

2004 FOURTH QUARTER REPORT
October 1 – December 31, 2004



**NORTON SOUND ECONOMIC
DEVELOPMENT CORPORATION**

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Table of Contents

I.	Quarterly Highlights	1
II.	Community Development	2
	A. Progress Toward Goals, Objectives, Milestones	2
	Administrative	2
	CDQ Harvest Management	3
	Fund for Purchase of Equity Interest	4
	Funding for Harvesting and Tendering Vessel	5
	Fund for IFQ Purchases	5
	Education, Employment and Training Program – Education & Training Component	6
	Education, Employment and Training Program - Employment Component	6
	Education Endowment	7
	Revolving Loan Program	8
	Fisheries Development Program	8
	Salmon Rehabilitation and Enhancement Program	9
	Shoreside Infrastructure Improvements Program	9
	CDQ Fees	9
	Norton Sound Seafood Products	10
	Norton Sound Vessel Management	10
	Community Outreach Program	10
	Other Fund Management	11
	Board Training	11
	Substance Abuse Prevention	11
	Community Benefit Share	12
	A. Outreach	13
	B. Employment	14
	Employment Data Form	14
	Employment Summary	15
	C. Training	17
	Training Data Form	17
	Training Summary	17
III.	Administration	18
	A. Board Activities	18
	Board of Director Meetings	18
	Board of Director Elections	18
	Board of Director Training	18
	Substantial Decisions	19

Board Meeting Minutes	19
B. State of Alaska Reporting Compliance	19
C. Amendment Status	19
IV. Harvesting Report	20
A. Pollock and Multi-species CDQ Harvest Activities by Target Fishery	20
B. CDQ Fishing Activities	33
Pollock	33
Pacific Cod	33
Sablefish	34
Greenland Turbot	34
Atka Mackerel	34
Yellowfin Sole and Rock Sole	35
Halibut	35
Bering Sea Opilio Crab	35
Norton Sound Red King Crab	36
Bristol Bay Red King Crab	36
St. Matthew Blue King Crab	36
Bering Sea Bairdi Crab	36
Compliance/Enforcement Issues	36
CDQ Crab Custom Processing and Sales Activities	37
V. Confidential Issues	37
A. Financial Statements	37
B. Tax Issues	37
C. Imminent Major Investments	37
D. Other	38

I. Quarterly Highlights

- NSEDC standing committees held their 2004 third quarter meetings in Nome from October 12 - 13, 2004.
- NSEDC Board of Directors held their 2004 third quarter meetings in Nome from October 13 - 14, 2004.
- NSEDC held the 2004 Annual meeting of the Members and Annual meeting of the Directors in Nome on October 15, 2003.
- NSEDC held the 2004 Annual Dinner for the Board of Directors and recognized ten individuals for their extraordinary contribution to and for their support of NSEDC: Jack Fagerstrom, Frank Kavairlook, Francis Soxie, Robert Foote, John Jemewouk, John Walsh, Tim Towarak. In Memoriam: Fred Bradley, George Ashenfelter and Roy Otten.
- Glacier Fish Company held their quarterly management meeting on December 22, 2004.
- NSEDC awarded \$950.00 to one resident in post-secondary scholarships during the fourth quarter of 2004.
- NSEDC awarded \$2,500.00 to two residents in vocational scholarships during the fourth quarter of 2004.
- Twenty-eight residents of member communities or of nearby communities worked on the *F/V Northern Glacier*, *F/V Pacific Glacier*, *F/V Norton Sound* and the *FV Glacier Bay* earning a total of \$166,661.87 in wages in the fourth quarter.
- NSEDC submitted our 2006-2008 Multi-species Community Development Plan and the 2005 Crab Addendum to the State of Alaska in October. NSEDC board and staff participated in the public hearings (November 30th and December 16th) in Anchorage as part of the 2006-2008 allocation process.
- On November 26th, NSEDC received the NMFS Office of Administrative Appeals Decision regarding Substantial Amendment 03-05 (White Mountain Multi-purpose Building) and Substantial Amendment 03-06 (Golovin Multi-purpose Building) stating that the decision made by NMFS to disapprove the amendments are reversed and the amendments are approved. On December 7, 2004, NSEDC received the official decision on the review that affirmed the decision and made it effective immediately.
- The NSEDC Board of Directors declared a \$50,000 Community Benefit Share for each member community during the quarter.
- NSEDC Board of Directors held a training session on December 15th and 16th, 2004.
- A post season price adjustment of \$0.05 per pound of 2004 Norton Sound salmon deliveries to Norton Sound Seafood Products was paid to fishermen during the third quarter
- A post season price adjustment of \$0.25 per pound of 2004 Norton Sound red king crab deliveries to Norton Sound Seafood Products was paid to fishermen during the third quarter.
- A post season price adjustment of \$0.20 per pound of 2004 CDQ Halibut delivered to Norton Sound Seafood Products was paid to fishermen during the third quarter.
- Seven internships were sponsored by NSEDC during the fourth quarter. Internships were sponsored with NSEDC Norton Sound Fisheries R & D (3), NSEDC Administration (1), Glacier Fish Company (1) and Kawerak, Inc. (2).

II. Community Development

A. Progress Toward Goals, Objectives, Milestones

Administrative

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

Activity: NSEDC Board of Directors held their 2004 third quarter meetings in Nome on October 12 - 14, 2004.

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

Activity: NSEDC contracted with KPMG to conduct the NSEDC 2003 Annual Audit, which was completed in the first quarter.

MILESTONE: NSEDC WILL PREPARE AND SUBMIT AN ANNUAL BUDGET FOR THE FOLLOWING YEAR, NOT LATER THAN THE END OF THE FIRST QUARTER OF EACH YEAR.

Activity: NSEDC submitted an annual budget for 2004 in December of 2003.

MILESTONE: NSEDC WILL PREPARE A CORPORATE ANNUAL REPORT FOR ITS MEMBERS, AND MAIL IT TO RESIDENTS IN THE FIFTEEN MEMBER COMMUNITIES BY THE THIRD QUARTER OF 2003-2005

Activity: NSEDC completed the development of the 2003 Corporate Annual Report during the second quarter and it was mailed out 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 session on December 17th to review employee benefits and employee conduct in the workplace.

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

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

Activity: The NSEDC 2003 Annual report was submitted to the State of Alaska on January 30, 2004.

MILESTONE: NSEDC WILL SUBMIT AN OMNIBUS BUDGET PLAN AMENDMENT, BY THE END OF THE SECOND QUARTER OF EACH YEAR

Activity: The 2004 Omnibus Budget Plan Amendment was submitted to the state on June 29, 2004.

CDQ Harvest Management

MILESTONE: BY THE END OF THE THIRD QUARTER OF THE YEAR 2005 NEGOTIATE NEW HARVEST AGREEMENTS FOR ALL MULTISPECIES CDQ.

Activity: No activity this quarter.

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

Activity: There was no directed harvest of CDQ pollock during the fourth quarter.

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

Activity: NSEDC and our partners harvested approximately 205,415 lbs. of CDQ Bristol Bay red king crab using the *F/V Alaskan Beauty* (NSV) during the fourth quarter.

MILESTONE: NSEDC AND ITS HARVESTING PARTNERS FOR PACIFIC COD, GREENLAND TURBOT, AND SABLEFISH WILL HARVEST ITS CDQ ALLOCATIONS, AS MUCH AS PRACTIVABLE WITHOUT OVER-HARVEST, BY THE END OF THE FISHING SEASON EACH YEAR FOR EACH SPECIES.

Activity: NSEDC and our partners harvested approximately 341 metric tons of CDQ Pacific cod using the *F/V Norton Sound* (GFC) and the *F/V Glacier Bay* (NSV) and the *F/V Clipper Express* 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: There was no directed harvest of rock sole during the fourth quarter of 2004.

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

Activity: NSEDC and our partners harvested approximately 999 metric tons of Atka Mackerel using the *F/V Seafreeze Alaska* and *F/V Seafisher* during the fourth quarter.

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

Activity: NSEDC staff and representatives attended the NPFMC meetings during the week of December 6th in Anchorage, Alaska.

Fund for Purchase of Equity Interest

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

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

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

Activity: NSIC Management Committee met on October 12, 2004.

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

Activity: Activity is ongoing.

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

Activity: No buy-sell offers were made during the fourth quarter of 2004.

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

Activity: NSIC attended the GFC quarterly meeting on December 22, 2004.

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

Activity: No new NSIC equity investments in the fishing industry were consummated in the fourth quarter 2004.

Funding for Harvesting and Tendering Vessel

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

Activity: Activity is ongoing.

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

Activity: No buy-sell offers were made during the fourth quarter of 2004.

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

Activity: NSIC attended the GFC quarterly meeting on December 22, 2004.

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

Activity: Activity is ongoing.

Fund for IFQ Purchases

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

Activity: Activity is ongoing.

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

Activity: Activity is ongoing.

Education, Employment and Training Program – Education & Training Component

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

Activity: A Fisheries Safety Orientation class was held at the Alaska Vocational Technical Center in Seward from October 17 – 28, 2004 in which seventeen residents were given the opportunity for training, but only twelve residents successfully completed the course.

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 \$950.00 to one student in post-secondary scholarships and \$2,500.00 to two students in vocational scholarships in the fourth quarter of 2004.

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

Activity: The EET Coordinator made outreach visits to each member community in 2004 as part of the preparation for the NSEDC 2006-2008 CDP.

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

Activity: NSEDC staff evaluated the possibility of providing financial support for the development of a regional learning center in Nome, which is co-sponsored by the Bering Straits School District and the Nome Public School District, during the first quarter of 2004. NSEDC also funded five schools under the NSEDC 2004 Drug and Alcohol Prevention Program during the first quarter and funded the remaining ten schools during the second quarter.

Education, Employment and Training Program - Employment Component

MILESTONE: NSEDC AND NSSP WILL FACILITATE THE EMPLOYMENT OF 110 RESIDENTS OF THE REGION OR OF NEARBY COMMUNITIES ONTO FACTORY TRAWLERS, OTHER OFFSHORE FISHING VESSELS, NEAR-SHORE PROCESSORS AND FISHING VESSELS, AND IN SHORESIDE PROCESSING PLANTS BY THE END OF THE FOURTH QUARTER OF EACH YEAR

Activity: Twenty-eight residents of member communities or of nearby communities received \$166,661.87 in crew share wages from Glacier Fish Company during the fourth quarter.

Nine residents were employed by NSSP in shoreside processing plants earning \$2,361.07 in wages during the fourth quarter.

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

Activity: The EET Coordinator made outreach visits to each member community in 2004 as part of the preparation for the NSEDC 2006-2008 CDP.

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

Activity: Seven internship positions were sponsored by NSEDC at NSEDC Norton Sound Fisheries R & D (3), NSEDC Administration (1), Glacier Fish Company (1) and Kawerak, Inc. (1). The following is a list of the interns and internship positions.

NSEDC

- Kimberly Piscoya, Accounting Intern (Nome)

NSEDC Salmon Rehabilitation & Enhancement Program

- Vaughn Munn, Fisheries Technician (Nome)
- Stephanie Blanning, Fisheries Technician (Nome)
- Evelyn West, Fisheries Technician (Nome)

Glacier Fish Company

- Hayley Asicksik, Administrative Intern (Shaktoolik/Anchorage)

Kawerak, Inc.

- Scott Dixon, Fisheries Technician (Nome)
- Reese Madden, Fisheries Technician (Nome)

Education Endowment

MILESTONE: NSEDC WILL EVALUATE THE POSSIBILITY OF FUNDING THE EDUCATION, TRAINING, AND SCHOLARSHIP PROGRAM FROM EARNINGS OF THE EDUCATION, TRAINING, AND SCHOLARSHIP ENDOWMENT AND DEVELOP A SCHEDULE FOR DOING SO, BY THE END THE FOURTH QUARTER 2005.

Activity: No activity this quarter.

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

Activity: The NSEDC Financial Advisory Committee met and reviewed investment performances on October 13, 2004.

Revolving Loan Program

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

Activity: The NSEDC Financial Advisory Committee met and reviewed the Revolving Loan Program on October 13, 2004.

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

Activity: The NSEDC Financial Advisory Committee met and reviewed the Revolving Loan Program on October 13, 2004.

Fisheries Development Program

MILESTONE: NSEDC WILL PREPARE A DETAILED PLAN TO CONDUCT FISHERIES DEVELOPMENT ACTIVITIES BY THE END OF THE SECOND QUARTER EACH YEAR.

Activity: A fisheries development plan for 2004 was completed by the program manager for Norton Sound Fisheries Research and Development during the first quarter.

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

Activity: Twenty shrimp pots were received for the 2004 Norton Sound Shrimp Development Fishery in which pots were sent to Golovin, Unalakleet and Shaktoolik, with plans for the communities of Elim and Nome to be included at a later date. Residents in the communities will be setting and checking the pots, then logging the information on date, location, soak time, contents and bait. This information will be provided to the Fisheries Development Program. NSEDC also began the travel coordination and planning for the Community-Based Fishery Development Plan in the fourth 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 OF EACH YEAR.

Activity: A salmon rehabilitation and enhancement plan for 2004 was completed by the program manager for Norton Sound Fisheries Research and Development during the first quarter.

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

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

Shoreside Infrastructure Improvements Program

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

Activity: NSEDC evaluated the possibility of providing financial support for construction of a multi-purpose building in Unalakleet and for relocating a freezer van from Unalakleet to Shaktoolik for freezing and storing bait for the fishermen during the first quarter.

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

Activity: The 2004 contribution to the Nome Navigation Improvements Project was made to the City of Nome on February 20, 2004 in the amount of \$1,314,000.

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: The required CDQ Fee payment was made on June 14, 2004.

Norton Sound Seafood Products

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

Activity: NSSP Management made their recommendations for the 2004 operations during the April board of directors meetings.

MILESTONE: NSEDC OR AN NSEDC SUBSIDIARY WILL MARKET AT LEAST 50% (BY WEIGHT) OF THE CDQ CRAB ALLOCATED TO NSEDC BY THE END OF THE FOURTH QUARTER EACH YEAR.

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

Norton Sound Vessel Management

MILESTONE: NORTON SOUND VESSEL MANAGEMENT WILL EVALUATE OPERATIONS IN THE REGION INCLUDING SUPPORT TO THE HERRING, SALMON, CRAB AND HALIBUT FISHERIES BY THE END OF THE SECOND QUARTER EACH YEAR

Activity: Norton Sound Vessel Management prepares, in conjunction with the NSSP 2004 Operations Plan, proposed operations for NSVM for the upcoming season. These plans were presented to the board at the meetings in April 2004.

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

Activity: Norton Sound Vessel Management prepares, in conjunction with the NSSP 2004 Operations Plan, proposed operations for NSVM for the upcoming season. These plans were presented to the board at the meetings in April 2004.

Community Outreach Program

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

Activity: NSEDC provided funding for five schools (Nome, Golovin, Shaktoolik, Stebbins and Diomed) during the first quarter and the remaining ten schools (St. Michael, Unalakleet, Koyuk, Elim, White Mountain, Teller, Wales, Brevig Mission, Savoonga and

Gambell) during the second quarter, in accordance with the NSEDC 2004 Drug & Alcohol Prevention Program.

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

Activity: Three applicants received scholarships during the fourth quarter and seventeen potential trainees were contacted regarding the Fisheries Safety Orientation Class scheduled for October during the fourth quarter. Seven residents were employed as interns (training opportunity) during the fourth quarter.

Other Fund Management

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

Activity: The NSEDC Financial Advisory Committee met and reviewed investment performance and asset allocation on October 13, 2004.

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

Activity: NSEDC and NSIC monitored all income-producing investments during the quarter and presented a report to the board at the NSIC Management Committee meeting and the NSEDC Financial Advisory Committee meeting in October.

Board Training

MILESTONE: THE NSEDC BOARD OF DIRECTORS WILL ATTEND AN ANNUAL RETREAT FOR THE PURPOSE OF BOARD TRAINING BY THE END OF THE 4TH QUARTER EACH YEAR.

Activity: NSEDC held a board retreat and board training session in Anchorage on December 15th and 16th, facilitated by Richard Tremaine.

Substance Abuse Prevention

MILESTONE: NSEDC WILL CONTINUE TO FOLLOW THE SUBSTANCE ABUSE POLICIES OUTLINED IN OUR PERSONNEL POLICIES.

Activity: NSEDC continued to follow the substance abuse policies during the fourth quarter.

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

Activity: NSEDC, GFC and NSV continued to screen all applicants for training and seafood industry employment opportunities during the 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: NSEDC provided funding for five schools (Nome, Golovin, Shaktoolik, Stebbins and Diomed) during the first quarter and the remaining ten schools (St. Michael, Unalakleet, Koyuk, Elim, White Mountain, Teller, Wales, Brevig Mission, Savoonga and Gambell) during the second quarter, in accordance with the NSEDC 2004 Drug & Alcohol Prevention Program.

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 Community Benefit Share for each member community at the October board meetings.

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 received and approved 2004 Community Benefit Share funds were transmitted within 45 days of NSEDC receiving notification and acceptance by the communities during the fourth quarter.

A. Outreach

NSEDC management and staff performed a number of outreach projects/activities during the second quarter of 2004.

- NSEDC Board of Directors held their 2004 third quarter meetings in Nome on October 12 – 14 at the Bering Strait Native Corporation Board room, these meetings were open to the public.
- NSEDC Board of Directors notified residents of the 2004 third quarter meetings by placing an ad in the Nome Nugget Newspaper.
- The 2004 third quarter reports were mailed out to each member community city office, NSEDC Board of Director and Community Outreach Liaison.
- NSEDC placed a number of newspaper advertisements during the fourth quarter, please see the attachments to this report.
- NSEDC has Community Outreach Liaisons in thirteen of our member communities with the EET office and the NSSC office serving the communities of Unalakleet and Nome, respectively. The NSEDC liaisons are sent informational fliers, applications, and other various information to disseminate to residents in their communities.
- NSEDC has a web page on the internet (www.nsedc.com) in which constituents can access quarterly reports, newsletters, applications, and information regarding opportunities with NSEDC.

B. Employment

Employment Data Form

**Table 1
EMPLOYMENT DATA FORM
December 31, 2004**

	Quarter		Year-to-Date	
	People	Wages	People	Wages
Management/Administrative				
NSEDC	2	\$24,407.07	10	\$123,684.24
NSSP	5	\$72,676.46	18	\$239,190.30
Total Management/Administrative	7	\$97,083.53	28	\$362,874.54
CDQ Pollock Related				
A/B Season	0	\$0.00	40	\$406,142.59
C/D Season	21	\$138,804.25	56	\$350,352.02
Total Pollock Related	21	\$138,804.25	96	\$756,494.61
NSSP Employment	9	\$2,361.07	83	\$154,923.58
Other NSEDC Employment				
Skippers, Deckhands, Shoreside, etc.	1	\$160.00	21	\$53,102.50
Total Other NSEDC Empl.	1	\$160.00	21	\$53,102.50
Other Fishing				
GFC - Longline	7	\$27,857.62	21	\$88,671.56
NSV - Crab	1	\$10,429.23	3	\$13,497.09
Icicle Seafoods	1	\$8,340.66	3	\$18,837.21
O/A Norton Sound Winter Red King Crab	0	\$0.00	4	\$4,651.00
O/A Norton Sound Red King Crab	*	\$35,198.00	21	\$765,348.25
NSEDC CDQ Red King Crab	0	\$0.00	7	\$39,750.00
YDFDA CDQ Red King Crab	0	\$0.00	2	\$39,072.00
Norton Sound Salmon	**	\$17,234.55	37	\$156,691.20
NSEDC CDQ Halibut	***	\$26,646.30	10	\$241,556.05
Total Other Fishing	9	\$125,706.36	108	\$1,368,074.36
NSEDC Community Outreach Liaisons	13	\$18,450.00	56	\$75,272.58
Interns				
NSEDC Administration	1	\$3,095.05	7	\$18,076.27
NSEDC Salmon Rehab.	3	\$10,923.15	15	\$81,828.53
Alaska Dept. of Fish & Game	0	\$0.00	9	\$48,033.75
Kawerak, Inc.	2	\$608.52	10	\$48,515.38
Norton Sound Health Corp.	0	\$0.00	2	\$4,471.00
Glacier Fish Company	1	\$2,371.48	1	\$2,371.48
Total Interns	7	\$16,998.20	44	\$203,296.41
GRAND TOTALS	67	\$399,563.41	436	\$2,974,038.58
	NSEDC =	\$60,015.27	NSEDC =	\$455,355.73
	NSSP =	\$154,116.38	NSSP =	\$1,641,182.38
	Partners =	\$185,431.76	Partners =	\$877,500.47

*Sixteen Norton Sound red king crab fishermen received a post-season adjustment of \$0.05 per lb.

**Thirty-seven Norton Sound salmon fishermen received a post-season adjustment of \$0.25 per lb.

***Ten Norton Sound CDQ halibut fishermen received a post-season adjustment of \$0.20 per lb.

Employment Summary

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

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

Community Breakdown: 5 employees for Shishmaref
3 employees from Anchorage
2 employees from Stebbins
2 employees from Mountain Village
1 employee from Nulato
1 employee from White Mountain
1 employee from Koyuk
2 employees from St. Michael
3 employees from Unalakleet
1 employee from Nome

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

Community Breakdown: 2 employees from Unalakleet
7 employees from Nome

Other NSEDC Employment – One resident was employed by NSEDC at various shoreside projects during the quarter.

Community Breakdown: 1 employee from Golovin

Other Fishing –

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

Community Breakdown: 1 employee from Nome
2 employees from Anchorage
1 employee from Shaktoolik
1 employee from Stebbins
2 employees from Shishmaref

One resident from Stebbins was employed by Norton Sound Ventures aboard the *Pacific Star* during the quarter.

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

Sixteen Norton Sound red king crab fishermen received a post-season adjustment for their 2004 deliveries to Norton Sound Seafood Products during the season.

Thirty-seven Norton Sound salmon fishermen received a post-season adjustment for their 2004 deliveries to Norton Sound Seafood Products during the season.

Ten Norton Sound CDQ halibut fishermen received a post-season adjustment for their 2004 deliveries to Norton Sound Seafood Products during the season.

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

Community Breakdown:

- 1 liaison from St. Michael
- 1 liaison from Stebbins
- 1 liaison from Shaktoolik
- 1 liaison from Koyuk
- 1 liaison from Golovin
- 1 liaison from White Mountain
- 1 liaison from Brevig Mission
- 1 liaison from Teller
- 1 liaison from Wales
- 1 liaison from Diomede
- 1 liaison from Savoonga
- 1 liaison from Gambell
- 1 liaison from Elim

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

Community Breakdown:

- 6 interns from White Mountain
- 1 intern from Shaktoolik/Anchorage

C. Training

Training Data Form

Table 2
TRAINING DATA FORM
December 31, 2004

	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-Secondary	1	\$950.00	148	\$176,477.50
Vocational	2	\$2,500.00	37	\$46,250.00
Other Training				
Fisheries Related	12	\$33,383.18	33	\$108,095.81
CDQ Staff	12	\$4,548.42	12	\$4,548.42
CDQ Board	15	\$42,738.68	15	\$42,738.68
Other				
Other Expenditures				
To Education Institute				
Education Endowment				
TOTAL	42	\$84,120.28	245	\$378,110.41

Training Summary

Scholarships –

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

Community Breakdown: 1 recipient from Nome
1 recipient from Stebbins
1 recipient from Diomedede

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: 1 trainee from Nome
2 trainees from Stebbins
1 trainee from Anchorage (Shaktoolik)
1 trainee from Brevig Mission
4 trainees from Shaktoolik
1 trainee from Elim
1 trainee from Unalakleet
1 trainee from White Mountain

CDQ Staff – Twelve NSEDC/NSSP staff attended a staff-training workshop in Anchorage on December 17, 2004.

CDQ Board – Fifteen NSEDC Board Members attended a Board of Director Retreat in Anchorage on December 15 – 16, 2004. The retreat included training on the Responsibilities and Duties as a board member, Conflict of Interest and Financial aspects of the corporation.

III. Administration

A. Board Activities

Board of Director Meetings

The NSEDC Board of Directors held their 2004 third quarter meetings in Nome on October 13 - 14, with the standing committees meeting on the 12th and 13th.

Board of Director Elections

NSEDC Representative Elections were held in five NSEDC member communities during the fourth quarter. Unalakleet, White Mountain, Brevig Mission, Diomede, Shaktoolik elected the following representative for their community:

Unalakleet	William Johnson
White Mountain	Dan Harrelson (re-elected)
Brevig Mission	Walter Seetot (re-elected)
Diomede	Mary Menadelook (re-elected)
Shaktoolik	Harvey Sookiayak (re-elected)

The NSEDC Board of Directors swore in William Johnson, Mary Menadelook and Harvey Sookiayak during the membership meeting on October 15, 2004. Dan Harrelson and Walter Seetot will be sworn in during the meeting in January 2005. An updated list of the NSEDC Board of Directors is provided as Attachment 14.

Board of Director Training

The NSEDC Board of Directors held a training workshop in Anchorage on December 15th & 16th, 2004. The workshop included training on Responsibilities and Duties as a board member, Conflict of Interest and Financial aspects of the corporation. .

Substantial Decisions

During the fourth quarter a number of items and decisions were approved and made by the NSEDC Board of Directors including: approval of a post season adjustment for the Norton Sound salmon (\$0.05) red king crab (\$0.25) and CDQ halibut (\$0.20) for fishermen who delivered to NSSP during the 2004 fishing season; approval of funding a Youth Orienteering/GPS Training Program in conjunction with BSSD; approval of a Winter Trail Staking Project for Koyuk and White Mountain; Approval of partially funding a Senior Meals Program for seven member communities; approval of a \$50,000 Community Benefit Share for 2004; and approval of a riverboat proposal from Kawerak, Inc.;

Board Meeting Minutes

Please see Attachment 13

B. State of Alaska Reporting Compliance

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

C. Amendment Status

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

- CDP amendment 04-15NS: This technical amendment proposed to transfer 11.0 mt of pollock annual CDQ from NSEDC to BBEDC. This amendment was approved by NMFS on 13-Oct-04.
- CDP amendment 04-16NS: This technical amendment proposed to transfer 21.0 mt of CAI Atka mackerel annual CDQ from NSEDC to APICDA. This amendment was approved by NMFS on 26-Oct-04.
- CDP amendment 04-17NS: This technical amendment proposed to transfer 2.5 mt of CAI POP annual CDQ from NSEDC to APICDA. This amendment was approved by NMFS on 27-Oct-04.
- CDP amendment 04-18NS: This technical amendment proposed to transfer 1,050 pounds of Bristol Bay red king crab from APICDA to NSEDC. APICDA and NSEDC agreed that APICDA would be paid a royalty for the pro-rated harvest of their quota. This amendment was approved by NMFS on 9-Nov-04.
- CDP amendment 04-19NS: This technical amendment proposed to transfer 303 pounds of Bristol Bay red king crab from YDFDA to NSEDC. YDFDA and NSEDC agreed that YDFDA would be paid a royalty for the

pro-rated harvest of their quota. This amendment was approved by NMFS on 9-Nov-04.

- CDP amendment 04-20NS: This technical amendment proposed to transfer 1,198 pounds of Bristol Bay red king crab from BBEDC to NSEDC. BBEDC and NSEDC agreed that BBEDC would be paid a royalty for the pro-rated harvest of their quota. This amendment was approved by NMFS on 9-Nov-04.
- CDP amendment 04-21NS: This technical amendment proposed to transfer 40 mt of Alaska plaice, 8.0 mt of arrowtooth flounder and 19.0 mt of Pacific cod annual CDQ from NSEDC to APICDA. This amendment was approved by NMFS on 10-Nov-04

IV. Harvesting Report

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

See the following tables below:

Table 3:	MS CDQ/PSQ Account Status Report 2004
Table 4:	Pollock Target Fishery
Table 5:	Pacific Cod Target Fishery
Table 6:	Atka Mackerel/Pacific Ocean Perch Target Fishery
Table 7:	Yellowfin Sole Target Fishery
Table 8:	Rock Sole Target Fishery
Table 9:	Flathead Sole Target Fishery
Table 10:	Bering Sea Greenland Turbot Target Fishery
Table 11:	Aleutian Islands Greenland Turbot Target Fishery
Table 12:	Bering Sea Sablefish Target Fishery
Table 13:	Aleutian Islands Sablefish Target Fishery
Table 14:	Halibut Harvest Activity
Table 15:	Crab Harvest Activity
Table 16:	CDQ Quota Transfers

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Table 3
MS CDQ/PSQ ACCOUNT STATUS REPORT
through the Third Quarter 2004

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Table 4
POLLOCK TARGET FISHERY
(in metric tons)

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Table 5
PACIFIC COD TARGET FISHERY
(in metric tons)

CONFIDENTIAL

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

CONFIDENTIAL

Table 7
YELLOWFIN SOLE TARGET FISHERY
(in metric tons)

CONFIDENTIAL

Table 8
ROCK SOLE TARGET FISHERY
(in metric tons)

CONFIDENTIAL

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

CONFIDENTIAL

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

CONFIDENTIAL

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

CONFIDENTIAL

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

CONFIDENTIAL

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

CONFIDENTIAL

Table 14
HALIBUT HARVEST ACTIVITY
(in metric tons)

CONFIDENTIAL

Table 15
CRAB HARVEST ACTIVITY
(in metric tons)

CONFIDENTIAL

Table 16
CDQ QUOTA TRANSFERS
(in metric tons)

B. CDQ Fishing Activities

During the fourth quarter of 2004, NSEDC conducted CDQ fishing operations for Pacific cod, Atka mackerel, yellowfin sole and red king crab in the Bristol Bay fishery. A summary of the harvest of annual CDQ for the groundfish species by target fishery through the end of the fourth quarter is provided in Table 1. Harvest information for each of these target fisheries by quarter are provided in Tables 2-11, CDQ halibut in Table 12 and CDQ crab in Table 13.

Pollock

NSEDC did not conduct targeted fishing operations for CDQ pollock during the fourth quarter. NSEDC transferred 11.0 mt of remaining CDQ pollock to BBEDC

For the year, NSEDC and the GFC vessels harvested about 32,808 metric tons of CDQ pollock in both the A and B seasons. After transfers, only 4.8 metric tons of the annual CDQ remained un-harvested. See Table 2 for a summary of the CDQ and PSQ harvest in the pollock fishery for the year.

Pacific Cod

NSEDC harvested about 341 metric tons of Pacific cod in targeted CDQ fishing operations in the Bering Sea during the fourth quarter using the *F/V Norton Sound*, *F/V Glacier Bay* and *F/V Clipper Express*. The *Clipper Express* harvested about 258 mt of CDQ cod in fishing operations that commenced after the conclusion of the open access cod B season fishery on December 4 and continued until mid-December. The *Glacier Bay* harvested about 63 mt of CDQ cod in a week of fishing just after the close of the open access season, and one day prior to the start of the 2005 open access cod fishery. The *Norton Sound* harvested about 20 mt of CDQ cod in a couple of days of fishing prior to the start of the 2004 open access cod fishery.

For the year, NSEDC harvested about 2,689 metric tons of CDQ cod in directed fishing operations. Only 20 mt of CDQ cod was left un-harvested for the year. See Table 3 for a summary of the CDQ and PSQ harvest in the cod target fishery for the year.

Summary of bycatch: The bycatch rate of other CDQ fish species in the cod target fishery was about 28% of the cod harvest. Bycatch primarily consisted of 'other species' including skate and sculpin, non-quota pollock and arrowtooth flounder, and smaller amounts of a variety of flatfish.

Processing report: Products from our Pacific cod CDQ fishery were primarily headed and gutted, eastern-cut and western cut cod packaged and frozen in approximately 40-pound and 50-pound blocks, and small amounts of cod milt, stomachs and roe.

Sablefish

There was no directed harvest of CDQ sablefish during the fourth quarter.

For the year, NSEDC directly harvested only 6.1 mt of CDQ sablefish in the Bering Sea and none in the Aleutian Islands. A vessel under contract to NSEDC, the *Pacific Sojourn*, failed to harvest the quota as allocated. NSEDC had discussions with other vessels capable of harvesting the quota in both the Bering Sea and Aleutian Islands however these vessels did not have LLP endorsements for harvesting groundfish in the BSAI. See Tables 10 and 11 for a summary of the CDQ and PSQ harvest in the sablefish target fisheries for the year.

Greenland Turbot

There was no directed harvest of CDQ Greenland turbot during the fourth quarter.

For the year, NSEDC harvested about 11 metric tons of CDQ Greenland turbot in the Bering Sea in targeted fishing operations. This small amount of CDQ turbot was taken in combination with CDQ cod and halibut fishing operations on the *F/V Glacier Bay*. Approximately another 25 mt of the turbot quota in the Bering Sea was left un-harvested. There was not enough of an annual CDQ of turbot in the Aleutian Islands to justify a directed fishery and as such the quota was reserved for bycatch only. See Tables 8 and 9.

Atka Mackerel

NSEDC harvested about 999 metric tons of CDQ Atka mackerel in Areas 541, 542 and 543 of the Aleutian Islands during the fourth quarter using the *F/V Seafreeze Alaska* and *F/V Seafisher*. The *Seafreeze Alaska* harvested 295 mt of CDQ mackerel in Area 542 in three days of fishing in mid-October. The *Seafisher* harvested about 704 mt of CDQ mackerel in all three areas in a little more than a week of fishing at the end of October and early November. NSEDC managed the harvest of CDQ mackerel by the *Seafisher* in a cooperative fishing venture to assist in the completion of the harvest of CDQ mackerel that was originally allocated to APICDA and then transferred to NSEDC.

For the year, NSEDC harvested almost the full amount of annual CDQ of Atka mackerel in the original allocation and the amount transferred by APICDA or about 1,297 mt of CDQ mackerel. See Table 4 for a summary of the harvest of CDQ and PSQ in the Atka mackerel target fishery.

Summary of bycatch: The bycatch rate of other CDQ species in the mackerel target fishery during the fourth quarter was about 30.9% including small amounts of targeted POP. The bycatch was predominantly Pacific cod, northern rockfish

and other species, with lesser amounts of non-quota pollock, and various flatfish and rockfish species.

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

Yellowfin Sole and Rock Sole

NSEDC harvested about 420 metric tons of CDQ yellowfin sole during the fourth quarter using the *F/V Seafreeze Alaska*. The *Seafreeze Alaska* harvested this CDQ in a week of fishing at the end of October and a day in mid-November. This was the only harvest of CDQ yellowfin sole on behalf of NSEDC for the year. The full amount of the allocated annual CDQ was taken. See Table 5 for a summary of the harvest of CDQ and PSQ in the yellowfin sole target fishery.

Summary of bycatch: The bycatch rate of other CDQ species in the mackerel target fishery during the fourth quarter was about 16%. The bycatch was predominantly Alaska plaice, non-quota pollock, other species and flathead sole, with smaller amounts of Pacific cod and a variety of flatfish species. A very small amount of halibut mortality was recorded.

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

Halibut

NSEDC harvested 4,006 pounds of CDQ halibut in IPHC Area 4D and Area 4E during the quarter working with local fishermen. This harvest completed local fishing operations for the year. NSEDC acquired 40,000 pounds of additional CDQ halibut in Area 4E in a transfer with CVRF and made it available to local fishermen. None of this quota was harvested.

For the year, NSEDC harvested 148,250 pounds of CDQ halibut working with eleven local fishing boats, the *F/V Shemya* and the *F/V Glacier Bay*. About 6,550 pounds of our annual halibut quota in Area 4D and 40,000 pounds of quota transferred from CVRF in Area 4E were not harvested. The local fishermen harvested and delivered to the Norton Sound Seafood Center a total of 78,149 pounds, while the *Glacier Bay* harvested 50,101 pounds and the *Shemya* took 20,000 pounds. See Table 12.

Summary of bycatch: N/A

Processing report: NSSP processed the catch of CDQ halibut at the NSSC located in Nome. The product was primarily sold as fresh fish.

Bering Sea Opilio Crab

There was no directed harvest of CDQ opilio crab in the Bering Sea during the fourth quarter. NSEDC successfully completed the fishery and harvested the quota for CDQ opilio crab during the first quarter.

Norton Sound Red King Crab

There was no directed harvest of CDQ red king crab from the Norton Sound fishery during the fourth quarter. The entire CDQ allocation was harvested and the fishery completed during the second quarter

Bristol Bay Red King Crab

NSEDC conducted a CDQ fishery for red king crab in Bristol Bay using the *F/V Alaskan Beauty*, a vessel in which NSEDC is 50% owner. The *Alaskan Beauty* harvested and delivered 205,415 pounds in three trips starting in late October and concluding in mid November. Dead loss was minimal at 602 pounds or 0.29% of the total catch. NSEDC obtained an additional 2,551 pounds in three CDQ transfers from other CDQ groups and harvested a small portion of the transferred quota. Average size of the crab was about 6.8 pounds. The announced ex-vessel price was \$4.70 per pound.

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

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

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 2004.

Bering Sea Bairdi Crab

There was no harvest of CDQ bairdi crab during the fourth quarter. This commercial crab fishery is closed again to open access and CDQ harvest in 2004.

Compliance/Enforcement Issues

To the best of our knowledge, the *Clipper Express Norton Sound*, *Glacier Bay*, *Seafreeze Alaska*, *Seafisher*, *Alaskan Beauty* and vessels from the NSEDC communities harvesting CDQ halibut operated in compliance with applicable federal and state laws and regulations governing the fisheries in the Bering Sea and Aleutian Islands while conducting CDQ harvesting operations on behalf of NSEDC. There were no vessel or fishing violations, illegal activities and/or fines or penalties against these vessels reported by National Marine Fisheries

Service Enforcement, U.S. Coast Guard, Alaska Department of Fish and Game or any other regulatory and enforcement agency.

CDQ Crab Custom Processing and Sales Activities

During the fourth quarter, NSEDC joint ventured with Royal Aleutian Seafoods for the processing and sales of CDQ crab product from the Bristol Bay red king crab fishery.

The entire production of CDQ red king crab from the Bristol Bay fishery went to the joint venture operation. Royal Aleutian processed red king crab from the Bristol Bay CDQ fishery into variety of product forms totaling 141,804 pounds of finished product in November. Product forms included cooked and brine frozen No. 1 and grade A sections, fresh cooked No. 1 product, and whole cooked brine frozen and fresh product. The product recovery rate with all of these product forms was over 69%. The entire production of king crab product has been sold.

V. Confidential Issues

A. Financial Statements

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

In accordance with State of Alaska Statutes 6AAC93.070 (b), (c), and (d), NSEDC requests these and other documents marked “CONFIDENTIAL” be kept confidential and not released to the public or any other party.

B. Tax Issues

None

C. Imminent Major Investments

None, other than anything that NSEDC may have provided to the State of Alaska under a confidentiality petition.

D. Other

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