

FOR DISTRIBUTION

2012 FOURTH QUARTER REPORT
October 1 – December 31, 2012



**NORTON SOUND ECONOMIC
DEVELOPMENT CORPORATION**

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Table of Contents

I. Quarterly Highlights	2
A. Outreach	3
B. Employment	6
Employment Data Form	6
Employment Summary	7
Training Data Form	10
Training Summary	10
II. Administration	11
A. Board Activities	11
Board of Directors Meetings	11
Substantial Decisions	11
III. Harvesting Report	
A. CDQ Harvest Management	12
Pollock	12
Pacific Cod	12
Atka Mackerel / Pacific Ocean Perch	12
Yellowfin Sole, Greenland Turbot & Arrowtooth Flounder	12
Sablefish	12
Halibut	13
Aleutian Islands Golden King Crab	13
Norton Sound Red King Crab	13
B. IFQ Harvest Management	13
Aleutian Islands Golden King Crab	13
Sablefish	13
C. Compliance/Enforcement	13
IV. Board of Directors Oct. 1 – Dec. 31 Meeting Minutes (Attachment 1)	13

I. Quarterly Highlights

- The NSEDC Board of Directors held its 2012 third quarter meetings in Unalakleet, Alaska, November 8, 2012.
- The NSEDC Board of Directors held its annual budget meetings in Anchorage, Alaska, December 4-6, 2012.
- The NSEDC Board of Directors issued a year-end Community Benefit Share distribution of \$100,000 for each of NSEDC's member communities. In total, each NSEDC member community had \$300,000 in Community Benefit Share funding available in 2012.
- The NSEDC Board of Directors approved a \$1 million Community Energy Fund request from the City of Nome/Nome Joint Utility System to be used toward the installation of wind energy turbines.
- The NSEDC Board of Directors approved an initial feasibility study to investigate the possibility of hatchery operations for salmon in the Norton Sound region.
- The NSEDC Board of Directors approved a \$1,000 hardship payment for 2012 commercial herring and salmon fishermen in response to the difficulties experienced in those fisheries due to ice and weather conditions.
- The NSEDC Board of Directors approved the purchase of a significant amount of golden king crab quota in the Bering Sea with the purchase of KDS Inc.
- NSEDC held member representative elections in Teller, Nome, Savoonga, St. Michael and Elim. Re-elected to the board were Joe Garnie (Teller), Don Stiles (Nome), Truman Kava (Savoonga), and Oscar Takak (Elim). Newly elected to the board was Milton Cheemuk of St. Michael, replacing Victor Joe, who retired from the board after 20 years of service.
- Retiring board member Victor Joe was honored by NSEDC for his 20 years of service to his community of St. Michael, NSEDC and the Norton Sound region.
- NSEDC submitted its Decennial Review report to the State of Alaska in November in accordance with state regulations and the federal Magnuson Stevens Act.
- NSEDC's Fishery Research and Development (NSFR&D) program received multi-year grants from the State of Alaska for Chinook salmon rehabilitation efforts in the Unalakleet subdistrict, chum salmon rehabilitation efforts in the Nome subdistrict, and salmon management projects in eastern Norton Sound.
- NSEDC awarded a total of \$105,000 to six Small Business Initiative (SBI) grant recipients. The SBI is a competitive grant program aimed at promoting small business development in NSEDC member communities.
- NSEDC was honored by the Norton Sound Health Corporation with a framed photograph for its support of NSHC initiatives during the grand opening ceremony for the new Norton Sound Regional Hospital in Nome.

- NSEDC's Fisheries Research and Development division conducted salmon egg-plants in the Solomon and South rivers as part of its salmon restoration program.
- Darrin Otton joined NSEDC's staff as the vessel manager. Darrin works out of the Nome office.
- Albert Johnson joined NSEDC's staff as the Nome office assistant.
- Norton Sound Seafood Products had tremendous success with its through-the-ice bait fishery, paying out a total of more than \$17,200 for more than 34,000 pounds of fish caught by 25 resident fishermen from throughout the region during the quarter.
- Norton Sound Seafood Products purchased 626 pounds of red king crab caught through the ice by four resident fishermen, paying more than \$3,400 during the quarter.
- New salmon processing equipment was ordered for the Southern Norton Sound Seafood Products plant in Unalakleet. The equipment will allow the plant to produce skinless, boneless fillets.
- Preparation work continued for a new fish buying station that will operate in Elim next season. The station will allow fishermen to deliver shoreside where the fish will be held and chilled until delivered to a NSSP plant by a tender vessel.
- A total of eight current residents of NSEDC member communities, two regional residents from Kaltag and Shishmaref, and a former member community resident who now lives in Anchorage worked on the *F/V Pacific Glacier*, *F/V Northern Glacier* and the *F/V Alaska Ocean*, earning a total of nearly \$70,000 in wages during the quarter.
- A total of six residents of NSEDC member communities earned more than \$54,000 working with NSEDC's distant Bering-Sea fishing partners, Aleutian No. 1 LLC and Bering Fisheries, during the quarter.
- Nine residents of member communities were awarded scholarships totaling \$18,000 for post-secondary and vocational education during the quarter.
- A dozen member community residents received training in seafood processing at AVTEC in Seward, Alaska.
- NSEDC expended more than \$112,000 on training for 107 member community residents during the quarter. Much of this was devoted to regional high school students travelling in state to receive career and educational training and awareness.

A. Outreach

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

- The NSEDC Board of Directors held its 2012 third quarter meetings in Unalakleet, Alaska, November 8, 2012; the board invited members of the public to attend.
- NSEDC's Board of Directors notified residents of the 2012 third quarter meetings through advertisements in the Nome Nugget newspaper.

- NSEDC produced and mailed out its 2012 third quarter report to entities and municipalities throughout the region. The report was also posted on NSEDC's website.
- NSEDC staff and board members attended the Norton Pacific Fishery Council meetings in Anchorage in December, primarily to track and comment on proposed measures to address the bycatch of chum salmon in the Bering Sea pollock fishery. NSEDC staff testified to advocate the Board of Directors' position that the most restrictive measures be taken in June and July to reduce the impact on Western Alaska chum.
- Staff from NSEDC's EET and HR departments attended the NACTEC annual advisory panel board meeting to give input on upcoming in-region training opportunities related to the fishing industry.
- Staff from NSEDC's NSFR&D Department worked with several community entities and the University of Alaska Fairbanks Northwest Campus on the development of an upcoming science symposium to be held in Nome.
- NSEDC issued a press release to the media and on its website announcing NSEDC's purchase of KDS Inc., a major holder of golden king crab quota in the Bering Sea.
- NSEDC issued a press release to the media and on its website announcing the year-end Community Benefit Share distribution of \$100,000 per member community. The distribution brought the total dedication of funds for 2012 Community Benefit Shares to \$4.5 million.
- NSEDC produced a column that was published in the *Nome Nugget*, explaining the considerations and process that would be followed should NSEDC pursue a salmon hatchery operation in the region.
- NSEDC also announced on its website the pinning ceremony in Nome for three regional residents who became Registered Nurses. NSEDC contributed \$140,000 to the Bering Straits Health Consortium, a group of regional entities that established the program to train regional residents as nurses.
- NSEDC placed newspaper ads and information on its website encouraging residents to take part in through-the-ice commercial fisheries during the winter. Norton Sound Seafood Products was purchasing both red king crab and baitfish caught through the ice.
- NSEDC produced newspaper advertisements promoting seafood sales from Norton Sound Seafood Products for the holidays.
- NSEDC produced several newspaper advertisements announcing job openings within the organization as well as the availability of seafood processor training for regional residents at AVTEC in Seward.
- NSEDC produced newspaper advertisements and website announcements regarding the openings of at-large seats on NSEDC's Finance Committee and the Siu Alaska Corporation Board of Directors. Siu Alaska Corporation is NSEDC's for-profit subsidiary.

- Staff from NSEDC's Fisheries Research and Development; Education, Employment and Training; Human Resources; and Communications departments participated in a NACTEC class for regional high school students that explored careers in the fishing industry. The NACTEC facility is located in Nome. NSEDC staff participated in both classroom and field sessions.
- Staff from NSEDC's Fisheries Research and Development (NSFR&D) division worked with classrooms in both the Nome Public Schools and Bering Strait School districts with salmon in the classroom projects. NSFR&D staff also participated in a Nome Public Schools Science Night, presenting information about careers in fisheries and biology.
- NSEDC NSFR&D staff attended a Chinook Workshop, a Chinook Symposium, an inter-agency crab meeting, an invasive species workshop and an American Fisheries Society meeting.
- NSFR&D staff participated in meetings for the Western Alaska Salmon Stock Identification program.
- 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
December 31, 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	12	\$ 246,031.18	\$ 979,486.74
NSEDC - Anchorage	14	\$255,268.55	13	\$ 250,932.09	14	\$ 259,862.48	14	\$ 263,439.80	\$ 1,029,502.92
NSSP - In-region	5	\$ 80,278.65	9	\$ 88,159.39	6	\$ 123,123.46	5	\$ 72,835.97	\$ 364,397.47
Total Management/Administrative	31	\$574,848.54	36	\$ 603,998.92	31	\$ 612,232.72	31	\$ 582,306.95	\$ 2,373,387.13
CDQ Pollock/Groundfish Related	14	\$102,595.79	7	\$ 58,978.19	9	\$ 181,540.01	8	\$ 68,928.53	\$ 412,042.52
Total NSSP Employment (seasonal)	5	\$ 13,166.50	37	\$ 103,052.44	148	\$ 648,379.79	77	\$ 130,650.82	\$ 895,249.55
Other NSEDC Employment									
Skippers, Deckhands, Shoreside, etc.	4	\$ 63,678.75	16	\$ 156,840.94	48	\$ 367,027.34	24	\$ 149,782.49	\$ 737,329.52
Clean Waters Program	1	\$ 7,183.80	0	\$ -	15	\$ 99,653.20	8	\$ 20,806.95	\$ 127,643.95
Total Other NSEDC Employment	5	\$ 70,862.55	16	\$ 156,840.94	63	\$ 466,680.54	32	\$ 170,589.44	\$ 864,973.47
Other Fishing									
Bering Fisheries	0	\$ -	0	\$ -	0	\$ -	4	\$ 9,026.28	\$ 9,026.28
Other Partner Employment	1	\$ 56,300.00	1	\$ 16,900.00	0	\$ -	2	\$ 45,358.00	\$ 118,558.00
O/A Norton Sound Winter Red King Crab	24	\$ 69,725.50	25	\$ 60,814.00	0	\$ -	4	\$ 3,443.55	\$ 133,983.05
Misc fish	0	\$ -	1	\$ 21.50	0	\$ -	0	\$ -	\$ 21.50
Sheefish / Tomcod / Whitefish	4	\$ 1,080.00	2	\$ 173.50	0	\$ -	25	\$ 17,208.50	\$ 18,462.00
O/A Norton Sound Red King Crab	0	\$ -	0	\$ -	30	\$ 2,265,692.00	0	\$ -	\$ 2,265,692.00
CDQ Red King Crab	0	\$ -	0	\$ -	11	\$ 187,558.25	0	\$ -	\$ 187,558.25
Norton Sound Salmon	0	\$ -	0	\$ -	131	\$ 760,904.60	0	\$ -	\$ 760,904.60
Norton Sound Herring	0	\$ -	8	\$ 4,092.60	0	\$ -	0	\$ -	\$ 4,092.60
NSEDC CDQ Halibut	0	\$ -	0	\$ -	25	\$ 554,949.55	0	\$ -	\$ 554,949.55
Total Other Fishing	29	\$127,105.50	37	\$ 82,001.60	197	\$3,769,104.40	35	\$ 75,036.33	\$ 4,053,247.83
NSEDC Community Outreach Liaisons	13	\$ 29,250.00	13	\$ 29,250.00	13	\$ 29,250.00	13	\$ 29,250.00	\$ 117,000.00
NSEDC Community Employment Program	0	\$ -	9	\$ 57,546.00	5	\$ 31,970.00	0	\$ -	\$ 89,516.00
Interns									
NSEDC Administration	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
NSFR&D	0	\$ -	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	9	\$ 34,221.40	\$ 393,848.64
Alaska Dept. of Fish & Game	0	\$ -	4	\$ 8,065.97	5	\$ 58,344.17	1	\$ 396.00	\$ 66,806.14
Fisheries Development	0	\$ -	3	\$ 18,557.20	13	\$ 29,651.25	3	\$ 860.00	\$ 49,068.45
Total Technicians	2	\$ 8,320.31	29	\$ 86,758.48	50	\$ 379,167.04	13	\$ 35,477.40	\$ 509,723.23
GRAND TOTALS	99	\$926,149.19	184	\$1,178,426.57	516	\$6,118,324.50	209	\$ 1,092,239.47	\$ 9,315,139.73
NSEDC =	46	\$603,002.75	94	\$ 846,234.95	156	\$ 1,396,176.84	84	\$ 744,787.82	\$ 3,590,202.36
NSSP =	38	\$164,250.65	82	\$ 256,313.43	351	\$ 4,540,607.65	111	\$ 224,138.84	\$ 5,185,310.57
Partners =	15	\$158,895.79	8	\$ 75,878.19	9	\$ 181,540.01	14	\$ 123,312.81	\$ 539,626.80

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

Community Breakdown: 5 employees from Unalakleet
2 employees from Stebbins
1 employee from St. Michael
From non-member communities:
1 employee from Shishmaref
1 employee from Kaltag
1 employee from Anchorage

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

Community Breakdown: 25 employees from Unalakleet
27 employees from Nome
10 employees from Savoonga
5 employees from Elim
1 employee from Golovin
1 employee from Koyuk
2 employees from St. Michael
1 employee from Stebbins
4 employees from the Anchorage area
1 employee from out of state

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

Community Breakdown: 1 employee from Brevig Mission
1 employee from Nome
2 employees from Unalakleet
4 employees from Golovin
4 employees from Shaktoolik
5 employees from Elim
1 employee from Koyuk
7 employees from Savoonga
2 employees from Teller
3 employees from the Anchorage area
2 employees from out of state

Other Fishing – Four fishermen delivered 626 pounds of open-access Norton Sound winter red king crab to NSSP during the quarter.

Community Breakdown: 4 fishermen from Nome

Twenty-five fishermen delivered 34,417 pounds of tom cod and other bait fish to NSSP during the quarter.

Community Breakdown: 14 fishermen from Nome
1 fisherman from Shaktoolik
4 fishermen from Unalakleet
5 fishermen from Golovin
1 fisherman from Elim

Two Norton Sound residents worked on NSEDC partner vessels in the Bering Sea harvesting crab.

Community Breakdown: 1 fisherman from White Mountain
1 fisherman from Unalakleet

Four Norton Sound residents worked at the Bering Fisheries seafood plant, a NSEDC partner operation in Dutch Harbor.

Community Breakdown:
1 employee from St. Michael
1 employee from Unalakleet
1 employee from Koyuk
1 employee from Savoonga

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

Community Breakdown:

- 2 employees from Brevig Mission
- 5 employees from Nome
- 2 employees from Shaktoolik
- 3 employees from Unalakleet
- 1 employee from Teller

Table 2
TRAINING DATA FORM
October 1 through December 31, 2012

	Quarter		Year-to-Date	
	People	Expenditures	People *	Expenditures
Scholarships				
Post-Secondary	2	\$4,000	319	\$597,812
Vocational	7	\$14,000	78	\$155,000
Voc-Tech				
Basic	107	\$112,776	183	\$143,173
Advanced				
Other Training				
Fisheries Related	12	\$33,744	104	\$122,587
CDQ Staff				
CDQ Board			15	\$8,223
Other	14	\$4,000	24	\$18,000
TOTAL	142	\$168,520	723	\$1,044,795

**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

Nine students received funding for post-secondary and vocational education during the quarter.

Fifty Bering Strait School District students, seven Nome Public Schools students and a number of chaperones from both districts attended NSEDC-sponsored career exploration trips to various institutions in Anchorage.

A dozen residents of NSEDC member communities attended a NSEDC-sponsored fisheries safety orientation class at AVTEC in Seward.

Ten residents of Wales attended a NSEDC-sponsored tribal development course put on for the Native Village of Wales.

Eighteen residents of Stebbins attended a NSEDC-sponsored HAZWOPER class put on for the City of Stebbins.

A dozen residents of Shaktoolik participated in a NSEDC-sponsored CDL/driver's license class put on for the City of Shaktoolik.

Ten residents of Unalakleet attended a NSEDC-sponsored training on providing care for those suffering from dementia.

Fourteen residents of Stebbins attended a NSEDC-sponsored community basket weaving course put on by the Stebbins Community Association.

II. Administration

A. Board Activities

Board of Directors Meetings

The NSEDC Board of Directors held its 2012 third quarter meetings in Unalakleet, Alaska, Nov. 8, 2012.

The NSEDC Annual Meeting of Directors was held in Unalakleet, Alaska, Nov. 9, 2012.

The NSEDC Annual Meeting of Members was held in Unalakleet, Alaska, Nov. 9, 2012.

The NSEDC Board of Directors held its annual budget meetings in Anchorage, Alaska, Dec. 4-6, 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 year-end Community Benefit Share distribution of \$100,000 for each of NSEDC's member communities.
- The NSEDC Board of Directors approved a \$1 million Community Energy Fund request from the City of Nome for a wind energy project.
- The NSEDC Board of Directors directed staff to pursue a feasibility study for a regional salmon hatchery operation.
- The NSEDC Board of Directors approved the purchase of a significant amount of Aleutian Island golden king crab quota along with the purchase and subsequent sale to Siu Alaska Corporation of the crab fishing vessel *Patricia Lee*.
- The NSEDC board selected Dan Harrelson as Chairman; Dean Peterson as Vice Chairman; Oscar Takak, Sr. as Sergeant at Arms; Don Stiles as an Executive Committee Member and Elvina Naranjo as an Executive Committee Member.
- The NSEDC Board of Directors elected CEO Janis Ivanoff to serve as Corporate President, COO Simon Kinneen as Vice President, EET Director Jerry Ivanoff as Secretary, and CFO Rick Walicki as Treasurer.

- The NSEDC Board of Directors approved a \$1,000 hardship payment to commercial herring and salmon fishermen who participated in the 2012 season.
- The NSEDC Board of Directors voted to support a position in regard to the North Pacific Fishery Management Council's consideration of chum bycatch reduction measures in the Bering Sea pollock fishery, advocating for the most restrictive hard cap considered for the June/July timeframe as well as the most robust Rolling Hot Spot program possible. The board's position also called for the investigation of more specific measures to protect the pulse of Western Alaska chum through the fishing grounds as they migrate to their streams of origin.

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, rock sole, flathead sole, sablefish, and Aleutian Islands golden king crab.

Pollock

The *F/V Pacific Glacier* and *F/V Alaska Ocean* completed NSEDC's B season pollock harvest September 17th. Overall the B season was characterized by good catch rates, small fish size and low salmon bycatch. Nearly 100% of the pollock was harvested in all sectors; the catch rates and full harvest marked a good improvement over the 2011 season.

Pacific Cod

Approximately 90% of NSEDC's Pacific cod quota was harvested in 2012. A total of 448 tons of cod was harvested in the fourth quarter, with 293 tons being taken in the directed fishery by the *F/V Alaska Mist*. Prices have continued to decline, a trend that is continuing into 2013.

Atka Mackerel / Pacific Ocean Perch

In a CDQ pool agreement between Glacier Fish Company and NSEDC, CBSFA and YDFDA, the *F/V Northern Glacier*, during the fourth quarter, harvested 183 mt of Eastern Aleutian Islands Atka mackerel and 79 mt of Eastern Aleutian Islands Pacific Ocean perch. In a separate CDQ pool agreement with US Seafoods, the *F/V Seafreeze Alaska* harvested 856.6 mt of CDQ Atka mackerel in the Eastern Aleutian Islands as well as 81 mt of Pacific Ocean perch in the Central Aleutian Islands during the fourth quarter. Harvest rates for Pacific Ocean perch were 92%, 93%, and 97% for the Eastern, Central, and Western Aleutian areas, respectively, in 2012. About 98% of the Atka mackerel was harvested in the Eastern Aleutian Islands in 2012, and 100% for the Central area.

Yellowfin Sole, Rock Sole, Flathead Sole and Arrowtooth Flounder

During the fourth quarter the *F/V Northern Glacier* harvested 1,350 mt of yellowfin sole in CDQ pool fishing; a total of 82% of the YFS allocation was harvested in 2012, with 83% of the rock sole and 85% of arrowtooth flounder also being harvested on the year.

Sablefish

In the fourth quarter, the *F/V Cynosure* harvested 45,588 lbs (29%) of NSEDC's CDQ sablefish allocation in the Aleutian Islands. About 86% of the Aleutian Islands quota was harvested on the year. About 87,000 pounds of quota was harvested by the *F/V Aleutian Sable* and *F/V Ballyhoo* in the Bering Sea in the fourth quarter, bringing the total harvest to 98% for the year.

Halibut

There was no directed harvest of CDQ halibut in the fourth quarter. A total of 93,257 pounds were harvested in-region in 2012, with 56% of the regional harvest delivered to Savoonga and 44% delivered to Nome. The remainder of the 2012 allocation was harvested on larger vessels outside the region.

Aleutian Islands Golden King Crab

The *F/V Aleutian No. 1* harvested NSEDC's entire Aleutian Islands golden king crab CDQ allocation of 69,510 pounds in the fourth quarter.

Norton Sound Red King Crab

There was no harvest of Norton Sound red king crab in the fourth quarter. Eleven fishermen combined to harvest 34,910 pounds of CDQ crab in 2012.

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

All of NSEDC's Eastern Aleutian Islands golden king crab (about 578,000 pounds) was harvested by the end of the year, with slightly less than half delivered in the fourth quarter. Approximately 214,000 pounds of the Western Aleutian Islands golden king crab owned through KDS was delivered in the fourth quarter – the balance of that quota will be harvested in 2013.

Sablefish

In the fourth quarter the *F/V Dynasty*, *F/V Provider*, *F/V Redemption* and *F/V Transit* combined to harvest 70,396 pounds of IFQ sablefish in the Western Gulf of Alaska. The *F/V Letun* and *F/V Dynasty* combined to harvest 7,924 pounds of IFQ sablefish in the Central Gulf of Alaska. All of our sablefish IFQ was harvested in 2012.

C. Compliance/Enforcement

To the best of our knowledge, there were no fishing or vessel violations, illegal activities and/or fines or penalties against any vessels operating under contract to NSEDC.

IV. Board of Directors October 1 – December 31 Meeting Minutes (Attachment 1)

ATTACHMENT 1

2012 Third Quarter Meeting Minutes

November 8, 2012

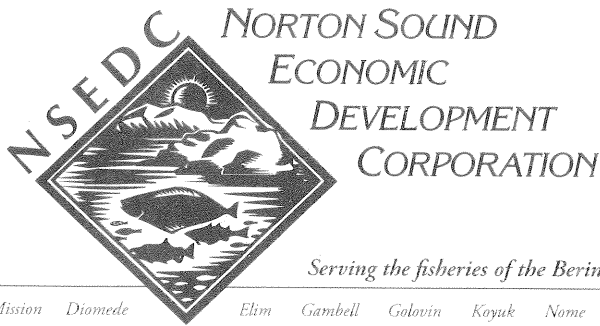
Unalakleet, Alaska

&

2012 Special Budget Meeting Minutes

December 4-6, 2012

Anchorage, Alaska



FILE COPY

Serving the fisheries of the Bering Strait Region

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

**Norton Sound Economic Development Corporation
Third Quarter Board of Directors Meeting
Aaron Paneok & Myles Gonangnan Memorial Hall
November 8, 2012
10:30 a.m.**

CALL TO ORDER

Chairman Dan Harrelson called the NSED C 2012 Third Quarter Board Meeting to order at 10:30 a.m.

ROLL CALL

Present at the meeting were Dan Harrelson, Don Stiles, Dean Peterson, Joel James, Eugene Asicksik, Joe Garnie, Orville Ahkinga Jr., Walter Seetot, Truman Kava, Lucy Kitchen, William Johnson, Elvina Naranjo, Wilfred Katcheak, Victor Joe, and Oscar Takak Sr. Staff present were Janis Ivanoff, Simon Kinneen, Rick Walicki, Joel Cladouhos, Tyler Rhodes, Kyan Olanna, Rich Ferry, Virginia Nashalook, Paul Ivanoff, Charlie Lean, Tiffany Martinson, Kevin Keith, Wes Jones, Kathy Wheelehan, and Jerry Ivanoff. John Eckels of Siu Alaska Corporation was present. Milton Cheemuk and Laurie McNicholas, *Nome Nugget*, were present from the public.

INVOCATION

Oscar Takak Sr. gave the invocation.

Steve Ivanoff and Herbert Ivanoff joined the meeting at 10:31 a.m.

APPROVAL OF AGENDA

Chairman Harrelson added personnel issues under New Business. NSED C President/CEO Janis Ivanoff added the Nome Community Energy Fund Request, under new business.

Dean Peterson made a motion to approve the agenda, as amended. Oscar Takak seconded the motion. The motion passed.

APPROVAL OF MINUTES

1. August 1, 2012

Oscar Takak made a motion to approve the NSED C 2012 Second Quarter Board Meeting Minutes of August 1, 2012. Joel James seconded the motion.

Eugene Asicksik noted, under the NSSP Report, they have not received the safety equipment yet.

The motion passed.

PUBLIC COMMENTS

Herbert Ivanoff addressed the board, welcoming them back to Unalakleet. He thanked them, on behalf of the City of Unalakleet, for the Community Benefit Share for the youth.

Steve Ivanoff echoed the thanks for the Community Benefit Share. He mentioned the sponsorship of the state basketball tournament and the fact that it was televised statewide.

CHAIRMAN'S REPORT

1. Recognition of Victor Joe

Chairman Harrelson noted the economic impact of the crab and halibut NSSP Operations, stating he received a lot of positive comments on the crab operation. He noted the tomcod and bait fish purchasing throughout the region. Lastly, he mentioned the protective order NSEDC has against Tim Smith. He clarified that a director could ask to be excused from the order. He noted Joe Garnie is friends with Tim and gave the example that if Joe wants to have dinner with Tim, it is within his rights.

NSEDC Board Chairman Dan Harrelson recognized Victor Joe for his twenty years of service as the NSEDC Board Member from St. Michael, stating he always had a quiet presence and the board will miss him. Victor was presented with an aerial photo of St. Michael and a jacket with a beautiful ruff on it.

Joe Garnie stated that he felt Chairman Harrelson was out of line to single him out on the Tim Smith Protective Order. He felt it was inappropriate. Chairman Harrelson apologized if the statement was viewed as negative, which wasn't his intention.

CEO'S REPORT-Janis Ivanoff

NSEDC CEO Janis Ivanoff gave the CEO's Report.

Janis noted the report in the packet and highlighted a few items in the report. Janis welcomed the returning elected board members and Milton Cheemuk. Janis briefly went over the at-large seats to be filled in the meetings later, the NSEDC Audit, and the CDQ Panel Rule.

FINANCIALS/INVESTMENT PORTFOLIO-executive session

Oscar Takak made a motion to go into executive session for the NSEDC Financials/Investment Portfolio at 10:48 a.m. Elvina Naranjo seconded the motion. The motion passed.

Oscar Takak made a motion to return to regular session at 10:50 a.m., as the financials/investment portfolio need not be covered in executive session. William Johnson seconded the motion. The motion passed.

Rick Walicki gave the NSEDC Financials/Investment Portfolio.

Oscar Takak made a motion to approve Altman and Rogers as auditors for the NSEDC 2012 Audit. Dean Peterson seconded the motion. The motion passed.

SIU ALASKA CORPORATION REPORT-John Eckels

Siu Alaska Corporation President/CEO John Eckels took the floor for the Siu Alaska Corporation Report. John covered the activity of *Aleutian No. 1* and the grounds price. John noted the US Coast Guard made a routine inspection of the *Aleutian No. 1* and found no issues. John went over the Glacier Fish Company Report, the *F/V Glacier Bay* activity, the *F/V Pacific Star*, and the Bering Fisheries plant in Dutch Harbor. He went on to cover the work with our BSAI Partners. Kris Kline is the new general manager for the BSAI Partners. Bycatch was very low on all of our pollock boats. John went over the possibility to add more cod to our quota.

Eugene Asicksik asked about the *Aleutian No. 1* and the ADF&G survey work. Eugene wondered if the study would help with the crab operations. Charlie Lean mentioned the work with this vessel on the golden king crab new escape mechanism being tested and the low bycatch of female and juvenile crab. Eugene noted that the small boat fleet could benefit from this study in the Aleutian Islands, and the possibility of placing ADF&G personnel on board to study their crab operation.

Joel Cladouhos and Rick Walicki passed out information for the board from Jim Johnson, Glacier Fish Company President, on the North Pacific Fishery Management Council's Fishery Management Plan Amendment 97. Joel Cladouhos went over the operations of the *F/V Northern Glacier*, which is to catch

and process our NSEDC CDQ flatfish, yellow fin sole. Don Stiles requested to draft a resolution the board could adopt on this issue. Eugene noted John is looking for support from the board on FMP A97.

Merlin Johnson Sr. joined the meeting at 11:21 a.m.

A ten minute break was taken at 11:21 a.m. The meeting reconvened at 11:30 a.m.

MANAGERS REPORTS

1. Quota Management-Joel Cladouhos

Joel Cladouhos gave the quota management report. Joel noted that the pollock B season went faster this year, which contributed to reduced bycatch in 2012.

2. Southern and Northern NSSP

a. Simon Kinneen

Simon Kinneen deferred the Southern NSSP Report to Frank Doty, Southern NSSP Assistant Manager. Frank went over the salmon operations this past summer with all the salmon bought, processed, and sold to Copper River Seafoods, the tendering operations, the in-region sales of salmon fillets, the RSW Systems and the benefit they provided towards the quality of our salmon products, and the need for the capability to haul tender vessels out for repair. Frank would like to budget for equipment to make a skinless, boneless product from salmon. Chairman Harrelson noted the need in Shaktoolik for safety equipment and Eugene's request to get them out to our other villages. Chairman Harrelson noted how much was paid out to our fishermen, and the possibility of fishermen not being able to make payments due to a fishing disaster. William Johnson noted we could reverse in-season deductibles for this year, but not forgive the loan. Chairman Harrelson asked if we could ask the fishermen if they wanted their in-season deductions back. Oscar Takak noted the limited fishing in Elim and Golovin. William stated all our salmon fishermen did not make as much as they did last year. Eugene Asicksik noted he was asked about a bonus for salmon. Eugene asked Frank about the product on the *Norton Sound*. It was all head-and-gutted and they hauled it out. There was discussion about bait. William suggested staff provide information to fishermen regarding access and prices to bait. Chairman Harrelson thanked Frank for stepping up to the plate.

b. Rich Ferry

Rich provided an update on the Northern NSSP Operations. Rich went over the CDQ and Open Access Crab with a dock price of \$5.50 per pound. Rich noted the economic impact of Northern NSSP Crab and Halibut purchasing from our regional fishermen. Rich went over the tender vessel operations; the Norton Sound Seafood Center retail operations with crab, halibut and cod available there; and employment. Rich noted the miscellaneous fin fish purchased by Northern NSSP. Eugene Asicksik asked about the *F/V Inaliq* and if it still had issues with fuel leaking. Rich noted that the fuel was taken off and the repair work is being done. Eugene asked about the bycatch in the halibut fishery, specifically cod. Rich clarified our fishermen can deliver halibut and about 200 pounds of cod.

Chairman Harrelson noted the managers' reports and asked the board members if they had any questions for the managers.

3. Written Reports

a. Community Benefits Department-Paul Ivanoff

Eugene Asicksik mentioned Shaktoolik's budget amendment for their washeteria.

b. EET Department-Jerry Ivanoff

There were no questions for Jerry Ivanoff.

c. HR Department-Tiffany Martinson

There were no questions for Tiffany Martinson.

d. NSFR&D-Charlie Lean

There were no questions for Charlie Lean.

Lunch break was taken at 12:09 p.m. The meeting reconvened at 12:47 p.m.

COMMITTEE REPORTS

1. Executive Committee Report

Chairman Harrelson gave the NSEDC Executive Committee report.

2. Rules & Bylaws Committee Report

Chairman Stiles gave the NSEDC Rules & Bylaws Committee report.

3. Scholarship Committee Report

Chairman Joe gave the NSEDC Scholarship Committee report.

Dean Peterson made a motion to approve the NSEDC Scholarship Committee Report and its recommendation. Eugene Asicksik seconded the motion. The motion passed.

4. Finance Committee Reports

Chairman Harrelson gave the NSEDC Finance Committee report.

Oscar Takak made a motion to approve the NSEDC Finance Committee Report. Walter Seetot seconded the motion.

Don Stiles asked if the fishermen's receivables budget would be enough to cover this program. Chairman Harrelson asked Don if he proposed additional funds for this program. Don recommended \$20,000 be added to this program. Chairman Harrelson asked Virginia how much monies would be necessary to cover the fishermen's receivables. Virginia described what was covered in fishermen's receivables this past season. Eugene Asicksik noted his understanding of the \$40,000 for the winter crab fishery and recommended that \$100,000 be added through the budget process. William Johnson expounded on the gear purchase for winter crabbing and the problem with tracking these funds.

The motion passed with its recommendation to add \$40,000 to the fishermen's receivables budget from the large vessel loan program.

5. NSSP Working Group Report

Chairman William Johnson gave the NSSP Working Group report.

6. Compensation Committee Report

Chairman Harrelson gave the NSEDC Compensation Committee report. Chairman Harrelson added this item to the executive session for the full board.

7. Fisheries Development Committee Report

Chairman Oscar Takak gave the Fisheries Development Committee report.

William Johnson made a motion to direct staff to develop a budget to do a feasibility study to develop hatcheries in the Norton Sound Region. Dean Peterson seconded the motion.

Don Stiles requested this be placed on a fast track. Janis asked if this could be budgeted for the December meeting. Charlie Lean stated he could not have a complete budget by the December meeting. He still needs to define what he needs to comply with this motion. Some of the things that have been discussed and need to be looked into more are the opportunity to use waste heat, where to have the hatchery, and hiring additional help for the research. Before moving forward, staff will discuss it more with the RPT, Kawerak and NoBSRAA.

The motion passed.

OLD BUSINESS

1. Litigation Update-executive session

Don Stiles made a motion to go into executive session for the litigation update, the CPO Quota Update, the stalking protective order, and personnel issues at 1:24 p.m. Oscar Takak seconded the motion. The motion passed.

2. CPO Quota Update-executive session

a. Resolution No. 12-06: CPO Quota

William Johnson made a motion to return to regular session at 3:00 p.m. Elvina Naranjo seconded the motion. The motion passed.

Elvina Naranjo made a motion to pass NSEDC Resolution No. 12-06: CPO Quota. William Johnson seconded the motion. The motion passed.

Joel James made a motion to approve NSEDC Resolution No. 12-07: Support for Bering Sea Groundfish Fisheries Management Plan Amendment 97. William Johnson seconded the motion.

Eugene Asicksik asked if there was concern from other CDQ Groups and if it would go back to WACDA. *The motion passed.*

Eugene Asicksik made a motion to adopt the NSEDC Compensation Committee Recommendation. Oscar Takak seconded the motion. The motion passed

Oscar Takak made a motion to approve the governance and management plan discussed in executive session, including the amendment of the KDS Articles and Bylaws and the director and officer selection. William Johnson seconded the motion. The motion passed.

Don Stiles made a motion to allow the NSEDC President/CEO to take administrative leave during her surgery and recovery period. Oscar Takak seconded the motion. The motion passed.

NEW BUSINESS

1. 2012 Community Benefit Share

Paul Ivanoff III stated this meeting is normally where the board approves the end-of-year Community Benefit Share (CBS). He noted mid-year \$200,000 previously approved by the board of directors.

Don Stiles made a motion to award \$100,000.00 to each community as budgeted. Oscar Takak seconded the motion.

Chairman Harrelson noted this CBS is for 2012. Eugene asked if it would be up to the city governments to determine how these monies are spent. Paul Ivanoff III noted only municipalities are eligible for the CBS. William Johnson noted the city councils can determine if they should help their tribal government organizations. Chairman Harrelson noted the City of White Mountain chooses to give a portion of their CBS to the tribal government and uses the same reporting requirements. Elvina Naranjo suggested each board member describe their process for determining how to spend the CBS.

The motion passed.

Eugene Asicksik asked about the Little Dribblers program and the board member discretionary fund. Paul Ivanoff III noted that some communities have used this and the other communities that have not are still eligible to use these funds. Eugene asked for clarification on this issue.

2. Stalking Protective Order: Tim Smith-executive session

This was covered in the executive session of 1:24 p.m.

3. CDQ Panel Rule 2012-04: Community Development Plans

Janis Ivanoff brought up the CDQ Panel Rule 2012-04: Community Benefit Plans.

Don Stiles made a motion to adopt CDQ Panel Rule 2012-04 on Community Benefit Plans. William Johnson seconded the motion. The motion passed.

4. Personnel Issues

This was covered in the executive session of 1:24 p.m.

5. Nome Community Energy Fund Request

Paul Ivanoff III brought up the Nome Community Energy Fund Request informing the board on its logistics. Paul recommended to fund.

Don Stiles made a motion to follow staff's recommendation to fund the Nome Community Energy Fund Proposal of \$1,000,000. Oscar Takak seconded the motion. The motion passed.

PUBLIC COMMENTS

No public comments were provided.

BOARD COMMENTS

The board was given an opportunity to make their comments.

- Lucy Kitchen has enjoyed her experience with NSEDC, stating this last year has been very informational, and her community is thankful. She is looking forward to another year.
- Don Stiles heard a lot of compliments on the Community Benefit Share and the additional funds for the youth activities of \$100,000. The City of Nome put the whole \$200,000 in their youth programs. Don Stiles thanked Victor for his years of guidance.
- Dean Peterson thanked Victor Joe for his years of service. He will be missed. He thanked the board for supporting each other.
- Joel James had no comment.
- William Johnson heard a lot of comments on the youth activity fund. He thanked Victor for his years of service and good work and welcomed to Milton Cheemuk. He noted the wrestling tournament is happening tonight.
- Eugene Asicksik thanked Victor noting this is a different board from the early days. He thanked NSEDC for the Outside Entity Funding and the Community Benefit Share.
- Walter thanked Victor
- Joe Garnie thanked Victor and said thanks for the benefits to Teller.
- Victor Joe expressed his thanks to the NSEDC Board and Staff.
- Truman Kava felt we had a good meeting. He thanked Victor Joe and welcomed Milton Cheemuk.
- Wilfred Katcheak had no comment.
- Orville Ahkinga Jr. thanked Victor Joe for serving on the board and welcomed Milton. He would like to work with the marine debris cleanup again, as they have a lot more debris on Little Diomede.
- Elvina thanked Victor Joe and said he will be missed and welcomed Milton Cheemuk. She thanked the board and staff, as our communities are happy for assistance with the Community Benefit Share. She also thanked Unalakleet for being a good host.
- Oscar Takak thanked Victor for his twenty years of service and reminisced about the first board meeting in White Mountain. He will miss him. He said thanks to NSEDC for the Community Benefit Share and to Unalakleet. He said he will pray for Janis to get well.
- Chairman Harrelson noted our board is like a big family. He welcomed Milton Cheemuk. He apologized to the board for his mistakes and thanked them for their patience.
- Janis Ivanoff had no comment.

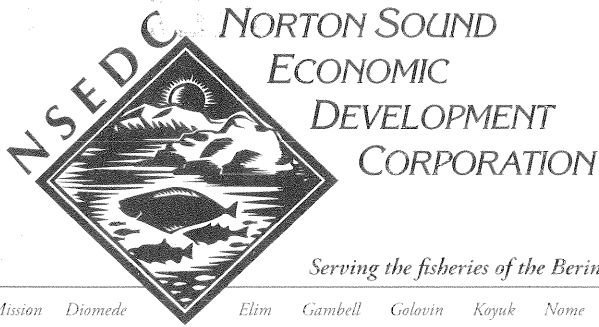
ADJOURNMENT

*Oscar Takak made a motion to adjourn the NSEDC 2012 Third Quarter Board Meeting at 3:39 p.m.
Elvina Naranjo seconded the motion. The motion passed.*

Dan Harrelson, Chairman

Jerry Ivanoff, Secretary

Date



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
Special Board of Directors Meeting
Westmark Hotel-Penthouse
December 4-6, 2012
9:00 a.m.

CALL TO ORDER

Chairman Harrelson called the NSED C Special Board Meeting to order at 9:01 am. on December 4, 2012.

ROLL CALL

Present at the meeting were Dan Harrelson, Dean Peterson, Joel James, Eugene Asicksik, Walter Seetot, Truman Kava, Lucy Kitchen, William Johnson, Elvina Naranjo, Wilfred Katcheak, Milton Cheemuk, and Oscar Takak Sr. Don Stiles participated by video-teleconference. Orville Ahkinga Jr. was absent and excused. Joe Garnie was present for the chum salmon bycatch discussion. Staff present were Simon Kinneen, Rick Walicki, Kyan Olanna, Tyler Rhodes, Charlie Lean, Rich Ferry, Darrin Otton, Frank Doty, Kathy Wheelahan, and Jerry Ivanoff.

INVOCATION

Oscar Takak gave the invocation.

Joe Garnie joined the meeting at 9:06 a.m. via teleconference.

APPROVAL OF AGENDA

Dan Harrelson noted that some of the board members would be taking their drug screen urinalysis during the week. After new business, Wilfred Katcheak requested a litigation update and rules & bylaws changes be added to the agenda. Eugene Asicksik asked about the executive session and mode of approval. Dean Peterson made a motion to approve the agenda as revised. Oscar Takak seconded the motion. The motion passed.

WAIVER OF APPROVAL OF MINUTES

1. November 8, 2012

Eugene Asicksik made a motion for a waiver of approval of minutes of November 8, 2012. Oscar Takak seconded the motion. The motion passed.

NEW BUSINESS

1. Chum Salmon Bycatch

Charlie Lean, Tyler Rhodes and Simon Kinneen updated the board on the North Pacific Fishery Management Council's (NPFMC) current alternatives to address chum bycatch in the BSAI pollock fishery. Charlie noted that genetic data from both the NPFMC's analysis and the Western Alaska Salmon Stock Identification Program (WASSIP) show that the proportion of Western Alaska chum salmon taken as bycatch is higher during June and July than later in the season. Charlie said by analyzing the WASSIP genetic data, it appears that the peak of the Western Alaska chum adult migration through the pollock grounds occurs over a period of 10 days to two weeks in late June and early July. Charlie suggested that NSED C support conservation measures that focus on this pulse of Western Alaska chum.

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

Charlie went over some of the alternatives being considered by the NPFMC, including the Rolling Hot Spot program, which could be the best tool to protect Western Alaska chum salmon since it reacts the most quickly to upticks in bycatch and closes those areas where the bycatch is highest at the time. Charlie recommended that the board pull away from a hard cap for the entire B Season since its conservation effects would not take place until after migrating Western Alaska chum have already passed through the pollock grounds. A season-wide cap would only primarily conserve Asian chum. Charlie said the most opportune time for conservation for Western Alaska chum is in June and July. Charlie also noted that there is concern about conservation measures that would push fishing later in the B season when Chinook bycatch is a higher concern. He said that the NPFMC is working on the assumption that conservation measures should prioritize Chinook salmon savings over that of chum salmon. He also noted that the NPFMC is focusing its consideration on Western Alaska chum as opposed to chum salmon in general.

Eugene Asicksik asked about the timing of Glacier Fish Company's harvest of NSEDC's CDQ pollock. Eugene noted that we would like to maximize our harvest of pollock by Glacier Fish Company. Eugene noted that the Chinook bycatch is a state-wide issue, and chum salmon bycatch is a Western Alaska issue. Eugene requested more information to make the best decision on chum salmon bycatch. Milton Cheemuk noted that we do not know how many fish are going by. Simon Kinneen noted that the Council's problem statement, which guides them in their decision making process, identifies Alaskan chum stocks as those to be protected by this action. If there were a priority to protect more than just Alaskan and specifically Western Alaskan chum salmon, then the problem statement should be addressed. Charlie Lean would really like the NPFMC and its staff to look at the pulse idea he presented. Simon noted that genetic studies could only determine if the bycatch is Western Alaska chum, and could not further define if chum were from a particular region in Western Alaska, such as Norton Sound. Staff noted that measures that protect all Western Alaska chum would also conserve Norton Sound chum.

Eugene Asicksik asked about the priority of Chinook salmon bycatch over chum salmon bycatch. Eugene noted that chum salmon has been his bread and butter as a commercial fisherman, but the Chinook escapement issue has prevented him from fully harvesting chum salmon. Charlie Lean noted that this NPFMC meeting is focusing on chum. Charlie said Western Alaska chum are more susceptible to bycatch in June and July in both the pollock fishery and the Area M fishery. Eugene noted that it would be in our best interest to protect this pulse. Joe Garnie asked about the proposals for hard cap of 125,000 and wondered if we are working to change this number. Joe questioned the main goal of this exercise. Chairman Harrelson summarized the issue for Joe reiterating staff's belief of the need to be more restrictive in the pollock fishery in June and July. Chairman Harrelson summarized that staff recommended a hard cap of 15,600 chum that could be taken in June and July combined with a strong Rolling Hot Spot program.

Simon Kinneen discussed the written comments and concerns of AVCP, Kawerak, BSFA, Tanana Chief Conference, and YRDFA, noting that they are not endorsing any specific alternative at this time which is notable given prior support for a season-wide hard cap, but are showing interest in the Rolling Hot Spot program. Joe Garnie voiced his support to keep endorsing an overall B season hard cap for chum. Joe noted the tough season our subsistence and commercial fishermen had this past season.

A break was taken at 10:30 a.m. The meeting reconvened at 10:50 a.m.

Chairman Harrelson noted a general consensus among board members for supporting a strong cap on chum salmon during the June/July pollock fishery. Joe Garnie asked about the proposed 15,600 hard cap

in June and July and how many times it would have been reached in the past. Charlie Lean replied that such a cap would have been exceeded about four times in the last 19 years. Charlie went over the Rolling Hot Spot program and a June/July hard cap for chum, which he proposed be utilized as a combination to give the Western Alaska pulse of chum the most protection. Joe stated that the pollock fishery would have only gone over the proposed 125,000 overall B season hard cap in a handful of the last 20 years. Joe suggested supporting the 15,600 hard cap in June and July, the Rolling Hot Spot program and a 125,000 hard cap for the entire B season. Simon Kinneen, in general, felt that the NPFMC is less likely to consider a hardline approach. Eugene Asicksik noted that Charlie recommended a 15,600 chum hard cap in June and July along with the Rolling Hot Spot program. Charlie stated that he would like to see chum conservation measures focused on that two-week period in June and July.

The board voted to support a combination of the proposed alternatives currently before the NPFMC: the most robust Rolling Hot Spot program possible with a June/July hard cap of 15,600 chum. The board also expressed interest in seeing the NPFMC examine ways to even more specifically address and conserve the two-week pulse of Western Alaska chum through the pollock fishery. Joe Garnie cast the sole opposing vote.

Joe Garnie was excused at 11:11 a.m.

2. 2013 NSEDC Budgets-executive session

Oscar Takak Sr. made a motion to go into executive session for the 2013 NSEDC Budgets at 11:11 a.m. Dean Peterson seconded the motion. The motion passed.

a. Northern NSSP-Rich Ferry

Lunch break was taken at 12:15 p.m. The meeting reconvened at 1:31 p.m.
A break was taken at 2:18 p.m. The meeting reconvened 2:31 p.m.

b. Tender Vessels-Simon Kinneen/Rich Ferry

A break was taken at 3:15 p.m. The meeting reconvened at 3:29 p.m.

c. Southern NSSP-Frank Doty

The meeting was recessed at 3:58 p.m. on December 4, 2012. The meeting will reconvene at 9:00 a.m. on December 5, 2012.

December 5, 2012

Chairman Harrelson reconvened the meeting at 9:02 a.m. The meeting was still in executive session. For the record, all the board members were present, except Joe Garnie and Orville Ahkinga, with Don Stiles present via teleconference. Staff present were Simon Kinneen, Rick Walicki, Paul Ivanoff III, Kyan Olanna, Galsy Ashenfelter, Kathy Wheelehan, and Jerry Ivanoff.

d. Community Benefits-Paul Ivanoff III

Tyler Rhodes joined the meeting at 9:35 a.m. Matt Coates walked in at 9:36 a.m.
A break was taken at 10:22 a.m. The meeting reconvened at 10:35 a.m.
A break was taken at 11:12 a.m. The meeting reconvened at 11:26 a.m.

e. Education, Employment, & Training-Jerry Ivanoff

Lunch break was taken at 12:20 p.m. Joel Cladouhos joined the meeting at 1:27 p.m. The meeting reconvened at 1:38 p.m.

f. Quota Management-Joel Cladouhos

The meeting was recessed at 2:06 p.m. on December 5, 2012 until 9:00 a.m. on December 6, 2012.

December 6, 2012

Chairman Harrelson reconvened the meeting at 9:00 a.m. The meeting was still in executive session.

- g. NSFR&D-Charlie Lean
- h. Revolving Loans-Virginia Nashalook/Rick Walicki
- i. Administration-Simon Kinneen/Rick Walicki

Oscar Takak made a motion to return to regular session at 11:49 a.m. on December 6, 2012. Elvina Naranjo seconded the motion. The motion passed.

William Johnson excused himself at this time.

Dean Peterson made a motion to approve the 2013 NSEDC Budgets as presented and amended. Walter Seetot seconded the motion. The motion passed.

Oscar Takak moved, seconded by Elvina Naranjo, to waive the Bulk Fuel program 500,000 gallon limit for the Bering Strait School District, based on their payment of invoice upon receipt. The question was called. The motion passed unanimously.

There was discussion about providing safety gear to fishermen. More information will be gathered and provided at the 4th quarter meeting regarding what is required for different vessels, potential costs, and what is included in a safety kit.

Milton Cheemuk moved, seconded by Walter Seetot, to go into executive session to discuss the litigation update and Rules and Bylaws. The board went into executive session at 11:55 a.m.

Lucy Kitchen moved, seconded by Wilfred Katcheak, to return to regular session. The Board returned to regular session at 12:02 p.m.

LITIGATION UPDATE

This was discussed in executive session.

NSEDC RULES & BYLAWS CHANGE

This was discussed in executive session.

Chairman Harrelson noted a letter from fishermen in Shaktoolik describing difficulties during the salmon season and requesting a retroactive payment to meet the purported price per pound received by fishermen on the Yukon River. A couple of board members had also been approached about providing a retroactive payment.

Don Stiles moved, seconded by Milton Cheemuk, to amend the agenda to include discussion regarding an adjustment to fishermen's payments. The motion passed unanimously.

Fishermen Hardship Payment Discussion

Chairman Harrelson reminded the board they stopped doing bonuses or adjustments at one point by paying a stronger price up front. There was discussion about some of the issues that came up this season that may have led to financial hardships for some of the fishermen. Chairman Harrelson provided a breakdown of what the totals would be depending on which fishermen were included in a potential retroactive payment.

Oscar Takak declared a conflict of interest but asked to speak on behalf of fishermen and, with the Boards' permission, to vote.

Don Stiles declared his conflict of interest. He noted crabbers were paid a record amount of money. He stated that everyone in the region could use assistance, not just fishermen.

Eugene Asicksik stated he would abstain. He noted some of the factors to consider when deciding are that herring fishermen's loan payments were waived, other fishermen were given the option to reclaim payments made on loans, the strong winter crab fishery, and on the negative side, tender operations were hindered at times. Eugene also asked about the Randy Ellingworth Fisherman of the Year award. This will be addressed at the February meeting

Milton Cheemuk stated his conflict of interest as a herring fisherman.

Wilfred Katcheak worries about getting into the same bonus practice again. With the halibut quota projected to decrease next year, halibut fishermen may claim a financial hardship.

Elvina Naranjo moved, seconded by Walter Seetot, to pay the salmon and herring fishermen who participated in the 2012 season a \$1,000 payment in recognition of a poor salmon year.

Under discussion, Oscar's request to vote would have to be decided by the board. Wilfred Katcheak stated his objection to allowing those who declared a conflict, to vote. The majority of the Board didn't object. Because the motion didn't include crab fishermen, Don Stiles didn't have a conflict.

Wilfred Katcheak requested a roll call vote. Don stated that we are coming off of two strong years, he feels the price paid was fair. Truman Kava asked about crab and halibut fishermen. This motion is only for salmon and herring.

The roll call vote reflected 7 votes yes, 3 abstentions, 2 votes no, and 3 absent. The motion passed.

Chairman Harrelson provided information regarding the board dinner. Simon Kinneen provided an update on President & CEO Janis Ivanoff's condition.

ADJOURNMENT

Don Stiles made a motion to adjourn the NSEDC Special Board Meeting. Oscar Takak seconded the motion. The meeting adjourned at 12:34 p.m.