

2008 FOURTH QUARTER REPORT

October 1 – December 31, 2008



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

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I. Quarterly Highlights

- The NSEDC Board of Directors held their third quarter meetings in Nome from November 5-6, 2008.
- NSEDC credited \$1,184,000 to 2,368 electric utility accounts throughout the region through the 2008 Energy Subsidy Program.
- The NSEDC Board of Directors declared a \$100,000 community benefit share for each of the fifteen member communities for the third consecutive year.
- In the fourth quarter, \$16,000 in scholarships was awarded to nine residents.
- Twenty residents of member communities or of nearby communities worked on the *F/V Northern Glacier*, *F/V Norton Sound*, *F/V Glacier Bay* and the *F/V Alaska Ocean* earning a total of \$202,150.52 in wages in the fourth quarter.
- Six residents successfully completed the Fisheries Safety Orientation Class held November 30 – December 10 of the fourth quarter.
- Two residents completed an ammonia refrigeration operator II training program in Garden City, Kansas during the fourth quarter.
- NSEDC sponsored an Introduction to QuickBooks course through Northwest College Campus in St. Michael during the fourth quarter.
- The FR&D Clean Waters Program was completed in the fourth quarter and the collection from the 2008 season from over 100 miles of beach weighed in excess of 123,000 pounds.
- Under the Mist Incubation and Egg Planting Project, FR&D staff planted chum eggs in the Solomon River & coho eggs in the vicinity of Moonlight Springs.
- During the fourth quarter, five fishermen from Nome delivered 3,409 pounds of halibut to NSSP for an ex-vessel total of \$11,991.
- NSEDC participated in WACDA and NPFMC meetings during the fourth quarter.
- Janis Ivanoff was hired as Chief Executive Officer.
- Simon Kinneen was hired as Chief Operations Officer.
- FR&D promoted two technicians to full-time staff.
- The *Alaska Ocean* and *Northern Glacier* successfully finished pollock fishing and the *Alaska Ocean* also fished for hake during the fourth quarter.
- The *Aleutian No. 1* completed another successful and uneventful brown crab season.

A. Outreach

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

- NSEDC Board of Directors held their 2008 third quarter meetings in Nome from November 2-6, 2008 at the Bering Straits Native Corporation boardroom; these meetings were open to the public.
- NSEDC Board of Directors notified residents of the 2008 third quarter meetings by placing an ad in the Nome Nugget Newspaper.
- NSEDC placed six newspaper advertisements during the fourth quarter.
- NSEDC staff traveled to fourteen member communities to facilitate the signing up of participants for the 2008 Energy Subsidy Program.
- NSEDC hired individuals in Diomedes and Nome to assist the sign-up of residents for participation in the 2008 Energy Subsidy Program.
- NSEDC staff met with Nome Joint Utility Systems to discuss cooperating on large-scale renewable energy efforts.
- FR&D staff visited the Nome Elementary School to dissect salmon and donate eyed eggs for two classes.
- In the fourth quarter, NSEDC had Community Outreach Liaisons in thirteen of our member communities with Community Development Coordinator, Paul Ivanoff III serving Unalakleet and the NSEDC Nome Office serving Nome. 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.
- NSSP has a web page on the internet (www.nortonsoundseafood.com).

B. Employment

Employment Data Form

**Table 1
EMPLOYMENT DATA FORM
December 31, 2008**

	Quarter		Year-to-Date	
	People	Wages	People	Wages
Management/Administrative				
NSEDC	7	\$135,892.60	28	\$529,706.40
NSSP	8	\$97,170.79	28	\$383,851.31
Total Management/Administrative	15	\$233,063.39	56	\$913,557.71
CDQ Pollock Related				
A/B Season	20	\$171,440.18	79	\$702,742.29
Total Pollock Related	20	\$171,440.18	79	\$702,742.29
Total NSSP Employment	139	\$97,386.71	390	\$763,560.00
Other NSEDC Employment				
Skippers, Deckhands, Shoreside, etc.	15	\$30,710.34	39	\$208,319.22
Total Other NSEDC Empl.	15	\$30,710.34	39	\$208,319.22
Other Fishing				
GFC - Longline	2	\$30,710.34	8	\$100,179.25
Aleutian No. 1	0	\$0.00		
O/A Norton Sound Winter Red King Crab	0	\$0.00	15	\$36,879.00
O/A Norton Sound Red King Crab	0	\$0.00	29	\$990,205.25
NSEDC CDQ Red King Crab	0	\$0.00	6	\$49,435.75
YDFDA CDQ Red King Crab	0	\$0.00	6	\$49,435.75
Norton Sound Salmon	0	\$0.00	107	\$761,160.04
Norton Sound Herring	0	\$0.00	14	\$54,397.50
NSEDC CDQ Halibut	5	\$11,991.00	20	\$653,214.00
Total Other Fishing	7	\$42,701.34	205	\$2,694,906.54
NSEDC Community Outreach Liaisons	13	\$19,500.00	13	\$78,000.00
Interns				
NSEDC Administration	1	\$358.93	7	\$31,750.66
NSEDC Salmon Rehab.	2	\$10,430.55	26	\$146,222.08
Alaska Dept. of Fish & Game	0	\$0.00	2	\$8,862.05
Kawerak, Inc.	0	\$0.00	0	\$0.00
Native Village of Unalakleet	0	\$0.00	0	\$0.00
City of Koyuk	0	\$0.00	0	\$0.00
Kawerak, Inc.- Unalakleet	0	\$0.00	0	\$0.00
Fisheries Development	5	\$10,817.15	83	\$331,400.93
Total Interns	8	\$21,606.63	118	\$518,235.72
GRAND TOTALS	217	\$616,408.59	900	\$5,879,321.48
	NSEDC =	\$207,709.57	NSEDC =	\$1,334,261.34
	NSSP =	\$206,548.50	NSSP =	\$3,742,138.60
	Partners =	\$202,150.52	Partners =	\$802,921.54

Employment Summary

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

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

Community Breakdown:

- 4 employees from Unalakleet
- 3 employees from Stebbins
- 3 employees from Anchorage
- 3 employees from Shishmaref
- 2 employees from St. Michael
- 1 employee from Teller
- 1 employee from Kaltag
- 1 employee from Mountain Village

NSSP Employment – One-hundred thirty-nine residents were employed during the quarter.

Community Breakdown:

- 102 employees from Unalakleet
- 19 employees from Nome
- 7 employees from Elim
- 6 employees from Savoonga
- 2 employees from Shaktoolik
- 1 employee from Quinahak
- 1 employee from Wasilla
- 1 employee from Texas

Other NSEDC Employment – Fifteen residents were employed during the quarter.

Community Breakdown:

- 8 employees from Shaktoolik
- 4 employees from Unalakleet
- 2 employees from Golovin
- 1 employee from St. Michael

Other Fishing –

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

Community Breakdown: 1 employee from Shishmaref

One resident of member communities or of nearby communities were employed aboard the *F/V Glacier Bay* during the quarter.

Community Breakdown: 1 employee from Brevig Mission

Five residents delivered 3,409 pounds of halibut to NSSP during the quarter for a total of \$11,931.50.

Community Breakdown: 5 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 Diomede
- 1 liaison from Savoonga
- 1 liaison from Gambell
- 1 liaison from Elim
- 1 liaison from Golovin

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

Community Breakdown:

- 3 Unalakleet
- 2 Gambell
- 1 Savoonga
- 1 White Mountain
- 1 Anchorage

Training

Training Data Form

**Table 2
TRAINING DATA FORM
October 1 thru December 30, 2008**

	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-Secondary	9	\$16,000.00	256	\$481,261.00
Vocational	0	\$0.00	16	\$32,000.00
Voc-Tech				
Basic				
Advanced				
Other Training				
Fisheries Related	6	\$33,085.94	21	\$61,649.18
Student Loans				
CDQ Staff				
CDQ Board				
Other	10	\$4,080.48	12	\$9,929.58
Other Expenditures				
To Education Institute				
Education Endowment				
TOTAL	25	\$53,166.42	305	\$584,839.76

Training Summary

Sixteen students received post-secondary funding the in fourth quarter. Two residents completed ammonia refrigeration operator II training. Ten Stebbins residents completed an Introduction to QuickBooks class instructed by Northwest College Campus.

II. Administration

A. Board Activities

Board of Director Meetings

The NSEDC Board of Directors held their 2008 third quarter meetings in Nome from November 2-6, 2008.

The Board of Directors held their 2009 Budgeting Meetings at the Westmark in Anchorage on December 1-2, 2008.

The NSEDC Board of Directors held board training in Tulalip, Washington on December 3-5, 2008.

Substantial Decisions

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

- The Board of Directors approved minor changes to the Rules and Bylaws.
- The NSEDC Board of Directors adopted Corporate Resolution 08-13 for the formation of the NSEDC Education Foundation.
- The NSEDC Board of Directors adopted Corporate Resolution 08-14 to provide accounting and administrative services to the NSEDC Education Foundation at fair market value.
- The Board of Directors unanimously approved to fund up to \$500 to each eligible participant for the 2008 NSEDC Energy Subsidy Program.
- The Board of Directors adopted Corporation Resolution 08-12 to acquire the Nome Office/Reindeer Plant.
- The Board of Directors declared a \$100,000 Community Benefit Share for 2008.
- The Board of Directors moved to allocate funds from the UBS investment account to be used as collateral for a line of credit for the sole purpose of purchasing processed king crab during the 2008 season for sale over twelve months.
- The Board of Directors authorized Dan Harrelson as NSEDC Corporate President to do all things necessary to effect the Board's decision with respect to the employment agreement with the company's CEO and other management decisions in relation to their determination.
- The Board of Directors approved all managers 2009 budgets.
- The Board of Directors unanimously moved to hire Janis Ivanoff as Chief Executive Officer.
- The Board of Directors approved the President's contract for 2009.

III. Harvesting Report

CDQ Harvest Activities

Pollock

There was no harvest of pollock in the 4th Quarter. A total of 22,000 metric tons of CDQ pollock was harvested 2008 – this comprises 100% of our directed fishing allocations.

Pacific Cod

Glacier Fish Company harvested 355 metric tons of cod in the 4th quarter. The *F/V Glacier Bay* harvested 144 tons of quota. The *F/V Norton Sound* harvested 211 tons of quota. A total of 185 tons was transferred to other CDQ groups for harvest through their partners. Royalties will be paid to NSEDC for the amounts harvested. Of the remaining 3,073 tons, 100% of the total allocation was harvested in 2008.

Atka Mackerel/Pacific Ocean Perch

NSEDC has quota in 3 areas and they are combined for this report.

The *F/V Seafreeze Alaska* harvested 145 metric tons of Atka mackerel in the 4th quarter. The *F/V Seafreeze Alaska* harvested 42 metric tons of Pacific Ocean Perch in the 4th quarter. A total of 93% of our Atka mackerel was harvested in 2008. A total of 78% of our Pacific Ocean Perch was harvested in 2008.

Yellowfin Sole

There was minimal harvest of these species in the 4th quarter. With sector allocations in place for these fisheries and higher quota levels in 2008, it has been difficult to get CDQ fish harvested. The reason for this is that our fishing partners have “free fish” to catch first – that is, they have access to a lot of fish that they do not need to pay a royalty on so it makes good business sense to harvest that before fishing our quota that they have to pay for. Most, if not all, CDQ groups are facing the same issue, so we’re in a uniquely positive situation in which we have a guaranteed royalty on our fish.

About 20% of our Yellowfin sole and 22% of our rock sole was harvested in 2008.

Sablefish (black cod)

We transferred our black cod CDQ to YDFDA and BBEDC for harvest this year (in the past years it has primarily been YDFDA). Twenty tons of Bering Sea sablefish and 40 tons of Aleutian Islands sablefish was transferred to YDFDA. Most of this fish was harvested in the 4th quarter. Twenty tons of Bering Sea sablefish and 40 tons of Aleutian Islands sablefish was transferred to BBEDC. A clean-up fishery took place in the 4th quarter, finalizing the harvest of this quota.

95% of our Aleutian Islands and 87% of our Bering Sea longline allocations were caught for the year. About 17 tons of trawl black cod allocation was “shopped around” to harvesters but there were no takers.

Bristol Bay Red King Crab

Approximately 99% of our 366,552 pounds of Bristol Bay Red King Crab was harvested in the 4th quarter.

Bering Sea Opilio Crab

There was no harvest of opilio crab in the 4th quarter. Our entire allocation of 2007-2008 opilio crab was harvested.

Bering Sea Bairdi Crab

There was no harvest of bairdi crab in the 4th quarter. A little over half of our bairdi was harvested in 2008 – these catch rates are a little better than the rest of the bairdi owners.

Aleutian Island Brown Crab

Our entire allocation of 66,150 pounds of Eastern Aleutians Brown King Crab was harvested in the 4th quarter on the *Aleutian No. 1*.

Norton Sound CDQ Red King Crab

The entire CDQ allocation of 2008 Norton Sound red king crab fishery was harvested by local fishermen. The total allocation was 30,900 pounds. NSEDC's allocation of quota is 50%, and we transferred in the remaining 50% from YDFDA for a 25% royalty (which NSEDC paid rather than the fishermen).

Norton Sound 4D/4E Halibut

A total of 186,692 pounds of halibut were caught in the local fishery in the 3rd quarter. A total of 25,087 pounds were landed in Savoonga. Deliveries into Nome totaled 161,605 pounds. NSEDC made three transfers from other CDQ groups to replenish our balance of available quota – a total of 44,000 pounds of 4E quota from BBEDC and 10,400 pounds from CVRF (originally BBEDC's).

IFQ Management

Sablefish (black cod)

There was a total of 33,875 pounds of IFQ black cod caught in the fourth quarter. Approximately 260,000 pounds of IFQ black cod (Bering Sea and Gulf of Alaska) was caught in 2008 – about 98%.

Halibut

There was 869 pounds of NSEDC IFQ 3B halibut delivered in the 4th quarter. One hundred percent of our 29,806 pounds of 3B halibut was harvested.

Crab 2008/09

The *F/V Aleutian No. 1* harvested approximately 360,000 pounds of eastern brown king crab in the 4th quarter. One hundred percent of our eastern brown king crab was harvested in 2008. The *F/V Aleutian No. 1* harvested approximately 113,000 pounds of western under designated brown king crab in the 4th quarter, of which about half being NSEDC's IFQ. Approximately 20% of NSEDC's 2008/09 western brown king crab was harvested in 2008 – fishing for this IFQ continues in 2009. All of NSEDC's IFQ Bristol Bay red king crab was harvested in the 4th quarter.

IV. Board of Directors 4th Quarter Meeting Minutes (Attachment 1)

V. Confidential Issues

A. Financial Statements

NSEDC Statement of Financial Position Fourth Quarter (Attachment 2)

NSEDC Statement of Activities Fourth Quarter (Attachment 3)

NSEDC Statement of Cash Flows Fourth Quarter (Attachment 4)

NSEDC Budget to Actual Fourth Quarter (Attachment 5)

NSEDC Species Royalty Analysis Fourth Quarter (Attachment 6)

ATTACHMENT 1
NSEDG Board of Directors
Fourth Quarter Meeting Minutes



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
Third Quarter Board of Directors' Meeting
November 5-6, 2008
BSNC Boardroom
1:00 p.m.

CALL TO ORDER

NSED C Board Chairman Dan Harrelson called the NSED C 2008 Third Quarter Board of Directors' Meeting to order at 1:10 p.m. on November 5, 2008.

ROLL CALL

The roll call was taken with Mary Menadelook, Truman Kava, Frank Oxereok Jr., Reggie Barr, Joe Garnie, Don Stiles, Dan Harrelson, Dean Peterson, Charles Saccheus Sr., Elvina Naranjo, Harvey Sookiayak, Frank Katchatag, Victor Joe and Wilfred Katcheak present. Ramona Tungiyen was absent. Staff present were Bob Walsh, Janis Ivanoff, Simon Kinneen, Virginia Nashalook, Tasha Huffman, Katie Peterson, Charlie Lean, Wes Jones, Josh Osborne, Middy Johnson, Dick Tremaine, Kathy Wheelehan, and Jerry Ivanoff. Public present were Rob Wood, Laurie McNicholas of *Nome Nugget*, Paul Korchin and Laureli Kinneen of *KNOM*, Tim Smith, Eric Osborne, and Margaret Russell.

APPROVAL OF AGENDA

Harvey Sookiayak added an executive session for the NSED C Corporate President's Report.

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

APPROVAL OF MINUTES

1. July 30 & August 1, 2008 Second Quarter Board Meeting Minutes
Don Stiles made a motion to approve the July 30-August 1, 2008 NSED C Board of Directors' Second Quarter Board Meeting Minutes. Victor Joe seconded the motion. The motion passed.
2. August 29, 2008 Special Board Meeting Minutes
Dean Peterson made a motion to approve the August 29, 2008 Special Board Meeting Minutes. Frank Oxereok Jr. seconded the motion. The motion passed.
3. September 15, 2008 Special Board Meeting Minutes
Harvey Sookiayak made a motion to approve the September 15, 2008 Special Board Meeting Minutes. Victor Joe seconded the motion. The motion passed.

"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"

PRESIDENT'S REPORT-Dan Harrelson

Harvey Sookiayak made a motion to go into executive session at 1:17 p.m. for the President's Report. Frank Oxereok Jr. seconded the motion. The motion passed.

Wilfred Katcheak made a motion to get back to regular session at 1:50 p.m. Victor Joe seconded the motion. The motion passed.

CEO's Report-Bob Walsh

Bob Walsh gave the CEO's Report. During AFN, Bob and Janis met with various agencies about the out migration from the villages to urban centers. Chairman Harrelson asked about the Nome Freezer Plant, which is a little behind schedule. Bob and Margaret gave the board an update on the liquidated damages, the timeline for finishing the plant, and other negotiations.

PUBLIC COMMENTS

Dan opened the floor for public comments.

Tim Smith commented on salmon enhancement.

We took a break at 2:05 p.m. The meeting reconvened at 2:17 p.m.

FINANCIALS/INVESTMENT PORTFOLIO

Tasha Huffman gave the NSEDC Financial Report. Don Stiles asked for clarification on the NSSP Operation noting the high cost for utilities, \$276,000.00, and the loss for the year.

1. KPMG Audit Report Update

Chairman Harrelson said the NSEDC Finance Committee will be making a recommendation on the KPMG Audit during the committee reports.

Investment Representatives from UBS and Charles Schwab were present to provide their updates. Peter Brown of Victory Capital Management/Key Bank was not able to attend.

Elvina Naranjo made a motion to go into executive session at 2:25 p.m. to go over our investment portfolios. Frank Katchatag seconded the motion. The motion passed.

Frank Oxereok Jr. made a motion to return to regular session at 3:08 p.m. Frank Katchatag seconded the motion. The motion passed.

We took an immediate break. The meeting reconvened at 3:19 p.m.

MANAGERS' REPORT

1. Asset Manager-Dick Tremaine

Dan turned the floor over to Dick Tremaine for the Asset Manager's report. Aleutian #1 is fishing brown crab and doing very well.

a. Glacier Fish Company LLC

Dick deferred this report to Rob Wood. Rob noted the cut in the Pollock TAC of 25% and the fire on the F/T Pacific Glacier. Nissui continues to identify market options, particularly in Europe. The exchange rate of the Euro to the dollar has not been beneficial. He gave an update

on all of the vessels, what they are currently fishing, any problems they may have and any scheduled maintenance. Wilfred asked about the amount of Pollock brought to the table by the F/T Alaska Ocean. Rob informed him that this boat doubled our harvestable Pollock.

b. Norton Sound Ventures Dissolution Update

Dick gave an overview of the Dissolution. Chairman Harrelson commented on a new opportunity to sell crab and stated that it will be discussed in executive session later.

c. Aleutian #1

As stated earlier, the Aleutian #1 is doing very well and working hard.

d. New Crab Ventures

Dick covered New Crab Ventures. Negotiations fell through with the economy hurting and high end restaurants suffering. The partnership went into hibernation. The new equipment is being sent back to the manufacturer. With an upswing in the economy, we could come back to this.

2. CDQ Management-Simon Kinneen

Simon Kinneen gave the CDQ Management Report. Chairman Harrelson asked about future royalty rates and our cooperation with the other CDQ Groups to harvest some of their products.

3. Southern and Northern NSSP

a. NSSP Financial Report

This was covered in executive session.

b. Middy Johnson

Middy reported on herring bait, salmon operations and the possibility of a "true-up" payment, a spawn on kelp fishery, and he gave an update on the crane installation. Elvina asked about smelt and tomcod for bait. Middy informed her that is a possible fishery, but the fish prices for these two species are low. We would have to increase the volume to make it work. Charlie Saccheus Sr. and Elvina both asked about residents getting their fishing permits. A couple of residents have gotten their permits back and Middy is willing to help if those interested will contact him.

c. Josh Osborne

Josh Osborne gave the Northern NSSP report covering the red king crab, the Port Clarence red salmon fishery, and the halibut operations. Chairman Harrelson asked if there was anything major to be done at the plant over the winter. Rich Ferry will be working on the live tanks for crab and he and Josh will be working on more storage space for packaging materials. Bob Walsh noted that our operations are pretty much shut down. The Board discussed the excess herring bait from Unalakleet and minimizing operation and energy costs.

Dan Harrelson asked the Board to read the written reports, where we will start tomorrow.

The meeting recessed at 4:28 p.m.

NOVEMBER 6, 2008

Chairman Harrelson reconvened the meeting at 9:00 a.m.

For the record, all the board members were present, except Ramona Tungiyon.

4. Written Reports

a. Community Benefits Department-Janis Ivanoff

Don Stiles commented on the wind generation project noting the recent installation near Nome and how much it is projected to save. He would like to see similar projects in the other communities. Chairman Harrelson asked Janis for an update on the request from the Nome Harvesters Association regarding the Nome Boat Trailers. Janis noted that we are assisting and the trailer should be ready for use next spring.

b. EET Department-Jerry Ivanoff

Chairman Harrelson commented on the work done by Carol and Jerry to prepare the scholarship information for the formation of the NSEDC Education Foundation. The Board discussed the possible tax benefits of donating to the Foundation. Chairman Harrelson asked for an update on a complaint from one of our residents working as a processor on a GFC vessel. Bob said the complaint was brought up with GFC and is being addressed. Don Stiles noted, in Jerry's report, that processors are bringing home a good pay check.

c. HR Department-Camille Cruz

No comments provided.

d. NSFR&D-Charlie Lean

Charlie gave a brief update on the work being done to address the stocks of concern, namely king salmon, the Clean Waters program and the need for an additional biologist. The Board praised the Clean Waters efforts and understood the need for an additional biologist.

COMMITTEE REPORTS

1. Executive Committee Report

Chairman Dan Harrelson gave the NSEDC Executive Committee Report. There were no action items to approve.

2. NSSP Working Group Report

Chairman Stiles gave the NSSP Working Group Report.

Don noted the recommendation of the report to have a meeting with the Norton Sound Marine Harvesters and NSEDC Administration.

Dean Peterson made a motion to approve the NSSP Working Group Report with its recommendation. Frank Oxereok Jr. seconded the motion. The motion passed.

3. Fisheries Development Committee Report

Chairman Saccheus gave the NSEDC Fisheries Committee Report. There were no action items to approve.

4. Rules & Bylaws Committee Report

Chairman Stiles gave the NSEDC Rules & Bylaws Committee Report.

Don Stiles made a motion to approve the recommended changes of the NSEDC Rules and Bylaws Committee Report. Harvey Sookiayak seconded the motion. Joe Garnie brought up the recommendation by Eric Osborne to have a public comment at the beginning and the end of the meetings. The motion passed.

5. Scholarship Committee Report

Chairman Joe gave the NSEDC Scholarship Committee Report.

Wilfred Katcheak made a motion to approve the NSEDC Scholarship Committee Report with its recommendation. Victor Joe seconded the motion. The motion passed.

6. Finance Committee Report

Chairman Harrelson gave the NSEDC Finance Committee Report. Two motions were noted for the Board's approval.

Don Stiles made a motion to approve the NSEDC Finance Committee Report with all its recommendations. Wilfred Katcheak seconded the motion. The motion passed.

We took a break at 10:08 A.M. The meeting reconvened at 10:24 A.M.

OLD BUSINESS

Dan Harrelson added number eight, the reindeer plant.

1. Tender Vessel Update

Bob Walsh reported that the Egavik is at Dutch Harbor for some repairs, the Norton Bay is docked in Nome and the Golovin Bay is docked in Unalakleet. Middy and Josh will work on identifying our tender vessel needs for a future purchase. Chairman Harrelson asked about possibly putting the Golovin Bay up for sale. Don Stiles noted that the Board had given direction to sell it so it should be advertised. There was discussion about other uses for it including hauling fuel for fishermen.

2. Elim Uranium Mine Update

Chairman Harrelson noted Charlie Lean's Report with the work done in the Elim area. Charlie gave a report that this camp was all buttoned up and will be for a number of years, as they had marketing issues. They tried ten years ago, and they will probably try in another ten years with possibly another location. The situation has changed. Dan noted the work of Eric Morris testing water quality in the Fish River. Dan asked about the \$25,000.00 budgeted for the Elim IRA and what will happen to those funds. Bob stated that he is working with the Elim IRA.

3. Siu Alaska Corporation Update

Siu Alaska Corporation newly elected President/Chairman Don Stiles gave a brief update. Siu is currently working on recruiting a CEO.

4. Annual Board Retreat & Training

Kathy Wheelehan gave an update and asked the Board to please let staff know if there is anything in particular the Board would like training on. There was discussion on what to bring and Elvina Naranjo requested training on the ups and downs of the Stock Market.

5. CDQ Bulk Fuel Program Update

Simon Kinneen gave the CDQ Bulk Fuel Program Update. Only one group was ready to join, so each group will go on their own this year. Don asked if we plan to work together in the future, Simon said that is the plan. Don also asked about bulk insurance coverage. Bob said WACDA is aware that we are interested.

6. Education Foundation

Katie Peterson would give an update of the Education Foundation. Wilfred Katcheak requested an executive session, if the discussion is about setting up the Foundation and the candidates.

We took a break at 10:47 A.M. The meeting reconvened at 11:00 A.M.

Dan Harrelson noted the extraordinary hard work of Katie on this project, after Don Stiles moved to set up the Foundation to protect our funds.

Katie gave an update on the NSEDC Education Foundation. We need to choose the board of directors.

Wilfred Katcheak made a motion to go into executive session to select the NSEDC Education Foundation Board of Directors at 11:06 a.m. Harvey Sookiayak seconded the motion. The motion passed.

Elvina Naranjo made a motion to return to regular session at 11:52 a.m. Frank Oxereok Jr. seconded the motion. The motion passed.

We took a break at 11:52 a.m. The meeting reconvened at 12:06 p.m.

Katie Peterson continued with the NSEDC Education Foundation update. We reviewed the NSEDC Education Foundation Bylaws and the Articles of Incorporation. She went over the capitalization of the Foundation and possible fundraising, with pros and cons. She gave an idea of the budget requirements by looking at the NSEDC EET Department budget.

Don Stiles made a motion to adopt NSEDC Corporate Resolution 08-13, the formation of NSEDC Education Foundation. Don read the resolution in its entirety. See NSEDC Resolution No. 08-13 provided. Elvina Naranjo seconded the motion. The motion passed unanimously.

Don Stiles made a motion to adopt NSEDC Corporate Resolution 08-14, accounting and administrative services for NSEDC Education Foundation. Dean Peterson seconded the motion. The motion passed.

Dan noted that Bob, Janis, and Dan will call the initial meeting of the NSEDC Education Foundation. Dan directed staff to have the Education Foundation Board of Directors meet with our board to get on the same page.

7. Energy Subsidy

Janis Ivanoff gave an update on the NSEDC Energy Subsidy, what amount is available and a possible payout. She is looking for direction from the Board.

Wilfred Katcheak made a motion to fund \$500.00 for the NSEDC Energy Subsidy. Frank Oxereok Jr. seconded the motion. Harvey Sookiayak asked about the 1.7 million dollars set aside for this project. The motion passed unanimously.

Chairman Harrelson asked how soon we could implement this program, possibly stopping electrical payments of our consumers to their respective vendors and if we have a drop dead date for applications. He thanked Elvina for her idea, who thanked the Board for their support.

8. Reindeer Plant

Chairman Harrelson brought up the reindeer plant acquisition. Simon informed the Board that the title problems have been sorted out. Margaret Russell noted that this new resolution has come out because the authorized person to implement the old resolution is no longer with us.

Dean Peterson made a motion to adopt NSEDC Resolution No. 08-12, the acquisition of the reindeer plant. Victor Joe seconded the motion. The motion passed.

We took a lunch break at 12:30 p.m. The meeting reconvened at 1:33 p.m.

NEW BUSINESS

1. Board Meeting Evaluation

Chairman Harrelson directed board members to complete the evaluation and turn it into the staff.

2. Community Benefit Share

With no objections of the board, Chairman Harrelson brought up the Community Benefit Share to be addressed prior to executive session.

Joe Garnie made a motion to approve \$100,000.00 Community Benefit Share for 2008. Wilfred Katcheak seconded the motion. The motion passed unanimously.

3. CEO Evaluation

Harvey Sookiayak made a motion to go into executive session to do the NSEDC CEO Evaluation at 1:40 p.m., which would be followed by Dick Tremaine for business opportunities, and Simon Kinneen for CDQ Harvesting Issues. Elvina Naranjo seconded the motion. The motion passed.

Reggie Barr made a motion to return to regular session at 3:44 p.m. Frank Oxereok Jr. seconded the motion. The motion passed.

Wilfred Katcheak moved to allocate funds from the UBS Investment account to be used as collateral for a line of credit for the sole purpose of purchasing processed king crab during the 2008 season for sale over the following twelve months. Elvina Naranjo seconded the motion. The motion passed. Harvey Sookiayak objected.

After conclusion of the NSEDC Board's Employment Review of the CEO, Don Stiles made a motion to authorize Dan Harrelson, as NSEDC Corporate President, to do all things necessary to effect the decision made by the Board in executive session with respect to the employment agreement with the company's CEO and other management decisions relating to that determination. Wilfred Katcheak seconded the motion. The motion passed. Dean Peterson abstained.

OTHER BUSINESS

No other business.

BOARD COMMENTS

Frank Oxereok Jr. was glad to back on board and we had a good meeting.

Elvina Naranjo stated it was nice to see everybody. Thank you for your support of the Energy Subsidy and thanks from the people of our region.

Mary Menadelook said it was nice to see everyone and have a safe trip home.

Frank Katchatag felt that the meeting went pretty well.

Joe Garnie thanked the Board for the Energy Subsidy and the Bulk Fuel Program.

Reggie Barr thanked NSEDC and Elvina for the Energy assistance and Bulk Fuel Program.

Harvey Sookiayak thanked Virginia for her work with our fishermen and her quick responses.

Charles Saccheus Sr. had no comment.

Truman Kava thanked Virginia for the quick response to fishermen and thanked Elvina Naranjo for the Energy Subsidy. Good to see everybody again.

Victor Joe stated that St. Michael thanks Elvina Naranjo for the Energy assistance.

Wilfred Katcheak encouraged all board members to actively think of ways to improve our villages like what Elvina did.

Don Stiles noted that, during the course of the meeting, we have affected fishermen, communities and students. We have provided money over the years for bulk fuel, habitat rehabilitation, scholarships, Community Benefit Shares, commercial salmon, crabbing and halibut. We have taken steps to reduce the use of fossil fuels to lower our cost of living and heat our homes with innovative wind to thermal power generation. NSEDC has created a Small Business Initiative to jumpstart small business ideas. We provided money to every household through Elvina's wonderful idea to help offset the rising cost of our utilities. We are taking steps to reduce the high cost of transportation by purchasing larger dual purpose vessels. We have provided money for cleanup and disposal of junk within our communities. We provided money for interns, jobs within the University of Alaska, boat trailers, cancer treatment equipment, dental health, trail staking, sanitation trips like Joe mentioned in his community, loaders, boat ramps,



Serving the fisheries of the Bering Strait Region

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

Norton Sound Economic Development Corporation
Special Board of Directors Meeting
Anchorage Westmark Hotel
December 1 & 2, 2008
Penthouse Room
9:00 a.m.

CALL TO ORDER

NSEDC Board Chairman Dan Harrelson called the NSEDC Special Board of Directors Meeting to order at 9:02 a.m.

ROLL CALL

The roll call was taken. Present at the meeting were Charles Saccheus Sr., Frank Oxereok, Victor Joe, Joel James, Harvey Sookiayak, Dean Peterson, Mary Menadelook, Reggie Barr, Joe Garnie, Frank Katchatag, Elvina Naranjo, Wilfred Katcheak, Daniel Harrelson, and Don Stiles. Truman Kava was absent. Staff present were: Janis Ivanoff, Virginia Nashalook, Charlie Lean, Kathy Wheelehan, and Jerry Ivanoff. Tasha Huffman was present via teleconference.

APPROVAL OF AGENDA

Frank Oxereok Jr. made a motion to approve the agenda. Victor Joe seconded the motion. Dean Peterson asked what effect not having a CEO and CFO would have on the budget. Janis explained any effects. The motion passed.

APPROVAL OF MINUTES

Harvey Sookiayak made a motion to waive the minutes of November 5, 2008. Charles Saccheus seconded the motion. The motion passed.

Victor Joe asked when he could bring up the St. Michael Proposal. Janis informed him that this could be discussed in the shore-side infrastructure budget.

PUBLIC COMMENTS

None provided.

OLD BUSINESS

No old business was presented.

NEW BUSINESS

1. 2009 Budget Review

Janis explained the budget review process. Tasha Huffman was available by teleconference and Virginia Nashalook was present to update budgets in accordance with any changes the Board may have. The order of the budget reviews may need to be adjusted depending on the arrival of some of the managers from Nome. Dan Harrelson asked which staff would be present in Seattle.

Janis stated that managers were given the option to attend meetings for two days in Seattle. Charlie Lean is the only manager not scheduled to attend.

Harvey Sookiayak made a motion to go into executive session at 9:10 a.m. to review the 2009 NSEDC budgets. Elvina Naranjo seconded the motion. The motion passed.

Truman Kava joined the meeting at 9:20 a.m.

The meeting recessed at 4:00 p.m.

December 2, 2008 9:00 a.m.

The meeting reconvened, still in executive session, at 9:00 a.m. on December 2, 2008. For the record, Frank Katchatag and Reggie Barr were sick, so they were excused. The budget reviews continued in executive session.

Reggie Barr joined the meeting at 10:30 a.m. Frank Katchatag joined the meeting at 10:55 a.m.

The meeting returned to regular session at 11:30 a.m.

Wilfred Katcheak made a motion to approve the NSEDC 2009 Budgets as presented and amended. Dean Peterson opposed and voiced his concern that we acted prematurely on the budget without a CEO and CFO. Frank Oxereok Jr. seconded the motion. The motion passed with one nay vote.

2. Time and Place of 4th Quarter Board of Directors Meeting

Janis Ivanoff suggested holding the 4th quarter meetings in the last week of January. With no conflicts, Chairman Harrelson scheduled the 4th quarter meetings to start on January 26th, 2009.

3. CEO Hire

Harvey Sookiayak made a motion to hire Janis Ivanoff as NSEDC CEO effective immediately. Dean Peterson seconded the motion. The motion passed unanimously.

4. President's Contract Review

Frank Oxereok Jr. made a motion to approve the NSEDC President's Contract, as amended. Wilfred Katcheak seconded the motion. The motion passed unanimously.

OTHER BUSINESS

No other business presented.

ADJOURNMENT

Harvey Sookiayak made a motion to adjourn the NSEDC Special Board of Directors Meeting at 11:55 a.m. Frank Oxereok Jr. seconded the motion. The motion passed.

Dan Harrelson, NSEDC Chairman Harrelson

Jerry Ivanoff, NSEDC Corporate Secretary

Date