

2002 THIRD QUARTER REPORT

July 1 – September 30, 2002



NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

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I. Quarterly Highlights

- NSEDC standing committees held their 2002 second quarter meetings in Nome on July 17 – 19, 2002.
- NSEDC Board of Directors held their 2002 second quarter meetings in Nome on July 18 – 19, 2002.
- NSEDC Board of Directors held a Special Executive Committee Meeting in Anchorage on August 26, 2002 to discuss the NSEDC 2003-2005 Multi-species CDP Application.
- NSEDC Board of Directors held a Special Executive Committee Meeting in Anchorage, on August 28, 2002 to discuss the NSEDC 2003-2005 Multi-species CDP Application.
- NSEDC Board of Directors held a Special Board Meeting in Nome on September 16, 2002 to discuss the NSEDC 2003-2005 Multi-species CDP Application and the State of Alaska's allocation recommendations to NMFS.
- Glacier Fish Company held their quarterly management meeting on September 26, 2002.
- Norton Sound Ventures LLC . held their quarterly management meeting on September 26, 2002.
- NSEDC and NSSP held a Grand Opening Celebration for the Norton Sound Seafood Center in Nome on July 19, 2002.
- NSEDC awarded \$25,000.00 to twenty residents in vocational scholarships during the third quarter of 2002.
- NSEDC awarded \$83,089.00 to seventy-two residents in post-secondary scholarships during the third quarter of 2002.
- Twenty-eight residents worked on the *F/T Northern Glacier*, *F/T Pacific Glacier* and the *F/V Norton Sound* earning a total of \$208,333.37 in wages in the third quarter.
- Two residents worked with Icicle Seafoods earning a total of \$5,624.82 in wages in the third quarter.
- NSEDC sponsored a Global Positioning Satellite (GPS) Training Session in Koyuk on August 19, 2002, in which twenty-eight residents attended the training.
- NSEDC sponsored three residents from Elim to receive Asbestos Abatement Certification training in Anchorage from July 22 – 26, 2002.

- The F/V Glacier Bay was christened in Seattle on September 28, 2002.
- A total of thirty-five internship positions were sponsored by NSEDC at various organizations including NSEDC, NSSP, Glacier Fish Company, Bering Straits School District, Norton Sound Health Corporation, Kawerak, Inc., Alaska Department of Fish & Game, Icicle Seafoods, and Native Village of Unalakleet during the third quarter
- During the Open Access Norton Sound red king crab season NSSP purchased a total of 180,711 lbs of open access quota from nineteen Norton Sound fishermen for a total value to the fishermen of \$616,000.
- The Governor of Alaska declared the Norton Sound and other areas of Western Alaska salmon fisheries an economic disaster once again in 2002.
- NSSP had the Unalakleet plant open and ready for processing, however, did not operate until the first coho period on July 25th. Only twelve permit holders participated in this commercial fishery. According to ADF&G records the 2002 Norton Sound salmon season was the poorest season on record. As a result, the total value to the fishermen was only \$2,941.00. The previous low was in 1965 with a total value to fishermen of \$21,483.00.
- NSEDC Salmon Rehabilitation and Enhancement Program continued in the third quarter with the Safety Sound Fyke Netting Project, Chum & Coho Fecundity Project, and the Egg Survival Project.
- NSEDC sponsored the 2002 Youth Fishing Project throughout the region during the second and third quarters. This included spring clean-ups and various fishing derbies and was also co-sponsored by Nome Outfitters and Bering Air.

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 second quarter meetings in Nome on July 18 & 19, 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 second quarter meetings in Nome on July 17 & 18, 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: The 2001 NSEDC Annual Audit was performed by KPMG and completed on April 12, 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: The NSEDC Corporate Annual Report was completed and mailed to each post office boxholder in NSEDC's member communities during the third 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 second quarter of 2002 were submitted to the State of Alaska on July 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: The NSEDC 2002 Omnibus Budget Plan Amendment was submitted to the State of Alaska on June 28, 2002.

CDQ Harvest Management

MILESTONE: BY THE END OF THE THIRD QUARTER OF THE 2002 NEGOTIATE NEW HARVEST AGREEMENTS FOR ALL MULTI-SPECIES CDQ.

Activity: CDQ Harvest Management completed the negotiations with each harvesting partner for new or continued harvesting agreements during the second quarter. These agreements were submitted in the NSEDC 2003-2005 Multi-species CDP Application.

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 harvested 18,520 metric tons of CDQ pollock in the Bering Sea using the Glacier Fish Company vessels the *F/V Pacific Glacier* and the *F/V Northern Glacier* during the third 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 directed harvest of CDQ Bristol Bay red king crab, CDQ St. Matthew blue king crab or CDQ opilio crab during the third quarter of 2002.

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 harvested 725 metric tons of CDQ pacific cod in the Bering Sea using the Glacier Fish Company vessel the *F/V Norton Sound* during the third quarter.

NSEDC contracted harvester the *F/V Miss Conception* harvested 18.8 metric tons of CDQ sablefish during the third quarter.

There was no directed harvest of CDQ Greenland Turbot during the third 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 third 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 directed harvest of Atka Mackerel during the third quarter.

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

Activity: There were no NFMC meetings during the third quarter of 2002.

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 third 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: This milestone has been met and continues to take place in confidential meetings with GFC.

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: NSEDC/NSIC did evaluate the possibility of borrowing money under the CDQ Loan Program during the third quarter.

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

Activity: NSEDC did not acquire a second freezer longliner, but Glacier Fish Company LLC and Norton Sound Ventures LLC purchased the *F/V Glacier Bay* during the third quarter.

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: NSEDC EET Staff prepared for the third Fisheries Skills Training session of the year during the third quarter, which takes place in Seward during October 2002.

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 \$25,000.00 to twenty residents in vocational scholarships and \$83,089.00 to seventy-two residents in post-secondary scholarships during the third 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 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: Twenty-eight residents received \$208,333.37 in crew share wages from Glacier Fish Company during the third quarter.

Two residents were employed by Icicle Seafoods and earned \$5,624.82 in wages during the third quarter.

Sixty-seven residents were employed by NSSP at various regional plants and earned \$120,575.99 in wages during the third quarter.

Year-to-date, NSEDC, NSSP, GFC & Icicle have employed 150 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 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: Thirty-five internship positions were sponsored by NSEDC at various organizations during the third quarter. The following is a list of the organizations, interns and internship positions.

NSEDC

- Leslie Richards, Administrative Intern (White Mountain)
- Hayley Asicksik, Accounting Intern (Anchorage)

NSSP

- Nancy Bahnke, Live Crab Technician Intern (Nome)

NSEDC Salmon Rehabilitation & Enhancement Program

- Brandon Dewey, Fisheries Technician (Koyuk)
- Chris Albrecht, Fisheries Technician (Canada)

Glacier Fish Company

- Heather Dickens, GFC Intern, (Unalakleet)

Alaska Department of Fish & Game

- Peter Nanouk, Field Camp Coordinator Intern (Unalakleet)
- Milton Kakaruk, Salmon Lake & Salmon Rehabilitation Intern (Nome)
- Nicholas Gray, Nome Weir Intern (White Mountain)
- Mitch Demientieff, Niukluk Tower Intern (Nome)
- Paul Bekoalok, Niukluk Tower Intern (Unalakleet)
- Rhonda Sparks, Camp Coordinator Assistant Intern (Nome)
- Kevin Strong, Kwiniuk Tower Intern (Nome)
- Marlin Paul, Kwiniuk Tower Intern (Nome)

Kawerak, Inc. Fisheries Program

- Michael Looney, Lead Fisheries Technician Intern (Nome)
- Harold O'Conner, Fisheries Technician Intern (Nome)
- Chase Gray, Fisheries Technician Intern (White Mountain)
- Alvin Ivanoff, Fisheries Technician Intern (Nome)
- Daniel Angusuk, Fisheries Technician Intern (Nome)
- Nathaniel Simon, Fisheries Technician Intern (White Mountain)

Kawerak, Inc. Administration

- Eda Keller, Summer Youth Coordinator Intern (Nome)
- Jamie Adams, JOM/ASA Coordinator Intern (Nome)
- Loki Tobin, Administrative Intern, (Nome)
- Rhonda Hanebuth, Administrative Intern for the Native Village of Council

Norton Sound Health Corporation

- Charlene Holmes, Chaplain Services Intern (Nome)
- Gail Smithhisler, Accounting Intern (Nome)

Bering Strait School District

- Christopher Acoman, Construction Intern (St. Michael)
- Sonya Ivanoff, Administrative Intern (Unalakleet)

Native Village of Unalakleet - Enumeration

- Arley Nanouk, Enumerator Technician Intern (Unalakleet)

Native Village of Unalakleet - Construction

- Charles Doty, Jr., Construction Intern (Unalakleet)
- Luke Savetilik, Construction Intern (Unalakleet)
- Isaiah Woods, Construction Intern (Unalakleet)
- Jessie Ryan, Construction Intern (Unalakleet)
- Allen Savetilik, Jr., Construction Intern (Unalakleet)
- Justin Nanouk, Construction 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 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 July 18, 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 4TH QUARTER EACH YEAR.

Activity: This is done by the 4th quarter.

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

Activity: The NSEDC Financial Advisory Committee met on July 18, 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 and Norton Sound Ventures 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 two fisheries development projects in the first quarter. He conducted a crab survey in Wales and a crab tagging study in the communities of Elim, Unalakleet, Shaktoolik, Stebbins and St. Michael that continued 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: Completed in the second quarter.

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

Activity: Completed in the second quarter.

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: NSEDC/NSSP relocated the ice machine from Koyuk to Golovin after evaluating the need for more fisheries support in Golovin for the crab fishermen.

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.

Final documents were received from the USACE regarding the Unalakleet Navigation Improvement Project during the second quarter, allowing NSEDC staff to finalize the evaluation and began the coordination of submitting an amendment to the 2001-2002 Multi-species CDP to provide funding for this project.

NSEDC evaluated and approved a Beach Repair Project in Diomedes during the third quarter.

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

Activity: The Project Cooperation Agreement (PCA) between the City of Nome and the USACE was finalized and signed by both parties on May 20, 2002. In accordance with the Memorandum of Understanding between the City of Nome and NSEDC, NSEDC's first contribution to the project is to be made within thirty days after signature of the PCA. The first transfer of funds for this project from NSEDC to the City of Nome was made on June 26, 2002, in the amount of \$1,125,000.00.

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: NSEDC received the FY 2003 CDQ Fee Payment Notice from the State of Alaska on June 20, 2002. This fee has increased from \$250,000 to \$256,000. NSEDC's portion of this fee will be \$49,122.44 (21.68%), which was remitted during the third quarter (by August 5, 2002).

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 proposed 2002 seasonal operations to the NSEDC Board of Directors at the April 2002 meeting. NSSP does market, both locally and out of Nome, the CDQ Norton Sound red king crab out of the Norton Sound Seafood Center in Nome.

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

Activity: Completed in the second quarter.

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. NSSP does market, both locally and out of Nome, the CDQ Norton Sound red king crab out of the Norton Sound Seafood Center in Nome.

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: Completed in the second quarter.

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: Completed in the second quarter.

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 September 26, 2002, in Seattle to review the 2002 second quarter financial information and other issues.

MILESTONE: CONTINUE TO SUCCESSFULLY MARKET CDQ CRAB PRODUCTION FOR NSEDC

Activity: Sales programs are in place with Red Lobster (a national chain of restaurants).

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: Third 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 second quarter GFC had spent about \$2 million 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: No activity this quarter.

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: Audit was completed during first quarter; resultant unqualified opinion is dated March 2, 2002.

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.

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. The owners decided at the April 25, 2002 ownership meeting to not buy Norton Sound pink salmon in 2002 for the following reasons: poor markets for small pink salmon; poor anticipated salmon runs; likelihood of significant financial loss; conflict with pollock fishing due to large pollock biomass and TAC; and sea lion restrictions in pollock fisheries causing scheduling conflicts with Norton Sound pink salmon runs.

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 third quarter 63 trip/positions provided; \$208,333 gross wages paid to Norton Sound residents. Year-to-date numbers are 135 trip/positions with wages paid of \$617,280.

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 July 17-18, 2002.

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

Activity: Heather Dickens finished working at the GFC offices on August 30, 2002. She is a resident of Unalakleet, Alaska.

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: During the third quarter GFC contributed \$49,900 for university research on Steller Sea Lions.

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.

***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: During the first quarter, the 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 second quarter meetings on July 18, 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, NSV and NSIC quarterly management meetings in Seattle on September 26, 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 September 26, 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 second quarter meeting on July 18, 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 third quarter.

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

Activity: NSEDC/GFC continued to screen all applicants for employment positions within the seafood industry during the third 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: In the first quarter, 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 2002.

- NSEDC Board of Directors held their 2002 second quarter meetings in Nome on July 17 – 19, 2002 at the Bering Straits Native Corporation Board room, these meetings were open to the public.
- NSEDC Board of Directors notified residents of the 2002 second quarter meeting by placing an ad in the Nome Nugget Newspaper.
- The 2002 second quarter reports were mailed out to each member community city office, NSEDC Board of Director and Community Outreach Liaison.
- NSEDC/NSSP held a Grand Opening for the NSSC in Nome on July 19, 2002 to introduce the plant, operations and products available.
- NSEDC placed the following newspaper advertisements during the third quarter:
 - NSSC Marketing
 - NSSC Grand Opening
 - Halibut Tote Sale
 - Red King Crab Sales
 - Halibut Steaks Sales
 - NSSC New Fall Hours
 - Fisheries Safety Orientation Class
 - Election Notice for Gambell, Golovin, Koyuk, Stebbins and Wales
 - NSSC Marketing
 - NSSC New Winter Hours
 - Fresh & Live Red King Crab Sales
 - NSSC Marketing
 - NSSC Grand Opening thank you
 - NSEDC 2nd Quarter Board Meeting Notice
 - NSSC Grand Opening
- 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) 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
September 30, 2002**

	Quarter		Year-to-Date		People
	Positions/Trips	Wages	Positions/Trips	Wages	
Management/Administrative					
NSEDC	14/-	\$198,029.52	45/-	\$558,165.52	45
NSSP	4/-	\$37,985.21	12/-	\$114,885.31	12
Total Management/Administrative	18/-	\$236,014.73	57/-	\$673,050.83	57
CDQ Pollock Related					
A/B Season	0/-	\$0.00	68/7	\$392,236.45	39
C/D Season	63/10	\$195,429.27	63/10	\$195,429.27	26
Total Pollock Related	63/10	\$195,429.27	131/17	\$587,665.72	65
NSSP Employment	55/-	\$120,575.99	73/-	\$136,236.51	73
Other NSEDC Employment					
Skippers, Deckhands, etc.	5/-	\$56,074.50	6/-	\$59,074.50	6
Total Other NSEDC Empl.	5/-	\$56,074.50	6/-	\$59,074.50	6
Other Fishing					
GFC - Longline	2/2	\$12,904.10	6/6	\$29,613.93	5
Icicle Seafoods	2/-	\$5,624.82	7/-	\$17,716.43	7
Total Other Fishing	4/2	\$18,528.92	13/6	\$47,330.36	12
Interns					
NSEDC Administration	2/-	\$9,557.79	4/-	\$11,438.24	4
NSSP	1/-	\$918.50	2/-	\$1,039.50	2
NSEDC Salmon Rehab.	2/-	\$8,063.44	3/-	\$8,266.72	3
Glacier Fish Company	1/-	\$5,000.00	2/-	\$12,527.41	2
Alaska Dept of Fish & Game	8/-	\$45,784.95	14/-	\$57,867.41	13
Kawerak, Inc - Fisheries	6/-	\$41,366.68	10/-	\$46,299.42	5
Kawerak, Inc - Administration	4/-	\$23,041.37	7/-	\$26,730.18 *	7
Icicle Seafoods	0/-	\$0.00	1/-	\$3,551.77	1
Norton Sound Health Corp.	2/-	\$11,992.50	4/-	\$14,152.50	4
Bering Strait School District	2/-	\$14,587.58	4/-	\$17,557.96 **	4
Native Village of Unk - Enumeration	1/-	\$10,806.55	2/-	\$11,310.15 ***	2
Native Village of Unk - Construction	6/-	\$14,595.00	6/-	\$14,595.00	6
Total Interns	35/-	\$185,714.36	59/-	\$225,336.26	53
GRAND TOTALS		\$812,337.77		\$1,728,694.18	266
	NSEDC =	\$439,818.38	NSEDC =	\$842,576.28	104
	NSSP =	\$158,561.20	NSSP =	\$251,121.82	85
	Partners =	\$213,958.19	Partners =	\$634,996.08	77

Employment Summary

Management/Administrative – Eleven personnel were employed at NSEDC’s main office in Anchorage; two at the NSEDC offices in Unalakleet, and five at various plant operations in the region. Sixteen of the employees are permanent full-time employees, one is a seasonal full-time employee and one is a full-time temporary employee. Fifteen 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 twenty-six residents of NSEDC member communities or nearby communities who were employed in sixty-three trip positions in the third quarter of 2002 aboard the *F/V Northern Glacier* and the *F/V Pacific Glacier*.

Community Breakdown:

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

NSSP Employment – Fifty-five residents were employed by NSEDC/NSSP as at NSSP regional facilities in the region during the second quarter.

Community Breakdown:

- 37 employees from Nome
- 14 employees from Unalakleet
- 1 employee from Savoonga
- 1 employee from Shaktoolik
- 1 employee from Kotzebue
- 1 employee from Missouri

Other Fishing – Two residents were employed by Glacier Fish Company aboard the *F/T Norton Sound* in two trip positions, and two residents were employed by Icicle Seafoods as processors during the third quarter.

Community Breakdown:

- 2 employees from Unalakleet
- 1 employee from Shaktoolik
- 1 employee from Nome

Interns – Thirty-five internship positions were sponsored by NSEDC at various Norton Sound organizations during the third quarter.

Community Breakdown:

- 3 interns from White Mountain
- 16 interns from Nome

1 intern from Koyuk
11 interns from Unalakleet
1 intern from Elim
1 intern from Anchorage (Shaktoolik)
1 intern from St. Michael
1 intern from Canada

Note: NSEDC sponsored internship positions with Kawerak, Inc. – Administration, Bering Strait School District and Native Village of Unalakleet in the form of one lump sum contribution to the organization for the salaries and direct fringe benefits of the internship positions. The interns are then paid by the organization directly instead of through NSEDC's payroll system.

*Kawerak, Inc – Administration Year-to-Date wages includes the second quarter wages of \$3688.81

**Bering Strait School District Year-to-Date wages includes the second quarter wages of \$2,970.38

***Native Village of Unk – Enumeration Year-to-Date wages includes the second quarter wages of \$503.60

D. Training

Training Data Form

**Table 2
TRAINING DATA FORM
September 30, 2002**

	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-Secondary	72	\$83,089.00	131	\$156,839.00
Vocational	20	\$25,000.00	39	\$48,150.00
Voc-Tech				
Basic				
Advanced	3	\$4,275.00	3	\$4,275.00
Other Training				
Fisheries related			16	\$67,273.61
Student Loans				
CDQ Staff/Board	1	\$180.00	2	\$380.00
Other - Marine Safety	28	\$2,901.00	42	\$5,058.00
Other - Crab Tagging			4	\$2,628.00
Other Expenditures				
To Educational Institute				
Education Endowment				
Other				
TOTAL	121	\$115,445.00	237	\$284,603.61

Training Summary

Scholarships – Seventy-two residents received post-secondary scholarships and twenty residents received vocational scholarships in the second quarter.

Community Breakdown: 29 residents from Unalakleet
8 resident from Stebbins
5 resident from White Mountain
5 resident from Shaktoolik
33 residents from Nome
3 residents from Golovin
2 residents from Shishmaref
3 residents from Gambell
2 residents from Elim
1 resident from Wales
1 resident from St. Michael

Voc-Tech –

Advanced – Three residents attended a Asbestos Abatement Certification Training in Anchorage from July 22nd – 26th. This training session was held at Environmental Management Inc. in Anchorage. Each of the three residents received their Certification.

Community Breakdown: 3 residents from Elim

Other Training –

CDQ Staff/Board – One staff member from the Anchorage office continued her classes at Compucom for Introduction to Website Publishing.

Other - Marine Safety – Twenty-eight residents of Koyuk attended a Global Positioning Satellite Training by Dennis Murphy of the Alaska Vocational Technical Center in Koyuk on August 19, 2002.

Community Breakdown: 28 residents from Koyuk

Other – Crab Tagging – Four residents attended a Crab Tagging Training session in Nome on February 27th – March 1st. This training session was conducted by ADF&G and provided information on the proper tagging method, handling of crab and reporting for the NSEDC Crab Tagging Study under the Fisheries Development Program.

Community Breakdown: 1 trainee from Elim
1 trainee from Stebbins
1 trainee from Unalakleet
1 trainee from Shaktoolik

III. Administration

A. Board Activities

Board of Director Meetings

The NSEDC Board of Directors held their 2002 second quarter meetings in Nome on July 18 – 19, 2002, with the standing committees meeting on the 17th and 18th.

NSEDC Board of Directors held a Special Executive Committee Meeting in Anchorage on August 26, 2002 to discuss the NSEDC 2003-2005 Multi-species CDP Application.

NSEDC Board of Directors held a Special Executive Committee Meeting in Anchorage, on August 28, 2002 to discuss the NSEDC 2003-2005 Multi-species CDP Application.

NSEDC Board of Directors held a Special Board Meeting in Nome on September 16, 2002 to discuss the NSEDC 2003-2005 Multi-species CDP Application and the State of Alaska's allocation recommendations to NMFS.

Substantial Decisions

During the third quarter at the various NSEDC Board of Directors meetings, the following items were approved by the NSEDC Board of Directors: approval of the new NSEDC Residency Policy; approval to reallocate \$100,000 from the Large Vessel Loan Program to the Revolving Loan Program for small vessels, gear, upgrades and permits; approval to provide support for the crab fleet in Golovin with an ice machine, floating dock, crane and forklift; approval of the Draft comments on the Scorecard and Allocations letter response to the State of Alaska regarding the 2003-2005 Multi-species CDP Application.

Board Meeting Minutes

Please see Attachment 13

B. State of Alaska Reporting Compliance

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

C. Amendment Status

Amendments to the 2001-2002 Multi-species Community Development Plan (CDP) related to CDQ harvest management that were submitted during the third quarter are listed below:

- CDP amendment 02-10NS: This substantial amendment proposed to transfer 35.0 metric tons of annual CDQ of sablefish in the Bering Sea to Yukon Delta Fisheries Development Association from NSEDC to allow for the harvest by a fishing vessel, the F/V Lisa Marie. The vessel was under contract to YDFDA and permitted to harvest CDQ sablefish in the Bering Sea. YDFDA and NSEDC have agreed to transfer this CDQ and in return NSEDC will receive a royalty payment from the vessel and company, Yukon Delta Fisheries Inc., which owns and operates the vessel. This amendment was approved by NMFS on July 3, 2002.
- CDP amendment 02-11NS: This substantial amendment proposed to modify the fishing plan and harvest strategy for a target fishery on CDQ Greenland turbot using trawl fishing gear. NSEDC had originally proposed to harvest CDQ turbot in a target fishery using hook and line fishing gear,

however, a hook and line fishery for CDQ turbot is no longer an option. This amendment was approved by NMFS on August 26, 2002.

- CDP amendment 02-12NS: This technical amendment proposed to transfer 20.0 metric tons of CDQ other species from Yukon Delta Fisheries Development Association to NSEDC. This amendment was approved by NMFS on July 31, 2002.
- CDP amendment 02-13NS: This substantial amendment proposed to transfer CDQ halibut in Area 4D from NSEDC to YDFDA for harvest by the Lisa Marie and/or other vessels under contract to YDFDA. YDFDA and NSEDC have agreed to transfer this CDQ and in return NSEDC will receive a royalty payment. Projections have shown that this amendment will not interfere with the local Norton Sound fishery. This amendment was approved by NMFS on July 31, 2002.
- CDP amendment 02-14NS: This substantial amendment proposed to transfer annual CDQ of Greenland turbot and a variety of bycatch species to NSEDC from YDFDA to allow for the harvest by a fishing vessel, the F/V Seafreeze Alaska. This vessel is under contract to NSEDC for harvest of Greenland turbot. YDFDA and NSEDC have agreed to transfer this CDQ and in return YDFDA will receive a royalty payment for the amount of harvest. This amendment was approved by NMFS on September 30, 2002.
- CDP amendment 02-15NS: This substantial amendment proposed to transfer annual CDQ of Greenland turbot and a variety of bycatch species to NSEDC from CVRF to allow for the harvest by a fishing vessel, the F/V Seafreeze Alaska. This vessel is under contract to NSEDC for harvest of Greenland turbot. CVRF and NSEDC have agreed to transfer this CDQ and in return CVRF will receive a royalty payment for the amount of harvest. This amendment was approved by NMFS on September 30, 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:	2002 CDQ Harvest – Pollock Target Fishery
Table 5:	2002 CDQ Harvest – Pacific Cod Target Fishery
Table 6:	2002 CDQ Harvest – Sablefish Target Fishery
Table 7:	2002 CDQ Harvest – Greenland Turbot Target Fishery
Table 8:	2002 CDQ Harvest – Atka Mackerel Target Fishery
Table 9:	2002 CDQ Harvest – Crab Harvest

Table 3
ANNUAL CDQ HARVEST BY GROUND FISH TARGET FISHERIES
through Second Quarter 2002

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	NSEDC Annual CDQ		
155.988	2,211.845	-	-	-	-	2,367.833	82.895	30%	-	82.895	0.00%	82.895
-	0.366	-	-	-	-	0.366	2,700.000	18%	-	2,700.000	87.70%	332.167
-	-	49.308	-	-	-	49.308	38.600	20%	-	38.600	0.95%	38.234
1.592	-	-	-	-	-	1.592	76.600	20%	-	76.600	64.37%	27.292
-	-	-	-	-	-	-	12.960	18%	-	12.960	12.28%	11.368
2.400	0.137	-	-	-	-	2.537	4.800	10%	-	4.800	0.00%	4.800
-	-	3.714	-	-	-	3.714	60.300	15%	-	60.300	4.21%	57.763
-	-	-	-	-	-	-	39.600	20%	-	39.600	9.38%	35.886
-	-	-	-	-	-	-	206.920	14%	-	206.920	0.00%	206.920
-	-	-	-	-	-	-	249.900	14%	-	249.900	0.00%	249.900
0.066	0.171	0.001	-	-	-	0.238	57.820	14%	-	57.820	0.41%	57.582
7.689	30.980	-	-	-	-	38.669	451.500	7%	-	451.500	8.56%	412.831
42.251	3.873	-	-	-	-	46.124	281.250	15%	-	281.250	16.40%	235.126
5.392	0.096	-	-	-	-	5.488	22.500	10%	-	22.500	24.39%	17.012
2.227	0.013	-	-	-	-	2.240	90.000	10%	-	90.000	2.49%	87.760
86.584	3.127	-	-	-	-	89.711	618.750	11%	-	618.750	14.50%	529.039
13,673.659	-	-	-	-	-	13,673.659	34,155.000	23%	-	34,155.000	100.09%	(11.659)
18,520.075	-	-	-	-	-	18,520.075	13,662.000	-	-	13,662.000	90.37%	1,972.925
-	-	-	-	-	-	-	20,493.000	-	-	20,493.000	0.00%	23.000
-	-	-	-	-	-	-	23.000	23%	-	23.000	0.00%	23.000
-	101.145	0.002	-	-	-	101.147	2.300	23%	-	2.300	0.00%	2.300
14.312	3.960	3.164	-	-	-	21.436	120.000	10%	(60.000)	60.000	35.73%	38.564
2.622	-	-	-	-	-	2.622	35.460	18%	-	35.460	7.39%	32.838
0.186	-	-	-	-	-	0.186	1.600	16%	-	1.600	11.63%	1.414
-	-	-	-	-	-	-	59.500	14%	-	59.500	0.00%	59.500
-	-	-	-	-	-	-	32.200	14%	-	32.200	0.00%	32.200
-	0.023	-	-	-	-	0.023	36.400	14%	-	36.400	0.06%	36.377
-	1.207	-	-	-	-	1.207	70.840	16%	-	70.840	1.70%	69.633
-	0.021	0.078	-	-	-	0.099	11.560	18%	-	11.560	0.86%	11.461
0.045	-	-	-	-	-	0.045	3.510	13%	-	3.510	1.28%	3.465
-	0.795	0.490	-	-	-	1.285	8.670	17%	-	8.670	14.82%	7.385
112.875	-	-	-	-	-	112.875	21.242	-	-	21.242	N/A	N/A
38.667	269.145	0.003	-	-	-	307.815	314.432	16%	115.488	429.920	71.60%	122.105
32,666.630	2,626.904	56.760	-	-	-	35,350.294	39,890.108	-	-	39,945.596	88.50%	4,595.302
1.45%	15.80%	13.13%	-	-	-	-	-	-	-	-	-	-

Table 3 (continued)
ANNUAL CDQ HARVEST BY GROUND FISH TARGET FISHERIES
through Second Quarter 2002

TARGET FISHERY GEAR TYPE	Pollock Trawl	Pacific Cod H&L	Sablefish Pot	Turbot tka Mackerel		Halibut H&L	Total Harvest	NSEDC		Trades/ Transfers	*Revised		Remaining CDQ
				H&L	Trawl			Annual CDQ	Percent Harvested		NSEDC Annual	Percent Harvested	
PROHIB SPECIES													
Halibut mortality (mt)	8.599	8.149	-	-	-	-	16.748	41.160	12%	-	41.160	40.69%	24.412
Opilio (no.)	-	-	-	-	-	-	-	32,625	10%	-	32,625	0.00%	32,625
Tanner Crab - Zone 1 (no.)	2	-	-	-	-	-	2	5,880	8%	-	5,880	0.03%	5,878
Tanner Crab - Zone 2 (no.)	15	-	-	-	-	-	15	24,503	11%	-	24,503	0.06%	24,488
Red King Crab (no.)	-	-	-	-	-	-	-	509	7%	-	509	0.00%	509
Chinook Salmon (no.)	419	-	-	-	-	-	419	638	23%	-	638	65.67%	219
Other Salmon (no.)	472	-	-	-	-	-	472	693	22%	-	693	68.08%	221

* 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
2002 CDQ HARVEST – POLLOCK TARGET FISHERY
(in metric tons)

SPECIES	Total				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to date
Pacific Cod (BS/AI)	98.502	-	57.486	-	155.988
Sablefish (BS)	-	-	-	-	-
Sablefish (AI)	-	-	-	-	-
Trawl Sablefish (BS)	0.025	-	1.567	-	1.592
Trawl Sablefish (AI)	-	-	-	-	-
Greenland Turbot (BS)	0.022	-	2.378	-	2.400
Greenland Turbot (AI)	-	-	-	-	-
Atka Mackerel (Western AI)	-	-	-	-	-
Atka Mackerel (Central AI)	-	-	-	-	-
Atka Mackerel (Eastern AI)	0.001	-	0.065	-	0.066
Yellowfin Sole	7.261	-	0.428	-	7.689
Flathead Sole	29.837	-	12.414	-	42.251
Other Flatfish	0.969	-	4.423	-	5.392
Alaska Plaice	2.173	-	0.054	-	2.227
Rock Sole	85.001	-	1.583	-	86.584
Bering Sea Pollock					
A/B season	13,673.659	-	-	-	13,673.659
C/D season	-	-	18,520.075	-	18,520.075
Aleutian Pollock	-	-	-	-	-
Bogoslof Pollock	-	-	-	-	-
Non-quota Pollock	-	-	-	-	-
Arrowtooth Flounder					
True POP (BS)	0.490	-	13.822	-	14.312
Other Red Rockfish (BS)	0.067	-	0.119	-	0.186
True POP (Western AI)	-	-	-	-	-
True POP (Central AI)	-	-	-	-	-
True POP (Eastern AI)	-	-	-	-	-
Sharpchin/Northern (AI)	-	-	-	-	-
Shortraker/Rougheye (AI)	-	-	-	-	-
Other Rockfish (BS)	-	-	0.045	-	0.045
Other Rockfish (AI)	-	-	-	-	-
Squid	0.048	-	112.827	-	112.875
Other Species	29.688	-	8.979	-	38.667
TOTAL	13,927.743	-	18,738.887	-	32,666.630
Bycatch %	1.82%	-	1.17%	-	1.45%
PROHIB SPECIES					
Halibut mortality (mt)	1.373	-	7.226	-	8.599
Opilio (no.)	-	-	-	-	-
Tanner Crab - Zone 1 (no.)	-	-	2	-	2
Tanner Crab - Zone 2 (no.)	13	-	2	-	15
Red King Crab (no.)	-	-	-	-	-
Chinook Salmon (no.)	353	-	66	-	419
Other Salmon (no.)	8	-	464	-	472

Table 5
2002 CDQ HARVEST – PACIFIC COD TARGET FISHERY
(in metric tons)

					Total
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to date
SPECIES					
Pacific Cod (BS/AI)	541.783	945.322	724.740	-	2,211.845
Sablefish (BS)	-	0.018	0.348	-	0.366
Sablefish (AI)	-	-	-	-	-
Trawl Sablefish (BS)	-	-	-	-	-
Trawl Sablefish (AI)	-	-	-	-	-
Greenland Turbot (BS)	-	-	0.137	-	0.137
Greenland Turbot (AI)	-	-	-	-	-
Atka Mackerel (Western AI)	-	-	-	-	-
Atka Mackerel (Central AI)	-	-	-	-	-
Atka Mackerel (Eastern AI)	0.033	0.138	-	-	0.171
Yellowfin Sole	-	17.254	13.726	-	30.980
Flathead Sole	-	0.784	3.089	-	3.873
Other Flatfish	0.009	0.080	0.007	-	0.096
Alaska Plaice	-	0.005	0.008	-	0.013
Rock Sole	1.213	1.127	0.787	-	3.127
Bering Sea Pollock					
A/B season	-	-	-	-	-
C/D season	-	-	-	-	-
Aleutian Pollock	-	-	-	-	-
Bogoslof Pollock	-	-	-	-	-
Non-quota Pollock	0.148	48.081	52.916	-	101.145
Arrowtooth Flounder					
True POP (BS)	-	-	-	-	-
Other Red Rockfish (BS)	-	-	-	-	-
True POP (Western AI)	-	-	-	-	-
True POP (Central AI)	-	-	-	-	-
True POP (Eastern AI)	0.017	0.006	-	-	0.023
Sharpchin/Northern (AI)	0.822	0.385	-	-	1.207
Shortraker/Rougeye (AI)	0.011	0.010	-	-	0.021
Other Rockfish (BS)	-	-	-	-	-
Other Rockfish (AI)	0.284	0.511	-	-	0.795
Squid	-	-	-	-	-
Other Species	65.158	123.952	80.035	-	269.145
TOTAL	609.900	1,138.143	878.861	-	2,626.904
Bycatch %	11.17%	16.94%	17.54%	-	15.80%

PROHIB SPECIES					
Halibut mortality (mt)	1.354	2.888	3.907	-	8.149
Opilio (no.)	-	-	-	-	-
Tanner Crab - Zone 1 (no.)	-	-	-	-	-
Tanner Crab - Zone 2 (no.)	-	-	-	-	-
Red King Crab (no.)	-	-	-	-	-
Chinook Salmon (no.)	-	-	-	-	-
Other Salmon (no.)	-	-	-	-	-

Table 6
2002 CDQ HARVEST – SABLE FISH TARGET FISHERY
(in metric tons)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Year to date
SPECIES					
Pacific Cod (BS/Al)	-	-	-	-	-
Sablefish (BS)	-	-	-	-	-
Sablefish (Al)	-	30.482	18.826	-	49.308
Trawl Sablefish (BS)	-	-	-	-	-
Trawl Sablefish (Al)	-	-	-	-	-
Greenland Turbot (BS)	-	-	-	-	-
Greenland Turbot (Al)	-	1.266	2.448	-	3.714
Atka Mackerel (Western Al)	-	-	-	-	-
Atka Mackerel (Central Al)	-	-	-	-	-
Atka Mackerel (Eastern Al)	-	0.001	-	-	0.001
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	-	0.002	-	-	0.002
Arrowtooth Flounder					
True POP (BS)	-	1.609	1.555	-	3.164
Other Red Rockfish (BS)	-	-	-	-	-
True POP (Western Al)	-	-	-	-	-
True POP (Central Al)	-	-	-	-	-
True POP (Eastern Al)	-	-	-	-	-
Sharpchin/Northern (Al)	-	-	-	-	-
Shortraker/Rougheye (Al)	-	0.028	0.050	-	0.078
Other Rockfish (BS)	-	-	-	-	-
Other Rockfish (Al)	-	0.024	0.466	-	0.490
Squid	-	-	-	-	-
Other Species	-	0.003	-	-	0.003
TOTAL	-	33.415	23.345	-	56.760
Bycatch %	-	8.78%	19.36%	-	13.13%
PROHIB SPECIES					
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
2002 CDQ HARVEST – GREENLAND TURBOT TARGET FISHERY
(in metric tons)

SPECIES	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total 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)	-	-	-	-	-
Shorthead/Rougheye (AI)	-	-	-	-	-
Other Rockfish (BS)	-	-	-	-	-
Other Rockfish (AI)	-	-	-	-	-
Squid	-	-	-	-	-
Other Species	-	-	-	-	-
TOTAL	-	-	-	-	-
Bycatch %	-	-	-	-	-
PROHIB SPECIES					
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
2002 CDQ HARVEST – ATKA MACKEREL 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)	-	-	-	-	-
Shorthead/Rougheye (AI)	-	-	-	-	-
Other Rockfish (BS)	-	-	-	-	-
Other Rockfish (AI)	-	-	-	-	-
Squid	-	-	-	-	-
Other Species	-	-	-	-	-
TOTAL	-	-	-	-	-
Bycatch %	-	-	-	-	-
PROHIB SPECIES					
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 9
2002 CDQ HARVEST – CRAB HARVEST

FISHERY	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Year to date	NSEDC CDQ	Percent Harvested	Remaining CDQ
Bering Sea opilio	-	442,542	-	-	442,542	442,542	100.00%	-
Bristol Bay red king crab	-	-	-	-	-	TBD	-	-
Norton Sound red king crab	-	6,030	-	-	6,030	9,300.00	64.84%	-
St. Matthew king crab	-	-	-	-	-	-	-	-
Bering Sea bairdi	-	-	-	-	-	-	-	-

B. CDQ Fishing Activities

During the third quarter of 2002, NSEDC undertook CDQ fishing operations for pollock, Pacific cod, and halibut in Area 4D/4E. Through the end of the third quarter, NSEDC has harvested a total of about 35,350 metric tons of annual CDQ including both target and bycatch species, representing approximately 88.5% of the total allocation of annual groundfish CDQ for the year. A summary of the total CDQ groundfish harvest for the year is presented in Table 3.

Pollock

During this quarter, NSEDC harvested 18,520 metric tons of CDQ pollock in the Bering Sea using the Glacier Fish Company vessels, the F/V Pacific Glacier and the F/V Northern Glacier. This harvest took place during the B season or the non-roe fishing season. The Northern Glacier took 6,295 metric tons of CDQ pollock during three plus trips in forty-one fishing days between August 15 and September 30. While the Pacific Glacier caught 12,225 metric tons during four plus trips in forty-six days of fishing between August 6 and September 30.

This harvest was worth about \$2.96 million in CDQ tonnage royalty payments to NSEDC. A small amount of the annual Pollock CDQ in the B season pollock quota remains to be harvested. 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 fish species in the pollock target fishery during the third quarter was approximately 1.17% of the total harvest. This bycatch rate was lower than the rates occurring earlier in the year. The bycatch was made up of predominantly squid and Pacific cod, with smaller amounts of a variety of other species. Salmon bycatch was relative low in comparison to rates experienced in the open access or coop pollock fishery. Refer to Table 4 for additional detailed information.

Processing report: Products from B season processing of CDQ pollock included deep skin and regular fillet blocks, surimi, mince and a small amount of summer roe.

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.

Pacific Cod

NSEDC harvested Pacific cod in targeted CDQ fishing operations in the Bering Sea during the third quarter using the Glacier Fish Company vessel, F/V Norton Sound. The Norton Sound harvested about 725 metric tons of CDQ Pacific cod in two trips during 41 days of fishing. Catch rates were considerably lower during this quarter than earlier in the year. In efforts to avoid bycatch of skate (contained in the other species CDQ category), the vessel fished in areas of smaller sized fish and therefore produced product forms of lower value.

This harvest was worth about \$125,000 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 bycatch of other CDQ fish species in the Pacific cod target fishery accounted for approximately 17% of the total harvest. This bycatch primarily consisted of other species (predominantly skate) and pollock, and smaller quantities of yellowfin sole, rock sole, a mix of other flatfish and rockfish, and halibut. Halibut bycatch jumped a little in the third quarter from earlier in the year. 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. A small amount of skate wings and a variety of other products from cod were produced.

Compliance/enforcement issues: To the best of our knowledge, the Norton Sound was 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

During the third quarter, NSEDC harvested sablefish in targeted CDQ fishing operations in the Aleutian Islands and Bering Sea. A vessel which has been under contract to NSEDC, the F/V Miss Conception, harvested 18.8 metric tons of CDQ sablefish in two trips and deliveries on August 9 and August 23. One delivery was made into Westward Seafoods in Dutch Harbor and the other to the processing facility in Adak. This harvest was worth about \$13,257 in royalty payments to NSEDC. The Miss Conception has ceased CDQ fishing operations and likely will not harvest any more CDQ sablefish this year on our behalf. See Table 6 for a summary of the CDQ and PSQ harvest in the sablefish target fishery.

NSEDC also transferred 35 metric tons of sablefish CDQ in the Bering Sea to Yukon Delta Fisheries for harvest on the F/V Lisa Marie. The Lisa Marie harvested approximately 26 metric tons during the quarter generating a royalty payment to NSEDC of approximately \$23,000. The remaining amount of CDQ will be harvested during the fourth quarter.

NSEDC is preparing to harvest Greenland turbot in the Aleutian Islands and perhaps Bering Sea during the fourth quarter using the United States Seafood trawl vessel, F/V Seafreeze Alaska. This is a change in CDQ fishing plans that has been approved by NMFS.

Summary of bycatch: The bycatch of other CDQ species in the sablefish target fishery by the Miss Conception accounted for approximately 19% of the total harvest. This bycatch rate was higher than previous fishing operations using pot gear. The bycatch primarily consisted of Greenland turbot and arrowtooth flounder and little bit of rockfish. See the attached harvest summary in Table 6 for more detailed information.

Processing report: The Miss Conception produced iced headed and gutted product delivered fresh to a shoreside processing plant in Dutch Harbor and Adak.

Compliance/enforcement issues: To the best of our knowledge, the Miss Conception conducted CDQ sablefish 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.

Atka Mackerel, Yellowfin Sole and Rock Sole

There was no directed harvest of CDQ Atka mackerel, yellowfin sole and rock sole during the third quarter. NSEDC will commence targeted fishing operations for Atka mackerel and Greenland turbot on the F/V Seafreeze Alaska during the fourth quarter of the year.

Halibut

NSEDC harvested approximately 95,000 pounds of CDQ halibut in the region working with local fishermen and fishing boats. Local fishermen delivered this catch to the seafood center in Nome. NSSP processed the catch and sold the halibut product. NSEDC also transferred 70,000 pounds of CDQ halibut to Yukon Delta Fisheries for harvest on a leased vessel, the F/V Aleutian Spray. This total amount of halibut was harvested during the quarter and a royalty will be paid to NSEDC. Another 17,700 pounds of CDQ halibut will be harvested in the fourth quarter either by local fishermen in the region or by another vessel under contract to NSEDC in a clean-up fishery.

Bering Sea Opilio Crab

There was no harvest of CDQ opilio crab during the third quarter. The opilio crab fishery takes place in the first and/or second quarter of the year.

Norton Sound Red King Crab

The CDQ red king crab fishery in the Norton Sound was opened prior to the open access fishery in June and then after the fishery was completed in August. Most of the approximately 9,000 pounds of CDQ crab allocated to NSEDC was harvested by local fishermen in these timeframes.

Bristol Bay Red King Crab

There was no harvest of CDQ red king crab in the Bristol Bay fishery during the third quarter. NSEDC will commence targeted fishing operations after the open access harvest during the fourth quarter.

St. Matthew Blue King Crab

There was no harvest of CDQ king crab at St. Matthew during the third quarter. This commercial crab fishery is closed again to open access and CDQ harvest in 2002. The fishery has been closed since 1999. 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. 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 Icicle 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.

During the third quarter, NSEDC and GSI prepared for the CDQ red king crab fishery in Bristol Bay which is scheduled to start in November. All other inventory of CDQ crab product has been sold and there was no other activity during the quarter.

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. Norton Sound crab was processed at the seafood center in Nome this past season and sold in cooperative effort by NSSP and GSI.

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

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

NSEDC newspaper advertisements for the following:

- NSSC Marketing (Attachment 14)
- NSSC Grand Opening (Attachment 15)
- Halibut Tote Sale (Attachment 16)
- Red King Crab Sales (Attachment 17)
- NSSC New Winter Hours (Attachment 18)
- NSSC Marketing (Attachment 19)
- Halibut Steaks Sales (Attachment 20)
- Fisheries Safety Orientation Class (Attachment 21)

- NSSC New Fall Hours (Attachment 22)
- Fresh & Live Red King Crab Sales (Attachment 23)
- NSSC Marketing(Attachment 24)
- NSSC Grand Opening Thank You (Attachment 25)
- NSEDC 2nd Quarter Board Meeting Notice (Attachment 26)
- Election Notice for Gambell, Golovin, Koyuk, Stebbins & Wales (Attachment 27)
- NSSC Grand Opening (Attachment 28)