

2007 THIRD QUARTER REPORT
July 1 – September 30, 2007



**NORTON SOUND ECONOMIC
DEVELOPMENT CORPORATION**

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Table of Contents

I. Quarterly Highlights	1
A. Outreach	3
B. Employment	4
Employment Data Form	4
Employment Summary	5
Training Data Form	7
Training Summary	7
II. Administration	7
A. Board Activities	7
Board of Director Meetings	7
Substantial Decisions	8
Board Meeting Minutes	8
III. Harvesting Report	8
CDQ Harvest Activities	8
Pollock	8
Pacific Cod	8
Atka Mackerel/Pacific Ocean Perch	9
Yellowfin Sole and Rock Sole	9
Greenland Turbot	9
Sablefish	9
Halibut	9
Bering Sea Opilio Crab	10
Norton Sound Red King Crab	10
Bristol Bay Red King Crab	10
Eastern Aleutian Islands Golden King Crab—2006/07	10
St. Matthew Blue King Crab	10
Bering Sea Bairdi Crab	10
IFQ Harvest Activities	11
Sablefish	11
Halibut	11
Crab	11
IV. Confidential Issues	12
A. Financial Statements	12

I. Quarterly Highlights

- The NSEDC Board of Directors held their second quarter meetings in Nome from July 25-27, 2007.
- Tasha Huffman was hired as NSEDC's Controller.
- NSEDC awarded \$226,433.66 to one hundred eighteen residents in scholarships during the third quarter.
- Thirty-eight residents of member communities or of nearby communities worked on the *F/V Northern Glacier*, *F/V Pacific Glacier*, and the *F/V Norton Sound* earning a total of \$370,928.08 in wages in the third quarter.
- There was no Fisheries Safety Orientation Class held in the third quarter.
- The Fishermen's Communications Improvement repeater system was in operation during the third quarter providing extensive coverage for Norton Sound fishermen and SAR organizations.
- NSEDC staff attended an alternative energy summit in Anchorage in August.
- In the third quarter, NSEDC researched the feasibility of and began contract negotiations for a renewable energy pilot project with the goal of reducing heating fuel costs for regional residents.
- In the third quarter, NSFR&D had six technicians working out of the Nome office on NSEDC projects, including collection, fertilization, and incubation of chum and coho salmon eggs, research of juvenile coho salmon, and various other research projects in the region.
- In the third quarter, there were fifty four residents working under NSFR&D on projects from the Clean Waters Program to Kawerak, ADF&G, as well as other regional programs.
- NSEDC facilitated the delivery of 964,345 gallons of No. 1 Diesel and 294,674 gallons of Unleaded Gasoline to nineteen participants through the Consolidated Bulk Fuel Program.
- NSEDC provided funding and coordination of purchase and delivery of heavy equipment for Diomedede, Gambell, Wales and Teller.
- Permitting and coordination of a community boat ramp for Savoonga began with construction scheduled for the spring of 2008.
- The Clean Waters Program removed over 200,000 pounds of debris from areas around Unalakleet, Shaktoolik and White Mountain.

- NSFR&D initiated a pilot study to determine feasibility of operating a salmon enumeration project on the Shaktoolik River utilizing sonar equipment.
- In the third quarter, NSEDC ran a project at Salmon Lake, applying fertilizer as a means of increasing productivity and boosting the carrying capacity of the system for juvenile sockeye salmon.
- During the third quarter, seventy three fishermen from the Norton Sound area delivered 1,164,453 pounds of salmon to NSSP.
- Eleven fishermen in the Moses Point area delivered their catch to *T/V Golovin Bay* for delivery to Unalakleet.
- Fifteen residents fished out of the Shaktoolik area delivering their catch to the *RSW Barge Besboro*, which was then tendered to Unalakleet using the *Tia*.
- The Teller Port Clarence red salmon fishery was opened for the first time during the third quarter. Three fishermen participated in this fishery delivering a total of 8,792 pounds of red salmon and 20,761 pounds of chum to the Teller buying station.
- Twenty fishermen delivered 253,135 pounds of open access crab in the third quarter.
- In the third quarter, 127,000 pounds of halibut was delivered to the Nome and Savoonga processing facilities. Savoonga had ten fishermen participating and the Nome area had eight fishermen participating in the halibut fishery.

A. Outreach

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

- NSEDC Board of Directors held their 2007 second quarter meetings in Nome from July 25-28, 2007 at the Bering Straits Native Corporation boardroom; these meetings were open to the public.
- NSEDC Board of Directors notified residents of the 2007 second quarter meetings by placing an ad in the Nome Nugget Newspaper.
- NSEDC placed five newspaper advertisements during the third quarter.
- Ten NSEDC employees traveled to Gambell and Savoonga to put on Fishermen Fairs in the third quarter.
- NSEDC staff attended the 2007 Bering Straits Regional Conference in Nome September 25th-27th.
- NSEDC staff traveled to Teller in August to attend a joint meeting.
- NSEDC staff met with various organizations regarding proposals for the 2008 funding cycle throughout the third quarter.
- 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
September 30, 2007

	Quarter		Year-to-Date	
	People	Wages	People	Wages
Management/Administrative				
NSEDC	17	\$120,687.98	31	\$360,058.11
NSSP	5	\$85,124.50	13	\$208,004.16
Total Management/Administrative	22	\$205,812.48	44	\$568,062.27
CDQ Pollock Related				
A/B Season	23	\$186,205.19	46	\$372,410.38
C/D Season	0	\$0.00	22	\$188,562.79
Total Pollock Related	23	\$186,205.19	68	\$560,973.17
NSSP Employment	154	\$441,561.18	182	\$497,899.92
Other NSEDC Employment				
Skippers, Deckhands, Shoreside, etc.	8	\$83,040.00	13	\$88,355.00
Total Other NSEDC Empl.	8	\$83,040.00	13	\$88,355.00
Other Fishing				
GFC - Longline	1	\$12,123.92	4	\$64,030.56
O/A Norton Sound Winter Red King Crab	0	\$0.00	0	\$0.00
O/A Norton Sound Red King Crab	26	\$622,017.75	28	\$622,315.25
NSEDC CDQ Red King Crab	0	\$0.00	8	\$36,185.00
YDFDA CDQ Red King Crab	0	\$0.00	7	\$20,622.50
Norton Sound Salmon	75	\$580,209.65	82	\$599,841.35
Norton Sound Herring	0	\$0.00	0	\$0.00
NSEDC CDQ Halibut	18	\$294,079.90	18	\$294,079.90
Total Other Fishing	120	\$1,508,431.22	147	\$1,637,074.56
NSEDC Community Outreach Liaisons	13	\$19,500.00	13	\$58,500.00
Interns				
NSEDC Administration	2	\$10,029.67	5	\$18,239.36
NSEDC Salmon Rehab.	4	\$32,855.46	7	\$54,347.18
Alaska Dept. of Fish & Game	6	\$56,026.16	7	\$60,892.93
Kawerak, Inc.	8	\$87,721.36	9	\$88,566.56
Native Village of Unalakleet	0	\$0.00	1	\$4,400.00
Fisheries Development	34	\$73,373.97	35	\$74,098.47
Total Interns	54	\$260,006.62	29	\$226,446.03
GRAND TOTALS	394	\$2,704,556.69	496	\$3,637,310.95
	NSEDC =	\$483,234.60	NSEDC =	\$733,359.14
	NSSP =	\$2,022,992.98	NSSP =	\$2,278,948.08
	Partners =	\$198,329.11	Partners =	\$625,003.73

Employment Summary

Management/Administrative – Twelve 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 thirty-six 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:

- 10 employees from Stebbins
- 6 employees from Unalakleet
- 5 employees from Shishmaref
- 4 employees from Teller
- 4 employees from Anchorage
- 2 employees from St. Michael
- 1 employee from Brevig Mission
- 1 employee from Koyuk
- 1 employee from Nulato
- 1 employee from Mountain Village

NSSP Employment – NSEDC employed 154 employees in Nome during the quarter.

Community Breakdown:

- 89 employees from Unalakleet
- 49 employees from Nome
- 10 employees from Savoonga
- 3 employees from Elim
- 2 employees from Shaktoolik
- 1 employee from Wasilla

Other NSEDC Employment – Eight employees were employed during the quarter.

Community Breakdown:

- 7 employees from Shaktoolik
- 1 employee from Unalakleet

Other Fishing –

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

Community Breakdown:

- 1 employee from Nome
- 1 employee from Shishmaref

Twenty-six residents delivered Open Access Norton Sound red king crab to NSSP during the quarter.

Community Breakdown:

- 13 fishermen from Nome
- 6 fishermen from Shaktoolik
- 3 fishermen from Unalakleet
- 1 fisherman from White Mountain

1 fisherman from Golovin
1 fisherman from Elim
1 fisherman from Naknek

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 – Fifty-four internship positions were sponsored by NSEDC during the third quarter.

Community Breakdown: 21 interns from White Mountain
12 interns from Shaktoolik
4 interns from Nome
3 interns from Unalakleet

ADF&G: 4 interns from Nome
2 interns from Elim

Kawerak: 7 interns from Nome
1 intern from Unalakleet

Training

Training Data Form

**Table 2
TRAINING DATA FORM
July 1 thru September 30, 2007**

	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-Secondary	101	\$192,434.66	189	\$317,904.99
Vocational	17	\$34,000.00	38	\$64,000.00
Voc-Tech				
Basic				
Advanced				
Other Training				
Fisheries Related	13	\$32,842.67	13	\$32,842.67
Student Loans				
CDQ Staff	5	\$23,909.41	5	\$23,909.41
CDQ Board				
Other	2	\$524.82	2	\$524.82
Other Expenditures				
To Education Institute				
Education Endowment				
TOTAL	138	\$283,711.56	247	\$439,181.89

Training Summary

One hundred eighteen students received funding the in third quarter: One hundred and one students received funding for post-secondary; seventeen received funding for vocational education and twenty students received Other Training.

II. Administration

A. Board Activities

Board of Director Meetings

The NSEDC Board of Directors held their 2007 second quarter meetings in Nome from July 25-28, 2007.

The NSEDC Board of Directors held a special meeting in Nome on September 4, 2007.

The NSEDC Finance Committee held a teleconference on July 11, 2007.
The NSEDC Finance Committee held a special meeting in Nome on August 10, 2007.

The NSEDC Executive Committee held a teleconference on August 15, 2007.

The NSEDC Finance Committee held a special meeting in Anchorage on August 20, 2007.

The NSEDC Executive and Finance Committees held a special meeting in Anchorage on August 29, 2007.

Substantial Decisions

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

- Contract with Steve Rieger and Co. as advisor for the dissolution of Norton Sound Ventures
- Internal administration for *F/V Aleutian No. 1* operations
- Contract with Rip Carlton to manage the *F/V Aleutian No. 1* operations
- New Hire: Tasha Huffman, Controller

Board Meeting Minutes

Please see Attachment 9

III. Harvesting Report

CDQ Harvest Activities

During the third quarter, NSEDC conducted CDQ target fisheries in the BSAI for pollock, Pacific cod, Atka mackerel/Pacific Ocean perch, sablefish, yellowfin sole/rock sole, opilio crab and halibut in the region and offshore.

Pollock

NSEDC harvested 10,946 metric tons of CDQ pollock in the Bering Sea using the *F/V Pacific Glacier* and *F/V Northern Glacier* during the third quarter. The Northern Glacier completed CDQ harvest for the year but is continuing to harvest PCC-allocated pollock. The Pacific Glacier is still fishing for both CDQ and PCC Pollock. Approximately 321 metric tons of CDQ remains to be harvested for the year.

Pacific Cod

NSEDC harvested 432 metric tons of Pacific cod in directed CDQ fishing operations in the Bering Sea and Aleutian Islands during the third quarter using the

F/V Norton Sound and *F/V Glacier Bay*. This harvest was taken during the cod B season in combined fishing trips also targeting turbot, sablefish and halibut CDQ. Both vessels completed CDQ cod harvested by the start of the open access fishery on August 15th. A small amount of CDQ cod was reserved for fishing at the end of December prior to the start of the open access cod fishery on January 1, 2008.

Atka Mackerel/Pacific Ocean Perch

NSEDC harvested about 26 metric tons of CDQ Atka Mackerel and about 32 metric tons of Pacific Ocean Perch (POP) in Regulatory Area 541 of the Aleutian Islands during the third quarter using the *F/V Ocean Alaska*, managed by United States Seafoods, LLC. The *Ocean Alaska* harvested this quota in a couple of days of fishing at the end of September. CDQ fishing operations for Atka mackerel and POP resumed in late October in Areas 542 and 543.

Yellowfin Sole and Rock Sole

NSEDC harvested 99 metric tons of CDQ yellowfin and 275 metric tons of rock sole in the Bering Sea during directed fishing operations during the third quarter. The *F/V Seafreeze Alaska* undertook these CDQ fishing operations in three days at the end of August. These CDQ fisheries have now been fully harvested for the year.

Greenland Turbot

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

Sablefish

The *F/V Norton Sound* and *F/V Glacier Bay* harvested roughly 5 metric tons of CDQ sablefish in the Bering Sea during the quarter. NSEDC had previously transferred 35 metric tons of AI sablefish CDQ to Yukon Delta Fisheries Development Association for harvest by the *F/V Aleutian Spray* and 53 metric tons of BS sablefish CDQ for harvest by the *F/V Lisa Marie*. A report of harvest has not yet been received from Yukon Delta, although fishing is still underway.

Halibut

NSEDC harvested 161,885 pounds of CDQ halibut in Area 4D/E during the quarter working with local fishermen operating in the region and the *F/V Glacier Bay*. Local fishermen harvested and delivered 92,424 pounds of CDQ halibut to the Norton Sound Seafood Center in Nome and the buying station in Savoonga between July 24 and September 20. The *F/V Glacier Bay* took 69,461 pounds of CDQ halibut during two trips in late July and early August.

In addition to the initial allocation, NSEDC obtained an extra 35,683 pounds of 4E halibut in CDQ in a transfer from another CDQ group, making available a total of 203,668 pounds. To date, most of this quota has been harvested, leaving just 5,877 pounds. Total harvest in the region is 128,330 pounds—almost 29,600 pounds of this total taken by fishermen out of Savoonga and the balance of nearly 98,700 pounds by local fishermen delivering into Nome.

Bering Sea Opilio Crab

There was no harvest of CDQ opilio crab during the third quarter. The opilio fishery opened on October 15 and fishing will most likely commence for CDQ and IFQ harvest in January of 2008/

Norton Sound Red King Crab

There was no harvest of CDQ Norton Sound red king crab during the third quarter.

Bristol Bay Red King Crab

There was no directed harvest of CDQ red king crab in the Bristol Bay fishery during the third quarter. The Bristol Bay red king crab fishery opened on October 15 and fishing commenced.

Eastern Aleutian Islands Golden King Crab—2006/07

NSEDC harvested the entire amount of quota or 63,000 pounds of CDQ brown crab using the *F/V Aleutian No. 1* during the quarter. The CDQ brown crab was delivered to RAS/UniSea in Dutch Harbor for processing under a separate agreement with NSEDC.

St. Matthew Blue King Crab

The commercial crab fishery is closed again to open access and CDQ harvested in 2007/08.

Bering Sea Bairdi Crab

There was no harvest of CDQ bairdi crab in the Bering Sea during the third 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 third 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 July 9, 2007.
- CDQ Transfer: NSEDC received 5 metric tons of annual CDQ of BS FG sablefish and 7.5 metric tons of BS turbot from YDFDA. Transfer approved by NMFS on July 16, 2007.
- CDQ Transfer: NSEDC received amounts of annual CDQ of Atka mackerel, POP, BS turbot and Arrowtooth flounder from APICDA. Transfer approved by NMFS on July 18, 2007.
- CDQ Transfer: NSEDC transferred 20 metric tons of annual CDQ of rock role to APICDA to be used as bycatch in other target fisheries. Transfer approved by NMFS on August 8, 2007.
- CDQ Transfer: NSEDC received 35,683 pounds of 3E halibut CDQ from BBEDC for use in the local fishery in the region. Transfer approved by NMFS on September 5, 2007.

IFQ Harvest Activities

During the third quarter, NSEDC managed fishing operations for individual fishing quotas in the sablefish fishery in the BSAI and GOA, halibut in 3B and the brown crab fishery.

Sablefish

NSEDC harvested 63,788 pounds of IFQ sablefish during the third quarter. The catcher vessel *F/V Current* harvested this IFQ sablefish in the Central Gulf. Fishing operations are currently underway for the remainder of the quota.

Halibut

NSEDC harvested 25,593 pounds of IFQ halibut during the third quarter. The catcher vessel *F/V Bravado* harvested this IFQ halibut in Area 3B. Fishing operations are done for this year.

Crab

There was some harvest of AI brown king crab CVO by the *F/V Aleutian No. 1* during the third quarter.

Royalties (Confidential Information)

The harvest of CDQ in the third quarter generated approximately \$5,021,000 including: \$4.5 million from the pollock fishery; roughly \$400,000 from the cod fishery; about \$12,000 from the BS sablefish; approximately \$109,000 from the offshore halibut CDQ harvest; and unknown royalty amounts to date from the yellowfin sole/rock sole and the Atka mackerel/POP harvest.

Lease fee or royalties generated from IFQ harvest in the third quarter were approximately \$148,510 – including \$93,510 from sablefish and about \$55,000 from the harvest of IFQ halibut.

CDQ Crab Custom Processing and Sales Activities

There was no crab custom processing activity during the third quarter

IV. Confidential Issues

A. Financial Statements

NSEDC Statement of Financial Position Third Quarter (Attachment 1)

NSEDC Statement of Activities Third Quarter (Attachment 2)

NSEDC Statement of Cash Flows Third Quarter (Attachment 3)

NSEDC Budget to Actual Third Quarter (Attachment 4)

NSEDC Species Royalty Analysis Third Quarter (Attachment 5)

Glacier Fish Company Report

Third Quarter Balance Sheet (Attachment 6)

Third Quarter Income Statement (Attachment 7)

Third Quarter Statement of Cash Flows (Attachment 8)

ATTACHMENT 9

NSEDC THIRD QUARTER
BOARD MEETING MINUTES



FILE COPY

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

**Norton Sound Economic Development Corporation
2007 Second Quarter Board of Directors' Meeting
BSNC Boardroom, Nome, Alaska 99762
July 26 & 27, 2007 1:00 P.M.**

CALL TO ORDER

NSEDCE Board Chairman Dan Harrelson called the 2007 NSEDCE Second Quarter Board of Directors' Meeting to order at 1:04 P.M. on July 26, 2007.

ROLL CALL

The roll call was taken. Present at the meeting were Charles Saccheus Sr., Joe Garnie, Victor Joe, Gilbert Ungott, Harvey Sookiayak, Dean Peterson, Mary Menadelook, Walter Seetot, Sam Mokiyyuk, Frank Oxereok, Paul Johnson, Elvina Naranjo, Wilfred Katcheak, Dan Harrelson, and Don Stiles. Staff, who were present, were Eugene Asicksik, Janis Ivanoff, Katie Peterson, Kathy Wheelehan, Carol Charles, Josh Osborne, Rich Ferry, and Jerry Ivanoff. Public, who were present, were Brian Pinkston of Charles Schwab, Rita Smith of Hobson Creek Hatchery, Buck Adams of UBS, Steve Rieger, Rob Wood, John Bundy, and Mike Breivik of Glacier Fish Company,

APPROVAL OF AGENDA

Don Stiles made a motion to approve the agenda. Wilfred Katcheak seconded the motion. The motion passed.

APPROVAL OF MINUTES

1. April 5 & 6, 2007

Harvey Sookiayak made a motion to approve the NSEDCE First Quarter 2007 Board Meeting Minutes of April 5 & 6, 2007 and the 2007 Special Board Meeting Minutes of June 11, 2007 as a block. Dean Peterson seconded the motion. The motion passed.

2. June 11, 2007

CEO'S REPORT-Eugene Asicksik

NSEDCE Chief Executive Officer Eugene Asicksik gave the NSEDCE CEO's Report.

Laurie McNicholas of the *Nome Nugget* joined the meeting at 1:08 P.M.

Eugene noted that Glacier Fish Company would sponsor a crab dinner at 7:00 P.M. at the Twin Dragon Restaurant. Chairman Harrelson welcomed everyone present to the dinner. Eugene introduced the guests, who were attending the meeting.

PUBLIC COMMENTS

None provided.

FINANCIALS/INVESTMENT PORTFOLIO

1. KPMG Audit Report-Scott Miller

This report was moved to tomorrow morning as Scott Miller flew overhead this morning with Alaska Airlines and returned back to Anchorage.

b. UBS Investment Report-Buck Adams & Kevin Sanchez

Buck Adams of UBS was introduced for the UBS Investment Report.

Dean Peterson made a motion to go into executive session at 1:11 P.M. for the investment reports of UBS and Charles Schwab followed by the GFC Valuation Assessment. Frank Oxereok seconded the motion. The motion passed.

c. Charles Schwab-Brian Pinkston

This was covered in executive session.

d. Victory Capital Investment Report-Peter Brown

Victory Capital Investment Report by Peter Brown was postponed until July 27, 2007, when they could make it into Nome with Alaska Airlines.

e. Poulsen Group-Edward Poulsen

The Poulsen Group Report by Edward Poulsen was postponed until they made it into Nome also on July 27, 2007. Edward Poulsen did not make it into Nome.

f. GFC Valuation Assessment-Erik Breivik & John Bundy

This was covered in executive session with John Bundy, Mike Breivik, and Rob Wood.

Harvey Sookiayak made a motion to get out of executive session at 4:18 P.M. Frank Oxereok seconded the motion. The motion passed.

The NSEDC 2007 Second Quarter Board Meeting was recessed at 4:19 P.M. until 10:00 A.M. on July 27, 2007.

The meeting reconvened at 10:02 A.M. on July 27, 2007. For the record, all the board members were present except Sam Mokiyyuk.

MANAGERS' REPORTS

1. NSIC-Eugene Asicksik

a. Glacier Fish Company LLC

Eugene Asicksik gave the Glacier Fish Company LLC Report. He turned the floor over to Rob Wood for his report on Glacier Fish Company. Eugene asked Rob is there was a lot of Russian Product going into the market. Paul Johnson noted that the NSEDC Board of Directors support the GFC Management. Eugene noted the positive efforts to keep from waste. Eugene requested the turnaround of the F/V Glacier Bay. Dan Harrelson asked about the new equipment put on our boats and our product recovery. Rob stated that this new equipment was put on for surimi. Dan Harrelson asked about suggestions for the Pollock Roe Sales. Rob stated that the roe is sold in the Japanese Market, where we need to exchange the yen for the dollar. He noted the Russian Production of the Pollock Roe, which decreases our price. Paul Johnson asked for clarification on the Russian Pollock Fishery. Eugene asked about the water makers on the vessels. Rob informed him on the water maker on the F/T Pacific Glacier.

b. Norton Sound Ventures

Eugene Asicksik was given the floor for the Norton Sound Ventures Report noting that Steve Rieger was present to assist. Steve took the floor for the Norton Sound Ventures Update. The final documents got drafted during the month of June. Steve noted that the legal documents are near completion. Steve stated that he was optimistic that the deal could be closed next week. Paul Johnson asked about the no material change to the assets of NSV. Dan Harrelson noted that Steve is coming down to the wire to close this deal and our ability to fish our brown crab quota. Steve stated that Jon Zuck has been working on this issue. Steve mentioned the ability to put the quota into a coop before the deadline of October 1st. Dan asked if Mr. Cosgrove was not a member of this coop, but Steve informed him that he was. Dan hoped that Steve and Eugene would be back on the plane to Seattle to sign the documents. Steve reminded the board on the F/V Ocean Olympic and the F/V Alaskan Beauty are being put on for sale noting that Rip Carlton is not very keen on keeping the F/V Ocean Olympic to harvest NSEDC's Crab, but the F/V Alaskan Beauty would be able to. Paul asked for a recommendation from Eugene on the outcome of these vessels. Eugene noted that the F/V Alaskan Beauty could be used for the brown crab and could participate in the other crab fishery, but we could lease our quota out. Eugene stated that we could go after our own quota using our own people. Dan Harrelson noted that his vessel could be used as a back-up boat to the F/V Aleutian One. Steve and Eugene noted that these boats could be used for government charters.

2. CDQ Harvest Management-Jon Zuck

Jon Zuck was not present, so Eugene Asicksik noted the CDQ Harvest Management Written Report. Dan asked Eugene if Jon was in Seattle and why he was not here to give his report. Eugene noted that Jon has been doing a good job to get our highest harvesting royalties. Eugene went over the CDQ Harvest Management Report. Dan asked about the Norton Sound Red King Crab Fishery and the effects of one of fishermen fishing illegally. Simon Kinneen stated that the fishermen agreed to follow all state regulations, so he did not anticipate any legal problems, but no charges were filed, so he is innocent until proven guilty. Eugene mentioned the

work with Yukon Delta and we do not any custom processing in the Bering Sea, but we do have custom processing at the plant in Nome. Don Stiles asked for clarification on the halibut in Area 3D. Eugene noted that this is not included in the Bering Sea CDQ. Don asked how much quota was available, so Eugene noted that this was pretty small. Don Stiles requested to have our local fishermen harvest this quota and would like it to be place on our next board meeting's agenda. Don noted that this was crab IFQ, so we could let our local fishermen harvest this quota. Dan asked about the halibut fishery in area 3D, but our local fleet were not been able to catch our quota and was at a lost as to how to entice our fishermen to harvest this quota further out. Paul Johnson asked about the harvest of our halibut quota. Eugene noted that we catch these as bycatch in our sablefish fishery. Don Stiles asked about the bycatch of halibut during our sablefish harvesting. Don asked if our crab, halibut, and salmon is the only harvest capability for our local fishermen. Dan noted the timing of our local fishermen to apply for the ability to harvest our different species in the Bering Sea. Eugene noted that we had to fill a harvesting plan on our quota, but we do not have to do this now. Eugene noted that NSEDC pays YDFA a royalty for their CDQ Crab. Harvey Sookiayak stated that he would Jon Zuck to be here for his report.

We took a ten minute break at 10:53 A.M. The meeting was reconvened at 11:09 A.M.

Chairman Harrelson introduced Melanie Edwards of Kawerak to address the board. Melanie Edwards took the floor noting that Kawerak, Bering Straits Foundation, Norton Sound Health Corporation, and NSEDC are working together to improve the conditions of our region thanking Jerry for his work on the joint scholarship application to help our students. Melanie spoke about the regional conference and the wellness conference funding requests last fall, which was denied. Melanie noted that Loretta Bullard is asking the board to reconsider the funding request. Melanie noted our social problems with the need to work on our wellness within the region. Wellness is going to happen in one year or through one project, but she stated that we need partners in this. She requested that NSEDC be a partner in the wellness conference. Paul Johnson asked how long Kawerak has been in the region. Joe asked for clarification on the partnerships in our region for wellness. Don Stiles noted that NSEDC does fund different programs to support wellness for our youth in the region, so we may need to combine our funding efforts. Dan Harrelson noted the alcohol and drug funding with the BSSD. Janis noted that we do fund the little dribblers program. Dan noted that we need to consider funding an educational effort through Kawerak or the Norton Sound Hospital to work on our alcohol and drug problems. Janis noted that NSEDC did fund efforts of the NSHC through May of this year. Eugene noted that Kawerak has the staff to go after grants noting the amount of money NSEDC has for proposals and all the requests from the region. Eugene noted that the NSEDC Board of Directors and Staff did look at the funding requests of the board applauding the board on their handling of the funding request with a limited amount of monies to work with. Eugene noted that Paul Ivanoff III and Fred Eningowuk were hired to assist our

smaller communities to access NSEDC's Funds. Melanie stated that we need to work together and coordinate our efforts to invest in our youth. Charlie Saccheus asked if the Bering Straits Region IRA Leaders were being educated about the alcohol and drug problems throughout our region. Melanie stated that it takes some local effort in the villages to assist in solving our drug and alcohol dealers in the villages, and not just relying on the Alaska State Troopers. Charlie Lean informed the board that the medical emergency calls with 55% of the emergency calls were from the region and not from Nome alone. Charlie further stated that 75% of all the calls come from the villages in our region. Charlie voiced his support of the local community patrol noting the number of problems has decreased in the last two years. Harvey Sookiayak asked if Victor Joe stated that we have an inhalant problem also. Joe Garnie noted that Teller is starting to work on wellness inviting the Alaska State Troopers in August hoping the BSSD would make a similar effort for all our schools. Eugene mentioned his discussions with Loretta and the charge of NSEDC for economic development noting that the elders and youth problems are being addressed, but the middle aged people are not. Melanie stated that Kawerak would like to help our middle aged people in the region. Melanie stated that our ancestors had to work for a living, so should you.

3. Nssp-Josh Osborne

Josh Osborne took the floor for the Norton Sound Seafood Products Report. Don asked if ice is available in Shaktoolik for our salmon fishermen. Josh noted that we did provide ice to Elim for the chum fishery. Josh noted that the other ice machine in Unalakeet will begin making ice this afternoon. Don asked if this is causing a hiccup with the operation in the Unalakleet Salmon Fishery. Josh covered the Teller Red Salmon Efforts and the Norton Sound Crab and Halibut Fisheries. Don Stiles asked about the price for halibut which was \$3.50 per pound. Eugene asked about the price for salmon, which was \$.55 per pound for coho, \$.75 per pound for reds, \$.25 per pound for chums, and \$.20 per pound for pinks. Dan Harrelson asked about the mechanical problems with the F/V Golovin Bay. Rich Ferry gave an update on the F/V Golovin Bay. Paul Johnson asked if NSEDC was overloading Rich with work. Rich stated that he has not had a day off for some time. Dan asked if the F/V Golovin Bay was directed by the Unalakleet Plant Manager and the F/V Norton Bay by the Nome Plant Manager. Paul Johnson asked if we need more management efforts. Rich Ferry stated that he does not need more management, he needs more workers. Dean Peterson noted that we need more fishery support for our communities. Eugene asked Josh about the grading of our crab with "A" Grade and Number One Fancy Crab. Eugene noted the price difference for the different grades. Dan commended the Nome and Unalakleet Plant Managers. Dan asked Josh about Calvin as our quality assurance person and the request for the raise for him.

4. Written Reports

Chairman Harrelson noted the written reports and asked if there were any questions for the managers or any comments from managers with their concerns. Don Stiles commented on the communication improvement project noting his

amazement with the radios and the benefit of the operation of our vessels voicing his pleasure that we funded this program. Dan noted that he communicated with Harvey in Shaktoolik and this effort will save lives in the region with search and rescue. Don asked about funding projects within our communities noting that we did fund the fire safety building in White Mountain and paid for by the community benefit share program and we should put funds back into this program. Dan Harrelson went over the funding of the fire safety building in White Mountain. Charlie Lean pointed out the proportion of chums versus reds in the Teller Fishery and their relative weights noting that the red salmon are big in Teller and the red salmon nets provided to Teller were small, thereby limiting the amount of harvest of the large red salmon. Dan Harrelson thanked the staff for all their hard work and the appreciation for the bulk fuel program administered by Janis.

a. EET Department-Jerry Ivanoff

b. Community Benefits Department-Janis Ivanoff

Janis gave an update on the bulk fuel program and whether NSEDC planned to expand this program. Dan stated that our communities appreciate this program with problems of propane in White Mountain and the high cost for it. Don Stiles shared his propane story, where propane was provided to Paul for his family in Unalakleet with about \$150.00 cheaper price in Nome. Dan recommended that Janis evaluate the cost and possible assistance to our communities for our propane. Eugene noted that he chartered a plane out of Fairbanks to get his propane cheaper. Paul Johnson noted that we do not have a mobile bulk propane capability in our region. Charlie felt that NSEDC should look to get a bulk propane capability. Joe Garnie noted that there is one private business participating in the bulk fuel program wondering why Shishmaref was not included in this program. Eugene stated that Shishmaref is not included in NSEDC and we are trying to assist our municipalities. Janis stated that she is working to assist our communities to access our bulk fuel program. Paul recommended to partner with the other organizations as the benefits are good for our villages. Harvey asked about the possibility to work with our propane costs. Don Stiles mentioned the transportation and energy issues we are addressing wondering if there is need for additional help within our villages. Janis stated that we could expand this program to provide greater benefits to our member communities. Janis stated that we could hire full time staff to assist with the bulk fuel program. Eugene stated that we will need to provide more staffing to provide the assistance to our communities. Dan Harrelson stated that some of our costs could be shared by the other entities. Paul Johnson cautioned NSEDC not to compete with private enterprises in our region. Dan Harrelson voiced his support for private enterprise to benefit the community membership constituents and not private individuals. Paul Johnson asked to set up a reporting and accounting process to keep track of the benefits to our communities. Don commented on the private entities jacking their prices up because of the high cost of fuel. Don asked Janis if we had any staff on board addressing alternative energy. Dean Peterson noted the problems with our privately owned storage facilities. Dan Harrelson cautioned Janis that we will not put anything in illegal storage facilities. Don Stiles

noted that funds has been placed in the community benefits program at Janis's Disgression. Paul noted that the board intended to develop projects to assist our member communities. Katie Peterson asked about the need to come back to board with a good project or just do it. Paul Johnson noted that staff has discretionary funds available, which would not need board approval. Janis gave an update on the community boat ramp project noting the request from Brevig Mission for a bulk fuel storage tanks instead of the boat ramp.

c. NSFR&D-Simon Kinneen

We took a break at 12:18 for a short lunch. The meeting reconvened at 12:40 P.M.

Chairman Harrelson turned the floor over to Scott Miller for the NSEDC Audit Report.

July 27, 2007 12:42 P.M.

Scott Miller gave the KPMG Audit Report noting the requirements of the auditors to the governing organization.

a. Letter to the Board

Scott noted that they did not find any inconsistencies between the accounting and the meeting minutes. There were not any illegal transactions by the NSEDC Staff. Paul Johnson asked for clarification on the level of search by the auditors. Paul asked for clarification on random samples of board directives per the meeting minutes. Scott noted that they look for fraud in the accounting, but there wasn't anything found in this regard. Scott noted the adjustments in the audit relating to Glacier Fish Company and the Norton Sound Ventures. The books and records were balanced with just a couple adjustments, which is quite good with the size of our organization. Scott noted that Eugene has the primary obligation to ensure that the financials are accurate.

b. Management Letter

NSEDC had a clean audit.

c. Consolidated Financial Statements December 31st, 2006 & 20

COMMITTEE REPORTS

1. Executive Committee Report

Chairman Harrelson gave the NSEDC Executive Committee Report.

Paul Johnson made a motion to follow to hold off on the purchase of a new tender vessel. Dean Peterson seconded the motion. Don Stiles asked if any vessel purchase should be completed by 2009. Dan stated that his should be done by 2008. Eugene asked for clarification from Paul on the new tender vessel purchase. Paul felt that the \$1,700,000.00 for the new tender vessel was too much. Don Stiles agreed with Paul, but disagreed with the motion. Dan Harrelson clarified the original intent of the

NSEDC Executive Committee noting that Don wanted a vessel for tendering our product, but also to haul freight. Don noted that they are hauling gravel from Stebbins to Unalakleet, which could be a project to divert the cost of our tender vessel operations. Eugene noted the fine line of what we are trying to accomplish. Don stated that we are trying to fill the transportation needs of our communities. Harvey Sookiayak noted that we needed a van for our ice making capabilities in Shaktoolik, but we could not transport it. Paul voiced his unhappiness with the solution of management. Paul asked that we take a closer look at this and who should be involved in looking for a solution. Don Stiles commented on the professionals, which were boat builders. Eugene spoke to the need from Golovin, Koyuk, and Elim in our tendering operations. Dan mentioned the need in our communities to assist in our transportation needs, which would provide a benefit to our communities. Charlies Saccheus noted the fuel surcharges by the airlines and the cost to move a snowmachine or four wheeler from Nome to the villages. Dan asked if the northern villages had a need for a vessel to move their freight. Walter Seetot stated that this would be helpful. Joe Garnie voiced his desire for an economical way to transport the Teller Fish to the NSSC. Don Stiles stated that Little Diomedede just built three home with astronomical costs for freight. The motion passed with Don Stiles in opposition.

2. Fisheries Development Committee Report

Chairman Saccheus gave the NSEDC Fisheries Development Committee Report. Paul Johnson asked about the salmon bycatch in the Pollock Fishery. Simon stated that there are plans to do genetic studies in Norton Sound and from the salmon bycatch on the Pollock Trawler Vessels. Paul noted that more and more of our residents are concerned with bycatch of salmon in our own operations. Eugene informed the board on the meetings taking place to control bycatch, where Kawerak used to attend these meetings. Paul noted that our people are asking about our impact on our salmon in our operations.

3. Scholarship Committee Report

Chairman Seetot gave the NSEDC Scholarship Report.

4. Rules, Regulations, & Bylaws Committee Report

Chairman Stiles gave the NSEDC Rules, Regulations, and Bylaws Report. Simon clarified that the minutes should reflect that the regulations could be implemented a couple ways and not "interpreted".

Don Stiles made a motion to approve use of the new 2007 Member Representative Election Forms. Harvey Sookiayak seconded the motion. The motion passed.

5. Finance Committee Report

Chairman Harrelson gave the NSEDC Finance Committee Report.

OLD BUSINESS

There was no old business.

NEW BUSINESS

1. WACDA Contract

Eugene Asicksik went over the WACDA Contract. Dan Harrelson asked if Eugene received authorization to act on behalf of the NSEDC Board of Directors. Paul asked for Eugene's Recommendation, which was to approve the WACDA Contract. Paul Johnson asked if the approval of this contract would limit the number of CDQ Groups that would travel to Washington. Simon stated that, if we are not a member of WACDA, this could shut down the CDQ Program. He expounded on the process to get WACDA Business done.

Paul Johnson made a motion to approve the WACDA Contract. Dean Peterson seconded the motion. Don Stiles asked if this was management's recommendation. The motion passed.

a. North Pacific Marine Science Foundation

Eugene went over the North Pacific Marine Science Foundation. Dan Harrelson asked if these folks are asking for funds out of cycle, which should be postponed until our funding cycle deadline to be consistent.

2. Genuine Alaska Pollock Producers

Eugene went over the Genuine Alaska Pollock Producers. Kathy Wheelehan asked for travel funds to Seattle and a decent meeting place. Don Stiles brought up the fish expo in November and the board would benefit from this and do their board retreat. Dan concurred that a November Meeting would be good to address our business with Glacier Fish Company.

3. Annual Board Retreat

Paul and Dan stated that they should be some communication between the NSEDC Board of Directors and Kathy Wheelehan in the next couple of weeks concerning the NSEDC Annual Board Retreat.

OTHER BUSINESS

Dean Peterson made a motion to go into executive session at 2:06 P.M. to discuss a problem with one of our fishermen's loans. Elvina Naranjo seconded the motion. The motion passed.

Dean Peterson made a motion to get out of executive session at 2:07 P.M. Walter Seetot seconded the motion. The motion passed.

No action was taken after coming out of executive session.

ADJOURNMENT

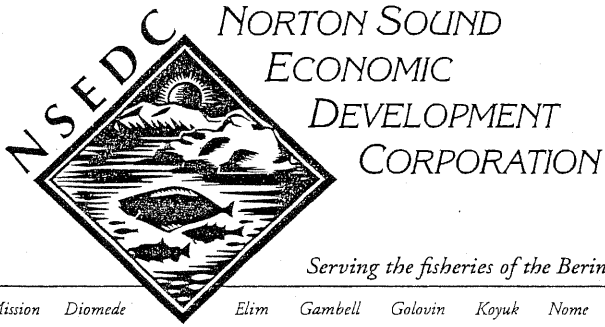
Harvey Sookiayak made a motion to adjourn. Elvina Naranjo seconded the motion. The 2007 NSEDC Second Quarter Board of Directors' Meeting was adjourned at 2:18 P.M.

FILE COPY

Dan Harrelson, NSEDC Board Chairman

Jerry Ivanoff, NSEDC Corporate Secretary

Date



FILE COPY

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

Norton Sound Economic Development Corporation
Special Board of Directors' Meeting
BSNC Boardroom
September 4, 2007
1:00 p.m.

CALL TO ORDER

Chairman Dan Harrelson called the NSEDC Special Board of Directors' Meeting to order at 1:07 p.m. on September 4, 2007.

ROLL CALL

Present: Dan Harrelson, Don Stiles, Dean Peterson, Harvey Sookiayak, Joe Garnie, Mary Menadelook, Elvina Naranjo, Wilfred Katcheak, Victor Joe, Gilbert Ungott, Walter Seetot and Charles Saccheus Sr. Absent and excused were Frank Oxereok and Paul Johnson. Staff present: Eugene Asicksik, Kathy Wheelehan, and Janis Ivanoff. Public present: Steve Rieger and until 1:25 p.m. Phil Pryzmont, Rick Rome and Travis Swafford.

Before the meeting got started Chairman Harrelson apologized for the poor connection at the teleconference on August 29, 2007. A new system has been ordered.

APPROVAL OF AGENDA

Dean Peterson moved seconded by Elvina Naranjo to approve the agenda as presented. Question was called. The motion passed unanimously.

APPROVAL OF MINUTES

Wilfred Katcheak stated that he was not connected to the teleconference.
Harvey Sookiayak moved seconded by Gilbert Ungott to approve the minutes of August 29, 2007 as presented. Question was called. The motion passed unanimously.

PUBLIC COMMENTS

Phil Pryzmont was invited to address the board. He stated that fishermen were having an exceptionally good halibut year. The weather has been cooperating and the season started early. He said September is usually the best month for fishing but fishermen are sitting at the docks because there is no quota available. He wondered why NSEDC transferred the quota to the Norton Sound F/V before allowing in-region fishermen a chance to catch as much as possible. Chairman Harrelson said the number of pounds transferred was derived from past years averages. He thought that another 30,000 was expected to be transferred back. Halibut is a money maker and we want to be sure we don't leave fish in the water. He agreed that this has been an extraordinary year. The St. Lawrence Island halibut fishery has been very active and successful this year compared to the last few. Don Stiles agreed with Phil and said the quota shouldn't be transferred until the in-region fishermen know they won't be able to catch the entire quota. Chairman Harrelson asked if there is a usual "cut-off" date of when it is safe

"NSEDC 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"

to transfer quota. Eugene said it is usually about this time of year that we have a good idea. Eugene said BBEDC quit fishing halibut. Jon is working on getting some of their quota transferred. One thing the board should consider is that we pay a royalty for quota that gets transferred to us. We haven't charged a royalty to the fishermen for that quota in the past but it is not uncommon for the other CDQ groups to charge their fishermen for quota transferred in.

OLD BUSINESS

Offer to Purchase Pacific Star Quota

Eugene said Terry Cosgrove is willing to leave the deal on the table. Steve Rieger talked to Don Stiles and Paul Johnson to see what kind of information they would like available for the meeting. A report with the requested information and clarification on whether income from the quota would be taxable or not was provided. Steve gave a brief history of how this offer came about. He said he would normally ask for executive session at this point but with no public present the board continued in regular session. Steve summarized his responses to Don and Paul's questions. There was discussion on the asking price, what to offer, how the quota would be fished, how much income would be earned and how the income being non-taxable might affect the price. The board decided on an offer and a "not to exceed negotiation price". Steve pointed out that we own a percentage of the quota already. Whoever the quota is sold to we will get a percentage back.

Don Stiles moved seconded by Harvey Sookiayak to move forward with the purchase of the quota from Pacific Star but not to exceed negotiation cap discussed. Question was called. The motion passed unanimously.

Chairman Harrelson said to let Terry know that the board will not meet again on this issue.

NEW BUSINESS

There was no new business.

OTHER BUSINESS

Eugene informed the board that Sam Mokiayuk was removed from the board due to having three unexcused absences. He also reminded them of the new policy which prohibits Sam from running in the next two elections.

Don Stiles moved seconded by Harvey Sookiayak to go into executive session to discuss UBIT issues. Question was called. The motion passed unanimously. They went into executive session at 1:45 p.m.

ADJOURNMENT

Don Stiles moved seconded Dean Peterson get out executive session and adjourn the meeting. The meeting adjourned at 1:58 p.m.

Dan Harrelson, NSEDC Board Chairman

Jerry Ivanoff, NSEDC Corporate Secretary

Date



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
Finance Committee Teleconference Minutes**

**July 11, 2007
10:00 a.m.**

CALL TO ORDER

Chairman Dan Harrelson called the meeting to order at 10:00 a.m.

ROLL CALL

Present were: Jack Carpenter, Paul Johnson, Harvey Sookiayak, Dean Peterson, Henry Ivanoff, Don Stiles, Chairman Dan Harrelson and Wilfred Katcheak. Others present were: Eugene Asicksik, Janis Ivanoff, Simon Kinneen, Katie Peterson, Jon Zuck and Kathy Wheelahan.

APPROVAL OF THE AGENDA

Don Stiles moved seconded by Harvey Sookiayak to approve the agenda as presented. Question was called. The motion passed unanimously.

APPROVAL OF MINUTES

Jack Carpenter moved seconded by Dean Peterson to approve the minutes of July 5, 2007. Question was called. The motion passed unanimously.

OLD BUSINESS

Glacier Fish Company: KeyBank Valuation Analysis Comments

Chairman Harrelson reported that our questions from the last meeting were submitted to KeyBank and the responses were provided for this meeting. Paul Johnson asked Eugene, as one of the directors for GFC, how the analysis is supposed to work, how it came about and where does it go from here.

Paul Johnson moved seconded by Henry Ivanoff to go into executive session. Question was called. The committee went into executive session at 10:10 a.m.

ADJOURNMENT

Jack Carpenter moved seconded by Paul Johnson to get out of executive session and adjourn the meeting. The meeting adjourned at 12:30 p.m.



FILE COPY

Serving the fisheries of the Bering Strait Region

Brevig Mission Diomede

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

**Norton Sound Economic Development Corporation
Finance Committee Teleconference Minutes**

July 5, 2007

10:00 a.m.

CALL TO ORDER

Chairman Dan Harrelson called the meeting to order at 10:00 a.m.

ROLL CALL

Present at the NSED boardroom were: Jack Carpenter and Paul Johnson. Via Teleconference: Harvey Sookiayak, Dean Peterson, Henry Ivanoff, Don Stiles and Chairman Dan Harrelson. Absent and excused was Wilfred Katcheak. Others present were: Eugene Asicksik and Simon Kinneen via teleconference. Katie Peterson and Kathy Wheelahan were present at the NSED boardroom.

APPROVAL OF THE AGENDA

Paul Johnson moved seconded by Dean Peterson to approve the agenda as presented. Question was called. The motion passed unanimously.

APPROVAL OF MINUTES

Jack Carpenter moved seconded by Dean Peterson to waive approval of minutes until the regularly scheduled meeting.

NEW BUSINESS

Glacier Fish Company: KeyBank Valuation Assessment Comments

The committee had a general discussion regarding the KeyBank Valuation Analysis and members were directed to submit individual comments in writing to Katie. A meeting was called to discuss the issue in more detail on July 11th in the Anchorage office.

There was no other business.

ADJOURNMENT

Don Stiles moved seconded by Harvey Sookiayak to adjourn the meeting. The meeting adjourned at 10:40 a.m.

"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"



FILE COPY

Serving the fisheries of the Bering Strait Region

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

**Norton Sound Economic Development Corporation
Finance Committee Meeting
Bering Straits Native Corporation Boardroom
Nome, Alaska
August 10, 2007
11:30 a.m.**

CALL TO ORDER

Chairman Dan Harrelson called the meeting to order at 11:37 a.m.

ROLL CALL

Present: Dan Harrelson, Don Stiles, Jack Carpenter, Wilfred Katcheak, Paul Johnson, Henry Ivanoff, Dean Peterson and Harvey Sookiayak Staff: Eugene Asicksik, Janis Ivanoff, Simon Kinneen and Katie Peterson. Others Present: Jon Zuck.

APPROVAL OF AGENDA

Dean Peterson moved seconded by Harvey Sookiayak to approve the agenda. Question was called, the motion passed unanimously.

APPROVAL OF MINUTES

Don Stiles moved seconded by Dean Peterson to waive the approval of the July 26, 2007 meeting minutes until the next scheduled quarterly meeting. Question was called, the motion passed unanimously.

PUBLIC COMMENTS

There were no public comments.

OLD BUSINESS

Paul Johnson moved seconded by Don Stiles to go into executive session. The committee went into executive session at 11:43 a.m.

Harvey Sookiayak moved seconded by Jack Carpenter to return to regular session. The committee returned to regular session at 2:07 p.m.

Henry Ivanoff moved seconded by Harvey Sookiayak to adjourn the meeting at 2:08.

"NSEDC 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"

Henry Ivanoff withdrew his motion to adjourn the meeting and Harvey Sookiayak withdrew his second.

Glacier Fish Company

Don Stiles moved seconded by Harvey Sookiayak to direct staff to move forward with the recommendations made in executive session to continue with Northern Economics, Inc. on the valuation process with Keybanc to prepare for the next meeting. Question was called. The motion passed unanimously.

Nome Fishermen's Association

Don Stiles moved seconded by Paul Johnson to work with new specialized legal counsel to resolve issues with Nome Fishermen's Association. Question was called. The motion passed unanimously.

NEW BUSINESS

There was no new business.

OTHER BUSINESS

There was no other business.

ADJOURNMENT

Harvey Sookiayak moved, seconded by Henry Ivanoff to adjourn the meeting. The meeting was adjourned at 2:15 p.m.



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Serving the fisheries of the Bering Strait Region

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

**Norton Sound Economic Development Corporation
Executive Committee Teleconference
NSED Boardroom
August 15, 2007
2:00 p.m.**

CALL TO ORDER

Chairman Harrelson called the meeting to order at 2:03 p.m.

ROLL CALL

Present via teleconference: Dan Harrelson, Dean Peterson, Harvey Sookiayak, Paul Johnson and Joe Garnie. Staff: Eugene Asicksik and Kathy Wheelehan. Others: Steve Rieger.

APPROVAL OF AGENDA

Chairman Harrelson summarized the agenda. Eugene asked to add a request for a \$10,000 loan to pay a lawyer's retainer fee. It was added as item number 2 under New Business.

Paul Johnson moved seconded by Harvey Sookiayak to approve the agenda as amended. Question was called. The motion passed unanimously.

APPROVAL OF MINUTES

Dean Peterson moved seconded by Paul Johnson to waive approval of the minutes until the next regularly scheduled meeting. Question was called. The motion passed unanimously.

PUBLIC COMMENTS

Chairman Harrelson invited public comments. There were none.

OLD BUSINESS

There was no old business.

NEW BUSINESS

Buy out of Miller Boat Corporation's interest in GB Fisheries LLC.

Steve Rieger reported that the NSV buy out transactions are just about wrapped up. One issue that came up was Frances Miller's refusal to sign the waiver of first right of refusal to buy NSV'S interest in GB Fisheries LLC. This left us two choices, we buy Frances Miller's interest or we keep him as a minority partner and take the risk that Frances Miller will exercise his right of first refusal and buy the NSV interest. There was discussion on how the value of Miller's five percent interest was calculated. Basically the value of NSV's interest in GB Fisheries LLC which was used in the negotiations was

"NSED will provide financial assistance to member communities and Western Alaska, while protecting subsistence resources"

From that amount they subtracted ten percent and made Frances Miller an offer of \$555,000.

Chairman Harrelson said approving this purchase would put ownership of GB Fisheries at fifty percent for NSEDC and fifty percent for GFC.

Paul Johnson asked if the NSV agreement would still settle if we didn't buy out Mr. Miller's interest. Steve said we could still technically settle if Miller didn't exercise his right of first refusal but we would have an unhappy minority party in Mr. Miller.

Harvey Sookiayak asked what the benefits are if we do buy the interest. Right now it is a good deal. If we don't buy it now and if we work out an agreement to buy out of GFC, this issue will come up again. The deal might not be as good at that time and we'll have to worry about the first right of refusal again.

Paul wanted to confirm that the Executive committee has authority to make this deal. Eugene read the full board minutes from the April meeting and confirmed that they do have the authority. Paul also asked how much this deal changes the initial expected total amount of the NSV deal. Steve said that the amount hasn't changed much because the NSV agreement included dropping the Pacific Star payment. The total is about the same but it pays for different things.

Joe asked for clarification on the percentage. The committee keeps discussing five percent but in the offer to purchase the interest it says ten percent. Chairman Harrelson explained that Miller Boat Corporation owns ten percent of the fifty percent of GB Fisheries LLC not owned by Glacier Fish Company. In the deal with Norton Sound Ventures we'll gain the other ninety percent of the fifty percent.

Paul Johnson asked what GFC records on their books for the value of their interest in GB Fisheries LLC. Steve didn't have the exact number but remembered that the value was lower, because the book value mainly booked the cost of the vessel and factory improvements, not the value created from fishery rationalization. He said he could get the exact number if the committee would like.

Harvey Sookiayak asked what would happen if we did nothing. Instead of having fifty/fifty ownership with GFC, we would own less than fifty percent and we would have a minority partner.

Steve gave a general breakdown of what we would be getting if we purchased this last ten percent. We would get an additional percentage of the 2007 earnings not yet distributed, the value of the boat and the resource. There was discussion about the valuations placed on the resource during the buy back process last winter.

Dan Harrelson reiterated his thoughts for moving forward with this. If we don't deal with this now we'll have to deal with it at the GFC deal and we might as well take advantage of the fair offer. Paul Johnson agreed that it does seem like a fair offer.

Paul Johnson moved seconded by Harvey Sookiayak to approve the purchase of Frances Miller's percentage of GB Fisheries LLC. Question was called. The motion passed unanimously.

FILE COPY

Paul noted for the record that he based his motion on the thought that five percent of an \$11 million resource is about equal to what we are paying for the investment.

Request for a \$10,000 Loan to Pay a Lawyer's Retainer Fee

Eugene gave the committee a detailed account of a phone call he received shortly before the Executive committee meeting. The request was to borrow money from our Revolving Loan program to pay for a lawyer's retainer fee. Chairman Harrelson said that is not the intent of the program. Lawyers' fees are not an eligible expense. Paul Johnson added that our insurance doesn't cover the loan recipient's original loan because of the nature of his activities so we risk losing the amount left on that loan. The committee considered this a dead issue.

There was no other business.

Joe Garnie moved seconded by Dean Peterson to adjourn the meeting. The meeting adjourned at 2:30 p.m.



FILE COPY

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

**Norton Sound Economic Development Corporation
Finance Committee Meeting
NSED C Boardroom
August 20, 2007
9:30 a.m.**

CALL TO ORDER

Chairman Dan Harrelson called the meeting to order at 9:34 a.m.

ROLL CALL

Present: Dan Harrelson, Don Stiles, Jack Carpenter, Paul Johnson, Dean Peterson and Harvey Sookiayak. Absent and Excused: Wilfred Katcheak and Henry Ivanoff. Staff: Eugene Asicksik, Janis Ivanoff, Simon Kinneen, and Katie Peterson. Kathy Wheelehan was present for part of the meeting.

APPROVAL OF AGENDA

Jack Carpenter moved seconded by Paul Johnson to approve the agenda as presented. Question was called. The motion passed unanimously.

APPROVAL OF MINUTES

Harvey Sookiayak moved seconded by Jack Carpenter to approve the minutes of August 10, 2007. Question was called. The motion passed unanimously.

PUBLIC COMMENTS

There were no public comments.

OLD BUSINESS

GFC Valuation

Paul Johnson moved seconded by Dean Peterson to go into executive session. The committee went into executive session at 9:40 a.m.

Jack Carpenter moved seconded by Don Stiles to return to regular session and to recess until after discussion with Glacier Fish Company. The committee meeting recessed at 11:50 a.m.

The Finance committee meeting was called back to order at 2:52 p.m. The same people were present with the exception of Jack Carpenter who was absent and excused.

Paul Johnson moved seconded by Don Stiles to go into executive session. The committee went into executive session at 2:53 p.m.

"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"

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Paul Johnson moved seconded by Don Stiles to return to regular session. The committee returned at 3:41 p.m.

There were no motions made during executive session.

NEW BUSINESS

There was no new business.

OTHER BUSINESS

There was no other business.

ADJOURNMENT

Don Stiles moved seconded by Dean Peterson to adjourn the meeting. The meeting adjourned at 3:42 p.m.



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

**Norton Sound Economic Development Corporation
Finance & Executive Committee Meeting
NSED Boardroom
August 29, 2007
10:00 a.m.**

CALL TO ORDER

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

ROLL CALL

Present: Dan Harrelson, Don Stiles, Paul Johnson, Joe Garnie and Harvey Sookiayak.
Via teleconference: Dean Peterson. Absent and Excused: Wilfred Katcheak, Jack Carpenter and Henry Ivanoff. Staff: Eugene Asicksik, Janis Ivanoff, Kathy Wheelehan, Simon Kinneen, and Katie Peterson. Others present: Julian Kim.

APPROVAL OF AGENDA

*Paul Johnson moved seconded by Don Stiles to approve the agenda as presented.
Question was called. The motion passed unanimously.*

APPROVAL OF MINUTES

*Don Stiles moved seconded by Paul Johnson to approve the minutes of August 20, 2007.
Question was called. The motion passed unanimously.*

PUBLIC COMMENTS

Don Stiles, on behalf of Norton Sound fishermen, asked why the price of halibut was lowered from \$3.50 to \$3.20 per pound. The committee agreed to discuss it under Other Business.

OLD BUSINESS

There was no old business.

NEW BUSINESS

Chairman Harrelson introduced Julian Kim, with the firm Latham & Watkins.

Paul Johnson moved seconded by Harvey Sookiayak to go into executive session. The committee went into executive session at 10:15 a.m.

There were no motions made during executive session. From discussion in executive session, staff knows what needs to be done. Don Mitchell asked for clarification on the order of events.

"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"

OTHER BUSINESS

2007 NSSP Halibut Price

Don Stiles stated that halibut is being bought in Homer for \$4.60 a pound. He doesn't understand why the Norton Sound Seafood Center changed the price that was discussed at the last board meeting of \$3.50 a pound, especially when Norton Sound fishermen are heading and gutting the halibut. Chairman Harrelson asked how many pounds are left. Don said there are about 40,000 pounds. Chairman Harrelson said that is only about \$12,000. Harvey suggested that the price could be adjusted at the end of the season.

Paul Johnson moved seconded by Don Stiles to go into executive session. The committee went into executive session at 12:02 p.m.

There were no motions made during the executive session.

ADJOURNMENT

Don Stiles moved seconded by Harvey Sookiyak to return to regular session and adjourn the meeting. The meeting adjourned at 12:07 p.m.