

2005 FIRST QUARTER REPORT

January 1 – March 31, 2005



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

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I. Quarterly Highlights

- NSEDC standing committees held their 2004 fourth quarter meetings in Nome from January 19 – 20, 2005.
- NSEDC Board of Directors held their 2004 fourth quarter meetings in Nome from January 20 – 21, 2005.
- Glacier Fish Company held their quarterly management meeting on March 4, 2005.
- NSEDC awarded \$57,259.50 to forty-seven residents in post-secondary scholarships during the first quarter.
- NSEDC awarded \$8,750 to 7 residents in vocational scholarships during the first quarter.
- Twenty-three residents of member communities or of nearby communities worked on the *F/V Northern Glacier*, *F/V Pacific Glacier*, *F/V Norton Sound* and the *FV Glacier Bay* earning a total of \$235,746.01 in wages in the first quarter.
- One resident worked with Icicle Seafoods during the quarter, earning \$8,829.39 in wages.
- Three residents from Nome delivered Open Access Norton Sound red king crab to the Norton Sound Seafood Center, earning a total of \$16,510.50.
- NSEDC Board of Directors held a training session from February 28 – March 30.
- Three internships were sponsored by NSEDC during the first quarter. Internships were sponsored with NSEDC Norton Sound Fisheries R & D (1), Glacier Fish Company (1) and the Native Village of Unalakleet (1).

II. Community Development

A. Progress Toward Goals, Objectives, Milestones

Administrative

MILESTONE: NSEDC BOARD OF DIRECTORS WILL HOLD REGULARLY SCHEDULED MEETINGS DURING EACH QUARTER IN 2003-2005

Activity: NSEDC Board of Directors held their 2004 fourth quarter meetings in Nome from January 19 - 21, 2005.

MILESTONE: NSEDC WILL HAVE AN ANNUAL AUDIT TO BE COMPLETED BEFORE MAY 31 OF 2003-2005

Activity: NSEDC contracted with KPMG to conduct the NSEDC 2004 Annual Audit, which was completed in the first quarter.

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 2005 in December of 2004.

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 OF 2003-2005

Activity: Development of the 2004 Corporate Annual Report began during the first quarter.

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 2004 were submitted to the State of Alaska on January 30, 2005.

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

Activity: The NSEDC 2004 Annual report was submitted to the State of Alaska on January 30, 2004.

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 YEAR 2005 NEGOTIATE NEW HARVEST AGREEMENTS FOR ALL MULTISPECIES CDQ.

Activity: No activity this quarter.

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

Activity: NSEDC and our partners harvested 12,997 metric tons of Bering Sea CDQ pollock during the first quarter.

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

Activity: NSEDC and our partners harvested 331,695 lbs. of CDQ opilio crab using the *F/V Alaskan Beauty* (NSV) 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 PRACTIVABLE WITHOUT OVER-HARVEST, BY THE END OF THE FISHING SEASON EACH YEAR FOR EACH SPECIES.

Activity: NSEDC and our partners harvested 1,402 metric tons of CDQ Pacific cod using the *F/V Norton Sound* (GFC) and the *F/V Glacier Bay* (NSV) 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 directed harvest of rock sole during the first quarter.

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

Activity: NSEDC did not harvest CDQ Atka Mackerel during the first quarter.

MILESTONE: NSEDC WILL ATTEND NORTH PACIFIC FISHERIES MANAGEMENT COUNCIL MEETINGS IN 2003-2005 .

Activity: NSEDC staff and representatives attended the NPFMC meetings during the week of February 7th in Seattle, WA.

Fund for Purchase of Equity Interest

MILESTONE: NSIC WILL MAKE A REPORT TO THE BOARD OF DIRECTORS OF NSEDC AT EACH QUARTERLY NSEDC BOARD MEETING.

Activity: NSIC gave a report to the NSEDC Board of Directors at the 2004 fourth quarter meetings in January.

MILESTONE: NSIC MANAGEMENT COMMITTEE WILL MEET AT LEAST ONCE EACH QUARTER

Activity: NSIC Management Committee met on January 19, 2004.

MILESTONE: NSIC WILL EVALUATE THE POTENTIAL FOR EQUITY INVESTMENT IN ONE OR MORE BERING SEA FISHING COMPANIES BY THE END OF THE FOURTH QUARTER OF EACH YEAR 2003 THROUGH 2005

Activity: Activity is ongoing.

MILESTONE: NSIC WILL TIMELY RESPOND TO ANY OFFER MADE UNDER A BUY/SELL AGREEMENT IN INVESTMENTS TO WHICH NSIC IS A PARTY

Activity: No buy-sell offers were made during the quarter.

MILESTONE: NSIC WILL ATTEND ALL REGULAR AND SPECIAL MEETINGS OF THE OWNERS FOR COMPANIES IN WHICH NSIC HAS A DIRECT OWNERSHIP INTEREST, OTHER THAN PASSIVE EQUITY INTEREST, AND A RIGHT TO ATTEND AND PARTICIPATE IN THE MEETING.

Activity: NSIC attended the GFC quarterly meeting on March 4, 2005.

MILESTONE: NSIC WILL INCREASE ITS LEVEL OF EQUITY INVESTMENT IN THE FISHING INDUSTRY BY THE END OF THE 4TH QUARTER 2005

Activity: No new NSIC equity investments in the fishing industry were consummated in the quarter.

Funding for Harvesting and Tendering Vessel

MILESTONE: NSIC WILL EVALUATE THE POTENTIAL FOR INVESTMENT IN ONE OR MORE BERING SEA FISHING VESSELS BY THE END OF THE FOURTH QUARTER OF EACH YEAR 2003 THROUGH 2005

Activity: Activity is ongoing.

MILESTONE: NSIC WILL TIMELY RESPOND TO ANY OFFER MADE UNDER A BUY/SELL AGREEMENT IN INVESTMENTS TO WHICH NSIC IS A PARTY

Activity: No buy-sell offers were made during the quarter.

MILESTONE: NSIC WILL ATTEND ALL REGULAR AND SPECIAL MEETINGS OF THE OWNERS FOR COMPANIES IN WHICH NSIC HAS A DIRECT OWNERSHIP INTEREST, OTHER THAN PASSIVE EQUITY INTEREST, AND A RIGHT TO ATTEND AND PARTICIPATE IN THE MEETING

Activity: NSIC attended the GFC quarterly meeting on March 4, 2005.

MILESTONE: NSIC WILL HAVE AN INTEREST IN ONE OR MORE ADDITIONAL HARVEST VESSELS BY THE END OF THE FOURTH QUARTER 2005.

Activity: Activity is ongoing.

Fund for IFQ Purchases

MILESTONE: NSIC WILL EVALUATE THE POTENTIAL FOR ACQUISITION OF ADDITIONAL QUOTA SHARE BY THE END OF THE FOURTH QUARTER OF EACH YEAR 2003 THROUGH 2005, AND WILL ACQUIRE ADDITIONAL QUOTA SHARE BY THE END OF THE FOURTH QUARTER 2005

Activity: Activity is ongoing.

MILESTONE: NSIC WILL PUT THE IFQ IT OWNS OUT FOR HARVEST, AND HARVEST AS MUCH AS REASONABLY POSSIBLE BY THE END OF THE FOURTH QUARTER EACH YEAR

Activity: Activity is ongoing.

Education, Employment and Training Program – Education & Training Component

MILESTONE: NSEDC WILL HAVE PROVIDED FISHERIES SKILLS TRAINING OPPORTUNITIES UNDER THIS CDP FOR 45 RESIDENTS OF THE REGION OR OF NEARBY COMMUNITIES BY THE END OF THE FOURTH QUARTER OF EACH YEAR.

Activity: A Fisheries Safety Orientation class was held at the Alaska Vocational Technical Center in Seward from February 6 – 16, 2005 in which eighteen residents were given the opportunity for training, with thirteen residents successfully completing the course and receiving their certification.

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 \$57,259.50 to 47 students in post-secondary scholarships and \$8,750 to 7 students in vocational scholarships during the first quarter.

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

Activity: No activity this quarter.

MILESTONE: NSEDC WILL EVALUATE AND FUND AT LEAST ONE K-12 SUPPORT PROGRAM/PROJECT BY THE END OF THE FOURTH QUARTER EACH YEAR.

Activity: NSEDC evaluated the Implementation Plan for Orienteering and Navigation Clubs for eight schools in the region during the first quarter, with the remaining schools to come in line in the fall of 2005. This program for the students will incorporate: Local knowledge with regard to weather and navigation; Proper use of GPS units; Proper use of compass and topographical maps and Teach the orienteering competitive model. This program will also offer a healthy alternative to drugs and alcohol.

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: Twenty-three residents of member communities or of nearby communities received \$235,746.01 in crew share wages from Glacier Fish Company during the first quarter.

Two residents were employed by NSSP in shoreside employment positions earning \$739.60 in wages during the first quarter.

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

Activity: No activity this quarter.

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

Activity: Three internship positions were sponsored by NSEDC at NSEDC Norton Sound Fisheries R & D (1), Glacier Fish Company (1) and the Native Village of Unalakleet (1). The following is a list of the interns and internship positions.

NSEDC Salmon Rehabilitation & Enhancement Program

- Vaughn Munn, Fisheries Technician (Nome)

Glacier Fish Company

- Hayley Asicksik, Administrative Intern (Shaktoolik/Anchorage)

Native Village of Unalakleet

- Adrienne Blatchford, Administrative Intern (Unalakleet)

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 2005.

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 and reviewed investment performances on January 19, 2005.

Revolving Loan Program

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

Activity: The NSEDC Financial Advisory Committee met and reviewed the Revolving Loan Program on January 20, 2005.

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

Activity: The NSEDC Financial Advisory Committee met and reviewed the Revolving Loan Program on January 20, 2005.

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 fisheries development plan for 2005 was completed by the program manager for Norton Sound Fisheries Research and Development during the first quarter and presented to the board in April.

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

Activity: NSEDC continued the Community-Based Fishery Development Project in the first quarter, visiting the communities of Diomede, Wales, Brevig Mission and Savoonga to conduct the project.

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 OF EACH YEAR.

Activity: A salmon rehabilitation and enhancement plan for 2005 was completed by the program manager for Norton Sound Fisheries Research and Development during the first quarter and presented to the board in April.

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

Activity: Three NSEDC projects were approved for continuation by the Norton Sound Steering Committee, including the Juvenile Chum Salmon Ecology Study, the Chum and Coho Salmon Fecundity Study and the Coho Salmon Production Study. These projects took place during the second and third quarters with some project tasks taking place and continuing in the fourth quarter.

Shoreside Infrastructure Improvements Program

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

Activity: NSEDC evaluated the possibility of providing financial support for construction of a multi-purpose building in Unalakleet, Savoonga, Brevig Mission and Shaktoolik during the first quarter.

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

Activity: No activity this quarter.

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

Activity: NSSP Management made their recommendations for the 2005 operations during the April board of directors meetings.

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: This activity continues to be coordinated by NSEDC and Glacier Seafood International. Also, NSEDC recently established a joint venture arrangement with Royal Aleutian Seafoods for the processing and sales for NSEDC CDQ crab. The CDQ Norton Sound red king crab harvested out of Nome is directly marketed by NSSP.

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: Norton Sound Vessel Management prepares, in conjunction with the NSSP Operations Plan, proposed operations for NSVM for the upcoming season. These plans were presented to the board at the meetings in April 2005.

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

Activity: Norton Sound Vessel Management prepares, in conjunction with the NSSP Operations Plan, proposed operations for NSVM for the upcoming season. These plans were presented to the board at the meetings in April 2005.

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 evaluated the Implementation Plan for Orienteering and Navigation Clubs for eight schools in the region during the first quarter, with the remaining schools to come in line in the fall of 2005. This program for the students will incorporate: Local knowledge with regard to weather and navigation; Proper use of GPS units; Proper use of compass and topographical maps and Teach the orienteering competitive model. This program will also offer a healthy alternative to drugs and alcohol.

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

Activity: Fifty-four applicants received scholarships during the first quarter and eighteen potential trainees were contacted regarding the Fisheries Safety Orientation Class scheduled for February during the first quarter.

Other Fund Management

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

Activity: The NSEDC Financial Advisory Committee met and reviewed investment performance and asset allocation on January 19, 2005.

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

Activity: NSEDC and NSIC monitored all income-producing investments during the quarter and presented a report to the board at the NSIC

Management Committee meeting and the NSEDC Financial Advisory Committee meeting in January.

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: NSEDC held a board training session in Anchorage from February 28 – March 3. This training was facilitated by Dennis McMillan with the Foraker Group.

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 policies during the quarter.

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

Activity: NSEDC, GFC and NSV continued to screen all applicants for training and seafood industry employment opportunities during the 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 evaluated the Implementation Plan for Orienteering and Navigation Clubs for eight schools in the region during the first quarter, with the remaining schools to come in line in the fall of 2005. This program for the students will incorporate: Local knowledge with regard to weather and navigation; Proper use of GPS units; Proper use of compass and topographical maps and Teach the orienteering competitive model. This program will also offer a healthy alternative to drugs and alcohol.

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: 2004 Community Benefit Shares continued to be transmitted to the communities during the first quarter.

A. Outreach

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

- NSEDC Board of Directors held their 2004 fourth quarter meetings in Nome from January 19 – 21 at the Bering Straits Native Corporation Board room, these meetings were open to the public.
- NSEDC Board of Directors notified residents of the 2004 fourth quarter meetings by placing an ad in the Nome Nugget Newspaper.
- The 2004 fourth quarter reports were mailed out to each member community city office, NSEDC Board Member and Community Outreach Liaison.
- NSEDC placed a number of newspaper advertisements during the first quarter, please see the attachments to this report.
- NSEDC has Community Outreach Liaisons in thirteen of our member communities with the EET office and the NSSC office serving the communities of Unalakleet and Nome, respectively. The NSEDC liaisons are sent informational fliers, applications, and other various information to disseminate to residents in their communities.
- NSEDC staff traveled to Wales, Brevig Mission, Diomedede and Savoonga with the professors from the University of Rhode Island to conduct the Community-Based Fishery Development Project.
- NSEDC is represented on the Norton Sound Salmon Research and Restoration Steering Committee by Simon Kinneen. Simon participated in two meetings with this committee during the quarter.
- NSEDC is represented on the Norton Sound Regional Planning Team by Simon Kinneen, who is a co-chair of the group. Simon participated in a meeting with this team during the quarter.
- NSEDC has a web page on the internet (www.nsedc.com) in which constituents can access quarterly reports, newsletters, applications, and information regarding opportunities with NSEDC.

B. Employment

Employment Data Form

**Table 1
EMPLOYMENT DATA FORM
March 31, 2005**

	Quarter		Year-to-Date	
	People	Wages	People	Wages
Management/Administrative				
NSEDC	2	\$23,953.25	2	\$23,953.25
NSSP	5	\$67,404.28	5	\$67,404.28
Total Management/Administrative	7	\$91,357.53	7	\$91,357.53
CDQ Pollock Related				
A/B Season	17	\$203,428.85	17	\$203,428.85
C/D Season	0	\$0.00	0	\$0.00
Total Pollock Related	17	\$203,428.85	17	\$203,428.85
NSSP Employment	2	\$739.60	2	\$739.60
Other NSEDC Employment				
Skippers, Deckhands, Shoreside, etc.	0	\$0.00	0	\$0.00
Total Other NSEDC Empl.	0	\$0.00	0	\$0.00
Other Fishing				
GFC - Longline	6	\$32,317.16	6	\$32,317.16
NSV - Crab	0	\$0.00	0	\$0.00
Icicle Seafoods	1	\$8,829.39	1	\$8,829.39
O/A Norton Sound Winter Red King Crab	3	\$16,510.50	3	\$16,510.50
O/A Norton Sound Red King Crab	0	\$0.00	0	\$0.00
NSEDC CDQ Red King Crab	0	\$0.00	0	\$0.00
YDFDA CDQ Red King Crab	0	\$0.00	0	\$0.00
Norton Sound Salmon	0	\$0.00	0	\$0.00
NSEDC CDQ Halibut	0	\$0.00	0	\$0.00
Total Other Fishing	10	\$57,657.05	10	\$57,657.05
NSEDC Community Outreach Liaisons	12	\$18,000.00	12	\$18,000.00
Interns				
NSEDC Administration	0	\$0.00	0	\$0.00
NSEDC Salmon Rehab.	1	\$6,447.59	1	\$6,447.59
Alaska Dept. of Fish & Game	0	\$0.00	0	\$0.00
Kawerak, Inc.	0	\$0.00	0	\$0.00
Native Village of Unalakleet	1	\$2,945.63	1	\$2,945.63
Glacier Fish Company	1	\$7,868.20	1	\$7,868.20
Total Interns	3	\$17,261.42	3	\$17,261.42
GRAND TOTALS	51	\$388,444.45	51	\$388,444.45
	NSEDC =	\$59,214.67	NSEDC =	\$59,214.67
	NSSP =	\$84,654.38	NSSP =	\$84,654.38
	Partners =	\$244,575.40	Partners =	\$244,575.40

Employment Summary

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

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

Community Breakdown: 4 employees for Shishmaref
2 employees from Anchorage
2 employees from Stebbins
1 employee from Nulato
1 employee from White Mountain
1 employee from Koyuk
1 employee from Unalakleet
1 employee from Nome
1 employee from Teller
1 employee from Shaktoolik
1 employee from Elim
1 employee from Kaltag

NSSP Employment – Two employees were employed by NSSP at regional facilities during the quarter.

Community Breakdown: 2 employees from Nome

Other Fishing –

Six residents of member communities or of nearby communities were employed aboard the *F/V Norton Sound* and *F/V Glacier Bay* during the quarter.

Community Breakdown: 2 employees from Nome
1 employee from Elim
1 employee from Stebbins
2 employees from Shishmaref

One resident from Unalakleet was employed by Icicle Seafoods during the quarter.

Three residents from Nome sold Open Access Norton Sound Winter red king crab to the Norton Sound Seafood Center during the quarter.

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

Community Breakdown: 1 liaison from St. Michael
1 liaison from Stebbins
1 liaison from Shaktoolik

1 liaison from Koyuk
1 liaison from White Mountain
1 liaison from Brevig Mission
1 liaison from Teller
1 liaison from Wales
1 liaison from Diomede
1 liaison from Savoonga
1 liaison from Gambell
1 liaison from Elim

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

Community Breakdown: 1 intern from Nome
1 intern from Unalakleet
1 intern from Shaktoolik/Anchorage

C. Training

Training Data Form

**Table 2
TRAINING DATA FORM
March 31, 2005**

	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-Secondary	47	\$57,259.50	47	\$57,259.50
Vocational	7	\$8,750.00	7	\$8,750.00
Voc-Tech				
Basic				
Advanced				
Other Training				
Fisheries Related	13	\$32,081.69	13	\$32,081.69
Student Loans				
CDQ Staff				
CDQ Board	15	\$19,000.00	15	\$19,000.00
Other				
Other Expenditures				
To Education Institute				
Education Endowment				
TOTAL	82	\$117,091.19	82	\$117,091.19

Training Summary

Scholarships –

Fifty-four students received post-secondary and vocational scholarships in the quarter.

Community Breakdown: 30 recipients from Nome
1 recipient from Stebbins
1 recipient from Golovin
3 recipients from White Mountain
14 recipients from Unalakleet
2 recipients from Shishmaref
1 recipient from Shaktoolik
2 recipients from Elim

Other Training –

Fisheries Related – Thirteen trainees out of a pool of eighteen received their certification in Fisheries Safety Orientation Training from AVTEC in Seward, AK during the first quarter.

Community Breakdown: 1 trainee from Nome
5 trainees from Stebbins
1 trainee from Shaktoolik
1 trainee from St. Michael
1 trainee from Gambell
3 trainees from Teller
1 trainee from Koyuk

CDQ Board – Fifteen NSEDC Board Members attended a Board Training Session in Anchorage from February 28 – March 3, 2005.

III. Administration

A. Board Activities

Board of Director Meetings

The NSEDC Board of Directors held their 2004 fourth quarter meetings in Nome from January 20 - 21, with the standing committees meeting on the 19th and 20th.

At-Large Member Selection

The NSEDC Board of Directors selected At-Large Members for their knowledge, experience and expertise in specific areas relating to NSEDC. The following individuals were selected to serve one-year terms on the listed committees:

Eric Osborne	White Mountain	Fisheries Development Committee
Steve Ivanoff	Unalakleet	Fisheries Development Committee
Janice Dickens	Unalakleet	Scholarship Committee
Paul Ivanoff III	Unalakleet	Scholarship Committee
Henry Ivanoff	Unalakleet	Finance Committee
Jack Carpenter	Formerly of Nome	Finance Committee

Board of Director Training

The NSEDC Board of Directors held a training session in Anchorage from February 28 – March 3, 2005. The session was facilitated by Dennis McMillan of The Foraker Group.

Substantial Decisions

During the first quarter a number of items and decisions were reviewed and approved by the NSEDC Board of Directors including: to waive the interest for revolving loans for 2005 in light of the recent fishery disasters/declines; appointment of Simon Kinneen, Charlie Lean and Oscar Takak to represent NSEDC on the Norton Sound Regional Planning Team; approval of the Native Village of Unalakleet Watershed Proposal; and approval of the Hobson Creek Incubation Facility Proposal and

Board Meeting Minutes

Please see Attachment 13

B. State of Alaska Reporting Compliance

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

C. Amendment Status

The status of Amendments to the 2003-2005 Multi-species Community Development Plan (CDP) that were submitted during the first quarter are listed below:

- CDP amendment 05-02NS: This substantial amendment proposed a budget change for the NSEDC Community Benefit Share Program. This amendment was approved by NMFS on March 31, 2005.
- CDP amendment 05-03NS: This substantial amendment proposed to transfer 418.0 mt of annual CDQ of pollock in the Aleutian Islands from NSEDC to BBEDC for harvest by American Seafoods Company vessels. This amendment was approved by NMFS on February 11, 2005.
- CDP amendment 05-04NS: This substantial amendment proposed to transfer 840.0 mt of Pacific cod annual CDQ from APICDA to NSEDC. This amendment was approved by NMFS on February 18, 2005.
- CDP amendment 05-05NS: This technical amendment proposed to transfer 2,400 pounds of opilio crab CDQ from NSEDC to APICDA for harvest by the APICDA harvesting vessels. This amendment was denied by ADF&G on February 25, 2005.

IV. Harvesting Report

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

See the following tables below:

Table 3:	MS CDQ/PSQ Account Status Report 2005
Table 4:	Pollock Target Fishery
Table 5:	Pacific Cod Target Fishery
Table 6:	Atka Mackerel/Pacific Ocean Perch Target Fishery
Table 7:	Yellowfin Sole Target Fishery
Table 8:	Rock Sole Target Fishery
Table 9:	Flathead Sole Target Fishery
Table 10:	Bering Sea Greenland Turbot Target Fishery
Table 11:	Aleutian Islands Greenland Turbot Target Fishery
Table 12:	Bering Sea Sablefish Target Fishery
Table 13:	Aleutian Islands Sablefish Target Fishery
Table 14:	Halibut Harvest Activity
Table 15:	Crab Harvest Activity
Table 16:	CDQ Quota Transfers

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Table 3
MS CDQ/PSQ ACCOUNT STATUS REPORT
through the First Quarter 2005

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Table 4
POLLOCK TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 5
PACIFIC COD TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 6
ATKA MACKEREL /PACIFIC OCEAN PERCH TARGET FISHERIES
(in metric tons)

CONFIDENTIAL

Table 7
YELLOWFIN SOLE TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 8
ROCK SOLE TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 9
FLAT HEAD SOLE TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 10
BERING SEA GREENLAND TURBOT FISHERY
(in metric tons)

CONFIDENTIAL

Table 11
ALEUTIAN ISLANDS GREENLAND TURBOT TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 12
BERING SEA SABLEFISH TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 13
ALEUTIAN ISLANDS SABLEFISH TURBOT TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 14
HALIBUT HARVEST ACTIVITY
(in metric tons)

CONFIDENTIAL

Table 15
CRAB HARVEST ACTIVITY
(in metric tons)

CONFIDENTIAL

Table 16
CDQ QUOTA TRANSFERS
(in metric tons)

B. CDQ Fishing Activities

During the first quarter of 2005, NSEDC conducted CDQ fishing operations for pollock in the BSAI, Pacific cod in the BSAI, and opilio crab in the Bering Sea. 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. Harvest information for each of these target fisheries by quarter are provided in Tables 4 – 14, CDQ halibut in Table 15 and CDQ crab in Table 16.

Pollock

During the first quarter of 2005, NSEDC harvested 12,997 metric tons of Bering Sea CDQ pollock using the *F/V Pacific Glacier* and *F/V Northern Glacier*. This pollock was harvested during the roe fishery in the A season. The GFC vessels started fishing CDQ pollock along with PCC pollock on January 20 and completed CDQ operations on March 14. The CDQ pollock fishery is now finished for the A season. The remaining 13.5 metric tons of A season quota that was not harvested will be rolled-over to the B season for harvest. The B season fishery opens on June 10. See Table 4 for a summary of the CDQ and PSQ harvest in the pollock fishery.

NSEDC transferred the entire allocation of Aleutian Islands CDQ pollock or 418.0 metric tons to BBEDC for harvest by American Seafoods Company vessels. However, none of the transferred CDQ pollock was harvested. This AI pollock will be rolled over to the B season and NSEDC will petition to harvest this quota in the Bering Sea.

Summary of bycatch: The bycatch rate of other CDQ fish species in the pollock target fishery was about 1.1% of the pollock harvest. This bycatch rate was slightly lower than the previous year during the A season fishery when it was 1.3%. The bycatch this year again was made up of a mix of CDQ species including Pacific cod, rock sole, flathead sole and a variety of other flatfish and other species. There was a little bycatch of other Chinook salmon and halibut, well within PSQ caps established for the fishery.

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

Pacific Cod

NSEDC harvested about 1,402 metric tons of Pacific cod in targeted CDQ fishing operations in the Bering Sea and Aleutian Islands during the first quarter using the *F/V Norton Sound* and *F/V Glacier Bay*. These GFC-managed vessels started CDQ fishing operations following the completion of the open access fishery on February 22. The *Glacier Bay* completed one full trip in 26 days of fishing during the month of March. The *Norton Sound* started CDQ operations on February 22 and has completed one full trip and one partial trip and is currently working on the

third CDQ trip in the A season. Our projected timeframe for completion of the A season harvest of CDQ cod is mid-April. The B season CDQ cod fishery opens on June 10. See Table 6 for a summary of the CDQ and PSQ harvest in the cod target fishery.

NSEDC obtained additional CDQ cod available for harvest in the A season by exchanging seasonal quota with APICDA. In effect, NSEDC received additional quota in the A season and APICDA will receive a like amount of quota in the B season. Our harvest strategy is not only to insure the full harvest of CDQ allocations but also to take advantage of currently strong cod harvest rates and good prices currently being received for cod product. This approach will hopefully maximize CDQ royalty payments to NSEDC.

Summary of bycatch: The bycatch rate of other CDQ fish species in the cod target fishery was about 13.7% of the cod harvest. This bycatch rate is about one-half of the rate experienced last year. Bycatch primarily consisted of ‘other species’ including skate and sculpin and non-quota pollock, with smaller amounts of a variety of flatfish and rockfish.

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, and small amounts of cod milt, stomachs and roe.

Sablefish

NSEDC did not conduct fishing operations for sablefish in the BSAI during the first quarter. CDQ fishing operations for sablefish will start during the second quarter of the year.

Greenland Turbot

NSEDC did not conduct targeted fishing operations for CDQ Greenland turbot in the BSAI during the first quarter. CDQ fishing for Bering Sea turbot is scheduled to commence in May. Aleutian Islands turbot will be used only for bycatch allocations.

Atka Mackerel

NSEDC did not harvest CDQ Atka mackerel in the Aleutian Islands during the first quarter. Harvesting plans call for CDQ fishing to start in October or November.

Yellowfin Sole and Rock Sole

There was no directed harvest of CDQ yellowfin sole, rock sole and/or other flatfish fisheries during the first quarter. NSEDC may start a CDQ flathead sole fishery at the end of April and yellowfin sole sometime thereafter.

Halibut

NSEDC did not conduct targeted fishing operations for CDQ halibut in IPHC Area 4D during the first quarter. CDQ halibut fishing in the Norton Sound region will commence in mid-June.

Bering Sea Opilio Crab

During the first quarter, the *F/V Alaskan Beauty* – a vessel which is partially owned by NSEDC - harvested and delivered a total of 331,695 pounds of CDQ opilio crab including both live and dead crab out of a total CDQ allocation of 334,142 pounds (see Table 11). The fishery commenced on January 22 and the final delivery of CDQ crab was made by February 18. The *Alaskan Beauty* made three deliveries and left only 2,447 pounds of the CDQ allocation. Dead loss from this harvest was 3,285 pounds or 1 % of total CDQ poundage delivered.

NSEDC placed and paid for crab observers on the harvesting vessel.

Summary of bycatch: N/A

Processing report: Royal Aleutian Seafoods processed the catch of CDQ opilio at their land-based facility located in Dutch Harbor. NSEDC operated under a joint venture arrangement for the processing and sales of product with Royal Aleutian. Opilio product included no. 1 fancy and Grade A in various sizes of frozen clusters packed in 25-pound boxes.

Norton Sound Red King Crab

There was no directed harvest of CDQ red king crab in Norton Sound during the first quarter. CDQ fishing operations in the Norton Sound region targeting red king crab will start in mid-June prior to the open access fishery.

Bristol Bay Red King Crab

NSEDC did not harvest CDQ red king crab in Bristol Bay during the first quarter. The Bristol Bay red king crab fishery usually commences on October 15 and the CDQ fishery starts thereafter.

St. Matthew Blue King Crab

There was no harvest of CDQ king crab at St. Matthew during the first quarter. This commercial crab fishery is closed again to open access and CDQ harvest in 2005.

Bering Sea Bairdi Crab

There was no harvest of CDQ bairdi crab during the first quarter. This commercial crab fishery is closed again to open access and CDQ harvest in 2005.

Compliance/Enforcement Issues

To the best of our knowledge, the *Northern Glacier*, *Pacific Glacier*, *Norton Sound*, *Glacier Bay*, and *Alaskan Beauty* operated in compliance with applicable federal and state laws and regulations governing the fisheries in the Bering Sea and Aleutian Islands while conducting CDQ harvesting operations on behalf of NSEDC. There were no vessel or fishing violations, illegal activities and/or fines or penalties against these vessels reported by National Marine Fisheries Service Enforcement, U.S. Coast Guard, Alaska Department of Fish and Game or any other regulatory and enforcement agency.

CDQ Crab Custom Processing and Sales Activities

NSEDC continues to operate under a CDQ crab processing agreement with Royal Aleutian Seafoods which includes options for NSEDC-directed custom processing and sales, and joint venture arrangements and profit sharing with Royal Aleutian for the processing and sales of CDQ crab product. During the quarter, NSEDC conducted processing and sales operations related to the 2005 CDQ opilio fishery. Starting this year, NSEDC will expand the processing and sales of CDQ crab with Royal Aleutian into the EAI golden crab fishery, which has just recently been included in the CDQ program along with the rationalization of BSAI crab fisheries. This fishery will most likely start in August 2005 or perhaps later.

2005 Opilio

During the first quarter, NSEDC and Royal Aleutian once again operated under the joint venture option for the processing and sales of product from the CDQ opilio fishery. Royal Aleutian processed the delivered crab from our harvesting vessels into a variety of brine frozen products including 5-8 oz. grade A and number 1 fancy packed in 25-pound cartons totaling over 213,000 pounds of product. Royal Aleutian has not yet been sold the product from this production and it is currently being held in cold storage in Seattle. This crab product should be sold by Royal Aleutian during the next quarter.

V. Confidential Issues

A. Financial Statements

NSEDC Statement of Financial Position (Attachment 1)
NSEDC Statement of Activities (Attachment 2)
NSEDC Statement of Cash Flows (Attachment 3)
NSEDC Administrative Expense Schedule (Attachment 4)
NSEDC Budget to Actuals (Attachment 5)
NSEDC Species Royalty Analysis (Attachment 6)
Glacier Fish Company Report
 Balance Sheet (Attachment 7)
 Comparative Schedule of Operations (Attachment 8)
 Statement of Cash Flows (Attachment 9)
Norton Sound Ventures LLC
 Balance Sheet (Attachment 10)
 Consolidated Income Statement (Attachment 11)
 Statement of Cash Flows (Attachment 12)

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

Attachments to this report include newspaper advertisements and meeting announcements placed during the quarter.