

FOR DISTRIBUTION

2012 SECOND QUARTER REPORT

April 1 – June 30, 2012



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

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I. Quarterly Highlights

- The NSEDC Board of Directors held its 2012 first quarter meetings in Unalakleet, Alaska, April 30 – May 2, 2012.
- Norton Sound Seafood Products concluded its winter crab commercial fish buying operations, paying out a total of \$60,814 to 25 resident fishermen during the quarter and \$130,540 for the season of harvesting crab through the sea ice.
- A distribution of \$74,000 was made from the *Aleutian No. 1* to the Bering Sea Women's Group, which was gifted 25% ownership in the crab vessel in 2009. Siu Alaska Corp. owns 50% of the vessel.
- NSEDC/NSFR&D staff were successful in persuading the Alaska Board of Fish to consider and approve a rule change in regard to the Norton Sound red king crab fishery. Had the rule change not been made, resident fishermen would have seen a drastic reduction in their harvest quota even though crab stocks are thriving.
- A total of 7 current residents of NSEDC member communities, one resident of Kaltag and a former member community resident who now lives in Anchorage worked on the *F/V Pacific Glacier* and the *F/V Alaska Ocean*, earning a total of nearly \$60,000 in wages.
- Forty-six residents of member communities were awarded scholarships totaling \$82,836 for the quarter.
- Deliveries of fuel from NSEDC's Consolidated Bulk Fuel program began late in the quarter.
- Longtime NSEDC employee Fred Jay Ivanoff accepted a full-time Senior Crew Leader position with NSEDC's NSFR&D department during the quarter. He will continue to work out of the Unalakleet office.
- Justin Noffske accepted the Office Manager position for the Norton Sound Seafood Center in Nome.
- NSFR&D's multiple salmon enumeration projects were up and running near the end of the quarter.
- NSFR&D received funding from the Marine Conservation Alliance Foundation for marine debris cleanup around Savoonga.

A. Outreach

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

- The NSEDC Board of Directors held its 2012 first quarter meetings in Unalakleet, Alaska, April 30 – May 2, 2012; these meetings were open to the public.
- NSEDC Board of Directors notified residents of the 2012 first quarter meetings through radio announcements and a notice on its website.

- NSEDC produced and mailed out its 2012 first quarter report to entities and municipalities throughout the region. The report was also posted on NSEDC's website.
- NSEDC and NSSP staff held fishermen's meetings in Koyuk, Shaktoolik, St. Michael, Stebbins, Unalakleet, Elim and Golovin. The meetings covered herring and salmon season outlooks, fish quality, clean boating and Coast Guard regulations, and NSEDC's fishermen's gear and receivables program.
- NSEDC issued press releases on its successful efforts to seek a regulation change that maintained current Norton Sound red king crab harvest levels while safeguarding crab populations. NSEDC also issued press releases on the *Aleutian No. 1* distribution to the Bering Sea Women's Group and the opening of the 2012 Small Business Initiative competition.
- NSEDC issued a press release and posted information on its website regarding red king crab, and initial chum and pink salmon prices to be paid to fishermen for the 2012 season.
- NSEDC advertised the opening of the Small Business Initiative and the availability of seafood processor training in the *Nome Nugget* and on the NSEDC website.
- NSEDC Education, Employment and Training Department staff hosted outreach events and presented information to NSEDC scholarship recipients at the University of Alaska Anchorage and University of Alaska Fairbanks in April. NSEDC staff came armed with caribou soup, much to the delight of students.
- EET staff traveled to Savoonga for outreach meetings in April and attended the Diomedede graduation ceremony in May.
- NSEDC attended and participated in the Regional Planning Team meeting held in Nome during the Kawerak Regional Conference. NSEDC staff also participated in Northern Bering Sea Regional Aquaculture Association (NoBSRAA) meetings and development during the quarter.
- NSEDC posted employment opportunities on its website, a popular e-mail distribution list in Nome, *The Nome Nugget*, and through liaisons several times throughout the quarter.
- NSEDC continued to update the organization's web site (www.nsedc.com) from which constituents can access quarterly reports, newsletters, applications, and information regarding opportunities with NSEDC. News releases are issued on the home page along with a news page.
- NSEDC has Community Outreach Liaisons in 13 of its member communities with Community Benefits Director Paul Ivanoff III serving Unalakleet and Community Development Coordinator Sterling Gologergen serving Nome. The NSEDC liaisons are sent informational fliers, applications, and other information to circulate within their communities.

B. Employment

Table 1
EMPLOYMENT DATA FORM
June 30, 2012

	Q1		Q2		Q3		Q4		Year-to-Date	
	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages
Management/Administrative										
NSEDC - In-region	12	\$239,301.34	14	\$ 264,907.44						\$ 504,208.78
NSEDC - Anchorage	14	\$255,268.55	13	\$ 250,932.09						\$ 506,200.64
NSSP - In-region	5	\$ 80,278.65	9	\$ 88,159.39						\$ 168,438.04
Total Management/Administrative	31	\$574,848.54	36	\$ 603,998.92	0	\$ -	0	\$ -		\$ 1,178,847.46
CDQ Pollock Related	14	\$102,595.79	7	\$ 58,978.19						\$ 161,573.98
Total NSSP Employment	5	\$ 13,166.50	37	\$ 103,052.44						\$ 116,218.94
Other NSEDC Employment										
Skippers, Deckhands, Shoreside, etc.	4	\$ 63,678.75	16	\$ 156,840.94						\$ 220,519.69
Clean Waters Program	1	\$ 7,183.80	0	\$ -						\$ 7,183.80
Total Other NSEDC Employment	5	\$ 70,862.55	16	\$ 156,840.94	0	\$ -	0	\$ -		\$ 227,703.49
Other Fishing										
Bering Fisheries	0	\$ -	0	\$ -						\$ -
Other Partner Employment	1	\$ 56,300.00	1	\$ 16,900.00						\$ 73,200.00
O/A Norton Sound Winter Red King Crab	24	\$ 69,725.50	25	\$ 60,814.00						\$ 130,539.50
Misc fish	0	\$ -	1	\$ 21.50						\$ 21.50
Sheefish / Tomcod / Whitefish	4	\$ 1,080.00	2	\$ 173.50						\$ 1,253.50
O/A Norton Sound Red King Crab	0	\$ -	0	\$ -						\$ -
CDQ Red King Crab	0	\$ -	0	\$ -						\$ -
Norton Sound Salmon	0	\$ -	0	\$ -						\$ -
Norton Sound Herring	0	\$ -	8	\$ 4,092.60						\$ 4,092.60
NSEDC CDQ Halibut	0	\$ -	0	\$ -						\$ -
Total Other Fishing	29	\$127,105.50	37	\$ 82,001.60	0	\$ -	0	\$ -		\$ 209,107.10
NSEDC Community Outreach Liaisons	13	\$ 29,250.00	13	\$ 29,250.00						\$ 58,500.00
NSEDC Community Employment Program	0	\$ -	9	\$ 57,546.00						\$ 57,546.00
Interns										
NSEDC Administration	0	\$ -	0	\$ -						\$ -
NSFR&D	0	\$ -	0	\$ -						\$ -
Total Interns	0	\$ -	0	\$ -	0	\$ -	0	\$ -		\$ -
Fisheries Technicians										
NSEDC Salmon Rehab.	2	\$ 8,320.31	22	\$ 60,135.31						\$ 68,455.62
Alaska Dept. of Fish & Game	0	\$ -	4	\$ 8,065.97						\$ 8,065.97
Fisheries Development	0	\$ -	3	\$ 18,557.20						\$ 18,557.20
Total Technicians	2	\$ 8,320.31	29	\$ 86,758.48	0	\$ -	0	\$ -		\$ 95,078.79
GRAND TOTALS	99	\$926,149.19	184	\$1,178,426.57	0	\$ -	0	\$ -		\$ 2,104,575.76
NSEDC =	46	\$603,002.75	94	\$ 846,234.95	0	\$ -	0	\$ -		\$ 1,449,237.70
NSSP =	38	\$164,250.65	82	\$ 256,313.43	0	\$ -	0	\$ -		\$ 420,564.08
Partners =	15	\$158,895.79	8	\$ 75,878.19	0	\$ -	0	\$ -		\$ 234,773.98

Employment Summary

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

CDQ Pollock – Glacier Fish Company paid wages to seven residents of NSEDC member communities, one Kaltag resident and one former member community resident living in Anchorage, who were employed aboard the *F/V Pacific Glacier* and the *F/V Alaska Ocean* during the quarter.

Community Breakdown: 4 employees from Unalakleet
 1 employee from Stebbins
 1 employee from Nome
 1 employee from St. Michael
From non-member communities:
 1 employee from Kaltag
 1 employee from Anchorage

NSSP Employment (does not include administration) – Thirty-seven residents of Norton Sound communities were employed during the quarter.

Community Breakdown: 15 employees from Unalakleet
 14 employees from Nome
 4 employees from Savoonga
 3 employees from the Anchorage Area
 1 employee from out of state

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

Community Breakdown: 2 employees from Brevig Mission
 3 employees from Nome
 2 employees from Unalakleet
 2 employees from Golovin
 1 employee from Shaktoolik
 1 employee from White Mountain
 1 employee from the Anchorage area
 2 employees from Emmonak
 2 employees from out of state

Other Fishing – Twenty-five fishermen delivered 9,356 pounds of winter open-access Norton Sound red king crab to NSSP during the quarter.

Community Breakdown: 3 fishermen from Nome
 3 fishermen from Elim
 3 fishermen from Golovin
 4 fishermen from Shaktoolik
 1 fisherman from St. Michael
 11 fishermen from Unalakleet

Eight fishermen delivered 13,642 pounds of bait herring to NSSP during the quarter.

Community Breakdown: 2 fishermen from Nome
1 fisherman from St. Michael
5 fishermen from Unalakleet

Two fishermen delivered 347 pounds of tom cod or other fin-fish to NSSP during the quarter.

Community Breakdown: 1 fisherman from Golovin
1 fisherman from Unalakleet

One fisherman delivered 86 pounds of miscellaneous other fish (starfish) to NSSP during the quarter.

Community Breakdown: 1 fisherman from Unalakleet

One resident of NSEDC member communities worked with NSEDC's harvesting and processing partners in the Bering Sea.

Community Breakdown: 1 employee from an NSEDC member community

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

Fisheries Technicians – There were twenty-nine fisheries technician positions either directly employed or sponsored by NSEDC during the quarter.

Community Breakdown: 1 employee from Elim
4 employees from Koyuk
11 employees from Nome
4 employees from Shaktoolik
9 employees from Unalakleet

Table 2
TRAINING DATA FORM
April 1 through June 30, 2012

	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-Secondary	26	\$42,836	169	\$313,670
Vocational	20	\$40,000	37	\$73,000
Voc-Tech				
Basic	15	\$6,800	66	\$21,767
Advanced				
Other Training				
Fisheries Related	28	\$51,488.43	92	\$88,843
CDQ Staff				
CDQ Board			15	\$8,223
Other				
TOTAL	89	\$141,124.43	379	\$505,503

Training Summary

Forty-six students received funding for post-secondary and vocational education in the second quarter.

Fifteen residents of Unalakleet received Hazardous Work Operations and Emergency Responses (HAZWOPER) training.

Eleven NSEDC member community residents traveled to Seward to attend Fisheries Safety Orientation courses at AVTEC. Eight of the students received certification for completing the course. Residents from Gambell, Unalakleet, Nome, White Mountain, Golovin, Koyuk, Shishmaref and Stebbins attended the training.

Sixteen residents of Koyuk participated in a net hanging class.

One resident of Unalakleet traveled to Arizona to be trained in refrigeration for NSSP.

II. Administration

A. Board Activities

Board of Directors Meetings

The NSEDC Board of Directors held its 2012 first quarter meetings in Unalakleet, Alaska, April 30 – May 3, 2012.

The NSEDC Board of Directors held a special meeting June 15, 2012 in Anchorage to review NSEDC's annual audit. The Board also discussed 2012 salmon operations, the CDQ program's Decennial Review and other items.

Substantial Decisions

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

- The Board approved changes to NSEDC's Rules and Bylaws establishing character standards for Board Members. Residents running for a seat on NSEDC's Board will be required to submit to a drug screen and background check. The Board also approved pre-employment drug screens for new hires and a one-time screen of all current employees.
- The Board approved a \$249,000 Community Energy Fund request from the City of White Mountain which will allow waste heat from its generators to be used to heat water lines.
- The Board appointed Simon Kinneen as its alternate representative on the Northern Bering Sea Regional Aquaculture Association (NoBSRAA) Board of Directors and Kevin Keith as the alternate for the seat representing a regional seafood processor. Charlie Lean currently represents NSEDC on the NoBSRAA Board while Wes Jones holds the seat for a processor representative.
- The Board approved waiving payments for NSEDC fisherman loans that specifically concerned the 2012 herring fishery which was cancelled due to ice conditions. Fishermen were able to return nets at no cost.
- The Board approved a plan to support subsistence fishermen for the harvest of sockeye salmon in the Pilgrim River system if returns appeared to risk the threat of over-escapement and a subsequent sockeye population crash.
- The Board approved the 2011 NSEDC financial audit.

III. Harvesting Report

A. CDQ Harvest Management

During the second quarter of 2012 NSEDC conducted a number of CDQ fishing activities including the directed harvest of pollock, Pacific cod, Atka mackerel, Pacific Ocean perch, yellowfin sole, sablefish, and opilio crab.

Pollock

The *F/T Pacific Glacier* and *F/T Alaska Ocean* have harvested approximately 40% of NSEDC's B season pollock allocation during the second quarter. The PG began harvesting B season quota on June 10 and the AO began June 20, after completing a major overhaul of its processing factory. Block prices remain low but are showing signs of recovery. Salmon bycatch rates for the entire pollock fleet have been very low through June 30.

Pacific Cod

Approximately 20% of NSEDC's Pacific cod quota was harvested in the second quarter. In the directed Pacific cod fishery the *F/V Aleutian Sable* harvested 350 metric tons (mt) of NSEDC's CDQ, while the *F/T Northern Glacier* harvested 700 mt as bycatch. Markets in Europe have continued to slide, which has put downward pressure on Japanese and Chinese markets.

Atka mackerel / Pacific Ocean Perch

In the second quarter the *F/T Northern Glacier* harvested 333 mt of Western Aleutian Islands POP, 47 mt of Central Aleutian Islands POP and 31 mt of Central Aleutian Islands Atka mackerel. In a separate pool agreement between US Seafoods and three CDQ groups (NSEDC, YDFDA and CBSFA) the *F/V Seafreeze Alaska* harvested 257 mt of CDQ Atka mackerel in the Eastern Aleutian Islands as well as 151 mt in the Central Aleutian Islands during the second quarter. Bycatch in these fisheries was minimal.

Yellowfin Sole, Flathead Sole, Rock Sole and Arrowtooth Flounder

In the second quarter the *F/T Northern Glacier* focused on Yellowfin sole, harvesting nearly 50% of the pool's collective CDQ allocation. Halibut bycatch has fluctuated throughout the season, and the overall rate is about average. Flatfish prices have remained strong.

Sablefish

The *F/V Ballyhoo* harvested approximately 83,000 lbs (95%) of NSEDC's CDQ sablefish allocation in the Bering Sea. The *F/V Cynosure* will target CDQ sablefish in the Aleutian Islands beginning in the third quarter. Dock prices are over \$8 per pound for large sizes and less than \$5 per pound for small sizes.

Opilio Crab

The CDQ opilio harvest was completed in the second quarter. The *F/V Ramblin Rose*, owned and operated by Lenny Herzog, harvested 396,067 lbs. The *F/V Arctic Sea*, *F/V North Sea* and *F/V Bering Sea*, owned and operated by CVRF, harvested 400,000 lbs. The *M/V Baranof*, operated by Romanzof Fishing Company, harvested 120,000 lbs. Total CDQ harvested for the season was 1,600,092 lbs. Approximately 30% of the CDQ opilio was processed and sold by Bering Fisheries; the remaining crab was custom processed at Alyeska and Trident. Ex-vessel prices remain strong this year at over \$2 per pound.

B. IFQ Harvest Management

During the second quarter, NSEDC managed fishing operations and the harvest of individual fishing quotas (IFQs) in opilio crab, sablefish and halibut.

Opilio Crab

Despite the difficulty caused by sea ice this season, the fleet harvested 99% of the opilio crab. ADF&G extended the season from May 15 to June 15, giving the harvesters and processors just enough time to prosecute the fishery. NSEDC reallocated some IFQ to other harvest partners in order to optimize the harvest in the final month of the season, enabling 100% of NSEDC's crab to be harvested. In total the *F/V Arctic Sea*, *M/V Baranof*, *F/V Arctic Hunter*, *F/V Tempo Sea*, *F/V Bulldog*, and *F/V Karin Lynn* combined to harvest 2,186,344 lbs of NSEDC's IFQ opilio. Final ex-vessel prices are expected to be around \$2.30 per pound, slightly lower than last season.

Sablefish

In the second quarter the *F/V Provider* harvested 60,606 lbs (38%) of NSEDC's IFQ sablefish in the Central Gulf of Alaska and 17,694 lbs (35%) in the Western Gulf of Alaska. Dock prices have been softening, however, especially for small sablefish.

Halibut

The *F/V Provider* harvested 9,657 lbs (70%) of NSEDC's IFQ in Area 3B in the second quarter. Dock prices are around \$6 per pound.

C. Compliance/Enforcement

To the best of the Quota Manager's knowledge, there were no vessel or fishing violations, illegal activities and/or fines or penalties imposed on vessels operating under contract to NSEDC during the second quarter of 2012.

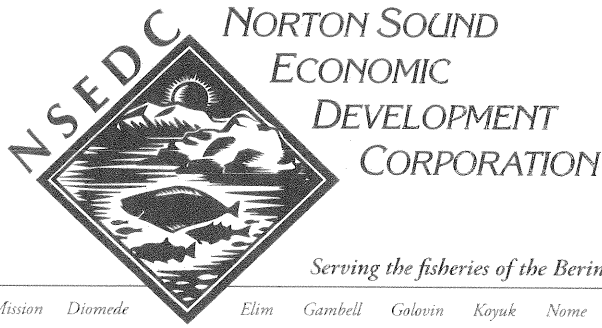
IV. Board of Directors April 1 – June 30 Meeting Minutes (Attachments 1 & 2)

ATTACHMENT 1

2012 First Quarter Meeting Minutes

May 3, 2012

Unalakleet, Alaska



FILE COPY

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

Norton Sound Economic Development Corporation
First Quarter Board of Directors Meeting
Aaron Paneok & Myles Gonangnan Memorial Hall-May 2, 2012
BSSD Boardroom-May 3, 2012
9:00 a.m.

CALL TO ORDER

Chairman Dan Harrelson called the NSED C 2012 First Quarter Board of Directors Meeting to order at 9:00 a.m. on May 2, 2012.

ROLL CALL

Present at the meeting were Dan Harrelson, Don Stiles, Dean Peterson, Joel James, Eugene Asicksik, Joe Garnie, Walter Seetot, Truman Kava, Lucy Kitchen, William Johnson, Elvina Naranjo, Wilfred Katcheak, Victor Joe, and Oscar Takak Sr. Orville Ahkinga Jr. was absent and excused. Staff present were Janis Ivanoff, Simon Kinneen, Kyan Olanna, Tiffany Martinson, Tyler Rhodes, Joel Cladouhos, Rick Walicki, Rich Ferry, Kevin Keith, Charlie Lean, Wes Jones, Reese Huhta, Kathy Wheelehan, and Jerry Ivanoff. John Eckels, Siu Alaska Corporation President and CEO, was present. Rob Wood, Mike Breivik, and Jim Johnson of Glacier Fish Company were present.

INVOCATION

Oscar Takak gave the invocation.

APPROVAL OF AGENDA

Chairman Harrelson added CDQ Panel Rule-Investments by CDQ Groups, CDQ Panel Rule-CDQ Loan Fund Allocation, White Mountain Community Energy Fund, and alternate representatives to NoBSRAA for the NSED C and Processor positions under new business.

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

APPROVAL OF MINUTES

January 31, 2012 and March 19, 2012

Oscar Takak Sr. made a motion to approve the minutes of January 31, 2012 and March 19, 2012. Dean Peterson seconded the motion. The motion passed.

PUBLIC COMMENTS

There were no public comments provided, but the written comments were noted in the board packet.

CHAIRMAN'S REPORT

Chairman Harrelson noted his written chairman's report and welcomed questions.

CEO'S REPORT-Janis Ivanoff

Janis gave an update on the 2011 NSEDC Audit. She noted that a lunch of halibut was scheduled with the elders today. Janis Ivanoff requested direction on how much detail to provide from the committee reports. William Johnson recommended the action items be noted. Elvina Naranjo concurred with only providing detail on the action items. Janis noted on the dates of her leave. Simon Kinneen will be acting on Janis' behalf during her absence.

FINANCIAL INVESTMENT PORTFOLIO

Rick Walicki presented the financial investment portfolio. There was discussion on quota expenses and revenue, a distribution to BSWG, and the investment portfolios. Rick noted that there was a good return from all managers, who are performing close to expectations. Joe Garnie, in a meeting in Nome, asked how much money was put in NSEDC's account from Key Bank for our programs. Rick informed him they made 2.4 million dollars and noted the cost of this was about 2/10 of one percent. Chairman Harrelson explained the funds placed into the various accounts from royalty payments. Joe Garnie asked about the five-year analysis he requested at a previous meeting. Rick reminded him it was provided and presented but he can provide Joe with another copy. Eugene Asicksik wondered if a distribution was made to the captains of the Aleutian No. 1. Rick Walicki noted distributions were made to all the owners.

A break was taken at 9:30 a.m. The meeting reconvened at 9:38 a.m.

SIU ALASKA CORPORATION REPORT-John Eckels

John Eckels took the floor for the Siu Alaska Corporation Report. He introduced and welcomed Rob Wood, Jim Johnson, and Mike Breivik of GFC to the meeting.

John went over the operation of the F/V Aleutian No. 1. Eugene Asicksik asked about the opilio season. John noted there was no gear lost due to the extensive ice coverage. All the crabbers fished further south this year. John went on to cover the operation of the F/V Glacier Bay and noted there needs to be some work on the shaft in dry dock. John noted that Siu was not able to get the long term contract with the F/V Pacific Star. Chairman Harrelson noted this is a losing venture and asked if Siu still had the boat on the market, John affirmed. John reported on the Bering Fisheries Plant in Dutch Harbor. Joe Garnie asked if their freezer problem was being addressed. John stated they are doing due diligence on this project. Joe stated we need to scrutinize our hiring practices there considering the recent murder at the plant. Dean Peterson asked about the employment opportunities with Bering Fisheries. John noted Rocky and Terry are very excited to hire Norton Sound residents. Eugene asked Jerry about the communities he and Terry visited. Chairman Harrelson noted NSEDC should advertise our community outreach trips to get more public involved. Jerry noted they traveled to White Mountain, Koyuk, and Shaktoolik. Terry was just able to pass through Unalakleet, as she was stuck in Kotzebue for this meeting. Chairman Harrelson asked about the numbers of salmon bycatch. John noted NSEDC/Siu boats had minimal bycatch. John mentioned a couple of investment opportunities with cod working with YDFDA. John noted that the processing vessels have a tough time trying to fill the engineers' job and stressed the opportunity for training someone in this field, possibly with internships.

1. Glacier Fish Company

Eugene Asicksik made a motion to go into executive session for the Glacier Fish Company Report at 10:03 a.m. William Johnson seconded the motion. The motion passed.

A ten minute break was taken at 10:50 a.m. The meeting reconvened at 11:00 a.m.

Eugene Asicksik made a motion to return to regular session at 11:00 a.m. Lucy Kitchen seconded the motion. The motion passed.

MANAGERS REPORTS

1. Quota Management-Joel Cladouhos

Joel Cladouhos took the floor for the quota management report. There was discussion about the crab season being extended due to ice conditions and about which vessels would harvest our quota.

Frank Doty joined the meeting at 11:06 a.m.

2. Southern and Northern NSSP

a. Reese Huhta

Reese Huhta, Southern NSSP Manager, took the floor for the Southern NSSP Report. Chairman Harrelson stated we are looking forward to another successful season. Reese thanked the board for their support.

b. Rich Ferry

Rich Ferry gave the Northern NSSP Report with a couple updates. Rich thanked Glacier Fish Company Personnel for support of his operations. With an increased crab quota, Rich is looking forward to another successful season. Chairman Harrelson thanked Rich for his hard work and looks forward to another successful season.

3. Written Reports

a. Community Benefits Department-Paul Ivanoff

Paul Ivanoff III clarified, in the Bulk Fuel portion of his report, the amount for the 2012 delivery margin should be \$.91, instead of \$.90 as listed. He also mentioned there has been a lot of appreciation for the Little Dribblers program.

b. EET Department-Jerry Ivanoff

Chairman Harrelson asked if the scholarship fund was ample enough to cover the number of students graduating and the number of new students coming in. Jerry informed him we should be good with the number of students leaving versus the new students. Eugene Asicksik asked for an update on their drivers' permit class in Shaktoolik and asked about the community employment program. Jerry informed him he contacted Barb Amarok of NWCC, as soon as he received the request, but Glen Tate put on two classes in St. Michael, went on medical leave. Jerry informed Eugene he would follow up and try to get this class in Shaktoolik as soon as possible. The NSEDC Community Employment Program was budgeted for 2012 and check requests for employment have been made for the villages that have applied.

c. HR Department-Tiffany Martinson

There were no questions for Tiffany Martinson of the HR Department.

d. NSFR&D Charlie Lean

Joe Garnie asked Charlie Lean about the expected large run of reds in the Pilgrim River. Charlie explained his forecast was based on parent escapement and the size of the smolts leaving Salmon Lake. Kevin Keith stated that 50,000 reds could be a possibility, but 30,000 is a more realistic forecast; escapements over 30,000 could lead to large declines like we've seen the past two years. Joe asked how many reds their system could support. Joe felt that we need a back-up plan to harvest excess reds if the return is that large. Janis Ivanoff asked staff to provide a back-up plan. A discussion followed about the logistics and legality of helping increase the subsistence catch. Chairman Harrelson suggested working

with Kawerak to help with subsistence caught fish. Don Stiles felt that Norton Sound salmon fishermen could catch the excess fish in this river system if NSEDC assisted. Joe Garnie asked about the possibility of Port Clarence District Salmon Permits, instead of a Norton Sound Salmon Permit. Charlie Lean stated that he would need to talk to the Alaska Commercial Fishing Entry Commission about that. Chairman Harrelson asked about the Pilgrim River outlook for the next few years. Kevin Keith informed him they expect a good red salmon return this year and next year, followed by poorer returns for a year or two and that fertilization efforts were aimed at a more stable escapement on an annual basis. Joe Garnie reiterated his desire for a back-up plan to harvest excess escapement and his desire for Pt. Clarence residents to acquire commercial permits.

Chairman Harrelson asked Charlie about the Fish River ice break-up and the effects on the return of smolt to the ocean. Charlie expected some deadloss of salmon in their river system and river systems near Safety. One way to measure the deadloss is to harvest some predatory fish and find out what they are eating, salmon or bugs. Wes Jones noted the ADF&G Smolt Project in the Unalakleet River for Chinook. Eugene Asicksik asked about the marine debris possibly coming in as a result of the tsunami and the loss of crab pots due to the ice. Marine Debris is not anticipated any time soon. NSEDC received \$50,000.00 for the current marine clean-up from the Alaska Marine Conservation Alliance.

Lunch break was taken at 11:41 a.m. The meeting reconvened at 1:02 p.m.

Chairman Harrelson noted one of the elders thanked the board for the \$500.00 energy subsidy and the halibut for their lunch program.

COMMITTEE REPORTS

1. Executive Committee Report

Chairman Harrelson gave the NSEDC Executive Committee Report.

Oscar Takak Sr. made a motion to approve the recommendations of the NSEDC Executive Committee. Dean Peterson seconded the motion.

Eugene Asicksik asked for clarification on the \$100,000.00 lease for the plant from NVU. Janis clarified this lease for Eugene.

The motion passed, with an abstention by William Johnson.

2. Compensation Committee Report

Chairman Dan Harrelson gave the NSEDC Compensation Committee Report. The action items were tabled.

3. Rules & Bylaws Committee Report

Chairman Stiles gave the NSEDC Rules & Bylaws Committee Report.

Kyan Olanna went over section five of the NSEDC Rules and Bylaws. Chairman Harrelson went over the requirements for a board member to run for the board. A discussion was held on when to drug test board members. Janis stated the current drug screening requirements NSEDC employees serving on tender vessels are DOT-compliant. Tiffany Martinson addressed the need for chain of custody issues and processing time in the lab. Kyan Olanna went on to cover the background check required for new employees. Chairman Harrelson noted board and staff would get forty-five days' notice on these testing requirements.

Don Stiles made a motion to approve the recommended changes of the NSEDC Rules and Bylaws Committee. William Johnson seconded the motion. The motion passed.

Eugene Asicksik asked the cost for testing. NSEDC pays about \$190.00 per trainee for the drug screen urinalysis at NSHC.

4. Scholarship Committee Report

Chairman Joe gave the NSEDC Scholarship Committee Report. Don Stiles noted the scholarship committee took no action on the vocational education funding policy and requested the board review it. Chairman Harrelson explained the situation where students received the full amount of \$2000.00 for a three day class. Don felt the amount of the scholarship should be based on the length of the vocational education training. Janis stated EET Staff could come up with policy changes for review. Don Stiles felt other entities should be approached to share the cost. Elvina Naranjo mentioned some scholarship recipients have received the full scholarship. Eugene Asicksik asked about the status of a driver permits training for Shaktoolik. Jerry has been waiting to hear from Barb Amarok of NWCC for scheduling this class as they work with Glen Tate, who is currently out of the office. Jerry will follow up with a call to Barb Amarok. Eugene also checked if NSEDC had the community employment program. The community employment program was still in place. Wilfred Katcheak requested hard copies of the current NSEDC Scholarship Program and Guidelines be made available to everyone on the board for review, prior to our next meeting.

5. Fisheries Development Committee Report

Chairman Takak gave the NSEDC Fisheries Development Committee Report.

Dean Peterson made a motion to approve the recommendations of the NSEDC Fisheries Development Committee. William Johnson seconded the motion.

Eugene asked about the plan in the Shaktoolik River. The sonar project will continue. Don Stiles asked about the amount left over of the \$50,000.00 for marine debris cleanup and how many employees Wes anticipates would be hired. Chairman Harrelson asked for clarification on the planned clean-ups in our region and the budget available. Wes Jones noted the projects planned are within the budget. Joe Garnie asked Wes if he was planning to clean by Brevig Mission and expressed his concern about the hazardous metal waste left by the military. A clean-up around Brevig is scheduled. William Johnson asked about working with other entities. Wes Jones noted that staff is transitioning the clean-up coordinator to a full time position, with the idea to coordinate with different groups to arrange for clean-up of the items, such as hazard materials, beyond NSEDC's scope of work.

The motion passed.

6. Nssp Working Group Committee Report

Chairman Harrelson deferred the NSEDC Working Group Committee Report to William Johnson. Don Stiles liked the idea of a year-end drawing, promoting fishermen to buy into the idea of delivering bled fish. Wilfred Katcheak asked if staff was separating the bled fish from the non-bled fish. Reese Huhta informed the board that this year that staff would just be collecting data at the dock. Don stated he appreciates Steve and Frank's input, but would like provide the chance for others to submit a letter of interest for the Nssp working group at-large seats. The at-large members would be seated at the next meeting. Regarding bleeding of the fish, Eugene pointed out fishermen won't get a better price this year but bleeding fish makes a much bigger mess in the boats. Reese noted he has not talked with Simon or the committee, but he would like to provide fishermen with the supplies to clean their boat. Regarding the U.S. Coast Guard Regulation Exemption, Eugene asked what size fishing boat would fall

under the exemption. Reese informed him salmon boats under 26 feet meet the requirements for an exemption.

Don Stiles made a motion to direct staff to solicit letters of interest to sit on the NSSP Working Group. Oscar Takak seconded the motion. The motion passed.

7. Finance Committee Report

Chairman Dan Harrelson gave the NSEDC Finance Committee Report. Janis noted the changes to the loan policies.

William Johnson made a motion to approve the recommendations of the NSEDC Finance Committee Report. Eugene Asicksik seconded the motion. The motion passed.

A break was taken at 1:52 p.m. The meeting reconvened at 2:02 p.m.

PUBLIC COMMENTS

Chairman Harrelson moved PUBLIC COMMENTS to the forefront to accommodate Herbert Ivanoff, City of Unalakleet Administrator.

Herbert Ivanoff welcomed the NSEDC Board of Directors to Unalakleet and thanked the board and staff for all the good they are doing our communities. Herb appreciated the opportunity to employ residents through the community employment program and expressed his gratitude for the \$100,000.00 community benefit. He said, "God bless you all for all your good work." Chairman Harrelson noted a lot of the board members like our meeting here in Unalakleet.

OLD BUSINESS

1. Litigation Update-verbal

Kyan Olanna gave a verbal litigation update. Because the opportunity to appeal is still there, Kyan asked that board members and staff not communicate with Tim Smith directly but to direct any communication to legal counsel. Wilfred Katcheak mentioned a letter he received from Tim Smith. Eugene noted emails Tim has been sending with questions regarding the BSRAA. He asked if any responses have been sent. Kyan noted Oscar, as BSRAA president and Charlie Lean, a BSRAA member would be the ones to respond.

2. Non-Chinook Salmon Bycatch-verbal

Janis Ivanoff covered non-Chinook Salmon Bycatch noting chum salmon bycatch will not be addressed at the next NPFMC Meeting. Charlie Lean informed the board on the election process to each of our communities and answered questions on the Bering Straits Regional Aquaculture Association. Joe Garnie asked for clarification on the board's chum salmon bycatch position and how that has been communicated.

NEW BUSINESS

1. Insurance-executive session

Oscar Takak made a motion to go into executive session to discuss insurance at 2:10 p.m. Victor Joe seconded the motion. The motion passed.

Eugene Asicksik made a motion to return to regular session at 2:49 p.m. Elvina Naranjo seconded the motion. The motion passed.

A break was taken at 2:49 p.m. The meeting reconvened at 3:00 p.m.

Don Stiles made a motion to adopt option three for the insurance policies. Oscar Takak seconded the motion. The motion passed.

William Johnson made a motion to adopt the salary compensation and make adjustments accordingly for NSEDC employees. Oscar Takak seconded the motion. The motion passed.

2. Siu Alaska Corporation Recommended Bylaw Changes

Kyan Olanna presented the recommended changes.

Don Stiles made a motion to adopt the recommended bylaw changes for Siu Alaska Corporation. Dean Peterson seconded the motion. The motion passed.

3. CDQ Panel Rule-Investments by CDQ Groups

Janis Ivanoff informed the board on the CDQ Panel Rule on investments by CDQ Groups.

Don Stiles made a motion to approve the CDQ Panel Rules on Investment by CDQ Groups and the CDQ Panel Rule on CDQ Loan Fund Allocation. Oscar Takak seconded the motion. The motion passed.

4. CDQ Panel Rule-CDQ Loan Fund Allocation

5. White Mountain Community Energy Fund

Janis Ivanoff and Paul Ivanoff III went over the past approval of the White Mountain Energy Fund. Paul Ivanoff III noted that White Mountain is requesting \$249,000.00 for a water treatment facility.

Don Stiles made a motion to adopt and approve the White Mountain Energy Fund Proposal, as requested. Wilfred Katcheak seconded the motion.

Chairman Harrelson noted he would abstain from the vote. William Johnson asked if this would equate to savings for White Mountain residents. It should lower water and sewer costs because they are not spending so much to heat the water to make sure the line doesn't freeze. White Mountain will still have over \$200,000 after this project is approved.

The motion passed.

6. NSEDC RAA-alt rep and Processor RAA alt-rep

Chairman Harrelson brought up the representation on the Regional Aquaculture Association. Chairman Harrelson recommended Simon Kinneen for the NSEDC RAA Alternate and Kevin Keith for the Processor RAA alternate representative. Eugene Asicksik had no objections to seat these two individuals.

Don Stiles made a motion to appoint Kevin Keith for the NSEDC Alternate Representative and Simon Kinneen for the Processor alternate representative. Lucy Kitchen seconded the motion.

Joe Garnie asked for clarification who would sit on this Regional Aquaculture Association. Eugene noted that currently Charlie Lean and Wes Jones sit on this regional aquaculture association.

The motion passed.

PUBLIC COMMENT

Charlie Lean, representing the Nome Boat Harbor, thanked NSEDC for their support on their improvements.

BOARD MEMBER COMMENTS

The NSEDC Board of Directors was given an opportunity for their final comments.

Oscar Takak, Lucy Kitchen, Truman Kava, Joel James, Wilfred Katcheak, and Victor Joe had no comment.

Elvina Naranjo thanked the board and staff with fishermen's meetings last month. She was hoping for a better fishing season. Thanks to Reese. Elvina commented on the energy subsidy with a lot of thanks from our elders.

William Johnson was thankful for passing the herring proposal. William noted that residents are not saving money with the communities not using the community energy fund, which is approved and there. As we do better with some possible excess monies, William Johnson felt that we could get more monies to the schools to support our kids for student activities. Thank everyone for coming to Unalakleet.

Walter Seetot thanked the NVU for hospitality and food.

Joe Garnie thanked the board to help solve their fishing problem in his area.

Eugene Asicksik thanked the board for the Community Energy Fund and he will submit a proposal before the last deadline to Community Benefits.

Don Stiles thanked Truman, Lucy, and Joel for the muktuk. Thanks to Unalakleet for their hospitality. Thanks to Dan and Janis for an efficient meeting. Thanks to the staff for their work.

Dean Peterson thanked the staff and board. He received a text where someone was very proud of our board. Dean Peterson thanked Janis Ivanoff and Kathy Wheelehan for working to get the pizzas provided to the regional Native Youth Olympics.

Chairman Harrelson thanked Unalakleet for hosting the board during this meeting. Thanks to the staff, a well-oiled machine, for their hard work and having everything prepared for the upcoming season.

ADJOURNMENT

Elvina Naranjo made a motion to adjourn the NSEDC 2012 First Quarter Board Meeting at 3:29 p.m. on May 3, 2012. Oscar Takak seconded the motion. The motion passed.

Dan Harrelson, NSEDC Board Chairman

Jerry Ivanoff, NSEDC Corporate Secretary

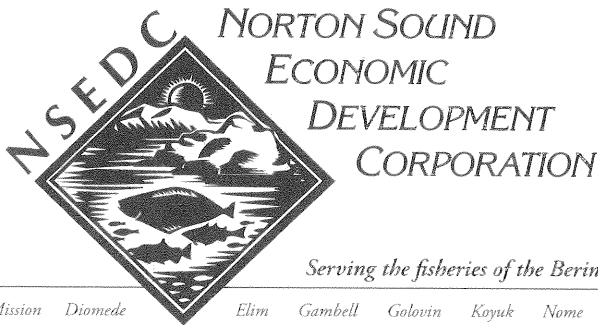
Date

ATTACHMENT 2

Special Board of Director's Meeting Minutes

June 15, 2012

Anchorage, Alaska



FILE COPY

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

Norton Sound Economic Development Corporation
Special Board of Directors Meeting
Westmark Hotel-Penthouse
June 15, 2012
9:00 a.m.

CALL TO ORDER

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

ROLL CALL

Present: Dan Harrelson, Dean Peterson, Eugene Asicksik, Joe Garnie, Joel James, Victor Joe, William Johnson, Wilfred Katcheak, Truman Kava, Lucy Kitchen, Elvina Naranjo, Walter Seetot, Don Stiles, and Oscar Takak. Orville Ahkinga was absent and excused. Staff Present were Simon Kinneen, Tyler Rhodes, Charlie Lean, Kathy Wheelehan, Janis Ivanoff, Kyan Olanna, Rick Walicki and Joel Cladouhos. Public present: Tim Altman, Steve Wadley and Don Hannon from Altman and Rogers were present during the 2011 Financial Audit portion.

INVOCATION

Oscar Takak gave the invocation.

PUBLIC COMMENTS

There were no public comments.

APPROVAL OF AGENDA

Update on the *T/V Daniel D. Takak* was added under New Business.

Eugene Asicksik moved, seconded by Victor Joe, to approve the agenda as amended. The motion passed unanimously.

WAIVER OF APPROVAL OF MINIUTES – May 2, 2012

Oscar Takak moved, seconded by Walter Seetot, to waive approval of the May 2, 2012 Board of Directors meeting minutes. The motion passed unanimously.

OLD BUSINESS

There was no Old Business.

NEW BUSINESS

Update on the *T/V Daniel D. Takak*

An email was sent to the NSED C board providing a report on the *T/V Daniel D. Takak*. The vessel had a leak in the engine room. It was in the Gulf of Alaska, on its way to the Port of Homer. They had pumps on board but called the Coast Guard to have another pump delivered to assist in bilging the water from the vessel. The *T/V Egavik* was traveling with the *T/V Daniel D. Takak* so the crew, except for Captain, Greg Alexander, transferred to the *T/V Egavik*. Janis provided an update on the vessel. It was about 4 miles outside of Homer when one of the pumps gave out. The crew decided to pull onto shore. While on shore

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

fuel leaked from the fuel tank vents. They contained the leak and contacted the Coast Guard. The Coast Guard evaluated the situation and determined the leak is under control. A fuel spill responder will inspect the area to make sure the spill was properly cleaned. The crew is safe, family has been notified, and work was underway to move the *T/V Daniel D. Takak* to Homer's harbor facilities. The engines were submerged in water at one point, so it is unlikely it will be in region for the season. A contract for another tender is being worked on and staff has learned fishermen will be able to deliver directly to the *F/V Norton Sound*.

Janis also noted the Norton Sound herring fishery has been cancelled due to ice conditions. There will still be a bait fishery. Regarding loans that were taken out specifically for the herring fishery, Chairman Harrelson asked if there is a plan to waive their payments. Eugene asked about fishermen returning nets that were ordered only for the herring fishery.

William Johnson moved, seconded by Oscar Takak, to waive payments for loans that deal directly with the herring fishery and allow fishermen to return herring nets at no cost. The question was called. The motion passed unanimously.

There was discussion about other bait options. Ideas included using pinks for halibut, bringing bait from Dutch Harbor on the *F/V Norton Sound*, bait fishing in the Port Clarence area, and transporting herring to the Unalakleet plant to freeze properly.

Decennial Review

Tyler provided a power point presentation. He described what to expect during this process. The State of Alaska will review the reports. They are judging whether the groups have maintained/improved their performance or did not maintain performance. In the past, our Community Development Plan was written in the goal of gaining more allocation. The decennial review is not structured for CDQ groups to gain more allocation; a finding of maintained/improved performance results in no allocation change. The report should show NSEDC performed well. The only way allocation is going to change is if a group does not maintain performance, in which case their allocation may be cut by up to ten percent.

Tyler went over what we are required to report on. There are four categories. Each group is supposed to assign weight to each category, meaning some categories will receive more consideration than others. Staff suggests having a total of 100 points that will be apportioned over the four categories. Tyler went through the information we've gathered for each category and gave an idea for how much weight we may assign. As an example, the Population, Poverty Level, and Economic Development should not be given as much weight as other categories because much of the supporting data is of poor quality with extremely high margins of error. The other three categories may be weighted similarly with perhaps more emphasis placed on the category measuring employment, scholarships and training.

Tyler outlined the strategy NSEDC will employ to report its performance in relation to each of the categories. A final draft of the report will be presented to the board for its review at the second quarter meeting in July/August.

Port Clarence Red Salmon

A handout was provided in the packet and Charlie went over the history of the Port Clarence fishery and talked about the ideal escapement level. If the escapement level is too high there is risk of a crash. Charlie provided several commercial fishing options to help maintain the ideal escapement level if ADF&G projects an in-river return of at least 30,000 sockeye salmon. He also provided options for increasing the subsistence harvest.

William Johnson stressed the need to have meetings in Teller and Brevig Mission to share what the plans are and why.

The Open-to-Entry Fishery option under the commercial fishing option could be a long-term solution.

There was discussion about changing the boundaries of the fishery to allow fishing in the rivers. By the time ADF&G knows what the escapement is the sockeye salmon have gone through Teller and Brevig Mission already.

The amount of fertilization depends on plankton levels measured the previous year. The goal of fertilizing is to help maintain a balanced return.

William Johnson moved, seconded by Don Stiles, to go with option A and B under the subsistence option and add item D, Youth Support Group, which would allow youth to fish the salmon and distribute it, and a portion of item C to provide ice to subsistence fishermen and advertise its availability. Item C under the commercial fishing option will be a last resort. All options are contingent on if the limit triggers are met. The question was called. The motion passed unanimously.

CPO Quota

Oscar Takak moved, seconded by Walter Seetot, to go into executive session. The board went into executive session at 11:43 a.m.

William Johnson moved, seconded by Elvina Naranjo, to return to regular session. The board returned to regular session at 12:39 p.m.

William Johnson moved, seconded by Oscar Takak, to proceed with the due diligence and focus on option 1 described in the CPO Quota packet. The question was called. The motion passed unanimously.

The board took a break for lunch at 12:40 p.m.

Chairman Harrelson called the meeting back to order at 1:22 p.m.

2011 Financial Audit

Eugene Asicksik moved, seconded by Walter Seetot, to go into executive session. The board went into executive session at 1:23 p.m.

William Johnson moved, seconded by Oscar Takak, to return to regular session. The board returned to regular session at 1:55 p.m.

Dean Peterson moved, seconded by Oscar Takak, to accept the 2011 Financial Audit report as presented with the understanding that Income Tax Expense on the Consolidated Statements of Activities will be approximately \$200,000 and will be included in the final draft. The question was called. The motion passed unanimously.

Resolution No. 12-05: D. Peterson

Dean Peterson excused himself for this agenda item. Janis Ivanoff noted the bylaws were changed during the past year regarding employment of board members. The resolution reflects the board's approval to have NSEDC employ Dean in a seasonal position in Golovin with NSSP. Relevant articles were provided.

Oscar Takak moved, seconded by Elvina Naranjo, to pass resolution No. 12-05 approving Dean Peterson's seasonal employment. The question was called. The motion passed unanimously.

Before adjourning, Janis provided an update on the latest insurance forms. She explained the insurance company requires the certain forms to be dated after the policy is transferred and apologized for any confusion. Eugene asked about any potential tax liability. Janis explained that the taxes were paid when the premiums were paid.

Oscar Takak asked for an update on the floating processor. Simon reported it is on schedule to be in the region between June 22 and 24. There was discussion about local hires on the processor. Staff is starting to contact residents that attended AVTEC. Janis noted employees on the floating processor will have to be drug tested.

ADJOURNMENT

Oscar Takak moved, seconded by Elvina Naranjo, to adjourn the meeting. The meeting adjourned at 2:08 p.m.