

FOR DISTRIBUTION

2014 First QUARTER REPORT

January 1, 2014 – March 31, 2014



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

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I. Quarterly Highlights

- The NSEDC Board of Directors held its 2013 fourth quarter board meetings in Nome, Alaska, February 5-6, 2014.
- The NSEDC Board of Directors moved to endorse and support Simon Kinneen for appointment to the North Pacific Fishery Management Council. He was then nominated by Governor Sean Parnell in March.
- The NSEDC Board of Directors approved the City of Wales Outside Entity Funding request for \$338,080 for the renovation of its clinic.
- The Norton Sound Seafood Center retail area remodel was completed.
- Norton Sound Seafood Products purchased 27,683 pounds of tomcod from 26 licensed fishermen.
- 2,659 residents signed up for the 2014 NSEDC Energy Subsidy and payments were made to the utilities and fuel vendors, totaling more than \$1.3 million.
- Ashley Brown was hired as a NSEDC Fisheries Biologist in the Nome office.
- John Baker was hired as NSEDC's Special Projects Coordinator in the Nome office.
- William "Middy" Johnson was promoted to the Norton Sound Seafood Products Operations Manager.
- Josh Osborne was promoted to the Norton Sound Seafood Products Northern Plant Manager in Nome.
- A total of seven current residents of NSEDC member communities, one Western Alaska resident, and three former member community residents who now live 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 \$109,000 in wages during the quarter.
- One hundred sixty-five residents of member communities were awarded scholarships totaling more than \$340,000 for post-secondary and vocational education during the quarter.
- Eleven Koyuk residents took an NSEDC-sponsored Emergency Trauma Training class.
- Ten Unalakleet residents participated in the NSEDC-sponsored Unalakleet CPR training.
- Fourteen Unalakleet residents took a NSEDC-sponsored ham radio class.
- Eleven Koyuk residents successfully completed an NSEDC-sponsored Off-Highway Class D Driver's License workshop, receiving their licenses.
- NSEDC sponsored two Nome residents who attended the Master Mate Class at AVTEC in Seward with one successfully receiving his Master Mate license.
- NSEDC sponsored two Koyuk residents, one Golovin resident and one Elim resident successfully completed the Qmed Oiler Class at AVTEC, receiving certificates.

A. Outreach

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

- The NSEDC Board of Directors held its 2013 fourth quarter board meetings in Nome, Alaska, February 5-6, 2014.
- NSEDC's Board of Directors notified residents of the 2013 fourth quarter meetings through advertisements in the Nome Nugget newspaper.
- NSEDC staff traveled to member communities including Golovin, Teller, Brevig Mission, Stebbins and Wales to assist with the implementation of NSEDC grants and other benefit programs.
- 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 Human Resources Director Tiffany Martinson and EET Director Jerry Ivanoff traveled to member communities during the Kawerak Career Fair, promoting NSEDC employment and scholarship opportunities, including White Mountain, Stebbins and St. Michael.
- NSEDC continued to update the organization's website (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.
- NSFR&D Biologist Kevin Keith gave a talk for the Northwest Campus Strait Talk Science Series on salmon returns: "*Predicting Salmon Returns: the Science behind the Numbers.*"
- NSEDC has Community Outreach Liaisons in 9 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 flyers, applications, and other information to circulate within their communities.

B. Employment

Table 1
EMPLOYMENT DATA FORM
March 31, 2014

| | People | Wages | People | Wages | People | Wages | People | Wages | Year-to-Date Wages |
|---|------------|----------------------|----------|-------------|----------|-------------|----------|-------------|-----------------------|
| Management/Administrative | | | | | | | | | |
| NSEDC - In-region | 19 | \$ 329,635.49 | | | | | | | \$ 329,635.49 |
| NSEDC - Anchorage | 12 | \$ 241,051.62 | | | | | | | \$ 241,051.62 |
| NSSP - In-region | 5 | \$ 91,710.21 | | | | | | | \$ 91,710.21 |
| Total Management/Administrative | 36 | \$ 662,397.32 | 0 | \$ - | 0 | \$ - | 0 | \$ - | \$ 662,397.32 |
| CDQ Pollock/Groundfish Related | 7 | \$ 61,516.82 | | | | | | | \$ 61,516.82 |
| Total NSSP Employment (seasonal) | 8 | \$ 75,062.53 | | | | | | | \$ 75,062.53 |
| Other NSEDC Employment | | | | | | | | | |
| Skippers, Deckhands, Shoreside, etc. | 12 | \$ 57,904.46 | | | | | | | \$ 57,904.46 |
| Clean Waters Program | 0 | \$ - | | | | | | | \$ - |
| Total Other NSEDC Employment | 12 | \$ 57,904.46 | 0 | \$ - | 0 | \$ - | 0 | \$ - | \$ 57,904.46 |
| Other Fishing | | | | | | | | | |
| Bering Sea Partner Employment | 0 | \$ - | | | | | | | |
| O/A Norton Sound Winter Red King Crab | 14 | \$ 27,973.15 | | | | | | | \$ 27,973.15 |
| Misc fish | | \$ - | | | | | | | \$ - |
| Sheefish / Tomcod / Whitefish | 14 | \$ 6,764.50 | | | | | | | \$ 6,764.50 |
| O/A Norton Sound Red King Crab | | \$ - | | | | | | | \$ - |
| CDQ Red King Crab | | \$ - | | | | | | | \$ - |
| Norton Sound Salmon | | \$ - | | | | | | | \$ - |
| Norton Sound Herring | | \$ - | | | | | | | \$ - |
| NSEDC CDQ Halibut | | \$ - | | | | | | | \$ - |
| Total Other Fishing | 28 | \$ 34,737.65 | 0 | \$ - | 0 | \$ - | 0 | \$ - | \$ 34,737.65 |
| NSEDC Community Outreach Liaisons | 9 | \$ 20,250.00 | | | | | | | \$ 20,250.00 |
| NSEDC Community Employment Program | 0 | \$ - | | | | | | | \$ - |
| Interns | | | | | | | | | |
| NSEDC Administration | 0 | \$ - | | | | | | | \$ - |
| NSFR&D | 0 | \$ - | | | | | | | \$ - |
| Total Interns | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | \$ - |
| Fisheries Technicians | | | | | | | | | |
| NSEDC Salmon Rehab. | 0 | \$ - | | | | | | | \$ - |
| Alaska Dept. of Fish & Game | 0 | \$ - | | | | | | | \$ - |
| Fisheries Development | 0 | \$ - | | | | | | | \$ - |
| Total Technicians | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | \$ - |
| GRAND TOTALS | 100 | \$ 911,868.78 | | | | | | | \$ 911,868.78 |
| NSEDC = | 52 | \$ 648,841.57 | | | | | | | \$ 648,841.57 |
| NSSP = | 41 | \$ 201,510.39 | | | | | | | \$ 201,510.39 |
| Partners = | 7 | \$ 61,516.82 | | | | | | | \$ 61,516.82 |

Employment Summary

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

CDQ Pollock/Groundfish – Glacier Fish Company paid wages to seven residents of NSEDC member communities, three former member community residents living in Anchorage, and one western Alaskan resident, 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 Anchorage
- 2 employees from St. Michael
- 1 employee from Unalakleet
- 1 employee from Stebbins
- 1 employee from Brevig Mission
- 1 employee from Gambell
- 1 employee from Nome
- 1 employee from Kaltag

NSSP Employment (does not include administration) – Eight residents of Norton Sound communities and one from outside the region were employed during the quarter.

Community Breakdown:

- 5 employees from Unalakleet
- 3 employees from Nome

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

Community Breakdown:

- 3 employees from Koyuk
- 2 employees from Nome
- 1 employee from Elim
- 1 employee from Golovin
- 1 employee from Shaktoolik
- 1 employee from St Michael
- 1 employee from Teller
- 1 employee from Unalakleet
- 1 employee from Anchorage

Other Fishing – Fourteen fishermen delivered 4,263 pounds of open-access Norton Sound winter red king crab to NSSP during the quarter.

Community Breakdown:

- 13 fishermen from Nome
- 1 fisherman from St. Michael

Fifteen fishermen delivered 13,688 pounds of tom cod and other bait fish to NSSP during the quarter.

Community Breakdown: 13 fishermen from Unalakleet
2 fishermen from Nome

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

Community Breakdown: 1 liaison from Wales
1 liaison from Diomede
1 liaison from Savoonga
1 liaison from Gambell
1 liaison from Brevig Mission
1 liaison from White Mountain
1 liaison from Golovin
1 liaison from Elim
1 liaison from Shaktoolik

Table 2
TRAINING DATA FORM
January 1 – March 31, 2014

| | Quarter | | Year-to-Date | |
|-----------------------|------------|------------------|--------------|------------------|
| | People | Expenditures | People* | Expenditures |
| Scholarships | | | | |
| Post-Secondary | 158 | \$324,625 | 158 | \$324,625 |
| Vocational | 7 | \$15,750 | 7 | \$15,750 |
| Voc-Tech | | | | |
| Basic | | | | |
| Advanced | | | | |
| Other Training | | | | |
| Fisheries Related | 6 | \$7,727 | 6 | \$7,727 |
| CDQ .Staff | | | | |
| CDQ Board | | | | |
| Other | 46 | \$17,605 | 46 | \$17,605 |
| TOTAL | 217 | \$365,707 | 217 | \$365,707 |

**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 sixty-five students received funding for post-secondary and vocational education during the quarter.

Other: Eleven Koyuk residents took an NSEDC-sponsored Emergency Trauma Training class.

Ten Unalakleet residents participated in the NSEDC-sponsored CPR training.

Fourteen Unalakleet residents took an NSEDC-sponsored ham radio class.

Eleven Koyuk residents successfully completed an NSEDC-sponsored Off-Highway Class D Driver's License workshop, receiving their licenses.

Two Nome residents attended an NSEDC-sponsored Master Mate class at AVTEC in Seward with one successfully receiving his Master Mate license.

Two Koyuk residents, one Golovin resident and one Elim resident successfully completed an NSEDC-sponsored Qmed Oiler class at AVTEC, receiving certificates.

II. Administration

A. Board Activities

Board of Directors Meetings

The NSEDC Board of Directors held its 2014 fourth quarter meetings in Nome, Alaska, February 5-6, 2014.

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 moved to endorse and support Simon Kinneen for appointment to the North Pacific Fishery Management Council. He was then nominated by Governor Sean Parnell in March.
- The NSEDC Board of Directors approved the City of Wales Outside Entity Funding request for \$338,080 for the renovation of its clinic.
- The NSEDC Board of Directors directed staff to work toward reauthorization of the Magnuson Stevens Act, cooperating, where possible, with other CDQ groups.
- The NSEDC Board of Directors approved the NSSP Operations Manager Job description, title changes and budget amendment for the new position.
- The NSEDC Board of Directors approved a budget amendment for a new Unalakleet Biologist position.
- The NSEDC Board of Directors increased the Fishermen Receivables Loan limit from \$10,000 to \$15,000.
- The NSEDC Board of Directors directed staff to explore extending the Bulk Fuel Program to vendors of other fuel sources.

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 on March 20. The *Pacific Glacier* harvested a total of 5,083 tons of CDQ pollock and the *Alaska Ocean* took 6,227 tons, for a total of 11,310 tons. The A season is typically when most Chinook salmon are taken as bycatch; between the two vessels a total of 152 Chinook were taken while fishing NSEDC's CDQ. This is about 18% of the annual allocation of Chinook under the Annual Threshold Amount (NSEDC's portion of the 47,591 Chinook limit). One chum was recorded as harvested in the first quarter.

Pacific Cod

A total of 2,769 tons of Pacific cod was taken in directed fisheries in the 1st quarter. This accounts for nearly 70% of NSEDC's directed cod allocation for the year. While regulations prohibit the harvest of more than 60% of the allocation in the A season, cod caught on pot vessels does not have a seasonal allocation (and much lower bycatch rates), and a larger share of quota was placed on vessels of this gear type in 2014. The *Pavlov*, a pot vessel, harvested approximately 747 tons, while the *Aleutian Sable* (also a pot vessel) took 817 tons. In longline fishing, the *Bristol Leader* took 528 tons and the Northern Leader took 677 tons. About 300 tons of directed cod fishing remains in the A season (2nd quarter), and 1,000 tons to be harvested in the B season. The market has improved dramatically since late 2013 which has led to much greater interest in CDQ fishing.

Atka Mackerel / Pacific Ocean Perch

NSEDC is a participant in 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. No fishing operations for these species took place in the 1st quarter.

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 first quarter the vessel took approximately 11% of the Yellowfin sole pool, 42% of the Rock sole pool, and 15% of the Flathead sole pool.

Sablefish

Sablefish (black cod) fishing opened by regulation in mid-March. We have contracted with the *F/V Ballyhoo* to harvest our Bering Sea quota, and the *F/V Cynosure* to take the Aleutian Islands quota; no directed sablefish operations took place in the 1st quarter.

Halibut

NSEDC's allocation of CDQ halibut, 53,694 pounds, is reserved for regional harvest. The bulk of this will occur in the 3rd quarter.

Aleutian Islands Golden King Crab

NSEDC's 2013-2014 allocation of Aleutian Islands Golden king crab was harvested by the *F/V Aleutian No. 1* in 2013. The 2014-15 fishery will begin in August.

Bristol Bay Red King Crab

NSEDC's 2013-2014 CDQ allocation of Bristol Bay red king crab (154,300 lbs.) was harvested by CVRF in the 4th quarter of 2013.

Bering Sea Opilio (Snow) Crab

NSEDC's 2013-2014 CDQ allocation of Bering Sea opilio crab 971,694 pounds is being harvested by the *Patricia Lee*. In the 1st quarter, a total of 795,475 pounds of opilio were delivered; the remaining quota will be landed early in the 2nd quarter.

Bairdi (Tanner) Crab

NSEDC's CDQ allocation of 2013-14 eastern Bering Sea bairdi crab (26,334 pounds) was harvested in the 4th quarter. The western Bering Sea bairdi quota of 29,610 pounds was harvested by the *Ramblin' Rose* in the 1st quarter of 2014.

Norton Sound Red King Crab

Norton Sound Red King Crab CDQ fishing will take place in the 2nd and 3rd quarter.

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

All of NSEDC's 2013-2014 Eastern Aleutian Islands golden king crab (about 578,000 pounds) was harvested in 2013 by the *Aleutian No. 1*.

Bristol Bay Red King Crab

The *Tempo Sea* harvested the majority of NSEDC's 2013-14 IFQ allocation Bristol Bay red king crab, taking 130,315 pounds. The *Arctic Hunter* harvested the remaining 17,564 pounds. All the quota was taken in the 4th quarter of 2013.

Bering Sea Opilio (snow) Crab

NSEDC's IFQ allocation of 2013-2014 Bering Sea opilio crab is 1,369,642 pounds. The *Ocean Hunter* harvested 152,986 pounds, the *Ramblin' Rose* harvested 300,000 pounds, the *Tempo Sea* harvested 209,219 pounds, the *Baranof* took 200,000 pounds, and the *Patricia Lee* harvested 110,641 pounds. A total of 286,155 pounds of opilio remains to be harvested by the *Patricia Lee* in the 2nd quarter.

Bairdi (Tanner) Crab

NSEDC's IFQ allocation of 2013-14 Eastern Bering Sea bairdi crab, 26,939 pounds, was harvested in the 1st quarter by the *Ramblin' Rose*. The western allocation was also taken in the 1st quarter; 18,782 pounds by the *Ramblin' Rose* and 11,517 pounds by the *Saga*.

Sablefish

The *Provider* harvested 27,061 pounds of Central Gulf sablefish in the 1st quarter. A little more than 100,000 pounds remains in the Central Gulf, about 44,000 pounds in the Western Gulf, and about 44,000 pounds in the Bering Sea and Aleutian Islands. Harvest will continue through the 2nd and 3rd quarters.

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.

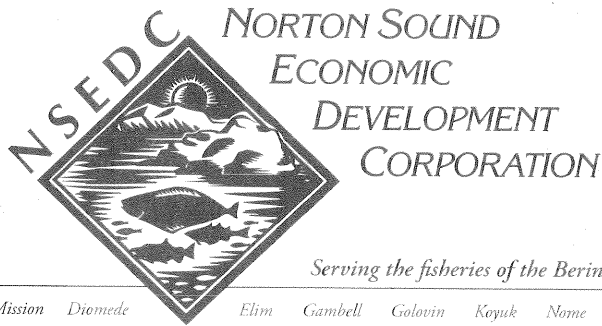
IV. Board of Directors February 5 & 6 Meeting Minutes (Attachment 1)

ATTACHMENT 1

2014 First Quarter Meeting Minutes

February 5 & 6, 2014

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
Fourth Quarter Board of Directors Meeting
BSNC Boardroom
February 6, 2014
9:00 a.m.**

CALL TO ORDER

NSED C Chairman Harrelson called the NSED C 2013 Fourth Quarter Board Meeting to order at 9:03 a.m.

ROLL CALL

Present at the meeting were Dan Harrelson, Don Stiles, Dean Peterson, Joel James, Harvey Sookiayak, Joe Garnie (telephonically), Truman Kava, Lucy Kitchen, Frank Katchatag, Elvina Naranjo, Wilfred Katcheak, Milton Cheemuk, and Oscar Takak Sr. Lillian Olanna and Orville Ahkinga Jr. were absent and excused. Staff present were Janis Ivanoff, Simon Kinneen, Tyler Rhodes, Rick Walicki, Kyan Olanna, Virginia Nashalook, William Johnson, Josh Osborne, Wes Jones, Paul Ivanoff III, Tiffany Martinson, Kevin Keith, Kevin Knowlton, Albert Johnson, Kathy Wheelehan, Darrin Otton, and Jerry Ivanoff. John Eckels, Siu Alaska Corporation President/CEO was present.

INVOCATION

Oscar Takak gave the invocation.

Lillian Olanna joined the meeting telephonically at 9:08 a.m.

APPROVAL OF AGENDA

Chairman Harrelson added WACDA Update after the litigation update under Old Business. Joe Garnie requested Aleutian No. 1 be added for discussion. Chairman Harrelson stated this would be covered under the Siu Alaska Corporation Report. Chairman Harrelson asked Joe if he had anything on the Teller Clinic. Joe informed him he hasn't received anything as yet; Chairman Harrelson suggested it be brought forward later in the meeting if additional materials were received.

Oscar Takak made a motion to approve the agenda, as amended. Harvey Sookiayak seconded the motion. The motion passed.

APPROVAL OF MINUTES

1. November 7, 2013
2. December 2-4, 2013

Oscar Takak made a motion to approve the NSED C Board Meeting Minutes of November 7, and December 2-4, 2013, as a block. Dean Peterson seconded the motion. The motion passed.

PUBLIC COMMENTS

No public comments were provided. Janis Ivanoff noted written comments provided in the packet.

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

CHAIRMAN'S REPORT – Dan Harrelson

Chairman Harrelson went over the Chairman's Report provided in that morning's packet. He noted the agenda item for the June NPFMC meeting to discuss the removal of the exemption from LLP requirements for vessels 32' and under in the Norton Sound Red King Crab fishery, and asked Don Stiles if crabbers are discussing the potential changes. Don informed him he has not heard anything. Chairman Harrelson stated he was happy to see Truman Kava and Elvina Naranjo, as they are recovering from medical issues.

CEO's REPORT- Janis Ivanoff

NSEDC President/CEO Janis Ivanoff gave the CEO's Report and described the material provided in the packet handed out that morning, including back up for the WACDA agenda item and a copy of UVEC's Newsletter which mentions NSEDC. Janis highlighted the hatchery workshop to be held on Friday. She noted NACTEC was thankful for the \$90,000 provided by NSEDC and stated NACTEC would be providing a copy of their 2012 Review. Janis noted the NPFMC would be holding a meeting in June in Nome. Janis stated she would like to submit Simon Kinneen's name for consideration to fill the open seat on the NPFMC.

Dean Peterson made a motion to endorse and support Simon Kinneen for appointment to the NPFMC. Don Stiles seconded the motion. The motion passed.

Janis mentioned the board will be invited to christening of the *F/V Paul C. Johnson* in May. Dan stated he would like to see NSEDC host a reception during the June NPFMC meeting similar to the event NSEDC hosted in 2012 at Old St. Joe's.

Diana Haecker, *Nome Nugget*, joined the meeting at 9:15 a.m.

FINANCIALS/INVESTMENT PORTFOLIO

NSEDC Controller Rick Walicki gave the NSEDC Financial/Investment Portfolio. Don Stiles noted the administration expenses were down by \$200,000 and asked if this was due to vacancies. Rick noted that vacancies played a part but that there are also outstanding items from December yet to come it. Rick noted our increase in net assets of \$14.8 million.

Kourak Nakak walked in at 9:26 a.m.

SIU ALASKA CORPORATION REPORT – John Eckels

1. Glacier Fish Company

Siu Alaska Corporation President/CEO John Eckels went over the Siu Alaska Corporation written report gave an update of activities. The *F/V Aleutian No. 1* and the *F/V Patricia Lee* are well into the fishery and are making deliveries. The crab market seems to be a little bit stronger.

Joe Garnie asked who our other business partner is in the Aleutian No. 1 now that the Bering Sea Women's Group had sold their interest. John informed him that the new partner is Ed Poulsen, who owns nineteen percent. Joe asked about the financing when investing in the Aleutian No. 1. Joe stated the boat obviously makes money and asked if NSEDC was paying for the investment in this boat and not the other owners. John noted the other owners have had full participation, consistent with their ownership. Joe requested a spreadsheet on each vessel, showing the investments, amount paid back, and profit margins on one page. Rick Walicki stated he has these numbers and they could be provided.

John noted the GFC Quarterly Report in the packet. GFC pollock fishing is quite good. The roe recovery is up to 3% from 1.8% last year. Wilfred Katcheak asked for clarification on the royalties. Janis informed him this would be covered in executive session.

John said the *F/V Glacier Bay* is well into operations with good fishing. The cod prices are much, much better than last year.

Siu is still looking for a buyer for the *F/V Pacific Star*.

With the Dutch Harbor Acquisition, Bering Fisheries had a positive, good fourth quarter. Don Stiles asked if there was any inventory on hand. John informed him that most of it has been moved.

John reported that BSAI operations are performing well with the *Great Pacific* just leaving Seattle after an engine change. The operations are finding good fishing in terms of roe percentage and fish size. Fishing is occurring closer to port this season.

There was discussion held about Bering Select, the entity being formed to process and market cod liver oil, including Siu's partners, the product, and financing.

John reminded the board that Siu Alaska Corporation has one open seat, which will be filled during this meeting.

Chairman Harrelson asked about the employment opportunities working in our plants and vessels. John stated one person from Golovin has expressed interest in the *Patricia Lee*. Chairman Harrelson noted we need to get the word out that there are jobs available.

Joe Garnie and Lillian Olanna left the teleconference to catch their flight into Nome at 10:08 a.m.

A break was taken at 10:01 a.m. The meeting reconvened at 10:12 a.m.

MANAGERS REPORTS

1. Quota Management – Simon Kinneen

Simon Kinneen gave the quota management report. For 2014, all our contracts are signed and fishing is underway. Chairman Harrelson asked Simon about the projections for pollock TAC for 2014, and quota available for local crab and halibut fisheries. Simon noted the rebound in prices for pollock, and the quota allocations of crab and halibut should be about the same with maybe a slight decrease. Prices for cod and king crab are improved from last year and are stable. Chairman Harrelson asked about the concern regarding radiation poisoning of our resources and if people were shying away from seafood. Simon stated this hasn't had a noticeable impact on NSEDC's sales.

2. Southern and Northern NSSP

a. William Johnson

William Johnson gave the Southern Norton Sound Seafood Products Report, noting the tomcod and trout fishery has slowed down. For the herring fishery, Middy spoke to the need for more tenders, as, historically, our tenders have had to get back to Bristol Bay for salmon. For live crab in Unalakleet, William noted Josh was taking the lead on the crab operation and expansion. For infrastructure, the high water did not do any damage to our plant. The *F/V Hwaka* is being dismantled. William noted he will be meeting with Copper River next week to go over salmon prices, which should be good. Pinks may be harvested this even year. Chairman Harrelson asked about the buildings in Elim and Koyuk. Middy stated Koyuk will not be getting a building this year and they are working on land issues in Shaktoolik. Elim and Golovin are set, building wise. They will need to move totes to those locations. Chairman Harrelson asked about the ice machine in Shaktoolik and if it would be working by the season opener. William informed him that the ice machine will be operational but issues with water supply will need to be addressed first. SNSSP is ready.

b. Josh Osborne

Josh Osborne gave the Northern Norton Sound Seafood Products Report, noting the poor ice conditions due to warm weather. Some crab fishermen lost their gear. Josh noted he received about 8,000 pounds of tomcod from Nome and 23,000 pounds from Unalakleet. The retail area is starting to look really good with the remodeling efforts. Everything is on track for this upcoming season. Chairman Harrelson asked about the sales of crab and tomcod. Josh noted the crab harvest has been slow. With the poor ice conditions, Chairman Harrelson expressed concern about bait for the crab fishery. Josh noted he has about 23,000 pounds of tomcod and some herring for bait. He would like to get the herring from Norton Sound, but is prepared to order it if necessary.

Chairman Harrelson noted the managers' written reports in the packet and asked if there were any questions for staff on their reports.

3. Written Reports

a. Community Benefits Department – Paul Ivanoff

There were no questions.

b. EET Department – Jerry Ivanoff

Lucy Kitchen asked about the Kawerak Early Childhood Education shortfall and wondered if Jerry got the information from them. Jerry informed her he received correspondence on this from Melanie Bahnke, Kawerak CEO, on February 3, 2014 and provided it to upper management. Having just received it, Tyler Rhodes stated staff would like to take a look at it, break the costs down, and present it at the next meeting.

Don Stiles asked about the increase of the scholarship to \$2,250 and if it was implemented for spring. Jerry informed him our students have been receiving \$2,250 for the spring semester and they are very happy for the increase. Jerry thanked the board for the increase in the scholarship to support our students.

c. HR Department – Tiffany Martinson

Don Stiles asked about the percentage of our employees in the region, which is 53% per Tiffany Martinson. Tyler noted that the percentage should increase with a special projects coordinator coming onboard in Nome, a new biologist in Nome, and potentially a new biologist in Unalakleet, should the board approve that position. Tyler informed the board that John Baker will be the Special Projects Coordinator in Nome.

d. NSFR&D – Wes Jones

Wes Jones highlighted a poster that was presented at the Alaska Marine Science Symposium in Anchorage showing results to date from the crab tag study, which is partially funded by NSEDC and managed by ADF&G. Wes introduced the new Nome Fisheries Biologist will be Ashley Brown, who previously worked for ADF&G. Wes took a moment to recognize Joel Saccheus, a resident of Elim and long-time fishery technician with ADF&G, who is struggling with health issues. He was a strong influence, due to his dependability and work ethic, in getting locals hired for seasonal positions. He demonstrated how to successfully balance between leading a subsistence lifestyle and being an exemplary seasonal worker. Don Stiles asked if the current NSFR&D Operations would be covered in the workshop on Friday and asked about the success level of the heath trays. Wes informed him these topics will be covered in the workshop.

e. Vessel Management - Darrin Otton

Dean Peterson noted past discussion about acquiring small vessel kits. Darrin noted he has been trying to get authorization to use YDFDA's vessel kits from Kvichak. Dean Peterson noted a close call in Shaktoolik last year and the need for safer vessels. Tyler Rhodes noted another concern is making sure

we have certified welders to build our new vessels and the need to work with our EET Department. Don Stiles asked about the status of selling the *F/V Golovin Bay*. Darrin informed him that there is some work being done on this boat.

A break was taken at 10:46 a.m. The meeting reconvened at 10:59 a.m.

Eric Osborne walked in at 10:59 a.m.

B. COMMITTEE REPORTS

1. Executive Committee Report

Chairman Harrelson gave the NSEDC Executive Committee Report, noting recommendations for a new operations manager position and structure for NSSP and a new biologist position in Unalakleet.

Don Stiles made a motion to accept the recommendations of the Executive Committee. Oscar Takak seconded the motion. The motion passed.

2. Rules & Bylaws Committee Report

Chairman Stiles gave the NSEDC Rules and Bylaws Committee Report, including a recommendation to change the structure of the composition committee to allow more board members to serve.

Don Stiles made a motion to accept the recommendation of the Rules & Bylaws Committee. Oscar Takak seconded the motion. The motion passed.

3. Fisheries Development Committee Report

Chairman Takak gave the NSEDC Fisheries Development Committee Report.

Elvina Naranjo noted, for the record, the Selection of Chairman was tabled until the next meeting

4. Scholarship Committee Report

NSEDC EET Director Jerry Ivanoff gave the NSEDC Scholarship Committee Report.

Chairman Harrelson felt the care packages brought up by Elvina Naranjo was a good idea and suggested NSEDC get the ball rolling to get care packages out next fall.

5. Finance Committee Report

Chairman Harrelson gave the NSEDC Finance Committee Report.

Don Stiles made a motion to accept the recommendations of the Finance Committee. Harvey Sookiayak seconded the motion.

Chairman Harrelson noted the bulk fuel program, the high price of fuel in Nome versus White Mountain, and the need to work with the fuel vendors to bring Nome the benefit.

In regards to the *F/V Inaliq*, Chairman Harrelson noted the operational costs and the cost of the repairs for 2014 could total up to \$700,000 if the recommended budget amendment passed. Chairman Harrelson recommended hiring local boats for tendering. Don Stiles considered the investment in this vessel and felt it could serve our region for five or six years. Chairman Harrelson noted the expense of the operation of the *F/V Inaliq* and the thinness of the hull. Janis stated, after further discussion and recommendation by Darrin Otton, she agrees the repairs to the *F/V Inaliq* are worth doing considering NSEDC would be able to use the vessel for another five or six years. Tyler added staff tried to identify what else could go wrong on the *F/V Inaliq* and has confidence in the rest of the systems of the *F/V Inaliq*. Also the size of the vessel meets the needs of our operations. Darrin Otton stated the people he talked with are tendering

down south, and they would like \$5,500 per day plus fuel, so it could add up to a significant amount of money. He has not found tender vessels available to lease. Regarding the bulk fuel program, Don Stiles clarified it is not a subsidy, but a loan to the vendor. Chairman Harrelson noted there is no company in Nome that wants to participate, as they likely can get a cheaper price than NSEDC.

The motion passed.

Lunch break was taken at 11:32 a.m. The meeting reconvened at 1:00 p.m. Lillian Olanna and Joe Garnie joined the meeting in person at 1:00 p.m.

C. OLD BUSINESS

Harvey Sookiayak made a motion to go into executive session at 1:01 p.m. for the litigation update, the WACDA Update, and the community liaison restructuring. Elvina Naranjo seconded the motion. The motion passed.

1. Litigation Update – executive session
2. WACDA Update – executive session

D. NEW BUSINESS

1. Community Liaison Program Restructuring–executive session (personnel)

Oscar Takak made a motion to return to regular session at 2:23 p.m. Harvey Sookiayak seconded the motion. The motion passed.

A break was taken at 2:23 p.m. The meeting reconvened at 2:37 p.m.

Oscar Takak made a motion for staff to work toward reauthorization of the Magnuson Stevens Act, and where possible, to cooperate with other CDQ Groups in this effort, as discussed in executive session. Frank Katchatag seconded the motion. The motion passed.

2. City of Wales OEF Application: Clinic Renovation–\$338,080.00

Paul Ivanoff III went over the City of Wales OEF Application: Clinic Renovation. They are looking for \$338,080 in assistance.

Lucy Kitchen made a motion to approve the City of Wales OEF Application: Clinic Renovation-\$338,080.00. Oscar Takak seconded the motion.

Dan Harrelson noted the good application and asked Paul for staff recommendation. Paul recommended this motion pass.

The motion passed.

E. SIU ALASKA CORPORATION SHAREHOLDER MEETING

1. Election of Non-Affiliated Seat (*see Siu meeting minutes*). Crystal Anderson Booth was selected.

F. PUBLIC COMMENTS

Dan Harrelson noted the letter from UVEC thanking NSEDC for the energy subsidy provided to our member communities.

G. BOARD COMMENTS

- Harvey Sookiayak stated it is good to be back.
- Oscar Takak thanked the staff for their hard work.
- Elvina Naranjo thanked the staff and board members of NSEDC and added it was a good meeting.
- Milton Cheemuk stated it was a good meeting and thanked staff.
- Lucy Kitchen thanked the board for the energy subsidy.
- Lillian Olanna thanked Kathy for getting her here.
- Joe Garnie thanked the NSEDC Board and Staff. Teller is happy for what they have going.
- Frank Katchatag thanked the staff and board for the Energy Subsidy, as Unalakleet had 252 customers who benefited. Good to see everyone. He can't wait to go hunting.
- Truman Kava said it was good to see everyone and thanked the board for the Energy Subsidy.
- Wilfred Katcheak and Joel James had no comment.
- Don Stiles thanked NSEDC for the Community Benefit Share, which provided a lot of youth activities and for the Energy Subsidy. He noted UVEC saved over \$1 million in fuel with their wind turbines, said that's a lot of money and a good use of our Community Energy Fund. He hopes our other communities do the same.
- Dean Peterson requested NSEDC consider purchasing thermal imaging equipment to assist our local search and rescue operations. With this equipment, people could be found more quickly. He thanked to staff for their hard work.
- Dan Harrelson thanked staff. Janis let the board members know that OEF Program packets have gone out to our communities for the Community Review Committees to review.
- Janis Ivanoff noted the hatchery workshop meeting tomorrow at 9:00 a.m.

ADJOURNMENT

Harvey Sookiayak made a motion to adjourn the NSEDC 2013 Fourth Quarter Board Meeting at 2:54 p.m. Frank Katchatag seconded the motion. The motion passed.

Dan Harrelson, NSEDC Chairman

Jerry Ivanoff, NSEDC Corporate Secretary

Date