

NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

**Bering Straits Community Development Plan (CDP) for 1999 Pollock and 1998-2000
Multi-Species Community Development Quota (CDQ) Program**

Third Quarter 1999 Activity Report for July –September 1999

**Submitted to: The State of Alaska
October 29, 1999**

I. QUARTERLY HIGHLIGHTS

*NSEDC receives notification of rollover of 22% Pollock allocation for 2000 from the State of Alaska on September 30

*NSEDC'S standing committees held their second quarterly meetings on July 28 in **Nome**

*NSEDC'S Board of Directors held their Second Quarterly 1999 meeting in **Nome** on July 29

*NSEDC'S Executive Committee held a special teleconference meeting on August 11, held a special meeting at the corporate offices on August 18 and another special meeting at the corporate offices on September 29

*NSEDC'S Board of Directors received the 1998 NSEDC Audit report from Lisa Luther of KPMG at their July meeting

*NSEDC'S Board of Directors teleconferenced with the State of Alaska CDQ oversight committee at their July meeting

*NSEDC'S Board of Directors approves a motion to give \$10,000 to each member community from the Community Benefit Sharing proceeds

*NSEDC'S Board of Directors adopts Resolution 99-01, which eliminates the concept of alternate directors by amendment of Articles 2 & 4 of the by-laws

*NSEDC'S Board of Directors approved the NSEDC CDP application for 2000 CDQ Pollock and authorized the executive committee to do final approval

*NSEDC'S Board of Directors passed a motion at their July meeting declaring the Norton Sound fisheries for 1999 a disaster

*NSEDC'S Chairman Henry Ivanoff and President/CEO Eugene Asicksik met with **Governor Knowles** in **Unalakleet** on Norton Sound fishing disaster in Sept.

II. COMMUNITY DEVELOPMENT

A. Progress towards Goals, Objectives & Milestones

Administration

Milestone: NSEDC Board of Directors will hold regularly scheduled meetings during each quarter of 1999

Activity: NSEDC'S board held their Second Quarterly meeting in Nome on July 29

Milestone: NSEDC'S five advisory committees will hold regularly scheduled meetings during each quarter in 1999

Activity: NSEDC'S executive held a special teleconference meeting on August 11; held a special meeting at the corporate offices on August 18 and another special meeting at the corporate offices on September 29th

Activity: All five advisory committees held their second quarterly meetings on July 28 in Nome

Milestone: NSEDC will file quarterly reports to the State of Alaska within 30 days at the end of each quarter

Activity: Quarterly reports for the second quarter of 1999 were filed on July 31

Milestone: NSEDC will have an annual financial audit performed by a national accounting firm to be completed by May 31st of each year

Activity: completed

Milestone: NSEDC will file an annual report to the State of Alaska by May 31st of each year

Activity: completed

Milestone: NSEDC will account for unspent amounts in each of the programs as of the end of the preceding calendar year and file a plan amendment to carry-forward some or all of the amounts to the next calendar year by the end of the second quarter each year

Activity: completed in the second quarter

Other Income Producing Investments

Milestone: NSEDC will provide investment oversight and monitoring of all income-producing investments during each quarter of 1999 & 2000

Activity: done by staff regularly, and the financial advisory committee provides additional oversight and monitoring each quarter at the quarterly board meetings

CDQ Harvest Management

Milestone: NSEDC & GFC will harvest its CDQ Pollock allocation, as much as practicable without over-harvest, by the end of the fishing season in 1999 and 2000

Activity: NSEDC & GFC harvested **12,049.9 metric tons (mt)** CDQ Pollock during the “B” season this quarter

Milestone: NSEDC and its harvest partners for crab will harvest its CDQ allocations, as close as reasonably possible, without overharvest, of crab by the end of the fishing season in 1999

Activity: There was no harvest of CDQ crab during the third quarter of 1999

Milestone: NSEDC and its harvesting partners, for Pacific cod, Greenland turbot and sablefish will harvest its CDQ allocations, as much as practicable, without overharvest, by the end of the fishing season in 1999

Activity: NSEDC harvested **183.35 mt Pacific cod; 4.720 mt Greenland turbot and 4.488 mt Sablefish** during the third quarter of 1999

Milestone: NSEDC and its harvesting partner for rock sole will harvest its CDQ allocation, as much as practicable, without overharvest, by the end of the fishing season in 1999

Activity: There was no CDQ harvest of rock sole in the third quarter of 1999

Milestone: NSEDC and its harvesting partner for Atka mackerel will harvest its CDQ allocation, as much as practicable, without overharvest, by the end of the fishing season in 1999

Activity: There was no CDQ harvest of Atka mackerel in the third quarter of 1999

Milestone: NSEDC will work with Sea State to have the CDQ monitoring system in place and operational by the start of CDQ fishing under the expanded program

Activity: Completed

Milestone NSEDC will attend North Pacific Fisheries Management Council (NPFMC) meetings during 1999

Activity: No activity this quarter

Milestone: NSEDC members will attend WAFDA meetings throughout the year during 1999

Activity: WAFDA was dissolved in the second quarter of 1999

Funding for Purchase of Equity Interest in the Fishing Industry

Milestone: NSEDC will evaluate the potential for equity investment in *Baranof Fisheries* and *Courageous Seafoods* and/or other fishing companies by December 31, 2000

Activity: The board of directors authorized management to do a CDP plan amendment to acquire two Crabbers at their July meeting; authorized the executive committee to complete the purchase of the *Arctic Venture*, after the due diligence process and after this was done, the deal was called-off on September 29th

Funding for Harvesting & Tendering Vessel

Milestone: NSEDC will evaluate the potential for acquisition of a second freezer longliner by December 31, 1999

Activity: No significant activity this quarter

Milestone: NSEDC will evaluate the potential for acquisition and operation of an H&G trawl vessel by December 31, 1999

Activity: No significant activity this quarter

Education, Employment & Training Program

Milestone: NSEDC & 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 4th quarter in 1999 and 2000

Activity: See Table #1, Employment data form and employment narrative this report

Milestone: NSEDC will provide fisheries skills training for 90 residents of the region or of nearby communities of which at least ten training slots will be made available to residents of nearby communities, by the end of the fourth quarter in 1999 and 2000

Activity: See Table #2, Training data form and training narrative this report

Milestone: NSEDC will award at least 120 scholarships to students by the end of the 4th quarter in 1999

Activity: See Table #2, and training narrative, subsection “Scholarships” this report

Milestone: NSEDC will make outreach visits for this program to at least five communities in the region and to at least two communities outside of the region by the end of the 4th quarter each year

Activity: No activity this quarter

Milestone: NSEDC will place at least two internships in office or field settings by the end of the 4th quarter each year

Activity: **Rebecca Derendoff** of **Huslia** was placed in **Icicle Seafoods Seattle** office and **George Sookiayak** of **Shaktoolik** at their **Petersburg plant**

Education Endowment

Milestone: NSEDC will contribute additional funds to the Education, Training and Scholarship Endowment fund from CDQ revenues under this CDP by the end of December 31, 2000

Activity: No activity this quarter

Milestone: NSEDC financial advisory committee will review investment performance and asset allocation at least once each quarter

Activity: The committee did their quarterly review on July 28

Revolving Loan Program

Milestone: NSEDC will make at least one loan program outreach visit to each NSEDC community by the end of the fourth quarter each year

Activity: The program manager made outreach visits to **Nome, Koyuk, Shaktoolik & Unalakleet** during the third quarter

Milestone: NSEDC will conduct annual reviews of the revolving loan program by the end of the 4th quarter each year

Activity: The finance committee reviewed the loan program at their second quarterly meeting in July

Fund for IFQ Purchases

Milestone: NSEDC will evaluate the potential to purchase quota share for the F/V Norton Sound by the end of the 4th quarter 2000

Activity: No activity this quarter

Fisheries Development Program

Milestone: NSEDC will provide a detailed plan to conduct fisheries development activities by the end of the second quarter each year

Activity: Completed in the second quarter

Milestone: NSEDC will fund one fishery development project by the end of the fourth quarter each year

Activity: Completed, see second quarter report

Salmon Rehabilitation & 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, see second quarter report

Milestone: NSEDC will fund at least one salmon rehabilitation and enhancement project by the end of the fourth quarter each year

Activity: No activity this quarter

Shoreside Infrastructure Improvement Program

Milestone: NSEDC will evaluate site-specific projects in which to invest at regularly scheduled meetings of the Fisheries Development committee and Board of Directors

Activity: The continuation of second quarter reported activity continued this quarter

CDQ Fees

Milestone: NSEDC will make any required payments of CDQ fees within 60 days of the end of the quarter in which they are determinable

Activity: No activity this quarter

Norton Sound Seafood Products

Milestone: NSSP will evaluate their capabilities for assuming the marketing of each species of CDQ crab allocated to NSEDC by January 1 of each year, and evaluate operations for fisheries in the region including herring, salmon, crab and halibut by the end of the second quarter each year

Activity: Completed

Milestone: NSEDC board will act upon the recommendations of NSSP no later than the end of the second quarter each year

Activity: Completed

Milestone: NSEDC or a NSEDC subsidiary will assume the marketing of at least 30% (by weight) of the CDQ crab allocated to NSEDC by the end of the fourth quarter 1999

Activity: NSEDC & GFC, LLC will continue cooperative efforts to market CDQ crab this next year

Milestone: NSEDC or a NSEDC subsidiary will assume the marketing of at least 50% (by weight) of the CDQ crab allocated to NSEDC by the end of the fourth quarter 2000

Activity: NSEDC & GFC, LLC will continue cooperative efforts to market CDQ crab this next year

Small Business Development Assistance

Milestone: NSEDC will prepare for implementation of this program by the end of the second quarter of 1999

Activity: No activity this quarter

Milestone: NSEDC board will act upon the recommendations no later than the first quarter meeting 2000

Activity: No activity this quarter

Norton Sound Fund

Milestone: NSEDC will file articles of incorporation for this non-profit corporation by the end of the first quarter 1999

Activity: Completed

Norton Sound Vessel Management Company (NSVM)

Milestone: NSVM will evaluate operations in the region including support to the herring, salmon, crab and halibut fisheries by the end of the second quarter of each year

Activity: Completed

Milestone: NSEDC board will act upon the recommendation of NSVM no later than the end of the second quarter each year

Activity: Completed

- B. **Outreach** –NSEDC’S management firmly believes in maintaining communication and working with its member communities on its CDQ community development plan programs and other issues vital to the economic arena in the region presently and into the future. The NSEDC Board of Directors held their Second Quarterly 1999 meeting in **Nome** on July 28 and 29 and utilized the **Bering Straits Native Corporation Board Room**. The executive committee held a special teleconference meeting with the members in their individual communities on August 11. At their July meeting, the board passed a motion to give \$10,000.00 to each member community under a distribution called “community benefits sharing”, this distribution category is from “second generation” profit proceeds; passed a motion to purchase life jackets for all kids in the region under the auspices of the **Alaska State Trooper program “Kids** passed a motion to draft a resolution declaring the **Norton Sound fisheries** a disaster for 1999 following a similar resolution for 1998 and passed a motion approval of the NSEDC CDP Application for CDQ Pollock for the year 2000. On the management side, in July, the president, along with the NSSP operations manager, met with **Unalakleet fishermen** on the 7th, the president attended the grand opening of the **Alaska Native Heritage Center** on the 15th; on the 20th, he and the board chairman traveled to **Bethel** to meet with officials of the **Coastal Village Resource Fund (CVRF)**, another CDQ group; in August, he traveled to **Nome** and attended a **Bering Straits Native Corporation** board room, of which he is a member, August 24, he was in **Unalakleet** to meet with the **Native Village of Unalakleet** on other village officials regarding the “**Unalakleet Erosion Project**”; on August 26 & 27, he, the Revolving loan manager and NSSP operations manager traveled to **Savoonga & Nome** and held halibut fishermen’s meetings in the respective villages and on the 31st, met with **City of Nome’s** City Manager regarding the **Nome Port Facility**; On September 2nd, the board chairman Henry Ivanoff and president and CEO Asicksik traveled to **Unalakleet** and met with **Governor Knowles** and his **Chief of Staff, Jim Ayers** about the commercial fishing disaster in Norton Sound and on September 30, the president, the administrative director and community development specialist participated in a **National Oceanic & Atmospheric Administration (NOAA)** review of the **1998 Western Alaska Fisheries Disasters (Bristol Bay/Kuskokwim & Lower Yukon)** at the Atwood building in **Anchorage**.

The Administrative Director completed the second quarter activity reports on July 31 and they were mailed out to all member communities and to each board member; in August he mailed, via certified mail with return receipts, board of director election information packets to the **Mayors** of **Gambell, Stebbins, Golovin, Koyuk** and **Wales** for their upcoming elections in October and November for Koyuk, negotiations for public relations/media-type person were done in August and the president let out a contract with **The Stadum Group** of Anchorage, as Revolving Loan program manager, he made loan outreach visits to the communities of **Nome, Koyuk, Shaktoolik & Unalakleet**. The Education, Employment and Training Manager provided staff support to the **NSEDC Scholarship committee** when they met in **Nome** on July 28 to review and take action on NSEDC Scholarship applications for the fall semester of 1999 – at this meeting the committee awarded **fifty-eight (58) post-secondary** and **3 vocational educational** scholarships to students of the region, and during this quarter he arranged the logistics for placement of an “**out-of-region**” female individual from **Huslia** as an intern in the **Seattle offices** of **Icicle Seafoods**. The NSSP operations manager was in the region during the whole quarter during the height of the commercial seafood buying operations in the region and was primarily based out of **Unalakleet** and **Nome** and monitored and supervised all activities in the region; he accompanied the president, loan program manager and the assistant CDQ fishing manager to the communities of **Nome** and **Savoonga** and conducted halibut fishermen’s meetings in the two communities. The Community Development Specialist focused on regional projects like the proposed Norton Sound Seafood Center to be located on leased waterfront property in **Nome**; explored the feasibility of NSEDC’S involvement in a small boat harbor project in **Golovin** and assisting in NSEDC’S participation in the **CDQ Expo** at the Workboat Expo at Seattle to be held in November 1999. The assistant CDQ fishing manager assisted the NSSP operations manager in the region at the base offices in **Unalakleet** insuring that all the regional fishermen’s catch data, gear data, payroll data and seasonal workers data were all correctly collated between the region and the corporate offices. All newsletters, brochures, reports and other attachments are at the end of this report

C. Employment

1. See table #1 as follows:

Table 1.
NSEDC EMPLOYMENT FORM
September 30, 1999

	Quarter		Year To Date	
	Positions/Trips	Wages	Positions/Trips	Wages
Management/Administrative				
NSEDC	12/-	145,732.00	13/-	439,187.48
NSSP	1/	10,707.42	1/	33,944.64
Total Management/Administrative	13/-	\$ 156,439.42	14/-	\$ 473,132.12
CDQ Pollock Related				
A Season	0/	62,821.82	28/3	370,603.67
B Season				
Total Pollock Related		\$ 62,821.82	28/3	\$ 370,603.67
CDQ Crab (Icicle Seafoods)			6/-	\$ 9,377.73
NSSP Employment	*68	113,758.06	68/	126,572.76
Other employment-NSEDC	**10	61,810.00	10/	74,860.00
Other Fishing				
GFC-trawl cod			20/1	201,014.62
GFC-longline			4/9	65,924.40
Icicle Seafoods-open access	2/	14,115.91	8/	39,483.18
Total Other Fishing	2/	14,115.91	32/10	306,422.20
Interns				
NSEDC/GFC	1/	1,041.67	1/	13,541.71
NSEDC/Icicle	1/	4,831.11	1/	6,990.89
NSEDC/ADF&G	9/	43,204.64	9/	63,676.58
Total Interns	11/	49,077.42	11/	84,209.18
GRAND TOTALS	105	\$ 458,022.63	169/13	\$ 1,445,177.66

NSEDC = \$ 250,747.14 NSEDC = \$ 577,724.56

NSSP= \$ 124,465.48 NSSP= \$ 160,517.40

*68 total worked this quarter - 55 new this quarter

**10 worked this quarter - 5 new this quarter

2. Summary –NSEDC’S employment statistics for the third quarter of 1999 are shown on Table #1 above. Significant data that affects this employment report for the quarter were that there was no CDQ Pollock fishing, no CDQ Crab fishing and no Other fishing with GFC, LLC vessels or other vessels. This highlight of the quarter was the NSSP Employment category as this was the height of the commercial seafood operations, allowing for local hire in all shoreside operations and tendering operations in the region for July and August and to a limited degree, in September. Employment for the purposes of this report is divided into the following categories: Management & Administrative (NSEDC/NSSP); CDQ Pollock (“A” & “B” seasons); CDQ Crab (Icicle Seafoods); Other employment (NSEDC); Other fishing and Interns.

- a. Management/Administrative** –There was a total of 13 personnel who worked in this category this quarter; for NSEDC there were nine full-time and one temporary office/clerical at the Anchorage offices and two full-time personnel at the Unalakleet NSEDC offices for a total of twelve NSEDC personnel. There was one full-time person for NSSP and he was situated out of the Unalakleet offices. For the quarter, the personnel were situated as follows: **Anchorage, 10:** Eugene F. Asicksik, President & CEO; Charles F. Soxie, Administrative Director/Revolving Loan Program Mgr.; Tom Magwire, NSSP Operations Mgr.; Carolyn Bragg, Accounting Supervisor; Richard Dickens, Assistant CDQ Fishing Mgr.; Janis Ivanoff, Community Development Specialist; Hannah Jackson, Office Mgr.; Rosanna Dotomain, Accountant; Helga Schrammeck, Accounting Assistant and Virginia Nashalook, temporary administrative. **Unalakleet, 2:** Jerry Ivanoff, Education, Employment and Training Mgr.; Janice Dickens, Administrative Assistant. **NSSP, Unalakleet, 1:** Richard Ferry, NSSP Plant Mgr. Overall this category earned **\$156,439.42** in gross wages.
- b. CDQ Pollock** –There was no CDQ Pollock employment this quarter, however, **\$62,821.82** were paid to residents this quarter for work done in the second quarter, see second quarter report.
- c. CDQ Crab** –There was no CDQ crab fishing employment this quarter
- d. NSSP Employment - A** grand total of 68 residents worked in this category during the quarter and they worked in various capacities in the seafood processing plants at **Unalakleet, Nome and Savoonga;** of these 68 personnel who worked in this category, thirteen were carried-over from the second quarter with fifty-five (55) new employees for the quarter. They earned **\$113,758.06** in gross wages.

- e. **Other employment (NSEDC)** –ten regional residents worked (five being new this quarter) in this category on the NSEDC tendering vessels, the *M/V Golovin Bay* and *M/V Norton Bay*, as skippers and deckhands. They earned **\$61,810.00** in gross wages.
- f. **Other fishing** –There were two residents who worked onboard **Icicle Seafoods** vessels during the quarter during open access fishing and they earned **\$14,115.91** in gross wages.
- g. **Interns (trainees)** –There were eleven regional residents who worked in this category for the third quarter. Two ADF&G interns were the additions for this quarter and increased year-to-date to eleven. **Elaine Towarak** of **Unalakleet** was **GFC, LLC’S** intern in **Seattle**; **George Sookiayak** of **Shaktoolik** working as an intern at the **Icicle Seafoods** facilities in **Petersburg** and nine residents with the **Nome ADF&G** at their counting towers in the region; these nine were from the communities of **Nome (7)**, **Unalakleet (1)** and **Elim (1)** and they were paid **\$49,077.42** in gross wages.

Over all, a grand total of **105** residents worked in all categories this quarter and they were paid a grand total of **\$458,022.63** in gross wages.

D. Training

- 1. **Data Form** –See Table #2 as follows:

Training Data Form
September 30, 1999

	Quarter		Year-To-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-secondary	58	\$58,000.00	93	\$93,000.00
Vocational	3	3,000.00	18	18,000.00
Voc-Tech				
Basic	--	--	--	--
Advanced	--	--	--	--
Other training				
Fisheries related	--	--	33	\$59,514.30
Student loans	--	--		
CDQ Staff/Board	--	--		
Other(elec.navigation)	--	--	16	\$ 4,534.48
Other expenditures				
To educational institute	--	--	--	--
Education Endowment	--	--	--	--
Other	--	--	--	--
TOTAL	61	\$61,000.00	160	\$175,048.78

2. **Summary** –Table #2, NSEDC’S Training Data form above shows the total number of dollars spent on NSEDC’S Education, Employment and Training program for the third quarter of 1999 for Scholarships, both Post-secondary and vocational; Voc-tech classes held at the **Alaska Vocational Technical Center (AVTEC)** in **Seward**; Other training (fisheries related, student loans, CDQ staff/board & Other), and Other expenditures (educational institutes, educational endowment fund and other).
- a. **Scholarships** –There were fifty-eight (58) post-secondary \$1,000.00 and three vocational educational \$1,000.00 scholarships awarded to regional students in the third quarter.
 - b. **Voc-tech** –No activity
 - c. **Other training** –No activity
 - d. **Other expenditures** –No activity

At the end of the quarter, **61** residents received assistance in one form or another from NSEDC’S Education, Employment and Training program and **\$61,000.00** was expended toward that effort.

- E. **Other issues** –The main other issue this quarter was the depressed commercial fishing activities across all commercially available specie in the region. This led to the NSEDC Board of Directors declaring another disaster in the Norton Sound fisheries and subsequently leading to the Governor of Alaska declaring a disaster, for the first time, in the region also.
- III. **ADMINISTRATION** –The NSEDC President, his principal staff and advisers, were again, prolifically busy meeting the goals, objectives and milestones for the third quarter of 1999 as outlined in the 1999-2000 Pollock and 1999-2000 Multi-Species Community Development Quota (CDQ) Community Development Plans (CDPs). Because of the requirement by the State of Alaska to submit CDPs for the 2000 Pollock allocation, the management of NSEDC, after receiving guidance from the board, spent a lot of time during the quarter revising the Pollock CDP. Meetings with the executive committee, who had complete authority from the board, were held to review staff changes and subsequently presenting the CDP to the State on August 20th. Second quarterly reports were filed in a timely manner to the State. Management reported to and supported the Second Quarterly board of directors meeting held in Nome July 28th and 29th; the president and accounting personnel were involved in meeting with various accounting firms in preparation to changing over NSEDC’S accounting system to one that would better serve our needs; he traveled to **Unalakleet** on August 24th and 25th and met with the **City of Unalakleet, Native Village of Unalakleet and Unalakleet fishermen** –at these meetings he participated in the **Unalakleet Erosion project planning**; reviewed

leases with the Native village of Unalakleet and fishermen's business; At the end of August the president and key staff met with **City of Nome City Manager Mike Yanez** regarding the **Nome Port Facility**; met with fellow CDQ Presidents and chairmen to discuss common interest items on the CDQ program. September was a busy one for the management as heavy emphasis was on completion of the Pollock 2000 application; the president represented the company at a luncheon with the **World Trade Center**; on the second of September he and the board chairman traveled to **Unalakleet** for a one-on-one meeting with **State of Alaska Governor Tony Knowles** and **Chief-of-Staff Ayers** regarding the fishing disaster across Norton Sound in 1999; the president let out a contract with **Mary Stadum** of **The Stadum Group** to provide public relations services for NSEDC; revisions to the CDP were sent to the State on September 15th; the president, along with the board chairman and key advisors held the quarterly business meeting with **GFC, LLC** on September 29th, around the same time the executive committee of the board met at the corporate offices – September 27th & 28th to attend the State of Alaska public hearings on the 2000 Pollock allocations and the closed-door session with the State of Alaska CDQ oversight team on September 29th. On September 30th, the president, administrative director and community development specialist attended a **NOAA** review of the **1998 Western Alaska Fishing Disaster** at the **Atwood Building**, along with officials of the Bristol Bay Borough, Bristol Bay Native Association, other regional officials, federal agencies and State of Alaska agencies. NSEDC was notified of their receipt of the **rollover of 22% Pollock 2000 allocation** prior to close of business on October 30, 1999.

- a. **Board activities** –The board of directors held their Second quarterly 1999 meeting in **Nome** on July 28th and 29th; the standing committees met on the 28th. The executive committee held a special meeting teleconference meeting on August 11th; another special committee meeting at the corporate offices on August 18th and another special meeting at the corporate offices on September 29th.
- b. **Changes in members** –**Truman Kava** replaced **Sam Mokiuyuk**, as **Savoonga, Alaska's** NSEDC board representative this quarter.
- c. **Substantial decisions-** At their second quarterly board meeting the board of directors made the following actions: accepted the 1999 NSEDC Audit reported by Lisa Luther of KPMG Peat Marwick; passed a motion to change per diem rates during May to September to accommodate the summer hotel rates in Alaska and other regions and to revert to winter rates period October to April; passed a motion to give \$10,000.00 to NSEDC member communities under the category of "Community Benefits Share"; approved the NSEDC 1999 Omnibus budget; passed a motion to purchase life jackets from **Nome Outfitters** for the regions kids under the auspices of the **Alaska State Troopers Safety program "Kids Don't Float"**; adopted NSEDC

Resolution 99-01 titled “*Amendment of Articles Two and Four of NSEDC By-laws for elimination of the concept of alternate directors with an effective date*”; passed a motion to draft a resolution declaring Norton Sound Fisheries a disaster for 1999; passed a motion to purchase two Crabbers upon staff recommendation; authorized the executive committee to purchase the *Arctic Venture* after due diligence is done and found favorable; gave the president and CEO a favorable evaluation with a raise; authorized the executive to act upon AD&D blanket insurance coverage for the board; approved a motion to approve submittal of the NSEDC 2000 Pollock CDP application with amendments to the existing CDP as necessary and gave full approval to the executive committee to do final approval with changes if necessary; the executive committee, at their August 11 teleconference committee to submit the 2000 Pollock CDP allocation for 27%; at their August 18 meeting the committee approved staff to go forward for board AD&D blanket coverage with Penn Mutual; passed a motion to file an application to secure loan funding if needed, with the NOAA AFA Loan program; set a date of December 1 & 2 for a board retreat in Seattle and authorized two board members to represent the board at the CDQ Expo at the Seattle FISH EXPO 18 – 20 November; at their September 29th meeting, the committee authorized to stop action on the *Arctic Venture* purchase.

- d. **Amendment status** –CDP amendment 99-5: NSEDC submitted a technical amendment to the 1998-2000 Multi-species CDP in order to add the *F/V Clipper Epic* to the list of vessels already approved by NMFS as eligible to participate in our CDQ fisheries. The fishing plan for the *Clipper Epic* consisted of targeting CDQ sablefish and Greenland turbot in the Aleutian Islands management area starting in July and working into August. This amendment was approved by NMFS on July 15, 1999. CDP Amendment 99-6: NSEDC submitted a technical amendment to the 1998-2000 Multi-species CDP in order to transfer quota from the non-specific reserve into the ‘other species’ CDQ. We requested a transfer of 250.00 mt from the reserve into the other species. NSEDC-contracted vessels harvested 233.06 mt of other species CDQ through the date of the amendment from a total of 314.16 mt. This additional other species CDQ may be harvested as bycatch in our other CDQ groundfish fisheries. This amendment was approved by NMFS on August 3, 1999. CDP Amendment 99-7: NSEDC submitted this technical amendment to the 1998-2000 Multi-species CDP in order to revise the proposed fishing plan for the *F/V Lili Ann*. NSEDC-contracted vessels have had some difficulty in obtaining CDQ-certified observers for fishing operations. **Deep Pacific Fishing Co**, owner and manager of the vessels, has asked to use one observer in modified CDQ fishing operations. The revisions to these proposed fishing plans would enable the vessels to collect catch data using one CDQ observer

in compliance with CDQ regulations. This amendment was approved by NMFS on August 4, 1999. CDP Amendment 99-8: NSEDC submitted this technical amendment in order to transfer an annual CDQ (3 mt of EAI/BS Atka mackerel) to CVRF. This amendment was approved by NMFS on September 3, 1999. CDP Amendment 99-9: NSEDC submitted this technical amendment in order to transfer an annual CDQ (3 mt of EAI/BS Atka mackerel) back to NSEDC from CVRF. This amendment was approved by NMFS on September 29, 1999.

IV. HARVESTING REPORT

A. Target Fisheries Harvest Activities

1. Table of Data –See the following tables below: Table 1, Annual CDQ Harvest by All Groundfish Target Fisheries through third quarter 1999; Table 2, 1999 CDQ Harvest – Pollock Target Fishery; Table 3, 1999 CDQ Harvest for Sablefish and Greenland Turbot Target Fisheries; Table 4, 1999 CDQ Harvest – Pacific Cod Target Fishery and Table 5, 1999 CDQ Harvest – Other Groundfish Target Fisheries

Table 1: Annual CDQ Harvest by All Groundfish Target Fisheries Through Third Quarter 1999

TARGET FISHERY		Pacific Cod	Sablefish/Turbot	Pollock	Other Groundfish	Total	NSEDC	Percent	Remaining
VESSEL/COMPANY		NSFC/B&C	DP	GFC	OP/USS	Harvest	Allocation	Harvested	Allocation
GEAR TYPE		H&L	H&L	Trawl	Trawl		1999		
	CDQ Total								
SPECIES	7.5%								
Pacific Cod (BS/AD)	13,275								
Greenland Turbot (BS)									
Greenland Turbot (AD)									
Atka Mackerel (Western AD)									
Atka Mackerel (Central AI)									
Atka Mackerel (Eastern AD)									
						26.209	1,799.997	1.46%	1,773.788
Bering Sea Pollock	99,200								
A season		-	-	9,779.912	-	9,779.912	9,820.800	99.58%	40.888
B season		-	-	12,049.923	-	12,049.923	12,003.200	100.39%	(46.723)
Aleutian Pollock	200	-	-	-	-	-	44.000	0.00%	44.000
Bogoslov Pollock	100	-	-	-	-	-	22.000	0.00%	22.000
Non-quota Pollock		177.444	-	N/A	0.126	177.570	-	N/A	N/A
Arrowtooth Flounder	10,077	6.517	1.754	18.806	0.028	27.105	1,370.336	1.98%	1,343.231
Trawl Sablefish (BS)	50	-	-	0.002	-	0.002	9.000	0.02%	8.998
Trawl Sablefish (AI)	26	-	-	-	-	-	4.500	0.00%	4.500
True POP (EBS)	105	-	-	1.165	-	1.165	16.800	6.93%	15.635
Other Red Rockfish (EBS)	20	0.010	1.797	0.051	-	1.858	3.200	58.06%	1.342
True POP (Western AI)	467	-	-	-	-	-	74.560	0.00%	74.560
True POP (Central AI)	288	-	-	-	-	-	46.080	0.00%	46.080
True POP (Eastern AI)	257	-	-	-	3.854	3.854	41.120	9.37%	37.266
Sharpshin/Northern (AI)	317	-	-	-	18.464	18.464	50.720	36.40%	32.256
Shortraker/Rougheye (AI)	72	-	-	-	0.039	0.039	12.960	0.30%	12.921
Other Rockfish (EBS)	27	0.060	0.201	0.018	-	0.279	5.130	5.44%	4.851
Other Rockfish (AI)	51	-	-	-	3.877	3.877	9.690	40.01%	5.813
Squid	0	-	-	0.760	-	0.760	N/A	N/A	N/A
Other Species	2,465	242.192	0.466	13.740	1.336	257.734	564.160	45.68%	306.426
TOTAL	174,939	2,605.940	11.426	22,049.645	189.217	24,856.228	32,682.818	76.05%	7,826.590
Bycatch %		0.173		0.556	0.364				
PROHIB SPECIES									
Halibut mortality (mt)	351	15.451	0.558	2.496	0.884	19.389	49.140	39.46%	29.751
Opilio (no.)	337,500	-	-	2	2	4	27,000	0.01%	26,996
Tanner Crab - Zone 1 (no.)	56,250	-	-	-	-	-	5,063	0.00%	5,063
Tanner Crab - Zone 2 (no.)	140,850	-	-	8	-	8	12,677	0.06%	12,669
Red King Crab (no.)	15,000	-	-	-	2	2	2,250	0.09%	2,248
Chinook Salmon (no.)	3,600	-	-	133	-	133	792	16.85%	659
Other Salmon (no.)	3,150	-	-	95	-	95	693	13.70%	598
QUOTA AMOUNTS AFTER NON-SPECIFIC RESERVE ESTABLISHED						New Quotas	Original Quotas		
Arrowtooth Flounder						1,370.336	1,612.160		
Squid						-	-		
Other Species						314.160	369.600		
Total Non-specific Reserve						297.264			

Table 3: 1999 CDQ Harvest for Sablefish and Greenland Turbot Target Fisheries

Sablefish/Turbot Target						Total	Remaining
	Allocation	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to date	Allocation
SPECIES							
Pacific Cod (BS/AI)	2.930	-	-	-		-	2.930
Sablefish (BS)	26.520	-	-	2.488		2.488	24.032
Sablefish (AI)	41.260	-	-	-		-	41.260
Greenland Turbot (BS)	72.020	-	-	4.720		4.720	67.300
Greenland Turbot (AI)	57.200	-	-	-		-	57.200
Atka Mackerel (Western AI)	-	-	-	-		-	-
Atka Mackerel (Central AI)	-	-	-	-		-	-
Atka Mackerel (Eastern AI)	-	-	-	-		-	-
Yellowfin Sole	-						
Bering Sea Pollock							
Non-quot a Pollock							
Arrowtooth Flounder	31.320	-	-	1.754		1.754	29.566
Trawl Sablefish (BS)	-	-	-	-		-	-
Trawl Sablefish (AI)	-	-	-	-		-	-
True POP (EBS)	-	-	-	-		-	-
Other Red Rockfish (EBS)	1.800	-	-	1.797		1.797	0.003
True POP (Western AI)	-	-	-	-		-	-
True POP (Central AI)	-	-	-	-		-	-
True POP (Eastern AI)	-	-	-	-		-	-
Sharpshin/Northern (AI)	-	-	-	-		-	-
Shortraker/Rougheye (AI)	2.410	-	-	-		-	2.410
Other Rockfish (EBS)	1.370	-	-	0.201		0.201	1.169
Other Rockfish (AI)	4.340	-	-	-		-	4.340
Squid	-	-	-	-		-	-
Other Species	44.410	-	-	0.466		0.466	43.944
TOTAL	294.580	-	-	11.426		11.426	283.154
Bycatch %				36.92%		36.92%	
PROHIB SPECIES							
Halibut mortality (mt)	3.000	-	-	0.558		0.558	2.442
Opilio (no.)	-	-	-	-		-	-
Tanner Crab - Zone 1 (no.)	-	-	-	-		-	-
Tanner Crab - Zone 2 (no.)	-	-	-	-		-	-
Red King Crab (no.)	-	-	-	-		-	-
Chinook Salmon (no.)	-	-	-	-		-	-
Other Salmon (no.)	-	-	-	-		-	-

Table 4: 1999 CDQ Harvest - Pacific Cod Target Fishery							
Pacific Cod Target						Total	Remaining
	Allocation	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to date	Allocation
SPECIES							
Pacific Cod (BS/AI)	2,120.000						
		-	-			-	-
Greenland Turbot (BS)	8.000	-	0.090	0.080		0.170	7.830
Greenland Turbot (AI)	-	-	-			-	-
Atka Mackerel (Western AI)	-	-	-			-	-
Atka Mackerel (Central AI)	-	-	-			-	-
Atka Mackerel (Eastern AI)	0.800	-	-			-	0.800
Yellowfin Sole	40.000	-	18.318	0.800		19.118	20.882
Flathead Sole	20.000	-	4.246	1.130		5.376	14.624
Other Flatfish	5.400	-	0.722			0.722	4.678
Rock Sole	10.000	-	0.179	0.010		0.189	9.811
Bering Sea Pollock							
A season	N/A	-	-			-	-
B season	N/A	-	-			-	-
Aleutian Pollock	N/A	-	-			-	-
Bogoslof Pollock	N/A	-	-			-	-
Non-quota Pollock		-	157.824	19.620		177.444	
Arrowtooth Flounder	34.800	-	2.167	4.350		6.517	28.283
Trawl Sablefish (BS)	2.400	-	-			-	2.400
Trawl Sablefish (AI)	-	-	-			-	-
True POP (EBS)	4.000	-	-			-	4.000
Other Red Rockfish (EBS)	0.100	-	-	0.010		0.010	0.090
True POP (Western AI)	5.000	-	-			-	5.000
True POP (Central AI)	5.000	-	-			-	5.000
True POP (Eastern AI)	5.000	-	-			-	5.000
Sharpshin/Northern (AI)	0.400	-	-			-	0.400
Shorotraker/Rough eye (AI)	4.000	-	-			-	4.000
Other Rockfish (EBS)	2.270	-	-	0.060		0.060	2.210
Other Rockfish (AI)	-	-	-			-	-
Squid	-	-	-			-	-
Other Species	250.000	-	223.732	18.460		242.192	7.808
TOTAL	2,517.17	-	2376.02	229.92		2,605.94	
Bycatch %			17.14%	19.39%		17.34%	
PROHIB SPECIES							
Halibut mortality (mt)	20.000	-	12.861	2.590		15.451	4.549
Opilio (no.)	-	-	-	-		-	-
Tanner Crab - Zone 1 (no.)	-	-	-	-		-	-
Tanner Crab - Zone 2 (no.)	-	-	-	-		-	-
Red King Crab (no.)	-	-	-	-		-	-
Chinook Salmon (no.)	-	-	-	-		-	-
Other Salmon (no.)	-	-	-	-		-	-

Table 5: 1999 CDQ Harvest - Other Groundfish Target Fisheries							
AM/YFS/RS Target						Total	Remaining
	Allocation	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to date	Allocation
SPECIES							
Pacific Cod (BS/AI)	116.050						
Greenland Turbot (BS)							
Greenland Turbot (AI)							
Atka Mackerel (Western AI)							
Atka Mackerel (Central AI)							
Atka Mackerel (Eastern AI)							
Bering Sea Pollock							
Non-quota Pollock							
Arrowtooth Flounder							
Trawl Sablefish (BS)							
Trawl Sablefish (AI)							
Other Red Rockfish (EBS)							
True POP (Western AI)							
True POP (Central AI)							
True POP (Eastern AI)							
Sharpshin/Northern (AI)							
Shortraker/Rougheye (AI)							
Other Rockfish (EBS)							
Other Rockfish (AI)							
Halibut mortality (mt)							
Tanner Crab - Zone 1 (no.)							
Tanner Crab - Zone 2 (no.)							
Red King Crab (no.)							
Chinook Salmon (no.)							
Other Salmon (no.)							

2. CDQ Fishing Activities

During the third quarter of 1999, NSEDC conducted targeted CDQ fishing operations for Pollock in the B/C season, Pacific cod, and sablefish/Greenland turbot. Through the end of the third quarter, NSEDC has harvested 24,856.23 mt of a variety of CDQ groundfish species during targeted fishing operations or approximately 76% of the total CDQ allocation for the year. The cumulative harvest of our CDQ and PSQ allocations through the third quarter for all groundfish target fisheries including target and bycatch species are shown in Table 1.

In addition to CDQ groundfish, NSEDC commenced the local CDQ halibut fishery in Area 4D with mainly skiff and small-boat halibut fishermen from St. Lawrence Island and Nome. There was no CDQ crab harvested during this quarter although the sales of product from the opilio fishery continued to move forward.

Pollock

NSEDC-owned fishing vessels, the F/V Northern Glacier and F/V Pacific Glacier, harvested the entire B/C season allocation of CDQ Pollock during the third quarter of 1999. The Glacier Fish Company vessels in which NSEDC is part owner combined to harvest about 12,049.9 mt of CDQ Pollock during targeted fishing operations. The Pollock CDQ allocation remaining after the A season harvest was rolled into the B/C season allocation and was also harvest during this timeframe. See Table 2 for a summary of the harvest of CDQ and PSQ to date in the CDQ Pollock target fishery.

Last month we experienced a problem with the NMFS observer data reporting system and accounting for the harvest of our CDQ Pollock. The Northern Glacier and Pacific Glacier started CDQ Pollock fishing in July and completed the harvest on September 18 with about 23.7 mt of the CDQ Pollock allocation for the year remaining. Our CDQ monitoring web site based on NMFS observer data provided us with this updated information. On September 23, five days after the completion of Pollock fishing operations, NMFS made an adjustment to the Pollock catch data collected on a haul taken by the Pacific Glacier on August 21. This after-the-fact adjustment to the NMFS catch data - an increase of about 29.5 mt - caused the reported catch data to exceed the NSEDC Pollock CDQ allocation limit by almost 5.9 mt. Catch data for this haul looked normal and there were no anomalies to the AOTC and/or OTC figures that would have given us reason to question the posted NMFS catch data. This situation was immediately reported to the state CDQ review team and NMFS.

Summary of bycatch: During the third quarter, the bycatch rate of other CDQ species in the Pollock target fishery was about seventeen percent (1.04%) of the total harvest.

The vessels had small amounts of Pacific cod and arrowtooth flounder bycatch. See attached harvest summary in Table 2 for more detailed information.

Processing report: Products from B season processing of CDQ Pollock included surimi, mince and fillet blocks.

Compliance/enforcement issues: NSEDC conducted CDQ Pollock 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.

Pacific Cod

NSEDC harvested a small quantity of CDQ Pacific cod and miscellaneous bycatch in cod targeted fishing operations during this quarter. The F/V Norton Sound took about 185.35 mt of Pacific cod in seven days of fishing from September 8 to September 15. See Table 4 for a summary of the harvest of CDQ and PSQ to date in the Pacific cod target fishery. When it became clear that our other trawl groundfish operations for various flatfish may be delayed or may not occur at all, we transferred quota from bycatch categories in these fisheries into our target cod longline fisheries. The primary reason for this internal transfer was to maximize the take and value of the CDQ allocations.

Summary of bycatch: During the third quarter, the bycatch rate of other CDQ species in the Pacific cod target fishery was roughly nineteen percent (19%) of the total harvest. The bycatch primarily consisted of other species such as skate sculpin and sharks, and non-quota Pollock. See the attached harvest summary in Table 4 for more detailed information.

Processing report: Products from our Pacific cod CDQ fishery was primarily headed and gutted, eastern-cut and western cut cod produced into approximately 40-pound blocks. Prices for cod product were down slightly for the quarter.

Compliance/enforcement issues: NSEDC conducted CDQ Pacific cod fishing operations in compliance with applicable federal and state laws and regulations governing the fisheries in the Bering Sea and Aleutian Islands. There were no violations reported.

Atka Mackerel, Yellowfin Sole and Rock Sole

NSEDC did not harvest CDQ allocations in target fisheries for Atka mackerel, yellowfin sole and other flatfish during the third quarter of 1999. See Table 5 for a summary of the harvest to date in the other groundfish CDQ target fisheries.

Sablefish and Greenland Turbot

An NSEDC-contracted vessel harvested a small amount of sablefish and Greenland turbot in target fishing operations during this quarter. Table 3 provides data on CDQ and PSQ allocations and harvest by quarter in the sablefish and Greenland turbot target fisheries.

Our targeted fishing operations for sablefish and turbot did not proceed as planned. Originally, we had contracted with Deep Pacific Fishing Company for the freezer longliner F/V Lilli Ann to harvest sablefish and Greenland turbot CDQ in the Bering Sea and Aleutian Islands management areas during the months of July and August. The Lilli Ann however had mechanical problems in late June during open access fishing and was required to be towed back to Seattle from Dutch Harbor. The vessel ended up in the shipyard for about a month and therefore missed over a month of CDQ fishing for our allocations. In response to this situation, we adjusted our fishing plan and contracted with Clipper Seafoods for the freezer longliner F/V Clipper Epic to harvest sablefish and turbot CDQ in the Aleutian Islands management area during the month of August. The fishing plan for the Lilli Ann was modified for the vessel to harvest allocations of sablefish and turbot only in the Bering Sea management area also during the month of August.

Unfortunately, Clipper Seafoods was unable to obtain certified CDQ observers for the Clipper Epic in the timeframe between open access fisheries that would allow the harvest of CDQ. There are no exemptions in the CDQ regulations to allow vessels to harvest CDQ when CDQ observers are not available. Availability of CDQ observers was extremely limited during the summer months mainly because the supply of observers was down and the demand was high. As a result of this observer availability, Clipper Seafoods canceled the harvesting agreement with NSEDC and no CDQ was harvested in the Aleutian Islands. NSEDC was unable to contract with substitute vessels for this fishery for the same reason.

Deep Pacific was able to conduct fishing operation in the Bering Sea with a single CDQ observer as permitted in a modified fishing plan approved by NMFS. The modified fishing plan for using one CDQ observer basically specified a 12-hour fishing period within a 24-hour period. Deep Pacific was able to contract with just one CDQ observer partially because of the availability issue. Unfortunately for the Deep Pacific and NSEDC, the bycatch rate of “other red rockfish” CDQ far exceeded acceptable levels and the fishery was prematurely suspended. The future harvest of sablefish and turbot in the Bering Sea in a target fishery will depend in part on the harvest of “other red rockfish” in our other target fisheries.

Summary of bycatch: The bycatch rate of other species in the sablefish/Greenland turbot target fishery was about thirty-seven percent (37%) of the total harvest. The Lilli Ann unexpectedly experienced relatively high levels of bycatch of other red

rockfish, and moderate levels of arrowtooth flounder and other species such as skate, sculpin and shark. Refer to Table 3 for additional detailed information.

Processing report: Products from the sablefish/turbot fishery were headed and gutted fish frozen in 40-pound blocks.

Compliance/enforcement issues: NSEDC conducted CDQ fishing operations in compliance with applicable federal and state laws and regulations governing the fisheries in the Bering Sea. There were no violations reported.

Halibut

The local CDQ halibut fishery within the region opened in July. See Scott Dickens' activity report for more information.

Bering Sea Opilio Crab

There was no harvest of opilio crab during the third quarter. The outlook for the opilio fishery for the next few years is not good. NMFS just recently categorized the fishery as overfished and significantly reduced the GHL for the 2000 fishing season. The open access fishery will open on January 15, 2000 and the CDQ fishery probably sometime in mid to late February. Based on the current GHL for opilio, NSEDC is estimating a CDQ of about 384,000 pounds. This amount is substantially less than the more than 1.7 million pounds NSEDC received in opilio CDQ last year.

St. Matthew Blue King Crab

There was no harvest of CDQ king crab in the Bristol Bay fishery during the third quarter. ADF&G recently announced that the St. Matthew blue king crab fishery will remain closed for the 1999 fishing season. There will be no CDQ fishery this year. NMFS categorized the St. Matthew crab stocks as overfished. This status requires that NMFS must develop a rebuilding plan for the stocks. ADF&G must thereafter modify the harvest strategy for the fishery to reflect requirements and conditions established by the plan.

Bristol Bay Red King Crab

There was no harvest of CDQ king crab in the Bristol Bay fishery during the third quarter. The open access crab fishery in Bristol Bay will open on October 15, 1999 and the CDQ fishery shortly thereafter. Many in the crab industry are expecting the open access fishery to last just three or four days. Based on the announced GHL for this king crab fishery of approximately 10.66 million pounds, NSEDC is estimating a CDQ of about 106,000 pounds.

Other Related Management Items

Other Activities

During the third quarter, NSEDC participated in meetings of the CDQ Implementation Committee of the NPFMC, the North Pacific Fisheries Management Council (during April in Anchorage and June in Kodiak) and those with other CDQ groups regarding the implementation and management of the multi-species CDQ program.

CDQ Crab Marketing Activities

During the third quarter, NSEDC continued working with Glacier Seafood International (GSI) in sales of opilio crab product from the 1999 opilio CDQ fishery conducted earlier in the year. Sales of product from the 1998 CDQ crab fisheries were completed last quarter. NSEDC and GSI continue to improve the working relationship through better and more responsive decision-making on prospective sales, reporting and accounting. As of the end of the third quarter, NSEDC and GSI had sold the majority of the crab product from the 1999 opilio fishery with roughly 6,700 pounds out of the initial almost 1.1 million pounds remaining. The remaining product is in inventory in Seattle cold storage. Revenues to date for the sale of this product are almost \$3.64 million while expenses are about \$3 million. Prices for opilio product continue to strengthen.

3. Other fishing issues/activities

GFC, LLC Operations

There was no CDQ fishing or open access fishing this quarter

NSSP & Tender Vessel Management Operations

1. Herring Roe on Kelp fishery –Of the 16 Norton Sound herring permit holders declaring participation with ADF&G in the herring roe on kelp, eight actually mobilized to set pounds. Of the eight actives, seven were able to deploy their pounds with three fishermen successfully harvesting kelp and delivering to the **Unalakleet Plant** for processing. One fisherman delivered **4,181 lbs**; one **2,800 lbs.** and one approximately **1,000 lbs.** NSEDC advanced the kelp fisherman the cost of harvesting kelp and airfreight from Southeast Alaska with each fisherman agreeing to repay NSEDC. An expert was contracted for technical assistance in the fishery and his expertise was valuable with regard to grading and packing. There is market interest in **Norton Sound** production now and for the future.

2. Salmon fishery –King salmon (Chinook) – The first king fishing period in region was almost three weeks later than normal years. There were only 4 – 24 hour fishing periods. A total of **46,425 pounds** were

landed which represents a harvest well below the ADF&G preseason estimates of 110 to 144,000 pounds. Chum salmon – As is normal in Norton Sound, the chum harvest is managed very conservatively and considered by NSSP to be an incidental catch. ADF&G did allow one 24-hour period that resulted in a catch of 2,487 fish totaling **18,056 pounds**. A season total chum harvest of 7,859 fish and **57,308 pounds** fell well below the ADF&G pre season harvest forecast of 20 – 40,000 fish or 140-280,000 pounds). Coho – The coho season was similar to kings and chums in that the total run was very late in showing up and the number of fish fell well below ADF&G preseason harvest projections of 50-70,000 fish. A total of 12,513 fish and **87,203 pounds** were harvested in the **Unalakleet & Shaktoolik Sub-districts**.

3. Halibut –Similar to the salmon fishery in the region, halibut returning to Norton Sound was also very late. The first commercial landing in **Savoonga** wasn't until August 8th. This was partly due to poor weather conditions limiting fishing effort as well as the lateness of fish appearing offshore. At the close of the **Savoonga fishery** on September 15, only **1,422 fish** had been landed. The **Nome fishery** didn't begin until September.

4. Salmon roe –**Mayco Fish Company**, in partnership with **Yutana Caviar**, operated the salmon roe production for NSSP this year. King and chum production was primarily put into ikura (caviar) products and coho was packed for the Japanese sujiko market.

5. Sales & marketing –Salmon sales for NSSP were similar to previous years. Production remains prioritizing fresh markets for number one and number two products and frozen for number three. Halibut prices remain strong throughout the season with consumer demand remaining good. NSSP most likely be able to support a ground price adjustment for all halibut fishermen at the end of the season if current market conditions continue. It is apparent each year that secondary production (value-added) for Norton Sound fisheries needs to be explored in greater depth. Although many constraints, such as high utility and labor costs limit moving in this direction for some seafood products (salmon), there is obvious opportunity for others. Secondary processing is an area that NSSP will be devoting more effort toward in the future.

6. Tender Vessel management –Both vessels, the *M/V Golovin Bay* and *M/V Norton Bay* were in the water in late June due to unusually late pack ice in Norton Sound. The *Golovin Bay* was used to tender salmon from **Shaktoolik** during the king and coho season. As only the **Unalakleet & Shaktoolik sub-districts** were open for fishing this year, the vessels were not required in other districts normally given fishing periods. The RSE buying barge *Besboro* was launched and made ready for the coho

season. This allowed the *Golovin Bay* to be used in **Elim & Golovin sub-districts** if made open by ADF&G. As the coho season developed, the *Besboro* bought in the river at **Shaktoolik** while the *Golovin Bay* followed the fleet to take deliveries on the grounds. The *Norton Sound* was made ready for the experimental halibut fishery off **Wales** and **Diomede**. The vessel was utilized for over 6 weeks in this fishery from mid-July through August. A total of **2 skippers** and **6 deckhands** were employed on the tendering vessels during the third quarter.

7. Regional meetings –Fishermen meeting were held with **Nome** and **Savoonga** halibut fishermen, with the president, loan program manager and assistant CDQ fishing manager attending; Nssp buying and processing operations were discussed as well as proposed NMFS boundary changes in Areas 4D and E. The president informed the **Nome fleet** that NSEDC would make every effort to acquire 4E halibut from **CVRF** and **BBEDC** CDQ groups as it became available in August and September. This would enable the Nome fishermen (skiff and larger boat) to fish closer to Nome and in the case of larger boats, land up to 6,000 pounds per trip. **Savoonga halibut fleet** faced difficulties this year due to lateness of fish appearing offshore and poor weather conditions. These conditions contributed to perhaps the poorest fishing effort since the program began in 1995. NSEDC agreed to advance the **Savoonga** fishermen fuel and gear purchase up to \$500.00 at the village store and post this as a current fisherman receivable.

V. CONFIDENTIAL ISSUES

A. Financial statements –Attached are NSEDC’S Statement of Activities, Statements of Financial Position, Statement of Cash Flows and Budget to Actual comparisons for the quarter ending September 30, 1999. Attached are also GFC, LLC’S Balance Sheet and Schedule of Operations for the quarter ending September 30, 1999. In accordance with **State of Alaska Statutes 6AAC93.070, (b), (c) & (d)**, request these and other documents marked “**CONFIDENTIAL**” be kept confidential and not released to the public or any other party.

B. Investment Report –At the end of the third quarter of 1999, Asset Allocation long term and intermediate term investment accounts was, in the aggregate, as follows: Fixed Income, 5.3%; Domestic Equities, 31.0%; International Equities, 29.9%; Real Estate Equities, 9.8% and Money-Market Funds, 2.4% NSEDC maintained its cautious approach for investment of cash into longer-term asset classes over the quarter and as a result the percentage of amount held in cash equivalents increased. Unless the Financial Advisory committee decides otherwise, NSEDC will probably continue a fairly cautious reinvestment policy through the fourth quarter.

C. Tax Issues –None

D. Imminent major investments –None

E. Board minutes –attached

F. Other –None