

FOR DISTRIBUTION

## 2013 THIRD QUARTER REPORT

July 1 – September 30, 2013



### NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

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

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## **I. Quarterly Highlights**

- The NSEDC Board of Directors held its 2013 second quarter meetings in Nome, Alaska, August 8-9, 2013.
- NSEDC/NSSP assisted the Bering Strait School District by transporting the Diomedes School staff to Little Diomedes on the tender vessel *Inaliq*. The staff needed a ride to Diomedes to get school started after an interruption in helicopter service kept them from arriving as anticipated.
- NSEDC successfully operated a new fish-buying station at Moses Point for Elim fishermen this season. The new station provided fishermen with more fishing time since their schedules did not need to coincide tightly with that of tender vessels.
- NSEDC's Outside Entity Funding and Community Benefit Share programs were highlighted in a Aug. 1 Nome Nugget article detailing how funding from the two allowed the Nome Boys' and Girls' Club to remain open.
- Charice Johnson was hired as NSEDC's Administrative Assistant in the Unalakleet office.
- Kerilee Ivanoff was hired as NSEDC's new Community Benefits Specialist in the Anchorage office.
- NSEDC responded to an emergency declaration in Gambell and Savoonga due to record low walrus harvests by supplying each community with 1,900 pounds of frozen whole salmon and 2,000 pounds of halibut fillets. The halibut was sent from the Savoonga plant and the salmon shipped from Unalakleet.
- NSEDC's Board of Directors voted to extend the Community Energy Fund for an additional five years.
- The NSEDC Board of Directors approved a \$422,000 Outside Entity Funding request from the Chinik Eskimo Community to construct a search and rescue building in Golovin.
- The NSEDC Board of Directors approved an \$88,000 Community Energy Fund request from the City of Gambell to be used toward the replacement of streetlights for the community.
- The NSEDC Board of Directors approved a \$142,000 Community Energy Fund request from the City of Shaktoolik to be used toward energy efficiency upgrades to its water treatment plant.
- Norton Sound Seafood Products employed 163 residents of NSEDC member communities in its three regional seafood plants.
- Norton Sound Seafood Products purchased 337,393 pounds of open-access and CDQ red king crab caught by 32 resident fishermen, paying more than \$1.84 million during the quarter.
- Norton Sound Seafood Products purchased more than 1.2 million pounds of salmon, paying nearly \$1.2 million to 126 resident fishermen during the quarter.

- Norton Sound Seafood Products purchased more than 50,000 pounds of halibut caught by 22 resident fishermen, paying nearly \$190,000 during the quarter.
- A total of 10 current residents of NSEDC member communities, one Western Alaska resident and a former member community resident who now lives in Anchorage worked on the *F/V Pacific Glacier*, *F/V Northern Glacier* and the *F/V Alaska Ocean*, earning a total of more than \$97,000 in wages during the quarter.
- One hundred seventeen residents of member communities were awarded scholarships totaling more than \$222,945 for post-secondary and vocational education during the quarter.
- Norton Sound Seafood Products brought a retail website, *NortonSoundSeafood.com*, online to broaden sales of regionally harvested seafood.
- Ten educators in the region attended the week-long Nome Cultural Camp on the Fish River, sponsored by NSEDC.
- Sixteen Wales residents completed a fish skin tanning class, sponsored by NSEDC.

## **A. Outreach**

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

- The NSEDC Board of Directors held its 2013 second quarter meetings in Nome, Alaska, August 8-9, 2013.
- NSEDC's Board of Directors notified residents of the 2013 second quarter meetings through advertisements in the Nome Nugget newspaper.
- NSEDC produced and distributed its 2012 annual report, sending a copy to each mailbox in member communities. The report, also posted on NSEDC's website, gives detailed information about NSEDC's programs, operations and financial performance for the year.
- NSEDC produced and mailed out its 2013 second quarter report to entities and municipalities throughout the region. The report was also posted on NSEDC's website.
- NSEDC issued a press release which was printed in the Nome Nugget, announcing the opening of the application period for Outside Entity Funding proposals.
- NSEDC staff traveled to several member communities to assist with the implementation of NSEDC grants and other benefit programs.
- NSEDC posted opportunities to purchase fishing vessels and permits throughout member communities to aid both the sellers and those looking to acquire fishing equipment.
- NSEDC produced several newspaper advertisements announcing job openings within the organization.
- 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 website ([www.nsedc.com](http://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  
September 30, 2013

	Q1		Q2		Q3		Q4		Year-to-Date
	People	Wages	People	Wages	People	Wages	People	Wages	Wages
<b>Management/Administrative</b>									
NSEDC - In-region	16	\$ 309,178.72	16	\$ 310,782.90	16	\$ 209,165.45			\$ 829,127.07
NSEDC - Anchorage	12	\$ 261,685.28	14	\$ 244,249.19	11	\$ 137,900.49			\$ 643,834.96
NSSP - In-region	5	\$ 97,707.22	5	\$ 109,664.20	5	\$ 83,646.39			\$ 291,017.81
<b>Total Management/Administrative</b>	<b>33</b>	<b>\$ 668,571.22</b>	<b>35</b>	<b>\$ 664,696.29</b>	<b>32</b>	<b>\$ 430,712.33</b>	<b>0</b>	<b>\$ -</b>	<b>\$ 1,763,979.84</b>
<b>CDQ Pollock/Groundfish Related</b>	<b>12</b>	<b>\$ 124,144.05</b>	<b>14</b>	<b>\$ 100,797.51</b>	<b>10</b>	<b>\$ 97,318.55</b>			<b>\$ 322,260.11</b>
<b>Total NSSP Employment (seasonal)</b>	<b>9</b>	<b>\$ 21,778.08</b>	<b>29</b>	<b>\$ 103,453.22</b>	<b>168</b>	<b>\$ 727,385.28</b>			<b>\$ 852,616.58</b>
<b>Other NSEDC Employment</b>									
Skippers, Deckhands, Shoreside, etc.	7	\$ 24,908.19	18	\$ 95,139.14	26	\$ 399,094.19			\$ 519,141.52
Clean Waters Program	0		0	\$ -	16	\$ 73,158.42			\$ 73,158.42
<b>Total Other NSEDC Employment</b>	<b>7</b>	<b>\$ 24,908.19</b>	<b>18</b>	<b>\$ 95,139.14</b>	<b>42</b>	<b>\$ 472,252.61</b>	<b>0</b>	<b>\$ -</b>	<b>\$ 592,299.94</b>
<b>Other Fishing</b>									
Bering Sea Partner Employment	7	\$ 34,592.32	1	\$ 28,200.00	0	\$ -			\$ 62,792.32
O/A Norton Sound Winter Red King Crab	17	\$ 56,141.60	16	\$ 33,388.55	0	\$ -			\$ 89,530.15
Misc fish	0	\$ -	0	\$ -	2	\$ 102.92			\$ 102.92
Sheefish / Tomcod / Whitefish	3	\$ 564.50	1	\$ 473.50	0	\$ -			\$ 1,038.00
O/A Norton Sound Red King Crab	0	\$ -	0	\$ -	32	\$ 1,735,076.25			\$ 1,735,076.25
CDQ Red King Crab	0	\$ -	0	\$ -	4	\$ 101,249.50			\$ 101,249.50
Norton Sound Salmon	0	\$ -	8	\$ 20,132.00	126	\$ 1,167,979.65			\$ 1,188,111.65
Norton Sound Herring	0	\$ -	40	\$ 202,703.43	0	\$ -			\$ 202,703.43
NSEDC CDQ Halibut	0	\$ -	0	\$ -	22	\$ 189,654.22			\$ 189,654.22
<b>Total Other Fishing</b>	<b>27</b>	<b>\$ 91,298.42</b>	<b>66</b>	<b>\$ 284,897.48</b>	<b>186</b>	<b>\$ 3,194,062.54</b>	<b>0</b>	<b>\$ -</b>	<b>\$ 3,570,258.44</b>
<b>NSEDC Community Outreach Liaisons</b>	<b>14</b>	<b>\$ 28,875.00</b>	<b>13</b>	<b>\$ 27,400.00</b>	<b>12</b>	<b>\$ 27,375.00</b>			<b>\$ 83,650.00</b>
<b>NSEDC Community Employment Program</b>	<b>0</b>	<b>\$ -</b>	<b>13</b>	<b>\$ 76,728.00</b>	<b>0</b>	<b>\$ -</b>			<b>\$ 76,728.00</b>
<b>Interns</b>									
NSEDC Administration	0	\$ -	0	\$ -	0	\$ -			\$ -
NSFR&D	0	\$ -	0	\$ -	0	\$ -			\$ -
<b>Total Interns</b>	<b>0</b>	<b>\$ -</b>	<b>0</b>	<b>\$ -</b>	<b>0</b>	<b>\$ -</b>	<b>0</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fisheries Technicians</b>									
NSEDC Salmon Rehab.	0	\$ -	17	\$ 61,697.89	22	\$ 192,824.36			\$ 254,522.25
Alaska Dept. of Fish & Game	0	\$ -	2	\$ 3,904.25	4	\$ 49,188.38			\$ 53,092.63
Fisheries Development	0	\$ -	4	\$ 12,741.50	7	\$ 48,281.50			\$ 61,023.00
<b>Total Technicians</b>	<b>0</b>	<b>\$ -</b>	<b>23</b>	<b>\$ 78,343.64</b>	<b>33</b>	<b>\$ 290,294.24</b>	<b>0</b>	<b>\$ -</b>	<b>\$ 368,637.88</b>
<b>GRAND TOTALS</b>	<b>102</b>	<b>\$ 959,574.96</b>	<b>211</b>	<b>\$ 1,431,455.28</b>	<b>483</b>	<b>\$ 5,239,400.55</b>			<b>\$ 7,630,430.79</b>
<b>NSEDC =</b>	<b>49</b>	<b>\$ 624,647.19</b>	<b>97</b>	<b>\$ 832,642.87</b>	<b>114</b>	<b>\$ 1,136,987.79</b>			<b>\$ 2,594,277.85</b>
<b>NSSP =</b>	<b>34</b>	<b>\$ 176,191.40</b>	<b>99</b>	<b>\$ 469,814.90</b>	<b>359</b>	<b>\$ 4,005,094.21</b>			<b>\$ 4,651,100.51</b>
<b>Partners =</b>	<b>19</b>	<b>\$ 158,736.37</b>	<b>15</b>	<b>\$ 128,997.51</b>	<b>10</b>	<b>\$ 97,318.55</b>			<b>\$ 385,052.43</b>

## **Employment Summary**

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

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

**Community Breakdown:**

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

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

**Community Breakdown:**

- 78 employees from Unalakleet
- 14 employees from Elim
- 1 employee from Gambell
- 2 employees from Golovin
- 10 employees from Koyuk
- 13 employees from Savoonga
- 2 employees from Shaktoolik
- 1 employee from St. Michael
- 3 employees from Stebbins
- 39 employees from Nome
- 5 employees from other Alaska communities

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

**Community Breakdown:**

- 10 employees from Brevig Mission
- 2 employees from Elim
- 8 employees from Gambell
- 2 employees from Golovin
- 2 employees from Koyuk
- 5 employees from Nome
- 5 employees from Shaktoolik
- 7 employees from Unalakleet
- 1 employee from Anchorage

**Other Fishing** – Thirty-two fishermen delivered 318,984 pounds of open-access Norton Sound red king crab to NSSP during the quarter.

**Community Breakdown:** 16 fishermen from Nome  
6 fishermen from Unalakleet  
6 fishermen from Shaktoolik  
1 fisherman from Elim  
1 fisherman from White Mountain  
2 fishermen from Golovin

Four fishermen delivered 18,409 pounds of CDQ Norton Sound red king crab to NSSP during the quarter.

**Community Breakdown:** 4 fishermen from Nome

One hundred twenty-six fishermen delivered 1,221,108 pounds of Norton Sound salmon to NSSP during the quarter.

**Community Breakdown:** 13 fishermen from Koyuk  
20 fishermen from Elim  
12 fishermen from Golovin  
23 fishermen from Shaktoolik  
57 fishermen from Unalakleet  
1 fisherman from Nome

Twenty-two fishermen delivered 50,046 pounds of Norton Sound halibut to NSSP during the quarter.

**Community Breakdown:** 19 fishermen from Savoonga  
3 fishermen from Nome

Two fishermen delivered 124 pounds of Norton Sound Pacific cod to NSSP during the quarter.

**Community Breakdown:** 2 fishermen from Nome

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

**Community Breakdown:** 1 liaison from St. Michael  
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 Diomedea  
1 liaison from Savoonga  
1 liaison from Gambell  
1 liaison from Elim  
1 liaison from Golovin



**Table 2**  
**TRAINING DATA FORM**  
**July 1 through September 30, 2013**

	Quarter		Year-to-Date	
	People	Expenditures	People*	Expenditures
<b>Scholarships</b>				
Post-Secondary	105	\$200,445	333	\$625,223
Vocational	12	\$22,500	44	\$86,500
<b>Voc-Tech</b>				
Basic			29	\$10,521
Advanced				
<b>Other Training</b>				
Fisheries Related			25	\$49,473
CDQ .Staff			6	\$11,604
CDQ Board				
Other	26	\$16,996	36	\$30,996
<b>TOTAL</b>	<b>143</b>	<b>\$239,941</b>	<b>473</b>	<b>\$814,317</b>

*\*Year-to-date figures for scholarships represent total scholarships awarded, not unique individuals. Likewise, training figures may count individuals multiple times if they participated in multiple training opportunities.*

### **Training Summary**

**Scholarships:** One-hundred-seventeen students received funding for post-secondary and vocational education during the quarter.

**Other:** Ten educators in the region received training in regard to the culture and traditions of the region's residents at a cultural camp along the Fish River.

Sixteen community members in Wales completed a fish skin tanning class.

## **II. Administration**

### **A. Board Activities**

#### **Board of Directors Meetings**

The NSEDC Board of Directors held its 2013 second quarter meetings in Nome, Alaska, August 8-9, 2013.

#### **Substantial Decisions**

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

- The NSEDC Board of Directors approved the guarantee of a loan from Wells Fargo Bank to Siku Holdings LLC, a crab fishing company in which NSEDC subsidiary Siu Alaska Corp. is 50% owner.
- The NSEDC Board of Directors approved the guarantee of Siu Alaska Corp.'s \$10 million line of credit.
- The NSEDC Board of Directors approved a new meeting attendance rule, explicitly stating residents of the region may attend board meetings.
- The NSEDC Board of Directors approved the extension of the Community Energy Fund program through 2019.
- The NSEDC Board of Directors approved an \$88,290 Community Energy Fund request from the City of Gambell to be used toward the replacement of streetlights for the community.
- The NSEDC Board of Directors approved a \$142,000 Community Energy Fund request from the City of Shaktoolik to be used toward energy efficiency upgrades to its water treatment plant.
- The NSEDC Board of Directors approved a \$422,000 request from the Chinik Eskimo Community to be used toward the construction of a search and rescue building in Golovin.

### **III. Harvesting Report**

#### **A. CDQ Harvest Management**

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

##### **Pollock**

The *F/T Pacific Glacier* and *F/T Alaska Ocean* completed NSEDC's A season pollock harvest of 11,135 tons in the first quarter. B season pollock begins June 10; the *Alaska Ocean* harvested 4,614 tons of CDQ pollock in nine days of fishing in late June, and the *Pacific Glacier* took 2,034 tons in the same time period. In the third quarter, the *Alaska Ocean* took 4,603 tons and the *Pacific Glacier* took 5,461 tons; the last haul took place on September 5. This marks a total of 27,846 tons of pollock harvest for the year, which is essentially 100% of NSEDC's quota. A total of 68 Chinook salmon were incidentally harvested in CDQ pollock operations in 2013; 67 in the A season and 1 in the B season.

##### **Pacific Cod**

A total of 899 tons of Pacific cod was taken in the 3rd quarter. The *Northern Glacier* harvested the majority of that amount, taking 868 tons in trawl operations while targeting yellowfin sole. A total of 3,678 tons of cod have been taken in 2013, leaving 2,397 tons for harvest in the fourth quarter. This is primarily to be harvested with NSEDC's long-line partners, Alaskan Leader Fisheries. It should be noted that 1,114 tons of the quota held in NSEDC's account are transfers in from other CDQ groups to facilitate harvest operations on the *Northern Glacier* for yellowfin sole, Atka mackerel, and Pacific Ocean perch trawl fisheries.

##### **Atka Mackerel / Pacific Ocean Perch**

NSEDC is a participant in (and manager of one) two CDQ pools for Atka mackerel and Pacific Ocean perch, utilizing Glacier Fish Company's *F/T Northern Glacier* and a number of vessels belonging to U.S. Seafoods. Essentially all of NSEDC's allocation of Atka mackerel and Pacific Ocean perch were harvested in the second quarter (except for Area 543 Atka mackerel; retention of that species is prohibited due to Steller Sea Lion restrictions).

##### **Yellowfin Sole, Rock Sole, Flathead Sole and Arrowtooth Flounder**

NSEDC is a participant in (and manager of) a CDQ pool utilizing Glacier Fish Company's *F/T Northern Glacier* to harvest yellowfin sole, rock sole, flathead sole and arrowtooth flounder. In the third quarter the vessel took 1,237 tons of the yellowfin sole pool (20% NSEDC), 203 tons of the rock sole pool (28% NSEDC), 35 tons of the flathead sole pool (22% NSEDC), and 633 tons of arrowtooth flounder (22% NSEDC). As of early October, 31% of the yellowfin sole, 57% of rock sole, 14% of flathead sole and 71% of arrowtooth sole allocation have been harvested for the year.

### **Sablefish**

Sablefish (black cod) fishing opened by regulation in late-March. We have contracted with the *F/V Ballyhoo* to harvest our Bering Sea quota of 27 tons; this was completed in the second quarter. The *F/V Cynosure* will take the Aleutian Islands quota in the fourth quarter.

### **Halibut**

NSEDC's allocation of CDQ halibut, approximately 77,000 pounds, is reserved for regional harvest. A total of 49,557 pounds was harvested in the third quarter, with 36,230 pounds delivered to Savoonga and 13,327 pounds delivered to Nome.

### **Aleutian Islands Golden King Crab**

NSEDC's 2013-2014 CDQ allocation of 69,510 pounds of Eastern Aleutian Islands golden king crab will be harvested by the *F/V Aleutian No. 1* in the fourth quarter of 2013.

### **Bristol Bay Red King Crab**

NSEDC's 2012-2013 CDQ allocation of Bristol Bay red king crab (141,354 pounds) was harvested by CVRF in the fourth quarter of 2012. The 2013-14 quotas are being set at the time of the writing of this report and will be harvested in the fourth quarter by CVRF.

### **Bering Sea Opilio (Snow) Crab**

NSEDC's 2012-2013 CDQ allocation of Bering Sea opilio crab is 1,194,300 pounds, most of which was harvested in the first quarter by CVRF's Sea Boat fleet (*Bering Sea*, *North Sea* and *Arctic Sea*) and Diamondback Fisheries' vessel *Ramblin' Rose*. The *Ramblin' Rose* harvested approximately 250,000 pounds of opilio in the second quarter to wrap up NSEDC's CDQ for the 2012-13 season. Quotas for the 2013-14 season are being set at the time of the writing of this report; updates will be available at the meeting.

### **Norton Sound Red King Crab**

Norton Sound red king crab CDQ fishing took place in the third quarter, during which all of NSEDC's 18,585 pounds were harvested. YDFDA's 50% of the CDQ allocation for Norton Sound red king crab was made available but was not harvested due to the availability of unutilized open-access quota.

## **B. IFQ Harvest Management**

During the quarter, NSEDC managed fishing operations and the harvest of individual fishing quotas (IFQs) as outlined below.

### **Eastern Aleutian Islands Golden King Crab**

Harvest of NSEDC's 577,918 pounds of 2013-14 eastern Aleutian Islands golden king crab began in the third quarter. The *Aleutian No. 1* harvested 209,485 pounds in the quarter; the balance will be taken in the fourth quarter.

### **Western Aleutian Islands Golden King Crab**

KDS Inc., NSEDC's wholly owned subsidiary, has been allocated 1,189,644 pounds of golden king crab in the western Aleutian Islands. The *Patricia Lee* harvested 81,887 pounds in the third quarter, and will continue the harvest through the end of 2013, taking an estimated total of 600,000 pounds. In early 2014, the *Aleutian No. 1* will take over harvesting the KDS quota, potentially finishing in the first quarter.

### **Bristol Bay Red King Crab**

There was no harvest of Bristol Bay Red King Crab in the third quarter.

### **Bering Sea Opilio (Snow) Crab**

NSEDC's IFQ allocation of 2012-2013 opilio crab is 1,631,875 pounds, about 90% of which was harvested in the first quarter (fishing opened January 1). Approximately 163,000 pounds of IFQ opilio was delivered in the second quarter to complete the harvest for the year. Quotas for the 2013-14 season are being set at the time of the writing of this report; updates will be available at the meeting.

### **Sablefish**

NSEDC contracts with Wild Alaskan Seafoods (WAS) to harvest sablefish (black cod) IFQs in the Gulf of Alaska. During the third quarter WAS harvested 25,358 pounds of central Gulf sablefish, leaving 61,647 pounds to be harvested in the third quarter. A total of 15,955 pounds was taken in the western Gulf in the third quarter, with a balance of 1,187 pounds remaining.

### **Halibut**

NSEDC's allocation of 11,444 pounds of Area 3B halibut (Gulf of Alaska) was partially harvested in the third quarter by Wild Alaskan Seafoods; 4,755 pounds of quota remains.

**C. Compliance/Enforcement**

To the best of our knowledge, there were no fishing or vessel violations, illegal activities and/or fines or penalties against any vessels operating under contract to NSEDC.

**IV. Board of Directors August 8 & 9 Meeting Minutes (Attachment 1)**

ATTACHMENT 1

2013 Second Quarter Meeting Minutes

August 8 & 9, 2013

Nome, Alaska





FILE COPY

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

**Norton Sound Economic Development Corporation  
Second Quarter Board of Directors Meeting  
BSNC Boardroom  
August 8 & 9, 2013  
9:00 a.m.**

**CALL TO ORDER**

Chairman Dan Harrelson called the NSED C 2013 Second Quarter Board Meeting to order at 9:00 a.m. on August 8, 2013.

**ROLL CALL**

Present at the meeting were Dan Harrelson, Don Stiles, Dean Peterson, Eugene Asicksik, Joe Garnie, Walter Seetot, Truman Kava, Lucy Kitchen, Frank Katchatag, Elvina Naranjo, Wilfred Katcheak (via teleconference), Milton Cheemuk, and Oscar Takak. Joel James joined the meeting late. Orville Ahkinga Jr. was absent.

Staff present were Janis Ivanoff, Simon Kinneen, Darrin Otton, Charlie Lean, Kyan Olanna, Virginia Nashalook, Rick Walicki, Paul Ivanoff, John Eckels, Wes Jones, William Johnson, Albert Johnson, Kathy Whelehan, and Jerry Ivanoff. Public present were Laurie McNicholas of the *Nome Nugget*, Mark Johnson, and Mitch Erickson.

**INVOCATION**

Oscar Takak gave the invocation.

**APPROVAL OF AGENDA**

Chairman Harrelson added Jay Thomas and Brett Agenbroad of BSSD to the agenda for after lunch, who requested to address the board in order to make introductions and forge a continued working relationship. Chairman Harrelson also added a Golovin IRA Search and Rescue Building proposal under new business.

*Dean Peterson made a motion to approve the agenda, as amended. Oscar Takak seconded the motion. The motion passed.*

**APPROVAL OF AGENDA**

1. May 2 & 3, 2013
2. June 18, 2013

*Oscar Takak made a motion to approve the NSED C Board Meeting Minutes of May 2 & 3, 2013 and June 18, 2013, as a block. Elvina Naranjo seconded the motion. The motion passed.*

**PUBLIC COMMENTS**

Mark Johnson provided information on the new pellet stoves and Nome Outfitters request for NSED C to provide assistance to haul the pellets. Mitch noted an article in the *Nome Nugget* on their pilot program. Don Stiles asked how big the bags of pellets are and how much they cost. The bags cost \$4 and freight was \$6. Chairman Harrelson asked how much would be saved in fuel costs and how much is paid for diesel in Nome. Mitch informed him region-wide, the cost of diesel is \$6.09. The pellets are received

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

from Seattle. Don asked about the possibility of making the pellets in-region. Mark noted the pellets could be made in Eastern Norton Sound and a new business could be born. Eugene noted Fred Sagoonick has a saw mill in Shaktoolik, but he has issues accessing the logs on the beach or timber from the land. Don asked how much assistance they are seeking. Mark gave an estimate of \$10,000 to offset the price of freight to move the pellets to Nome for at least 20 users. Mitch noted Nome residents are getting wood from as far as Topkok. Don stated he has been burning wood for five or six years and the heat is a better than fuel stoves for his home. Don felt it was a good effort in the right direction.

#### **CHAIRMAN's REPORT-Dan Harrelson**

Chairman Harrelson gave the NSEDC Chairman's Report. He noted the disaster on St. Lawrence Island with the low harvest of walrus, and NSEDC's response by providing salmon and future deliveries of halibut to the people of Gambell and Savoonga.

#### **CEO's REPORT-Janis Ivanoff**

NSEDC CEO Janis Ivanoff gave the CEO's Report, noting the NSEDC Community Board Elections coming up in 2013. She also mentioned the NPFMC meeting in October to deal with salmon, which the board may choose to attend. Janis noted the Chinook Salmon Summit in Unalakleet set up by Art Ivanoff and, if any board members would like to attend, to let her know. Janis noted though it is our busy season, some staff members celebrated events and passed noteworthy milestones: Frank Doty got married to Heather Dickens; Jacob Ivanoff welcomed a new baby; William Johnson's daughter, Sasha, got married; and Jerry Ivanoff celebrated his 60<sup>th</sup> birthday.

Joel James joined the meeting at 9:36 a.m.

#### **FINANCIALS/INVESTMENT PORTFOLIO**

Rick Walicki gave the NSEDC Financials/Investment Portfolio noting per usual, his report is preliminary to receiving the final numbers for the quarter. Eugene Asicksik, on the operating activities, asked for clarification on cash, which were for pre-paid items. Joe Garnie asked about the \$23,000 invested in Unaatuq. Eugene asked about expenditures on the tender vessels approved at the June meeting. Rick and staff informed him no funds were spent on this project as yet, but the project is underway and on track.

#### **SIU ALASKA CORPORATION REPORT-John Eckels**

##### **1. Glacier Fish Company-executive session.**

John Eckels gave the Siu Alaska Corporation report, highlighting notable portions of the written version in the packet. The golden king crab market has softened compared to last year. With Glacier Fish Company, fishing is good with bigger fish, and the B season is about 50 percent complete. After the season, the *F/T Alaska Ocean* will need some minor work. The *F/V Glacier Bay* is in need of shipyard work. John also covered Bering Fisheries operations.

John requested the board's consent to guarantee the \$3.75 million loan from Wells Fargo to Siku Holding LLC. Chairman Harrelson noted NSEDC's portion would be \$1.5 million. John went over the guarantee necessary for this investment.

*Don Stiles made a motion to approve the guarantee to Wells Fargo Bank in an amount not to exceed \$3,750,000 on behalf of Siku Holding LLC and that the NSEDC President be authorized to sign all documents and or resolutions reflecting such. Oscar Takak seconded the motion.*

Joe Garnie asked for clarification on the process for funds provided to Siu Alaska Corporation. Chairman Harrelson clarified. Eugene asked for more specifics on the ownership. Chairman Harrelson and John Eckels noted if the loan went sour, they would come back to all the partners for payment. Don Stiles explained the need for a new company to hold these vessels.

*The motion passed with Joe Garnie opposing.*

John Eckels requested Siu's line of credit be raised to \$10 million from \$8 million.

*Don Stiles made a motion that NSEDC reaffirms its guarantee of Siu Alaska Corporation's Line of Credit with Wells Fargo Bank, including an increase in the line of credit to \$10,000,000 and that the NSEDC President be authorized to sign such documents and resolutions reflecting such. Oscar Takak seconded the motion.*

Joe Garnie asked Mr. Eckels about whether there has been need for an additional \$2 million in the past. John stated no.

*The motion passed with Joe Garnie opposing.*

Eugene Asicksik noted the *F/V Glacier Bay* and other boats built by the other CDQ groups. Eugene asked for clarification on the *F/V Glacier Bay* and the co-op for longlining. Janis noted Eugene was talking about the flat fish harvested by the *F/T Northern Glacier*. John noted we are fishing our own co-op fish with the *F/V Glacier Bay*. Eugene further asked about Ed Poulsen and the Bering Sea Women's Group. Chairman Harrelson asked for more information on Bering Fisheries and their operation.

## 1. Glacier Fish Company-executive session

The board took a break at 10:17 a.m. The meeting reconvened at 10:35 a.m.

## MANAGERS REPORTS

### 1. Quota Management-Simon Kinneen

Simon Kinneen gave the quota management report with all fishing pretty much on track, but the cod market is a little soft. The golden king crab season will be starting in the 3<sup>rd</sup> quarter. Dean Peterson asked for an update on local halibut harvest. Simon and Josh noted the halibut harvest has been slow. Chairman Harrelson asked about bycatch and our boats doing a good job avoiding bycatch. Simon noted the bycatch of Chinook salmon of 8,600 fish in the Bering Sea. The chum bycatch is pretty low and the rest of the season will be predominately hatchery fish. Eugene Asicksik asked about any issues with the golden king crab harvest. Eugene noted the red king crab harvest in Bristol Bay will be down.

### 2. Southern and Northern NSSP

#### a. William Johnson

William Johnson gave the Southern NSSP Report, noting local fishermen harvested about 500 metric tons of herring this year and Icele Seafoods did a good job to stay in our region as long as they could. Chairman Harrelson asked about the bait herring and the winter fishery needs for bait. Chairman Harrelson asked if we could do any fall herring or salmon to make bait available to our crab and halibut fishermen. William noted the pink salmon harvest was low. Josh Osborne noted he received about 20,000 pounds of bait from Unalakleet. Chairman Harrelson directed staff to purchase the bait as much as possible from within the region. Middy gave an update on the harvest of salmon in the different districts. The salmon prices have been good and stable, so he was able to pay \$1.80 per pound for coho. Amber Cunningham, his new office assistant, has been doing good along with Frank Doty. To date, Southern NSSP has about 100 employees with about 20 from Elim, Koyuk, and Stebbins. Don Stiles asked about the housing issue with the workers from the region coming to Unalakleet. William stated we may have to do something in the future, but so far it is working out. With more people coming into Unalakleet in the future, we may have to look into a bunkhouse for them.

#### b. Josh Osborne

Josh Osborne gave the Northern NSSP Report, noting the lower meat fill at the beginning of the season. He gave an update on the level of harvest of crab to date. With halibut, we had 18,000 pounds harvested by eighteen fishermen. Josh covered the commercial salmon harvest in the Nome subdistrict. Josh noted the bait of tomcod and trout harvested from the region, and other bait flown in from Dutch Harbor. For

employment, NSSP has hired approximately 50 people from around the region and 10 people working in Savoonga. Charlie Lean asked Josh if he knew of any commercial salmon fishermen using the salmon for bait. Josh told him he did not think so. Joe Garnie spoke to the attempt to start up a bait fishery in Teller and June 15<sup>th</sup> is the cutoff date for harvesting herring. With some of his residents getting boat loans, Joe wondered if staff could work with ADF&G to possibly get them to fish for bait to assist with fishermen's loans from NSEDC. Josh noted this could be accommodated after September 15<sup>th</sup> and next spring. Joe noted they have a fall run of herring in September. Dean Peterson noted the bait issues this year with the method the bait is moved, mostly by bags, which must be leak proof for the airlines. Charlie Lean spoke to the need for getting the right size to ship the bait.

Chairman Harrelson noted the written reports from managers and asked if there were any questions for any of them.

Sterling Gologergen joined the meeting at 11:00 a.m.

### 3. Written Reports

#### a. Community Benefits Department-Paul Ivanoff

No questions for Community Benefits Department.

#### b. EET Department-Jerry Ivanoff

No questions for the EET Department.

#### c. HR Department-Tiffany Martinson

Chairman Harrelson requested the board hold off on questions until the executive session for the CEO's evaluation.

#### d. NSFR&D -Charlie Lean

Chairman Harrelson asked for an update on the possible hatchery in our region. Charlie gave an update on the letters of requests to the landowners to build a hatchery, Bering Straits Native Corporation, Sitnasuak Native Corporation, and native allotments. The engineers are waiting for results on this land issue for the hatchery. Don Stiles asked Charlie about the spiny king crab and female king crab caught this season. Charlie informed the board on the new crab species, Hanasaki Crab, moving into the Norton Sound, which like shallow water. Lucy Kitchen spoke to a lot of fish nets washing up on their beaches. Chairman Harrelson noted the amount of debris coming on our beaches with the big flood of the Yukon River. Charlie noted Wales and St. Lawrence Island are susceptible to receiving international debris.

#### e. Vessel Management-Darrin Otton

Don Stiles asked about the new vessel. Darrin gave an update on payment for the engineering designs, which Janis informed the board was \$52,000. Dean Peterson noted the need to start work on purchasing a second tender vessel. Darrin gave an update on the engines necessary for our two new tender vessels and the possible need for three new engines for our tender vessels. Eugene asked when the boats would be leaving the region. Darrin mentioned the possibility of purchasing a 200-ton trailer. Eugene mentioned the wood on the beaches and the possibility to hire four wheelers to get the wood and move it to Teller and Brevig Mission. Eugene noted the wood transfer done by CVRF in the past. Eugene mentioned the *F/V Egavik* would be a better vessel for this operation.

A break was taken at 11:21 a.m. The meeting reconvened at 11:37 p.m.

## COMMITTEE REPORTS

### 1. Executive Committee Report

Chairman Harrelson gave the NSEDC Executive Committee Report.

### 2. Rules & Bylaws Committee Report

Chairman Stiles gave the NSEDC Rules & Bylaws Report. Janis explained the draft language of the rules and bylaws recommendation for meeting attendance.

*Don Stiles made a motion to follow the recommendation of the NSEDC Rules & Bylaws Committee on meeting attendance. Eugene Asicksik seconded the motion. The motion passed.*

*Don Stiles made a motion to approve the recommendation of the Rules and Bylaws committee on community elections. Dean Peterson seconded the motion.*

Kyan Olanna spoke to a concern raised regarding language about a credit check in the paperwork NSEDC is required to give to candidates even though we do not conduct credit checks as part of the board's character standards policy. Chairman Harrelson asked about the process for drug screen testing of our board members. Janis Ivanoff stated we work with each of the candidates based on their availability.

*The motion passed.*

### 3. Fisheries Development Committee Report

Chairman Takak gave the NSEDC Fisheries Development Committee Report. Dean Peterson voiced his thanks to Chairman Harrelson for his discussion with ADF&G to help our fishermen in the region. Chairman Harrelson noted we've spent over a million dollars helping ADF&G manage the salmon fishery. Joel James asked for clarification on Gambell's request for a boat harbor in their area, wondering what entity would have to submit the request. Janis Ivanoff and Oscar Takak noted the breakwater requests for Gambell and Elim are ongoing. Sterling Gologergen informed the board she could get the necessary paperwork to Joel. Eugene Asicksik noted the desire to add counting tower budget numbers to the river systems in the White Mountain area and the need to add more 'tools to the toolbox' for ADF&G to manage the crab fishery. Charlie Lean went over the proposals to be introduced to the Board of Fish in March 2014. There are two more board meetings to work on proposals for the local crab. Chairman Harrelson asked about the need to increase the pot limits for our crab fishermen. Eugene noted the safety issue and the possibility to increase the pots to 50 with collapsible pots. Eugene requested Charlie and staff look into the pot limits to ensure the crab fishery remains a local. Frank Katchatag noted there are up to 20 more fishermen trying to get into crabbing, which would increase the harvesting capacity of our crab fleet. Eugene mentioned the desire of some crab LLP holders to get rid of the 32-foot exemption from LLP requirements. Joel asked if someone could fish for them and catch the entire quota of CDQ crab. Charlie noted there is no quota to commercially harvest blue king crab off St. Lawrence Island, and the St. Lawrence Island has a 10-mile moratorium around the island for harvesting red king crab. Chairman Harrelson suggested Joel to talk with staff on the development of his project. Don Stiles felt fishermen could harvest the crab with 40 pots if the boundary line were changed.

### 4. Scholarship Committee Report

Chairman Seetot gave the NSEDC Scholarship Committee report.

### 5. Finance Committee Report

Chairman Harrelson gave the NSEDC Finance Committee report.

*Don Stiles made a motion to approve the recommendations of the NSEDC Finance Committee report. Eugene noted he would be voting for the recommendation and he is a crab fisherman.*

*The motion passed.*

Lunch break was taken at 12:16 p.m. The meeting reconvened at 1:00 p.m.

Chairman Harrelson introduced BSSD Superintendent Brett Agenbroad and BSSD Assistant Superintendent Jay Thomas to address the board. Brett noted that NSEDC is a huge supporter of education in Norton Sound and would like the board to put a face with the name. Brett noted that some schools are doing well and some need encouragement. Don Stiles stated that NSEDC is a big proponent of our students and drug and alcohol free activities. Brett stated that he would like to meet with the board

to get feedback on the drug and alcohol problems with our students. Don noted we provide scholarships and would like to have an education summit to work out the services provided by all our regional organizations as NSEDC can't do it alone. Lucy Kitchen welcomed Brett to the Norton Sound region. The board was given an opportunity to introduce themselves to the BSSD superintendents.

Chairman Harrelson informed the board that White Mountain teacher Kim Sweeney thanked the board for supporting an art education project, which will have a show at the Nome-Beltz High School at 7:00 p.m.

#### **OLD BUSINESS**

1. Litigation update-executive session
2. CEO Evaluation-executive session
3. Board Life Insurance-executive session
4. Finance Committee Recommendation

*Oscar Takak made a motion to go into executive session at 1:08 p.m. to go over the litigation update, CEO Evaluation, Board Life Insurance, and the Finance Committee Recommendation. Elvina Naranjo seconded the motion. The motion passed.*

*Oscar Takak made a motion to return to regular session at 2:00 p.m. Elvina Naranjo seconded the motion. The motion passed.*

*Dean Peterson made a motion to approve the proposed agreement with Alice Galvin for the NSEDC CEO evaluation for \$5,000. Oscar Takak seconded the motion. The motion passed.*

*Don Stiles made a motion to approve the NSEDC Finance Committee's Recommendation on restructuring our investment portfolio. Eugene Asicksik seconded the motion. The motion passed.*

#### **NEW BUSINESS**

1. Annual Board Retreat and Training

Janis provided the board with options and past practices for the retreat and training. Staff proposes the week of December 9<sup>th</sup>. One schedule provides an option to travel to Seattle to tour fishing vessels.

2. NoBSRAA Representative and Alternate Appointments

NSEDC CEO Janis Ivanoff noted the NoBSRAA representative is Charlie Lean, and his alternate is Simon Kinneen.

*Don Stiles made a motion to seat the current NoBSRAA representative and alternate. Milton Cheemuk seconded the motion. The motion passed.*

3. Community Energy Fund Program

*Don Stiles made a motion to extend the Community Energy Fund program for five years. Oscar Takak seconded the motion. The motion passed.*

4. City of Gambell Community Energy Fund Request-\$88,290

Janis asked Paul Ivanoff to discuss the City of Gambell request.

*Don Stiles made a motion to approve the Gambell Community Energy Fund request of \$88,290. Eugene Asicksik seconded the motion. The motion passed.*

5. City of Shaktoolik Community Energy Fund request-\$142,000

Paul Ivanoff discussed the City of Shaktoolik's Community Energy Fund request.

*Dean Peterson made a motion to approve the City of Shaktoolik's Community Energy Fund request of \$142,000. Oscar Takak seconded the motion. The motion passed.*

6. Golovin Search and Rescue Building Request \$422,000

*Elvina Naranjo made a motion to fund the Chinik Eskimo Community's Golovin Search and Rescue Building request of \$422,000. Frank Katchatag seconded. The motion passed.*

**PUBLIC COMMENTS**

There were no public comments provided.

**BOARD COMMENTS**

- Chairman Harrelson stated board members could be picked up at 10:00 a.m. at the Aurora Inn to view the crab operation at the Norton Sound Seafood Center.
- Janis noted the NSEDC Dinner that evening at 6:00 p.m. at Twin Dragon.
- Joel James, on behalf of Gambell, thanked the board very much for the fish donation, as it is much needed in Gambell.
- Frank Katchatag stated it was a good meeting. He was happy to support Gambell's needs.
- Milton Cheemuk felt it was a good meeting
- Truman Kava thanked NSEDC for the salmon received today in Savoonga.
- Don Stiles had no comment.
- Dean Peterson thanked the board for funding the safety building. He appreciated Chairman Harrelson's comments to ADF&G.
- Wilfred Katcheak commented on his discretionary funds from 2012.
- Oscar Takak thanked the board and staff.
- Elvina Naranjo felt it was a good meeting.
- Walter Seetot thanked the board for the crab from NSSP.
- Eugene Asicksik, as Mayor of Shaktolik, thanked the board for their support of the Community Energy Fund. Eugene also thanked the board for support of the request of crab fishermen.
- Lucy Kitchen, on behalf of the City of Wales, thanked the board for the delicious crab. They really enjoyed it.
- Joe Garnie thanked everyone. Good meeting and thanks for support of the bait fishery in the Teller Area.
- Dan Harrelson stated it was a good meeting with no more litigation.
- Janis thanked the board and stated she'd see them at the dinner.

**ADJOURNMENT**

*Oscar Takak made a motion to adjourn the NSEDC 2013 Second Quarter Board Meeting at 2:27 p.m. on August 8, 2013. Elvina Naranjo seconded the motion. The motion passed.*

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Dan Harrelson, NSEDC Board Chairman

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Jerry Ivanoff, NSEDC Corporate Secretary

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Date