

**2002 FOURTH QUARTER REPORT**  
**October 1 – December 31, 2002**



**NORTON SOUND ECONOMIC  
DEVELOPMENT CORPORATION**

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## I. Quarterly Highlights

- NSEDC standing committees held their 2002 third quarter meetings in Nome on October 15 – 16, 2002.
- NSEDC Board of Directors held their 2002 third quarter meetings in Nome on October 16 – 17, 2002.
- NSEDC Board of Directors held their 2002 Annual meeting of the Members and Annual meeting of the Directors in Nome on October 17, 2002.
- NSEDC Board of Directors held a 10-year NSEDC Anniversary Banquet in Nome on October 17, 2002. Several board members were recognized for their tenure on the board and for their services as past chairmen.
- NSEDC Board of Directors and NSEDC staff attended the 10-year CDQ Program Anniversary Symposium in Anchorage on November 11 – 12, 2002.
- NSEDC Board of Directors held a Board Training Workshop in Seattle, WA on December 11 – 13, 2002.
- Five NSEDC member communities held elections for their local NSEDC Board of Directors seat. Each of the communities re-elected their incumbent NSEDC Board member. Those communities were Stebbins (Wilfred Katcheak), Savoonga (Truman Kava), Wales (Luther Komo naseak), Gambell (Gilbert Ungott) and Koyuk (Danny Adams).
- NSEDC Staff held a Staff Training Workshop in Anchorage on December 5 – 6, 2002.
- Glacier Fish Company held their quarterly management meeting on November 11, 2002.
- The NSEDC Board of Directors declared a \$20,000.00 Community Benefit Share for the year 2002 for each of the NSEDC member communities.
- NSEDC awarded \$5,000.00 to four residents in vocational scholarships during the fourth quarter of 2002.
- Eighteen residents worked on the *F/T Northern Glacier*, *F/T Pacific Glacier* and the *F/V Norton Sound* earning a total of \$191,684.37 in wages in the fourth quarter.
- Two residents worked with Icicle Seafoods earning a total of \$10,991.40 in wages in the fourth quarter.
- NSEDC sponsored a Fisheries Safety Orientation Class at the Alaska Vocational Technical Center from October 13 – 24, 2002, in which twelve participants received certificates.

- A total of ten internship positions were sponsored by NSEDC at various organizations including NSEDC, Bering Straits School District, Kawerak, Inc., Alaska Department of Fish & Game, Native Village of Unalakleet, and Hageland Aviation in Unalakleet during the fourth quarter
- The NSEDC CDQ Halibut Fishery in the Norton Sound continued in the fourth quarter to the middle of October. A total of 98,612 lbs. of halibut was landed by ten fishermen for a total value to the fishermen of \$202,736.02 for the season.
- NSEDC Salmon Rehabilitation and Enhancement Program continued in the fourth quarter with the Chum & Coho Fecundity Project, and the Egg Survival Project.
- Three new NSEDC Community Outreach Liaisons were placed in the communities of Wales (Victor Ontowasruk), Brevig Mission (George Westdahl) and Teller (Warren Westlake) during the fourth quarter.

## **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 third quarter meetings in Nome on October 16 & 17, 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 third quarter meetings in Nome on October 15 & 16, 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:** NSEDC held a staff training workshop on December 5<sup>th</sup> & 6<sup>th</sup> of 2002, facilitated by Aurora Consulting.

**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 third quarter of 2002 were submitted to the State of Alaska on October 31, 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 1,964 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 fourth 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: NSEDC harvested 128,258 lbs. of CDQ Bristol Bay red king crab using the *F/V North Pacific* during the fourth quarter.

There was no directed harvest of CDQ St. Matthew blue king crab or CDQ opilio crab or Norton Sound red king crab during the fourth 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 377 metric tons of CDQ pacific cod in the Bering Sea using the vessels the *F/V Norton Sound* and the *F/V Glacier Bay* during the fourth quarter.

NSEDC harvested 13 metric tons of CDQ Greenland Turbot using the vessel the *F/V Seafreeze Alaska* during the fourth quarter.

There was no directed harvest of CDQ sablefish during the fourth 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: NSEDC harvested 157 metric tons of yellowfin sole, 35 metric tons of flathead sole and 10 metric tons of rock sole using the vessels the *F/V Seafreeze Alaska* and the *F/V Ocean Peace* during the fourth 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: NSEDC harvested 437.01 metric tons of Atka mackerel using the vessel the *F/V Seafreeze Alaska* during the fourth quarter.

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

Activity: NSEDC attended the NFMC meetings in Anchorage during the week of December 2<sup>nd</sup>, 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 fourth 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, and continued to evaluate this possibility in the fourth quarter 2002.

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: A Fisheries Safety Orientation class was held at Alaska Vocational Technical Education Center in Seward on October 13 – 24, 2002 in which seventeen residents were given the opportunity to receive

their certifications. Twelve of the seventeen received their certifications.

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 \$5,000.00 to four residents in vocational scholarships during the fourth 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 and to Kaltag and Shishmaref in the fourth 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: Nineteen residents received \$191,684.37 in crew share wages from Glacier Fish Company during the fourth quarter.

Two residents were employed by Icicle Seafoods and earned \$10,991.40 in wages during the fourth quarter.

Fourteen residents were employed by NSSP at various regional plants and earned \$9,990.32 in wages during the fourth quarter.

Year-to-date, NSEDC, NSSP, GFC & Icicle have employed 132 residents in 289 positions 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 and to Kaltag and Shishmaref in the fourth quarter.

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

**Activity:** Ten internship positions were sponsored by NSEDC at various organizations during the fourth 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)
- Gabriel Towarak, Accounting Intern (Unalakleet)

**NSEDC Salmon Rehabilitation & Enhancement Program**

- Vaughn Munn, Fisheries Technician (Nome)

**Alaska Department of Fish & Game**

- Kevin Strong, Kwiniuk Tower Intern (Nome)

**Kawerak, Inc. Fisheries Program**

- Alvin Ivanoff, Fisheries Technician Intern (Nome)

**Bering Strait School District**

- Sonya Ivanoff, Administrative Intern (Unalakleet)

**Native Village of Unalakleet - Construction**

- Charles Doty, Jr., Construction Intern (Unalakleet)
- Isaiah Woods, Construction Intern (Unalakleet)

**Hageland Aviation – Unalakleet**

- Loretta Ivanoff, Airline Agent 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:** Funding the Education, Training, and Scholarship Program from the earnings of the Education Endowment by the end of the fourth quarter 2002 was a consideration in preparing the 2001-2002 CDP, but NSEDC decided in the preparation of the 2003-2005 CDP to continue to use royalties to fund the Education, Training and Scholarship program instead of the Education Endowment, in part due to poor gains in the fund as a result of the weak stock market.

**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 October 16, 2002 and reviewed the investment performance of the Education Endowment.

### **Revolving Loan Program**

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

Activity: The NSEDC Financial Advisory Committee and staff reviewed the Revolving Loan Program at the Financial Advisory Committee meeting on October 16, 2002.

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

Activity: The NSEDC Financial Advisory Committee met on October 16, 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: NSEDC/NSIC purchased Pacific Halibut IFQ Shares in early 2002, with the Certificate of Transfer dated April of 2002.

### **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 Diomedé 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 Diomedé 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: The quarterly management meeting was held on November 11, 2002, in Anchorage to review the 2002 third quarter financial information and other issues. Another similar meeting was held on December 13, 2002, in Seattle.

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: Fourth 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 \$3 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.

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 fourth quarter 52 trip/positions provided; \$189,584 gross wages paid to Norton Sound residents. Year-to-date numbers are 187 trip/positions with wages paid of \$806,864.

## **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 the NSIC Committee and NSEDC's Board of Directors at the Board meetings in Nome on October 16-17, 2002.

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

**Activity:** No activity this quarter.

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

**Activity:** No 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:** GFC contributed \$37,900 this quarter.

## **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: The owners of GFC have concluded that it would not be prudent at this time, given current market conditions, to invest in a saltfish facility. However, GFC and Norton Sound Investment Company are currently negotiating to purchase shoreside pollock quota.

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

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

Activity: No activity this quarter.

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

### **Community Outreach Program**

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

Activity: 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 Kaltag and Shishmaref in the fourth quarter, in which he spoke to audiences of 15 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 third quarter meetings on October 16, 2002.

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

**Activity:** NSEDC management attended the GFC quarterly management meeting on November 11, 2002, and the NSIC quarterly management meeting on October 15, 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 Anchorage on November 11, 2002 in which financials were reviewed. NSEDC management receives weekly reports from GFC on investment activity, inventory, and financials.

### **Other Fund Management**

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

**Activity:** NSEDC Financial Committee held their third quarter meeting on October 16, 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:** The NSEDC Board of Directors attended a Board Training Workshop in Seattle, WA on December 11 – 13, 2002.

### **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 fourth 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 fourth 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: The NSEDC Board of Directors declared a \$20,000.00 Community Benefit Share for the NSEDC member communities at the third quarter meetings in October.

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: All 2002 Community Benefit Share funds were transmitted within 45 days of NSEDC receiving notification of acceptance by the communities of the community benefit share and its terms.

## 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 third quarter meetings in Nome on October 15 – 17, 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 third quarter meeting by placing an ad in the Nome Nugget Newspaper.
- The 2002 third quarter reports were mailed out to each member community city office, NSEDC Board of Director and Community Outreach Liaison.
- NSEDC placed the following newspaper advertisements during the fourth quarter:
  - NSSC Marketing
  - NSSC Marketing and Thanksgiving Day Closure Notice
  - NSSC Fresh Live Clams Sale
  - NSSC Halibut Fillet Sales
  - NSSC Silver Salmon and Pacific Cod Sales
  - NSSC Community Calendar Sponsorship
  - NSSC Community Calendar Sponsorship
  - NSSC Spotted Shrimp Sale
  - NSEDC Recruitment Notice
  - NSEDC Report
  - NSEDC 3<sup>rd</sup> Quarter Board Meeting Notice
- NSEDC has Community Outreach Liaisons in thirteen of our member communities with the EET office and the NSSC office serving the communities of Unalakleet and Nome, respectively. The NSEDC liaisons are sent informational fliers, applications, and other various information to disseminate to residents in their communities.
- NSEDC has a web page on the internet ([www.nsedc.com](http://www.nsedc.com)) in which constituents can access quarterly reports, newsletters, applications, and information regarding opportunities with NSEDC.

## C. Employment

### Employment Data Form

**Table 1**  
**EMPLOYMENT DATA FORM\***  
**December 31, 2002**

	Quarter		Year-to-Date		People
	Positions/Trips	Wages	Positions/Trips	Wages	
<b>Management/Administrative</b>					
NSEDC	2/-	\$22,553.43	11/-	\$118,789.27	3
NSSP	4/-	\$39,846.64	16/-	\$117,616.53	4
<b>Total Management/Administrative</b>	<b>6/-</b>	<b>\$62,400.07</b>	<b>27/-</b>	<b>\$236,405.80</b>	<b>7</b>
<b>CDQ Pollock Related</b>					
A/B Season	0/-	\$0.00	70/11	\$392,236.45	25
C/D Season	49/7	\$179,578.60	108/18	\$375,007.87	32
<b>Total Pollock Related</b>	<b>49/7</b>	<b>\$179,578.60</b>	<b>178/29</b>	<b>\$767,244.32</b>	<b>57</b>
<b>NSSP Employment</b>	<b>14/-</b>	<b>\$9,990.32</b>	<b>87/-</b>	<b>\$146,226.81</b>	<b>61</b>
<b>Other NSEDC Employment</b>					
Skippers, Deckhands, etc.	0/-	\$0.00	6/-	\$59,074.50	5
<b>Total Other NSEDC Empl.</b>	<b>0/-</b>	<b>\$0.00</b>	<b>6/-</b>	<b>\$59,074.50</b>	<b>5</b>
<b>Other Fishing</b>					
GFC - Longline	2/2	\$12,105.77	9/8	\$41,719.70	3
Icicle Seafoods	2/-	\$10,991.40	9/-	\$28,707.83	6
Norton Sound Herring	0/-	\$0.00	0/-	\$72,511.00	27
Norton Sound Salmon	0/-	\$0.00	0/-	\$2,941.00	12
CDQ Norton Sound Red King Crab	0/-	\$0.00	0/-	\$23,626.50	13
O/A Norton Sound Red King Crab	0/-	\$0.00	0/-	\$616,000.00	25
CDQ 4D/4E Halibut	0/-	\$0.00	0/-	\$202,736.02	10
<b>Total Other Fishing</b>	<b>4/2</b>	<b>\$23,097.17</b>	<b>18/8</b>	<b>\$988,242.05</b>	<b>96</b>
<b>NSEDC Community Outreach Liaisons</b>	<b>14/-</b>	<b>\$18,500.00</b>	<b>56/-</b>	<b>\$81,000.00</b>	<b>22</b>
<b>Interns</b>					
NSEDC Administration	3/-	\$2,152.12	7/-	\$13,590.36	3
NSSP	0/-	\$0.00	2/-	\$1,039.50	1
NSEDC Salmon Rehab.	1/-	\$2,234.48	4/-	\$10,501.20	3
Glacier Fish Company	0/-	\$0.00	2/-	\$12,527.41	1
Alaska Dept of Fish & Game	1/-	\$632.71	13/-	\$56,255.57	8
Kawerak, Inc - Fisheries	1/-	\$1,194.27	12/-	\$49,738.24	6
Kawerak, Inc - Administration	0/-	\$0.00	7/-	\$26,730.18	4
Icicle Seafoods	0/-	\$0.00	1/-	\$3,551.77	1
Norton Sound Health Corp.	0/-	\$0.00	4/-	\$14,152.50	2
Bering Strait School District	1/-	\$1,159.38	5/-	\$18,717.34	2
Native Village of Unk - Enumeration	0/-	\$0.00	2/-	\$11,310.15	1
Native Village of Unk - Construction	2/-	\$2,937.68	8/-	\$17,532.68	6
Hageland Aviation - Unalakleet	1/-	\$3,925.00	1/-	\$3,925.00	1
<b>Total Interns</b>	<b>10/-</b>	<b>\$14,235.64</b>	<b>68/-</b>	<b>\$239,571.90</b>	<b>39</b>
<b>GRAND TOTALS</b>	<b>97/9</b>	<b>\$307,801.80</b>	<b>440/37</b>	<b>\$2,517,765.38</b>	<b>287</b>
	<b>NSEDC =</b>	<b>\$55,289.07</b>	<b>NSEDC =</b>	<b>\$498,435.67</b>	<b>69</b>
	<b>NSSP =</b>	<b>\$49,836.96</b>	<b>NSSP =</b>	<b>\$1,181,657.86</b>	<b>152</b>
	<b>Partners =</b>	<b>\$202,675.77</b>	<b>Partners =</b>	<b>\$837,671.85</b>	<b>66</b>

\*The 2002 NSEDC fourth quarter Employment Data Form does not correspond with the 2002 NSEDC first, second and third quarter Employment Data Forms, due to this table conforming with the most recent version of the State of Alaska CDQ Quarterly Report Format Guidelines dated December 2, 2002.

## Employment Summary

**Management/Administrative** – Ten personnel were employed at NSEDC’s main office in Anchorage; two at the NSEDC offices in Unalakleet, and six at various plant operations in the region. Wages for these eighteen employees for the fourth quarter totaled \$224,042.89 and year-to-date wages totaled \$897,093.72.

Of the ten personnel employed at NSEDC’s main offices in Anchorage nine of the personnel are past residents of the Norton Sound region.

Of the six employed at various plant operations in the region during the fourth quarter two of the employees are from reside in Washington state in the off season.

**CDQ Pollock** – Glacier Fish Company paid wages to eighteen residents of NSEDC member communities or nearby communities who were employed in 49 trip positions in the fourth quarter of 2002 aboard the *F/V Northern Glacier* and the *F/V Pacific Glacier*.

**Community Breakdown:**

- 1 employee from Elim
- 2 employees from Nome
- 1 employee from Shaktoolik
- 2 employees from Shishmaref
- 4 employees from Stebbins
- 1 employee from Teller
- 3 employees from Unalakleet
- 1 employee from White Mountain
- 1 employee from Koyuk
- 2 employees for Kaltag

**NSSP Employment** – Fourteen residents were employed by NSEDC/NSSP at NSSP regional facilities in the region during the second quarter.

**Community Breakdown:**

- 9 employees from Nome
- 5 employees from Unalakleet

**Other Fishing** – One resident was employed by Glacier Fish Company aboard the *F/T Norton Sound* in two trip positions, and two residents were employed by Iccle Seafoods as processors during the fourth quarter.

**Community Breakdown:**

- 2 employees from Unalakleet
- 1 employee from Nome

Twenty-seven fishermen participated in the Norton Sound Herring fishery from May 23 – 30, 2002 delivering 566.62 tons to the *P/V Discovery Star*.

**Community Breakdown:**

- 7 fishermen from Unalakleet
- 15 fishermen from Shaktoolik
- 2 fishermen from St. Michael
- 2 fishermen from Elim

1 fisherman from Stebbins

Twelve fishermen participated in the Norton Sound Salmon (Coho) and delivered to NSSP during the third quarter (July) of 2002.

**Community Breakdown:** 5 fishermen from Unalakleet  
7 fishermen from Shaktoolik

Thirteen fishermen participated in the CDQ Norton Sound red king crab fishery and delivered to NSSP during the third quarter of 2002.

**Community Breakdown:** 9 fishermen from Unalakleet  
4 fishermen from Nome

Twenty-five fishermen participated in the Open Access Norton Sound red king crab fishery and delivered 180,711 lbs. of crab to NSSP.

**Community Breakdown:** 11 fishermen from Nome  
10 fishermen from Unalakleet  
2 fishermen from Elim  
2 fishermen from Emmonak

Ten fishermen participated in the CDQ 4D/4E halibut fishery and delivered 98,612 lbs. of halibut to NSSP.

**Community Breakdown:** 9 fishermen from Nome  
1 fisherman from Unalakleet

**NSEDC Community Outreach Liaisons** – Fourteen residents filled the fourteen liaison positions during the fourth quarter of 2002, and twenty-two residents filled the fourteen positions year-to-date.

**Community Breakdown:** 2 liaisons from St. Michael  
1 liaison from Stebbins  
2 liaisons from Shaktoolik  
1 liaison from Koyuk  
1 liaison from Golovin  
1 liaison from White Mountain  
1 liaison from Nome  
2 liaisons from Brevig Mission  
3 liaisons from Teller  
2 liaisons from Wales  
1 liaison from Diomedea  
3 liaisons from Savoonga  
1 liaison from Gambell  
1 liaison from Elim

**Interns** – Ten internship positions were sponsored by NSEDC at various Norton Sound organizations during the fourth quarter.

**Community Breakdown:** 1 intern from White Mountain  
3 interns from Nome  
5 interns from Unalakleet  
1 intern from Anchorage (Shaktoolik)

**D. Training**

**Training Data Form**

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

	<b>Quarter</b>		<b>Year-to-Date</b>	
	<b>People</b>	<b>Expenditures</b>	<b>People</b>	<b>Expenditures</b>
<b>Scholarships</b>				
Post-Secondary			131	\$156,839.00
Vocational	4	\$5,000.00	43	\$53,150.00
<b>Voc-Tech</b>				
Basic				
Advanced			3	\$4,275.00
<b>Other Training</b>				
Fisheries related	12	\$38,305.85	28	\$105,679.46
Student Loans				
CDQ Staff	17	\$15,507.86	19	\$15,887.86
CDQ Board	14	\$60,238.62	14	\$60,238.62
Other - Marine Safety			42	\$5,058.00
Other - Crab Tagging			4	\$2,628.00
<b>Other Expenditures</b>				
To Educational Institute				
Education Endowment				
Other				
<b>TOTAL</b>	<b>47</b>	<b>\$119,052.33</b>	<b>284</b>	<b>\$403,755.94</b>

**Training Summary**

**Scholarships –**

**Vocational** - Four students received vocational scholarships in the fourth quarter.

**Community Breakdown:** 1 student from Stebbins  
1 student from Nome  
1 student from St. Michael  
1 student from Koyuk

**Other Training –**

**Fisheries Related** – Twelve trainees out of a pool of seventeen received their certification in Fisheries Safety Orientation Training from AVTEC in Seward, AK during the fourth quarter.

**Community Breakdown:** 4 trainees from Stebbins  
1 trainee from White Mountain

- 1 trainee from Teller
- 1 trainee from Unalakleet
- 1 trainee from Anchorage
- 1 trainee from Shishmaref
- 1 trainee from Kaltag
- 2 trainees from Nulato

**CDQ Staff** – Seventeen NSEDC/NSSP staff attended a staff-training workshop in Anchorage on December 5 – 6, 2002, facilitated by Aurora Consulting. The staff training was an activity based employee development workshop that addressed employee attitudes, motivation, and workplace responsibilities.

**CDQ Board** – Fourteen NSEDC Board members attended a Board of Directors Training Workshop in Seattle, WA on December 11 – 13, 2002 facilitated by Aurora Consulting. The workshop focused on training in budgeting, board roles and duties, and board fiduciary responsibilities.

### III. Administration

#### A. Board Activities

##### Board of Director Elections

NSEDC Representative elections were held in five NSEDC member communities during the fourth quarter. Stebbins, Savoonga, Gambell, Wales and Koyuk each re-elected the incumbent representative of their community.

Stebbins	Wilfred Katcheak	(re-elected)
Savoonga	Truman Kava	(re-elected)
Gambell	Gilbert Ungott	(re-elected)
Wales	Luther Komonaseak	(re-elected)
Koyuk	Danny Adams	(re-elected)

The NSEDC Board of Directors swore in the re-elected representatives from Stebbins, Savoonga, Wales and Gambell as directors during the membership meeting on October 17, 2002. Danny Adams of Koyuk will be sworn in during the meeting in January 2003.

##### Board of Director Meetings

The NSEDC Board of Directors held their 2002 third quarter meetings in Nome on October 16 – 17, 2002, with the standing committees meeting on the 15<sup>th</sup> and 16<sup>th</sup>. The Board of Directors also held the NSEDC Annual meeting of the Members and the Annual meeting of the Directors on October 17<sup>th</sup>.

## **Board of Directors Training**

NSEDC Board of Directors held a Board Training Workshop in Seattle, WA on December 11 – 13, 2002 facilitated by Aurora Consulting. The workshop consisted of training in budgeting, board roles and duties and board fiduciary responsibilities.

## **Substantial Decisions**

During the fourth quarter the following items were approved by the NSEDC Board of Directors: approval of the financial request from Kawerak, Inc. for upgrading the Teller Fish & Meat Plant to bring it up to code; approval to strongly appeal the government on the 2003-2005 CDP allocation recommendation noting the disagreement with the State of Alaska CDQ Oversight Committee; declaration of the 2002 Community Benefit Share for \$20,000.00 for each NSEDC member community.

## **Board Meeting Minutes**

Please see Attachment 13

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

NSEDC complied with all State of Alaska requirements during the fourth 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 fourth quarter are listed below:

- CDP amendment 02-17NS: This substantial amendment proposed to transfer annual CDQ of flathead sole and a variety of bycatch species to NSEDC from YDFDA to allow for the harvest of this CDQ by a fishing vessel, the F/V Seafreeze Alaska, that was under contract to NSEDC for harvest of flathead sole. 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 November 1, 2002.
- CDP amendment 02-18NS: This technical amendment proposed to add the F/V Glacier Bay to the list of vessels already approved by NMFS as eligible to participate in our CDQ fisheries. This amendment was approved by NMFS on November 4, 2002.
- CDP amendment 02-19NS: This substantial amendment proposed to transfer annual CDQ of bycatch species to NSEDC from APICDA to allow

for the directed harvest of yellowfin sole, rock sole and flathead sole in target fisheries. This amendment was approved by NMFS on November 11, 2002.

- CDP amendment 02-20NS: This technical amendment proposed to transfer 140.0 mt of annual CDQ of Pacific cod and various bycatch species from Aleutian Pribilof Island Community Development Association to NSEDC. NSEDC is assisting APICDA and the F/V Norton Sound in managing the harvest of this CDQ during the remainder of the year, and is passing any royalties generated from the harvest of this CDQ directly to APICDA. This amendment was approved by NMFS on November 26, 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 – Flatfish Target Fishery
Table 10:	2002 CDQ Harvest – Crab Harvest

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

TARGET FISHERY GEAR TYPE	SPECIES	Pollock Trawl	Pacific Cod H&L	Sablefish Pot	Turbot Trawl	Atka			Total Harvest	NSEDC Annual CDQ 2002	Trades/ Transfers (see notes)	*Revised		Remaining CDQ	
						Mackerel Trawl	Flatfish Trawl	Halibut H&L				NSEDC Annual CDQ	Percent Harvested		
	Halibut (4D)							34.039				82.895	41.06%	48.856	
	Pacific Cod (BS/AI)	161.048	2,588.749	-	-	31.983	49.801	0.259	2,831.840	2,700.000	18%	140.000	2,840.000	99.71%	8.160
	Sablefish (BS)	-	1.100	-	-	-	-	-	1.100	38.600	20%	(35.000)	3.600	30.56%	2.500
	Sablefish (AI)	-	-	49.308	-	-	-	-	49.308	76.600	20%	-	76.600	64.37%	27.292
	Trawl Sablefish (BS)	1.679	-	-	-	-	-	-	1.885	12.960	18%	-	12.960	14.54%	11.075
	Trawl Sablefish (AI)	-	-	-	5.164	0.282	-	-	5.446	4.800	10%	-	4.800	113.46%	(0.646)
	Greenland Turbot (BS)	2.754	0.155	-	-	-	-	-	4.767	60.300	15%	-	60.300	7.91%	55.533
	Greenland Turbot (AI)	-	-	3.714	13.055	1.795	-	-	18.564	39.600	20%	38.000	77.600	23.92%	59.036
	Atka Mackerel (Western AI)	-	-	-	-	176.384	-	-	176.384	206.920	14%	-	206.920	85.24%	30.536
	Atka Mackerel (Central AI)	-	-	-	-	233.237	-	-	233.237	249.900	14%	-	249.900	93.33%	16.663
	Atka Mackerel (Eastern AI)	1.566	0.171	0.001	0.061	27.389	0.179	-	29.367	57.820	14%	-	57.820	50.79%	28.453
	Yellowfin Sole	7.689	31.644	-	-	0.057	395.688	-	435.078	451.500	7%	-	451.500	96.36%	16.422
	Flathead Sole	46.320	5.255	-	-	0.160	41.691	-	93.426	281.250	15%	100.000	381.250	24.51%	287.824
	Other Flatfish	8.132	0.110	-	0.313	0.455	4.771	-	13.781	22.500	10%	40.000	62.500	22.05%	48.719
	Alaska Plaice	2.227	0.021	-	-	-	14.651	-	16.899	90.000	10%	-	90.000	18.78%	73.101
	Rock Sole	86.934	3.136	-	-	3.955	-	-	130.060	618.750	11%	-	618.750	21.02%	488.690
	Bering Sea Pollock A/B season	13,673.659	-	-	-	-	-	-	13,673.659	13,662.000	23%	-	13,662.000	100.09%	(11.659)
	C/D season	20,483.751	-	-	-	-	-	-	20,483.751	20,493.000	-	-	20,493.000	99.95%	9.249
	Aleutian Pollock	-	-	-	-	5.101	-	-	5.101	23.000	23%	-	23.000	22.18%	17.899
	Bogoslof Pollock	-	-	-	-	-	-	-	-	2.300	23%	-	2.300	0.00%	2.300
	Non-quota Pollock	-	139.446	0.002	-	-	310.335	-	449.783	-	-	-	-	-	-
	Arrowtooth Flounder True POP (BS)	20.662	4.387	3.164	10.250	5.792	30.778	-	75.033	120.000	10%	12.500	132.500	56.63%	57.467
	Other Red Rockfish (BS)	2.764	-	-	-	-	0.018	-	2.782	35.460	18%	-	35.460	7.85%	32.678
	True POP (Western AI)	0.196	-	-	-	-	0.104	-	0.300	1.600	16%	0.100	1.700	17.65%	1.400
	True POP (Central AI)	-	-	-	-	30.540	-	-	30.540	59.500	14%	-	59.500	51.33%	28.960
	True POP (Eastern AI)	-	-	-	-	20.657	-	-	20.657	32.200	14%	-	32.200	64.15%	11.543
	Northern Rockfish (AI)	-	0.023	-	0.164	0.212	-	-	0.399	36.400	14%	-	36.400	1.10%	36.001
	Shortraker/Rougheye (AI)	-	1.207	-	-	66.835	-	-	68.042	70.840	16%	10.000	80.840	84.17%	12.798
	Other Rockfish (BS)	0.090	0.021	0.078	-	0.894	-	-	0.993	11.560	18%	1.800	13.360	7.43%	12.367
	Other Rockfish (AI)	-	0.795	0.490	-	4.831	-	-	6.116	8.670	17%	2.000	10.670	57.32%	4.554
	Squid	116.778	-	-	0.040	0.300	0.005	-	117.123	-	-	-	-	N/A	N/A
	Other Species	41.464	364.951	0.003	1.410	25.187	34.743	-	467.758	314.432	16%	200.488	514.920	90.84%	47.162
	<b>TOTAL</b>	<b>34,657.713</b>	<b>3,141.171</b>	<b>56.760</b>	<b>30.457</b>	<b>636.046</b>	<b>920.863</b>	<b>34.298</b>	<b>39,477.308</b>	<b>39,868.867</b>			<b>40,378.755</b>	<b>97.77%</b>	<b>901.447</b>
	Bycatch %	1.44%	17.59%	13.13%	57.14%	31.29%	48.59%	N/A							

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

TARGET FISHERY GEAR TYPE	Pollock Trawl	Pacific Cod H&L	Sablefish Pot	Turbot Trawl	Atka			Total Harvest	NSED Annual CDQ	Trades/ Transfers	*Revised		Percent Harvested	Remaining CDQ
					Mackerel Trawl	Flatfish Trawl	Halibut H&L				NSED Annual	Percent Harvested		
<b>PROHIB SPECIES</b>														
Halibut mortality (mt)	9,017	9,239	-	-	2,781	15,327	-	36,364	41,160	12%	-	41,160	88.35%	4,796
Opilio (no.)	-	-	-	-	-	13,546	-	13,546	32,625	10%	-	32,625	41.52%	19,079
Tanner Crab - Zone 1 (no.)	2	-	-	-	-	2,603	-	2,605	5,880	8%	-	5,880	44.30%	3,275
Tanner Crab - Zone 2 (no.)	15	-	-	-	-	633	-	647	24,503	11%	-	24,503	2.64%	23,856
Red King Crab (no.)	-	-	-	-	-	398	-	398	509	7%	-	509	78.14%	111
Chinook Salmon (no.)	587	-	-	-	-	-	-	587	638	23%	-	638	92.01%	51
Other Salmon (no.)	509	-	-	-	-	-	-	509	693	22%	-	693	73.42%	184

\* 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 NSED reserve, and transfers are approved between CDQ groups. Trades/transfers are listed below:

**Table 4**  
**2002 CDQ HARVEST – POLLOCK TARGET FISHERY**  
**(in metric tons)**

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Year to date
<b>SPECIES</b>					
Pacific Cod (BS/AI)	98.502	-	57.486	5.060	161.048
Sablefish (BS)	-	-	-	-	-
Sablefish (AI)	-	-	-	-	-
Trawl Sablefish (BS)	0.025	-	1.567	0.087	1.679
Trawl Sablefish (AI)	-	-	-	-	-
Greenland Turbot (BS)	0.022	-	2.378	0.354	2.754
Greenland Turbot (AI)	-	-	-	-	-
Atka Mackerel (Western AI)	-	-	-	-	-
Atka Mackerel (Central AI)	-	-	-	-	-
Atka Mackerel (Eastern AI)	0.001	-	0.065	1.500	1.566
Yellowfin Sole	7.261	-	0.428	-	7.689
Flathead Sole	29.837	-	12.414	4.069	46.320
Other Flatfish	0.969	-	4.423	2.740	8.132
Alaska Plaice	2.173	-	0.054	-	2.227
Rock Sole	85.001	-	1.583	0.350	86.934
<b>Bering Sea Pollock</b>					
A/B season	13,673.659	-	-	-	13,673.659
C/D season	-	-	18,520.075	1,963.676	20,483.751
Aleutian Pollock	-	-	-	-	-
Bogoslof Pollock	-	-	-	-	-
Non-quota Pollock	-	-	-	-	-
<b>Arrowtooth Flounder</b>	0.490	-	13.822	6.350	20.662
True POP (BS)	-	-	2.622	0.142	2.764
Other Red Rockfish (BS)	0.067	-	0.119	0.010	0.196
True POP (Western AI)	-	-	-	-	-
True POP (Central AI)	-	-	-	-	-
True POP (Eastern AI)	-	-	-	-	-
Northern Rockfish (AI)	-	-	-	-	-
Shortraker/Rougheye (AI)	-	-	-	-	-
Other Rockfish (BS)	-	-	0.045	0.045	0.090
Other Rockfish (AI)	-	-	-	-	-
Squid	0.048	-	112.827	3.903	116.778
Other Species	29.688	-	8.979	2.797	41.464
<b>TOTAL</b>	13,927.743	-	18,738.887	1,991.083	34,657.713
<b>Bycatch %</b>	1.82%	-	1.17%	1.38%	1.44%
<b>PROHIB SPECIES</b>					
Halibut mortality (mt)	1.373	-	7.226	0.418	9.017
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	168	587
Other Salmon (no.)	8	-	464	37	509

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

SPECIES					Total
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to date
Pacific Cod (BS/AI)	541.783	945.322	724.740	376.904	2,588.749
Sablefish (BS)	-	0.018	0.348	0.734	1.100
Sablefish (AI)	-	-	-	-	-
Trawl Sablefish (BS)	-	-	-	-	-
Trawl Sablefish (AI)	-	-	-	-	-
Greenland Turbot (BS)	-	-	0.137	0.018	0.155
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	0.664	31.644
Flathead Sole	-	0.784	3.089	1.382	5.255
Other Flatfish	0.009	0.080	0.007	0.014	0.110
Alaska Plaice	-	0.005	0.008	0.008	0.021
Rock Sole	1.213	1.127	0.787	0.009	3.136
<b>Bering Sea Pollock</b>					
A/B season	-	-	-	-	-
C/D season	-	-	-	-	-
Aleutian Pollock	-	-	-	-	-
Bogoslof Pollock	-	-	-	-	-
Non-quota Pollock	0.148	48.081	52.916	38.301	139.446
<b>Arrowtooth Flounder</b>	0.422	0.470	3.068	0.427	4.387
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
Northern Rockfish (AI)	0.822	0.385	-	-	1.207
Shortraker/Rougheye (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	95.806	364.951
<b>TOTAL</b>	<b>609.900</b>	<b>1,138.143</b>	<b>878.861</b>	<b>514.267</b>	<b>3,141.171</b>
<b>Bycatch %</b>	<b>11.17%</b>	<b>16.94%</b>	<b>17.54%</b>	<b>26.71%</b>	<b>17.59%</b>
<b>PROHIB SPECIES</b>					
Halibut mortality (mt)	1.354	2.888	3.907	1.090	9.239
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)**

SPECIES					Total
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to date
Pacific Cod (BS/ AI)	-	-	-	-	-
Sablefish (BS)	-	-	-	-	-
Sablefish (AI)	-	30.482	18.826	-	49.308
Trawl Sablefish (BS)	-	-	-	-	-
Trawl Sablefish (AI)	-	-	-	-	-
Greenland Turbot (BS)	-	-	-	-	-
Greenland Turbot (AI)	-	1.266	2.448	-	3.714
Atka Mackerel (Western AI)	-	-	-	-	-
Atka Mackerel (Central AI)	-	-	-	-	-
Atka Mackerel (Eastern AI)	-	0.001	-	-	0.001
Yellowfin Sole	-	-	-	-	-
Flathead Sole	-	-	-	-	-
Other Flatfish	-	-	-	-	-
Alaska Plaice	-	-	-	-	-
Rock Sole	-	-	-	-	-
<b>Bering Sea Pollock</b>					
A/B season	-	-	-	-	-
C/D season	-	-	-	-	-
Aleutian Pollock	-	-	-	-	-
Bogoslof Pollock	-	-	-	-	-
Non-quota Pollock	-	0.002	-	-	0.002
<b>Arrowtooth Flounder</b>					
True POP (BS)	-	1.609	1.555	-	3.164
Other Red Rockfish (BS)	-	-	-	-	-
True POP (Western AI)	-	-	-	-	-
True POP (Central AI)	-	-	-	-	-
True POP (Eastern AI)	-	-	-	-	-
Northern Rockfish (AI)	-	-	-	-	-
Shortraker/Rougheye (AI)	-	0.028	0.050	-	0.078
Other Rockfish (BS)	-	-	-	-	-
Other Rockfish (AI)	-	0.024	0.466	-	0.490
Squid	-	-	-	-	-
Other Species	-	0.003	-	-	0.003
<b>TOTAL</b>	-	33.415	23.345	-	56.760
<b>Bycatch %</b>	-	8.78%	19.36%	-	13.13%
<b>PROHIB SPECIES</b>					
Halibut mortality (mt)	-	-	-	-	-
Opilio (no.)	-	-	-	-	-
Tanner Crab - Zone 1 (no.)	-	-	-	-	-
Tanner Crab - Zone 2 (no.)	-	-	-	-	-
Red King Crab (no.)	-	-	-	-	-
Chinook Salmon (no.)	-	-	-	-	-
Other Salmon (no.)	-	-	-	-	-

**Table 7**  
**2002 CDQ HARVEST – GREENLAND TURBOT TARGET FISHERY**  
**(in metric tons)**

					Total
SPECIES	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year to date
Pacific Cod (BS/AI)	-	-	-	-	-
Sablefish (BS)	-	-	-	-	-
Sablefish (AI)	-	-	-	-	-
Trawl Sablefish (BS)	-	-	-	-	-
Trawl Sablefish (AI)	-	-	-	5.164	5.164
Greenland Turbot (BS)	-	-	-	-	-
Greenland Turbot (AI)	-	-	-	13.055	13.055
Atka Mackerel (Western AI)	-	-	-	-	-
Atka Mackerel (Central AI)	-	-	-	-	-
Atka Mackerel (Eastern AI)	-	-	-	0.061	0.061
Yellowfin Sole	-	-	-	-	-
Flathead Sole	-	-	-	-	-
Other Flatfish	-	-	-	0.313	0.313
Alaska Plaice	-	-	-	-	-
Rock Sole	-	-	-	-	-
<b>Bering Sea Pollock</b>					
A/B season	-	-	-	-	-
C/D season	-	-	-	-	-
Aleutian Pollock	-	-	-	-	-
Bogoslof Pollock	-	-	-	-	-
Non-quota Pollock	-	-	-	-	-
<b>Arrowtooth Flounder</b>				10.250	10.250
True POP (BS)	-	-	-	-	-
Other Red Rockfish (BS)	-	-	-	-	-
True POP (Western AI)	-	-	-	-	-
True POP (Central AI)	-	-	-	-	-
True POP (Eastern AI)	-	-	-	0.164	0.164
Northern Rockfish (AI)	-	-	-	-	-
Shortraker/Rougheye (AI)	-	-	-	-	-
Other Rockfish (BS)	-	-	-	-	-
Other Rockfish (AI)	-	-	-	-	-
Squid	-	-	-	0.040	0.040
Other Species	-	-	-	1.410	1.410
<b>TOTAL</b>	-	-	-	30.457	30.457
<b>Bycatch %</b>	-	-	-	57.14%	57.14%
<b>PROHIB SPECIES</b>					
Halibut mortality (mt)	-	-	-	-	-
Opilio (no.)	-	-	-	-	-
Tanner Crab - Zone 1 (no.)	-	-	-	-	-
Tanner Crab - Zone 2 (no.)	-	-	-	-	-
Red King Crab (no.)	-	-	-	-	-
Chinook Salmon (no.)	-	-	-	-	-
Other Salmon (no.)	-	-	-	-	-

**Table 8**  
**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)	-	-	-	31.983	31.983
Sablefish (BS)	-	-	-	-	-
Sablefish (AI)	-	-	-	-	-
Trawl Sablefish (BS)	-	-	-	-	-
Trawl Sablefish (AI)	-	-	-	0.282	0.282
Greenland Turbot (BS)	-	-	-	-	-
Greenland Turbot (AI)	-	-	-	1.795	1.795
Atka Mackerel (Western AI)	-	-	-	176.384	176.384
Atka Mackerel (Central AI)	-	-	-	233.237	233.237
Atka Mackerel (Eastern AI)	-	-	-	27.389	27.389
Yellowfin Sole	-	-	-	0.057	0.057
Flathead Sole	-	-	-	0.160	0.160
Other Flatfish	-	-	-	0.455	0.455
Alaska Plaice	-	-	-	-	-
Rock Sole	-	-	-	3.955	3.955
<b>Bering Sea Pollock</b>					
A/B season	-	-	-	-	-
C/D season	-	-	-	-	-
Aleutian Pollock	-	-	-	5.101	5.101
Bogoslof Pollock	-	-	-	-	-
Non-quota Pollock	-	-	-	-	-
<b>Arrowtooth Flounder</b>					
True POP (BS)	-	-	-	-	-
Other Red Rockfish (BS)	-	-	-	-	-
True POP (Western AI)	-	-	-	30.540	30.540
True POP (Central AI)	-	-	-	20.657	20.657
True POP (Eastern AI)	-	-	-	0.212	0.212
Northern Rockfish (AI)	-	-	-	66.835	66.835
Shortraker/Rougheye (AI)	-	-	-	0.894	0.894
Other Rockfish (BS)	-	-	-	-	-
Other Rockfish (AI)	-	-	-	4.831	4.831
Squid	-	-	-	0.300	0.300
Other Species	-	-	-	25.187	25.187
<b>TOTAL</b>	-	-	-	<b>636.046</b>	<b>636.046</b>
<b>Bycatch %</b>	-	-	-	<b>31.29%</b>	<b>31.29%</b>
<b>PROHIB SPECIES</b>					
Halibut mortality (mt)	-	-	-	2.781	2.781
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 – FLATFISH TARGET FISHERIES**  
(in metric tons)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Year to date
<b>SPECIES</b>					
Pacific Cod (BS/AI)	-	-	-	49.801	49.801
Sablefish (BS)	-	-	-	-	-
Sablefish (AI)	-	-	-	-	-
Trawl Sablefish (BS)	-	-	-	0.206	0.206
Trawl Sablefish (AI)	-	-	-	-	-
Greenland Turbot (BS)	-	-	-	1.858	1.858
Greenland Turbot (AI)	-	-	-	-	-
Atka Mackerel (Western AI)	-	-	-	-	-
Atka Mackerel (Central AI)	-	-	-	-	-
Atka Mackerel (Eastern AI)	-	-	-	0.179	0.179
Yellowfin Sole	-	-	-	395.688	395.688
Flathead Sole	-	-	-	41.691	41.691
Other Flatfish	-	-	-	4.771	4.771
Alaska Plaice	-	-	-	14.651	14.651
Rock Sole	-	-	-	36.035	36.035
<b>Bering Sea Pollock</b>					
A/B season	-	-	-	-	-
C/D season	-	-	-	-	-
Aleutian Pollock	-	-	-	-	-
Bogoslof Pollock	-	-	-	-	-
Non-quota Pollock	-	-	-	310.335	310.335
<b>Arrowtooth Flounder</b>					
True POP (BS)	-	-	-	30.778	30.778
Other Red Rockfish (BS)	-	-	-	0.018	0.018
True POP (Western AI)	-	-	-	-	-
True POP (Central AI)	-	-	-	-	-
True POP (Eastern AI)	-	-	-	-	-
Northern Rockfish (AI)	-	-	-	-	-
Shortraker/Rougheye (AI)	-	-	-	-	-
Other Rockfish (BS)	-	-	-	-	-
Other Rockfish (AI)	-	-	-	-	-
Squid	-	-	-	0.005	0.005
Other Species	-	-	-	34.743	34.743
<b>TOTAL</b>	-	-	-	920.863	920.863
<b>Bycatch %</b>	-	-	-	48.59%	48.59%
<b>PROHIB SPECIES</b>					
Halibut mortality (mt)	-	-	-	15.327	15.327
Opilio (no.)	-	-	-	13,546	13,546
Tanner Crab - Zone 1 (no.)	-	-	-	2,603	2,603
Tanner Crab - Zone 2 (no.)	-	-	-	633	633
Red King Crab (no.)	-	-	-	398	398
Chinook Salmon (no.)	-	-	-	-	-
Other Salmon (no.)	-	-	-	-	-

**Table 10**  
**2002 CDQ HARVEST – CRAB HARVEST**

<b>FISHERY</b>	<b>1st Quarter</b>	<b>2nd Quarter</b>	<b>3rd Quarter</b>	<b>4th Quarter</b>	<b>Total Year to date</b>	<b>NSEDC CDQ</b>	<b>Percent Harvested</b>	<b>Remaining CDQ</b>
<b>Bering Sea opilio</b>	-	442,542	-	-	442,542	442,542	100.00%	-
<b>Bristol Bay red king crab</b>	-	-	-	128,258	128,258	128,563	99.76%	305
<b>Norton Sound red king crab</b>	-	6,030	3,000	-	9,030	9,300.00	97.10%	270
<b>St. Matthew king crab</b>	-	-	-	-	-	-	-	-
<b>Bering Sea bairdi</b>	-	-	-	-	-	-	-	-

## **B. CDQ Fishing Activities**

This was a very busy quarter for NSEDC in regards to CDQ fishing activities. During the fourth quarter of 2002, NSEDC undertook CDQ fishing operations for pollock, Pacific cod, Greenland turbot, Atka mackerel, flatfish complexes (yellowfin sole/rock sole and flathead sole), Bristol Bay red king crab, and halibut in Area 4D/4E. Through the end of the fourth quarter and for the year, NSEDC harvested a total of about 39,477 metric tons of annual CDQ including both target and bycatch species, representing approximately 98% of the total allocation of annual groundfish CDQ to NSEDC.

A summary of the total CDQ groundfish harvest for the year is presented in Table 3.

### **Pollock**

NSEDC harvested a small amount of CDQ pollock in the first few days of the fourth quarter. Glacier Fish Company vessels, the F/V Pacific Glacier and the F/V Northern Glacier, harvested 1,964 metric tons of CDQ pollock in the Bering Sea at the end of the B season or the no n-roe fishing season. The pollock fishery closed on November 1. The Northern Glacier harvested about 1,541 metric tons of CDQ pollock in nine fishing days and the Pacific Glacier caught 423 metric tons in two days at the completion of the final trips of the year. The Northern Glacier stopped fishing on October 9 and the Pacific Glacier on October 2. This harvest was worth about \$314,240 in CDQ tonnage royalty payments to NSEDC.

See Table 4 for a summary of the CDQ and PSQ harvest through the end of the fourth quarter in the pollock fishery.

For the year, NSEDC was able to harvest the entire allocation of CDQ pollock in both the A and B seasons. This harvest amounted to about 34,157 metric tons.

**Summary of bycatch:** The bycatch rate of other CDQ fish species in the pollock target fishery during the fourth quarter was approximately 1.38% of the total harvest. The bycatch was made up of a mix of CDQ species including Pacific cod, flatfish, arrowtooth flounder, squid, minimal amounts of a variety of other species, and a small amount of salmon and halibut bycatch. For the year, there was a relatively pronounced increase in amounts of flatfish, arrowtooth flounder and cod over previous years. 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:** NSEDC unintentionally exceeded the annual CDQ of pollock allocated for harvest in 2002 by roughly 2.4 metric tons. The Northern Glacier completed fishing operations on October 9 and in the process of harvesting the final amount of remaining allocation in the last tow they exceeded their vessel allotment and our pollock quota. Based on information provided by the skipper of the Northern Glacier, catch indicators attached to the codend gave an inaccurate reading of the final haul and therefore the quota limits were exceeded.

### **Pacific Cod**

NSEDC harvested about 377 metric tons of Pacific cod in targeted CDQ fishing operations in the Bering Sea during the fourth quarter using the vessels, F/V Norton Sound and F/V Glacier Bay. The Norton Sound and Glacier Bay are both managed by Glacier Fish Company. A harvest agreement with the Glacier Bay is in place and is similar to the agreement with the Norton Sound.

The CDQ cod fishery during this quarter was divided into two distinct fishing efforts; first, a cleanup fishery after the conclusion of the open access fishery at the end of November and before the holiday break in early December; and second, a pre-A season 2003 fishery for a few days at the end of December so the vessels had a chance to prospect. A single observer proposal and revised fishing plans were approved by NMFS for the late season trips. The Glacier Bay harvested about 176 metric tons of CDQ Pacific cod in two partial trips during 12 days of fishing. The Norton Sound took about 201 metric tons also in two partial trips in 10 days of fishing. The harvest overall on both boats was worth about \$63,000 in royalty payments to NSEDC.

See Table 5 for a summary of the CDQ and PSQ harvest in the cod target fishery.

For the year, NSEDC harvested about 2,589 metric tons of CDQ cod in directed fishing operations or more than the amount originally dedicated to the target fishery. NSEDC received a transfer of CDQ cod from APICDA for the purpose of assisting them in the harvest of their quota. Proceeds of this harvest will be transferred to APICDA. Again this year, CDQ groups collectively did not harvest the entire allocation of CDQ cod. Roughly 1,200 metric tons of the 15,000 metric tons of Pacific cod allocated to the CDQ reserve was left in the water.

**Summary of bycatch:** The bycatch of other CDQ fish species in the Pacific cod target fishery accounted for approximately 27% of the total harvest. Bycatch rates were up from the previous quarter. 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 was relatively low. See the attached harvest summary in Table 5 for more detailed information.

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

approximately 40-pound and 50-pound blocks. 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 and Glacier Bay were 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**

NSEDC did not conduct targeted fishing operations for CDQ sablefish in the BSAI during the fourth quarter. The season closed on November 18. Concept Fisheries and their vessel, the F/V Miss Conception, experienced insurance problems in September and were forced to cease all fishing including CDQ fishing operations for the year. The vessel and company are now possibly going into bankruptcy proceedings. Future CDQ operations with Concept Fisheries are in doubt.

Earlier in the year, NSEDC transferred 35 metric tons of sablefish CDQ in the Bering Sea to Yukon Delta Fisheries for harvest by their vessel, the F/V Lisa Marie. The Lisa Marie harvested the remaining quota during this quarter or about 9 metric tons generating a royalty payment to NSEDC of approximately \$15,000.

See Table 6 for a summary of the CDQ and PSQ harvest in the sablefish target fishery.

For the year, NSEDC harvested almost 50 metric tons of sablefish CDQ or about 110,000 round pounds using a longlined pot fishing operation in the Aleutian Islands. Another 35 metric tons or about 77,000 round pounds were taken via the transfer to Yukon Delta and harvest by the Lisa Marie in the Bering Sea.

### **Greenland Turbot**

NSEDC received the approval from the state and NMFS to conduct a trawl fishery for CDQ Greenland turbot in the Aleutian Islands. After the completion of the Atka mackerel fishery, the F/V Seafreeze Alaska commenced this experimental trawl turbot fishery. After a single haul on October 30, our trawl turbot fishery was stopped. The Seafreeze Alaska harvested only 13 metric tons of CDQ turbot and an assortment of other bycatch species. CDQ turbot fishing operations using trawl gear were brought to an immediate end after bycatch rates and volumes exceeded guideline levels established in the turbot fishing management plan. The harvest in this one-tow turbot fishery was worth about \$7,200 in royalty payments to NSEDC.

See Table 7 for a summary of the CDQ and PSQ harvest in the Greenland turbot target fishery.

**Summary of bycatch:** The bycatch of other CDQ species in the turbot target fishery by the Seafreeze Alaska accounted for approximately 57% of the total harvest. This bycatch rate did not take into consideration another approximate 10 metric tons of rattail that was discarded. The bycatch primarily consisted of arrowtooth flounder, sablefish and rattail. There was no halibut bycatch. See the attached harvest summary in Table 7 for more detailed information.

**Processing report:** Products from the Greenland turbot were primarily H&G fish.

**Compliance/enforcement issues:** NSEDC unintentionally exceeded the annual CDQ of trawl sablefish in the Aleutian Islands allocated for harvest in 2002 by roughly 0.645 metric tons. The Seafreeze Alaska harvested the trawl sablefish in a single tow while targetting AI Greenland turbot. Fishing operations for Greenland turbot were stopped immediately and a report was made to NMFS. A CDP amendment was underway for AI trawl sablefish when the overage occurred. Since after-the-fact transfers are prohibited this portion of the amendment was denied.

### **Atka Mackerel**

During the fourth quarter, NSEDC conducted targeted fishing operations for Atka mackerel in the three regulatory areas of the Aleutian Islands – areas 541 (eastern), 542 (central) and 543 (western). The F/V Seafreeze Alaska harvested a total of 437.01 metric tons of Atka mackerel – 27.389 metric tons in the eastern Aleutian Islands, 233.237 metric tons in the central area and 176.384 metric tons in the western area. The Seafreeze Alaska started CDQ fishing operations for mackerel on October 23 and finished on October 31 after the allocation of CDQ mackerel was taken. The harvest of mackerel and related bycatch during the quarter was worth about \$55,000 in royalty payments to NSEDC.

See Table 8 for a summary of the harvest of CDQ and PSQ in the Atka mackerel target fishery.

For the year, NSEDC harvested almost the full amount of the Atka mackerel allocation. NSEDC obtained additional amounts of CDQ bycatch species to support mackerel fishing operations.

**Summary of bycatch:** The bycatch rate of other species in the Atka mackerel target fishery during this quarter was 31.29% of the total harvest. This bycatch was predominantly Pacific cod, northern rockfish, POP, and other species with lesser amounts of Greenland turbot and flatfish. Refer to Table 8 for additional detailed information.

**Processing report:** Products from the Atka mackerel fishery were H&G fish frozen in 40-pound blocks.

**Compliance/enforcement issues:** To the best of our knowledge, the NSEDC-contracted vessel conducted CDQ Atka mackerel 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.

### **Yellowfin Sole and Rock Sole**

NSEDC expanded CDQ fishing operations during this quarter for H&G vessels beyond just Atka mackerel working with United States Seafoods by conducting targeted fishing operations for yellowfin sole/ rock sole and flathead sole.

During the fourth quarter, NSEDC conducted targeted fishing operations for these flatfish complexes using the F/V Seafreeze Alaska and F/V Ocean Peace. The Ocean Peace started CDQ fishing for flathead sole in the northern reaches of the Bering Sea in deeper water. Afterwards, they joined the Seafreeze Alaska in targetting yellowfin sole in the eastern Bering Sea. The Ocean Peace harvested about 157 metric tons of yellowfin sole, 35 metric tons of flathead sole and 10 metric tons of rock sole in targeted fishing operations between November 2 and November 15. After completing CDQ fisheries for Atka mackerel and Greenland turbot, the Seafreeze Alaska harvested about 222 metric tons of yellowfin sole and a variety of bycatch species from November 1 to November 12. Bycatch of halibut and crab brought closure to these flatfish fisheries. The harvest of yellowfin, flathead sole and rock sole and related bycatch during the quarter on both boats was worth about \$22,000 in royalty payments to NSEDC.

NSEDC harvested more flatfish CDQ this year than in any prior year. See Table 9 for a summary of the flatfish harvest for the year.

**Summary of bycatch:** The bycatch rate of other species in these flatfish target fisheries during this quarter was about 49% of the total harvest. This bycatch was predominantly Pacific cod, arrowtooth flounder and other species, with lesser amounts of various rockfish, turbot and sablefish. There were relatively high levels of halibut and crab bycatch in these flatfish target fisheries. Refer to Table 7 for additional detailed information.

**Processing report:** Products from the flatfish fisheries were both H&G and round fish frozen in 40-pound blocks.

**Compliance/enforcement issues:** To the best of our knowledge, the NSEDC-contracted vessels conducted CDQ flatfish 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.

### **Halibut**

During the fourth quarter, NSEDC harvested a small amount of CDQ halibut using the contract vessel, the F/V Terrigail. The Terrigail made a single delivery of 5,042 pounds of halibut to Westward Seafoods in Dutch Harbor on November 12. NSEDC had contracted with the vessel to harvest 14,000 pounds of halibut. This

delivery was worth about \$2,800 in royalty payment to NSEDC. The season ended by regulation on November 18.

As in past years, NSEDC continues to give first priority to fishermen from the region delivering to the Norton Sound Seafood Center in Nome to harvest CDQ halibut. After opportunities to harvest halibut in the region are determined to be no longer possible, NSEDC pursues other halibut fishing operations with the objective of generating revenues. Earlier in the season after evaluating in-region harvest opportunities, NSEDC 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 and a royalty of over \$40,000 was paid to NSEDC.

The total harvest of CDQ halibut for the year (including the transferred amount) was about 170,042 pounds – 95,000 pounds by local fishermen in the region, 70,000 pounds by the Aleutian Spray (via Yukon Delta), and 5,042 pounds by the F/V Terrigail. NSEDC had another 12,658 pounds of CDQ halibut remaining at the end of the season. Local fishermen delivered this catch to the seafood center in Nome. NSEDC processed the catch and sold the halibut product.

**Summary of bycatch:** There was no bycatch of other CDQ species in the local halibut fishery. The catch of other CDQ species on the F/V Terrigail trip was approximately 10% of the total harvest. A small amount of cod CDQ was taken as bycatch.

**Processing report:** Catch from the local halibut fishery was delivered to Norton Sound Seafood Products in Nome and processed for the fresh and frozen market. Catch from the F/V Aleutian Spray and Terrigail was headed, gutted and iced, and delivered fresh to Westward Seafoods in Dutch Harbor.

**Compliance/enforcement issues:** To the best of our knowledge, local fishermen and the NSEDC-contracted vessel all harvested CDQ halibut in compliance with federal and state fishing regulations. There were no violations reported by NMFS enforcement.

### **Bering Sea Opilio Crab**

There was no harvest of CDQ opilio crab during the fourth quarter. The opilio crab fishery takes place in the first and/or second quarter of the year. The harvest of all CDQ crab for the year is shown in Table 10.

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

There was no harvest of CDQ red king crab in Norton Sound during the fourth quarter. This CDQ crab fishery generally takes place prior to the start of the open access fishery on July 1 and after the closure of the open access fishery in August. The harvest of all CDQ crab for the year is shown in Table 10.

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

NSEDC conducted a CDQ fishery for red king crab in Bristol Bay in late October and early November. The F/V North Pacific, in which NSEDC is a 50% owner, harvested 128,258 pounds including about 210 pounds of dead loss. Only 305 pounds of CDQ crab was not harvested. See Table 8. Average size of the crab was a little larger than last year at about 6.6 pounds. The ex-vessel price was \$6.25 per pound. This CDQ king crab harvest was worth about \$387,665.32 in harvest royalties to NSEDC.

**Summary of Bycatch:** There was no reported bycatch of other crab species in the Bristol Bay CDQ red king crab fishery.

**Processing Report:** Icicle Seafood processed the catch of CDQ red king crab on-board the processing barge Arctic Star located in Dutch Harbor. Icicle custom processed the CDQ crab under contract to NSEDC. Product included various sizes and grades of frozen sections packed in 25-pound boxes.

**Compliance/Enforcement Issues:** To the best of our knowledge, NSEDC-contracted vessels operated in compliance with applicable federal and state laws and regulations governing the fisheries in the Bering Sea and Aleutian Islands. NSEDC crab harvesting vessels each carried a fisheries observer.

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

There was no harvest of CDQ king crab at St. Matthew during the fourth quarter. This commercial crab fishery is closed again to open access and CDQ harvest in 2002.

## **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 2002 Community Benefit Share Summary (Attachment 14)
- NSEDC newspaper advertisements for the following:
  - NSSC Marketing (Attachment 15)
  - NSSC Thanksgiving Day Closure Notice (Attachment 16)
  - NSSC Fresh Live Clams Sale (Attachment 17)
  - NSSC Halibut Fillet Sales (Attachment 18)
  - NSSC Silver Salmon and Pacific Cod Sales (Attachment 19)
  - NSSC Community Calendar Sponsorship (Attachment 20)
  - NSSC Community Calendar Sponsorship (Attachment 21)
  - NSSC Spotted Shrimp Sale (Attachment 22)
  - NSEDC Recruitment Notice (Attachment 23)
  - NSEDC Report (Attachment 24)
  - NSEDC 3<sup>rd</sup> Quarter Board Meeting Notice (Attachment 25)
- NSEDC 2003 Board of Directors Listing (Attachment 26)