

**2002 FIRST QUARTER REPORT**  
**January 1 – March 31, 2002**



**NORTON SOUND ECONOMIC  
DEVELOPMENT CORPORATION**

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## I. Quarterly Highlights

- NSEDC standing committees held their 2001 fourth quarter meetings in Nome on January 23 – 25, 2002.
- NSEDC Board of Directors held their 2001 fourth quarter meetings in Nome on January 24 & 25, 2002.
- The NSEDC Executive Committee met in Nome on January 23, 2002.
- Glacier Fish Company held their quarterly management meeting on March 11, 2002.
- The Cosgrove Consortium held their quarterly management meeting on March 12<sup>th</sup>.
- NSEDC President/CEO & representatives traveled to Juneau to meet with Sally Bibb with NMFS and Kevin Duffy with the State of Alaska on January 29, 2002.
- NSEDC President /CEO & representatives traveled to Washington D.C. to meet with Representative Don Young and Bill Hogarth with NPFMC on February 11-12, 2002.
- NSEDC President/CEO attended the At-Sea Processors Association retreat in Scottsdale, AZ during the week of March 4, 2002.
- NSEDC staff held a second round of Community Outreach meetings in Savoonga (02/20), Gambell (02/20), White Mountain (02/21), Golovin (02/21) and Elim (02/21) to discuss the evolution of the CDQ program and program opportunities for the residents in NSEDC's member communities. A meeting in Koyuk was scheduled for February 22<sup>nd</sup>, but due to weather the meeting was postponed.
- NSEDC staff held a third round of Community Outreach meetings in Koyuk (03/20), Nome (03/20), Brevig Mission (03/21), Teller (03/21), Diomedes (03/22) and Wales (03/22) to discuss the evolution of the CDQ program and program opportunities for the residents in NSEDC's member communities.
- NSEDC awarded \$16,900.00 to fourteen residents in vocational scholarships during the first quarter of 2002.
- NSEDC awarded \$71,250.00 to fifty-seven residents in post-secondary scholarships during the first quarter of 2002.
- Eighteen residents worked on the *F/T Northern Glacier*, *F/T Pacific Glacier* and the *F/V Norton Sound* earning a total of \$182,912.28 in wages in the first quarter.
- Two residents worked with Icicle Seafoods earning a total of \$5,221.41 in wages in the first quarter.

- NSEDC sponsored an Entry Level Seafood Processing Class from February 24 – March 7, in which six participants received their ELSP certificates.
- NSEDC representatives attended all the scheduled National Pacific Fisheries Management Council CDQ Policy Committee Meetings during the first quarter.
- NSEDC Chairman and President/CEO met with the other five CDQ groups representatives on February 4<sup>th</sup>.

## **II. Community Development**

### **A. Progress Toward Goals, Objectives, Milestones**

#### **Administrative**

MILESTONE: NSEDC BOARD OF DIRECTORS WILL HOLD REGULARLY SCHEDULED MEETINGS DURING EACH QUARTER IN 2001-2002

Activity: NSEDC Board of Directors held their fourth quarter meetings in Nome on January 24 & 25, 2002.

MILESTONE: NSEDC'S FOUR ADVISORY COMMITTEES WILL HOLD REGULARLY SCHEDULED MEETINGS DURING EACH QUARTER IN 2001-2002

Activity: The NSEDC Advisory Committees held their fourth quarter meetings in Nome on January 23 – 25, 2002.

MILESTONE: NSEDC WILL HAVE AN ANNUAL AUDIT PERFORMED BY A NATIONAL ACCOUNTING FIRM, TO BE COMPLETED BEFORE MAY 31 OF 2001 AND 2002

Activity: Scheduled for the second quarter of 2002.

MILESTONE: NSEDC WILL PREPARE AND SUBMIT AN ANNUAL BUDGET FOR THE FOLLOWING YEAR, NOT LATER THAN THE END OF THE FIRST QUARTER OF EACH YEAR.

Activity: NSEDC submitted an annual budget for 2002 in December of 2001.

MILESTONE: NSEDC WILL PREPARE A CORPORATE ANNUAL REPORT FOR ITS MEMBERS, AND MAIL IT TO RESIDENTS IN THE FIFTEEN MEMBER COMMUNITIES BY THE THIRD QUARTER 2001 AND 2002

Activity: Scheduled for the second quarter of 2002.

MILESTONE: NSEDC WILL PROVIDE STAFF TRAINING EACH YEAR, NOT LATER THAN THE END OF THE FOURTH QUARTER

Activity: No activity this quarter.

MILESTONE: NSEDC WILL FILE QUARTERLY REPORTS TO THE STATE OF ALASKA WITHIN THIRTY DAYS OF THE END OF EACH CALENDAR QUARTER

Activity: Quarterly reports for the fourth quarter of 2001 were submitted to the State of Alaska on January 30, 2002.

MILESTONE: NSEDC WILL FILE AN ANNUAL REPORT TO THE STATE OF ALASKA BY MAY 31 OF EACH YEAR

Activity: The NSEDC 2001 Annual report was submitted to the State of Alaska on January 30, 2002.

MILESTONE: NSEDC WILL SUBMIT AN OMNIBUS BUDGET PLAN AMENDMENT, BY THE END OF THE SECOND QUARTER OF EACH YEAR

Activity: No Activity this quarter.

### **CDQ Harvest Management**

Milestone: By the end of the third quarter of the 2002 Negotiate new harvest agreements for all multi-species CDQ.

Activity: No activity this quarter.

MILESTONE: NSEDC AND GFC WILL HARVEST ITS CDQ POLLOK ALLOCATION, AS MUCH AS PRACTICABLE WITHOUT OVER-HARVEST, BY THE END OF EACH FISHING SEASON

Activity: NSEDC & GFC harvested 13,673.66 metric tons of CDQ pollock in the first quarter.

MILESTONE: NSEDC AND ITS HARVEST PARTNERS FOR CRAB WILL HARVEST ITS CDQ ALLOCATIONS AS CLOSE AS REASONABLY POSSIBLE WITHOUT OVER-HARVEST, OF CRAB BY THE END OF THE FISHING SEASON EACH YEAR FOR EACH SPECIES.

Activity: There was no harvest of crab during the first quarter.

MILESTONE: NSEDC AND ITS HARVESTING PARTNERS FOR PACIFIC COD, GREENLAND TURBOT, AND SABLEFISH WILL HARVEST ITS CDQ ALLOCATIONS, AS MUCH AS PRACTICABLE WITHOUT OVER-HARVEST, BY THE END OF THE FISHING SEASON EACH YEAR FOR EACH SPECIES.

Activity: NSEDC and GFC harvested 541.783 metric tons of CDQ Pacific cod during the first quarter. There was no directed harvest of CDQ Greenland Turbot or Sablefish during the first quarter.

MILESTONE: NSEDC AND ITS HARVESTING PARTNER FOR ROCK SOLE WILL HARVEST ITS CDQ ALLOCATION, AS MUCH AS PRACTICABLE WITHOUT OVER-HARVEST, BY THE END OF THE FISHING SEASON EACH YEAR.

Activity: There was no harvest of rock sole during the first quarter.

MILESTONE: NSEDC AND ITS HARVESTING PARTNER FOR ATKA MACKEREL WILL HARVEST ITS CDQ ALLOCATION, AS MUCH AS PRACTICABLE WITHOUT OVER-HARVEST, BY THE END OF THE FISHING SEASON EACH YEAR.

Activity: There was no harvest of Atka Mackerel during the first quarter.

MILESTONE: NSEDC WILL ATTEND NORTH PACIFIC FISHERIES MANAGEMENT COUNCIL MEETINGS DURING 2001 AND 2002.

Activity: During the first quarter, NSEDC staff and representatives attended NPFMC meetings during the month of February in Anchorage.

### **Fund for Purchase of Equity Interest in the Fishing Industry**

MILESTONE: NSEDC WILL EVALUATE THE POTENTIAL FOR EQUITY INVESTMENT IN ONE OR MORE BERING SEA FISHING COMPANIES BY THE END OF EACH YEAR 2001 AND 2002

Activity: NSEDC/NSIC evaluated the purchase of equity interest in several Bering Sea fishing vessels/ventures during the first quarter.

MILESTONE: BY THE END OF THE SECOND QUARTER, 2002 NSEDC WILL HAVE A CONTINGENCY PLAN IN PLACE FOR ANY OFFER MADE UNDER SECTION 8.3 OF THE GFC OPERATING AGREEMENT.

Activity: No activity this quarter

### **Funding for Harvesting and Tendering Vessel**

MILESTONE: NSEDC WILL EVALUATE THE POTENTIAL FOR ACQUISITION AND OPERATION OF A CRAB HARVESTING VESSEL (S) OR VESSEL RIGHTS BY THE END OF THE THIRD QUARTER OF EACH YEAR.

Activity: NSEDC/NSIC is now a 50% equity interest owner of three crab vessels the *F/V Alaskan Beauty*, the *F/V Ocean Olympic* and the *F/V North Pacific*. In addition, NSIC has and continues to evaluate several crab harvesting vessels/ventures.

MILESTONE: BY THE END OF THE THIRD QUARTER OF EACH YEAR NSEDC WILL EVALUATE THE POSSIBILITY OF BORROWING MONEY UNDER THE CDQ LOAN PROGRAM ESTABLISHED IN THE AMERICAN FISHERIES ACT IN ORDER TO ASSIST IN THE ACQUISITION OF A POLLOCK-RELATED VESSEL OR ANOTHER ACQUISITION PERMITTED IN THE PROGRAM UNDER FEDERAL LAW.

Activity: No activity this quarter.

MILESTONE: NSEDC WILL EVALUATE THE POTENTIAL FOR ACQUISITION AND/OR CONSTRUCTION OF A SECOND FREEZER LONGLINER BY JULY 1, 2001.

Activity: This activity is being coordinated with Glacier Fish Company in confidential meetings.

MILESTONE: NSEDC WILL EVALUATE THE POTENTIAL FOR ACQUISITION AND OPERATION OF AN H&G TRAWL VESSEL BY JULY 1, 2002

Activity: NSEDC has evaluated the potential and has decided not to pursue the acquisition because of the outlook for H&G trawlers.

### **Education, Employment and Training Program – Education & Training Component**

MILESTONE: NSEDC WILL HAVE PROVIDED FISHERIES SKILLS TRAINING UNDER THIS CDP FOR 45 RESIDENTS OF THE REGION OR OF NEARBY COMMUNITIES OF WHICH AT LEAST FIVE TRAINING SLOTS WILL BE MADE AVAILABLE TO RESIDENTS OF NEARBY COMMUNITIES, BY THE END OF THE FOURTH QUARTER OF EACH YEAR

Activity: Fifteen residents of the Norton Sound and near-by communities were given the opportunity to receive training in ELSP during the February 24 – March 7, 2002 training session. Of those fifteen, six received their certification in ELSP. Eight of the initial fifteen were eliminated during the orientation/screening in Nome, and one quit the training after arriving in Seward.

MILESTONE: NSEDC WILL AWARD AT LEAST \$120,000 IN SCHOLARSHIPS TO STUDENTS BY THE END OF THE FOURTH QUARTER OF EACH YEAR

Activity: NSEDC awarded \$16,900.00 to fourteen residents in vocational scholarships and \$71,250.00 to fifty-seven residents in post-secondary scholarships during the first quarter.

MILESTONE: NSEDC EET PERSONNEL WILL MAKE OUTREACH VISITS FOR THIS PROGRAM TO AT LEAST FIVE COMMUNITIES IN THE REGION AND TO AT LEAST TWO COMMUNITIES OUTSIDE THE REGION BY THE END OF THE FOURTH QUARTER OF EACH YEAR

Activity: NSEDC EET Coordinator traveled to Savoonga, Gambell, White Mountain, Golovin, Elim, Koyuk, Nome, Brevig Mission, Teller, Diomede and Wales for an outreach visits during the first quarter.

## **Education, Employment and Training Program - Employment Component**

MILESTONE: NSEDC AND NSSP WILL FACILITATE THE EMPLOYMENT OF 110 RESIDENTS OF THE REGION OR OF NEARBY COMMUNITIES ONTO FACTORY TRAWLERS, OTHER OFFSHORE FISHING VESSELS, NEAR-SHORE PROCESSORS AND FISHING VESSELS, AND IN SHORESIDE PROCESSING PLANTS BY THE END OF THE FOURTH QUARTER OF EACH YEAR

Activity: Eighteen residents received \$182,912.28 in crew share wages from Glacier Fish Company during the first quarter.

Two residents were employed by Icycle Seafoods and earned \$5,221.41 in wages during the first quarter.

Year-to-date, NSEDC, NSSP, GFC & Icycle have employed 20 residents of the region or near by communities in the above milestone positions in 2002.

MILESTONE: NSEDC EET PERSONNEL WILL MAKE OUTREACH VISITS FOR THIS PROGRAM TO AT LEAST FIVE COMMUNITIES IN THE REGION AND TO AT LEAST TWO COMMUNITIES OUTSIDE THE REGION BY THE END OF THE FOURTH QUARTER OF EACH YEAR.

Activity: NSEDC EET Coordinator traveled to Savoonga, Gambell, White Mountain, Golovin, Elim, Koyuk, Nome, Brevig Mission, Teller, Diomede and Wales for an outreach visits during the first quarter.

MILESTONE: NSEDC WILL PLACE AT LEAST SIX INTERNSHIPS IN OFFICE OR FIELD SETTINGS BY THE END OF THE FOURTH QUARTER EACH YEAR

Activity: No interns were employed during the first quarter.

## **Education Endowment**

MILESTONE: NSEDC WILL EVALUATE THE POSSIBILITY OF FUNDING THE EDUCATION, TRAINING, AND SCHOLARSHIP PROGRAM FROM EARNINGS OF THE EDUCATION, TRAINING, AND SCHOLARSHIP ENDOWMENT AND DEVELOP A SCHEDULE FOR DOING SO, BY THE END THE FOURTH QUARTER 2002.

Activity: No activity this quarter.

MILESTONE: NSEDC FINANCIAL ADVISORY COMMITTEE WILL REVIEW INVESTMENT PERFORMANCE AND ASSET ALLOCATION AT LEAST ONCE EACH QUARTER.

Activity: The NSEDC Financial Advisory Committee met on January 24, 2002 and reviewed the investment performance of the Education Endowment.

### **Revolving Loan Program**

MILESTONE: NSEDC WILL CONDUCT ANNUAL REVIEWS OF THE REVOLVING LOAN PROGRAM BY THE END OF THE 4<sup>TH</sup> QUARTER EACH YEAR.

Activity: This is done by the 4<sup>th</sup> quarter.

MILESTONE: NSEDC FINANCIAL ADVISORY COMMITTEE WILL REVIEW THE REVOLVING LOAN PROGRAM PORTFOLIO QUARTERLY

Activity: The NSEDC Financial Advisory Committee met on January 24, 2002 and reviewed the NSEDC Revolving Loan Program Portfolio.

### **Fund for IFQ Purchases**

MILESTONE: NSEDC WILL EVALUATE THE PURCHASE OF QUOTA SHARE, COOPERATIVE CONTRACT RIGHTS, OR OTHER HARVESTING RIGHTS FOR USE BY THE F/V *NORTON SOUND*, *PACIFIC GLACIER*, *NORTHERN GLACIER* OR OTHER VESSELS OWNED BY NSEDC BY OR IN A BUSINESS RELATIONSHIP WITH NSEDC, BY THE END OF THE FOURTH QUARTER OF EACH YEAR

Activity: This activity is being coordinated with Glacier Fish Company in confidential meetings.

### **Fisheries Development Program**

MILESTONE: NSEDC WILL PREPARE A DETAILED PLAN TO CONDUCT FISHERIES DEVELOPMENT ACTIVITIES BY THE END OF THE SECOND QUARTER EACH YEAR.

Activity: A 2002 fisheries development plan was completed in the fourth quarter 2001 by the Fisheries Development Coordinator. This plan lays out the upcoming projects for 2002 with the individual project goals, tasks and costs.

MILESTONE: NSEDC WILL FUND AT LEAST ONE FISHERY DEVELOPMENT PROJECT BY THE END OF THE FOURTH QUARTER EACH YEAR.

Activity: The NSEDC Fisheries Development Coordinator implemented fisheries development projects in the first quarter. He is conducting a crab survey in Wales and a crab tagging study in the communities of Elim, Unalakleet, Shaktoolik, Stebbins and St. Michael that will continue through the second quarter.

### **Salmon Rehabilitation and Enhancement Program**

MILESTONE: NSEDC WILL PREPARE A DETAILED PLAN TO FUND SALMON REHABILITATION AND ENHANCEMENT PROJECTS BY THE END OF THE SECOND QUARTER EACH YEAR.

Activity: The NSEDC Salmon Rehabilitation and Enhancement Program Coordinator developed a number of proposals for various projects in the region that will be presented to the board for review and approval at the April 2002 board meeting.

MILESTONE: NSEDC WILL FUND AT LEAST ONE SALMON REHABILITATION AND ENHANCEMENT PROJECT BY THE END OF THE FOURTH QUARTER OF EACH YEAR.

Activity: Proposed projects to be presented to the board at the April 2002 board meeting.

### **Shoreside Infrastructure Improvements Program – For Profit**

MILESTONE: NSEDC FISHERIES DEVELOPMENT COMMITTEE WILL EVALUATE AT LEAST ONE SITE-SPECIFIC FOR-PROFIT SHORESIDE INFRASTRUCTURE IMPROVEMENT PROJECT EACH YEAR

Activity: No activity this quarter.

### **Shoreside Infrastructure Improvements Program – Non Profit**

MILESTONE: NSEDC WILL EVALUATE AT LEAST TWO SITE-SPECIFIC NON PROFIT SHORESIDE INFRASTRUCTURE IMPROVEMENT PROJECTS EACH YEAR

Activity: The Community Development Specialist continues to work with the City of Elim on the proposed navigation improvements project in Elim, and with the City of Diomedes on their proposed incineration project.

MILESTONE: NSEDC WILL MAKE ALL APPROVED CONTRIBUTIONS TO THE NOME NAVIGATION IMPROVEMENTS PROJECT IN A TIMELY FASHION

Activity: In accordance with the Memorandum of Understanding between the City of Nome and NSEDC, NSEDC is still awaiting the finalization of the Project Cooperation Agreement by USACE prior to making the first distribution of the \$3 million to the project.

### **CDQ Fees**

MILESTONE: NSEDC WILL MAKE ANY REQUIRED PAYMENTS OF CDQ FEES WITHIN 60 DAYS OF THE END OF THE QUARTER IN WHICH THEY ARE DETERMINABLE

Activity: No activity this quarter.

### **Norton Sound Seafood Products**

MILESTONE: NORTON SOUND SEAFOOD PRODUCTS WILL EVALUATE THEIR CAPABILITIES FOR ASSUMING THE MARKETING OF EACH SPECIE OF CDQ CRAB ALLOCATED TO NSEDC BY JANUARY 1, 2000, AND EVALUATE OPERATIONS FOR FISHERIES IN THE REGION INCLUDING HERRING, SALMON, CRAB, AND HALIBUT BY THE END OF THE SECOND QUARTER, 2001.

Activity: NSSP management continues to work cooperatively with Glacier Fish Company on marketing of CDQ crab. NSSP management will propose 2002 seasonal operations to the NSEDC Board of Directors at the April 2002 meeting.

MILESTONE: NSEDC BOARD WILL ACT UPON THE RECOMMENDATIONS OF NSSP NO LATER THAN THE END OF THE SECOND QUARTER EACH YEAR.

Activity: NSSP management worked on the upcoming seasonal operation proposed plans during the first quarter, that will be presented to the Board of Directors at the April board meeting.

MILESTONE: NSEDC OR AN NSEDC SUBSIDIARY WILL MARKET AT LEAST 50% (BY WEIGHT) OF THE CDQ CRAB ALLOCATED TO NSEDC BY THE END OF THE FOURTH QUARTER EACH YEAR.

Activity: NSSP management coordinates with GFC in marketing NSEDC CDQ crab.

### **Norton Sound Vessel Management**

MILESTONE: NORTON SOUND VESSEL MANAGEMENT WILL EVALUATE OPERATIONS IN THE REGION INCLUDING SUPPORT TO THE HERRING, SALMON, CRAB AND HALIBUT FISHERIES BY THE END OF THE SECOND QUARTER EACH YEAR

Activity: NSSP management worked on the upcoming seasonal operation proposed plans during the first quarter, that will be presented to the Board of Directors at the April board meeting.

MILESTONE: NSEDC BOARD WILL ACT UPON THE RECOMMENDATIONS OF NORTON SOUND VESSEL MANAGEMENT NO LATER THAN THE END OF THE SECOND QUARTER EACH YEAR

Activity: NSSP management worked on the upcoming seasonal operation proposed plans during the first quarter, that will be presented to the Board of Directors at the April board meeting

### **Glacier Fish Company**

#### **Business Management and Investment**

MILESTONE: HOLD QUARTERLY MEETINGS AMONG THE OWNERS TO REVIEW FINANCIAL PERFORMANCE, BUDGETS, OPERATION PLANS, AND OTHER TIMELY BUSINESS ISSUES

Activity: Quarterly management meeting was held on March 12, 2002, in Seattle to review the 2001 fourth quarter financial information and other issues.

MILESTONE: CONTINUE TO SUCCESSFULLY MARKET CDQ CRAB PRODUCTION FOR NSEDC

Activity: NSEDC/NSSP continues to work closely with Glacier Seafood International (the GFC sales division) to market CDQ crab production. The remaining inventory of 2,800 pounds is committed has been committed to a customer.

MILESTONE\*: CONTINUE TO PAY DOWN LONG TERM DEBT, PARTIALLY GUARANTEED BY NSEDC (50%), IN A TIMELY MANNER CONSISTENT WITH LOAN AGREEMENTS ENTERED INTO IN CONNECTION WITH NSEDC'S ACQUISITION OF GFC AS APPROVED BY THE STATE OF ALASKA ON OCTOBER 10, 1997 AND UNITED STATES DEPARTMENT OF COMMERCE ON NOVEMBER 6, 1997 (DEBT SERVICE IN 2001 AND 2002 ON THE PORTION OF LONG TERM DEBT GUARANTEED BY NSEDC WILL BE APPROXIMATELY \$3,700,000)

Activity: First quarter activity completed in accordance with terms of loan agreements.

MILESTONE\*: BY THE END OF THE FOURTH QUARTER OF EACH YEAR GFC WILL HAVE MADE IMPROVEMENTS OF UP TO.

- (A) \$1 MILLION TO ITS VESSELS,
- (B) \$1.5 MILLION IN PRODUCT RECOVERY TECHNOLOGY & EQUIPMENT

Activity: By the end of the first quarter GFC had spent about \$50,000 on improvements to its vessels, including in the area of product recovery.

MILESTONE\*: MAKE ANNUAL DISTRIBUTIONS TO NSEDC (AND OTHER OWNERS) BY THE END OF THE SECOND QUARTER OF EACH YEAR BASED ON PROFITABILITY OF THE PRIOR YEAR.

Activity: GFC made two distributions to NSEDC in the first quarter, totaling \$2.2 million.

MILESTONE: CONDUCT AN ANNUAL AUDIT OF THE PRIOR YEAR USING AN INDEPENDENT CPA FIRM TO BE COMPLETED BY THE END OF THE SECOND QUARTER OF EACH YEAR.

Activity: No activity this quarter.

MILESTONE: CONTINUE TO DEVELOP NEW MARKET CHANNELS AND PRODUCT FORMS FOR ALASKA SEAFOODS SUCH AS COD, PINK SALMON, AND CRAB.

Activity: Continuing R&D on new freezing technology for cod milt and test marketing in Japan. Efforts to promote Norton Sound Red King Crab with Ivar's (Seattle-based restaurant chain, see above) continue to be successful.

### **Local Employment**

MILESTONE\*: PROVIDE A MARKET TO LOCAL NORTON SOUND FISHERMEN FOR PINK SALMON DURING THE THIRD QUARTER 2002, PROBABLY AT A FINANCIAL LOSS TO GFC, AND IN DOING SO, DEPENDING ON RUN STRENGTH, EMPLOY UP TO 65 LOCAL FISHERMEN AND PAY FISH TICKETS OF UP TO \$225,000 FOR PINK SALMON DELIVERED TO NORTHERN GLACIER.

Activity: No activity this quarter.

MILESTONE\*: PROVIDE EMPLOYMENT OPPORTUNITIES TO NORTON SOUND RESIDENTS OF UP TO 185 TRIP/POSITIONS OF EACH YEAR AND PAY GROSS WAGES TO NORTON SOUND RESIDENTS TOTALING UP TO \$720,000.

Activity: In the first quarter, 31 trip/positions provided; \$182,912 gross wages paid to Norton Sound residents.

### **Training**

MILESTONE: CONTINUE TO SEND TOP MANAGEMENT TO ATTEND AND REPORT ON GFC MATTERS TO NSEDC BOARD MEETINGS AND TO PARTICIPATE IN NSEDC'S FISHERIES DEVELOPMENT COMMITTEE.

Activity: The Controller of GFC participated as a member of NSEDC's Fisheries Development Committee and made his report to NSEDC's Board of Directors at the Board meeting in Nome on January 24-25, 2002.

MILESTONE: CONTINUE THE INTERN PROGRAM IN AREAS OF INVENTORY, TRAFFIC AND FINANCE.

Activity: No activity this quarter.

MILESTONE: WORK WITH OTHER CDQ PARTNER COMPANIES IN SEATTLE TO IMPROVE QUALITY OF INTERN PROGRAMS.

Activity: No new activity this quarter.

MILESTONE: BY END OF FOURTH QUARTER 2002, REDUCE THE INCIDENCE OF DRUGS AND ALCOHOL IN PROSPECTIVE EMPLOYEES THROUGH COORDINATION WITH COMMUNITY OUTREACH WORKERS (SEE COMMUNITY OUTREACH PROJECT).

Activity: No activity this quarter.

### **Fisheries Management and Research**

MILESTONE: BY THE END OF FOURTH QUARTER OF EACH YEAR GFC WILL HAVE CONDUCTED BOTH OPEN ACCESS AND CDQ POLLOCK AND PACIFIC COD HARVESTS, AND OPEN ACCESS HAKE HARVEST.

Activity: Open access and CDQ Pollock harvest occurred during the quarter, as did open access and CDQ longline cod harvesting.

MILESTONE\*: BY THE END OF THIRD QUARTER 2002, CONTRIBUTE AN ADDITIONAL \$8,000 FOR UNIVERSITY RESEARCH ON STELLER SEA LIONS.

Activity: \$100,200, mostly for SSL research, was contributed during the first quarter to University of Alaska Fairbanks and Alaska Pacific University.

### **Investment with other CDQ Groups**

MILESTONE\*: BY THE END OF THE FOURTH QUARTER 2002 GFC WILL HAVE EVALUATED AND MADE A REASONABLE BUSINESS JUDGMENT REGARDING A JOINT VENTURE WITH ONE OR MORE OTHER CDQ GROUPS TO:

- A) SITE A WET SALT COD OR OTHER SHORESIDE FACILITY IN ALASKA;
- B) INVESTING UP TO \$1 MILLION IN SUCH FACILITY

Activity: No activity in the quarter.

### **Financial Support of Educational and Cultural Programs**

MILESTONE\*: CONTINUE TO FUND THE ALASKA NATIVE HERITAGE CENTER IN ANCHORAGE AT THE RATE OF \$5000 ANNUALLY.

Activity: No activity this quarter.

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**\*Financial and employment milestones are subject to access to pollock and cod CDQ, at market price, at or above current levels allocated to NSEDC.**

### **Community Outreach Program**

MILESTONE: PROVIDE STAFF SUPPORT AND FUNDING FOR THE PREVENTION OF ALCOHOL AND SUBSTANCE ABUSE BY THE END OF EACH YEAR.

Activity: NSEDC Executive Committee approved the BSSD Life Skills proposal to provide financial support to extend the Life Skills Program to grades 3 and 4. This proposal also includes the Nome Public Schools.

MILESTONE: DIRECTLY CONTACT AT LEAST 30 INDIVIDUALS EACH QUARTER REGARDING THE AVAILABILITY OF NSEDC'S TRAINING AND SCHOLARSHIP PROGRAMS.

Activity: The EET Coordinator made outreach trips to Savoonga, Gambell, White Mountain, Golovin, Elim, Koyuk, Nome, Brevig Mission, Teller, Diomede, and Wales during the first quarter, in which he spoke to audiences of 30 plus people at each community about the training and scholarship opportunities through the NSEDC EET program.

### **Investment Oversight**

MILESTONE: HOLD QUARTERLY MEETINGS OF THE FINANCIAL ADVISORY COMMITTEE.

Activity: The NSEDC Financial Advisory Committee held their fourth quarter meetings on January 24, 2002.

MILESTONE: WITH RESPECT TO INCOME-PRODUCING INVESTMENTS WHICH ARE OPERATING COMPANIES, ATTEND ALL REGULAR AND SPECIAL MEETINGS OF THE OWNERS OR MEMBERS AND PARTICIPATE FULLY IN THE DECISION-MAKING PROCESS IN A TIMELY FASHION.

Activity: NSEDC management attended the GFC quarterly management meeting in Seattle on March 11, 2002.

MILESTONE: NSEDC WILL PROVIDE INVESTMENT OVERSIGHT AND MONITORING OF ALL INCOME-PRODUCING INVESTMENTS DURING EACH QUARTER

Activity: NSEDC management attended the GFC quarterly management meeting in Seattle on March 11, 2002 in which financials were reviewed. NSEDC management receives weekly reports from GFC on investment activity, inventory, and financials.

### **Other Fund Management**

MILESTONE: NSEDC FINANCIAL ADVISORY COMMITTEE WILL REVIEW INVESTMENT PERFORMANCE AND ASSET ALLOCATION AT LEAST ONCE EACH QUARTER.

Activity: NSEDC Financial Committee held their fourth quarter meeting on January 24, 2002.

### **Board Training**

MILESTONE: THE NSEDC BOARD OF DIRECTORS WILL ATTEND AN ANNUAL RETREAT FOR THE PURPOSE OF BOARD TRAINING BY THE END OF THE 4TH QUARTER EACH YEAR.

Activity: No activity this quarter.

### **Substance Abuse Prevention**

MILESTONE: NSEDC WILL CONTINUE TO FOLLOW THE SUBSTANCE ABUSE POLICIES OUTLINED IN OUR PERSONNEL POLICIES.

Activity: NSEDC continued to follow the substance abuse policy outlined in the NSEDC personnel policies during the first quarter.

MILESTONE: NSEDC WILL SCREEN ALL APPLICANTS FOR EMPLOYMENT POSITIONS WITHIN THE SEAFOOD INDUSTRY FOR DRUG-FREE STATUS.

Activity: NSEDC continued to screen all applicants for employment positions within the seafood industry during the first quarter.

MILESTONE: NSEDC WILL MAKE A GRANT TO EACH SCHOOL DISTRICT THAT FALLS WITHIN OUR MEMBER COMMUNITIES TO AID IN FUNDING AN ABUSE PREVENTION PROGRAM/CURRICULUM.

Activity: NSEDC Executive Committee approved the BSSD Life Skills proposal to provide financial support to extend the Life Skills Program to grades 3 and 4. This proposal also includes the Nome Public Schools.

### **Community Benefit Share**

MILESTONE: THE NSEDC BOARD WILL DECLARE A COMMUNITY BENEFIT SHARE BY THE END OF THE THIRD QUARTER OF EACH YEAR.

Activity: No activity this quarter.

MILESTONE: NSEDC WILL TRANSMIT FUNDS TO EACH COMMUNITY THAT ACCEPTS THE TERMS OF THE COMMUNITY BENEFIT SHARE WITHIN 45 DAYS OF NSEDC'S NOTIFICATION OF THE ACCEPTANCE.

Activity: No activity this quarter.

## B. Outreach

NSEDC management and staff performed a number of outreach projects/activities during the third quarter of 2001.

- NSEDC Board of Directors held their 2001 fourth quarter meetings in Nome on January 23 – 25, 2002 at the Bering Straits Native Corporation Board room, these meetings were open to the public.
- NSEDC Board of Directors notified residents of the 2001 fourth quarter meeting by placing an ad in the Nome Nugget Newspaper.
- The 2001 fourth quarter reports were mailed out to each member community city office, NSEDC Board of Director and Community Outreach Liaison.
- NSEDC staff held a second round of Community Outreach meetings in Savoonga (02/20), Gambell (02/20), White Mountain (02/21), Golovin (02/21) and Elim (02/21) to discuss the evolution of the CDQ program and program opportunities for the residents in NSEDC's member communities. A meeting in Koyuk was scheduled for February 22<sup>nd</sup>, but due to weather the meeting was postponed.
- NSEDC staff held a third round of Community Outreach meetings in Koyuk (03/20), Nome (03/20), Brevig Mission (03/21), Teller (03/21), Diomede (03/22) and Wales (03/22) to discuss the evolution of the CDQ program and program opportunities for the residents in NSEDC's member communities.
- NSEDC sent letters to each member city government, board of director, and liaison that was scheduled to have an outreach meeting to inform them of the upcoming meeting.
- NSEDC sent letters to the CDQ Halibut Fishermen on October 25<sup>th</sup> to inform them of the North Pacific Fishery Management Council meetings and the upcoming agenda on the 4D/4E halibut issues.
- NSEDC posted fliers in member communities informing them of the NSEDC Community Outreach Meetings.
- NSSP advertised in the Nome Nugget about Norton Sound red king crab for sale.
- NSEDC has Community Outreach Liaisons in fourteen of our member communities. The NSEDC liaisons are sent informational fliers, applications, and other various information to disseminate to residents in their communities.
- NSEDC has a web page on the internet ([www.nsedc.com](http://www.nsedc.com)) in which constituents can access quarterly reports, newsletters, applications, and information regarding opportunities with NSEDC.

C. Employment

**Employment Data Form**

**Table 1  
EMPLOYMENT DATA FORM  
March 31, 2002**

	Quarter		Year-to-Date		People
	Positions/Trips	Wages	Positions/Trips	Wages	
<b>Management/Administrative</b>					
NSEDC	16/-	\$189,180.79	16/-	\$189,180.79	16
NSSF	4/-	\$35,662.20	4/-	\$35,662.20	4
<b>Total Management/Administrative</b>	<b>20/-</b>	<b>\$224,842.99</b>	<b>20/-</b>	<b>\$224,842.99</b>	<b>20</b>
<b>CDQ Pollock Related</b>					
A/B Season	17/4	\$180,700.79	17/4	\$180,700.79	17
C/D Season	0/-	\$0.00	0/-	\$0.00	0
<b>Total Pollock Related</b>	<b>17/4</b>	<b>\$180,700.79</b>	<b>17/4</b>	<b>\$180,700.79</b>	<b>17</b>
<b>NSSP Employment</b>	<b>1/-</b>	<b>\$900.00</b>	<b>1/-</b>	<b>\$900.00</b>	<b>1</b>
<b>Other NSEDC Employment</b>					
Skippers, Deckhands, etc.	0/-	\$0.00	0/-	\$0.00	0
Blue Dutch – N.S. Crab	0/-	\$0.00	0/-	\$0.00	0
<b>Total Other NSEDC Empl.</b>	<b>0/-</b>	<b>\$0.00</b>	<b>0/-</b>	<b>\$0.00</b>	<b>0</b>
<b>Other Fishing</b>					
GFC-longline	1/1	\$2,211.49	1/1	\$2,211.49	1
Icicle Seafoods	2/-	\$5,221.41	2/-	\$5,221.41	2
<b>Total Other Fishing</b>	<b>3/1</b>	<b>\$7,432.90</b>	<b>3/1</b>	<b>\$7,432.90</b>	<b>3</b>
<b>Interns</b>					
NSEDC – Main Office	0/-	\$0.00	0/-	\$0.00	0
ADF&G/Kawerak	0/-	\$0.00	0/-	\$0.00	0
GFC - Seattle	0/-	\$0.00	0/-	\$0.00	0
<b>Total Interns</b>	<b>0/-</b>	<b>\$0.00</b>	<b>0/-</b>	<b>\$0.00</b>	<b>0</b>
<b>GRAND TOTALS</b>	<b>41/5</b>	<b>\$413,876.68</b>	<b>41/5</b>	<b>\$413,876.68</b>	<b>41</b>
	<b>NSEDC =</b>	<b>\$189,180.79</b>	<b>NSEDC =</b>	<b>\$189,180.79</b>	<b>16</b>
	<b>NSSP=</b>	<b>\$36,562.20</b>	<b>NSSP=</b>	<b>\$36,562.20</b>	<b>5</b>
	<b>Partners=</b>	<b>\$188,133.69</b>	<b>Partners=</b>	<b>\$188,133.69</b>	<b>20</b>

## **Employment Summary**

**Management/Administrative** – Twelve personnel were employed at NSEDC’s main office in Anchorage; three at the NSEDC offices in Unalakleet, and four at various plant operations in the region and two in Washington. Seventeen of the employees are permanent full-time employees, two are seasonal full-time employees and two were temporary positions. Seventeen Management/Administrative employees are or have been residents of NSEDC member communities, one is from Anchorage and two are from Seattle, WA.

**CDQ Pollock** – Glacier Fish Company paid wages to seventeen residents of NSEDC member communities or nearby communities who were employed in thirty-one trip positions in the first quarter of 2002 aboard the *F/V Northern Glacier* and the *F/V Pacific Glacier*.

**Community Breakdown:**

- 1 employee from Koyuk
- 1 employee from Nome
- 2 employees from Shaktoolik
- 2 employees from Shishmaref
- 5 employees from Stebbins
- 1 employees from St. Michael
- 1 employee from Teller
- 3 employees from Unalakleet
- 1 employee from White Mountain

**NSSP Employment** – One resident was employed by NSEDC/NSSP as a Plant Foreman at the NSSP regional facilities during the first quarter.

**Community Breakdown:** 1 employee from Nome

**Other Fishing** – One resident was employed by Glacier Fish Company aboard the *F/T Norton Sound* during the first quarter of 2002. Two residents were employed by Icicle Seafoods as Apprentices during the first quarter.

**Community Breakdown:**

- 2 employees from Nome
- 1 employee from Unalakleet

**D. Training**

**Training Data Form**

**Table 2  
TRAINING DATA FORM  
March 31, 2002**

	<b>Quarter</b>		<b>Year-to-Date</b>	
	<b>People</b>	<b>Expenditures</b>	<b>People</b>	<b>Expenditures</b>
<b>Scholarships</b>				
Post-Secondary	57	\$71,250	57	\$71,250
Vocational	14	\$16,900	14	\$16,900
<b>Voc-Tech</b>				
Basic				
Advanced				
<b>Other Training</b>				
Fisheries related	7	\$35,576.56	7	\$35,576.56
Student Loans				
CDQ Staff/Board				
Other (Elec.Navigation)				
<b>Other Expenditures</b>				
To Educational Institute				
Education Endowment				
Other				
<b>TOTAL</b>	<b>78</b>	<b>\$123,726.56</b>	<b>78</b>	<b>\$123,726.56</b>

**Training Summary**

**Scholarships** – Fifty-seven residents received post-secondary scholarships and fourteen residents received vocational scholarships in the first quarter.

**Community Breakdown:**

- 29 residents from Nome
- 23 residents from Unalakleet
- 3 residents from Stebbins
- 3 residents from Gambell
- 2 residents from Koyuk
- 1 resident from Golovin
- 1 resident from Savoonga
- 3 residents from Elim
- 2 residents from White Mountain
- 1 resident from Wales
- 1 resident from Shaktoolik
- 2 residents from Shishmaref

**Other Training** – Fifteen residents attended the Entry Level Seafood Processing (ELSP) class orientation Nome. Of the fifteen, seven residents

traveled on to Seward and six received their ELSP certifications from the Alaska Vocational Technical Center in Seward, AK.

**Community Breakdown:** 1 trainee from Shaktoolik  
3 trainees from Kaltag  
1 trainee from Mountain Village  
8 trainees from Stebbins  
1 trainee from St. Michael  
1 trainee from Diomede

### **III. Administration**

#### **A. Board Activities**

##### **Board of Director Meetings**

The NSEDC Board of Directors held their fourth quarter meetings in Nome on January 24 – 25, 2002, with the standing committees meeting on the 23<sup>rd</sup> and 24<sup>th</sup>.

##### **Advisory Committee At-Large Member Selections**

During the fourth quarter meeting in January, Mr. Jack Carpenter and Mr. Scott Henderson were selected to sit on the Finance Committee as At-Large Members; Mr. Paul Ivanoff III and Mr. Pete Larsen were selected to sit on the Scholarship Committee as At-Large members; and Mr. Steve Ivanoff and Mr. Eric Osborne were selected to sit on Fisheries Development Committee as At-Large Members.

##### **Substantial Decisions**

At the fourth quarter meeting on January 24 – 25, 2002 in Nome, the following items were approved by the NSEDC Board of Directors: approval of financial support for BSSD/NPS Life Skills Training Program to extend it to the 3<sup>rd</sup> and 4<sup>th</sup> grades; approval of the 2002 Halibut Exploratory project, and 2002 Crab Tagging Study from the Fisheries Development Program; and approval to provide financial support to the local Search & Rescue Groups for search and rescue equipment.

##### **Board Meeting Minutes**

Please see Attachment 19

## **B. State of Alaska Reporting Compliance**

NSEDC complied with all State of Alaska requirements during the first quarter.

## **C. Amendment Status**

Amendments to the 2001-2002 Multi-species Community Development Plan (CDP) submitted during the first quarter are listed below:

- CDP amendment 02-04NS: NSEDC submitted a technical amendment to the CDP for the transfer of annual CDQ from the non-specific reserve into the other species category. This amendment was approved by NMFS on April 1, 2002.

## **IV. Harvesting Report**

### **A. Pollock and Multi-species CDQ Harvest Activities by Target Fishery**

See the following tables below:

Table 3:	Annual CDQ Harvest by Groundfish Target Fisheries
Table 4:	2001 CDQ Harvest – Pollock Target Fishery
Table 5:	2001 CDQ Harvest – Pacific Cod Target Fishery
Table 6:	2001 CDQ Harvest – Sablefish Target Fishery
Table 7:	2001 CDQ Harvest – Greenland Turbot Target Fishery
Table 8:	2001 CDQ Harvest – Atka Mackerel Target Fishery
Table 9:	2001 CDQ Harvest – Crab Harvest

**Table 3**  
**ANNUAL CDQ HARVEST BY GROUND FISH TARGET FISHERIES**  
**through Fourth Quarter 2001**

TARGET FISHERY GEAR TYPE	Pollock Trawl	Pacific Cod H&L	Sablefish Pot	Turbot H&L	Atka		Total Harvest	NSEDC Annual CDQ 2002	Trades/ Transfers (see notes)	*Revised	Percent Harvested	Remaining CDQ	
					Mackerel Trawl	Halibut H&L				NSEDC Annual CDQ			
SPECIES													
Halibut (4D)							-	82.895	30%	-	82.895	0.00%	82.895
Pacific Cod (BS/AI)	98.502	541.783	-	-	-	-	640.285	2,700.000	18%	-	2,700.000	23.71%	2,059.715
Sablefish (BS)	-	-	-	-	-	-	-	38.600	20%	-	38.600	0.00%	38.600
Sablefish (AI)	-	-	-	-	-	-	-	76.600	20%	-	76.600	0.00%	76.600
Trawl Sablefish (BS)	0.025	-	-	-	-	-	0.025	12.960	18%	-	12.960	0.19%	12.935
Trawl Sablefish (AI)	-	-	-	-	-	-	-	4.800	10%	-	4.800	0.00%	4.800
Greenland Turbot (BS)	0.022	-	-	-	-	-	0.022	60.300	15%	-	60.300	0.04%	60.278
Greenland Turbot (AI)	-	-	-	-	-	-	-	39.600	20%	-	39.600	0.00%	39.600
Atka Mackerel (Western AI)	-	-	-	-	-	-	-	206.920	14%	-	206.920	0.00%	206.920
Atka Mackerel (Central AI)	-	-	-	-	-	-	-	249.900	14%	-	249.900	0.00%	249.900
Atka Mackerel (Eastern AI)	0.001	0.033	-	-	-	-	0.034	57.820	14%	-	57.820	0.06%	57.786
Yellowfin Sole	7.261	-	-	-	-	-	7.261	451.500	7%	-	451.500	1.61%	444.239
Flathead Sole	29.837	-	-	-	-	-	29.837	281.250	15%	-	281.250	10.61%	251.413
Other Flatfish	0.969	0.009	-	-	-	-	0.978	22.500	10%	-	22.500	4.35%	21.522
Alaska Plaice	2.173	-	-	-	-	-	2.173	90.000	10%	-	90.000	2.41%	87.827
Rock Sole	85.001	1.213	-	-	-	-	86.214	618.750	11%	-	618.750	13.93%	532.536
Bering Sea Pollock								34,155.000	23%	-	34,155.000		
A/B season	13,673.659	-	-	-	-	-	13,673.659	13,662.000		-	13,662.000	100.09%	(11.659)
C/D season	-	-	-	-	-	-	-	20,493.000		-	20,493.000	0.00%	20,493.000
Aleutian Pollock	-	-	-	-	-	-	-	23.000	23%	-	23.000	0.00%	23.000
Bogoslof Pollock	-	-	-	-	-	-	-	2.300	23%	-	2.300	0.00%	2.300
Non-quota Pollock	-	0.148	-	-	-	-	0.148						
Arrowtooth Flounder	0.490	0.422	-	-	-	-	0.912	120.000	10%	(60.000)	60.000	1.52%	59.088
True POP (BS)	-	-	-	-	-	-	-	35.460	18%	-	35.460	0.00%	35.460
Other Red Rockfish (BS)	0.067	-	-	-	-	-	0.067	1.600	16%	-	1.600	4.19%	1.533
True POP (Western AI)	-	-	-	-	-	-	-	59.500	14%	-	59.500	0.00%	59.500
True POP (Central AI)	-	-	-	-	-	-	-	32.200	14%	-	32.200	0.00%	32.200
True POP (Eastern AI)	-	0.017	-	-	-	-	0.017	36.400	14%	-	36.400	0.05%	36.383
Sharpchin/Northern (AI)	-	0.822	-	-	-	-	0.822	70.840	16%	-	70.840	1.16%	70.018
Shortraker/Rougheye (AI)	-	0.011	-	-	-	-	0.011	11.560	18%	-	11.560	0.10%	11.549
Other Rockfish (BS)	-	-	-	-	-	-	-	3.510	13%	-	3.510	0.00%	3.510
Other Rockfish (AI)	-	0.284	-	-	-	-	0.284	8.670	17%	-	8.670	3.28%	8.386
Squid	0.048	-	-	-	-	-	0.048	21.242		-	21.242	N/A	N/A
Other Species	29.688	65.158	-	-	-	-	94.846	314.432	16%	115.488	429.920	22.06%	335.074
<b>TOTAL</b>	<b>13,927.743</b>	<b>609.900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,537.643</b>	<b>39,890.108</b>			<b>39,945.596</b>	<b>36.39%</b>	<b>25,407.953</b>
Bycatch %	1.82%	11.17%	-	-	-	-							

**Table 3 (continued)**  
**ANNUAL CDQ HARVEST BY GROUND FISH TARGET FISHERIES**  
**through Fourth Quarter 2001**

TARGET FISHERY GEAR TYPE	Pollock	Pacific Cod	Sablefish	Turbot tka Mackerel	Halibut	Total	NSEDC		Trades/ Transfers	*Revised		Percent Harvested	Remaining CDQ
	Trawl	H&L	Pot	H&L	Trawl		H&L	Annual CDQ		Annual			
<b>PROHIB SPECIES</b>													
Halibut mortality (mt)	1,373	1,354	-	-	-	2,727	41,160	12%	-	41,160	6.63%	38,433	
Opilio (no.)	-	-	-	-	-	-	32,625	10%	-	32,625	0.00%	32,625	
Tanner Crab - Zone 1 (no.)	-	-	-	-	-	-	5,880	8%	-	5,880	0.00%	5,880	
Tanner Crab - Zone 2 (no.)	13	-	-	-	-	13	24,503	11%	-	24,503	0.05%	24,490	
Red King Crab (no.)	-	-	-	-	-	-	509	7%	-	509	0.00%	509	
Chinook Salmon (no.)	353	-	-	-	-	353	638	23%	-	638	55.33%	285	
Other Salmon (no.)	8	-	-	-	-	8	693	22%	-	693	1.12%	685	

\* Note: The amount of annual CDQ for various species and allocations to target fisheries and vessels may change as in-season adjustments are made between target fisheries and the NSEDC reserve, and transfers are approved between CDQ groups. Trades/transfers are listed below:

**Table 4**  
**2001 CDQ HARVEST – POLLOCK TARGET FISHERY**  
**(in metric tons)**

SPECIES	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Year to date
Pacific Cod (BS/AI)	98.502	-	-	-	98.502
Sablefish (BS)	-	-	-	-	-
Sablefish (AI)	-	-	-	-	-
Trawl Sablefish (BS)	0.025	-	-	-	0.025
Trawl Sablefish (AI)	-	-	-	-	-
Greenland Turbot (BS)	0.022	-	-	-	0.022
Greenland Turbot (AI)	-	-	-	-	-
Atka Mackerel (Western AI)	-	-	-	-	-
Atka Mackerel (Central AI)	-	-	-	-	-
Atka Mackerel (Eastern AI)	0.001	-	-	-	0.001
Yellowfin Sole	7.261	-	-	-	7.261
Flathead Sole	29.837	-	-	-	29.837
Other Flatfish	0.969	-	-	-	0.969
Alaska Plaice	2.173	-	-	-	2.173
Rock Sole	85.001	-	-	-	85.001
<b>Bering Sea Pollock</b>					
A/B season	13,673.659	-	-	-	13,673.659
C/D season	-	-	-	-	-
Aleutian Pollock	-	-	-	-	-
Bogoslof Pollock	-	-	-	-	-
Non-quota Pollock	-	-	-	-	-
<b>Arrowtooth Flounder</b>	0.490	-	-	-	0.490
True POP (BS)	-	-	-	-	-
Other Red Rockfish (BS)	0.067	-	-	-	0.067
True POP (Western AI)	-	-	-	-	-
True POP (Central AI)	-	-	-	-	-
True POP (Eastern AI)	-	-	-	-	-
Sharpchin/Northern (AI)	-	-	-	-	-
Shorotraker/Rougheye (AI)	-	-	-	-	-
Other Rockfish (BS)	-	-	-	-	-
Other Rockfish (AI)	-	-	-	-	-
Squid	0.048	-	-	-	0.048
Other Species	29.688	-	-	-	29.688
<b>TOTAL</b>	<b>13,927.743</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,927.743</b>
Bycatch %	1.82%	-	-	-	1.82%
<b>PROHIB SPECIES</b>					
Halibut mortality (mt)	1.373	-	-	-	1.373
Opilio (no.)	-	-	-	-	-
Tanner Crab - Zone 1 (no.)	-	-	-	-	-
Tanner Crab - Zone 2 (no.)	13	-	-	-	13
Red King Crab (no.)	-	-	-	-	-
Chinook Salmon (no.)	353	-	-	-	353
Other Salmon (no.)	8	-	-	-	8

**Table 5**  
**2001 CDQ HARVEST – PACIFIC COD TARGET FISHERY**  
**(in metric tons)**

SPECIES	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Year to date
Pacific Cod (BS/AI)	541.783	-	-	-	541.783
Sablefish (BS)	-	-	-	-	-
Sablefish (AI)	-	-	-	-	-
Trawl Sablefish (BS)	-	-	-	-	-
Trawl Sablefish (AI)	-	-	-	-	-
Greenland Turbot (BS)	-	-	-	-	-
Greenland Turbot (AI)	-	-	-	-	-
Atka Mackerel (Western AI)	-	-	-	-	-
Atka Mackerel (Central AI)	-	-	-	-	-
Atka Mackerel (Eastern AI)	0.033	-	-	-	0.033
Yellowfin Sole	-	-	-	-	-
Flathead Sole	-	-	-	-	-
Other Flatfish	0.009	-	-	-	0.009
Alaska Plaice	-	-	-	-	-
Rock Sole	1.213	-	-	-	1.213
<hr/>					
Bering Sea Pollock					
A/B season	-	-	-	-	-
C/D season	-	-	-	-	-
Aleutian Pollock	-	-	-	-	-
Bogoslof Pollock	-	-	-	-	-
Non-quota Pollock	0.148	-	-	-	0.148
<hr/>					
Arrowtooth Flounder	0.422	-	-	-	0.422
True POP (BS)	-	-	-	-	-
Other Red Rockfish (BS)	-	-	-	-	-
True POP (Western AI)	-	-	-	-	-
True POP (Central AI)	-	-	-	-	-
True POP (Eastern AI)	0.017	-	-	-	0.017
Sharpchin/Northern (AI)	0.822	-	-	-	0.822
Shortraker/Rougheye (AI)	0.011	-	-	-	0.011
Other Rockfish (BS)	-	-	-	-	-
Other Rockfish (AI)	0.284	-	-	-	0.284
Squid	-	-	-	-	-
Other Species	65.158	-	-	-	65.158
<hr/>					
TOTAL	609.900	-	-	-	609.900
Bycatch %	11.17%	-	-	-	11.17%
<hr/>					
<b>PROHIB SPECIES</b>					
Halibut mortality (mt)	1.354	-	-	-	1.354
Opilio (no.)	-	-	-	-	-
Tanner Crab - Zone 1 (no.)	-	-	-	-	-
Tanner Crab - Zone 2 (no.)	-	-	-	-	-
Red King Crab (no.)	-	-	-	-	-
Chinook Salmon (no.)	-	-	-	-	-
Other Salmon (no.)	-	-	-	-	-

**Table 6**  
**2001 CDQ HARVEST – SABLE FISH TARGET FISHERY**  
**(in metric tons)**

	Total				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to date
<b>SPECIES</b>					
Pacific Cod (BS/AI)	-	-	-	-	-
Sablefish (BS)	-	-	-	-	-
Sablefish (AI)	-	-	-	-	-
Trawl Sablefish (BS)	-	-	-	-	-
Trawl Sablefish (AI)	-	-	-	-	-
Greenland Turbot (BS)	-	-	-	-	-
Greenland Turbot (AI)	-	-	-	-	-
Atka Mackerel (Western AI)	-	-	-	-	-
Atka Mackerel (Central AI)	-	-	-	-	-
Atka Mackerel (Eastern AI)	-	-	-	-	-
Yellowfin Sole	-	-	-	-	-
Flathead Sole	-	-	-	-	-
Other Flatfish	-	-	-	-	-
Alaska Plaice	-	-	-	-	-
Rock Sole	-	-	-	-	-
<b>Bering Sea Pollock</b>					
A/B season	-	-	-	-	-
C/D season	-	-	-	-	-
Aleutian Pollock	-	-	-	-	-
Bogoslof Pollock	-	-	-	-	-
Non-quota Pollock	-	-	-	-	-
<b>Arrowtooth Flounder</b>					
True POP (BS)	-	-	-	-	-
Other Red Rockfish (BS)	-	-	-	-	-
True POP (Western AI)	-	-	-	-	-
True POP (Central AI)	-	-	-	-	-
True POP (Eastern AI)	-	-	-	-	-
Sharpchin/Northern (AI)	-	-	-	-	-
Shortraker/Rougheye (AI)	-	-	-	-	-
Other Rockfish (BS)	-	-	-	-	-
Other Rockfish (AI)	-	-	-	-	-
Squid	-	-	-	-	-
Other Species	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-
<b>Bycatch %</b>	-	-	-	-	-
<b>PROHIB SPECIES</b>					
Halibut mortality (mt)	-	-	-	-	-
Opilio (no.)	-	-	-	-	-
Tanner Crab - Zone 1 (no.)	-	-	-	-	-
Tanner Crab - Zone 2 (no.)	-	-	-	-	-
Red King Crab (no.)	-	-	-	-	-
Chinook Salmon (no.)	-	-	-	-	-
Other Salmon (no.)	-	-	-	-	-

**Table 7**  
**2001 CDQ HARVEST – GREENLAND TURBOT TARGET FISHERY**  
**(in metric tons)**

	Total				
SPECIES	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to date
Pacific Cod (BS/AI)	-	-	-	-	-
Sablefish (BS)	-	-	-	-	-
Sablefish (AI)	-	-	-	-	-
Trawl Sablefish (BS)	-	-	-	-	-
Trawl Sablefish (AI)	-	-	-	-	-
Greenland Turbot (BS)	-	-	-	-	-
Greenland Turbot (AI)	-	-	-	-	-
Atka Mackerel (Western AI)	-	-	-	-	-
Atka Mackerel (Central AI)	-	-	-	-	-
Atka Mackerel (Eastern AI)	-	-	-	-	-
Yellowfin Sole	-	-	-	-	-
Flathead Sole	-	-	-	-	-
Other Flatfish	-	-	-	-	-
Alaska Plaice	-	-	-	-	-
Rock Sole	-	-	-	-	-
Bering Sea Pollock					
A/B season	-	-	-	-	-
C/D season	-	-	-	-	-
Aleutian Pollock	-	-	-	-	-
Bogoslof Pollock	-	-	-	-	-
Non-quota Pollock	-	-	-	-	-
Arrowtooth Flounder	-	-	-	-	-
True POP (BS)	-	-	-	-	-
Other Red Rockfish (BS)	-	-	-	-	-
True POP (Western AI)	-	-	-	-	-
True POP (Central AI)	-	-	-	-	-
True POP (Eastern AI)	-	-	-	-	-
Sharpchin/Northern (AI)	-	-	-	-	-
Shorotraker/Rougheye (AI)	-	-	-	-	-
Other Rockfish (BS)	-	-	-	-	-
Other Rockfish (AI)	-	-	-	-	-
Squid	-	-	-	-	-
Other Species	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-
Bycatch %	-	-	-	-	-
<b>PROHIB SPECIES</b>					
Halibut mortality (mt)	-	-	-	-	-
Opilio (no.)	-	-	-	-	-
Tanner Crab - Zone 1 (no.)	-	-	-	-	-
Tanner Crab - Zone 2 (no.)	-	-	-	-	-
Red King Crab (no.)	-	-	-	-	-
Chinook Salmon (no.)	-	-	-	-	-
Other Salmon (no.)	-	-	-	-	-

**Table 8**  
**2001 CDQ HARVEST – ATKA MACKEREL TARGET FISHERY**  
(in metric tons)

	Total				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to date
<b>SPECIES</b>					
Pacific Cod (BS/AI)	-	-	-	-	-
Sablefish (BS)	-	-	-	-	-
Sablefish (AI)	-	-	-	-	-
Trawl Sablefish (BS)	-	-	-	-	-
Trawl Sablefish (AI)	-	-	-	-	-
Greenland Turbot (BS)	-	-	-	-	-
Greenland Turbot (AI)	-	-	-	-	-
Atka Mackerel (Western AI)	-	-	-	-	-
Atka Mackerel (Central AI)	-	-	-	-	-
Atka Mackerel (Eastern AI)	-	-	-	-	-
Yellowfin Sole	-	-	-	-	-
Flathead Sole	-	-	-	-	-
Other Flatfish	-	-	-	-	-
Alaska Plaice	-	-	-	-	-
Rock Sole	-	-	-	-	-
<b>Bering Sea Pollock</b>					
A/B season	-	-	-	-	-
C/D season	-	-	-	-	-
Aleutian Pollock	-	-	-	-	-
Bogoslof Pollock	-	-	-	-	-
Non-quota Pollock	-	-	-	-	-
<b>Arrowtooth Flounder</b>					
True POP (BS)	-	-	-	-	-
Other Red Rockfish (BS)	-	-	-	-	-
True POP (Western AI)	-	-	-	-	-
True POP (Central AI)	-	-	-	-	-
True POP (Eastern AI)	-	-	-	-	-
Sharpchin/Northern (AI)	-	-	-	-	-
Shortraker/Rougeye (AI)	-	-	-	-	-
Other Rockfish (BS)	-	-	-	-	-
Other Rockfish (AI)	-	-	-	-	-
Squid	-	-	-	-	-
Other Species	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-
Bycatch %	-	-	-	-	-
<b>PROHIB SPECIES</b>					
Halibut mortality (mt)	-	-	-	-	-
Opilio (no.)	-	-	-	-	-
Tanner Crab - Zone 1 (no.)	-	-	-	-	-
Tanner Crab - Zone 2 (no.)	-	-	-	-	-
Red King Crab (no.)	-	-	-	-	-
Chinook Salmon (no.)	-	-	-	-	-
Other Salmon (no.)	-	-	-	-	-

## B. CDQ Fishing Activities

During the first quarter of 2002, NSEDC conducted CDQ fishing operations for pollock in the Bering Sea, Pacific cod in the Aleutian Islands, and opilio crab in the Bering Sea. We did not conduct directed fishing operations for our other target groundfish and crab CDQ fisheries. Through the end of the quarter, NSEDC harvested a total of 14,537.643 metric tons of annual CDQ including both target and bycatch species, representing approximately 36% of the total allocation of annual groundfish CDQ for the year.

A summary of the harvest of annual CDQ for the groundfish species by target fishery through the end of the first quarter is provided in Table 3. In addition, harvest information for each of the target fisheries by quarter are provided in Tables 4-8.

### Pollock

During the first quarter, NSEDC harvested 13,673.66 metric tons of CDQ pollock using the Pacific Glacier and the Northern Glacier. The Northern Glacier took 5,391.4 metric tons of CDQ pollock during four trips in thirty-seven fishing days between February 4 and March 23, and the Pacific Glacier caught 8,282.3 metric tons during four trips in twenty-eight days of fishing between February 5 and March 20. The vessels fished for both coop/AFA pollock and CDQ pollock during these trips and days, alternating from one to the other depending on the make-up of the catch.

This harvest was worth roughly \$2.19 million in CDQ tonnage royalty payments to NSEDC, excluding our roe revenue share. NSEDC fishing operations for pollock in the A season were completed during the first quarter. See Table 4 for a summary of the CDQ and PSQ harvest in the pollock fishery.

**Summary of bycatch:** The bycatch rate of other CDQ species in the pollock target fishery during the first quarter was approximately 1.82% of the total harvest. This bycatch rate was relatively high compared to previous years. The bycatch primarily consisted of Pacific cod, rock sole, flathead sole, and other species, with lesser amounts of a variety of other species. Refer to Table 4 for additional detailed information.

**Processing report:** Products from A season processing of CDQ pollock included roe, surimi, mince and fillet blocks.

**Compliance/enforcement issues:** To the best of our knowledge, NSEDC-contracted vessels conducted CDQ pollock fishing operations in compliance with applicable federal and state laws and regulations governing the fisheries in the BSAI. A post-season adjustment to the NMFS observer catch data caused NSEDC to exceed initial CDQ allocations for the pollock A season. This

adjustment was made to the catch data after NSEDC had completed fishing - operations and had surplus Pollock quota remaining.

### **Pacific Cod**

NSEDC harvested Pacific cod in targeted CDQ fishing operations in the Aleutian Islands during the first quarter. The open access fishery closed on March 8 and CDQ fishing started immediately thereafter with the F/V Norton Sound. The Norton Sound harvested 541.783 metric tons of CDQ Pacific cod in two partial trips during 19 days of fishing. This harvest was worth about \$100,000 in royalty payments to NSEDC. See Table 5 for a summary of the CDQ and PSQ harvest in the cod target fishery.

**Summary of bycatch:** The catch of other CDQ species in the Pacific cod target fishery accounted for approximately 11% of the total harvest. This bycatch primarily consisted of 'other species' including skate and sculpin, with lesser amounts of rock sole, non-quota pollock, a mix of flatfish and rockfish, and a small amount of Atka mackerel. Halibut bycatch was relatively low. See the attached harvest summary in Table 5 for more detailed information.

**Processing report:** Products from our Pacific cod CDQ fishery were primarily headed and gutted, eastern-cut and western cut cod packaged and frozen in approximately 40-pound and 50-pound blocks.

**Compliance/enforcement issues:** To the best of our knowledge, NSEDC-contracted vessels conducted CDQ Pacific cod fishing operations in compliance with applicable federal and state laws and regulations governing the fisheries in the Bering Sea and Aleutian Islands. There were no violations reported by NMFS Enforcement.

### **Sablefish and Greenland Turbot**

There was no directed harvest of CDQ sablefish and Greenland turbot during the first quarter. NSEDC has plans to commence targeted fishing operations for these species during the next quarter.

### **Atka Mackerel, Yellowfin Sole and Rock Sole**

There was no directed harvest of CDQ Atka mackerel, yellowfin sole and rock sole during the first quarter. NSEDC will commence targeted fishing operations for Atka mackerel during the third or fourth quarter of the year.

### **Halibut**

There was no harvest of CDQ halibut during the first quarter. NSEDC will conduct halibut fishing operations in the region starting on July 1st.

### **Bering Sea Opilio Crab**

The open access fishery was completed on February 8. Due to severe icing conditions and lack of good quality crab available for harvest, NSEDC delayed the start of the CDQ fishery. The Alaskan Beauty – an NSEDC-contracted harvesting vessel – commenced fishing operations on March 13 but had not delivered any product to the Icicle processor Arctic Star by the end of the quarter.

**Summary of bycatch:** N/A

**Processing report:** N/A

**Compliance/enforcement issues:** To the best of our knowledge, the NSEDC-contracted vessel conducted CDQ crab fishing operations in compliance with applicable federal and state laws and regulations governing the opilio crab fishery in the Bering Sea. There were no violations reported by NMFS Enforcement. The Alaskan Beauty is carrying a crab fisheries observer as required.

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

There was no harvest of CDQ red king crab in the Norton Sound fishery during the first quarter. The GHL for this fishery will be set by ADF&G sometime this spring. The Alaska board of fisheries approved regulations this past winter to allow the CDQ red king crab fishery in Norton Sound to start prior to the open access fishery – which opens July 1. As such, the CDQ fishery will probably commence around June 15, allowing local fishermen about two weeks to harvest the CDQ quota of red king crab.

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

There was no harvest of CDQ red king crab in the Bristol Bay fishery during the first quarter. A groundfish crab survey to assess the status of the crab stocks will be conducted by ADF&G this summer. The GHL for this season - starting in October or November - will be set sometime thereafter. NSEDC will commence targeted fishing operations after the open access harvest probably during the fourth quarter.

### **St. Matthew Blue King Crab**

There was no harvest of CDQ king crab at St. Matthew during the first quarter. This commercial crab fishery will probably be closed again to open access and CDQ harvest in 2002. The fishery has been closed from 1999-2001. NSEDC will continue to monitor information from the North Pacific Fisheries Management Council and NMFS regarding status of these stocks, the preparation of the rebuilding plan and progress towards reopening this crab fishery.

## **C. Other Related Management Items**

### **Fisheries Management Meetings**

During the first quarter, NSEDC staff attended and participated in variety of meetings sponsored by the North Pacific Fisheries Management Council including the Council meeting in Anchorage during the week of February 4. NSEDC staff and contractors also participated in other meetings with CDQ groups, At-sea Processors Association, NMFS and the state CDQ team regarding the implementation and management of the multi-species CDQ program and fisheries management.

## **D. CDQ Crab Marketing Activities**

### **CDQ Crab Custom Processing and Sales Activities**

NSEDC is continuing to work with Glacier Seafood International (GSI) – a division of Glacier Fish Company - in custom processing and selling crab product from the CDQ fisheries. This activity started in 1998 when the CDQ program first expanded into the crab fisheries. Since the start of these efforts, NSEDC has custom processed CDQ crab through Icycle Seafoods under a processing agreement and GSI has sold product in coordination with NSEDC. The initial years of these activities were relatively profitable when prices for raw crab and product were relatively low and volumes were high. More recently over the past two years, we have experienced small profits, small losses or a breakeven situation as a result of higher prices for the raw crab, marginally higher value of product and lower volumes.

In addition to the CDQ fisheries, NSEDC has also been working with Glacier Seafood International in the production and sales of red king crab product from the open access fishery in Norton Sound.

### **2001 Norton Sound red king crab**

The last of the red king crab from the 2001 Norton Sound fishery was sold or committed during this quarter. Out of the total production of about 90,825 pounds of product, a small quantity of 4,000 pounds is reserved for sale to Ivar's Restaurants and a small amount remains in cold storage in Nome. Based on our initial projections, actual costs, sales receipts and this remaining commitment, we are estimating a loss of about \$350,000, excluding overhead and administrative costs. Several factors contributed to this financial loss. Total harvest and delivery to the contracted processor Blue Dutch was considerably lower than projected, the quality of product resulting from the raw crab was less than last year (more of the lower quality grade A crab) and projections, and average prices for the product therefore were less.

## **2001 Bristol Bay red king crab**

In November of 2001, NSEDC harvested and Icicle Seafoods custom processed the red king crab from the Bristol Bay CDQ fishery. The Arctic Star produced 33,950 pounds of No.1 sections or 48.9% of the total production, 6,625 pounds of grade A product for 9.5% of the production, and 28,860 pounds of raw, blast frozen product or 41.6%. The entire production of king crab product was sold for about \$712,300 in gross revenues. The grade A product was just sold during January of this quarter. Based on initial financial projections, actual costs and sales receipts, we are estimating a profit on the sales in this fishery of about \$33,000, excluding overhead and administrative costs.

### **V. Confidential Issues**

#### **A. Financial Statements**

NSEDC Statement of Activities (Attachment 1)  
NSEDC Statement of Financial Position (Attachment 2)  
NSEDC Statement of Cash Flows (Attachment 3)  
Glacier Fish Company Report  
    Comparative Schedule of Operations (Attachment 4)  
    Balance Sheet (Attachment 5)  
    Statement of Cash Flows (Attachment 6)  
North Pacific Report  
    Comparative Schedule of Operations (Attachment 7)  
    Balance Sheet (Attachment 8)  
    Statement of Cash Flows (Attachment 9)  
Ocean Olympic  
    Comparative Schedule of Operations (Attachment 10)  
    Balance Sheet (Attachment 11)  
    Statement of Cash Flows (Attachment 12)  
Alaskan Beauty  
    Comparative Schedule of Operations (Attachment 13)  
    Balance Sheet (Attachment 14)  
    Statement of Cash Flows (Attachment 15)  
NSEDC Administrative Expense Schedule (Attachment 16)  
NSEDC Budget to Actuals (Attachment 17)  
NSEDC Species Royalty Analysis (Attachment 18)

In accordance with State of Alaska Statutes 6AAC93.070 (b), (c), and (d), NSEDC requests these and other documents marked "CONFIDENTIAL" be kept confidential and not released to the public or any other party.

**B. Tax Issues**

None

**C. Imminent Major Investments**

None, other than anything that NSEDC may have provided to the State of Alaska under a confidentiality petition.

**D. Other**

Also included as attachments to this report are the following items:

- NSEDC newspaper ad announcing the fourth quarter Board of Directors meetings (Attachment 20)
- NSSP newspaper ad for sales of Norton Sound red king crab legs and bait herring. (Attachment 21)
- NSEDC/NSSP ad in the 2002 Nome Nugget Tour Guide (Attachment 22)
- Letter to the NSEDC member city mayors, board member and outreach liaison informing them of the upcoming NSEDC Community Outreach Meeting (Attachment 23)
- Flyer #1 posted in NSEDC member communities regarding the NSEDC Community Outreach Meeting (Attachment 24)
- Flyer # 2 posted in NSEDC member communities regarding the NSEDC Community Outreach Meeting (Attachment 25)
- Summary of NSEDC Community Outreach Meetings (Attachment 26)