

2006 FIRST QUARTER REPORT
January 1 – March 31, 2006



**NORTON SOUND ECONOMIC
DEVELOPMENT CORPORATION**

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

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I. Quarterly Highlights

- NSEDC standing committees held their 2005 fourth quarter meetings in Nome from January 25 – 26, 2006.
- NSEDC Board of Directors held their 2005 fourth quarter meetings in Nome from January 26 – 27, 2006.
- Glacier Fish Company held their quarterly management meeting on March 7, 2006.
- NSEDC awarded \$132,288.50 to ninety-one residents in scholarships during the first quarter.
- Thirty-five 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 \$393,523.15 in wages in the first quarter.
- A Fisheries Safety Orientation Training class was held at the Alaska Vocational Technical Center in Seward from February 4 – 16, 2006 with nine trainees successfully completing the course and receiving their certification.
- NSEDC staff traveled to the communities of Teller (03/02) and Brevig Mission (03/03) to hold community meetings to discuss a Fishing Adventure Project and the possibility of a commercial sockeye salmon fishery in the area.
- NSEDC staff traveled to the community of Diomedede (03/21) to meet with the community and other various entities on the future development of a runway and navigation improvements project.
- NSEDC held a Liaison Orientation/Training session in Nome on February 16, 2006.
- NSEDC fisheries staff conducted an Overwintering Salmon Study of the lower Pilgrim and Kuzitrin Rivers, collecting salinity, oxygen, water temperature and biological community data.
- Three internships were sponsored by NSEDC during the fourth quarter. Internships were sponsored with NSEDC Administration (2) and NSEDC Norton Sound Fisheries R & D.

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 2005 fourth quarter meetings in Nome from January 25 – 27, 2006.

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 2005 Annual Audit, which was completed in the first quarter and will be presented to the board in the second 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 2006 in December of 2005.

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 2005 Corporate Annual Report began during the first quarter and will be completed and mailed out in the second 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 2005 were submitted to the State of Alaska on February 5, 2006.

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

Activity: The NSEDC 2005 Annual report was submitted to the State of Alaska on February 5, 2006.

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: Harvest agreements were completed for the roll-over of the 2003-2005 CDP to include 2006.

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

Activity: NSEDC and our partners harvested 13,217 metric tons of Bering Sea CDQ pollock using the *F/V Pacific Glacier* and the *F/V Northern Glacier* 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 83,089 pounds of CDQ opilio crab using the *F/V Alaskan Beauty* during the first quarter.

NSEDC and our partners harvested 34,019 pounds of CDQ Eastern Aleutian Islands golden king crab using the *F/V Aleutian No. 1* during the first quarter.

NSEDC and our partners harvested 29,160 pounds of CDQ bairdi crab using the *F/V Nordic Viking* 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 our partners harvested 1,452 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 on directed harvest of CDQ Rock Sole during the 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: There was no directed harvest of CDQ Atka mackerel during the 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 6, 2005, in Anchorage, AK.

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 2005 fourth quarter meetings in January.

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

Activity: NSIC Management Committee met on January 25, 2006.

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 7, 2006.

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

Activity: Activity is ongoing.

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 7, 2006.

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: Acquisition milestone met with the acquisition of the Glacier Bay crab quota. Evaluation of additional quota 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 Training class was held at the Alaska Vocational Technical Center in Seward from February 4 – 16, 2006 with nine trainees 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 \$106,788.50 to seventy-four students in post-secondary scholarships and \$25,500 to seventeen 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: The NSEDC Board of Directors evaluated and approved the proposal from the Nome Elementary School for a Classroom Salmon Incubation Demonstration in the amount of \$6,800.

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: Thirty-five residents of member or nearby communities received \$393,523.15 in crew share wages from Glacier Fish Company during the first quarter.

One resident was employed by NSEDC in a shoreside employment positions earning \$3,420 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 (2) and NSEDC Norton Sound Fisheries R & D (1). The following is a list of the interns and internship positions.

NSEDC Administration

- Olesa Zagharova, Accounting Intern (Gambell)
- Haley Asicksik, Administrative Intern (Anchorage/Shaktoolik)

NSEDC Salmon Rehabilitation & Enhancement Program

- Sandra Morgan, Fisheries Technician (Nome)

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 26, 2006.

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 26, 2006.

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 26, 2006.

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 2006 was completed by the Fisheries Research and Development staff during the first quarter and presented to the board in January.

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

Activity: Fisheries Research and Development staff analyzed Norton Sound crab data in the first quarter to provide state management with options for increasing harvest limits for Norton Sound fishermen. Staff also negotiated for the acquisition of a 66 foot research vessel for conducting development and research projects in Norton Sound.

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 2006 was completed by the Fisheries Research and Development staff in the first quarter and was accepted by the board in January.

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

Activity: The NSEDC FR&D program conducted a sockeye salmon overwintering study on the Pilgrim River system in the first quarter. Additionally, FR&D gave funding to continuing fisheries projects to organizations within the region in preparation for the 2006 field season.

Shoreside Infrastructure Improvements Program

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

Activity: NSEDC re-evaluated the possibility of providing financial support for construction of an addition to the multi-purpose building in Unalakleet in the amount of \$300,000. And NSEDC evaluated the

possibility of funding the Glacier Creek Hydro Project in the amount of \$131,100 during the first quarter.

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

Activity: The final contribution of \$61,000 (\$3 million in total) was submitted to the City of Nome for the Nome Navigation Improvements Project on July 1, 2005.

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 2006 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 2006.

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 2006.

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 implemented the Little Dribblers program for each school site in the region during the first quarter. All fifteen schools received funding for this program during the first quarter which promoted 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: Ninety-one residents received scholarships for post-secondary education and nine residents received fisheries safety orientation training 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 26, 2006.

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: 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 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 implemented the Little Dribblers program for each school site in the region during the first quarter. All fifteen schools received funding for this program during the first quarter which promoted 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: No activity this quarter.

B. Outreach

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

- NSEDC Board of Directors held their 2005 fourth quarter meetings in Nome from January 25 – 27, 2006 at the Bering Straits Native Corporation boardroom; these meetings were open to the public.
- NSEDC Board of Directors notified residents of the 2005 fourth quarter meetings by placing an ad in the Nome Nugget Newspaper.
- The 2005 fourth quarter reports were mailed out to each member community city office, NSEDC Board Member and Community Outreach Liaison.
- NSEDC staff traveled to the communities of Teller (03/02) and Brevig Mission (03/03) to hold community meetings to discuss a Fishing Adventure Project and the possibility of a commercial sockeye salmon fishery in the area.
- NSEDC staff traveled to the community of Diomedede (03/21) to meet with the community and other various entities on the future development of a runway and navigation improvements project.
- 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 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.

C. Employment

Employment Data Form

**Table 1
EMPLOYMENT DATA FORM
March 31, 2006**

	Quarter		Year-to-Date	
	People	Wages	People	Wages
Management/Administrative				
NSEDC	3	\$45,373.76	3	\$45,373.76
NSSP	3	\$30,565.37	3	\$30,565.37
Total Management/Administrative	6	\$75,939.13	6	\$75,939.13
CDQ Pollock Related				
A/B Season	28	\$339,741.45	28	\$339,741.45
C/D Season	0	\$0.00	0	\$0.00
Total Pollock Related	28	\$339,741.45	28	\$339,741.45
NSSP Employment	0	\$0.00	0	\$0.00
Other NSEDC Employment				
Skippers, Deckhands, Shoreside, etc.	1	\$3,420.00	1	\$3,420.00
Total Other NSEDC Empl.	1	\$3,420.00	1	\$3,420.00
Other Fishing				
GFC - Longline	7	\$53,781.70	7	\$53,781.70
O/A Norton Sound Winter Red King Crab	0	\$0.00	0	\$0.00
O/A Norton Sound Red King Crab		\$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		\$0.00	0	\$0.00
Norton Sound Herring	0	\$0.00	0	\$0.00
NSEDC CDQ Halibut		\$0.00	0	\$0.00
Total Other Fishing	7	\$53,781.70	7	\$53,781.70
NSEDC Community Outreach Liaisons	13	\$19,500.00	13	\$19,500.00
Interns				
NSEDC Administration	2	\$2,565.84	2	\$2,565.84
NSEDC Salmon Rehab.	1	\$7,677.38	1	\$7,677.38
Alaska Dept. of Fish & Game	0	\$0.00	0	\$0.00
Kawerak, Inc.	0	\$0.00	0	\$0.00
Native Village of Unalakleet	0	\$0.00	0	\$0.00
Glacier Fish Company	0	\$0.00	0	\$0.00
Total Interns	3	\$10,243.22	3	\$10,243.22
GRAND TOTALS	58	\$502,625.50	58	\$502,625.50
	NSEDC =	\$78,536.98	NSEDC =	\$78,536.98
	NSSP =	\$30,565.37	NSSP =	\$30,565.37
	Partners =	\$393,523.15	Partners =	\$393,523.15

Employment Summary

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

CDQ Pollock – Glacier Fish Company paid wages to 28 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:

- 8 employees from Stebbins
- 1 employee from Nome
- 4 employees from Shishmaref
- 1 employee from Koyuk
- 3 employees from Unalakleet
- 4 employees from Teller
- 1 employee from St. Michael
- 1 employee from Mountain Village
- 1 employee from Nulato
- 3 employees from Anchorage
- 1 employee from Shaktoolik

Other NSEDC Employment – One employee from White Mountain was employed for shoreside projects during the quarter.

Other Fishing –

Seven 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 Shaktoolik
- 1 employee from Nightmute
- 1 employee from Brevig Mission
- 1 employee from Shishmaref
- 1 employee from Elim

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

Community Breakdown:

- 1 liaison from St. Michael
- 1 liaison from Stebbins
- 1 liaison from Shaktoolik
- 1 liaison from Koyuk
- 1 liaison from White Mountain
- 1 liaison from Brevig Mission
- 1 liaison from Teller
- 1 liaison from Wales

1 liaison from Diomede
1 liaison from Savoonga
1 liaison from Gambell
1 liaison from Elim
1 liaison from Golovin

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

Community Breakdown: 1 intern from Gambell
1 intern from Anchorage (Shaktoolik)
1 intern from Nome

D. Training

Training Data Form

**Table 2
TRAINING DATA FORM
March 31, 2006**

	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-Secondary	74	\$106,788.50	74	\$106,788.50
Vocational	17	\$25,500.00	17	\$25,500.00
Voc-Tech				
Basic				
Advanced				
Other Training				
Fisheries Related	9	\$35,865.85	9	\$35,865.85
Student Loans				
CDQ Staff				
CDQ Board			0	\$0.00
Other				
Other Expenditures				
To Education Institute				
Education Endowment				
TOTAL	100	\$168,154.35	100	\$168,154.35

Training Summary

Scholarships –

Ninety-one students received post-secondary and vocational scholarships during the quarter.

Community Breakdown: 9 recipients from White Mountain
 2 recipients from St. Michael
 2 recipients from Anchorage
 4 recipients from Stebbins
 34 recipients from Nome
 4 recipients from Savoonga
 24 recipients from Unalakleet
 3 recipients from Shishmaref
 1 recipient from Koyuk
 3 recipients from Teller
 1 recipient from Shaktoolik
 1 recipient from Golovin
 2 recipients from Elim
 1 recipient from Brevig Mission

Other Training –

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

Community Breakdown: 4 trainees from Teller
2 trainees from Unalakleet
1 trainee from Stebbins
1 trainee from Nome
1 trainee from St. Michael

III. Administration

A. Board Activities

Board of Director Meetings

The NSEDC Board of Directors held their 2005 fourth quarter meetings in Nome from January 26 - 27, with the standing committees meeting from January 25 - 26.

Substantial Decisions

A number of items and proposals were reviewed and approved by the NSEDC Board of Directors during the quarter including: approval of the City of White Mountain's Lumber Production Project in the amount of \$91,539; approval of the Native Village of Unalakleet's Multi-purpose Building addition in the amount of \$300,000; approval of the Norton Sound Health Corporation Injury Prevention Program in the amount of \$31,650; approval of Norton Sound Health Corporation's Tribal Healer Program in the amount of \$22,000; approval of the Unalakleet Schools Rural Student Coordinator project in the amount of \$30,000; approval of the State of Alaska DF&G Salmon Lake Sockeye Salmon Restoration project in the amount of \$16,875; approval of the University of Alaska Fairbanks Norton Sound Region Marine Advisory Program Agent in the amount of \$118,773; approval of the Kawerak, Inc. Escapement Goal Discussion Technical Advisor in the amount of \$19,058; and approval of the Nome Elementary School Classroom Salmon Incubation Demonstration Project in the amount of \$6,800.

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 2003-2006 Multi-species Community Development Plan (CDP) that were submitted during the first quarter are listed below along with CDQ Transfers:

- **Substantial Amendment 06-01NS – City of Nome Harbor Improvement Project:** This amendment will be submitted during the week of January 16th. The full request for funding in the amount of \$555,100 was approved for this project during the October 2005 board meeting. Staff has been working with the City of Nome on revising the 35-year Lease Agreement for the property at the Nome Small Boat Harbor to include the adjacent lot and also on a revised plat of the two lots, so that the easement running between the two is eliminated. A Memorandum of Understanding was drafted outlining the remittance of funds for this project. This amendment was approved by NMFS on February 10, 2006.
- **Substantial Amendment 06-02NS – Stebbins Full-service Truck Purchase:** This amendment was submitted on January 18th requesting to purchase a full-service truck for the City of Stebbins in lieu of a community boat ramp. This amendment was approved by NMFS on February 10, 2006.
- **Substantial Amendment 06-03NS – Native Village of Unalakleet Multi-purpose Bldg:** This amendment was submitted to on February 24th and described NSEDC's proposed contribution of up to \$300,000 for the addition to the Native Village of Unalakleet's Multi-purpose Building. This amendment was approved by the State of Alaska on March 7, 2006 and by NMFS on March 14, 2006.
- **Substantial Amendment 06-04NS – Elim Rock Quarry Project:** This amendment was submitted on March 8th and described NSEDC's proposed contribution of up to \$180,000 to the City of Elim for the development of a Rock Quarry Project. These funds would be used for engineering work, mobilization and demobilization of equipment and core drilling near Cape Darby. This amendment was approved by the State of Alaska on March 30, 2006.
- **Substantial Amendment 06-05NS – White Mountain Forklift & Beach Front Repair:** This amendment was submitted on April 6, 2006 and described NSEDC's proposed contribution of up to \$120,000 to the City of White Mountain for the purchase of a forklift and to finance a beach front repair project. This amendment was changed to a technical amendment and was approved by the State of Alaska on April 11, 2006 and by NMFS on April 13, 2006.

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:	Aleutian Islands Pollock Target Fishery
Table 5:	Bering Sea Pollock Target Fishery
Table 6:	Pacific Cod Target Fishery
Table 7:	Atka Mackerel/Pacific Ocean Perch Target Fishery
Table 8:	Yellowfin Sole Target Fishery
Table 9:	Rock Sole Target Fishery
Table 10:	Flathead Sole Target Fishery
Table 11:	Bering Sea Greenland Turbot Target Fishery
Table 12:	Aleutian Islands Greenland Turbot Target Fishery
Table 13:	Bering Sea Sablefish Target Fishery
Table 14:	Aleutian Islands Sablefish Target Fishery
Table 15:	Halibut Harvest Activity
Table 16:	Crab Harvest Activity
Table 17:	CDQ Quota Transfers

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Table 3
MS CDQ/PSQ ACCOUNT STATUS REPORT
through the First Quarter 2006

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Table 4
ALEUTION ISLANDS POLLOCK TARGET FISHERY
(in metric tons)

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Table 5
BERING SEA POLLOCK TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 6
PACIFIC COD TARGET FISHERIES
(in metric tons)

CONFIDENTIAL

Table 7
ATKA MACKEREL/PACIFIC OCEAN PERCH TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 8
YELLOWFIN SOLE TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 9
ROCK SOLE TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 10
FLATHEAD SOLE TURBOT FISHERY
(in metric tons)

CONFIDENTIAL

Table 11
BERING SEA GREENLAND TURBOT TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 12
ALEUTIAN ISLANDS GREENLAND TURBOT TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 13
BERING SEA SABLEFISH TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 14
ALEUTIAN ISLANDS SABLEFISH TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 15
HALIBUT HARVEST ACTIVITY
(in metric tons)

CONFIDENTIAL

Table 16
CRAB HARVEST ACTIVITY
(in metric tons)

CONFIDENTIAL

Table 17
CDQ QUOTA TRANSFERS
(in metric tons)

B. CDQ Fishing Activities

During the first quarter of 2006, NSEDC conducted CDQ fishing operations for pollock in the Bering Sea, Pacific cod in the BSAI, golden king crab in the eastern Aleutian Islands, and bairdi 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 1. Harvest information for each of these target fisheries by quarter are provided in Tables 3-14, CDQ halibut in Table 15 and CDQ crab in Table 16.

Pollock

During the first quarter of 2006, NSEDC harvested about 13,217 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 the CDQ harvest on March 18. The CDQ pollock fishery has now been completed for the A season. The remaining roughly 17 metric tons of A season quota that was not harvested will be rolled-over for harvest in the B season. The B season fishery opens on June 10. See Table 4 for a summary of the CDQ and PSQ harvest in the pollock target fishery.

NSEDC successfully petitioned NMFS to reallocate the entire 418 metric tons of Aleutian Islands CDQ pollock for harvest in the Bering Sea. The A season allotment of this quota was harvested during this quarter and is reflected in the total harvest data above and in Table 4.

Summary of bycatch: The bycatch rate of other CDQ fish species in the pollock target fishery was about 0.6% of the pollock harvest. This bycatch rate was substantially lower than last year's rate during the A season fishery of 1.1%. The bycatch this year again was made up of a mix of CDQ species including Pacific cod, rock sole, flathead sole, other species and a variety of other flatfish. The bycatch of salmon and halibut were 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 1,452 metric tons of Pacific cod in targeted CDQ fishing operations in the Bering Sea and Aleutian Islands during the first quarter. NSEDC again employed GFC-managed vessels, the *F/V Norton Sound* and *F/V Glacier Bay*, for the CDQ harvest. These vessels started CDQ fishing operations following the completion of the open access fishery on February 18 and completed the harvest on March 30. The entire CDQ cod allocation in the A season for the target

fishery has now been harvested. 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.

Summary of bycatch: The bycatch rate of other CDQ fish species in the cod target fishery was about 14.6% of the cod harvest. 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

There was no directed harvest of CDQ sablefish in the BSAI during the first quarter. CDQ targeted fishing operations for sablefish will start during the second quarter of this year.

Greenland Turbot

There was no directed harvest of CDQ Greenland turbot in the BSAI during the first quarter. CDQ turbot allocations in the BSAI will be used for bycatch allowances only.

Atka Mackerel/Pacific Ocean Perch

There was no directed harvest of CDQ Atka mackerel and POP in the Aleutian Islands during the first quarter. CDQ harvesting operations for these target fisheries will most likely start in October or November.

Yellowfin Sole and Rock Sole

There was no directed harvest of any CDQ sole or flatfish during the first quarter. CDQ fishing operations for these sole or flatfish species and fisheries may commence during the next quarter in April or May.

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 probably commence in mid-June.

Bering Sea Opilio Crab

During the first quarter of the year, the *F/V Alaskan Beauty* – a vessel which is partially owned by NSEDC - harvested and delivered a total of 83,089 pounds of CDQ opilio crab (see Table 16). The vessel started CDQ fishing operations on

March 6 after a considerable delay due to weather and ice conditions in the Bering Sea. The *Alaskan Beauty* is fishing both CDQ and IFQ crab in combination which is now allowed under the crab rationalization program. Dead loss from this harvest was 2,819 pounds or 3.4 % of total CDQ poundage harvested and delivered. The *Alaskan Beauty* and *Aleutian No. 1* are continuing the CDQ/IFQ opilio crab harvest and will probably be finished by the end of April.

Summary of bycatch: N/A

Processing report: Royal Aleutian Seafoods is processing the catch of CDQ opilio working under a custom processing arrangement with UniSea at their land-based seafood processing facility located in Dutch Harbor. NSEDC is once again operating under a joint venture agreement with Royal Aleutian. Opilio product includes No. 1 fancy and Grade A in various sizes of frozen clusters packed in 25 and 40 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 directed harvest CDQ red king crab in Bristol Bay during the first quarter. The Bristol Bay red king crab fishery for both CDQ and IFQ harvest will open in mid-August and NSEDC fishing operations will probably commence in October-November.

Eastern Aleutian Islands Golden King Crab

During the first quarter, the *F/V Aleutian No. 1* harvested and delivered 34,019 pounds of CDQ golden king crab in a single trip at the end of January. The vessel had previously harvested a portion of this crab quota in December of 2005. The 2005/2006 CDQ golden king crab fishery is now completed. The CDQ fishery was conducted in combination with the newly rationalized crab IFQ fishery. Dead loss was 546 pounds or 1.6% of the total catch. The initial price paid for this crab was \$2.60 per pound.

Summary of Bycatch: There was no reported bycatch of other crab species in this fishery.

Processing Report: UniSea processed the catch of CDQ golden king crab at their shoreside plant located in Dutch Harbor. Product included various sizes and grades of frozen sections packed in 25 and 40 pound boxes.

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 2006.

Bering Sea Bairdi Crab

During the first quarter, the *F/V Nordic Viking* harvested and delivered 29,160 pounds of CDQ bairdi crab in a single trip at the end of March. The CDQ fishery was conducted in combination with the newly rationalized crab IFQ fishery. Dead loss was 165 pounds or about one-half of one percent of the total catch. The initial price paid for this crab was \$1.30 per pound.

Summary of Bycatch: There was no reported bycatch of other crab species in this fishery.

Processing Report: Icicle Seafoods processed the CDQ crab at their processing facility in St. Paul. Product included various sizes and grades of frozen sections packed in 25 and 40 pound boxes.

Compliance/Enforcement Issues

To the best of our knowledge, the vessels under contract to NSEDC including the *Northern Glacier*, *Pacific Glacier*, *Norton Sound*, *Glacier Bay*, *Alaskan Beauty*, *Aleutian No. 1* and the *Nordic Viking* all 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

2005-2006 CDQ Bristol Bay red king crab – NSEDC entered into an agreement with the newly reformed Royal Aleutian Seafoods/Bering Sea Partners (RAS) for the processing and sales of CDQ red king crab. RAS has a custom processing arrangement with UniSea to process CDQ and IFQ crab at their processing plant in Dutch Harbor. Under our joint venture agreement, NSEDC will receive a processing royalty in a range based on the final ex-vessel value and harvesters' share of first wholesale price of crab product. This arrangement resulted in the payment of about \$43,000 in processing royalties for this crab fishery.

2005-2006 CDQ Eastern Aleutian Islands golden king crab – NSEDC entered into an agreement with RAS for the processing and sales of CDQ golden king crab similar in form to the agreement for red king crab. Under this joint venture arrangement, NSEDC will receive a fixed royalty rate based on the final ex-vessel

value and harvesters' share of first wholesale price of product to be determined. This processing royalty is estimated to be about \$5,500 for this fishery.

2005-2006 CDQ opilio crab – During the first quarter, NSEDC and RAS negotiated and finalized a new agreement for the processing and sales of CDQ opilio crab for this year. This new agreement is very similar to past agreements with the old RAS where NSEDC and RAS share equally (50/50%) in the net sales value of product from the CDQ fishery. The CDQ opilio fishery is currently underway and therefore we have no estimates of CDQ processing royalties.

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 Flow (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.