

FOR DISTRIBUTION

2014 Second QUARTER REPORT

April 1, 2014 – June 30, 2014



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

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I. Quarterly Highlights

- The NSEDC Board of Directors held its 2014 first quarter board meetings in Unalakleet, Alaska, May 1-2, 2014.
- The NSEDC Board of Directors held a special meeting in Nome, AK, June 6, 2014.
- The NSEDC Board of Directors moved to provide all 15 member communities, plus Shishmaref, with thermal imaging units totaling \$150,000.
- The NSEDC Board of Directors approved 20 community and regional Outside Entity Funding projects, totaling more than \$923,500.
- The NSEDC Board of Directors approved the King Island Native Community Building Expansion Outside Entity Funding matching request of \$200,000.
- The NSEDC Board of Directors approved the Kawerak Inc. Cardboard Pellet Heating System Demonstration Project request of \$22,827.
- The NSEDC Board of Directors approved the Outside Entity Funding request of \$500,000 to the City of Shaktoolik Berm project.
- The NSEDC Board of Directors approved the Outside Entity Funding request of \$276,000 for the City of Teller's Water and Sewer project.
- The NSEDC Board of Directors approved the Outside Entity Funding request of \$35,000 for the Koyuk Covenant Church building upgrade.
- The NSEDC Board of Directors moved to donate \$2,500 to the Native Village of Unalakleet for the Elders Lunch program.
- The *Paul C. Johnson* made its first delivery of salmon to the southern Norton Sound Seafood Products processing plant June 3, 2014.
- Norton Sound Seafood Products purchased 16,038 pounds of winter, open access and CDQ red king crab.
- Justin Noffske was promoted to Northern Assistant Plant Manager.
- Karl Erickson was hired as the Southern Assistant Plant Manager.
- Laureli Kinneen was hired as the Communications Director.
- A total of seven current residents of NSEDC member communities, one western Alaska resident, and two former member community residents who now live in Anchorage worked on the *F/V Pacific Glacier* and the *F/V Alaska Ocean*, earning a total of more than \$77,000 in wages during the quarter.
- One hundred sixty-eight residents of member communities were awarded scholarships totaling \$310,100 for post-secondary and vocational education during the quarter.
- Twelve residents traveled to Seward for an NSEDC-sponsored AVTEC Seafood Processing class.
- NSEDC sponsored two Unalakleet residents to attend AVTEC for an Able Body Seaman course.

- Five residents completed an NSEDC-sponsored Basic Safety Training course.
- Fourteen residents completed Norton Sound Seafood Products Tender Vessel Crew Training in Unalakleet.
- Ten Brevig Mission residents completed an NSEDC-sponsored Off-highway Driver's License class.
- Sixteen Brevig Mission residents completed an NSEDC-sponsored ivory carving class.
- Six Stebbins residents received their Off-highway CDL and five residents received their driver's license at a NSEDC-sponsored Off-highway CDL and Driver's License class.
- Fifteen Unalakleet residents completed an NSEDC-sponsored Hazwoper class.
- Fifteen Unalakleet residents completed a NSEDC-sponsored Boiler and Burner Repair course.

A. Outreach

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

- The NSEDC Board of Directors held its 2014 first quarter board meetings in Unalakleet, Alaska, May 1-2, 2014.
- The NSEDC Board of Directors held a special meeting in Nome, AK, June 6, 2014.
- NSEDC's Board of Directors notified residents of the 2014 first quarter meetings through advertisements in the Nome Nugget newspaper.
- NSEDC staff traveled to several member communities including Brevig Mission and Golovin to assist with the implementation of NSEDC grants and other benefit programs.
- 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 Human Resources Director Tiffany Martinson and EET Director Jerry Ivanoff traveled to member communities during the Kawerak Career Fair, promoting NSEDC employment and scholarship opportunities, including White Mountain, Shishmaref, Stebbins and St. Michael.
- 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.

- Quota Manager Simon Kinneen and NSFR&D Director Wes Jones held informational meetings in Elim, Golovin, Shaktoolik and Unalakleet regarding the potential Norton Sound Red King Crab LLP discussion at the June NPFMC meeting.
- NSEDC has Community Outreach Liaisons in nine 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 flyers, applications, and other information to circulate within their communities.
- NSEDC staff traveled to Stebbins, St. Michael, Unalakleet, Shaktoolik, Koyuk, Elim, and Golovin to host meetings with fishermen to discuss plans and operations for the upcoming 2014 season from April 6 – 8.

B. Employment

Table 1
EMPLOYMENT DATA FORM
June 30, 2014

	Q1		Q2		Q3		Q4		Year-to-Date
	People	Wages	People	Wages	People	Wages	People	Wages	Wages
Management/Administrative									
NSEDC - In-region	19	\$ 329,635.49	19	\$ 358,403.38					\$ 688,038.87
NSEDC - Anchorage	12	\$ 241,051.62	12	\$ 243,889.25					\$ 484,940.87
NSSP - In-region	5	\$ 91,710.21	5	\$ 107,073.35					\$ 198,783.56
Total Management/Administrative	36	\$ 662,397.32	36	\$ 709,365.98	0	\$ -	0	\$ -	\$ 1,371,763.30
CDQ Pollock/Groundfish Related	7	\$ 61,516.82	7	\$ 58,016.80	0	\$ -	\$ -	\$ -	\$ 119,533.62
Total NSSP Employment (seasonal)	8	\$ 75,062.53	66	\$ 185,796.64	0	\$ -	\$ -	\$ -	\$ 260,859.17
Other NSEDC Employment									
Skippers, Deckhands, Shoreside, etc.	12	\$ 57,904.46	20	\$ 158,891.87					\$ 216,796.33
Clean Waters Program	0	\$ -	0	\$ -					\$ -
Total Other NSEDC Employment	12	\$ 57,904.46	20	\$ 158,891.87	0	\$ -	0	\$ -	\$ 216,796.33
Other Fishing									
Bering Sea Partner Employment	0	\$ -	0	\$ -					\$ -
O/A Norton Sound Winter Red King Crab	14	\$ 27,973.15	15	\$ 21,403.80					\$ 49,376.95
Misc fish	0	\$ -	0	\$ -					\$ -
Sheefish / Tomcod / Whitefish	14	\$ 6,764.50	2	\$ 4,404.20					\$ 11,168.70
O/A Norton Sound Red King Crab	0	\$ -	12	\$ 62,095.00					\$ 62,095.00
CDQ Red King Crab	0	\$ -	1	\$ 1,880.00					\$ 1,880.00
Norton Sound Salmon	0	\$ -	31	\$ 53,289.70					\$ 53,289.70
Norton Sound Herring	0	\$ -	0	\$ -					\$ -
NSEDC CDQ Halibut	0	\$ -	0	\$ -					\$ -
Total Other Fishing	28	\$ 34,737.65	61	\$ 143,072.70	0	\$ -	0	\$ -	\$ 177,810.35
NSEDC Community Outreach Liaisons	9	\$ 20,250.00	9	\$ 20,250.00					\$ 40,500.00
NSEDC Community Employment Program	0	\$ -	6	\$ 38,364.00					\$ 38,364.00
Interns									
NSEDC Administration	0	\$ -	0	\$ -					\$ -
NSFR&D	0	\$ -	0	\$ -					\$ -
Total Interns	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -
Fisheries Technicians									
NSEDC Salmon Rehab.	0	\$ -	25	\$ 92,545.00					\$ 92,545.00
Alaska Dept. of Fish & Game	0	\$ -	2	\$ 5,034.48					\$ 5,034.48
Fisheries Development	0	\$ -	0	\$ -					\$ -
Total Technicians	0	\$ -	27	\$ 97,579.48	0	\$ -	0	\$ -	\$ 97,579.48
GRAND TOTALS	100	\$ 911,868.78	232	\$1,411,337.47	0	\$ -	\$ -	\$ -	\$ 2,323,206.25
NSEDC =	52	\$ 648,841.57	93	\$ 917,377.98	0	\$ -	\$ -	\$ -	\$ 1,566,219.55
NSSP =	41	\$ 201,510.39	132	\$ 435,942.69	0	\$ -	\$ -	\$ -	\$ 637,453.08
Partners =	7	\$ 61,516.82	7	\$ 58,016.80	0	\$ -	\$ -	\$ -	\$ 119,533.62

Employment Summary

Management/Administrative – Twenty-four 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 seven residents of NSEDC member communities, two former member community residents living in Anchorage, and one western Alaska resident, 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:

- 2 employees from Anchorage
- 2 employees from St. Michael
- 1 employee from Unalakleet
- 1 employee from Stebbins
- 1 employee from Brevig Mission
- 1 employee from Gambell
- 1 employee from Nome
- 1 employee from Kaltag

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

Community Breakdown:

- 39 employees from Unalakleet
- 9 employees from Nome
- 9 employees from Savoonga
- 3 employees from Elim
- 3 employees from Shaktoolik
- 1 employee from Golovin
- 1 employee from Stebbins
- 1 employee from Anchorage

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

Community Breakdown:

- 6 employees from Nome
- 4 employees from Unalakleet
- 3 employees from Koyuk
- 2 employees from Golovin
- 2 employees from Shaktoolik
- 1 employee from Brevig Mission
- 1 employee from Elim
- 1 employee from Washington

NSEDC Community Employment Program – Six residents held positions during the quarter.

Community Breakdown: 1 employee from Stebbins

1 employee from St. Michael
1 employee from Unalakleet
1 employee from Shaktoolik
1 employee from Koyuk
1 employee from Golovin

Other Fishing – Thirty-one fishermen delivered 109,396 pounds of Norton Sound salmon to NSSP during the quarter.

Community Breakdown: 14 fishermen from Elim
9 fishermen from Koyuk
6 fishermen from Golovin
1 fisherman from Nome
1 fisherman from Shaktoolik

Fifteen fishermen delivered 3,243 pounds of open-access Norton Sound winter red king crab to NSSP during the quarter.

Community Breakdown: 12 fishermen from Nome
2 fishermen from Shaktoolik
1 fisherman from St. Michael

Twelve fishermen delivered 12,419 pounds of open-access Norton Sound red king crab to NSSP during the quarter.

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

One fisherman delivered 376 pounds of NSEDC CDQ red king crab to NSSP during the quarter.

Community Breakdown: 1 fisherman from Nome

Two fisherman delivered 10,522 pounds of tom cod and other bait fish to NSSP during the quarter.

Community Breakdown: 1 fisherman from Teller
1 fisherman from Unalakleet

NSEDC Community Outreach Liaisons – Nine residents held liaison positions during the quarter.

Community Breakdown: 1 liaison from Wales
1 liaison from Savoonga
1 liaison from Gambell
1 liaison from Brevig Mission
1 liaison from White Mountain
1 liaison from Golovin
1 liaison from Elim
1 liaison from Shaktoolik
1 liaison from Little Diomed

Table 2
TRAINING DATA FORM
April 1 – June 30, 2014

	Quarter		Year-to-Date	
	People	Expenditures	People*	Expenditures
Scholarships				
Post-Secondary	164	\$278,675	322	\$603,300
Vocational	4	\$9,000	11	\$24,750
Voc-Tech				
Basic				
Advanced				
Other Training				
Fisheries Related	33	\$61,303	39	\$69,030
CDQ Staff				
CDQ Board				
Other	67	\$20,597	113	\$38,202
TOTAL	268	\$369,575	485	\$735,282

**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 sixty-eight students received funding for post-secondary and vocational education during the quarter.

Other: One hundred sixty-eight residents of member communities were awarded scholarships totaling \$310,100 for post-secondary and vocational education during the quarter.

Twelve residents traveled to Seward for an NSEDC-sponsored AVTEC Seafood Processing class.

NSEDC sponsored two Unalakleet residents to attend AVTEC for an Able Body Seaman course.

Five residents completed an NSEDC-sponsored Basic Safety Training course.

Fourteen residents completed Norton Sound Seafood Products Tender Vessel Crew Training in Unalakleet.

Ten Brevig Mission residents completed an NSEDC-sponsored Off-highway Driver's License class.

Sixteen Brevig Mission residents completed an NSEDC-sponsored ivory carving class.

Six Stebbins residents received their Off-highway CDL and five residents received their driver's license at a NSEDC-sponsored Off-highway CDL and Driver's License class.

Fifteen Unalakleet residents completed an NSEDC-sponsored Hazwoper class.

Fifteen Unalakleet residents completed a NSEDC-sponsored Boiler and Burner Repair course.

II. Administration

A. Board Activities

Board of Directors Meetings

The NSEDC Board of Directors held its 2014 first quarter meetings in Unalakleet, Alaska, May 1-2, 2014.

The NSEDC Board of Directors held a special meeting in Nome, Alaska, June 6, 2014.

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 moved to provide all fifteen member communities, plus Shishmaref, with thermal imaging cameras totaling \$150,000.
- The NSEDC Board of Directors approved 20 community and regional Outside Entity Funding projects, totaling more than \$923,500.
- The NSEDC Board of Directors approved the King Island Native Community Building Expansion Outside Entity Funding matching request of \$200,000.
- The NSEDC Board of Directors approved the Kawerak Inc. Cardboard Pellet Heating System Demonstration Project request of \$22,827.
- The NSEDC Board of Directors approved the Outside Entity Funding request of \$500,000 to the City of Shaktoolik Berm project.
- The NSEDC Board of Directors approved the Outside Entity Funding request of \$276,000 for the City of Teller's Water and Sewer project.
- The NSEDC Board of Directors approved the Outside Entity Funding request of \$35,000 for the Koyuk Covenant Church building upgrade.
- The NSEDC Board of Directors moved to donate \$2,500 to the Native Village of Unalakleet for the Elders Lunch program.
- The NSEDC Board of Directors approved a resolution to pursue a central incubation facility at Hobson Creek.
- The NSEDC Board of Directors approved the 2013 audit.

III. Harvesting Report

A. CDQ Harvest Management

During the quarter NSEDC conducted a number of CDQ fishing activities as outlined below.

Pollock

The B season fishery for pollock opened on June 10, and between the start date and the end of the 2nd quarter a total of 6,996 tons of NSEDC pollock was harvested by Glacier Fish Company. This, combined with the *F/T Pacific Glacier* and *F/T Alaska Ocean A* season pollock harvest, brings a total 18,307 tons harvested for the year (65% of the total). As expected, B season bycatch of Chinook has been low fleet-wide, with no harvest of any during NSEDC fishing operations.

Pacific Cod

A total of 3,237 tons of Pacific cod was taken in directed fisheries in 2014. This accounts for over 80% of NSEDC's directed cod allocation for the year. Of this, 121 tons of cod was taken in the 2nd quarter by the *Aleutian Sable*. The balance of the harvest, along with any cod designated as incidental harvest in other fisheries (pollock, flatfish, etc.) that can be moved into the directed fishery, will be taken in the 3rd and possibly 4th quarters.

Atka Mackerel / Pacific Ocean Perch

NSEDC is a participant in (and manager of one) two 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. In the 2nd quarter the *Northern Glacier* harvested 213 tons of Atka mackerel and 250 tons of Pacific Ocean Perch in the Aleutian Islands fishery. This represents nearly all of the allocation directed to the *Northern Glacier* (a small amount was harvested at the beginning of the 3rd quarter), and U.S. Seafoods will be harvesting their allocation of NSEDC fish in July.

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 2nd quarter the vessel took 450 tons of NSEDC Yellowfin sole (586 out of 1,252 tons for the year), 111 tons of Rock sole (537 out of 862 tons for the year), and 3 tons of Flathead sole (27 out of 167 tons for the year). There has been little harvest of Arrowtooth flounder to date.

Sablefish

Sablefish (black cod) fishing opened by regulation in mid-March. We have contracted with the *F/V Ballyhoo* to harvest our Bering Sea quota, and the *F/V Cynosure* to take the Aleutian Islands quota. In the 2nd quarter the *Ballyhoo* took 16,994 pounds of NSEDC's 48,498 pounds of Bering Sea quota. The bulk of the harvest will take place in the 3rd quarter.

Halibut

NSEDC's allocation of CDQ halibut, 53,694 pounds, is reserved for regional harvest. The bulk of this will occur in the 3rd quarter.

Aleutian Islands Golden King Crab

NSEDC's 2013-2014 allocation of Aleutian Islands Golden King Crab (69,510 pounds) was harvested by the *F/V Aleutian No. 1* in 2013. The 2014-15 fishery will begin in August.

Bristol Bay Red King Crab

NSEDC's 2013-2014 CDQ allocation of Bristol Bay Red King Crab (154,300 lbs.) was harvested by CVRF's *Arctic Sea* in the 4th quarter of 2013.

Bering Sea Opilio (Snow) Crab

NSEDC's 2013-14 CDQ allocation of Bering Sea opilio crab, 971,694 pounds, was harvested by the *Patricia Lee*. 176,670 pounds were landed early in the 2nd quarter to finalize the harvest of NSEDC's quota. All of NSEDC's CDQ opilio was delivered to Trident as part of a processing and revenue sharing agreement.

Bairdi (Tanner) Crab

NSEDC's CDQ allocation of 2013-14 eastern Bering Sea bairdi crab (26,334 pounds) was harvested in the 4th quarter. The western Bering Sea bairdi quota of 29,610 pounds was harvested by the *Ramblin' Rose* in the 1st quarter of 2014.

Norton Sound Red King Crab

Norton Sound Red King Crab CDQ fishing will take place in the 3rd quarter.

B. IFQ Harvest Management

During the quarter, NSEDC managed fishing operations and the harvest of individual fishing quotas (IFQs) as outlined below.

Eastern Aleutian Islands Golden King Crab

All of NSEDC's 2013-2014 Eastern Aleutian Islands golden king crab (about 578,000 pounds) was harvested in 2013 by the *Aleutian No. 1*.

KDS Western Aleutian Islands Golden King Crab

KDS' 2013-14 allocation of Western Aleutian Islands Golden King Crab was 1,189,644 pounds. Three different boats made deliveries of KDS quota over the long season, which started in August 2013 and wrapped up in April of 2014. In the 2nd quarter, the *Alaska Trojan* and *Aleutian No. 1* each made two small deliveries for a quarter total of 76,467 pounds.

Bristol Bay Red King Crab

The *Tempo Sea* harvested the majority of NSEDC's 2013-14 IFQ allocation Bristol Bay Red King Crab, taking 130,315 pounds. The *Arctic Hunter* harvested the remaining 17,564 pounds. All the quota was taken in the 4th quarter of 2013.

Bering Sea Opilio (snow) Crab

NSEDC's IFQ allocation of 2013-14 opilio crab was 1,369,642 pounds. The *Ocean Hunter* harvested 152,986 pounds, the *Ramblin' Rose* harvested 300,000 pounds, the *Tempo Sea* harvested 209,219 pounds, the *Baranof* took 200,000 pounds, and the *Patricia Lee* harvested 507,437 pounds. A total of 286,155 pounds of opilio was harvested by the *Patricia Lee* in the 2nd quarter.

Bairdi (Tanner) Crab

NSEDC's IFQ allocation of 2013-14 eastern Bering Sea bairdi crab, 26,939 pounds, was harvested in the 1st quarter by the *Ramblin' Rose*. The western allocation was also taken in the 1st quarter; 18,782 pounds by the *Ramblin' Rose* and 11,517 pounds by the *Saga*.

Sablefish

The *Provider* harvested 40,153 pounds of Central Gulf sablefish in the 2nd quarter. A little over 77,000 pounds remains in the Central Gulf, about 44,000 pounds in the Western Gulf, and about 44,000 pounds in the Bering Sea and Aleutian Islands. Harvest will continue through the 3rd quarter.

Halibut

There was no harvest of IFQ halibut (Area 3B in the Gulf of Alaska) in the 2nd 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.

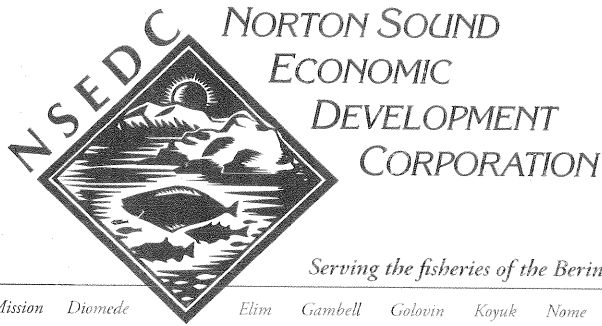
IV. Board of Directors May 1 & 2 and June 6 Meeting Minutes (Attachments 1 & 2)

ATTACHMENT 1

2014 Second Quarter Meeting Minutes

May 1 & 2, 2014

Unalakleet, Alaska



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
First Quarter Board of Directors Meeting
Aaron Paneok & Myles Gonangnan Memorial Hall
May 1, 2014
9:00 a.m.**

CALL TO ORDER

NSED C Chairman Harrelson called the NSED C 2014 First Quarter Board Meeting to order at 9:00 a.m.

ROLL CALL

Present at the meeting were Dan Harrelson, Don Stiles, Dean Peterson, Joel James, Harvey Sookiayak, Joe Garnie, Lillian Olanna, Truman Kava, Lucy Kitchen, Frank Katchatag, Elvina Naranjo, Wilfred Katcheak (telephonically), Milton Cheemuk, and Oscar Takak Sr. Absent and excused was Orville Ahkinga Jr. Staff present were Janis Ivanoff, Simon Kinneen, Tyler Rhodes, Kyan Olanna, Tiffany Martinson, Josh Osborne, Frank Doty, Wes Jones, Rick Walicki, Virginia Nashalook, Paul Ivanoff III, Darrin Otton, Charlie Lean, Laureli Kinneen, Kathy Wheelehan, and Jerry Ivanoff. Public present was Jim Johnson and Rob Wood of Glacier Fish Company. Siu Alaska Corporation President/CEO John Eckels was also present.

Chairman Harrelson welcomed everyone to Unalakleet and thanked Unalakleet for hosting this meeting. He also welcomed Rob Wood and Jim Johnson of GFC.

INVOCATION

Harvey Sookiayak gave the invocation.

APPROVAL OF AGENDA

Chairman Harrelson added "CDQ Panel Rule Investments" under new business.

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

APPROVAL OF MINUTES

1. February 6, 2014

Harvey Sookiayak made a motion to approve the NSED C 2013 Fourth Quarter Board Meeting Minutes of February 6, 2014. Dean Peterson seconded the motion.

Lucy Kitchen asked about a spreadsheet on investments. Janis informed her, this would be covered later.

The motion passed.

William Johnson and Reese Huhta joined the meeting at 9:10 a.m.

PUBLIC COMMENTS

UVEC General Manager Reese Huhta thanked the board for the energy subsidy and gave a summary on the impact. With the energy subsidy, Reese noted that this helped consumers facing electricity shut-offs,

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

but due to the subsidy, their electricity stayed on. He gave an update on the wind turbine project. Reese noted that UVEC saved 71,000 gallons of fuel. Chairman Harrelson asked about the energy rate in Unalakleet. Reese stated that it is about 41 cents per kilowatt hour, where he noted that it was 60 cents per kilowatt hour elsewhere.

CHAIRMAN'S REPORT – Dan Harrelson

Chairman Harrelson went over the NSEDC Chairman's Report, provided in the packet. He hoped that all the board members would make it to Seattle for the christening of the *F/V Paul C. Johnson*. Joe Garnie stated that he would not be here for the next day's workshop and noted that Teller would like to stay out of the hatchery business. Janis Ivanoff gave an update on the hatchery issue and the hot springs. Joe asked for clarification on the bycatch issue. Simon Kinneen informed him of the work of staff on this issue, with no cap numbers on the table.

CEO's REPORT – Janis Ivanoff

NSEDC President/CEO Janis Ivanoff gave the CEO's Report. Janis noted the lunch with the elders that day. Janis introduced NSSP Manager William Johnson and his team of Frank Doty and Josh Osborne, NSEDC Communications Director Laureli Kinneen, Unalakleet Fisheries Biologist Renae Ivanoff, and NSEDC Special Projects Coordinator John Baker in their new roles and as new staff members.

FINANCIALS/INVESTMENT PORTFOLIO

NSEDC Chief Financial Officer Rick Walicki gave the NSEDC Financials and Investment Portfolio. Joe Garnie inquired about the plant, property and equipment line item. Rick explained the increase is mainly due to expenses related to the Paul C. Johnson.

SIU ALASKA CORPORATION – John Eckels

Oscar Takak made a motion to go into executive session at 9:26 a.m. for the Glacier Fish Company Report. Harvey Sookiayak seconded the motion. The motion passed.

Oscar Takak made a motion to return to regular session at 11:48 a.m. Frank Katchatag seconded the motion. The motion passed.

Lunch break was taken at 11:48 a.m. The meeting reconvened at 1:03 p.m.

Diana Haecker of *The Nome Nugget* joined the meeting at 1:03 p.m.

1. Glacier Fish Company – executive session
2. Aleutian No. 1/Patricia Lee Reports – executive session

MANAGERS' REPORTS

1. Quota Management – Simon Kinneen

Simon Kinneen gave the NSEDC Quota Management Report.

2. NSSP – William Johnson

William informed the board of the herring fishery, where NSSP will use two tenders and fishermen will be paid \$300 per ton. Prices are stable for chum and coho. William informed the board that Frank Doty is the SNSSP Plant Manager. Chairman Harrelson asked about the Dutch Harbor bait fishery and the possibility of selling Norton Sound herring there for bait. Chairman Harrelson noted it would be good for Norton Sound herring fishermen to have a steady market year after year. Chairman Harrelson thanked William, Josh and Frank for their hard work.

- a. NNSSP – Josh Osborne

Josh Osborne's Northern Norton Sound Seafood Products Report was noted in the packet.

- b. SNSSP – Frank Doty

Frank Doty's Southern Norton Sound Seafood Products Report was noted in the packet.

3. Written Reports

Chairman Harrelson noted the written reports in the packet and asked if there were any questions for any of the managers. There were no questions for the written reports of the managers.

- a. Community Benefits Department – Paul Ivanoff III
- b. EET Department – Jerry Ivanoff
- c. HR Department – Tiffany Martinson
- d. NSFR&D – Wes Jones
- e. Vessel Management – Darrin Otton

Chairman Harrelson informed the board that the *F/V Paul C. Johnson* will be in the water next week and is hoping all the board would make it to its christening on June 2nd.

COMMITTEE REPORTS

1. Executive Committee Report

Chairman Harrelson gave the NSEDC Executive Committee Report.

Don Stiles made a motion to provide all our fifteen villages with the thermal imaging equipment, including Shishmaref. Elvina Naranjo seconded the motion.

Don Stiles reiterated Dan's sentiment stated during the Executive Committee meeting, if we save one life, it is money well spent.

The motion passed.

Oscar Takak made a motion to approve NSEDC Resolution 14-02. Joel James seconded the motion. The motion passed.

2. Rules & Bylaws Committee Report

Chairman Don Stiles gave the NSEDC Rules & Bylaws Committee Report. NSEDC President/CEO Janis Ivanoff went over the policy changes, provided in a handout. Tiffany Martinson further informed the board on the administrative leave policy. A discussion was held on including a cap of 80 hours a year for administrative leave for employees sitting on local and regional boards. Dean Peterson noted that BSSD had a cap of ten days of administrative leave and leave without pay after those ten days. Chairman Harrelson directed staff to come back to the board with a recommendation on this administrative leave. Kyan Olanna reviewed three recommended changes to the bylaws. Kyan noted the new policy changes and the old policies included in the packet. Kyan also noted that medical absence as an allowable absence in the residency policy.

Don Stiles made a motion to adopt the changes of the bylaws committee. Oscar Takak seconded the motion. The motion passed.

3. Fisheries Development Committee Report

Chairman Oscar Takak gave the NSEDC Fisheries Development Committee Report.

4. NSSP Working Group

Chairman Oscar Takak gave the NSSP Working Group Report.

Don Stiles made a motion to have NSSP discontinue the practice of deducting Revolving and Large Vessel Loan Payments from payments made to fishermen during the winter Norton Sound Red King Crab Fishery. Dean Peterson seconded the motion. The motion passed.

Janis Ivanoff brought up the new language in the red king crab fishery.

Don Stiles made a motion to adopt the NSSP 2014 Crab Tendering Plan. Harvey Sookiayak seconded the motion. The motion passed.

5. Finance Committee Report

Chairman Dan Harrelson gave the NSEDC Finance Committee Report.

Don Stiles made a motion to adopt the recommendations of the NSEDC Finance Committee. Dean Peterson seconded the motion. The motion passed.

6. Scholarship Committee Report

Chairman Elvina Naranjo gave the NSEDC Scholarship Committee Report.

Dean Peterson made a motion to accept the scholarship committee report. Frank Katchatag seconded the motion. The motion passed.

OLD BUSINESS

The old business was moved to the end of the agenda for executive sessions.

1. Litigation Update – executive session
2. Community Liaison restructuring – executive session

A five-minute break was taken at 1:39 p.m. The meeting reconvened at 1:49 p.m.

NEW BUSINESS

1. Kawerak Early Childhood Education (ECE)

NSEDC CEO Janis Ivanoff reviewed the Kawerak ECE Program budget shortfall and noted there were no staff recommendations. Don Stiles thought that education is a state and federal responsibility, and he was not in favor of NSEDC possibly having to fund this annually. Chairman Harrelson noted the funding coming from the federal and state governments, and noted the cuts to the certified teacher positions for this program. A discussion was held on the ECE program in the region. Don Stiles asked if NSEDC funds would go toward Kawerak's administrative budget and not program costs. Jerry informed the board on the cuts to the Nome ECE Program. Elvina Naranjo noted the 3- or 4-year-olds in ECE, but she questioned the 0-6 year old clause. Chairman Harrelson noted that this proposal should have gone to the NSEDC OEF Program. Dean Peterson felt that the State of Alaska should live up to their responsibility to fund education, ECE included. He said NSEDC cannot take over the state's responsibility. Oscar Takak concurred with Don and Dean.

2. King Island Native Corporation OEF Application: Community Bldg. Expansion - \$200,000

NSEDC CEO Janis Ivanoff brought up the King Island Native Corporation OEF request of \$200,000 for the community building expansion. Paul Ivanoff III noted that this request was a match.

Don Stiles made a motion to approve the King Island Native Community Building Expansion proposal of \$200,000. Lucy Kitchen seconded the motion.

Don Stiles noted that through the 2014 OEF program at the community level, NSEDC has contributed \$10,000 for this project.

The motion passed.

3. 2014 Outside Entity Funding

NSEDC Community Benefits Director presented the 2014 Outside Entity Funding proposals.

a. Regional Funding

Don Stiles went over regional outside entity funding proposals. He said the Bering Sea Women's Group sold their 25% interest in the ownership of the *Aleutian No. 1*. Don was not in favor of the BSF funding request because it looked like the event was mainly serving one community. Don noted the Kawerak Regional Conference is already concluded and NSEDC contributed \$5,000 to the 2014 event. Janis noted that NSEDC provided a 2014 discretionary grant to NEST in the amount of \$30,000 before after their OEF request came in. For the NSHC Tribal Healers proposal, Don Stiles noted the letters of support were from 2009 so the application was incomplete. Don Stiles noted that he would only support the Kawerak Pellet Proposal. Chairman Harrelson asked for comment from the rest of the board members.

Don Stiles made a motion to approve the proposal of \$22,827 for the Kawerak Inc. Cardboard Pellet Heating System Demonstration Project Proposal. Dean Peterson seconded the motion. The motion passed.

b. Community Funding

Chairman Harrelson guided the board through the Community Outside Entity Funding proposals.

And noted that for communities that did not have any applications submitted their funds will roll over to the 2015 OEF program. For the City of Teller, Chairman Harrelson asked about the funding request for their water truck. Paul Ivanoff noted that the City of Teller did not submit a proposal. Paul noted that Teller requested funds for a water truck and a septic truck at \$120,000 each. Joe Garnie noted they do not have running water in their community and it leads to diminished health conditions. Chairman Harrelson asked Paul Ivanoff if he had a balance for Teller right now.

Don Stiles made a motion to accept the recommendations of the OEF Committee. Frank Katchatag seconded the motion.

Don Stiles asked for clarification on the Brevig Mission VPSO Proposal. Lillian provided him with an answer.

The motion passed.

Paul Ivanoff thanked the communities that worked very hard to get these OEF Proposals approved.

4. Bulk Fuel Program – Expansion Proposal

NSEDC CEO Janis Ivanoff went over the bulk fuel expansion proposal. Tyler Rhodes informed the board of expanding the bulk fuel program with alternative fuels. Tyler noted a group of Nome residents who receive a deal to ship pellets to Nome. Don Stiles asked why they got a break on the shipping of the pellets. Paul informed the board of the shipping company and Nome residents pellet group. Don Stiles noted the \$27,000 difference in the shipping for the group. This led to a discussion on the need for a lower cost of transporting goods. With no break in transportation costs, Tyler noted this made the proposal to ship wood pellets very high. Chairman Harrelson also voiced his concern of the high cost for transporting products. Don Stiles noted that we have only two shipping vendors and recommended to partner up with the other CDQ groups to lower the costs of transporting goods. Don felt the transportation of our bulk fuel program should be reduced. Chairman Harrelson asked about the costs in getting a transportation barge. Joe Garnie was in favor of looking into shipping infrastructure for the region. He felt that it would be worthwhile to try to lower the cost of our bulk fuel program. Chairman Harrelson noted that the cost of transportation of the pellets makes this proposal uneconomical to operate. He asked about the possibility to make pellets in the region instead of buying outside. Don Stiles felt this was a good discussion. Chairman Harrelson asked for a recommendation from staff. Tyler Rhodes felt that NSEDC could offer a loan for the pellet program. He spoke of the propane needs of the region. Don Stiles would like staff to look into transportation infrastructure and work with the other CDQ groups.

A break was taken at 2:46 p.m. The meeting reconvened at 2:59 p.m.

5. CDQ Panel Rule – Investments

NSEDC CEO Janis Ivanoff gave an overview of the CDQ Panel Rule on investments. Kyan Olanna also went over the CDQ Panel Rule submitted by WACDA and noted the work to get the CDQ Panel Rule on investments on non-fishery related projects passed.

Dean Peterson made a motion to approve the CDQ Panel Resolution on investments. Harvey Sookiayak seconded the motion. The motion passed.

Elvina Naranjo made a motion to go into executive session at 3:02 p.m. to go over the Litigation Update, Community Liaison Restructuring, and the Unaatuq Proposal. Lucy Kitchen seconded the motion. The motion passed.

Don Stiles made a motion to return to regular session at 3:38 p.m. Oscar Takak seconded the motion. The motion passed.

Don Stiles made a motion to adopt option five as presented for the Community Liaison Restructuring. Oscar Takak seconded the motion. The motion passed.

Oscar Takak made a motion to adopt option two with Unaatuq Proposal. Harvey Sookiayak seconded the motion. The motion passed.

PUBLIC COMMENTS

There were no public comments provided.

BOARD COMMENTS

- Truman Kava had no comment.
- Joe Garnie stated this was a good meeting. He hopes the next meeting goes well with good proposals.
- Lucy Kitchen thanked the board from the City of Wales. She felt bad for 2014 OEF applications and said they always take care of their elders. She wished everyone a fantastic summer.
- Lillian Olanna felt this was a good meeting and expressed thanks.
- Dean Peterson said he was ready for another busy summer.
- Don Stiles was thankful for the healthy activities for youth in the region. He had some raffle tickets for prizes for sale.
- Oscar Takak thanked all for support of OEF Program. He also thanked to the board for the energy assistance.
- Elvina Naranjo thanked the village of Unalakleet for hosting again and said she enjoys the meetings in Unalakleet.
- Harvey Sookiayak thanked the staff for their hard work and for the outside entity funding. He requested the board approve a \$2,500 contribution to the Native Village of Unalakleet Elders Lunch Program.
- Milton Cheemuk stated it was good to see everyone again and he hopes to have a good year of fishing. He thanked the staff and wished everyone a good summer.
- Frank Katchatag thanked the staff and said Unalakleet appreciates the meetings in Unalakleet, as it helps the local economy.
- Joel James and Wilfred Katcheak had no comment, but Wilfred asked to be excused.

Oscar Takak made a motion to send \$2,500 to the Native Village of Unalakleet for the Elders Lunch program. Harvey Sookiayak seconded the motion. The motion passed.

- Dan Harrelson agreed with Lucy to take care of our elders. He said NSEDC has good programs with safety helmets and life jackets. He expressed thanks to Middy for hosting him, providing good food and company. He expressed thanks to the staff.
- Janis Ivanoff thanked the board and expressed hope to see them in a few weeks.

ADJOURNMENT

Oscar Takak made a motion to adjourn the 2014 NSEDC Board of Directors Meeting at 3:46 p.m. Lillian Olanna seconded the motion. The motion passed.

Dan Harrelson, NSEDC Board Chairman

Jerry Ivanoff, NSEDC Corporate Secretary

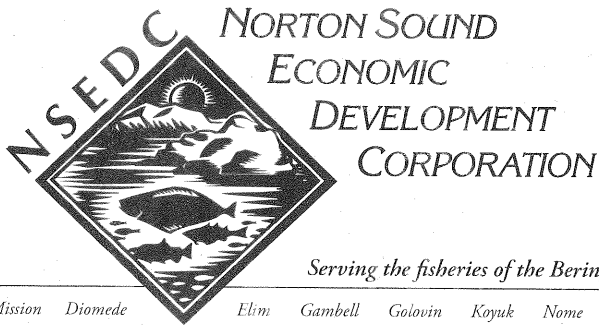
Date

ATTACHMENT 2

2014 Special Meeting Minutes

June 6, 2014

Nome, Alaska



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

**Norton Sound Economic Development Corporation
 Special Board of Directors Meeting
 NSED C Nome Office
 June 6, 2014
 5:30 p.m.**

CALL TO ORDER

Chairman Dan Harrelson called the NSED C Special Board Meeting to order at 5:30 p.m. on June 6, 2014.

ROLL CALL

Present at the meeting were Milton Cheemuk, Joseph Garnie, Dan Harrelson, Joel James, Frank Katchatag, Wilfred Katcheak (telephonically), Truman Kava, Elvina Naranjo, Lucy Kitchen, Lillian Olanna, Dean Peterson, Harvey Sookiayak, Don Stiles, and Oscar Takak Sr. Orville Ahkinga was absent. Staff present were Janis Ivanoff, Tyler Rhodes, Simon Kinneen, Rick Walicki, Tiffany Martinson, Kyan Olanna, Laureli Kinneen, Paul Ivanoff III, Kathy Wheelehan, and Jerry Ivanoff. Public present: Donny Hannon of Altman & Rogers & Co was present for the audit discussion.

INVOCATION

Oscar Takak gave the invocation.

PUBLIC COMMENTS

No public comments provided.

APPROVAL OF AGENDA

Oscar Takak made a motion to approve the agenda. Milton Cheemuk seconded the motion. The motion passed.

WAIVER OF APPROVAL OF MINUTES

1. May 1, 2014

Harvey Sookiayak made a motion for the waiver of the approval of minutes of May 1, 2014. Elvina Naranjo seconded the motion. The motion passed.

OLD BUSINESS

1. Employee Handbook-Administrative Leave Policy Language

NSED C CEO Janis Ivanoff reviewed the administrative leave policy language provided in the packet. If approved, Chairman Harrelson noted this would be incorporated in the NSED C Personnel Handbook.

Dean Peterson made a motion to approve the administrative leave policy. Oscar Takak seconded the motion.

There was discussion regarding the difference between personal and administrative leave. Tiffany Martinson noted this leave is for NSED C personnel working on other boards of the region.

The motion passed.

2. Nome Office Addition Update

NSEDC CEO Janis Ivanoff framed the Nome Office Addition Update, which included architectural drawings and an updated budget. Simon Kinneen outlined the planned addition, noting some modifications not previously discussed with the board that arose after considering requirements for complying with the Americans with Disabilities Act (ADA). Chairman Harrelson asked for clarification on the planning of the new office space, and there was discussion about the ADA compliance measures. Simon discussed a cost estimate provided by the architect that was derived by estimating time and materials costs, and pointing out the limitations in the estimate due to its preliminary nature. He also explained the architect had provided another estimate based on a cost per square foot basis that came in significantly lower. Milton Cheemuk noted we are going to grow and expand in the future and this building will get old, suggesting NSEDC may have to look for a new building for our office. Chairman Harrelson noted the building is not that old. Simon stated it was built in the late 1990s. Chairman Harrelson noted there is good life on this building to cover our program needs. Joe Garnie asked if the addition to the office measured 40' by 40'. Simon explained we would be extending the second floor to match the footprint of the first floor. Chairman Harrelson asked if we would go to a contractor to give us a price estimate. Simon stated this could happen once the architectural drawings were complete, with plumbing and electrical included. Chairman Harrelson stated we should have a firm ceiling on the price. Don Stiles elaborated we need to get a firm number, but we must be prepared for a higher expense than projected. Chairman Harrelson stated he would like to have a local contractor and people to do the work on this project. Frank Katchatag stated the freight might bring the cost up by ten percent more. Referencing BSNC's boardroom, Don Stiles wanted the NSEDC boardroom to be befitting of its purpose, even if we have to pay a little more.

Harvey Sookiayak made a motion to approve the Nome Office Addition with a ceiling as discussed in the meeting with the cost estimate provided. Don Stiles seconded the motion.

Don Stiles spoke to the higher costs associated with the heating system. Chairman Harrelson asked about the additional plumbing needed other than the base board heating system. Don Stiles asked about the need for a larger restroom to accommodate NSEDC's fifteen board members and staff.

The motion passed with one opposition.

NEW BUSINESS

1. 2013 Audit-executive session

Dean Peterson made a motion to go into executive session at 6:14 p.m. to go over the 2013 audit. Oscar Takak seconded the motion. The motion passed.

Frank Katchatag made a motion to return to regular session at 7:07 p.m. Elvina Naranjo seconded the motion. The motion passed.

Oscar Takak made a motion to approve the 2013 NSEDC Audit as presented. Elvina Naranjo seconded the motion. The motion passed.

A break was taken at 7:07 p.m. The meeting reconvened at 7:15 p.m.

Charlie Lean joined the meeting via teleconference at 7:13 p.m.

2. Resolution No. 14-04: Regional Central Incubation Facility

NSEDC CEO Janis Ivanoff introduced NSEDC Resolution No. 14-04: Regional Central Incubation Facility.

Don Stiles made a motion to approve NSEDC Resolution No. 14-04: Regional Central Incubation Facility. Oscar Takak seconded the motion.

Chairman Harrelson brought up the need to secure the land whether through long-term lease or purchase. NSEDC CEO Janis Ivanoff noted the area of interest has multiple owners and we would secure the land with long-term leases and/or purchases, if needed. Don Stiles asked if the two entities could donate the property. Janis stated we could present that idea. Chairman Harrelson discussed potential cost estimates of securing the land for leasing or purchase. Elvina Naranjo asked if there were other interested parties in the land. A discussion was held on the potential of negotiating a possible long-term lease or land purchase. Tyler Rhodes explained the reasons why Hobson Creek was identified as the primary choice.

The motion passed.

3. City of Shaktoolik OEF Application: Berm Project-\$500,000

Chairman Harrelson brought up the OEF Applications.

Frank Katchatag made a motion to approve the City of Shaktoolik OEF Application: Berm Project of \$500,000. Lucy Kitchen seconded the motion.

Harvey Sookiayak gave an overview of the City of Shaktoolik's Berm Project OEF Application. NSEDC CEO Janis Ivanoff noted the City of Shaktoolik had received \$120,000 from its dedicated OEF funding. Frank Katchatag noted the need to support the City of Shaktoolik's proposal with other entities involved. Don Stiles mentioned the need to have quality results for this project.

The motion passed.

4. City of Koyuk OEF Application: Covenant Church Building Upgrades-\$35,000

Elvina Naranjo discussed the City of Koyuk Covenant Church Building Upgrade proposal for \$35,000 to make the church safe.

Elvina Naranjo made a motion to approve the City of Koyuk OEF Application: Covenant Church Building Upgrade of \$35,000. Milton Cheemuk seconded the motion. The motion passed.

5. City of Teller OEF Application: Water and Sewer Project-\$276,000

Chairman Harrelson introduced the City of Teller OEF Application for their water and sewer project.

Don Stiles made a motion to approve the City of Teller OEF Application: Water and Sewer Project of \$276,000. Frank Katchatag seconded the motion. The motion passed.

ADJOURNMENT

Joel James made a motion to adjourn the NSEDC Special Board Meeting of June 6, 2014 at 7:31 p.m. Elvina Naranjo seconded the motion. The motion passed.

Dan Harrelson, NSEDC Board Chairman

Jerry Ivanoff, NSEDC Corporate Secretary

Date