed.

William Johnson was excused at 12:54 p.m. until @1:15 p.m.

3. Non-Chinook Salmon Bycatch in BSAI Pollock Fishery

Charlie Lean, Simon Kinneen, and Tyler Rhodes presented the Non-Chinook Salmon Bycatch in BSAI Pollock Fishery. Eugene Asicksik asked for clarification on the migration on the Hokkaido Chum Hatchery Fish. A lengthy discussion was held on the chum bycatch. Oscar Takak asked if the State of Alaska is working with the federal government, as he believes that Area M does more damage than the trawl fleet in chum salmon bycatch.

The meeting was recessed at 1:27 p.m. The meeting reconvened at 1:36 p.m.

Don Stiles asked about the purpose of the NPFMC Meeting in Nome in June. Charlie Lean informed him that he believed that the NPFMC is meeting in Nome to gather input from the people being impacted with the chum bycatch in the Pollock Fishery. Joe Garnie asked how we would come up with an option that we could all support. With all the different options to address this issue, a discussion was held on the method to select the option. Simon Kinneen felt that we could support a hard cap with option 2a. Janis stated that the board could take a position today or wait for more information. Joe Garnie brought up the meeting with Teller and Brevig Mission Traditional Councils. Joe recommended to follow the hard cap set by Kawerak, where the traditional councils set a hard cap of 30,000. Chairman Harrelson noted that 30,000 is not one of the options on the table or in the analysis, and wondered if the NSEDC Board of Directors could support a position as close to the recommended 30,000. Don Stiles stated that Kawerak set their hard cap without all the information made available to them. Eugene Asicksik mentioned the option for rolling hot spots. Charlie Lean noted that the hot spots are a big area and may differ year after year, as the rolling hot spots are specific to a particular point in time. Charlie noted that staff felt that the triggered closure is more effective than the rolling hot spot. Chairman Harrelson directed Charlie to come up with a scenario of a hard cap with triggered closures. Charlie will suggest some other caps.

The meeting was recessed at 2:53 p.m. The meeting reconvened at 3:10 p.m.

Janis Ivanoff noted that one approach is to look at a trigger closure with a hard cap combination. Eugene noted that he is a commercial fisherman like some of his constituents and noted that the chum salmon commercial fishery open in Northern Norton Sound. He suggested plugging in 50,000, as if it wasn't for Pollock, NSEDC would not be here today. Eugene noted that we have subsistence users, who have relied on this fishery for generations. Charlie Lean explained the different options on the chum salmon bycatch issue. As a former manager, Charlie Lean felt that we should slow the fishery down, instead of bringing it

to a screeching halt. Eugene suggested plugging in a hard cap of 50,000 as a 30,000 hard cap is not on the table. Don Stiles concurred with Eugene to plug in a hard cap of 50,000, as a harder cap is not available. Simon noted that this option would be seen as a hard line position at the NPFMC Meeting. Joe Garnie stated that he met with his village to go with the 30,000 hard cap, as recommended by Kawerak. Don Stiles noted that he was elected by the Nome Residents to make the decisions based on the best information. Janis Ivanoff noted that her understanding of the approach being taken today is that the board is leaning toward this position, but we will have more information coming out. And the NSEDC board is considering an option with the triggered closures and a hard cap, and would like more information on the 25,000 triggered closure and 50,000 hard cap scenario. Janis noted that we could inform our membership with a Nome Nugget Article. Chairman Harrelson stated that he would like to inform our membership of the reasoning behind our decision on the chum bycatch issue. Eugene noted that he has not been to a NPFMC Meeting, but we have some representation there. Chairman Harrelson thanked Charlie, Tyler, and Simon for their work on this issue.

2010 Audit

Chairman Harrelson noted that no action was taken regarding the 2010 Audit after the Board returned to regular session. He asked if there was a motion for approval of the audit.

Dean Peterson made a motion to approve the 2010 NSEDC Audit of Altman and Rogers. Oscar Takak seconded the motion. The motion passed.

NEW BUSINESS

Substance Abuse Policy Review

Chairman Harrelson brought up the substance abuse policy review, where the U.S. Coast Guard requires a clean drug screen for our employees on our vessels.

Janis read the substance abuse policy of NSEDC, where our captains and crew of our tender vessels need to be drug screened to comply with the U.S. Coast Guard Zero Tolerance Law. Eugene mentioned the U.S. Coast Guard Flag Vessels like the salmon tender vessels. Janis noted that this applies to vessels five tons or more. Chairman Harrelson noted that we are bound by general law with the need for our skippers and crew men to be drug free. Chairman Harrelson asked who should get tested to comply with the law. Janis stated that we need to have our vessel crew to be drug free. William Johnson asked about the return to work policy of the U.S. Coast Guard. William asked if we could have someone get help to get clean, so they could work. Janis felt that, if we have someone critical to the operation, we could give other applicants the opportunity to work on our tender vessels. William stated that we need to inform our workers of our policy, especially ones who have worked for us for three years or more. Janis noted that we need to follow U.S. Coast Guard Regulations. Kyan noted that the NSEDC Board could set up a policy to rehire a person who did not pass a drug screen. Kyan noted that these workers need to have proof of attending some drug rehabilitation program prior to being rehired. Kyan noted that we could rehire someone who did not pass the drug screen, but we could be liable if an accident happened under the influence. William Johnson stated that these workers are part time seasonal employees, who put in more hours than a full time employee year after year. Kyan explained the policies followed. Kyan recommended that an employee, who was terminated, should bring the issue to their director or the Janis Ivanoff, the only employee of the NSEDC Board of Directors. William just recommended that we follow our policies, in regards to our seasonal workers. Chairman Harrelson asked for clarification on the limit of the law in regards to people working on our vessels. Janis and Kyan informed the board on the policy to drug test the crew of our tender vessels. Eugene Asicksik noted that we have a policy working with Glacier Fish Company, that they could have a second chance if they paid for their own drug screens. Jerry informed the board that GFC required that the seafood processor would have to pay for three drug screens on their own expense, if they did not pass the pre-employment drug screen.

ADJOURNMENT

Oscar Takak made a motion to adjourn the NSEDC Special Board Meeting of May 23, 2011 at 4:01 p.m.
Elvina Naranjo seconded the motion. The motion passed.

Dan Harrelson, Chairman

Jerry Ivanoff, NSEDC Corporate Secretary

Date