

2007 FIRST AND SECOND QUARTER REPORT

January 1 – June 30, 2007



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

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I. Quarterly Highlights

First Quarter

- The NSEDC Board of Directors held their fourth quarter meetings in Nome from January 25-27, 2007.
- NSEDC awarded \$128,013 to eighty-eight residents in scholarships during the first quarter.
- Twenty-four residents of member communities or of nearby communities worked on the *F/V Northern Glacier*, *F/V Pacific Glacier*, *F/V Norton Sound* and the *FV Glacier Bay* earning a total of \$266,021.81 in wages in the first quarter.
- Twelve residents successfully completed the Fisheries Safety Orientation Class in Seward, AK during the first quarter.
- The NSEDC Board of Directors approved \$1,465,344 in financial donations to various regional organizations in the first quarter of 2007.
- NSEDC put on a Fishermen's Fair in Diomedes in March of the first quarter.
- Six communities, Savoonga, Gambell, Diomedes, Teller, Wales, and Brevig Mission, received funding for the installation of a boat ramp. Five of the six communities, Savoonga being the exception, opted to use the funds to purchase heavy equipment in lieu of a boat ramp.
- Alaska Mechanical, Inc. was hired as the general contractor for the NSEDC Nome Cold Storage Upgrade project.
- The Board approved funding the Little Dribblers Program in all 15 member communities & Shishmaref through the NSEDC Substance Abuse and Prevention funds.
- The Fishermen's Communications Improvements Project was completed in the first quarter. The search and rescue groups in each of the fifteen member communities received their equipment in February and the crab fleet received their radios during the 2007 season. A site visit is planned for this winter to check on the condition of the equipment.
- Nineteen participants signed up for the 2007 Bulk Fuel program, ordering 947,000 gallons of Diesel #1 Heating Fuel and 338,978 gallons of Unleaded Gasoline.
- All NSEDC member communities received their 2006 Community Benefit Share, with the exception of Wales receiving theirs on a reimbursable basis.
- NSFR&D successfully advocated for no additional vessel monitoring system requirements, a requirement that would have been very burdensome to Norton Sound

fishing vessels in terms of cost to the fishermen with little or no gain in enforcement ability to National Marine Fisheries Service.

- NSFR&D Staff presented three management issues at the January 31-February 5, 2007 Board of Fisheries meetings: The Port Clarence sockeye fishery, the Fish River coho management and eastern Norton Sound Chinook salmon management. Two of the objectives were achieved, but they were not able to affect the management of the Fish River coho.
- Five internships were sponsored by NSEDC during the first quarter. Internships were sponsored with NSEDC Administration (2), NSFR&D (1), Glacier Fish Company (1), and Native Village of Unalakleet (1).
- NSEDC hired two new Community Development Coordinators in the first quarter. Paul Ivanoff III is responsible for Stebbins, St. Michael, Unalakleet, Shaktoolik, Koyuk, Gambell and Savoonga and Fred Eningowuk is responsible for Elim, Golovin, White Mountain, Nome, Teller, Brevig Mission, Wales, and Diomedea.
- During the first quarter, the seven fishermen that participated in the winter king crab fishery earned a combined \$16,677.00 by delivering 5,592 pounds.

Second Quarter

- The NSEDC Board of Directors held their first quarter meetings in Anchorage from April 4-6, 2007.
- NSEDC awarded \$18,000 to twenty-one residents in scholarships during the second quarter.
- Twenty-four residents of member communities or of nearby communities worked on the *F/V Northern Glacier*, *F/V Pacific Glacier*, *F/V Norton Sound* and the *FV Glacier Bay* earning a total of \$198,329.11 in wages in the second quarter.
- NSFR&D did initial sonar work on the Shaktoolik River as a means to provide accurate management of salmon stocks.
- NSEDC put on Fishermen's Fairs in White Mountain, Shaktoolik, Gambell and Savoonga during the second quarter.
- Six internships were sponsored by NSEDC during the second quarter. Internships were sponsored with NSEDC Administration (1), NSFR&D (3), Glacier Fish Company (1), Alaska Department of Fish & Game (1), and Kawerak, Inc. (1).
- Five fishermen participated in the winter king crab fishery during the second quarter, delivering 1,161 pounds and earning \$3,483.00.
- Seven fishermen participated in the 2007 bait herring fishery and earned a total of \$19,631.70 for delivering a combined 65,439 pounds to the Unalakleet plant, where it was frozen and bagged for delivery to Nome.

- During the second quarter, eight fishermen participated in the CDQ quota fishery, earning a total of \$56,807.50 for delivering 22,273 pounds of crab.
- Construction of the Nome Cold Storage Upgrade (EDA Project) commenced in the second quarter.

A. Outreach

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

- NSEDC Board of Directors held their 2006 fourth quarter meetings in Nome from January 25-27, 2007 at the Bering Straits Native Corporation boardroom; these meetings were open to the public.
- NSEDC Board of Directors notified residents of the 2006 fourth quarter meetings by placing an ad in the Nome Nugget Newspaper.
- NSEDC placed two newspaper advertisements during the first quarter.
- Ten NSEDC employee's traveled to Diomed in March of the first quarter to put on a Fishermen's Fair.
- NSEDC attended community meetings in Teller and Brevig in March to discuss the Port Clarence commercial red salmon fishery.
- NSEDC traveled to Elim in March to participate in a discussion regarding the potential for a 2007 commercial salmon fishery.
- NSEDC has Community Outreach Liaisons in thirteen of our member communities with Community Development Coordinators, Paul Ivanoff III and Fred Eningowuk, serving Unalakleet and Nome, respectively, as well as assisting the other member communities. The NSEDC liaisons are sent informational fliers, applications, and other information to circulate within their communities.
- NSEDC has a web page on the internet (www.nsedc.com) in which constituents can access quarterly reports, newsletters, applications, and information regarding opportunities with NSEDC.

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

- NSEDC Board of Directors held their 2007 first quarter meeting in Anchorage from April 3-5, 2007 at the Westmark Hotel in Anchorage, Alaska; these meetings were open to the public.
- NSEDC Board of Directors notified residents of the 2007 first quarter meetings by placing an ad in the Nome Nugget Newspaper.
- NSEDC placed two newspaper ads during the second quarter.
- Ten NSEDC employees traveled to White Mountain, Shaktoolik, Gambell and Savoonga in the second quarter to put on Fishermen's Fairs.
- NSEDC held a community meeting in Shaktoolik in May to discuss on-going and upcoming projects that are funded or facilitated by NSEDC.
- NSEDC held fishermen's meetings during the week of June 5th in the following communities: Golovin, Elim, Teller, Brevig Mission, Shaktoolik, Unalakleet and Savoonga.
- NSEDC has Community Outreach Liaisons in thirteen of our member communities with Community Development Coordinators, Paul

Ivanoff III and Fred Eningowuk, serving Unalakleet and Nome, respectively, as well as assisting the other member communities. The NSEDC liaisons are sent informational fliers, applications, and other information to circulate within their communities

- NSEDC has a web page on the internet (www.nsedc.com) in which constituents can access quarterly reports, newsletters, applications, and information regarding opportunities with NSEDC

B. Employment

Employment Data Form

Table 1
EMPLOYMENT DATA FORM
June 30, 2007

	Quarter		Year-to-Date	
	People	Wages	People	Wages
Management/Administrative				
NSEDG	7	\$134,115.13	14	\$239,370.13
NSSP	3	\$66,612.15	8	\$122,879.66
Total Management/Administrative	10	\$200,727.28	22	\$362,249.79
CDQ Pollock Related				
A/B Season	23	\$186,205.19	23	\$186,205.19
C/D Season	0	\$0.00	22	\$188,562.79
Total Pollock Related	23	\$186,205.19	45	\$374,767.98
NSSP Employment	25	\$41,743.32	28	\$56,338.74
Other NSEDG Employment				
Skippers, Deckhands, Shoreside, etc.	4	\$4,175.00	5	\$5,135.00
Total Other NSEDG Empl.	4	\$4,175.00	5	\$5,135.00
Other Fishing				
GFC - Longline	1	\$12,123.92	3	\$51,906.64
O/A Norton Sound Winter Red King Crab	0	\$0.00	0	\$0.00
O/A Norton Sound Red King Crab	2	\$297.50	2	\$297.50
NSEDG CDQ Red King Crab	8	\$36,185.00	8	\$36,185.00
YDFDA CDQ Red King Crab	7	\$20,622.50	7	\$20,622.50
Norton Sound Salmon	0	\$0.00	7	\$19,631.70
Norton Sound Herring	7	\$19,631.70	0	\$0.00
NSEDG CDQ Halibut	0	\$0.00	0	\$0.00
Total Other Fishing	25	\$88,860.62	27	\$128,643.34
NSEDG Community Outreach Liaisons	13	\$19,500.00	0	\$39,000.00
Interns				
NSEDG Administration	1	\$6,766.66	3	\$8,209.69
NSEDG Salmon Rehab.	2	\$13,353.50	3	\$21,491.72
Alaska Dept. of Fish & Game	1	\$4,866.77	1	\$4,866.77
Kawerak, Inc.	1	\$745.20	1	\$745.20
Native Village of Unalakleet	0	\$0.00	1	\$4,400.00
City of Koyuk	0	\$0.00	0	\$0.00
Kawerak, Inc. - Unalakleet	0	\$0.00	0	\$0.00
Fisheries Development	1	\$724.50	1	\$724.50
Total Interns	6	\$26,456.63	9	\$39,713.38
GRAND TOTALS	106	\$567,668.04	136	\$1,005,848.23
	NSEDG =	\$184,246.76	NSEDG =	\$323,218.51
	NSSP =	\$185,092.17	NSSP =	\$255,955.10
	Partners =	\$198,329.11	Partners =	\$426,674.62

Employment Summary

First Quarter

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

CDQ Pollock – Glacier Fish Company paid wages to twenty-four residents of NSEDC member communities or nearby communities who were employed aboard the *F/V Northern Glacier* and the *F/V Pacific Glacier* during the quarter.

Community Breakdown:

- 3 employees from Shishmaref
- 5 employees from Stebbins
- 3 employees from Unalakleet
- 3 employees from Anchorage
- 2 employees from Elim
- 2 employees from Nome
- 1 employee from Teller
- 1 employee from Koyuk
- 1 employee from Nulato
- 1 employee from Brevig Mission

NSSP Employment – NSEDC employed 3 employees from Nome during the quarter.

Other NSEDC Employment – One employee from White Mountain was employed during the quarter.

Other Fishing –

Two residents of member communities or of nearby communities were employed aboard the *F/V Norton Sound* & *F/V Glacier Bay* during the quarter.

Community Breakdown:

- 1 employee from Nome
- 1 employee from Elim/Anchorage

Seven fishermen participated in the 2007 Norton Sound winter red king crab fishery during the quarter.

Community Breakdown: 7 fishermen from Nome

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

Community Breakdown:

- 1 liaison from St. Michael
- 1 liaison from Stebbins
- 1 liaison from Shaktoolik
- 1 liaison from Koyuk
- 1 liaison from White Mountain
- 1 liaison from Brevig Mission
- 1 liaison from Teller

1 liaison from Wales
1 liaison from Diomedé
1 liaison from Savoonga
1 liaison from Gambell
1 liaison from Elim
1 liaison from Golovin

Interns – Four internship positions were sponsored by NSEDC during the quarter.

Community Breakdown: 1 intern from White Mountain
2 interns from Nome
1 intern from Unalakleet

Second Quarter

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

CDQ Pollock – Glacier Fish Company paid wages to twenty-four residents of NSEDC member communities or nearby communities who were employed aboard the *F/V Northern Glacier* and the *F/V Pacific Glacier* during the quarter.

Community Breakdown: 2 employees from Shishmaref
4 employees from Stebbins
4 employees from Unalakleet
4 employees from Anchorage
1 employee from Elim
1 employee from Nome
1 employee from Teller
1 employee from Koyuk
1 employee from Brevig Mission
1 employee from St. Michael
1 employee from Kaltag
1 employee from Mountain Village

NSSP Employment – NSEDC employed 25 people in various NSSP operations during the quarter.

Community Breakdown: 9 employees from Nome
1 employee from Savoonga
15 employees from Unalakleet

Other NSEDC Employment – One employee from White Mountain and three employees from Shaktoolik were employed during the quarter.

Other Fishing –two residents of member communities or of nearby communities were employed aboard the *F/V Norton Sound* & *F/V Glacier Bay* during the quarter.

Community Breakdown: 1 employee from Nome
1 employee from Elim/Anchorage

Five fishermen participated in the 2007 winter king crab fishery during the quarter:

Community Breakdown: 5 fishermen from Nome

Eight fishermen participated in the 2007 CDQ Norton Sound red king crab fishery during the quarter.

Community Breakdown: 1 fisherman from White Mountain
6 fishermen from Nome
1 fisherman from Unalakleet

Seven fishermen participated in the 2007 Norton Sound bait Herring fishery during the quarter.

Community Breakdown: 7 fishermen from Unalakleet

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

Community Breakdown: 1 liaison from St. Michael
1 liaison from Stebbins
1 liaison from Shaktoolik
1 liaison from Koyuk
1 liaison from White Mountain
1 liaison from Brevig Mission
1 liaison from Teller
1 liaison from Wales
1 liaison from Diomede
1 liaison from Savoonga
1 liaison from Gambell
1 liaison from Elim
1 liaison from Golovin

Interns – Six internship positions were sponsored by NSEDC during the quarter.

Community Breakdown: 2 intern from White Mountain
4 interns from Nome

Training

Training Data Form

Table 2
TRAINING DATA FORM
January 1 thru March 31, 2007

	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-Secondary	79	\$116,013.00	79	\$116,013.00
Vocational	9	\$12,000.00	9	\$12,000.00
Voc-Tech				
Basic				
Advanced				
Other Training				
Fisheries Related	12	\$32,469.00	12	\$32,842.67
Student Loans				
CDQ Staff				
CDQ Board				
Other				
Other Expenditures				
To Education Institute				
Education Endowment				
TOTAL	100	\$160,482.00	100	\$160,855.67

April 1 thru June 30, 2007

	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-Secondary	3	\$3,000.00	82	\$119,013.00
Vocational	9	\$15,000.00	18	\$27,000.00
Voc-Tech				
Basic				
Advanced				
Other Training				
Fisheries Related	9	\$37,931.47	21	\$32,842.67
Student Loans				
CDQ Staff				
CDQ Board				
Other				
Other Expenditures				
To Education Institute				
Education Endowment				
TOTAL	21	\$55,931.47	121	\$216,413.47

Training Summary

First Quarter—Eighty-eight students received funding the in 1st Quarter: Seventy-nine received funding for post-secondary and nine received funding for vocational education. Twenty trainees were given the opportunity to attend the Fisheries Safety Orientation Class in March 2007, with twelve successfully completing the course.

Second Quarter—Twenty-one students received funding in the 2nd Quarter: Nine received funding for post-secondary and twelve received funding for vocational education. A Fisheries Safety Orientation Class did not take place..

II. Administration

A. Board Activities

Board of Director Meetings

First Quarter

The NSEDC Board of Directors held their 2006 fourth quarter meetings in Nome from January 25-27, 2006.

The NSEDC Finance Committee held a meeting in Anchorage on February 26, 2007.

The NSEDC Compensation Committee met in Anchorage on February 28, 2007.

The NSEDC Executive Committee met in Anchorage on February 28, 2007.

Second Quarter

The NSEDC Board of Directors held their 2007 first quarter meetings in Nome from April 3-5, 2007.

The NSSP Working Group met in Nome on April 24, 2007

The NSEDC Board of Directors held a teleconference on May 24, 2007.

Substantial Decisions

First Quarter

A number of items and proposals were reviewed and approved by the NSEDC Board of Directors during the first quarter including: the decision to purchase additional interest in Norton Sound Ventures, approval of thirty financial

donation requests in the amount of \$1,465,344, approval to hire a Human Resources Director due to the changing needs of the organization, promotion of Josh Osborne to NSSP General Manager, appointment of Eugene Asicksik and Simon Kinneen as representatives to the Western Alaska Community Development Association (WACDA), an increase in the loan amount for large vessels to \$100,000, reduction of the large vessel loan interest rate to 2%, an update to investments and investment policies, and an increase in the scholarship amount from \$1,500 to \$2,000.

Second Quarter

A number of items were approved the by the NSEDC Board of Directors during the second quarter including: negotiations to dissolve Norton Sound Ventures, engagement of KeyBanc Capital Markets, Inc. to develop a valuation analysis of Glacier Fish Company, and relief of the Chief Financial Officer, Chris Cook, from his duties

Board Meeting Minutes

First Quarter—please see Attachment 17

Second Quarter—please see Attachment 18

III. Harvesting Report

CDQ Harvest Activities

During the first quarter, NSEDC directed CDQ fishing for Pollock, Pacific cod and opilio crab in the Bering Sea.

Pollock

Using the *F/V Pacific Glacier* and *F/V Northern Glacier*, NSEDC harvested 11,334 metric tons of CDQ pollock during the first quarter in the A season. Prices were slightly lower for roe and other products while roe recovery was good.

Pacific Cod

NSEDC harvested about 1,229 metric tons of CDQ Pacific cod in the first quarter during A season using the *F/V Norton Sound* and *F/V Glacier Bay*. Approximately 74 metric tons of the CDQ cod A season quota for the directed fishery was not harvested and was rolled over to B season.

Atka Mackerel/Pacific Ocean Perch

NSEDC did not have a directed harvest of CDQ Atka Mackerel and Pacific Ocean Perch in the BSAI during the first quarter.

Yellowfin Sole and Rock Sole

There was no directed harvest of CDQ yellowfin sole and CDQ rock sole in the BSAI during the first quarter.

Greenland Turbot

There was no directed harvest of CDQ Greenland turbot in the BSAI during the first quarter. CDQ turbot allocations are being used for bycatch allowances only.

Sablefish

There was no directed harvest of CDQ sablefish in the BSAI during the first quarter. The sablefish fishery was opened on March 10.

Halibut

There was no directed harvest of CDQ halibut in IPHC Area 4D during the first quarter. The halibut fishery was opened on March 10. NSEDC allocated 70,000 pounds of the CDQ halibut allocation to *F/V Glacier Bay* for harvest. The remaining 97,985 pounds of the CDQ halibut allocation will be available for the local in-region fishery and a clean-up fishery at the end of the season as needed.

Bering Sea Opilio Crab

NSEDC harvested 264,095 pounds of CDQ opilio in the Bering Sea during the first quarter. Roughly 294,000 pounds of the quota remained at the end of the first quarter. *F/V Ocean Olympic* harvested 179,095 pounds of CDQ opilio. Dead loss was about 1.9% of the total delivery and 169 pounds of the quota was not harvested. The *F/V North Sea* harvested 85,000 pounds of CDQ opilio with a 1% dead loss rate. *F/V Baranof* harvested a portion of the opilio quota in late December of 2006 and the remaining amount of allocated quota. The initial ex-vessel prices paid to *F/V North Sea* and *F/V Ocean Olympic* were \$1.50 per pound while product values were ranging between \$4.00 and \$4.50 per pound.

Norton Sound Red King Crab-2006

There was no directed harvest of CDQ red king crab in the Norton Sound fishery during the first quarter.

Bristol Bay Red King Crab—2006/07

There was no directed harvest of CDQ red king crab in the Bristol Bay fishery during the first quarter.

Eastern Aleutian Islands Golden King Crab—2006/07

There was no directed harvest of CDQ golden king crab in the eastern Aleutian Islands fishery during the first quarter.

Bering Sea Bairdi Crab—2006/07

There was no harvest of CDQ bairdi crab in the Bering Sea during the first quarter. *F/V Baranof* harvested their allowance in the last part of the fourth quarter and harvested the eastern quota. *F/V Tempo Sea* harvested the western and eastern district quota

During the fourth quarter, NSEDC directed CDQ target fisheries for pollock, Pacific cod, Atka mackerel and Pacific Ocean perch, halibut in Area 4D and 4E, and Bering Sea opilio crab, Bristol Bay red king crab, bairdi crab in the western district, and golden king crab in the Eastern Aleutian Islands.

IFQ Harvest Activities

During the first quarter, NSEDC did not conduct fishing operations for individual fishing quotas (IFQ) for halibut, sablefish and crab.

Sablefish

There was no directed harvest of IFQ sablefish in the BSAI and GOA during the first quarter. The sablefish fishery was opened on March 10.

Halibut

There was no directed harvested of IFQ halibut in IPHC Area 3B during the first quarter. The halibut fishery was opened on March 10.

Crab—2006/07

The *Baranof* harvested a portion of the opilio IFQ in late December of 2006 and harvested the remaining amount of IFQ during the first quarter.

CDQ Crab Processing and Sales Activities

NSEDC entered into an agreement with Royal Aleutian Seafoods/ Bering Sea Partners in a joint venture arrangement in the processing and sales of CDQ crab for 2007. There were no sales of CDQ crab product during the quarter.

Final 2007 CDQ Allocations

National Marine Fisheries Service (NMFS) has revised the CDQ allocations for 2007 since last reported per final regulations. In addition to squid, other species, northern, shorttracker and rougheye rockfish which were removed from individual CDQ group allocation in previous years, Bering Sea Pacific Ocean Perch, other rockfish in the Bering Sea and Aleutian Islands, and now Greenland turbot in the AI, BSAI other flatfish and Alaska plaice have been removed from allocation. On the other hand, trawl sablefish in the BS and AI have now been added back in for allocation.

Second Quarter

CDQ Harvest Activities

During the second quarter, NSEDC conducted CDQ target fisheries in the BSAI for Pollock, Pacific cod, Atka Mackerel/Pacific Ocean Perch, sablefish, yellowfin sole and rock sole, opilio crab and red king crab in Norton Sound.

Pollock

NSEDC harvested 6,278 metric tons of CDQ Pollock in the Bering Sea using the *F/V Pacific Glacier* and *F/V Northern Glacier* during the second quarter after the opening of the Pollock B season starting on June 10. Both pollock vessels are fishing for CDQ in combination with PCC-allocated pollock.

Pacific Cod

NSEDC harvested 342 metric tons of Pacific cod in directed CDQ fishing operations in the Bering Sea and Aleutian Islands during the second quarter using the *F/V Norton Sound* and *F/V Glacier Bay*. This harvest was taken after the opening of the cod B season in ten days of fishing at the end of June. Both longline vessels are now fishing for Greenland turbot in the Bering Sea open access fishery and IFQ sablefish in conjunction with CDQ cod.

Atka Mackerel/Pacific Ocean Perch

NSEDC harvested about 141 metric tons of CDQ Atka Mackerel and about 27 metric tons of Pacific Ocean Perch in Regulatory Area 541 of the Aleutian Islands during the second during the second quarter using the *F/V Seafreeze Alaska*, managed by United States Seafoods, LLC. The *Seafreeze Alaska* harvested this quota in five days of fishing at the end of June. CDQ fishing operations for Alaska Mackerel and Pacific Ocean Perch will resume in late September or early October.

Yellowfin Sole and Rock Sole

NSEDC harvested 560 metric tons of CDQ yellowfin and 90 metric tons of rock sole in the Bering Sea during directed fishing operations during the second quarter. The *F/V Seafreeze Alaska* undertook these CDQ fishing operations in 9 days at the end of April. These CDQ fisheries will probably resume during the third quarter as time allows.

Greenland Turbot

There was no directed harvest of CDQ Greenland turbot in the BSAI during the second quarter and for the year. CDQ turbot allocations are being used for by-catch allowances only.

Sablefish

NSEDC harvested 59 metric tons of CDQ sablefish in the Aleutian Islands during the quarter working with the *F/V Sea Venture*, a pot catcher-processor. Fishing has been slow and therefore we transferred 35 metric tons of AI sablefish CDQ to Yukon Delta Fisheries Development Association for harvest by the *F/V Aleutian Spray*. NSEDC had previously transferred 53 metric tons of BS sablefish CDQ to Yukon Delta for harvest by the *F/V Lisa Marie*. A report of harvest has not yet been received from Yukon Delta although fishing is currently underway.

Halibut

There was no harvest of halibut CDQ in Area 4D during the second quarter.

Bering Sea Opilio Crab

NSEDC harvested the remaining CDQ opilio crab during the second quarter using the catcher-processor *F/V Baranof*. NSEDC harvested the entire quota of 658,188 pounds for the year. The final ex-vessel price offered RAS/UniSea to the *North Sea* and *Ocean Olympic* was \$1.62 per pound while product values for *Baranof* were ranging between \$4.00 and \$4.50 per pound.

Norton Sound Red King Crab

NSEDC harvested 23,611 pounds of CDQ red king crab in Norton Sound during the second quarter working with eight local fishing boats delivering to the Norton Sound Seafood Center in Nome. Only 14 pounds of the combined NSEDC and Yukon Delta allocation was not harvested.

Bristol Bay Red King Crab

There was no directed harvest of CDQ red king crab in the Bristol Bay fishery during the second quarter.

Eastern Aleutian Islands Golden King Crab

There was no harvest of CDQ EAI golden king crab during the second quarter.

St. Matthew Blue King Crab

This commercial crab fishery is closed again to open access and CDQ harvest in 2006/07.

Bering Sea Bairdi Crab

There was no harvest of CDQ bairdi during the second quarter.

Compliance/Enforcement Issues

To the best of our knowledge, the vessels under contract to NSEDC operated in compliance with applicable federal and state laws and regulations governing the fisheries in the Bering Sea and Aleutian Islands while conducting CDQ harvesting operations on behalf of NSEDC. There was no vessel or fishing violations, illegal activities and/or fines or penalties reported against these vessels.

Other Related Management Items

CDQ Transfers

CDQ transfers to and from other CDQ groups that were submitted to NMFS and approved during the second quarter are listed below. CDQ transfers no longer require the amendment of the CDP.

- CDQ Transfer: NSEDC transferred 35 metric tons of annual CDQ of AI FG sablefish to YDFDA for harvest by *Aleutian Spray*. Transfer approved by NMFS on June 8, 2007.

IFQ Harvest Activities

During the second quarter, NSEDC managed fishing operations for individual fishing quotas in the sablefish fishery in the BSAI and GOA, and opilio crab fishery.

Sablefish

NSEDC harvested 244,948 pounds of IFQ sablefish during the second quarter. The *F/V Norton Sound* harvested 60,844 pounds of sablefish in the Aleutian Islands in May and June while fishing for open access Greenland turbot and CDQ cod. The *F/V Glacier Bay* took 6,343 pounds in the Bering Sea while fishing for alternatively Greenland turbot and cod. The *F/V Clipper Express* harvested 73,000 pounds of IFQ in the Western Gulf, and 53,000 in the Central

Gulf while targeting sablefish in the Central Gulf. Fishing operations are currently underway for the remainder of the quota.

Halibut

There was no harvest of halibut IFQ in Area 3B during the second quarter.

Crab

NSEDC harvested the remaining IFQ opilio during the second quarter using the catcher-processor the *F/V Baranof*. NSEDC harvested the entire quota of 114, 221 pounds for the year.

CDQ Crab Custom Processing and Sales Activities

There was no crab custom processing activity during the second quarter

IV. Confidential Issues

A. Financial Statements

NSEDC Statement of Financial Position First Quarter (Attachment 1)
NSEDC Statement of Activities First Quarter (Attachment 2)
NSEDC Administrative Expenses Schedule First Quarter (Attachment 3)
NSEDC Budget to Actual First Quarter (Attachment 4)
NSEDC Species Royalty Analysis First Quarter (Attachment 5)
NSEDC Statement of Financial Position Second Quarter (Attachment 6)
NSEDC Statement of Activities Second Quarter (Attachment 7)
NSEDC Administrative Expenses Schedule Second Quarter (Attachment 8)
NSEDC Budget to Actual Second Quarter (Attachment 9)
NSEDC Species Royalty Analysis Second Quarter (Attachment 10)
Glacier Fish Company Report
 First Quarter Balance Sheet (Attachment 11)
 First Quarter Income Statement (Attachment 12)
 First Quarter Statement of Cash Flows (Attachment 13)
 Second Quarter Balance Sheet (Attachment 14)
 Second Quarter Income Statement (Attachment 15)
 Second Quarter Statement of Cash Flows (Attachment 16)



FILE COPY

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

**Norton Sound Economic Development Corporation
2006 Fourth Quarter Board of Directors' Meeting
BSNC Boardroom, Nome, Alaska 99762
January 25, 2007
1:00 PM**

A. CALL TO ORDER

Chairman Dan Harrelson called the meeting to order at 1:10 p.m.

B. SWEARING IN OF WALES REPRESENTATIVE

Board Member replacing Luther Komonaseak of Wales, Frank Oxereok was sworn in. There is a letter from the community of Wales stating that they have appointed Mr. Oxereok as their representative.

C. ROLL CALL

The roll call was taken. Those present were Dan Harrelson, Don Stiles, Dean Peterson, Harvey Sookiayak, Joe Garnie, Mary Menadelook, Walter Seetot, Paul Johnson, Elvina Naranjo, Wilfred Katcheak, Gilbert Ungott, Victor Joe, Charles Saccheus Sr. and Frank Oxereok. Sam Mokiyyuk was not present, his absence was not excused. Staff included Eugene Asicksik, Janis Ivanoff, Katie Peterson, Richard Ferry, Josh Osborne and Carol Charles. Public present were Rob Wood, Tim Smith, Paul Korchin, Steve Reiger, Robin Thomas and Phil Pryzmont.

D. APPROVAL OF AGENDA

Chairman Harrelson read the agenda as written. Don Stiles reminded the board that Joe Garnie and Wilfred Katcheak were appointed to the Executive Committee until the appointment of the Wales Representative so that the full board can vote. Chairman Harrelson added to the agenda under Old Business, item #2 Executive Committee Seat Selection. Don Stiles stated that he would like to add under New Business, Other in the event that something should come up during the meeting.

Paul Johnson made a motion to approve the agenda as amended, second by Harvey Sookiayak. Motion approved unanimously.

E. APPROVAL OF MINUTES

"NSED C will participate in and encourage the clean harvest of all Bering Sea fisheries to promote and provide economic development through education, employment, training and financial assistance to member communities and Western Alaska, while protecting subsistence resources"

Harvey Sookiayak made a motion to approve the minutes of October 18 & 19, 2006 and the minutes of November 29, 2006 as a block, seconded by Elvina Naranjo. The motion passed unanimously.

F. CEO'S REPORT – Eugene Asicksik

Eugene Asicksik summarized his report. Twenty-two (22) applications were received for the three (3) NSEDC Community Development Specialist Positions, three (3) applications were received for the NSSP General Manager and there were no applications received for the Norton Sound Investment Manager. Paul Ivanoff and Fred Eningowuk were hired as Community Development Specialists and Josh Osborne was hired as the NSSP General Manager.

Eugene had a meeting with Glacier Fish Company, on January 8, 2007, to discuss the distributions. A distribution was made so that the partners can address their income taxes for the year.

Eugene, Dan Harrelson, Chris Cook, and Jon Zuck attended a meeting in Seattle to discuss Norton Sound Ventures. Recommendations by staff and committees will be brought forward later in the meeting.

No real CDQ issues were discussed at the North Pacific Fisheries Management Council. Simon Kinneen serves as a representative on the advisory board.

Wanetta Ayers name was given as a recommendation for the WADCA Executive Director. They are focusing on the implementation of the U.S. Coast Guard Bill. No proposals have been given on the implementation process or oversight of the U. S. Coast Guard Bill.

Chairman Harrelson asked about the NSSP working group meeting. Eugene stated that once Josh Osborne begins his new job as NSSP General Manager he would bring all of the NSSP workers together to have a working group meeting/workshop.

G. PUBLIC COMMENTS

Louie Green addressed the board regarding his candidacy for the up coming election for the Nome Seat on the NSEDC Board. He thanked the board for allowing him to speak at the meeting and he's looking forward to a clean and fair election. He is interested in being on the NSEDC Board, as he has had previous board experience on other boards. He thanked the board for their time. Chairman Harrelson thanked Mr. Green for his comments. He also stated that he appreciates the patience that Nome has had throughout this election process.

H. FINANCIALS/INVESTMENT PORTFOLIO – Chris Cook

Chris Cook read aloud the NSEDC Financials/Investment Portfolio. There were no questions of Chris regarding the financials.

I. MANAGERS REPORTS

1. NSIC – Eugene Asicksik

a. Glacier Fish Company LLC

Rob Wood stated that 2006 was a record year for production and revenue. It was also a record year for costs due to cost structure escalation including crew compensation, CDQ cost, freight and fuel. The vessels are in need of repair and can cost up to \$4 million in repairs due to the age of the boats. Mr. Wood suggested replacing the F/T Northern and F/T Pacific Glacier Boats. Due to the age of the boats it is costing more to repair and run them then it would a newer boat. Chairman Harrelson asked Mr. Wood how the reduction of the amount of fish that is caught and processed would affect NSEDC in the future. Mr. Wood stated there was about a 6% reduction in the amount of Pollock caught this year. Rob estimates at least one less trip this Pollock Season compared to last year and possibly one to two fewer trips the year after. Based on surveys, the biomass of fish is shrinking. Depending on the market, NSEDC may lose or gain revenue in the future. There is a possibility that, if less fish is caught, the price of the fish will go up and we may actually fish less and make the same amount. It all depends on the market. However, the Russians are rapidly beginning to fish their stock, which may reduce the amount of fish caught by Glacier Fish Company in the future.

b. Norton Sound Venture LLC

Eugene Asicksik again stated that no applications were received for the Norton Sound Investment Manager Position. Chairman Harrelson reminded the board about their previous discussions regarding Robert Carlton's Interest in selling his portion of Norton Sound Ventures. When Steve Reiger was contracted with NSEDC, he was familiar with the agreement between NSEDC and Robert Carlton. Therefore, Steve was rehired to get the board up to speed on the information regarding this issue and help NSEDC and Mr. Carlton move forward. Thus, Steve Reiger was hired a couple weeks ago, in a possible one-month contract, to bring everyone up to speed regarding this issue. Chairman Harrelson asked Steve to share with the board.

Paul Johnson made a motion to go into executive session, with staff present, to discuss the situation for confidentiality reasons because an individual, Robert Carlton, was going to be discussed. Harvey Sookiayak seconded motion. The motion passed. The Board went into executive session at 1:42 p.m. Harvey Sookiayak made a motion to come out of executive session at 1:55 pm, seconded by Don Stiles. The motion passed.

Dean Peterson made a motion to ratify executive committee action to purchase Robert Carlton's Portion of Norton Sound Ventures for \$1.75 million, seconded by Don Stiles. The motion carried unanimously.

BREAK FROM 1:58 PM – 2:08 PM

After the break, Chairman Harrelson stated that some of the board members would like to finish the meeting today due to the storm that is on its way up the Norton Sound Region. Some board members would like to charter home this evening before the storm hits. We will try to complete the meeting before 4:30 p.m., if possible.

2. CDQ Harvest Management – Jon Zuck

Eugene Asicksik stated that Jon Zuck is not at the meeting due to medical reasons. His report is in the board packet. Chairman Harrelson asked the board to read Jon's Report and, if anyone had any questions, they can be directed to Eugene. Chairman Harrelson asked if there were any problems with the harvests this year. Eugene stated that the only problems that he has seen has been the decline in the harvest of halibut (the lowest in the last 6 years), but the increased harvest of crab made up for it. Chairman Harrelson asked if there were any major changes for 2007. Eugene reiterated Rob Woods' Concern about the decrease in Pollock. Chairman Harrelson wished that Jon were here to answer questions. He said that he receives several phone calls about people who would like to contract with NSEDC to harvest other species that are in the Norton Sound or elsewhere in Alaska. Chairman Harrelson wondered what the process is to help those fishermen who are interested in harvesting other species. Eugene stated that it is open, however he would like those fisheries to be available to local fisherman, in the Norton Sound Region, to harvest at no cost to them, but if any individual(s) is interested in harvesting and selling, NSEDC could work with them.

3. Written Reports

a. Jerry Ivanoff – EET Coordinator

There were no questions of Jerry's Report.

b. Janis Ivanoff – Community Benefits Director

There were no questions of Janis's Report.

c. Simon Kinneen – Fisheries Research & Development Director

There were no questions of Simon's Report.

d. Tom Maguire – NSSP

Eugene Asicksik stated that he introduced Josh Osborne at the new NSSP General Manager and asked him to say a few words to the board. Josh thanked the board for the opportunity to become the NSSP General Manager and will do the best that he can while in his position. He has plans to get all of the NSSP Staff together from Unalakleet, Savoonga, Nome and Shaktoolik to discuss the future work schedule of NSSP.

Don Stiles stated that he would like assurance from Josh that all fisherman will feel safe at the NSSP Plant and not feel threatened by other fisherman. Josh assured Don that he would do the best job he can to keep things civil in the plant or fisherman rest areas. Josh stated that he understands that certain fisherman do have their issues, but he will let them know that the fish plant is not the place to argue or fight. He feels that there has not been a huge issue with fisherman inappropriately handling themselves at the plant or rest areas. Chairman Harrelson thanked Josh for applying and taking the job as NSSP General Manager. Chairman Harrelson encouraged Josh to seek help if he feels that he cannot handle a situation. He asked him to bring his concerns to Eugene, who will then bring them to the board. The board will do the best that they can to help him. Josh invited all of the board members, who are interested in seeing the plants, to come on over and take a look at how they are run and meet the work crews.

Eugene reminded the board that they had requested stability tests on the F/V Golovin Bay vessel. He asked Rich Ferry to give his report on the outcome of the stability tests. Rich did a stability test on the F/V Golovin Bay and found the following: The F/V Golovin Bay is 38' long and 16' wide. The boats were designed to go into the river systems. It was designed to hold a maximum of 30,000 pounds and built in 1997. He found that, when water is hauled, it reduces the stability of the boat. He proposed that NSEDC redesigns the boat, sells it, or doesn't carry water in the causeway. Don Stiles stated that the NSEDC Board had directed staff in the October Meeting to sell the boat and purchase a new boat, a more stable boat to haul salmon. Rich stated that it was also a board directive to have a stability report given to the board, which is now being given.

Eugene stated that there was also a request to have an ice machine in Shaktoolik. Rich stated the cost to put a model 10 ice machine in Shaktoolik would cost anywhere from \$70,000 - \$100,000. Eugene stated the cost would be just over \$94,000 to install a much-needed ice machine in Shaktoolik. Rich stated that there is a van in Unalakleet that was purchased several years ago, which can be used to house the ice machine. He also stated that fisherman in Koyuk and Elim have expressed interest in commercial fishing. Don Stiles stated that there was also a board directive to purchase a larger tender in order to tender salmon. Eugene stated that the word has been put out there that NSEDC is in need of a larger tender, and the request has not been ignored. Paul Johnson stated that the staff should decide, before the upcoming salmon season, when and where to purchase or sale boats, ice machines or other items needed before the start of the next season.

Elvina Naranjo thanked NSEDC for the Bulk Fuel Program. The community of Koyuk is very thankful for the program and hopes that it will continue. Janis Ivanoff explained the NSEDC Bulk Fuel Program and how it is run. She stated that NSEDC is not yet set up to collect monthly payments from the villages. However, in speaking with Chris Cook, it is possible to set up the program to continue collecting payments as it has in the past. Janis worries that NSEDC, in the event that someone gets behind in payments, will have to begin a collections process, which they don't want to get into. All of the villages participating in the program are not behind on their monthly payments. Paul Johnson expressed his feelings about the program. He felt that this program is really helping the villages in the region and NSEDC should work with the villages to make this program a success, especially if the villages are maintaining their monthly payments. Chairman Harrelson suggested contacting the villages, who are interested in the program, and deciding which villages are capable of keeping up with payments and working with them, with the understanding that there are villages who have had problems keeping up with grant and other programs.

e. Kathy Wheelehan – Liaison Report Summaries

There were not questions of Kathy's Report.

Marilyn Koezuna-Irelan and Alice Rogoff-Rubenstein joined the meeting at 2:36pm.

COMMITTEE REPORTS

1. Funding Allocation Committee Report

Chairman Harrelson summarized the Funding Allocation Committee Report.

Don Stiles made a motion to approve the NSEDC Funding Allocation Committee Minutes, seconded by Frank Oxereok. The motion passed unanimously.

2. Executive Committee Report

Chairman Harrelson summarized the NSEDC Executive Committee Report. He read line by line the proposals and amounts that were funded to each organization. Chairman Harrelson stated that there is a proposal that was taken off of the list, one of two proposals given to NSEDC by the Nome Native Arts Council. It was suggested and agreed upon that they be funded \$1.75 million dollars, same amount allocated to them in 2006.

Don Stiles made a motion to fully fund the Native Village of Shaktoolik in the amount of \$55,456 as previously requested to upgrade their Shaktoolik Youth and Elders Cabins, second by Paul Johnson. The motion passed unanimously.

Harvey Sookiayak made a motion to approve the NSEDC Executive Committee Report with all its recommendations, seconded by Elvina Naranjo. Motion passed unanimously.

Paul Johnson asked if anyone on the board had any suggestion as to how the unspent funds should be spent. There were no suggestions or questions.

Break from 3:13 p.m. – 3.23 p.m.

3. Scholarship Committee Report

Chairman Harrelson skipped to the NSEDC Scholarship Committee report. Walter Seetot, NSEDC Scholarship Committee Chairman, gave the report. The NSEDC Scholarship Committee recommended that the scholarship be raised from \$1500.00 to \$2000.00 per semester.

Don Stiles made a motion to approve the NSEDC Scholarship Committee Report with the recommendations, second by Harvey Sookiayak. The motion passed unanimously.

Chairman Harrelson gave Marilyn Koezuna-Irelan and Alice Rogoff-Rubenstein the opportunity to speak. They were both very thankful for the funding that was allocated to their enterprise, the Nome Native Arts Council.

4. Fisheries Development Committee Meeting

Chairman Harrelson summarized the minutes of the NSEDC Fisheries Development Committee Meeting.

Elvina Naranjo made a motion approve the minutes of the NSEDC Fisheries Development Committee Meeting with the recommendations to fund the five (5)

proposals as proposed in the minutes, seconded by Paul Johnson. The motion passed unanimously.

5. Rules, Regulations & Bylaws Committee Report

The minutes for the NSEDC Rules, Regulations & Bylaws Committee Meeting were not yet completed. The board tabled the minutes until the next meeting.

6. Finance Committee

Paul Johnson read the minutes of the NSEDC Finance Committee meeting.

Paul Johnson made a motion, as stated in minutes, to recommend to the full NSEDC Board that the NSEDC Education Endowment Funds be maintained at Key Bank. Wells Fargo would be used for working capital and general banking. The NSEDC Investments managed by UBS Financial Services and Schwab starting out at approximately \$28 million each, seconded by Elvina Naranjo. Paul informed the board as to what the recommendation meant with no questions from the board. The motion passed unanimously.

Paul Johnson made a motion to approve the NSEDC Finance Committee Minutes as amended with recommendations, seconded by Harvey Sookiayak. The motion passed unanimously.

7. Compensation Review Committee

The minutes for the NSEDC Compensation Review Committee Meeting were not yet completed. The board tabled the minutes until the next meeting.

OLD BUSINESS

1. CDQ Group Panel

a. Resolution to appoint representatives to WACDA

Eugene Asicksik informed the board that Western Alaska Community Development Association (WACDA) needs a signed resolution to appoint each of their representatives. A sample resolution was give to Eugene, who gave it to Margaret Russell, legal counsel, to decide if changes should be made. The resolution brought before the board differs from the one in the board packet, as legal counsel has amended it.

Paul Johnson made a motion to approve the WACDA resolution stating the following:

RESOLVED that the Board of Directors of Norton Sound Economic Development Corporation appoints Eugene Asicksik as its Authorized Representative and Simon Kinneen as its Alternate Authorized Representative to the Western Alaska Community Development Association.

The motion was seconded by Don Stiles. The motion passed unanimously.

Don Stiles reminded the board that they needed to vote on whom would sit on the NSEDC Executive Committee now that a Wales Representative has been appointed.

Wilfred Katcheak made a motion to go into executive session at 3:59 p.m., seconded by Harvey Sookiayak. The motion passed. Paul Johnson made a motion to come out of executive session at 4:08 p.m., seconded by Don Stiles. The motion passed.

Chairman Harrelson informed the staff and public that there were six (6) votes for Wilfred Katcheak and eight (8) votes for Joe Garnie to be placed on the NSEDC Executive Committee.

NEW BUSINESS

1. 2006 Community Benefits Share

Janis Ivanoff, NSEDC Community Benefits Director, gave her report. Letters were sent to the fifteen (15) villages informing them that they will be receiving \$100,000 dollars this year.

2. Norton Sound Seafood's Brochure and Logos

Chris Cook asked that the board take a look at the logos, in their board packet, that have been designed for NSSP. Paul Johnson felt that the word "Products" should be placed on the logos, hence the meaning of the acronym for NSSP, Norton Sound Seafood Products. Chris said that these were just examples and changes could be made if necessary. Don Stiles suggested having the fifteen (15) communities participate in a logo contest. Eugene Asicksik stated that the original NSEDC Logo was the result of a school logo contest.

Don Stiles made a motion to go into executive session, excusing all staff and public, at 4:15 p.m., seconded by Harvey Sookiayak. The motion passed. Don Stiles made a motion to come out of executive session at 4:45 p.m., seconded by Harvey Sookiayak. The motion passed.

ADJOURNMENT

Don Stiles made a motion to adjourn, seconded by Harvey Sookiayak. The motion passed. The NSEDC 2006 Fourth Quarter Board of Directors meeting adjourned at 4:46 p.m.

Dan Harrelson, NSEDC Board Chairman

Carol G. Charles for Jerry Ivanoff, NSEDC Corporate Secretary

Date

ATTACHMENT 18

NSEDC SECOND QUARTER
BOARD MEETING MINUTES



DRAFT

Serving the fisheries of the Bering Strait Region

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

**Norton Sound Economic Development Corporation
First Quarter Board of Directors' Meeting
Westmark Hotel Penthouse
Anchorage, Alaska
April 5 & 6, 2007
1:00 P.M.**

CALL TO ORDER

NSED Board Chairman and Corporate President Dan Harrelson called the NSED First Quarter Board of Directors' Meeting to order at 1:00 P.M.

ROLL CALL

The roll call was taken. Present at the meeting were Dan Harrelson, Don Stiles, Dean Peterson, Gilbert Ungott, Harvey Sookiayak, Joe Garnie, Mary Menadelook, Walter Seetot, Frank Oxereok, Paul Johnson, Elvina Naranjo, Wilfred Katcheak, Victor Joe, and Charles Saccheus Sr. Absent and excused was Sam Mokiyyuk. Staff, who were present, were Eugene Asicksik, Janis Ivanoff, Simon Kinneen, Kathy Wheelehan, Chris Cook, Josh Osborne, Rich Ferry, Charlie Lean, Carol Charles, and Jerry Ivanoff. Public present was Rob Wood of Glacier Fish Company, Juanita Stram, Dr. Lilly Lou, Lynne Gallant, Mary Stackhouse, and Kraig Haver of the Alaska Providence Medical Center Neo-natal Intensive Care Unit.

APPROVAL OF AGENDA

Eugene Asicksik added executive session after committee reports. Dan Harrelson moved public comments after the swearing in of the Nome Representative. Elvina Naranjo made a motion to approve the agenda, as amended. Dean Peterson seconded the motion. The motion passed.

SWEARING IN OF NOME'S REPRESENTATIVE

NSED Chief Executive Officer, Eugene Asicksik, swore in the NSED Nome Representative, Don Stiles.

PUBLIC COMMENTS

Juanita Stram was given an opportunity to address the board thanking them for the new Traulsen Freezer for the Alaska Providence Medical Center Newborn Intensive Care Unit. Lynne Gallant presented the NSED Board of Directors with a plaque

"NSED will participate in and encourage the clean harvest of all Bering Sea fisheries to promote and provide economic development through education, employment, training and financial assistance to member communities and Western Alaska, while protecting subsistence resources"

for the NSEDC Central Office in Anchorage thanking them for the freezer. Dr. Lilly Lou presented the NSEDC Board of Directors and Jerry Ivanoff a plaque thanking them for the freezer, which is a blessing to the staff and mothers of the premature babies in the NICU of Alaska Providence Medical Central.

APPROVAL OF MINUTES

January 25, 2007

Harvey Sookiayak made a motion to approve the NSEDC Board of Directors' Meeting Minutes of January 25, 2007. Dean Peterson seconded the motion. The motion passed.

NSEDC CEO'S REPORT-Eugene Asicksik

NSEDC Chief Executive Officer Eugene Asicksik gave the NSEDC CEO's Report. Eugene voiced his appreciation for the board's support of his efforts and the new freezer. Dean Peterson asked about the seating of Stephanie Madsen on the North Pacific Fisheries Management Council. Eugene stated that she did not make it on the council.

FINANCIALS/INVESTMENT PORTFOLIO-Chris Cook

Chris Cook, NSEDC Corporate Treasurer and Chief Financial Officer, presented the NSEDC Financials/Investment Portfolio for the first quarter of 2007. Paul Johnson noted that we are only looking at two months of the 2007 first quarter and the fourth quarter of 2006.

MANAGERS' REPORTS

1. NSIC-Eugene Asicksik

NSEDC CEO Eugene Asicksik mentioned that he did have several meetings with Norton Sound Ventures with the assistance of Steve Rieger in the negotiations. Eugene went over the proposals from Norton Sound Venture, which was to buy them out and NSV looked to acquire a management team to move forward. Eugene mentioned that NSIC has been dissolved with all the assets of NSIC transferred to NSEDC.

a. Glacier Fish Company LLC

Rob Wood was given the floor for the Glacier Fish Company LLC, which was lacking in information due to the timing of the meeting. Rob mentioned that we received \$14.5 million for the roe of Pollock, which is a decrease due to lower prices noting the Russians are flooding the market. Rob went on to inform the board that we dropped from \$18.2 million to \$13.3 million for our products. Rob mentioned the losses with the CDQ Royalties. Rob went on to cover the prices for 2007, contingent on the Russian Production of their products on the market. Paul Johnson asked for the comparison on the bottom line, if we were to purchase a new boat. Rob stated that the 135 foot long-liner would cost \$16 million dollars and the trawler of 310 feet would cost \$100 to \$120 million dollars. Paul expounded on the benefits and risks for buying these new vessels. Eugene testified on the purchase of these new vessels noting when Pollock was rationalized there were limits on the

length of the vessels, if we replaced them. Eugene and Rob spoke to the possibility of lifting the Pollock Total Allowable Catch Cap. Rob mentioned the value of the bycatch, which we are still throwing over the side.

b. Norton Sound Ventures LLC

Eugene went over the Norton Sound Ventures LLC Negotiations to date.

2. NSEDC CDQ Harvest Management-Jon Zuck

Jon Zuck, who just walked in, gave the NSEDC CDQ Harvest Management Report. Jon mentioned a couple of changes from the information presented in the packet relating to the harvesting of the Pacific Cod, Atka Mackerel, and POP. Another change mentioned was the Bering Sea Opilio and Bairdi Crab. Eugene noted that the North Sea, Baranof, and one other vessel are not part of Norton Sound Ventures. Eugene and Jon covered the rollover of the total quota for the CDQ Groups and the transfer of quota from the Bering Sea. Jon covered the roll-over of the CDQ Groups Bycatch during their targeted harvest of resources. Jon furthered covered the work of the CDQ Panel and the CDQ Managers. Jon would rather keep the management as is. Simon expounded on the management of the resources by the CDQ Coop. Jon went on with the 7% recommended by the CDQ Panel on our allocations' bycatch. Jon felt that we should hold out for a higher percentage for more equity.

We took a ten minute break at 2:02 P.M. The meeting reconvened at 2:12 P.M.

3. NSSP-Josh Osborne

Josh Osborne gave the Norton Sound Seafood Products First Quarter Activity Report. Josh noted that we will not have a processing company coming to Norton Sound in 2007 for the herring sac roe fishery, but 30-40 tons would be harvested for bait. Josh went into the salmon operation plan with no directed king salmon fishery, a limited pink salmon fishery for bait, and fillets for the chum salmon fishery, which will open later. Josh continued with the crab plan of operation. Josh spoke of the plan for Mike Schomer to be brought up to the operation for quality assurance, who will be training possibly four people. These four would travel to Dutch Harbor to look at some quality assurance crab operations. Eugene noted the contracts signed for the crab operation, which need board approval. Don Stiles asked about the amount of herring to be purchased for crab. Josh went on to the proposed sockeye fishery in Teller focusing on quality. The fish will be iced and placed in insulated totes. Josh covered the halibut fishery plan where we would possibly use the chums from Teller for bait, which is not high volume. Josh noted the red king crab quota which will drop in Norton Sound. Josh planned to buy cod in 2007 as the people enjoyed the cod harvested. If there is effort at St. Lawrence Island, we will be buying halibut there. Don Stiles asked how much bait was used last year. Josh mentioned that some of the

bait was used by our region's dog mushers. Don asked for clarification on the purchase price of the bait and how much we sold it for. Don mentioned the quality problems with the bait. Dan Harrelson asked how many pounds were used for bait. Rich Ferry spoke to the ice needs of this bait operation last year. Eugene went over the crab bait utilized by the crab fleet, which must be frozen in the Unalakleet Fish Plant, but the herring bait price has not been discussed, and he plans to entice people to go harvest this herring bait for a good price, but it must be delivered to Unalakleet using \$100.00 per ton for processing utilizing our own tenders to get them to Nome. Eugene spoke to the problems with filleting the Teller Red Salmon in Nome with the possibility to sell the head, tail, and guts to our crab fleet. Paul Johnson noted that the herring bait is most critical for the halibut fishery. Eugene noted that we are trying to utilize the old bait first. Eugene noted that, if he was a herring fishermen this year, he would utilize 3 ½ inch nets, as we are not trying to catch the herring for roe. Don asked for clarification on the bait fishery and the plan to use our tender vessels to get them to Nome. Eugene went over the plan to blast freeze the bait for the crab and halibut fisheries in Unalakleet. Dan Harrelson spoke to the plan for this bait fishery in the Norton Sound, which must be delivered to Unalakleet. In regards to the pink salmon fishery for bait, Don felt that this could be processed in Nome. Dan Harrelson voiced his disappointment with the timeline of these fisheries, and a plan to put their timing on the calendar, so some of our operations would not be caught in the corner. Dan asked about the readiness of the plants in Unalakleet, Nome, and Golovin. Josh expounded on the work plan for these operations. Dan asked about the market for the crab for 2007 and being ready for the 2007 season, possibly to market our products with Red Lobster. Dan went on to ask about the tender plan and their utilization for our fisheries. Rich Ferry mentioned that we are advertising for the usage of our tender vessels in our operations. Eugene brought up the delegation going up to Nome in the early morning of April 9, 2007 to look at our plant. Rich Ferry covered the plan for the refrigeration needs of NSSP with the plan to train four people, who were interested. Dan Harrelson noted the talented people in Unalakleet and asked if we had anyone trained there. Rich went over the plan to train someone to work in Unalakleet to fill the need. Paul Johnson noted that we need to work in the fish plants year round processing our products. Eugene noted that Tony Sarren has resigned as the Unalakleet Fish Plant Maintenance Person.

4. Written Reports

The NSEDC Written Reports were noted by NSEDC Board Chairman Dan Harrelson asking for questions on these reports.

- a. EET Department-Jerry Ivanoff
- b. Community Benefits Department-Janis Ivanoff

Concerning the community benefits department, Don Stiles asked for clarification on the bulk fuel program with 4,000 gallons of gas and 3000 gallons of heating fuel purchased in 2006 by Tom Gray for the Arctic Adventures, a private business. He felt that he should be able to participate in this program as a private citizen, if this is allowed. Janis Ivanoff spoke to the communication with our member communities noting the private business that is participating in this program this year and the need for program guidelines.

c. NSFR&D-Simon Kinneen

Don Stiles asked about the plan with the written report by Rich Ferry in the NSSP Tab to hire Tom Magwire. Eugene stated that this was the plan.

We recessed for the day at 2:42 P.M. until 10:00 A.M. tomorrow morning.

April 6, 2007 10:00 A.M.

NSEDC Board Chairman Dan Harrelson reconvened the 2007 First Quarter Board Meeting at 10:00 A.M. For the record, all the board members were present, except Dean Peterson and Sam Mokiyyuk, who was excused, and Harvey Sookiayak will leave early to check out.

COMMITTEE REPORTS

1. NSEDC Executive Committee Report

NSEDC Board Chairman Dan Harrelson gave the NSEDC Executive Committee Report.

Paul Johnson made a motion to go into executive session at 10:07 to address these issues individually. Wilfred Katcheak seconded the motion. The motion passed.

Harvey Sookiayak made a motion to get out of executive session at 11:15 A.M. Frank Oxereok seconded the motion. The motion passed.

Don Stiles made a motion to take the 59.52% of Norton Sound Ventures Disbandment and place it back into NSEDC. Paul Johnson seconded the motion. Dan Harrelson asked if the NSEDC Executive Committee had the authority to act on this motion. Paul Johnson stated that they need to review the possible costs. Dan Harrelson noted that they would need the authority to close the deal. The motion passed.

Paul Johnson made a motion that we match Kawerak up to \$40,000.00 to hire a lobbyist to acquire funds for the region. Don Stiles seconded the motion. Don Stiles asked where these monies would come from. Chris Cook noted that we have quite a bit of discretionary funds in the 2007 NSEDC Budget. Eugene Asicksik stated that Loretta Bullard still has to go to her full board for approval of this expenditure, so it may be just \$10,000.00. Don Stiles asked what was wrong with \$40,000.00, as it would bring more money into our region. The motion passed.

2. NSEDC Compensation Review Committee Report

NSEDC Compensation Review Committee Chairman Harrelson gave the NSEDC Compensation Review Committee Report. Paul Johnson asked to clarify the salary increases and bonuses to the full board. Eugene Asicksik said that he could take care of this. Dan Harrelson stated that the increases were adjustments to bring balance and didn't expect any more big jumps in the near future.

Wilfred Katcheak made a motion to approve the NSEDC Compensation Review Committee Report with all its recommendations. Walter Seetot seconded the motion. The motion passed.

3. NSEDC Finance Committee

NSEDC Finance Committee Chairman Dan Harrelson gave the NSEDC Finance Committee Report. Paul Johnson noted that the actual budgets of 2006 reflected just up to October of last year, as presented in the January Meeting. Eugene, for your information, acknowledges that this meeting was a little out of the ordinary, so the email message should be reviewed. Chairman Harrelson stated that each board member has fax machines, if the email messages did not go through. Paul Johnson noted that we have not had a hard copy of the full 2006 budget actual expenditures. Chris Cook went over the time frame to provide the actual budget expenditures.

Harvey Sookiayak made a motion to approve the NSEDC Finance Committee Report with all its recommendations. Paul Johnson seconded the motion. The motion passed.

4. NSEDC Scholarship Committee Report

NSEDC Scholarship Committee Chairman Walter Seetot gave the NSEDC Scholarship Committee Report.

Don Stiles made a motion to approve the NSEDC Scholarship Committee Report. Elvina Naranjo seconded the motion. The motion passed.

5. NSEDC Rules, Regulations, & Bylaws Committee Report

NSEDC Rules, Regulations, and Bylaws Committee Chairman Don Stiles gave the NSEDC Rules, Regulation, and Bylaws Committee Report. Don Stiles mentioned that each employee must get their expenditures to get approval by the NSEDC CEO Eugene Asicksik. Don Stiles stated that the employee scholarship does not require the employee to carry a full load. Dan Harrelson asked for clarification. Eugene stated that each employee wishing to take classes would be entitled to \$2,000.00. Janis clarified that the educational expenses are paid up to \$2,000.00. Eugene felt that the NSEDC President should delegate the authority to the NSEDC CEO in order to comply with our bylaws. Don Stiles felt that this was taken care of. Eugene pointed out that the bylaws state that the NSEDC President has full authority to run the day to day operations, even in regards to subsistence leave. Eugene clarified the employee handbook and the NSEDC President's Authority per the NSEDC Bylaws.

Paul Johnson made a motion to approve the NSEDC Rules, Regulations, and Bylaws Committee Report with all its recommendations. Don Stiles seconded the motion. Joe Garnie voiced his concern of an employee trying to get their education and still be able to do their job. Dan Harrelson stated that employees could strive to improve their skills through education to become a better employee. Eugene Asicksik stated that they may take classes during their time off in the evening or use their personal leave. The motion passed.

6. NSEDC Fisheries Development Committee Report
NSEDC Fisheries Development Committee Chairman Charlie Saccheus Sr. gave the NSEDC Fisheries Development Committee Report.

Frank Oxereok made a motion to approve the NSEDC Fisheries Development Committee Report with all its recommendations. Walter Seetot seconded the motion. Don Stiles voiced his discontent with our representation on the North Pacific Fisheries Management Council. Paul Johnson asked for clarification on the crab proposals voicing his concern that we don't want to have too many proposals. Charlie Lean explained the proposal submitted by Steve Ivanoff. Paul Johnson asked for clarification on the CDQ Crab Fishery versus the open access crab fishery. Eugene Asicksik believed that Steve voiced his desire to start fishing earlier and a new boundary line. Charlie Lean explained the boundary line. Eugene supported the earlier opening portion, but it would be better for NSSP to keep the boundary line for quality purposes. Don Stiles asked about being poorly represented at the IPHC Fish Ticket Training. Josh said that he and Dan Apok both came to attend, but a crab inspection was occurring at the same time, so he was pulled away to do that. Dan inadvertently gave the impression of indifference. Don asked why Dan was there. Josh said that Dan helps with fish tickets. Paul Johnson asked if Charlie Lean had what he needed from the board for the proposals. Charlie Lean felt that we had the direction. Paul Johnson mentioned the department report noting that SNSAC was a part of this proposal process and their input was instrumental in this discussion. Don Stile stated that he supports all these proposals noting that our action last year reduces the number of juveniles caught. We had a discussion on the winter crab fishery using forty pots. Charlie Lean spoke to the balance needed as in late August, we would be harvesting skip molts. Eugene went over the NSSP Operational Plan and the timing of the opening of the crab fishery. Don Stiles spoke to the \$1 to \$2 million dollars for the high pressure meat extraction feasibility study. Dan Harrelson stated that this was a ball park figure. Don went over the losses in a chart provided in the finance committee of NSSP for NSEDC. Chris Cook clarified the losses and the possibility to get monies from a grant. Paul Johnson looked for more information which should be made available before a decision is made. Dan Harrelson explained the process to be taken. Eugene mentioned that we may be able to work with Coastal Village Region Fund and other crab companies. The question was called. The motion passed.

We took a ten minute break at 12:26 P.M. The meeting reconvened at 12:37 P.M.

OLD BUSINESS

1. Updated Investment Policy

Chris Cook brought up the updated investment policy that the finance committee approved in regards to advisory to investment, the community benefit share, the Norton Sound Investment, and the NSEDC Education Endowment. Paul Johnson recommended that this updated investment policy be included in the board handbook. Eugene clarified that the board will receive the bylaws in the board handbook.

2. Large Vessel Loans Increased to \$100,000.00

Chairman Harrelson went over the large vessel loan increase to \$100,000.00 and the reasoning for the increase with possible engine change.

Wilfred Katcheak made a motion to increase the large vessel loan to \$100,000.00. Walter Seetot seconded the motion. Questioned called by Harvey Sookiayak. The motion passed with one abstention by Paul Johnson.

NEW BUSINESS

1. NSEDC Employee Sitting as an At-large Committee Member

NSEDC Chief Executive Officer Eugene Asicksik brought up the issue of Paul Ivanoff, who is on staff, sitting on the NSEDC Scholarship Committee as an at large committee member.

Don Stiles made a motion to allow Paul Ivanoff to continue on the NSEDC Scholarship Committee. Paul Johnson seconded the motion. Dan Harrelson asked about the balance of board members on each of our committees. Don Stiles noted that we have had past employees sitting on a committee with no problems. The motion passed.

EXECUTIVE SESSION

Walter Seetot made a motion to go into executive session at 12:45 P.M. Elvina Naranjo seconded the motion. The motion passed.

Harvey Sookiayak made a motion to get out of executive session at 1:50 P.M. Elvina Naranjo seconded the motion. The motion passed.

Paul Johnson made a motion to approve the spending limits of the managers and authorization provided in the chart as discussed in executive session. Harvey Sookiayak seconded the motion. The motion passed.

OTHER BUSINESS

Elvina Naranjo was happy for the work of the scholarship committee. Her son just completed flight school with the help of the NSEDC Scholarship.

Dan Harrelson mentioned the marine safety drill instructor course in Nome on April 27 & 28, 2007.

ADJOURNMENT

Harvey Sookiayak made a motion to adjourn the 2007 First Quarter Board of Directors' Meeting at 1:53 P.M. Elvina Naranjo seconded the motion. The motion passed.

Dan Harrelson, NSEDC Board Chairman and Corporate President

Jerry Ivanoff, NSEDC Corporate Secretary

Date