

FOR DISTRIBUTION

2012 THIRD QUARTER REPORT

July 1 – September 30, 2012



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

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I. Quarterly Highlights

- The NSEDC Board of Directors held its 2012 second quarter meetings in Nome, Alaska, August 2-3, 2012.
- The NSEDC Board of Directors issued a special mid-year Community Benefit Share distribution of \$200,000 for each of NSEDC's member communities with the stipulation that \$100,000 be dedicated toward benefitting the youth in each community.
- The NSEDC Board of Directors approved a \$75,000 Community Energy Fund request from the City of Shaktoolik to insulate the city's water storage tank.
- Norton Sound Seafood Products concluded its open-access and CDQ commercial crab buying operations, paying out a total of nearly \$2.5 million to 30 resident fishermen during the quarter.
- Norton Sound Seafood Products concluded its CDQ commercial halibut buying operations, paying out a total of nearly \$555,000 to 25 resident fishermen, primarily from Nome and Savoonga, during the quarter.
- Norton Sound Seafood Products concluded its commercial salmon buying operations, paying out a total of nearly \$761,000 to 131 resident fishermen during the quarter.
- NSEDC was honored at an August Nome Board of Education meeting with a Partner in Education award for its sponsorship of a cultural camp to train educators in the Norton Sound region to better understand Alaska Native tradition and culture.
- NSEDC's Clean Waters marine debris cleanup program completed projects in Savoonga and Wales, providing local employment and environmental benefits.
- NSEDC provided a loader for the City of Teller after its loader was destroyed in a large fire in the community.
- A total of nine current residents of NSEDC member communities, one resident of Shishmaref and a former member community resident who now lives in Anchorage worked on the *F/V Pacific Glacier* and the *F/V Alaska Ocean*, earning a total of nearly \$182,000 in wages during the quarter.
- One hundred eighty-two residents of member communities were awarded scholarships totaling \$348,142 for the quarter. NSEDC expended \$24,630 on in-region training efforts for 20 residents during the quarter.
- NSEDC hosted Fishermen's Fairs in four member communities, Savoonga, Gambell, Golovin and White Mountain, during the quarter. The fairs thanked commercial and subsistence fishermen, provided entertainment and food for community residents, and served as an opportunity for NSEDC staff to present information to and gain feedback from the residents it serves. The fairs also provided brief employment opportunities for 18 member community residents.
- Deliveries of fuel from NSEDC's Consolidated Bulk Fuel were completed during the quarter, resulting in more than 1 million gallons of heating fuel and 400,000 gallons of unleaded gasoline being delivered to vendors in the region.

- Seasonal NSEDC employee Kevin Knowlton accepted a full-time Senior Crew Leader position with NSEDC's NSFR&D department during the quarter. He will continue to work out of the Nome office.
- NSFR&D completed its summer field season and the many projects it involves. This included the continued fertilization of Salmon Lake and the related study of sockeyes leaving the lake for the ocean, multiple salmon enumeration projects, assistance with an ADF&G crab tagging survey, and the salmon rehabilitation program which expanded to include Chinooks in Unalakleet.

A. Outreach

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

- The NSEDC Board of Directors held its 2012 second quarter meetings in Nome, Alaska, Aug. 2-3, 2012; the board invited members of the public to attend.
- NSEDC's Board of Directors notified residents of the 2012 second quarter meetings through advertisements in the Nome Nugget newspaper.
- NSEDC produced and mailed out its 2012 second quarter report to entities and municipalities throughout the region. The report was also posted on NSEDC's website.
- NSEDC produced and mailed out its 2011 annual report to every box holder in its member communities as well as posting it on its website. The report includes a summary of NSEDC's activities over the year as well as audited financial data for the year.
- NSSP staff sent out regular updates to fishermen, liaisons and many others regarding fishery openings, tender locations, buying operations and other relevant information in an effort to keep fishermen up to date with the latest developments throughout the season.
- NSEDC Community Benefits Department staff traveled to White Mountain, Golovin, Gambell, Savoonga, Koyuk, Teller and Shaktoolik to work with communities and entities on potential or current NSEDC grants.
- NSEDC Community Benefits Department staff gave a presentation on NSEDC grant opportunities to a joint board meeting of the Norton Sound Health Corporation and Kawerak, Inc.
- NSEDC NSFR&D staff participated in two Northern Bering Sea Regional Aquaculture Association (NoBSRAA) meetings during the quarter. NSEDC staff continued to provide some administrative support to the organization while Kawerak now houses the NoBSRAA administration.
- NSFR&D staff participated in meetings for the Western Alaska Salmon Stock Identification program.

- Test fishing crews in Brevig Mission and Teller continued efforts to use longline gear and boats provided by NSEDC to investigate the potential for commercially marketable fish in the Port Clarence area.
- NSFR&D staff traveled to White Mountain and assisted the Native Village of White Mountain with a salmon habitat assessment project. Staff also advised the Native Village of White Mountain on the requirements of operating a mist incubation program to produce Chinook salmon.
- NSFR&D staff in Unalakleet assisted the Unalakleet fifth grade class in taking coho salmon for a classroom incubation project.
- Photos from Nome's harbor featuring crab fishermen preparing for the season and bringing their catch back were featured on the Alaska Seafood Marketing Institute's Facebook page.
- NSEDC had a column published in the Nome Nugget newspaper detailing its rationale for not supporting an effort launched by another CDQ group to try and overhaul how CDQ allocations were distributed among the six groups.
- NSEDC advertised the open application period for the Small Business Initiative grant competition and the availability of seafood processor training in the Nome Nugget and on the NSEDC website.
- NSEDC sent a notice to communities and advertised in the Nome Nugget regarding the mid-year Community Benefit Share, encouraging residents to participate in the public process in their community to decide how the funds would be spent.
- NSEDC advertised openings on the Nssp Working Group, NSEDC Finance Committee, and Siu Alaska Corporation Board of Directors for which members of the public were invited to submit letters of interest. NSEDC also advertised its October elections and the process by which eligible resident in member communities could run for a board seat.
- NSEDC posted employment opportunities on its website, a popular e-mail distribution list in Nome, the Nome Nugget, and through liaisons several times throughout 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. News releases are issued on the home page along with a news page.
- NSEDC has Community Outreach Liaisons in 13 of its member communities with Community Benefits Director Paul Ivanoff III serving Unalakleet and Community Development Coordinator Sterling Gologergen serving Nome. The NSEDC liaisons are sent informational fliers, applications, and other information to circulate within their communities.

B. Employment

Table 1
EMPLOYMENT DATA FORM
September 30, 2012

	Q1		Q2		Q3		Q4		Year-to-Date
	People	Wages	People	Wages	People	Wages	People	Wages	Wages
Management/Administrative									
NSEDC - In-region	12	\$239,301.34	14	\$ 264,907.44	11	\$ 229,246.78			\$ 733,455.56
NSEDC - Anchorage	14	\$255,268.55	13	\$ 250,932.09	14	\$ 259,862.48			\$ 766,063.12
NSSP - In-region	5	\$ 80,278.65	9	\$ 88,159.39	6	\$ 123,123.46			\$ 291,561.50
Total Management/Administrative	31	\$574,848.54	36	\$ 603,998.92	31	\$ 612,232.72	0	\$ -	\$ 1,791,080.18
CDQ Pollock Related	14	\$102,595.79	7	\$ 58,978.19	9	\$ 181,540.01			\$ 343,113.99
Total NSSP Employment	5	\$ 13,166.50	37	\$ 103,052.44	148	\$ 648,379.79			\$ 764,598.73
Other NSEDC Employment									
Skippers, Deckhands, Shoreside, etc.	4	\$ 63,678.75	16	\$ 156,840.94	48	\$ 367,027.34			\$ 587,547.03
Clean Waters Program	1	\$ 7,183.80	0	\$ -	15	\$ 99,653.20			\$ 106,837.00
Total Other NSEDC Employment	5	\$ 70,862.55	16	\$ 156,840.94	48	\$ 466,680.54	0	\$ -	\$ 694,384.03
Other Fishing									
Bering Fisheries	0	\$ -	0	\$ -	0	\$ -			\$ -
Other Partner Employment	1	\$ 56,300.00	1	\$ 16,900.00	0	\$ -			\$ 73,200.00
O/A Norton Sound Winter Red King Crab	24	\$ 69,725.50	25	\$ 60,814.00	0	\$ -			\$ 130,539.50
Misc fish	0	\$ -	1	\$ 21.50	0	\$ -			\$ 21.50
Sheefish / Tomcod / Whitefish	4	\$ 1,080.00	2	\$ 173.50	0	\$ -			\$ 1,253.50
O/A Norton Sound Red King Crab	0	\$ -	0	\$ -	30	\$2,265,692.00			\$ 2,265,692.00
CDQ Red King Crab	0	\$ -	0	\$ -	11	\$ 187,558.25			\$ 187,558.25
Norton Sound Salmon	0	\$ -	0	\$ -	131	\$ 760,904.60			\$ 760,904.60
Norton Sound Herring	0	\$ -	8	\$ 4,092.60	0	\$ -			\$ 4,092.60
NSEDC CDQ Halibut	0	\$ -	0	\$ -	25	\$ 554,949.55			\$ 554,949.55
Total Other Fishing	29	\$127,105.50	37	\$ 82,001.60	197	\$3,769,104.40	0	\$ -	\$ 3,978,211.50
NSEDC Community Outreach Liaisons	13	\$ 29,250.00	13	\$ 29,250.00	13	\$ 29,250.00			\$ 87,750.00
NSEDC Community Employment Program	0	\$ -	9	\$ 57,546.00	5	\$ 31,970.00			\$ 89,516.00
Interns									
NSEDC Administration	0	\$ -	0	\$ -	0	\$ -			\$ -
NSFR&D	0	\$ -	0	\$ -	0	\$ -			\$ -
Total Interns	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Fisheries Technicians									
NSEDC Salmon Rehab.	2	\$ 8,320.31	22	\$ 60,135.31	32	\$ 291,171.62			\$ 359,627.24
Alaska Dept. of Fish & Game	0	\$ -	4	\$ 8,065.97	5	\$ 58,344.17			\$ 66,410.14
Fisheries Development	0	\$ -	3	\$ 18,557.20	13	\$ 29,651.25			\$ 48,208.45
Total Technicians	2	\$ 8,320.31	29	\$ 86,758.48	50	\$ 379,167.04	0	\$ -	\$ 474,245.83
GRAND TOTALS	99	\$926,149.19	184	\$1,178,426.57	501	\$ 6,118,324.50	0	\$ -	\$ 8,222,900.26
NSEDC =	46	\$603,002.75	94	\$ 846,234.95	141	\$ 1,396,176.84	0	\$ -	\$ 2,845,414.54
NSSP =	38	\$164,250.65	82	\$ 256,313.43	351	\$ 4,540,607.65	0	\$ -	\$ 4,961,171.73
Partners =	15	\$158,895.79	8	\$ 75,878.19	9	\$ 181,540.01	0	\$ -	\$ 416,313.99

Employment Summary

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

CDQ Pollock – Glacier Fish Company paid wages to nine residents of NSEDC member communities, one Shishmaref resident and one former member community resident living in Anchorage, who were employed aboard the *F/V Pacific Glacier* and the *F/V Alaska Ocean* during the quarter.

Community Breakdown: 6 employees from Unalakleet
1 employee from Stebbins
1 employee from Golovin
1 employee from St. Michael
From non-member communities:
1 employee from Shishmaref
1 employee from Anchorage

NSSP Employment (does not include administration) – One hundred and forty-two residents of Norton Sound communities, five from the Anchorage area and one out-of-state resident were employed during the quarter.

Community Breakdown: 54 employees from Unalakleet
51 employees from Nome
14 employees from Savoonga
8 employees from Elim
2 employees from Gambell
3 employees from Golovin
5 employees from Koyuk
2 employees from St. Michael
1 employee from Stebbins
2 employees from White Mountain
5 employees from the Anchorage area
1 employee from out of state

Other NSEDC Employment – Fifty-eight residents of Norton Sound communities and five from outside the region were employed during the quarter.

Community Breakdown: 2 employees from Brevig Mission
3 employees from Nome
4 employees from Unalakleet
9 employees from Golovin
6 employees from Shaktoolik
5 employees from White Mountain
1 employee from Elim
9 employees from Gambell
1 employee from Koyuk
13 employees from Savoonga
1 employee from St Michael

- 4 employees from Wales
- 1 employee from Emmonak
- 2 employees from the Anchorage area
- 2 employees from out of state

Other Fishing – Thirty fishermen delivered 417,902 pounds of open-access Norton Sound red king crab to NSSP during the quarter.

- Community Breakdown:**
- 17 fishermen from Nome
 - 2 fishermen from Golovin
 - 3 fishermen from Shaktoolik
 - 1 fisherman from White Mountain
 - 7 fishermen from Unalakleet

Eleven fishermen delivered 34,737 pounds of CDQ Norton Sound red king crab to NSSP during the quarter.

- Community Breakdown:**
- 7 fishermen from Nome
 - 2 fishermen from Shaktoolik
 - 2 fishermen from Unalakleet

Twenty-five fishermen delivered 93,955 pounds of CDQ halibut during the quarter.

- Community Breakdown:**
- 16 fishermen from Savoonga
 - 7 fishermen from Nome
 - 1 fisherman from White Mountain
 - 1 fisherman from Unalakleet

One hundred thirty-one fishermen delivered 1,168,318 pounds of salmon during the quarter.

- Community Breakdown:**
- 56 fishermen from Unalakleet
 - 25 fishermen from Shaktoolik
 - 23 fishermen from Elim
 - 13 fishermen from Golovin
 - 12 fishermen from Koyuk
 - 1 fisherman from Nome
 - 1 fisherman from Anchorage

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

Fisheries Technicians – Fifty residents of Norton Sound communities worked in fisheries technician positions either directly employed or sponsored by NSEDC during the quarter.

Community Breakdown: 1 employee from Elim
5 employees from Koyuk
15 employees from Nome
6 employees from Shaktoolik
11 employees from Unalakleet
7 employees from Koyuk
5 employees from Teller

NSEDC Community Employment Program – Five residents held positions with their local city government or tribal organization with their salary provided by NSEDC during the quarter.

Community Breakdown: 1 position in Brevig Mission
1 position in Stebbins
1 position in White Mountain
1 position in Nome
1 position in Wales

Table 2
TRAINING DATA FORM
July 1 through September 30, 2012

	Quarter		Year-to-Date	
	People	Expenditures	People *	Expenditures
Scholarships				
Post-Secondary	148	\$280,142	317	\$593,812
Vocational	34	\$68,000	71	\$141,000
Voc-Tech				
Basic	10	\$8,630	76	\$30,397
Advanced				
Other Training				
Fisheries Related			92	\$88,843
CDQ Staff				
CDQ Board			15	\$8,223
Other	10	\$14,000	10	\$14,000
TOTAL	202	\$370,772	581	\$876,275

**Year-to-date figures for scholarships represent total scholarships awarded, not unique individuals. Likewise, training figures may count individuals multiple times if they participated in multiple training opportunities.*

Training Summary

One hundred eighty-two students received funding for post-secondary and vocational education during the quarter.

Ten residents of Wales received heavy equipment training sponsored by NSEDC.

Eight Nome Public Schools employees and two employees of the Bering Strait School District working in St. Michael and Savoonga attended a cultural training camp on the Fish River put on by Tom and BJ Gray, and sponsored by NSEDC.

II. Administration

A. Board Activities

Board of Directors Meetings

The NSEDC Board of Directors held its 2012 second quarter meetings in Nome, Alaska, August 2-3, 2012.

Substantial Decisions

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

- The NSEDC Board of Directors approved a special mid-year Community Benefit Share distribution of \$200,000 for each of NSEDC's member communities with the stipulation that \$100,000 be dedicated toward benefitting the youth in each community.
- The NSEDC Board of Directors approved a \$75,000 Community Energy Fund request from the City of Shaktoolik to insulate the city's water storage tank.
- The NSEDC Board of Directors directed staff to pursue negotiations for a major Bering Sea crab quota purchase.
- The NSEDC Board of Directors approved the donation of a loader for the City of Teller after its loader was destroyed in a large fire in the community.
- The NSEDC Board of Directors approved a report to be presented to the State of Alaska for its decennial review of NSEDC as mandated by federal law.
- The NSEDC Board of Directors voted to not join an effort to seek an overhaul of the CDQ allocation distributions between the six CDQ groups.

III. Harvesting Report

A. CDQ Harvest Management

During the quarter NSEDC conducted a number of CDQ fishing activities including the directed harvest of pollock, Pacific cod, Atka mackerel, Pacific Ocean perch, yellowfin sole, Greenland turbot, sablefish, halibut and Norton Sound red king crab.

Pollock

The *F/T Pacific Glacier* and *F/T Alaska Ocean* completed NSEDC's B season pollock harvest September 17. Overall the B season was characterized by good catch rates, small fish size and low salmon bycatch. For the entire pollock fleet, 96% of the pollock TAC has been harvested through September 30, demonstrating a dramatic improvement in fishing compared to 2011. Block prices are slowly rebounding, up 5-10% from A season.

Pacific Cod

Approximately 80% of NSEDC's Pacific cod quota has been harvested through the third quarter. In the directed Pacific cod fishery the *F/V Alaska Mist* harvested 455 mt in the third quarter, while the *F/T Northern Glacier* harvested 160 mt as bycatch. Markets for H&G frozen-at-sea cod have slid to around \$1.20 per pound on average, which is about 45% less than B season 2011.

Atka Mackerel / Pacific Ocean Perch

In a CDQ pool agreement between Glacier Fish Company and NSEDC, CBSFA and YDFDA, the *F/T Northern Glacier* harvested 202 mt of Central Aleutian Islands Atka mackerel and 47 mt of Central Aleutian Islands Pacific Ocean perch during the third quarter. In a separate CDQ pool agreement with US Seafoods, the *F/V Seafreeze Alaska* harvested 205 mt of CDQ Atka mackerel in the Eastern Aleutian Islands as well as 56 mt in the Central Aleutian Islands during the third quarter. Bycatch in these fisheries was minimal.

Yellowfin Sole, Greenland Turbot and Arrowtooth Flounder

In July, the *F/T Northern Glacier* was tied to the dock to avoid high rates of halibut bycatch. In August, the vessel targeted Arrowtooth flounder and Greenland turbot in the Bering Sea, harvesting 769 mt and 119 mt, respectively. In September, the *F/T Northern Glacier* targeted Yellowfin sole, harvesting 847 mt. Flatfish prices are still strong, but are beginning to soften.

Sablefish

In the third quarter, the *F/V Cynosure* harvested 66,339 lbs (43%) of NSEDC's CDQ sablefish allocation in the Aleutian Islands. Dock prices have softened to about \$7.50 per pound for large fish and \$3.00 per pound for small fish.

Halibut

Beginning July 20, 16 fishermen harvested and delivered 52,548 pounds of CDQ halibut to the Savoonga plant during the third quarter, with an average of 263 pounds per fish ticket. Beginning August 14, 8 fishermen delivered 40,709 pounds of CDQ halibut to the Nome plant during the third quarter, with an average of 1,018 pounds per fish ticket. The *F/V Shemya* harvested 10,640 pounds of 4D CDQ halibut in late September.

Aleutian Islands Golden King Crab

The Aleutian Islands golden king crab season opened August 15. However, no CDQ crab was harvested in the third quarter. The *F/V Aleutian No. 1* will target NSEDC's allocation of 69,510 pounds of CDQ golden king crab in the fourth quarter.

Norton Sound Red King Crab

The in-region CDQ crab fishery was completed September 10. Eleven fishermen combined to harvest 34,910 pounds of CDQ crab, with an average of 1,518 pounds per fish ticket. The ex-vessel price was \$5.50 per lb.

B. IFQ Harvest Management

During the quarter, NSEDC managed fishing operations and the harvest of individual fishing quotas (IFQs) in Aleutian Islands golden king crab and sablefish.

Aleutian Islands Golden King Crab

In the third quarter, the *F/V Aleutian No. 1* made two trips of Eastern Aleutian Golden king crab IFQ, totaling 301,068 pounds. All A shares were delivered to Unisea and B shares were delivered to Bering Fisheries. Ex-vessel prices are down slightly from last year at \$3.45 per pound.

Sablefish

In the third quarter, the *F/V Aleutian Sable* harvested 39,647 pounds of IFQ sablefish in the Bering Sea. The *F/V Dynasty*, *F/V Letun* and *F/V Transit* combined to harvest 41,877 pounds of IFQ sablefish in the Western Gulf of Alaska. The *F/V Provider* and *F/V Transit* combined to harvest 88,039 pounds of IFQ sablefish in the Central Gulf of Alaska. Dock prices have decreased, especially for small sablefish.

C. Compliance/Enforcement

To the best of the Quota 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 third quarter of 2012.

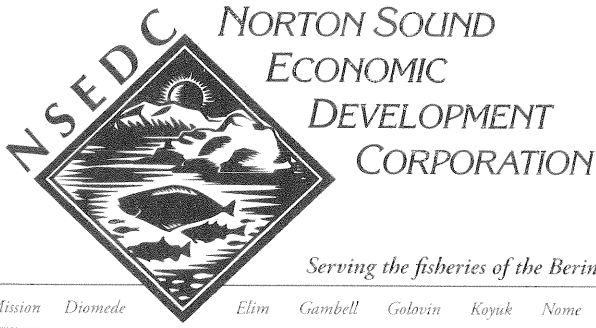
IV. Board of Directors July 1 – September 30 Meeting Minutes (Attachment 1)

ATTACHMENT 1

2012 Second Quarter Meeting Minutes

August 2-3, 2012

Nome, Alaska



FILE COPY

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

**Norton Sound Economic Development Corporation
Second Quarter Board of Directors Meeting
BSNC Boardroom, Nome, Alaska 99762
August 2 & 3, 2012
9:00 a.m.**

CALL TO ORDER

Chairman Dan Harrelson called the NSED 2012 Second Quarter Board Meeting to order at 9:00 a.m. on August 2, 2012.

ROLL CALL

Present at the meeting were Dan Harrelson, Don Stiles, Joel James, Eugene Asicksik, Joe Garnie, Walter Seetot, Truman Kava, Lucy Kitchen, William Johnson, Elvina Naranjo, Wilfred Katcheak, Victor Joe, and Oscar Takak Sr. Dean Peterson was absent and excused. Orville Ahkinga Jr. was absent. Staff present was Janis Ivanoff, Simon Kinneen, Kyan Olanna, Charlie Lean, Kevin Keith, Tiffany Martinson, Paul Ivanoff III, Rich Ferry, Reese Huhta, Rick Walicki, Joel Cladouhos, Tyler Rhodes, Sterling Gologergen, Kathy Whelehan, and Jerry Ivanoff. John Eckels, Siu Alaska Corporation President/CEO, was present. Laurie McNicholas, of the *Nome Nugget*, was also present.

INVOCATION

Oscar Takak Sr. gave the invocation.

APPROVAL OF AGENDA

Dan Harrelson noted the updated agenda that was emailed to the board and provided at the meeting.

Oscar Takak Sr. made a motion to approve the agenda, as presented. Lucy Kitchen seconded the motion. The motion passed.

APPROVAL OF MINUTES

William Johnson made a motion to approve the minutes of May 2, 2012 and June 15, 2012 as a block. Elvina Naranjo seconded the motion. The motion passed.

PUBLIC COMMENTS

There were no public comments.

CEO's REPORT-Janis Ivanoff

Chairman Harrelson noted his written report, which was handed out.

NSED CEO Janis Ivanoff gave the CEO's Report. Janis went over the NSED Audit, decennial review, and the North Pacific Fisheries Management Council Meeting in September.

FINANCIALS/INVESTMENT PORTFOLIO-executive session

Oscar Takak Sr. made a motion to go into executive session for the NSED Financials/Investment Portfolio and Litigation Update at 9:06 a.m. Elvina Naranjo seconded the motion. The motion passed.

William Johnson made a motion to return to regular session at 9:29 a.m. Eugene Asicksik seconded the motion. The motion passed.

Virginia Nashalook joined the meeting at 9:31 a.m.

Rick Walicki gave the NSEDC Financials/Investment Portfolio.

Eugene Asicksik asked for clarification on where the energy subsidy is in the financials.

Laureli Kinneen of KNOM joined the meeting at 9:33 a.m.

SIU ALASKA CORPORATION REPORT-John Eckels

1. Glacier Fish Company

Siu Alaska Corporation President/CEO John Eckels took the floor for the Siu Alaska Corporation Report. The Aleutian #1 was in dry dock the whole quarter to do a lot of work to the vessel. John went over the GFC Report noting their concern with the decline of Norton Sound resident employment. Chairman Harrelson asked if this was due to a lack of interest of our workers or GFC's commitment. John went over the activity of our vessels, the Bering Fisheries Plant in Dutch Harbor, and BSAI Partners. He noted our bycatch was almost non-existent. Due diligence is ongoing to acquire a new cod boat. Eugene Asicksik asked for clarification on the GFC Report and the F/T Northern Glacier with its halibut bycatch. John noted GFC decided to park the boat for a couple months until the bycatch rate goes down. Chairman Harrelson noted the appreciation of the board for his hard work.

A break was taken at 9:54 a.m. The meeting reconvened at 10:08 a.m.

MANAGERS REPORTS

1. Quota Management-Joel Cladouhos

Joel Cladouhos took the floor for the quota management report. He reported the opilio quota was fully harvested and the ADF&G had extended the season for a month, as the fishing grounds were covered by ice. Joel went onto give a brief overview of the other fisheries, noting some royalty rates and ex-vessel prices. Chairman Harrelson thanked him for his hard work.

2. Southern and Northern NSSP

a. Reese Huhta

Reese Huhta took the floor for his written report, provided in the packet, and updates since then. He went over the tender operations and reported the F/V Norton Sound processed about 325,000 pounds of finished pink product. The dock side fish pump has been installed and tested. There are processors from the region on the vessel. The Unalakleet plant currently has 66 employees. William Johnson asked about the housing arrangements for processors in Unalakleet. Reese said it is not as smooth as last year but is working out. Oscar Takak inquired about the operational date for the ice machine in Elim. Reese noted the work of AVEC to move the transformer and the need for an electrician to wire the machine. Oscar noted AVEC was there to service the line. William Johnson wants to use local workers when possible. Chairman Harrelson asked about the Golovin support building. The building materials are in Golovin, and Elim will be done soon after. The foundation for the Golovin building will be done in the next few days. Curt Oliver is the foreman. Eugene Asicksik asked about the safety equipment for commercial salmon fishermen. Safety equipment is available and more can be, on request. Reese noted Shaktoolik did not receive their safety equipment, but it will be delivered quickly with the tender vessels. There was discussion about tender logistics. Eugene Asicksik asked about the salmon gear. Reese noted there is tons of gear but we have only three net hangers putting. For next year, nets will be put together during the off season. Chairman Harrelson voiced his appreciation for his work.

b. Rich Ferry

Northern NSSP Manager Rich Ferry his report noting level of the crab harvest and gave an update on the bait fishery. Rich noted his trips to Seattle and Vancouver and stated he is excited about the interest in

live crab. He covered the tender vessels operations. The plant currently has 74 employees. Chairman Harrelson asked about the work pool for the tender vessels. For next year, Rich is going to work on getting more OUPV Licensed Skippers. He noted the need for someone with a vessel background to work throughout the year. Joe Garnie informed Rich ADF&G is willing to extend the bait fishery next year. Joe Garnie asked Rich when he would start buying for the fall bait fishery. Rich would like to get the majority of crab fishing done before he starts the bait fishery. Chairman Harrelson asked how much crab quota is still available. Rich noted there is still CDQ Crab that will be harvested after open access. Rich noted most fishermen are going after crab, but the plant has received some halibut from Savoonga. Chairman Harrelson thanked him for his hard work.

Chairman Harrelson noted the written reports of the NSEDC Community Benefits, Education, Employment, and Training, Human Resources, and Norton Sound Fisheries Research & Development Departments and asked if there were any questions for the managers.

William Johnson asked about the tender vessel manager position, which needs to be advertised. We have a vessel coordinator, but we need a tender vessel manager. Tiffany Martinson gave him an update on the work so far. The Tender Vessel Manager would report to Simon Kinneen. William Johnson stressed the need to fill our positions with local people. There was discussion about the responsibilities of the tender vessel manager and the tender vessel coordinator. Don Stiles noted that the majority of our employees are from the region.

A break was taken at 10:53 a.m. The meeting reconvened at 11:10 a.m.

COMMITTEE REPORTS

1. Executive Committee Report

Chairman Harrelson gave the NSEDC Executive Committee Report.

Don Stiles made a motion to follow the loader recommendation to the City of Teller. Wilfred Katcheak seconded the motion.

William Johnson suggested approving the recommendations as a block. Chairman Harrelson asked Joe if there was anything else NSEDC could assist with. Joe stated that he needs to meet with the entities and voiced his appreciation for the donation. Joe asked that NSEDC Staff talk with the City Clerk about working through the insurance for the previous loader. Eugene Asicksik asked if Teller has insurance through the Alaska Municipal League. Joe was not sure. Chairman Harrelson noted there are discretionary funds that could be used to assist with labor costs.

The question was called. The motion passed.

William Johnson made a motion to approve the NSEDC Executive Committee Report with all its recommendations. Oscar Takak seconded the motion.

There was discussion about approving the Kawerak proposal out of cycle and the benefit the project would bring to the region. William Johnson noted sometimes projects like this need a commitment to help the project gain momentum. Don Stiles wished to stay within the guidelines of the OEF Proposals. Elvina Naranjo noted the motion only commits the funds at this point and the funds can be budgeted for in the next OEF cycle.

The motion passed with a roll call vote of 13 yes votes and 2 absences.

2. Fisheries Development Committee Report

Chairman Takak gave the NSEDC Fisheries Development Committee Report.

William Johnson made a motion to approve the NSEDC Fisheries Development Report. Eugene Asicksik seconded the motion.

Joe Garnie clarified that he asked that one person from each community be hired and that the tribal entities be involved in the hiring process. William Johnson asked about the intern funds available to Teller and if anyone was hired yet. Joe did not know if anyone was hired. Chairman Harrelson requested that this be placed in the budget process.

The motion passed.

3. Scholarship Committee Report

Chairman Joe gave the NSEDC Scholarship Committee Report.

Chairman Harrelson noted the portion regarding ineligible students, where students are just taking classes without pursuing a degree. Part time students are still eligible for scholarships as long as they are in region and are taking classes towards their degree. Part time students taking continuing education classes are not eligible.

Oscar Takak made a motion to approve the NSEDC Scholarship Committee Report with its recommendation. Joel James seconded the motion. The motion passed.

4. Rules & Bylaws Committee Report

Chairman Stiles noted the one recommendation of the NSEDC Rules and Bylaws Committee, where the member communities' elections were brought up.

Don Stiles made a motion to approve the recommendation of the NSEDC Rules and Bylaws Committee. William Johnson seconded the motion. The motion passed.

5. Finance Committee Report

Chairman Harrelson gave the NSEDC Finance Committee Report.

William Johnson made a motion to approve the NSEDC Finance Committee Report with all its recommendations, except the Community Benefit Share. Eugene Asicksik seconded the motion. The motion passed.

There was discussion about supporting more student activities through the Community Benefit Share. Chairman Harrelson supports student activities, but he worries about the school district reducing their budget. William Johnson noted the intent is to supplement the BSSD Budget, and not replace it. He felt it we could designate a certain amount for each school and work with the districts so they know it is in addition to their budget. Don Stiles suggested raising the Community Benefit Share cap to \$200,000.00 for the purpose of taking care of our youth.

Don Stiles made a motion to raise the cap of the Community Benefit Share to \$200,000.00. William Johnson seconded the motion.

There was discussion about the cap. It is per disbursement, not per year. The amount is at the discretion of the NSEDC board of directors. Some years it may be less.

The question as called. The motion passed unanimously.

Don Stiles made a motion to distribute \$200,000.00 from our Community Benefit Share to each community with \$100,000.00 going to youth activities and programs. William Johnson seconded the motion.

Don's motion means adding \$3 million to the Community Benefit Share budget, Chairman Harrelson confirmed with Janis that funds are available. The \$100,000 for youth programs will still be run through

the City. Unused funds can be carried forward to another year. Joe Garnie asked who would set the policies for the \$100,000. The same practices that apply to the CBS will apply to the youth program funds. Chairman Harrelson worries about dictating what the cities are going to spend the money on. Eugene Asicksik asked what would happen if a community did not want to utilize the monies in this fashion. The community would not get the \$100,000.00.

The question was called. The motion passed unanimously.

Paul Ivanoff requested a budget amendment for the \$3 million.

Oscar Takak made a motion to amend the NSEDC Budget to allow for a \$200,000.00 Community Benefit Share for each community. William Johnson seconded the motion. The motion passed unanimously.

A break was taken at 12:25 p.m. The meeting reconvened at 1:30 p.m.

OLD BUSINESS

Oscar Takak made a motion to go into executive session for the litigation update, the CPO Quota, and the CVRF Proposal at 1:31 p.m. Elvina Naranjo seconded the motion. The motion passed.

1. Litigation Update-executive session

This was already covered in the earlier executive session.

2. CPO Quota-executive session

William Johnson made a motion to return to regular session at 2:57 p.m. Oscar Takak Sr. seconded the motion. The motion passed.

A break was taken at 2:57 p.m. The meeting reconvened at 3:07 p.m.

Don Stiles made a motion to purchase all shares of KDS Corporation, and in a concurrent transaction sell the Patricia Lee to Siu, and sell current EAG CVO and WAG CVO quota as required by regulation. William Johnson seconded the motion.

William Johnson suggested staff pursue the variable rate and a 15 year loan. Don Stiles noted the return the investment will bring to the region. Chairman Harrelson noted staff will still be negotiating the price, he clarified the price is not to exceed the amount discussed in the handout. Chairman Harrelson clarified corporate form will be decided at a later date.

The motion passed with a roll call vote reflecting ten yes, three no, and two absent.

Eugene Asicksik made a motion to turn down the CVRF Proposal. William Johnson seconded the motion. The question was called. The motion passed unanimously.

3. Community Energy Fund Review

NSEDC CEO Janis Ivanoff stated the Community Energy Fund application was provided in the packet. She stated it was on the agenda last August but there was no discussion. Eugene Asicksik requested staff add it to this agenda. He noted there is a proposal later on the agenda for Shaktoolik's water storage tank. Shaktoolik had submitted another proposal to renovate some of the City's buildings and was told the proposal didn't meet the policies and requirements of the CEF. Chairman Harrelson noted Shaktoolik would be saving funds by burning less fuel to heat their buildings and those savings could be passed onto community members. If Shaktoolik's proposal could demonstrate the benefit to the community members, would the proposal be acceptable. Janis noted that this would be acceptable. Chairman Harrelson noted we can revise the policies to allow more flexibility. He suggested adding the wording, "and/or" before "provide an on-going energy-related benefit for the entire community." on page 3 under conditions.

William Johnson asked about the general requirements of being “shovel ready”. Chairman Harrelson noted staff has been very willing to assist our communities move forward with their energy programs.

Oscar Takak made a motion to revise the CEF program guidelines as stated to allow more flexibility with the energy fund. William Johnson seconded the motion.

Elvina noted the board’s flexibility of NSEDC policies and changes to policies when they don’t fit and expressed the need to follow them more closely. There was discussion about the different needs and sizes of the communities. Paul Ivanoff III stated that the fund has been in existence for several years and he sees the benefit of allowing alternate or more flexible options for its use.

The question was called. The motion passed.

NEW BUSINESS

1. Annual Board Retreat and Training

A calendar with two scenarios was provided in the packet. NSEDC CEO/President Janis Ivanoff noted the chum salmon bycatch issue will be addressed by the NPFMC at the same time in Anchorage. Days for training may be limited and she suggests the board arrive on the 2nd, rather than the 3rd of December. Chairman Harrelson confirmed the dates and location for the board.

2. Shaktoolik Community Energy Fund Request

NSEDC CEO Janis Ivanoff brought up the Shaktoolik Community Energy Fund Request of \$50,000.00. Eugene clarified he would like to request an increase of \$25,000.00 to complete the project. Eugene stated that he had a letter for the Denali Commission Chairman and explained his work with FEMA.

William Johnson made a motion to approve the Shaktoolik Community Energy Fund Request of \$75,000.00 for the City of Shaktoolik Water Storage Tank Insulation System Replacement Project. Oscar Takak seconded the motion. The motion passed.

3. NSSP Working Group Member Selections

After advertising for the NSSP Working Group Members, Janis Ivanoff noted NSEDC received one response from an individual in Anchorage. Janis requested the board provide names to the staff and staff would write letters asking of their interest to serve. William Johnson recommended keeping the working group members seated until a later date and doing more advertising. Janis clarified staff would advertise and check with Frank McFarland and Steve Ivanoff about attending the meeting in November.

4. CVRF Proposal-executive session

The CVRF Proposal was covered in the earlier executive session.

PUBLIC COMMENTS

There were no public comments provided.

DECENNIAL REVIEW BOARD WORKSHOP

A break was taken at 3:48 p.m. The workshop began at 3:58 p.m.

The board meeting reconvened at 4:30 p.m.

Don Stiles made a motion to approve the NSEDC Decennial Report. Lucy Kitchen seconded the motion.

Eugene Asicksik recommended including loans in the data to further show how well NSEDC is doing and the benefits we provide to the communities. Eugene asked about the opportunities provided to Kaltag and Shishmaref. Tyler mentioned it hasn’t held much weight in the past when it comes to evaluating NSEDC.

The motion passed.

BOARD COMMENTS

- Joe Garnie thanked everyone for their support of the Teller Fire.
- Victor Joe and Elvina Naranjo had no comment.
- Lucy Kitchen thanked the wonderful staff for their hard work.
- Eugene Asicksik thanked the board and staff for getting Shaktoolik Material to Unalakleet and the community energy fund proposal support. Being involved city government, Eugene apologized if he offended anyone. He took on the challenge to help his community.
- Oscar Takak, Joel James, Wilfred Katcheak, and Truman Kava had no comment.
- William Johnson stated that we've come a long way and our operations are pretty smooth. Thanks to staff and board for the benefits to our region.
- Don Stiles thanked the board.
- Chairman Harrelson reminded the board of the drug screens scheduled for the December Board Meeting and noted that Kathy Wheelehan will be working out of the Nome Office in August. Chairman Harrelson thanked staff for their hard work. Enjoy the rest of the summer. The next scheduled meeting will be in November.

ADJOURNMENT

Don Stiles made a motion to adjourn the NSEDC 2012 Second Quarter Board of Directors Meeting at 4:40 p.m. on August 2, 2012. Oscar Takak seconded the motion. The motion passed.

Dan Harrelson, Chairman

Jerry Ivanoff, NSEDC Corporate Secretary

Date