

FOR DISTRIBUTION

2014 Third QUARTER REPORT
July 1, 2014 – September 30, 2014



**NORTON SOUND ECONOMIC
DEVELOPMENT CORPORATION**

420 L Street, Suite 310
Anchorage, AK 99501
Phone: (907) 274-2248
Fax: (907) 274-2249

Table of Contents

| | |
|--|-----------|
| I. Quarterly Highlights | 2 |
| A. Outreach | 3 |
| B. Employment | 4 |
| Employment Data Form | 4 |
| Employment Summary | 5 |
| Training Data Form | 8 |
| Training Summary | 8 |
| II. Administration | 9 |
| A. Board Activities | 9 |
| Board of Directors Meetings | 9 |
| Substantial Decisions | 9 |
| III. Harvesting Report | 10 |
| A. CDQ Harvest Management | 10 |
| Pollock | 10 |
| Pacific Cod | 10 |
| Atka Mackerel / Pacific Ocean Perch | 10 |
| Yellowfin Sole, Rock Sole, Flathead Sole & Arrowtooth Flounder | 10 |
| Sablefish | 11 |
| Halibut | 11 |
| Aleutian Islands Golden King Crab | 11 |
| Bristol Bay Red King Crab | 11 |
| Bering Sea Opilio (Snow) Crab | 11 |
| Norton Sound Red King Crab | 11 |
| B. IFQ Harvest Management | 12 |
| Eastern Aleutian Islands Golden King Crab | 12 |
| Western Aleutian Islands Golden King Crab | 12 |
| Bristol Bay Red King Crab | 12 |
| Bering Sea Opilio (Snow) Crab | 12 |
| Sablefish | 12 |
| Halibut | 12 |
| C. Compliance/Enforcement | 13 |
| IV. Board of Directors August 11-13 Meeting Minutes (Attachment 1) | 14 |

I. Quarterly Highlights

- The NSEDC Board of Directors held its 2014 second quarter board meetings in Nome, Alaska, August 11-13, 2014.
- The NSEDC Board of Directors approved the City of Elim's Community Energy Fund request for \$375,605 for a meter base replacement project.
- The NSEDC Board of Directors awarded \$1.5 million to the City of Nome which will be applied toward Kawerak's Beringia Center of Culture and Science.
- The NSEDC Board of Directors moved to retain Wes Jones as the Regional Processor Representative to the NoBSRAA and Kevin Keith as the alternate.
- The NSEDC Board of Directors gave the Executive Committee authority to move forward with approval of a Bairdi IFQ purchase if the price and estimate rate of return came back favorable.
- Norton Sound Seafood Products purchased 2,007,619 pounds of salmon from 127 Norton Sound fishers.
- Norton Sound Seafood Products purchased 27,594 pounds of CDQ Norton Sound red king crab from 17 Norton Sound fishermen.
- Norton Sound Seafood Products purchased 309,186 pounds of Open Access Norton Sound red king crab from 35 Norton Sound fishermen.
- Norton Sound Seafood Products purchased 63,000 pounds of halibut from 24 Norton Sound fishermen.
- A total of thirteen current residents of NSEDC member communities, one Western Alaska resident, and five 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 \$221,966 in wages during the quarter.
- Eighty students received funding for post-secondary and vocational education during the quarter.
- Twenty-eight Gambell residents participated in an Off Highway Driver's License workshop.
- Eight Nome Public Schools teachers attended the Nome Cultural Camp on the Fish River.

A. Outreach

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

- The NSEDC Board of Directors held its 2014 second quarter board meetings in Nome, Alaska, August 11-13, 2014.
- NSEDC's Board of Directors notified residents of the 2014 second quarter meetings through advertisements in the Nome Nugget newspaper.
- NSEDC produced several newspaper advertisements announcing job openings within the organization.
- NSEDC posted employment opportunities on its website, the Nome Nugget, and through liaisons several times throughout the quarter.
- NSEDC staff traveled to Golovin to assist with the implementation of NSEDC grants and other benefit programs.
- 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 NSEDC offices serving Unalakleet and Nome. The NSEDC liaisons are sent informational flyers, applications, and other information to circulate within their communities.

B. Employment

Table 1
EMPLOYMENT DATA FORM
September 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 | 18 | \$ 354,472.83 | | | \$ 1,042,511.70 |
| NSEDC - Anchorage | 12 | \$ 241,051.62 | 12 | \$ 243,889.25 | 12 | \$ 239,518.40 | | | \$ 724,459.27 |
| NSSP - In-region | 5 | \$ 91,710.21 | 5 | \$ 107,073.35 | 5 | \$ 112,289.33 | | | \$ 311,072.89 |
| Total Management/Administrative | 36 | \$ 662,397.32 | 36 | \$ 709,365.98 | 35 | \$ 706,280.56 | 0 | \$ - | \$ 2,078,043.86 |
| CDQ Pollock/Groundfish Related | | | | | | | | | |
| | 7 | \$ 61,516.82 | 7 | \$ 58,016.80 | 13 | \$ 116,600.34 | | \$ - | \$ 236,133.96 |
| Total NSSP Employment (seasonal) | 8 | \$ 75,062.53 | 66 | \$ 185,796.64 | 183 | \$1,117,072.99 | | \$ - | \$ 1,377,932.16 |
| Other NSEDC Employment | | | | | | | | | |
| Skippers, Deckhands, Shoreside, etc. | 12 | \$ 57,904.46 | 20 | \$ 158,891.87 | 24 | \$ 402,448.09 | | | \$ 619,244.42 |
| Clean Waters Program | 0 | \$ - | 0 | \$ - | 20 | \$ 85,925.27 | | | \$ 85,925.27 |
| Total Other NSEDC Employment | 12 | \$ 57,904.46 | 20 | \$ 158,891.87 | 44 | \$ 488,373.36 | 0 | \$ - | \$ 705,169.69 |
| 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 | 35 | \$1,545,927.50 | | | \$ 1,608,022.50 |
| CDQ Red King Crab | 0 | \$ - | 1 | \$ 1,880.00 | 17 | \$ 137,970.00 | | | \$ 139,850.00 |
| Norton Sound Salmon | 0 | \$ - | 31 | \$ 53,289.70 | 127 | \$1,862,987.60 | | | \$ 1,916,277.30 |
| Norton Sound Herring | 0 | \$ - | 0 | \$ - | | | | | \$ - |
| NSEDC CDQ Halibut | 0 | \$ - | 0 | \$ - | 24 | \$ 297,515.00 | | | \$ 297,515.00 |
| Total Other Fishing | 28 | \$ 34,737.65 | 61 | \$ 143,072.70 | 203 | \$3,844,400.10 | 0 | \$ - | \$ 4,022,210.45 |
| NSEDC Community Outreach Liaisons | 9 | \$ 20,250.00 | 9 | \$ 20,250.00 | 13 | \$ 12,621.15 | | | \$ 53,121.15 |
| NSEDC Community Employment Program | 0 | \$ - | 6 | \$ 38,364.00 | 4 | \$ 25,650.09 | | | \$ 64,014.09 |
| 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 | 31 | \$ 313,803.97 | | | \$ 406,348.97 |
| Alaska Dept. of Fish & Game | 0 | \$ - | 2 | \$ 5,034.48 | 2 | \$ 35,167.22 | | | \$ 40,201.70 |
| Fisheries Development | 0 | \$ - | 0 | \$ - | 4 | \$ 46,012.25 | | | \$ 46,012.25 |
| Total Technicians | 0 | \$ - | 27 | \$ 97,579.48 | 37 | \$ 394,983.44 | 0 | \$ - | \$ 492,562.92 |
| GRAND TOTALS | 100 | \$ 911,868.78 | 232 | \$1,411,337.47 | 532 | \$6,705,982.03 | | | \$ 9,029,188.28 |
| NSEDC = | 52 | \$ 648,841.57 | 93 | \$ 917,377.98 | 128 | \$1,515,619.27 | | | \$ 3,081,838.82 |
| NSSP = | 41 | \$ 201,510.39 | 132 | \$ 435,942.69 | 391 | \$5,073,762.42 | | | \$ 5,711,215.50 |
| Partners = | 7 | \$ 61,516.82 | 7 | \$ 58,016.80 | 13 | \$ 116,600.34 | | | \$ 236,133.96 |

Employment Summary

Management/Administrative – Twenty-three 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 thirteen residents of NSEDC member communities, five former member community residents living in Anchorage, and one western Alaskan resident, who were employed aboard the *F/V Pacific Glacier* and the *F/V Alaska Ocean* during the quarter.

Community Breakdown:

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

NSSP Employment (does not include administration) – One hundred eighty-three residents of Norton Sound communities and twenty from outside the region were employed during the quarter.

Community Breakdown:

- 65 employees from Unalakleet
- 46 employees from Nome
- 14 employees from Brevig Mission
- 13 employees from Elim
- 13 employees from Savoonga
- 10 employees from Stebbins
- 9 employees from Shaktoolik
- 5 employees from Koyuk
- 4 employees from Golovin
- 3 employees from Gambell
- 1 employee from St. Michael
- 8 employees from Anchorage
- 7 employees from Shishmaref
- 5 employees from outside Alaska

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

Community Breakdown:

- 7 employees from Unalakleet
- 7 employees from Wales
- 6 employees from Little Diomed
- 6 employees from Savoonga
- 5 employees from Nome
- 4 employees from Koyuk

- 1 employee from Elim
- 1 employee from Golovin
- 1 employee from Shaktoolik
- 1 employee from St Michael
- 1 employee from Brevig Mission
- 1 employee from Teller
- 1 employee from outside Alaska
- 1 employee from Homer
- 1 employee from Newtok

Other Fishing – One hundred twenty-seven fishermen delivered 2,007,619 pounds of salmon to NSSP during the quarter.

- Community Breakdown:**
- 58 fishermen from Unalakleet
 - 24 fishermen from Shaktoolik
 - 23 fishermen from Elim
 - 11 fishermen from Koyuk
 - 8 fishermen from Golovin
 - 3 fishermen from Nome

Seventeen fishermen delivered 27,594 pounds of CDQ Norton Sound red king crab to NSSP during the quarter.

- Community Breakdown:**
- 9 fishermen from Nome
 - 4 fishermen from Unalakleet
 - 3 fishermen from Golovin
 - 1 fisherman from White Mountain

Thirty-five fishermen delivered 309,186 pounds of Open Access Norton Sound red king crab to NSSP during the quarter.

- Community Breakdown:**
- 16 fishermen from Nome
 - 8 fishermen from Shaktoolik
 - 5 fishermen from Unalakleet
 - 4 fishermen from Golovin
 - 1 fisherman from White Mountain
 - 1 fisherman from Elim

Twenty-four fishermen delivered 63,000 pounds of halibut to NSSP during the quarter.

- Community Breakdown:**
- 17 fishermen from Savoonga
 - 5 fishermen from Nome
 - 2 fishermen from Gambell

NSEDC Community Outreach Liaisons – Thirteen 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 Teller
1 liaison from White Mountain
1 liaison from Golovin
1 liaison from Elim
1 liaison from Shaktoolik
1 liaison from St. Michael
1 liaison from Diomede
1 liaison from Koyuk
1 liaison from Stebbins

Table 2
TRAINING DATA FORM
January 1 – March 31, 2014

| | Quarter | | Year-to-Date | |
|-----------------------|------------|------------------|--------------|------------------|
| | People | Expenditures | People* | Expenditures |
| Scholarships | | | | |
| Post-Secondary | 76 | \$143,813 | 398 | \$747,113 |
| Vocational | 4 | \$9,000 | 15 | \$33,750 |
| Voc-Tech | | | | |
| Basic | | | | |
| Advanced | | | | |
| Other Training | | | | |
| Fisheries Related | | | 39 | \$69,030 |
| CDQ .Staff | | | | |
| CDQ Board | | | | |
| Other | 36 | \$14,958 | 149 | \$53,160 |
| TOTAL | 116 | \$167,771 | 601 | \$903,053 |

**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: Eighty students received funding for post-secondary and vocational education during the quarter.

Other: Twenty-eight Gambell residents participated in an Off Highway Driver's License workshop.

Eight Nome Public Schools teachers attended the Nome Cultural Camp.

II. Administration

A. Board Activities

Board of Directors Meetings

The NSEDC Board of Directors held its 2014 second quarter meetings in Nome, Alaska, August 11-13, 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 approved the City of Elim's Community Energy Fund request for \$375,605 for a meter base replacement project.
- The NSEDC Board of Directors awarded \$1.5 million to the City of Nome which will be applied toward Kawerak's Beringia Center of Culture and Science.
- The NSEDC Board of Directors moved to retain Wes Jones as the Regional Processor Representative to the NoBSRAA and Kevin Keith as the alternate.
- The NSEDC Board of Directors gave the Executive Committee authority to move forward with approval of a Bairdi IFQ purchase if the price and estimate rate of return came back favorable.

III. Harvesting Report

A. CDQ Harvest Management

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

Pollock

The *F/T Pacific Glacier* and *F/T Alaska Ocean* completed NSEDC's 2014 pollock harvest of 28,283 tons in the 3rd quarter, essentially taking 100% of the quota. The *Pacific Glacier* harvested 4,413 tons of pollock in the 3rd quarter, and a total of 12,712 for the year. The *Alaska Ocean* took 5,561 tons in the quarter, and 15,570 tons throughout the year. Reports from the fishing grounds were that catch rates and fish size was very good, which has been backed up by recent stock survey data released by NMFS showing a large increase in biomass. As a result of this good fishing, CDQ operations ended fairly early in 2014, with the last tow coming on August 18. This is preferable both for an operating cost standpoint and the fact that Chinook bycatch tends to increase in later September and October. In 2014, a total of 154 Chinook salmon were taken in NSEDC CDQ pollock fishing (148 in the A season and 6 in the B season).

Pacific Cod

There was no directed harvest of Pacific cod in the 3rd quarter, although approximately 500 tons was taken in pollock and flatfish (*Northern Glacier* CDQ pool operations) fishing. To date, 3,236 of the 4,000 tons set aside for directed fishing has been taken by the *Aleutian Sable*, *Pavlof*, *Northern Leader* and the *Bristol Leader*.

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. Essentially all of NSEDC's allocation of Atka mackerel and Pacific ocean perch being fished by GFC was harvested in the 2nd quarter (except for Area 543 Atka mackerel; retention of that species is prohibited due to Steller Sea Lion restrictions). U.S. Seafoods fished their portion in the 3rd 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 3rd quarter the vessel took 1,309 tons of the Yellowfin sole pool (20% NSEDC), 126 tons of the rock sole pool (28% NSEDC), 209 tons of the Flathead sole pool (21% NSEDC), and 239 tons of Arrowtooth flounder (21% NSEDC). To date, 72% of the Yellowfin sole, 64% of rock sole, 37% of Flathead sole and 31% of Arrowtooth flounder allocation have been harvested for the year.

Sablefish

A total of 23 tons of Bering Sea sablefish has been harvested to date (97% of the annual quota), of which 15 tons were taken in the 3rd quarter. Nearly 28 tons have been taken in the Aleutian Islands (45% of NSEDC's CDQ allocation), all in the 3rd quarter. Fishing will continue into the 4th quarter.

Halibut

NSEDC's allocation of CDQ halibut, approximately 53,000 pounds, is reserved for regional harvest. A total of 62,190 pounds was harvested in the 3rd quarter, thanks in part to a transfer to NSEDC from CVRF of a little under 10,000 pounds of quota. A total of 37,971 pounds was delivered to Savoonga, and 24,219 to Nome.

Aleutian Islands Golden King Crab

NSEDC's 2014-2015 CDQ allocation of 69,510 pounds of Eastern Aleutian Islands Golden King Crab will be harvested in the 4th quarter.

Bristol Bay Red King Crab

The 2014-15 quota for Bristol Bay red king crab is being set at the time of the writing of this report. This quota will be harvested in the 4th quarter by CVRF.

Bering Sea Opilio (Snow) Crab

The 2014-15 quota for opilio crab is being set at the time of the writing of this report. Some harvest may occur late in the 4th quarter, but most will be taken in the 1st and 2nd quarters of 2015.

Norton Sound Red King Crab

Norton Sound red king crab CDQ fishing took place in the 3rd quarter, during which 28,148 pounds were delivered (all but 562 pounds of the quota). NSEDC is allocated 50% of the quota, and has been successful for several years in transferring in the remaining 50% from YDFDA.

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

Harvest of NSEDC's 577,918 pounds of 2014-15 Eastern Aleutian Islands golden king crab began in the 3rd quarter. The *Patricia Lee* harvested approximately 267,000 pounds in the quarter; the balance will be taken in the 4th quarter.

Western Aleutian Islands Golden King Crab

KDS Inc., NSEDC's wholly owned subsidiary, has been allocated 1,189,644 pounds of golden king crab in the western Aleutian Islands. The *Aleutian No. 1* has been fishing in the west, and deliveries of KDS quota will begin the 4th quarter.

Bristol Bay Red King Crab

Quota for the 2014-15 Bristol Bay red king crab fishery is being set at the time of the writing of this report. Fishing will take place in the 4th quarter.

Bering Sea Opilio (Snow) Crab

Quota for the 2014-15 season are being set at the time of the writing of this report. There may be a little fishing for opilio that occurs towards the end of the 4th quarter, but the bulk of the fishing will take place the 1st and 2nd quarters of 2015.

Sablefish

NSEDC contracts with Wild Alaskan Seafoods (WAS) to harvest sablefish (black cod) IFQs in the Gulf of Alaska. During the 3rd quarter WAS harvested 40,277 pounds of Central Gulf sablefish, for a total of 92,159 pounds for the year. This leaves 37,309 pounds to be harvested in the 4th quarter. A total of 44,457 pounds was taken in the Western Gulf in the 3rd quarter, which represents essentially 100% of NSEDC's quota.

Halibut

NSEDC's entire 2014 allocation of 7,602 pounds of Area 3B halibut (Gulf of Alaska) was harvested in the 3rd quarter by Wild Alaskan Seafoods.

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.

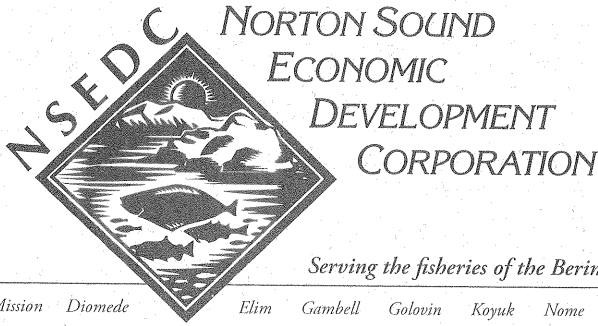
IV. Board of Directors August 11-13 Meeting Minutes (Attachment 1)

ATTACHMENT 1

2014 Second Quarter Meeting Minutes

August 11-13, 2014

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
Second Quarter Board of Directors Meeting
August 12, 2014
BSNC Boardroom
11:00 a.m.**

CALL TO ORDER

NSED C Board Chairman Dan Harrelson called the NSED C 2014 Second Quarter Board Meeting to order at 11:20 a.m. on August 12, 2014.

ROLL CALL

Present at the meeting were Orville Ahkinga, Milton Cheemuk, Joseph Garnie, Daniel Harrelson, Joel James, Frank Katchatag, Wilfred Katcheak, Truman Kava, Elvina Naranjo, Lucy Kitchen, Lillian Olanna, Dean Peterson, Harvey Sookiayak, Donald Stiles, and Oscar Takak Sr.

Staff present were Janis Ivanoff, Tyler Rhodes, Simon Kinneen, Wes Jones, Kevin Keith, Ashley Brown, Paul Ivanoff III, William Johnson, Frank Doty, Josh Osborne, Laureli Kinneen, Kyan Olanna, Rick Walicki, Virginia Nashalook, Kathy Wheelehan, and Jerry Ivanoff. John Eckels of Siu Alaska Corporation was present.

Public present was Eric Osborne.

INVOCATION

Oscar Takak gave the invocation.

APPROVAL OF AGENDA

Wilfred Katcheak made a motion to approve the agenda. Elvina Naranjo seconded the motion. The motion passed.

APPROVAL OF MINUTES

- 1. May 1, 2014**
- 2. June 6, 2014**

Dean Peterson made a motion to approve the NSED C Board Meeting Minutes of May 1, 2014 and June 6, 2014 as a block. Oscar Takak seconded the motion. The motion passed.

PUBLIC COMMENTS

No public comments provided.

CHAIRMAN'S REPORT-Dan Harrelson

NSED C Board Chairman Dan Harrelson gave his report with highlights of our operations. Chairman Harrelson thanked the staff for their efforts.

CEO's REPORT-Janis Ivanoff

NSED C CEO Janis Ivanoff gave the CEO's Report. Janis noted that we passed the \$200 million mark in our net assets.

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

FINANCIALS/INVESTMENT PORTFOLIO

Rick Walicki gave the financials/investment portfolio. Rick noted our investment managers were happy with the performance of our investments. Joel James asked how the investment managers are paid, even if they lose money. Rick explained the fee structure for the portfolio managers.

SIU ALASKA CORPORATION REPORT-John Eckels

1. Glacier Fish Company-executive session

Siu Alaska Corporation CEO John Eckels gave the Siu Alaska Corporation report. John updated the board on the various Siu-related vessels and their progress on harvesting our quotas. The *F/V Pacific Star* has been sold. John also provided updates on activities related to Dutch Harbor Acquisitions and BSAI Partners. Wilfred Katcheak asked whether Siu had the opportunity for greater ownership in Marine Therapeutics. John Eckels replied that they did not. Joel James also asked about our cod liver oil operation.

Oscar Takak made a motion to go into executive session to discuss the Glacier Fish Company report at 11:53 a.m. Frank Katchatag seconded the motion. The motion passed.

Elvina Naranjo made a motion to return to regular session at 12:25 p.m. Harvey Sookiayak seconded the motion. The motion passed.

Lunch break was taken at 12:25 p.m. The meeting reconvened at 12:45 p.m.

MANAGERS' REPORTS

1. Quota Management-Simon Kinneen

Simon Kinneen gave the quota management report. Wilfred Katcheak asked about the upcoming proposal cycle going before the Alaska Board of Fish. Wes Jones provided him an explanation. Chairman Harrelson asked about royalty rate negotiations. Simon provided a brief market summary for the past few years and noted that negotiations would be undertaken soon.

2. Norton Sound Seafood Products-William Johnson

William Johnson turned the floor over to his managers.

a. NNSSP-Josh Osborne

Josh Osborne gave the NNSSP Report going over the crab, bait, halibut, and salmon harvested. Chairman Harrelson noted the fishermen had a good year with Josh getting good comments from our fishermen.

b. SNSSP-Frank Doty

Frank Doty gave the SNSSP Report with the salmon purchased. Frank noted that Karl Erickson has been hired as the Assistant Manager. They are processing twenty-four hours, seven days a week. Chairman Harrelson noted the hurdles and obstacles were overcome at both the northern and southern operations, and that fishermen are happy. They are all doing a great job.

William Johnson noted that the operations of NSSP went very well. Chairman Harrelson noted the north and south operations with the plan to improve the salmon operations next year to be provided at the budget meeting. Chairman Harrelson asked about the comments back from fishermen.

3. Written Reports

- a. Community Benefits Department-Paul Ivanoff**
- b. EET Department-Jerry Ivanoff**
- c. HR Department-Tiffany Martinson**
- d. NSFR&D-Wes Jones**
- e. Vessel Management-William Johnson**

Chairman Harrelson noted the written reports and asked if there were any questions. Chairman Harrelson spoke to NSFR&D counting tower on the Fish River, noting the challenges the crew had getting it set up and the high water which hampered visibility. NSFR&D did a great job and with both towers up, he looks forward to having fish counted accurately on the Fish River. Wes Jones listed his crew members and noted what a good job they did this season.

COMMITTEE REPORTS

1. Executive Committee Report

Chairman Harrelson gave the Executive Committee report.

Oscar Takak made a motion to approve the recommendations of the executive committee report. Dean Peterson seconded the motion. The motion passed.

2. Rules & Bylaws Committee Report

Chairman Stiles gave the Rules and Bylaws committee report.

Don Stiles made a motion to approve the recommendations of the Rules and Bylaws Committee. Milton Cheemuk seconded the motion. The motion passed.

3. Fisheries Development Committee Report

Chairman Takak gave the Fisheries Development Committee report.

Dean Peterson made a motion to approve the recommendations of the Fisheries Development Committee. Frank Katchatag seconded the motion. The motion passed.

4. Scholarship Committee Report

Chairman Naranjo gave the Scholarship Committee report.

5. Finance Committee Report

Chairman Harrelson gave the Finance Committee report.

Don Stiles made a motion to approve the recommendations of the Finance committee. Frank Katchatag seconded the motion. The motion passed.

OLD BUSINESS

Unaatuq Update-executive session

This agenda item did not need to be held in executive session. Janis let the board know that a letter to the members of Unaatuq was sent notifying them of our desire to divest NSEDC's interest. Unaatuq hasn't met since then, nor have we heard from the other members regarding the letter, and she hopes to have more information at the November meeting.

A break was taken at 1:18 p.m. The meeting reconvened at 1:35 p.m.

NEW BUSINESS

1. City of Elim Community Energy Fund Application - \$375,605.64

The application for a meter base replacement project was provided in the board packet. This is the first application Elim has submitted for the Community Energy Funds. Janis Ivanoff clarified the amount listed on the agenda is the total project cost. The total NSEDC funds requested is \$361,123.14.

Frank Katchatag moved, seconded by Wilfred Katcheak, to approve Elim's CEF application for \$361,123.14. The question was called. The motion passed unanimously.

2. Kawerak Cultural Center Request - \$1,500,000

Harvey Sookiayak asked where the funds would come from. Janis Ivanoff said they would come from the operating budget and can be budgeted for 2015. Joe Garnie asked for clarification on who would

administer the funds. Community Benefits Director Paul Ivanoff III noted that the City of Nome will receive and manage the funds along with the other \$17 million they've received for the Richard Foster Building. This \$1.5 million will go towards Kawerak's Cultural Center portion of the building, and Kawerak will lease the area.

Don Stiles moved, seconded by Milton Cheemuk, to approve the request for the Kawerak Cultural Center for \$1,500,000. The question was called. A roll call vote was taken with 12 voting yes, 2 abstaining and 1 no. The motion passed.

3. NSHC Wellness & Training Center Request - \$400,000

Don Stiles stated the region has been pushing for and needs a facility to address drug and alcohol issues.

Don Stiles moved, seconded by Milton Cheemuk, to approve NSHC's Wellness and Training Center Request for \$400,000.

There was discussion regarding other funding sources. \$1.2 million has been secured for the design. Once the design is complete, NSHC will seek building funds from the State of Alaska, Denali Commission and other funding sources. The estimated cost to build is \$18 million. There was discussion about developing program policies for these large infrastructure project funding requests and limiting funding to shovel-ready projects.

The question was called. A roll call vote was taken with 6 voting yes and nine voting no. The motion failed.

Staff will provide draft language at the November meeting for the Large Infrastructure OEF application process.

4. Annual Board Retreat and Training

Janis Ivanoff stated the NPFMC meetings are scheduled the same week that staff proposes the Board meet for the budget review and retreat. The board has the option to depart later if they would like to attend more of the NPFMC meetings. Chairman Harrelson said he would like staff to get a bed bug report for the hotel selected and to ensure that the hotel has a healthy atmosphere.

5. NoBSRAA Regional Processor Representative – Wes Jones

Wes Jones currently serves as the Processor Representative and Kevin Keith is the alternate. Wes Jones clarified that as the sole processor in the Norton Sound region, NSEDC can appoint a representative. If there were other processors in the region, a representative would need to be elected.

Milton Cheemuk moved, seconded by Harvey Sookiayak, to retain Wes Jones as the Regional Processor Representative to the NoBSRAA and Kevin Keith as the alternate. The question was called. The motion passed unanimously.

PUBLIC COMMENTS

There were no public comments.

BOARD COMMENTS

Lucy Kitchen thanked the Board for funding of the fall Lutheran Conference.

Harvey Sookiayak thanked the Board for funding the berm project. Drift wood is being buried then vegetated. Once the berm along the community is done, the berm will be extended to the dump. The berm will be 15 to 20 feet wide.

Dean Peterson thanked the staff. He said it was very busy summer, and the NSSP staff did a great job. He very proudly reported a story of a five-year old girl in Shaktoolik that recognized what NSEDC/NSSP

does for the fishing community. She said her dad is working and her brother is fishing thanks to NSSP buying fish. He added it's nice to have a new vessel with no maintenance issues.

Oscar Takak thanked the board for the Elim CEF funding and said there's always room for improvement but he appreciates how much NSSP operations have improved over the years.

Elvina Naranjo stated the community of Koyuk is appreciative of the funding for the church. The materials have already arrived. She was warned there may be a phase two.

Frank Katchatag thanked staff and board for a well thought-out meeting.

Milton Cheemuk said it is nice to have the *Paul C. Johnson* on board. He suggested, with the cost of living, the board consider increasing the monthly stipend. Chairman Harrelson suggested the board consider it at the December budget meeting.

Joe Garnie stated the community of Teller is very appreciative of the water and septic trucks. The city has also purchased a water storage tank for the public building. The quality of life is greatly improved with these additions.

Lillian Olanna thanked the board on behalf of Clarence Olanna's family. They are grateful for the bereavement donation that will help bring the Wales Choir to Brevig Mission for his service.

Joel James asked if the board would consider holding at least one quarterly meeting at St. Lawrence Island. He thanked the board for the street light funding. He said the only drawback is its cost at \$700 a month.

Orville Ahkinga thanked the board for the opportunity to serve on the Board of Directors. His family has moved to Anchorage so he has turned in his resignation.

Chairman Harrelson thanked the staff and mentioned the funding provided to the Brevig Mission Search and Rescue to help with fuel costs during the search for Clarence Olanna.

ADJOURNMENT

Elvina Naranjo moved, seconded by Harvey Sookiayak, to adjourn the meeting. The meeting adjourned at 2:25 p.m.