

FOR DISTRIBUTION

2013 FIRST QUARTER REPORT
January 1 – March 31, 2013



**NORTON SOUND ECONOMIC
DEVELOPMENT CORPORATION**

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I. Quarterly Highlights

- The NSEDC Board of Directors held its 2012 fourth quarter meetings in Nome, Alaska, February 7-8, 2013.
- The NSEDC Board of Directors approved \$300,000 for a multi-purpose room, early childhood education classroom and bleachers as part of the Shaktoolik school renovation project.
- The NSEDC Board of Directors approved a Community Energy Fund Request from the City of Savoonga for the replacement of residential meter bases and new streetlights.
- The State of Alaska accepted NSEDC's Decennial Review report, finding that NSEDC has maintained or improved its performance over the review period of 2006-2010.
- NSEDC honored Education, Employment and Training Director Jerry Ivanoff for his 20 years of service to NSEDC during the Board of Directors fourth quarter meeting in Nome.
- Frank Katchatag was sworn in as Unalakleet's representative on the NSEDC Board of Directors.
- Middy Johnson was hired as the operations manager of the Southern Norton Sound Seafood Products plant in Unalakleet.
- The NSEDC Board of Directors voted to reinstate the Randy Ellingworth Fisherman of the Year Award.
- Representatives from NSEDC and NSSP showcased NSSP products for school lunch programs at the Alaska School Nutrition Association conference in Anchorage, leading to more NSSP products being served in schools throughout the state.
- Staff from the NSEDC NSFR&D department worked with the Native Village of White Mountain to identify suitable planting locations for Chinook salmon on the Niukluk River. The Native Village of White Mountain is planning to conduct a mist incubation project for Chinook salmon.
- NSFR&D worked on developing a feasibility study for a regional salmon hatchery to serve Norton Sound.
- Norton Sound Seafood Products purchased 8,571 pounds of red king crab caught through the ice by 17 resident fishermen, paying more than \$56,000 during the quarter.
- A total of 11 current residents of NSEDC member communities 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 more than \$124,000 in wages during the quarter.

- A total of six residents of NSEDC member communities earned nearly \$34,600 working with NSEDC's distant Bering-Sea fishing partners, Aleutian No. 1 LLC and Bering Fisheries, during the quarter.
- One hundred fifty-four residents of member communities were awarded scholarships totaling more than \$285,600 for post-secondary and vocational education during the quarter.
- Sixteen Unalakleet residents received NSEDC-sponsored training for commercial driver's licenses.

A. Outreach

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

- The NSEDC Board of Directors held its 2012 fourth quarter meetings in Nome, Alaska, February 7-8, 2013; the board invited members of the public to attend.
- NSEDC's Board of Directors notified residents of the 2012 fourth quarter meetings through advertisements in the Nome Nugget newspaper.
- NSEDC produced and mailed out its 2012 fourth quarter report to entities and municipalities throughout the region. The report was also posted on NSEDC's website.
- NSFR&D staff attended multiple Alaska Board of Fisheries meetings, commenting on several proposals. Among the proposals that NSEDC weighed in on were those that dealt with Norton Sound salmon fisheries, the Area M salmon fishery and the Norton Sound herring fishery. NSFR&D staff were also heavily involved in meetings and workshops concerning Norton Sound red king crab.
- Staff from NSSP and NSEDC's EET and HR departments attended a career fair at Nome-Beltz High School, promoting jobs with NSEDC and NSSP.
- NSEDC produced a column that was published in the *Nome Nugget*, announcing the results of the state's Decennial Review of NSEDC.
- NSEDC/NSFR&D staff participated in several Regional Planning Team meetings in member communities to gather comment and input from residents in regard to a Comprehensive Plan for salmon enhancement.
- NSEDC produced newspaper advertisements promoting seafood sales from Norton Sound Seafood Products for Iditarod.
- NSEDC produced several newspaper advertisements announcing job openings within the organization.
- 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 website (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
March 31, 2013

	Q1		Q2		Q3		Q4		Year-to-Date
	People	Wages	People	Wages	People	Wages	People	Wages	Wages
Management/Administrative									
NSEDC - In-region	16	\$ 309,178.72							\$ 309,178.72
NSEDC - Anchorage	12	\$ 261,685.28							\$ 261,685.28
NSSP - In-region	5	\$ 97,707.22							\$ 97,707.22
Total Management/Administrative	33	\$ 668,571.22	0	\$ -	0	\$ -	0	\$ -	\$ 668,571.22
CDQ Pollock/Groundfish Related	12	\$ 124,144.05							\$ 124,144.05
Total NSSP Employment (seasonal)	9	\$ 21,778.08							\$ 21,778.08
Other NSEDC Employment									
Skippers, Deckhands, Shoreside, etc.	7	\$ 24,908.19							\$ 24,908.19
Clean Waters Program	0								\$ -
Total Other NSEDC Employment	7	\$ 24,908.19	0	\$ -	0	\$ -	0	\$ -	\$ 24,908.19
Other Fishing									
Bering Sea Partner Employment	7	\$ 34,592.32							\$ 34,592.32
O/A Norton Sound Winter Red King Crab	17	\$ 56,141.60							\$ 56,141.60
Misc fish	0	\$ -							\$ -
Sheefish / Tomcod / Whitefish	3	\$ 564.50							\$ 564.50
O/A Norton Sound Red King Crab	0	\$ -							\$ -
CDQ Red King Crab	0	\$ -							\$ -
Norton Sound Salmon	0	\$ -							\$ -
Norton Sound Herring	0	\$ -							\$ -
NSEDC CDQ Halibut	0	\$ -							\$ -
Total Other Fishing	27	\$ 91,298.42	0	\$ -	0	\$ -	0	\$ -	\$ 91,298.42
NSEDC Community Outreach Liaisons	14	\$ 28,875.00							\$ 28,875.00
NSEDC Community Employment Program	0	\$ -							\$ -
Interns									
NSEDC Administration	0	\$ -							\$ -
NSFR&D	0	\$ -							\$ -
Total Interns	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Fisheries Technicians									
NSEDC Salmon Rehab.	0	\$ -	0						\$ -
Alaska Dept. of Fish & Game	0	\$ -	0						\$ -
Fisheries Development	0	\$ -	0						\$ -
Total Technicians	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
GRAND TOTALS	102	\$ 959,574.96							\$ 959,574.96
NSEDC =	49	\$ 624,647.19							\$ 624,647.19
NSSP =	34	\$ 176,191.40							\$ 176,191.40
Partners =	19	\$ 158,736.37							\$ 158,736.37

Employment Summary

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

CDQ Pollock/Groundfish – Glacier Fish Company paid wages to eleven residents of NSEDC member communities 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
3 employees from Stebbins
2 employees from St. Michael
1 employee from Brevig Mission
1 employee from Anchorage

NSSP Employment (does not include administration) – Eight residents of Norton Sound communities and one from outside the region were employed during the quarter.

Community Breakdown: 1 employee from Unalakleet
7 employees from Nome
1 employee from the Anchorage area

Other NSEDC Employment – Six residents of Norton Sound communities and one from outside the region were employed during the quarter.

Community Breakdown: 1 employee from Nome
1 employee from Unalakleet
2 employees from Golovin
1 employee from Koyuk
1 employee from St. Michael
1 employee from the Anchorage area

Other Fishing – Seventeen fishermen delivered 8,571 pounds of open-access Norton Sound winter red king crab to NSSP during the quarter.

Community Breakdown: 11 fishermen from Nome
3 fishermen from Elim
2 fishermen from Shaktoolik
1 fisherman from Golovin

Three fishermen delivered 1,129 pounds of tom cod and other bait fish to NSSP during the quarter.

Community Breakdown: 3 fishermen from Unalakleet

Six Norton Sound residents worked with NSEDC's partners in the Bering Sea fisheries, including the Bering Fisheries seafood plant in Dutch Harbor and the crab vessel *Aleutian No. 1*.

Community Breakdown:

5 employees from Shaktoolik
1 employee from White Mountain

NSEDC Community Outreach Liaisons – Fourteen 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
2 liaisons from Wales
1 liaison from Diomedea
1 liaison from Savoonga
1 liaison from Gambell
1 liaison from Elim
1 liaison from Golovin

Table 2
TRAINING DATA FORM
January 1 through March 31, 2013

	Quarter		Year-to-Date	
	People	Expenditures	People *	Expenditures
Scholarships				
Post-Secondary	139	\$255,611	139	\$255,611
Vocational	15	\$30,000	15	\$30,000
Voc-Tech				
Basic	16	\$8,896	16	\$8,896
Advanced				
Other Training				
Fisheries Related	16	\$21,316	16	\$21,316
CDQ Staff	6	\$11,604	6	\$11,604
CDQ Board				
Other				
TOTAL	192	\$327,427	192	\$327,427

**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

Scholarships: One hundred fifty-four students received funding for post-secondary and vocational education during the quarter.

Voc-Tech: Sixteen residents of Unalakleet attended a NSEDC-sponsored commercial driver's license class in February.

Fisheries Related: 11 residents (Shaktoolik, Elim, St. Michael, Koyuk, Golovin, Unalakleet) received training to work aboard NSEDC's fishing tender vessels, covering areas such as marine safety and fish handling. Two NSEDC Fisheries Research and Development employees from the Nome and Unalakleet offices attended a workshop on fish health. Three residents (St. Michael, Koyuk, Unalakleet) attended a training class for vessel captains in Nome.

CDQ Staff: One NSEDC employee received training in human resources practices. Four NSEDC employees received training in substance abuse testing. One NSSP employee received training in refrigeration.

II. Administration

A. Board Activities

Board of Directors Meetings

The NSEDC Board of Directors held its 2012 fourth quarter meetings in Nome, Alaska, Feb. 7-8, 2013.

Substantial Decisions

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

- Frank Katchatag was sworn in as Unalakleet's representative on the NSEDC Board of Directors.
- The NSEDC Board of Directors approved a \$300,000 commitment to the community of Shaktoolik for school renovations, including a multi-purpose room, bleachers and early childhood education classroom.
- The NSEDC Board of Directors voted to reinstate the Randy Ellingworth Fisherman of the Year Award.
- The NSEDC Board of Directors directed staff to pursue a feasibility study and funding for a regional salmon hatchery operation.
- The NSEDC Board of Directors approved a Community Energy Fund request from the City of Savoonga to replace meter bases and replace streetlights.
- The NSEDC board honored Jerry Ivanoff for his 20 years of service to NSEDC, coordinating the Education, Employment and Training program.

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, yellowfin sole, rock sole, flathead sole, Bristol Bay red king crab and Bering Sea opilio crab.

Pollock

The *F/T Pacific Glacier* and *F/T Alaska Ocean* completed NSEDC's A season pollock harvest on March 18. The *Pacific Glacier* harvested a total of 5,003 tons of CDQ pollock and the *Alaska Ocean* took 6,132 tons, for a total of 11,135. The A season is typically when most Chinook salmon are taken as bycatch; between the two vessels a total of 67 Chinook were taken while fishing NSEDC's CDQ. This is about 11% of NSEDC's A season allocation (8% of the full-year allocation). One chum salmon was taken in pollock operations in the first quarter.

Pacific Cod

A total of 597 tons of Pacific cod was taken in directed fisheries in the first quarter. The *Pavlov*, a pot vessel, harvested approximately 472 tons, while the *Alaska Mist*, a longline vessel, took 125 tons. An additional 119 tons were taken in pollock fishing and 157 tons were taken as bycatch in flatfish and mackerel pool operations (37.5 tons of which was NSEDC's). NSEDC is paid for cod taken in non-directed fisheries. This total of 753.5 tons of NSEDC cod represents about 25% of our A season total allowance. NSEDC's larger harvesting partner (Alaska Leader Fisheries) intends to start fishing in the second quarter.

Atka Mackerel / Pacific Ocean Perch

NSEDC is a participant in two (and manager of one) CDQ pools for Atka mackerel and Pacific Ocean perch, utilizing Glacier Fish Company's *F/T Northern Glacier* and a number of vessels belonging to U.S. Seafoods. No fishing operations for these species took place in the first quarter; operations will primarily occur in the second quarter.

Yellowfin Sole, Rock Sole, Flathead Sole and Arrowtooth Flounder

NSEDC is a participant in (and manager of) a CDQ pool utilizing Glacier Fish Company's *F/T Northern Glacier* to harvest yellowfin sole, rock sole, flathead sole and arrowtooth flounder. In the first quarter the vessel took approximately 8% of the yellowfin sole pool, 21% of the rock sole pool, and 6% of the flathead sole pool. Bycatch of red king crab (Bristol Bay) and halibut have been on the high side, which has forced Glacier to move between areas and fisheries to find relatively clean fishing. Rock sole fishing will continue to be the focus into the first part of April (this time of year is when they are schooled up and able to be harvested) for the time being.

Sablefish

Sablefish (black cod) fishing opened by regulation in late-March. NSEDC has contracted with the *F/V Ballyhoo* to harvest its Bering Sea quota, and the *F/V Cynosure* to take the Aleutian Islands quota; no directed sablefish operations took place in the first quarter.

Halibut

NSEDC's allocation of CDQ halibut, approximately 77,000 pounds, is reserved for regional harvest. The bulk of this will occur in the 3rd quarter.

Aleutian Islands Golden King Crab

NSEDC's 2012-2013 allocation of Aleutian Islands golden king crab was harvested by the *F/V Aleutian No. 1* in the fourth quarter of 2012.

Bristol Bay Red King Crab

NSEDC's 2012-2013 CDQ allocation of Bristol Bay red king crab (141,354 lbs.) was harvested by CVRF in the fourth quarter of 2012.

Bering Sea Opilio (Snow) Crab

NSEDC's 2012-2013 CDQ allocation of Bering Sea opilio crab is 1,194,300 pounds, and is being harvested by CVRF's Sea Boat fleet (*Bering Sea, North Sea* and *Arctic Sea*) and Diamondback Fisheries' vessel *Ramblin' Rose*. The Sea Boats harvested their allocated portion of 650,000 pounds in the first quarter, and the *Ramblin' Rose* has harvested about half (264,944 lbs.) of the 544,300 lbs. allocated to them.

Norton Sound Red King Crab

Norton Sound red king crab CDQ fishing will take place in the third quarter.

B. IFQ Harvest Management

During the quarter, NSEDC managed fishing operations and the harvest of individual fishing quotas (IFQs) for Bering Sea opilio crab.

Aleutian Islands Golden King Crab

All of NSEDC's 2012-2013 Eastern Aleutian Islands golden king crab (about 578,000 lbs.) was harvested in 2012. Approximately 225,000 lbs. of Western Aleutian Islands golden king crab IFQ owned by NSEDC's wholly owned subsidiary, KDS, will be harvested by the *F/V Aleutian No. 1* in the second quarter.

Bering Sea Opilio (Snow) Crab

NSEDC's IFQ allocation of 2012-2013 opilio crab is 1,631,875 lbs., about 90% of which was harvested in the first quarter (fishing opened January 1). There are several partners harvesting the allocation in 2013. This includes the *Arctic Hunter* (80% through their 188,004 lbs.), the *Tempo Sea* (completed their harvest of 276,841 lbs.), the *Bulldog* (734,717 out of 861,155 lbs. taken), CVRF's Sea Boats (completed their harvest of 100,000 lbs.), and the catcher-processor *Baranof* (completed their harvest of 205,875 lbs.).

Sablefish

There was no harvest of IFQ sablefish (black cod) in the first quarter.

Halibut

There was no harvest of IFQ halibut in the first quarter.

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.

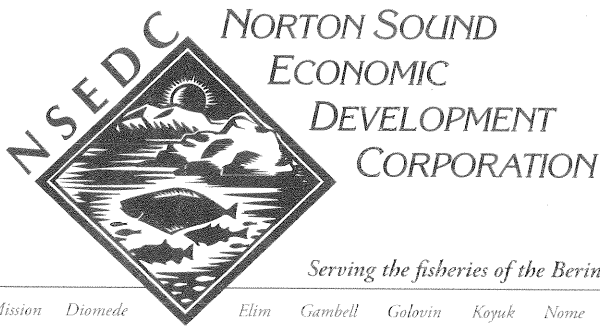
IV. Board of Directors October 1 – December 31 Meeting Minutes (Attachment 1)

ATTACHMENT 1

2012 Fourth Quarter Meeting Minutes

February 7-8, 2013

Nome, Alaska



FILE COPY

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

**Norton Sound Economic Development Corporation
Fourth Quarter Board of Directors Meeting
BSNC Boardroom, Nome, Alaska 99762
February 7 & 8, 2013
9:00 a.m.**

CALL TO ORDER

Chairman Dan Harrelson called the NSED C 2012 Fourth Quarter Board Meeting to order at 9:00 a.m. on February 7, 2013.

ROLL CALL

Present at the meeting were Board Members Dan Harrelson, Don Stiles, Dean Peterson, Joel James, Eugene Asicksik, Joe Garnie, Walter Seetot, Truman Kava, Lucy Kitchen, Frank Katchatag, Elvina Naranjo, Wilfred Katcheak, Milton Cheemuk, and Oscar Takak, Sr. Orville Ahkinga, Jr. was absent and excused.

Staff present were Janis Ivanoff, Simon Kinneen, Kyan Olanna, Rick Walicki, Tiffany Martinson, Virginia Nashalook, Charlie Lean, Kevin Keith, Rich Ferry, Frank Doty, Darrin Otton, Tyler Rhodes, Paul Ivanoff III, Sterling Gologergen, Pearl Dotomain, and Kathy Wheelehan.

Others Present were John Eckels, Siu Alaska Corporation President/CEO and Laurie McNicholas of the Nome Nugget.

INVOCATION

Oscar Takak gave the invocation.

APPROVAL OF AGENDA

Chairman Harrelson added to the agenda the Oath of Office for incoming Board Member Frank Katchatag. Chairman Harrelson also noted a portion of the Glacier Fish Company Report would be held in executive session; that Frank Doty would be providing the Southern Norton Sound Seafood Products Report instead of Middy Johnson; that the NSED C Compensation Committee Report would be held in executive session; along with the KDS Articles and Bylaws Review and Revision, the KDS Board Selection and NSED C Resolution 13-02.

Elvina Naranjo made a motion to approve the agenda, as amended. Eugene Asicksik seconded the motion.

Eugene Asicksik asked to add the City of Shaktoolik's Request for funding of the Shaktoolik School Project. The item was added to the agenda after Old Business.

The motion passed.

OATH OF OFFICE-FRANK KATCHATAG

NSED C President/CEO Janis Ivanoff administered the NSED C Oath of Office to incoming Unalakleet Board Member Frank Katchatag.

APPROVAL OF MINUTES

1. November 8, 2012
2. December 4-6, 2012

Oscar Takak, Sr. made a motion to approve the NSEDC Board Meeting Minutes of November 8, 2012 and December 4-6, 2012, as a block. Dean Peterson seconded the motion. The motion passed.

PUBLIC COMMENTS

No public comments provided.

CHAIRMAN'S REPORT

Chairman Harrelson noted thank-you letters from Relay for Life of Nome Committee, Bering Sea Women's Group, Unalakleet Wolf Pack, Kawerak Head Start/Early Head Start, Great Alaska Council/Boy Scouts of America, Norton Sound Regional Hospital, Unalakleet Valley Electric Cooperative, Nome Joint Utility System, and the Native Village of Unalakleet provided in the packet. Chairman Harrelson noted highlights in the written Chairman's Report. He said he was glad to see Janis Ivanoff back at work and thanked the staff for picking up the load in her absence.

CEO's REPORT - Janis Ivanoff

NSEDC President/CEO Janis Ivanoff went over highlights in her written report. Janis thanked the board and staff for their support during her absence from work. Janis noted that Frank Katchatag was elected as the Unalakleet Board Member in a special election. She welcomed back Middy Johnson as the SNSSP Manager. Janis noted the excellent work of Pearl Dotomain, who was invited to this meeting to see the fruits of her labor, as she prepares the packets for board meetings. She also discussed the North Pacific Fishery Management Council's deliberations regarding chum salmon bycatch.

FINANCIALS/INVESTMENT PORTFOLIO

Rick Walicki presented the financial and investment portfolio report. Rick confirmed for Eugene Asicksik that the numbers being reported were preliminary until the audit is completed. Eugene asked about the cost of the floating processor utilized this summer. Rick stated the costs were listed under fish processing for NSSP. Chairman Harrelson asked for clarification on the revenue of our royalties and to see the numbers from 2011 and 2012. Joe Garnie asked for clarification on the expenses of the *Aleutian No. 1*. Rick informed him of the significant amount of yard work, which cost about \$600,000.

SIU ALASKA CORPORATION REPORT - John Eckels

1. Glacier Fish Company - Following open session-executive session

Siu Alaska Corporation President/CEO John Eckels gave the Siu Alaska Corporation Report. He updated his written report, noting that the *Aleutian No. 1* is out fishing now. John addressed the Glacier Fish Company Report, saying the pollock fishing is ongoing with bigger fish than last year, but less roe content. John noted that the surimi prices are down along with the value of the yen, both of which have a negative impact on pollock revenue.

John delivered an update on the operation of the *Glacier Bay* and its cod operations. He said the Siu-owned vessel, *Pacific Star*, may have a buyer.

John updated the board on the Bering Fisheries seafood plant in Dutch Harbor, which Siu partially owns. Chairman Harrelson asked about the local residents working with Bering Fisheries and how that was working. John noted the plant was perhaps too eager in getting Norton Sound processors working there and may have brought them down too early. Eugene noted a written report he received from regional residents who had worked at Bering Fisheries, which he provided to Siu.

John went on to cover BSAI Partners, Siu's investment in shoreside pollock vessels. John confirmed for Chairman Harrelson that the salmon bycatch is low with the BSAI Partners vessels, noting that Chinook numbers are low so far this year.

John discussed Siu's acquisition of the crabbing vessel, *Patricia Lee*, as part of the KDS deal. He said Siu is still determining how it will utilize the vessel. He said he is recommending to the Siu Board of Directors that the vessel receive some conversion work and that an ownership structure be developed that fits Siu's tax dynamics. Joe Garnie asked about the ownership of the *Aleutian No. 1* and the possible structure change. John informed him that a change in ownership structure is being examined. Joe asked if Siu owned 100% of the *Patricia Lee*. John replied that if Siu were to retain ownership in the vessel, it would look to reduce its stake to 50% for tax implications. Joe Garnie asked about how buyers would be selected for the 50% of the *Patricia Lee* to be divested and wondered if there was a policy to keep ownership in region. John said there is no set policy and it is an open process. Joe asked if the owners of the *Aleutian No. 1* were making payments. Chairman Harrelson explained the ownership structure and who pays for the expenses of the crab operation. Rick Walicki stated Bering Sea Women's group did not pay for their ownership. BAT Fisheries, the other owners, paid for their ownership at the outset. Eugene Asicksik asked about grandfather rights of the *Patricia Lee*. Don Stiles replied that the grandfather rights only applied to the crab quota that was part of the transaction.

Oscar Takak Sr. made a motion to go into executive session at 9:50 a.m. to discuss Glacier Fish Company. Dean Peterson seconded the motion. The motion passed.

Elvina Naranjo made a motion to return to regular session at 10:08 a.m. Oscar Takak seconded the motion. The motion passed.

A break was taken at 10:08 a.m. The meeting reconvened at 10:20 a.m.

MANAGERS' REPORTS

1. Quota Management - Simon Kinneen

Chief Operating Officer/Vice President Simon Kinneen gave the quota management report, noting that fishing went well in 2012 and that we are looking for a good year in 2013. Simon went over the CDQ harvests of pollock, cod, Atka mackerel, Pacific Ocean perch, sablefish, halibut, brown crab, Norton Sound red king crab, and various IFQ harvests. He said that for 2013, all NSEDC's contracts are in place. Eugene Asicksik asked Simon about the yellowfin sole and if it was a cooperative operation using the *Northern Glacier*. Simon replied that it was.

2. Southern and Northern NSSP

a. Southern NSSP - Frank Doty

Frank Doty delivered the Southern NSSP Report, noting that new salmon processing equipment had been ordered and is on the way. A new trailer is also in being constructed for hauling out vessels. The Unalakleet plant has limited bait on hand for crabbers, however, ice conditions have prevented eastern Norton Sound crab fishermen from taking part in the fishery yet.

In terms of staffing, Frank noted that Middy Johnson has returned as operations manager for the plant. Harvey Brown would like to receive training in ammonia refrigeration. Craig Ivanoff has been hired as gear coordinator.

Frank said a generator is being sought for the *Besboro* barge. He noted a small buying station will be operating this coming season in Elim. The ice machine would be ready to go in Elim, as soon as AVEC supplies power to it. He also gave an update on the inventory of fishing gear, noting a good supply of safety gear. A net hanger started work a few weeks ago.

Eugene Asicksik asked if there was training for employees who would be using the new salmon processing equipment. Frank said training needs would be minimal and could be accomplished in house. Chairman Harrelson asked if NSSP would do its own installation of the new processing equipment. Frank stated that NSSP staff would perform the installation. Eugene asked about the herring operation for 2013. Frank noted a plan to at least buy herring bait. Elvina Naranjo asked about the Koyuk ice machine. Frank noted it needs to be overhauled before operation. Chairman Harrelson asked if it would be operational before the start of the season. It will be ready. Frank confirmed a January 10 hire date of William Johnson for Joel James. Simon discussed a meeting with Copper River Seafoods and the potential to have appropriate seasonal staff train with them pre-season. Chairman Harrelson talked about the prospect of providing packaged seafood products in the school lunchrooms in the region. He also noted the good comments regarding Frank's work in managing SNSSP.

b. Northern NSSP - Rich Ferry

Rich Ferry delivered the Northern NSSP Report. Rich thanked Joel James for the request to send out fliers highlighting products available at the Norton Sound Seafood Center as they have resulted in sales. Rich went over the winter crab purchases to date, noting most have come in from Nome as poor ice conditions have prevailed in other parts of Norton Sound. He noted that NSSP purchased more than 34,000 pounds of finfish, mainly tomcod, compared to 10,000 pounds last winter.

Rich reported a large inventory of crab and halibut from this summer's fisheries, with approximately 50,000 pounds of each on hand. Chairman Harrelson directed Rich to think of the elders' lunch programs throughout the region if the product cannot be sold. Rich also reported on attending the School Nutrition Association conference in Anchorage and receiving interest from school districts in acquiring NSSP product.

Oscar Takak spoke to the Elim residents who plan to crab and the support needed to prevent dead-loss. Some of the crabbers would like to have a place to keep their crab alive and healthy for delivery. He recommended providing heat in the new fisheries support building in Elim and allowing crabbers to access it. Rich stated that normally there is very little dead-loss of crab from our regional crabbers. Chairman Harrelson asked if we have an employee in Elim to oversee operations in the building. Chairman Harrelson felt that heating the Elim and Golovin fisheries support buildings was a good idea. Don Stiles received confirmation that the building is insulated. Janis Ivanoff noted that the purchase and installation of heaters could be done without a budget amendment if the cost is less than \$25,000. Eugene Asicksik asked how the crab is being shipped to Nome. Rich informed him that they are being shipped with Bering Air in boxes. Eugene noted the difficulties in sending crab in boxes and bags, suggesting that tubs would be better for this operation.

3. Written Reports

Chairman Harrelson noted the written reports provided by staff.

a. Community Benefits Department - Paul Ivanoff

Eugene Asicksik asked for clarification on a specific Outside Entity Funding grant that he is seeking to close out in Shaktoolik. Joel James asked about progress on the Gambell Landfill Project. Joel asked who was handling this as the board approved it. Sterling Gologergen noted she is working with Gambell Mayor Erica Apatiki. Eugene appreciated the survey Community Benefits staff conducted of Small Business Initiative grant recipients, as was requested from the previous meetings.

b. EET Department - Jerry Ivanoff

There were no questions for Jerry Ivanoff and his written report.

c. HR Department - Tiffany Martinson

Eugene Asicksik reported receiving job announcements to post and recommended utilizing Community Liaisons to post signs, not board members. Chairman Harrelson was glad Eugene is willing to help.

d. NSFR&D - Charlie Lean

Charlie noted that they attended the ADF&G Board of Fisheries meeting recently and have been traveling to regional communities on behalf of the Regional Planning Team to gather input on the Comprehensive Salmon Plan.

e. Vessel Management - Darrin Otton

Chairman Harrelson asked about the skippers and deckhands for the upcoming season. Darrin noted he plans to use employees from last season, but will still need more skippers and deckhands. Chairman Harrelson asked Darrin if we have our crew participating in the six pack license training happening in Nome. Darrin selected two crewmembers who worked last summer. Eugene Asicksik asked if NSEDC will build the new tender *Paul C. Johnson* from scratch and noted NSEDC has invested significant funds, but has not seen the vessels. Chairman Harrelson noted that determinations regarding the *Daniel D. Takak* still need to be made before a full plan is established for moving forward with new tenders.

Eugene asked about the insurance for our commercial fleets and the possibility of Darrin working to coordinate insurance coverage with fishermen at the same time insurance for NSEDC's tenders is dealt with. Janis Ivanoff noted that insurance coverage for the tenders is predominately handled by staff other than Darrin, although he would be in the loop. Chairman Harrelson noted the plan to help our fishermen get better prices for insurance, which is being handled by accounting/loan program staff. Darrin Otton asked that the NSEDC Executive Committee be involved with the purchase of a new vessel. Chairman Harrelson said he believed there was a standing order for the Executive Committee to approve and be involved in the process.

A break was taken at 11:01 a.m. The meeting reconvened at 11:16 a.m.

Eugene Asicksik asked about the ice machine sitting on his property. He will write a letter to staff regarding the need to acquire land for the ice machine. He stated NSEDC would need to contact AVEC to procure power and the City of Shaktoolik for water. With the placement of the two windmills, it has made power available closer. He also noted work being done to reconvey land. Paul Ivanoff III, who is the lead on the project, said he has been working with Frank Doty and Middy Johnson in addressing land issues. Paul has also been working with suppliers so that materials will be on the first barge in May. Paul was directed to pursue a heating system for the Elim building, which should not require board action since the cost will likely fall under \$25,000.

COMMITTEE REPORTS**1. Executive Committee Report**

Chairman Harrelson gave the NSEDC Executive Committee Report.

Oscar Takak, Sr. made a motion to approve the NSEDC Executive Committee Report with all its recommendations. Dean Peterson seconded the motion. The motion passed.

2. Rules & Bylaws Committee Report

Committee Chairman Don Stiles gave the NSEDC Rules and Bylaws Committee Report.

3. Fisheries Development Committee Report

Committee Chairman Oscar Takak, Sr. delivered the NSEDC Fisheries Development Committee Report. Chairman Harrelson asked about the timing of a board workshop to discuss a potential hatchery in the region. Janis Ivanoff replied that staff could likely be ready by late May. Charlie Lean said the board had provided adequate funding at this point for him to engage consultants for preliminary feasibility work. Chairman Harrelson noted current momentum in the legislature for funding salmon projects. He asked if NSEDC had a general concept and rough numbers for design and construction, if that would be enough to go to the legislature for funding. Charlie said that is a common strategy, but also said he would need

certain determinations from the board to determine the size and scope of project before seeking outside funding.

Eugene Asicksik asked about the possible design and location of the hatchery. Chairman Harrelson noted the most logical spot to potentially build a hatchery may be Nome with its available water supply and the possibility of utilizing waste heat from the power plant. Discussion ensued regarding the location of the hatchery facility and its relation to where fish would be released. Concerns were voiced by Eugene and Joe Garnie over releasing fish near Nome due to impacts from mining and port development as well as potential impacts to natural stocks that are already stressed. Joe expressed concern over increased pressure from Nome fishermen on rivers near Teller. Charlie replied that the potential hatchery would raise small stocks to rehabilitate area rivers, like the Nome and Snake, and a large stock to be released outside of the Nome area where there is no natural salmon run; potential locations include Hastings Creek, Topkok, Portage Road House and Klikatarik.

A discussion ensued on a level of funding NSEDC would need to commit to get the process started and what level of funding should be sought from the legislature. Don Stiles proposed NSEDC commit \$100,000 for a feasibility study. Chairman Harrelson noted that the legislature would be more receptive to the idea if we provided some funding for it. Eugene asked where the largest costs would lie for a hatchery. Charlie stated that it would be heat while also noting salaries would be significant for this project. Don recommended a resolution to commit a significant amount of funds for this project prior to going to the legislature. Chairman Harrelson noted that our representation would like to see total costs for this operation. Don felt that the State of Alaska needs to commit some funds to rebuild our stocks.

Don Stiles made a motion to ask the Alaska Legislature for \$400,000 for the design of the hatchery with NSEDC committing \$100,000 to the project, and to authorize a budget amendment for this project. Oscar Takak seconded the motion. The motion passed.

Kevin Knowlton joined the meeting at 11:20 a.m.

Chairman Harrelson noted that Tom and BJ Gray provided crab chowder for lunch. The board took a lunch break at 11:52 a.m. The meeting reconvened at 12:35 p.m.

4. Scholarship Committee Report

Committee Chairman Walter Seetot gave the NSEDC Scholarship Committee Report.

5. Finance Committee Report

Chairman Harrelson gave the NSEDC Finance Committee Report.

Chairman Harrelson noted that the NSEDC Appeal Committee will meet today after adjournment.

Don Stiles made a motion to adopt the NSEDC Finance Committee Recommendations. Oscar Takak, Sr. seconded the motion.

Eugene Asicksik noted that committee member John Handeland clarified at the end of the committee meeting that the Port of Nome required liability insurance for vessels.

The motion passed.

6. Compensation Committee Report-executive session

Chairman Harrelson gave the NSEDC Compensation Committee Report. Janis Ivanoff clarified why the committee went into executive session.

Don Stiles made a motion to go into executive session to discuss the Compensation Committee recommendations at 12:45 p.m. Elvina Naranjo seconded the motion. The motion passed.

Oscar Takak, Sr. made a motion to return to regular session at 1:15 p.m. Elvina Naranjo seconded the motion. The motion passed.

Dean Peterson made a motion to approve bonuses in the amount of \$47,145.70, recommended by the compensation committee. Oscar Takak, Sr. seconded the motion. The motion passed.

Don Stiles made a motion to approve the other NSEDC Compensation Committee recommendations. Milton Cheemuk seconded the motion. The motion passed

A break was taken at 1:18 p.m. The meeting reconvened at 1:25 p.m.

OLD BUSINESS

Chairman Harrelson deferred the executive sessions items until the last part of the meeting.

1. Litigation Update - Executive session

This was tabled until the end of the meeting.

2. Decennial Review Update

Janis Ivanoff gave the Decennial Review update. Tyler Rhodes thanked staff for their assistance. Chairman Harrelson stated the State of Alaska liked the format of our Decennial Review Report. Tyler stated the State of Alaska felt NSEDC set the standard for this review. He also noted that both NSEDC's report and the state's findings are public documents available online.

3. City of Shaktoolik School Project Request

Janis informed the board that the City of Shaktoolik was requesting \$300,000 from NSEDC for a multi-purpose room, bleachers and an early childhood education classroom at the Shaktoolik school. Eugene Asicksik informed the board on the funding details for the project, noting that the City of Shaktoolik had pledged \$100,000 and the Bering Strait School District (BSSD) has already provided \$300,000. He said the State of Alaska has provided \$1.5 million. The city was also applying for a Community Development Block Grant. Eugene cited past NSEDC funding of community centers at a similar level.

Janis asked Eugene if he had a budget for how the requested \$300,000 would be spent. Eugene replied that it is with the school district and contractor SKW Eskimo, Inc. Dean Peterson noted that the other projects required a budget and business plan for their projects. Chairman Harrelson noted the shift in NSEDC funding from direct requests to programs like the Community Benefit Share and Outside Entity Funding (OEF) program. He also acknowledged recent funding of requests for community centers, such as one submitted by Mary's Igloo. Joe Garnie voiced his support for the request, noting that supporting education pays back tenfold.

Janis said such requests generally go through the OEF program, noting that the current deadline has just passed. She said staff could work with Eugene and the City of Shaktoolik to develop an OEF application or the board could approve a letter of commitment as it did with a recent funding request from Kawerak. Eugene said such a letter would allow SKW to know the funding is in place and they could order the material. Janis stated that NSEDC could work with the City of Shaktoolik and BSSD. Eugene stated that he was not looking for the funds to go to the City of Shaktoolik, but to BSSD. Janis noted that NSEDC would administer this request like other OEF projects.

Don Stiles made a motion to make a commitment of \$300,000.00 for Shaktoolik's multi-purpose room, bleachers and early childhood education classroom project. Lucy Kitchen seconded the motion.

Paul Ivanoff asked for clarification on who would receive this letter. Don Stiles stated that this letter should go to the City of Shaktoolik and BSSD.

The motion passed with Eugene Asicksik abstaining due to conflict of interest.

NEW BUSINESS**1. WACDA & RAA Appointments**

NSEDC President and CEO Janis Ivanoff brought up the Western Alaska Community Development Association (WACDA) and Northern Bering Strait Regional Aquaculture Association (NoBSRAA) Appointments and recommended to keep them the same. Currently Janis and Chief Operating Officer/Vice President Simon Kinneen serve as NSEDC's appointees to the WACDA Panel. She noted that the board can change the appointments if desired. Janis recommended to keep Charlie Lean as NSEDC's representative on the NoBSRAA and Wes Jones as the representative for a regional processor. Charlie's term expires this fall while Wes' term is up in August, 2014. Janis suggested revisiting their appointments at the board meetings immediately preceding their term expiration dates.

2. KDS Articles and Bylaws Review and Revision-Executive session

This was tabled until the end of the meeting.

3. KDS Board Selection-Resolution #13-02 – Executive session

This was tabled to the end of the meeting.

4. Randy Ellingworth Fisherman of the Year

Simon Kinneen provided a history of the honor which for a few years awarded \$1,000 to the top grossing fisherman who delivered to NSSP. The award was started in 2003 and stopped in 2006. Eugene Asicksik asked if the award was stopped due to the bonus program. Don Stiles said he would rather see higher prices paid to fisherman rather than giving an award. Chairman Harrelson noted that the "best" fisherman may not always be the one who caught the most fish. Noting that many fishermen go out of their way to help others or work hard, Harrelson suggested having fishermen vote on who receives the award. Eugene noted that he brought this up as he knew a crab fisherman who was encouraged to fish by the desire to have his name on the plaque. He asked that the award be continued, without a payment, but simply recognition of the highest grossing fisherman by including his or her name on the plaque.

Eugene Asicksik made a motion to follow up on the Randy Ellingworth Fisherman of the Year Award and fill in the six blanks on the plaque. Oscar Takak, Sr. seconded the motion. The motion passed.

5. Savoonga Community Energy Fund Request

Janis turned the floor over to Paul Ivanoff III for the Savoonga Community Energy Fund Request. Paul explained the request, noting that a project budget was provided in the packet. The budget includes contributions from the City of Savoonga, AVEC and the requested funds from NSEDC. The project would replace meter bases in the community and provide new street lamps.

Truman Kava made a motion to approve the Savoonga Community Energy Fund Request. Don Stiles seconded the motion.

Eugene asked about the availability of LED lights from the Alaska Energy Authority. Chairman Harrelson noted how the City of White Mountain got their LED lights working with assistance from the City of Nome and Nome Joint Utility System, who sent their lineman down to do the work.

The motion passed.

HONORING OF 20-YEAR EMPLOYEE JERRY IVANOFF

Chairman Harrelson and President/CEO Janis Ivanoff recognized EET Director Jerry Ivanoff for his twenty years of service and presented him with a print "Hauling the Muktuk." Jerry thanked the board for their support to help all the individuals in the NSEDC Education, Employment, and Training Program over twenty years. He noted the number of individuals benefitting from NSEDC's assistance has really increased over the years. He cited a quote from Marie Curie which is included on the EET page on

NSEDC's website: *"You cannot hope to improve mankind without improving individuals. We must all strive for our own improvement, while sharing a general responsibility for all humanity."*

A break was taken at 2:09 p.m. The meeting reconvened at 2:23 p.m.

Oscar Takak, Sr. made a motion to go into executive session for the litigation update, the KDS Articles and Bylaws Review and Revision, and KDS Board Selection-Resolution #13-02 at 2:23 p.m. Elvina Naranjo seconded the motion. The motion passed.

Elvina Naranjo made a motion to return to regular session at 2:47 p.m. Dean Peterson seconded the motion. The motion passed.

Oscar Takak, Sr. made a motion to approve the KDS Articles and Bylaws Revisions and KDS Board Selection. Dean Peterson seconded the motion. The motion passed.

Dean Peterson made a motion to approve NSEDC Resolution #13-02 Grantor Resolution regarding loan to KDS, Inc. Frank Katchatag seconded the motion. The motion passed.

PUBLIC COMMENTS

There were no public comments provided.

BOARD COMMENTS

The board was given an opportunity to make their final comments.

- Lucy Kitchen said it was good to see everybody.
- Eugene Asicksik apologized if he offended anyone. He offered congratulations to Frank Katchatag on his election. He thanked the board for its support of Shaktoolik's School project. He questioned whether there was a sunset date on the Community Energy Fund, and wished to extend it if there was, to ensure communities benefit from the Community Energy Fund.
- Milton Cheemuk stated this was a good meeting. He thanked Jerry Ivanoff for his twenty years of service.
- Elvina Naranjo thanked everyone. She was thankful for a hardworking staff and for Janis' recovery.
- Oscar Takak, Sr. was thankful for Janis's recuperation. He welcomed Frank Katchatag back to the board. He offered thanks to NSEDC on behalf of the winter crab fishermen.
- Dean Peterson welcomed back to Janis and Frank Katchatag. He offered congratulations to Jerry for his twenty years with NSEDC. He noted it was a productive meeting.
- Don Stiles thanked Jerry for 20 twenty years of service. He welcomed back Frank Katchatag and noted he was glad to have Janis back. He said there is no other organization that does what NSEDC does. We fund schools, cities, and nonprofit organizations. The list is long and it's incredible work NSEDC has done in the region with very little recognition—from the smallest little donations to \$1 million per community for the energy fund.
- Frank Katchatag thanked the board for welcoming him back, noting it was a good, warm feeling to be back. He said he was a bit silent this meeting as he was trying to catch up.
- Chairman Harrelson was thankful Janis is back and he thanked the board on behalf of the City of White Mountain which just completed its public safety building with NSEDC's assistance of \$100,000. He said the facility will give White Mountain good fire protection and will enhance search and rescue operations. He noted that the blueprints for the structure are available for all communities.
- Joe Garnie, Walter Seetot, Wilfred Katcheak, Truman Kava and Joel James had no comment. Orville Ahkinga Jr. was absent and excused.

Janis noted the appeals committee, comprised of the chairmen of all standing committees, would meet after the full board adjourned.

ADJOURNMENT

Elvina Naranjo made a motion to adjourn the NSEDC 2012 Fourth Quarter Board Meeting at 2:56 p.m. on February 7, 2013. Eugene Asicksik seconded the motion. The motion passed.

NSEDC Board Chairman Dan Harrelson

Jerry Ivanoff, NSEDC Corporate Secretary

Date