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Acting Administrator, Alaska Region  
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February 23, 2009

sent via email to:  
[salmonbycatcheis@noaa.gov](mailto:salmonbycatcheis@noaa.gov)

Re: Comments on Draft Environmental Impact Statement  
prepared for Chinook Salmon Bycatch Limits in the Bering  
Sea Pollock Fishery (DEIS)

Dear Mr. Mecum:

I am writing on behalf of the At-sea Processors Association (APA) to comment on the above-referenced DEIS, a document that evaluates various proposed management measures designed to limit the amount of Chinook Salmon taken as bycatch in the Bering Sea pollock fishery. The members of APA own and operate a fleet of nineteen (19) catcher/processor (C/P) vessels that are eligible to participate in that fishery.

At the outset, I would like to note that the members of the APA fully appreciate the economic, social and cultural significance of salmon, particularly Chinook salmon, to the fishermen and residents of Western Alaska; and the need to limit bycatch of salmon in the Bering Sea pollock fishery to the extent practicable. As we believe our record to date indicates, our members, as well as the men and women who operate their vessels, have already made significant progress in their efforts to reduce Chinook bycatch. As a result of those efforts, the bycatch rates of the pollock C/P fleet are among the lowest in the industry. Nevertheless, we recognize that more needs to be done and commit ourselves to the task of exploring other measures that might reduce our bycatch of Chinook even further.

At the same time, however, we feel compelled to advise you and the other members of the North Pacific Fishery Management Council (NPFMC) that the DEIS is not, in its current form, adequate to support informed decision making insofar as the alternative management measures it evaluates. Nevertheless, and as will be explained more fully below, the document fails the adequacy test for a number of reasons, including: its failure to rigorously evaluate the costs and benefits associated with the alternative measures under consideration; its reliance on erroneous assumptions about ownership and investment patterns in the Bering Sea pollock fishery; its failure to consider the full range of impacts that some of the proposed measures would have on economically disadvantaged communities in Western Alaska; its failure to consider other critical factors affecting Chinook salmon runs in Western Alaska; the inadequacy of the alternatives considered; the document's failure to correctly depict the bycatch profile of our fleet; and other reasons.



Before turning to our specific comments on the DEIS, we should also note that these comments are intended to focus on the adequacy of the information and analysis presented in the DEIS—the document that will be presented to the NPFMC and NMFS so as to inform the decision making process in which the Council and the Agency will engage in connection with the Chinook salmon bycatch management amendment, all as required by the National Environmental Policy Act (NEPA). We will address the merits of the alternative management measures themselves in comments that we plan to submit to the Council at its meeting next April; and to the Agency as part of the ensuing rule-making process.

## I.

### **THE FOREGONE REVENUE APPROACH DOES NOT ADEQUATELY INFORM THE COUNCIL AS TO THE COSTS ASSOCIATED WITH MANAGEMENT MEASURES THAT WOULD LIKELY RESULT IN PREMATURE CLOSURES OF THE BERING SEA POLLOCK FISHERY.**

Using foregone revenue as a measure of the economic impact of the premature closure of the BSAI pollock fishery is a gross over simplification that significantly understates the economic consequences of the proposed alternatives under consideration. It fails to inform the Council, the agency and the public of the true distributional and other impacts that such closures would have on: seafood production, international trade and the US balance of payments, jobs, markets, consumers, support industries (e.g., banks, fuel suppliers, shipping companies, equipment manufacturers, cold storages, airlines, travel agencies and other such vendors who supply goods and services to the industry), invested capital, and a host of other consequences that would flow from such a closure.

Furthermore, “forgone revenue” does not include any consideration of the economic multipliers that are associated with revenue generated from the fishing industry in Alaska--multipliers that are estimated to be on the order of 1.6, with “every \$1 million of wholesale value in the seafood industry generating an additional \$600,000 in indirect and induced output. (See, *The Seafood Industry in Alaska’s Economy*, a recent report by Northern Economics, Inc, January 2009, at p. 44).

Nor does “foregone revenue” capture the impact that unanticipated interruption in the production of pollock-based products would have on the market for the products produced by the nation’s largest fishery or on the role that Alaska pollock currently plays as the “whitefish of choice” in seafood markets around the world.

**In terms of food production alone, every one thousand tons of foregone pollock catch equates to approximately 2.4 million meals of low-cost seafood that would otherwise be available to US and other consumers around the world.<sup>1</sup>** Based on

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<sup>1</sup> Based on National Marine Fisheries Service Processed Product Reports and assuming 4oz portions per meal.

recent catch and bycatch rates as depicted in the DEIS, the difference between a “hard” bycatch cap of 68,392 and a cap of 47,591 Chinook could result in hundreds of thousands of tons of foregone pollock harvest. To put that in perspective, each hundred thousand tons of foregone harvest represents enough raw material to provide every man, woman and child in Alaska a seafood dinner once a week for more than seven years. The foregone revenue analysis fails to disclose that such a stunning reduction in seafood production would result from the choice of one cap over the other. It must be remembered that seafood production is one of the most important objectives insofar as National Standard #1 of the Magnuson Stevens Act is concerned (See, National Standard Guidelines, 50 CFR 600.310).

For these reasons, the “forgone revenue” test is simply inadequate to inform the NPFMC of the economic consequences that would flow from the adoption of a cap that the industry cannot practicably accommodate [the “practicability” test imposed by National Standard #9’s bycatch reduction requirement]. The Guidelines for National Standard #9 specifically require that consideration be given to “Changes in the distribution of benefits and costs” in determining whether or not bycatch reduction measures are “practicable” (See, National Standard Guidelines, 50 CFR. 600.350 (3)(I)). For the reasons mentioned above, the foregone revenue test does not enable the NPFMC to make such determinations.

## II

### **THE DEIS SIGNIFICANTLY UNDERSTATES THE LEVEL OF ALASKAN INVESTMENT IN THE BERING SEA POLLOCK FISHERY**

The DEIS states that “less than 1% of the Bering Sea pollock catch is harvested by vessels owned by Alaska residents”<sup>2</sup>. This is a stunning mis-statement of fact, and one that casts serious doubt about the credibility and adequacy of the DEIS’s treatment of potential impacts in the Regulatory Impact Review (RIR) and other sections of the DEIS. It is a well known and fully documented fact that Community Development Quota (CDQ) communities in Western Alaska are heavily invested in the Bering Sea pollock fishery—the APA fleet in particular.<sup>3</sup> Indeed, the level of investment that CDQ groups have made in the Bering Sea pollock fishery has increased significantly in recent years.<sup>4</sup>

<sup>2</sup> DEIS, Chapter 10, Regulatory Impact Review, p. 498

<sup>3</sup> See, Report to the U.S. Congress and the Secretary of Commerce, entitled “Impacts of the American Fisheries Act”, prepared by the staff of the North Pacific Fishery Management Council, award Number NA96FC0339, September 10, 2001, Appendix VI.

<sup>4</sup> At the present time, the Coastal Villages and Central Bering Sea CDQ groups own a combined 49.5% of American Seafoods—the largest of the at-sea processing companies; Norton Sound Economic Development Corporation (NSEDCC) owns 37.5 % of Glacier Fish Company; the Aleutian/Pribilof Island (APICDA) CDQ group owns 20% of the FT Starbound; and the Bristol Bay Economic Development Corporation (BBEDCC) owns 20% of the FT Arctic Fjord.

At the present time, CDQ interests own approximately 33% of the at-sea (CP) pollock processing fleet—a fleet that, when CDQ catch is included, harvests nearly 50% of the Bering Sea pollock quota each year. CDQ groups also have ownership interests in at least one mothership (the MS GOLDEN ALASKA), and in numerous pollock catcher vessels as well.

The RIR correctly observes that, with regard to fishery dependent communities in Western Alaska “there are very few economic opportunities available as an alternative to commercial fishing related activities....” and that “[f]or many of these communities (and especially the CDQ communities), unemployment is chronically high, well above the national average, and the potential for economic diversification of these largely remote, isolated, local economies is very limited” (RIR at p. 705). What the RIR doesn’t say is that these very same communities are now deriving tens of millions of dollars per year from their investments in the pollock catcher processor fleet (in addition to the royalties they derive from leasing their CDQ allocations)---investments that are at risk under some of the more onerous options identified in the DEIS.<sup>5</sup>

There are two significant consequences that flow from the RIR’s failure to recognize the level of investment that the CDQ communities have made in the Bering Sea pollock fishery. First, the document does not evaluate the potential impacts that the proposed management measures will have on the heretofore profitable investments that these otherwise economically deprived communities have made in the Bering Sea pollock industry. Such an evaluation is critical because, as the DEIS notes, the “the potential for economic diversification” is otherwise “very limited” in the CDQ communities. The lack of such an evaluation is, we believe, a fatal flaw in the analysis.

Second, the RIR fails to provide any specific information about what the CDQ communities have been doing with the monies they are receiving from their investments in the pollock fleet—even though those activities are prominently described in reports and/or other information posted on the web sites maintained by various CDQ groups. Excerpts from several such reports are attached to these comments (See, Excerpts from the 2007 Annual Report for the Coastal Villages Region Fund (CVRF), Attachment #1; Excerpts from the Norton Sound Economic Development Corporation (NSEDC)’s web site, Attachment #2; Excerpts from the 2007 Annual Report for Yukon Delta Fisheries Development Association, Attachment #3; and Excerpts from the 2007 Annual Report for the Aleutian Pribilof Island Development Association (APICDA), Attachment #4.

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<sup>5</sup> Coastal Villages reports in its Annual Report for 2007 that it had approximately \$24 million in revenue from “its crab and pollock investments” in 2007—that is in addition to the \$13.6 million it had in CDQ royalties. Indeed, the above-referenced report by Northern Economics, Inc (The Seafood Industry in Alaska’s Economy, January 2009), notes on pg. 64 that “[i]n 2004, CDQ earned income exceeded royalty revenues for the first time in program history, and **earned income doubled royalty revenues in 2005**. As CDQ groups continue to make investments in various fisheries assets, capacity for earned income will continue to increase in future years” (emphasis added). The Northern Economics report goes on to note on page 67, that “[n]o other mechanism has been as successful as the CDQ program in promoting involvement of Alaskans in the harvest and processing of offshore Bering Sea fishery resources”.

To a very significant extent, the investments, jobs, scholarships, infrastructure projects, fishery development activities and other economic benefits described in these materials are directly related to the monies generated from investments these CDQ communities have made in the Bering Sea pollock fishery—primarily in the vessels and other assets owned and operated by the members of our association. Indeed, various estimates contained in the attached reports indicate that revenues derived from the pollock fishery and/or in investments made in that fishery generate anywhere from 85-90% of the monies used to support the above-referenced projects.

**Norton Sound Economic Development Corporation  
(NSEDC)**

Pollock-based investment revenues also enable CDQ communities such as NSEDC to help support other local fisheries, including salmon fisheries in their respective areas. Indeed, NSEDC dedicates \$2.0 million a year to special projects designed to increase salmon runs and salmon habitat in the Norton Sound region and to help develop and support a local salmon fishery. NSEDC's activities in that regard are coordinated by a former ADF&G employee who now serves as Director of NSEDC's Fisheries Research and Development Center. Under his direction and acting through a joint operating arrangement with ADF&G, NSEDC provides in-season management support for local salmon fisheries in the Norton Sound region.

In addition, NSEDC uses monies generated from its pollock investments to:

- (1) provide capital and operating expenses for the construction and manning of observation towers and sonar equipment used to count salmon as they make their way up the Norton Sound area rivers each summer;
- (2) operate buying stations to provide markets for local in-river salmon fishermen (even when NSEDC loses money on each salmon purchased in such a buying operation);
- (3) operate seasonal buying stations in Golovin and Shaktoolik for salmon and in Savoonga for halibut;
- (4) construct and operate two processing plants, one in Unalakleet and one in Nome, that process salmon, crab and halibut;
- (5) provide loans for the purchase of salmon fishing vessels and gear;
- (6) sponsor habitat restoration projects to improve salmon spawning areas;
- (7) operate a "mist-incubation, eyed-egg implantation" program that places fertile salmon eggs into stream beds to enhance recruitment;

(8) conduct fertilization programs in local lakes to help rehabilitate red salmon habitat; and

(9) provide \$100,000 to each of 15 communities to build and maintain local infrastructure projects necessary to support local salmon fishing operations

As noted, about 85% of the money used to support these projects is derived from NSEDC's investment in and royalties from the Bering Sea pollock fishery. It is these types of projects that would be jeopardized by a salmon cap that resulted in a premature closure of that fishery. In our view, such impacts should be thoroughly evaluated in any analysis of the proposed bycatch management measures—especially those measures that put the pollock fishery at risk of premature closure.

### **Coastal Villages Regional Fund (CVRF)**

A similar list of pollock-funded in-region projects designed to enhance salmon and other local fisheries is posted on the Coastal Villages Regional Fund's web site and in its Annual Report for 2007 (See, Attachment #1). Of particular note are the activities of the CDQ group's subsidiary, Coastal Villages Seafoods (CVS), described on pages 10-11 of the CVRF Annual Report. Those activities involved the operation of halibut and salmon processing facilities throughout the region, including CVS's salmon processing plant in Quinhagak and its buying station in Bethel that provided a salmon market for 350 resident fishermen; as well as the construction of a new \$30 million Goodnews Bay regional plant in Platinum, Alaska that will begin operations this year and that represents the "largest onshore project in the 15-year history of the Western Alaska DCQ Program".

Again, these projects are funded exclusively with monies generated by CVRF through its ownership interest in American Seafoods and the pollock harvesting and processing activities in which that APA member company is involved. These projects, too, could be severely impacted by some of the salmon bycatch measures under consideration by the NPFMC—even though such impacts are not evaluated in the DEIS.

The examples cited from the NSEDC and CVRF Annual reports are only part of the picture. The other CDQ groups also derive the vast majority of their revenues through investments they have made in companies that participate in the Bering Sea pollock fishery and/or in the royalties they generate from their share of the pollock quota. The failure of the DEIS to thoroughly evaluate the impact that the proposed salmon bycatch measures would have on the "economic engine" that is driving development and economic opportunity in the various CDQ regions is a major flaw in the document—making it totally inadequate insofar as its role in "informed decision making" is concerned.

### III

#### THE DEIS FAILS TO ACCOUNT FOR THE EFFECTS OF ICHTHYOPHONOUS ON CHINOOK SALMON RUNS IN GENERAL AND THE SUBSISTENCE AND COMMERCIAL FISHERIES IN PARTICULAR

Curiously, the DEIS limits its discussion of Ichthyophonous, or “white spot disease”, to one brief twenty-two line passage on pg. 228. Ichthyophonous, or “Ich” as it is called on the river, is a parasitic infestation that has plagued Chinook salmon in the Yukon and other western Alaskan river systems since the late 1990’s, when increasing water temperatures apparently created favorable in-river conditions for the growth and spread of the parasite. This water-borne disease is most likely contracted by Chinook salmon during the time they spend in estuarine waters prior to entering the rivers, but it does not manifest itself until the infected fish enters fresh water. It then progresses and becomes more pronounced as the fish move up stream.

There is a difference of opinion over the degree to which “Ich” affects escapement and spawning success of Chinook (e.g., how many fish die of the disease and/or succumb to its debilitating effect on their heart tissue before they spawn—especially those fish destined for the upper reaches of the Yukon where infection rates above 35% have been detected and where the fish have to swim thousands of miles to reach Canadian spawning streams). But, there is no controversy whatsoever about the fact that a diseased fish is not fit for human consumption. The flesh of the fish takes on an “unpleasant odor of fruit rotting in the hot sun”—flesh that is not even suitable for smoking as the strips turn ‘black and oily’ and “stink up the whole smokehouse”.<sup>6</sup>

Unfortunately, the only test for Ichthyophonous is a lethal one—examination of the heart tissue. So, following the test, which is usually conducted onboard vessels or the river bank, disease-free fish are retained while the carcasses of infected fish are simply discarded back into the water or thrown into a waste barrel. Whether or not such fish lost to Ichthyophonous is adequately accounted for in the annual catch accounting system is not discussed in the DEIS, but the disease is clearly a problem for subsistence fishermen. For a first-hand account and video of the problems that Yukon River fishermen are having with the Ich infestation, see the article written by Kenneth Weiss, science writer for the Los Angeles times, at: <http://www.latimes.com/news/science/environment/la-na-ichfish15-2008jun15,0,6335392,full.story>.

Ichthyophonous has several potential implications for the issues discussed in DEIS. First, there are reproductive issues associated with disease-related mortality and/or failure of

<sup>6</sup> See recent article from Los Angeles Times science/environment page by Ken Weiss, June 15, 2008: at <http://www.latimes.com/news/science/environment/la-na-ichfish15-2008jun15,0,6335392,full.story>. The site also has a video of fishermen sorting out infected fish from their holds.

infected fish to reach the spawning grounds in a sufficiently good enough condition to successfully spawn. In other words, what the infestation does to the salmon runs themselves. Second, there is the effect that the disease has on subsistence fishermen who are compelled to inspect their catch and then throw away infected fish. For every such fish they discard, they must return to the stream to catch another.

Thus, in an area with a 22-24% infection rate as referenced in the DEIS as having been detected at Emmonak, the subsistence fisherman seeking to harvest 100 fish for his family's smokehouse actually has to catch about 130 fish to meet his subsistence needs (the problem may be much greater upstream from Emmonak, where infection rates of 35% and higher have been detected). This obviously requires significantly more of the subsistence fisherman's time and effort than would be required in the absence of Ichthyophonous. Yet the Ichthyophonous effect is not even mentioned in the DEIS as a factor for consideration in connection with the subsistence fishery. Instead, the DEIS focuses entirely on Chinook bycatch in the pollock fishery as the sole explanation for the extra time and expense that, according to the DEIS, Yukon fishermen have been reporting in connection with their efforts to meet subsistence needs.

The DEIS' failure to disclose, much less discuss, the complications that the Ichthyophonous infestation is having on in-river Chinook stocks and on the fishermen who depend on those stocks for subsistence purposes is a major flaw in the analysis. The disease is clearly a complication insofar as the development and maintenance of a commercial fishery for Chinook as well. Again, the DEIS is silent on the issue. The Council and the public deserve to be fully informed about all such other causal factors when making their decisions about whether or not and to what extent bycatch in the pollock fishery may be contributing to the problems being faced by up-river fishermen and what to do about it. The DEIS fails to meet that test insofar as its cursory discussion of Ichthyophonous is concerned.

#### IV

### THE TREATMENT OF SECTORAL BYCATCH PATTERNS IN SECTION 5.3.1.1 IS CONFUSING AND MISLEADING

Section 5.3.1.1 is a short, but important section of the DEIS. It presents historical Chinook bycatch information for each of the three sectors involved in the Bering Sea pollock fishery. Unfortunately, the information as presented is confusing and potentially prejudicial. **In our view, the text of the entire section should be re-written.** For example:

1). **Seasonal Bycatch levels by sector.** Figures 5-36 and 5-37 show total A season and B season Chinook bycatch by sector for each of the years 1990-2007. The resulting graphs show widely diverging salmon "catch" patterns over time between the three

sectors. The text suggests that some conclusion can be drawn from those patterns. But no where is there any explanation that the differences in “catch levels” between sectors in any given year and/or over time are, to a certain extent, simply due to the amount of pollock each sector caught during the year(s) in question.

This is complicated further by the time period spanned by the charts: 1990-2008. That period covers times of the open access “race for fish” when each of the pollock sectors competed with each other for a share of the common pollock quota pool (1990-1992); the period of inshore/offshore allocation measures—that created and then changed sectoral shares of the annual pollock quota periodically (1993-1999); and the years in which the fishery has operated under the allocation provisions of the American Fisheries Act (AFA)—2000-present. Thus, to a great extent, the changes in salmon bycatch shown in Figures 5-36 and 5-37 simply reflect different allocations of the pollock quota that were imposed in the sectors’ respective shares of pollock over time.

Simply put, any depiction of salmon bycatch levels without some adjustment for the amount of pollock caught by each of the sectors during the period in question paints an extremely erroneous picture—a picture that is irrelevant to any determination about how to address salmon bycatch and potentially prejudicial to the sector(s) that happened to catch the most pollock in any given year. For this reason, the charts and graphs shown should be limited to comparative rates of salmon bycatch (by sector) over time. **Figures 5-36 and 5-37 should be removed from the analysis.**

2) **Figures 5-38 and 5-39 should indicate if CDQ catch and bycatch is included in the bycatch rate calculations.** These figures show relative rates of salmon bycatch (Chinook/1000 tons of pollock). For that reason, these figures are more informative than Figures 5-36 and 5-37. The text that accompanies figures 5-38 and 5-39, however, does not indicate whether or not CDQ catch is included in the comparative rate lines shown for the catcher/processor and mothership sectors. In our view, the preferred approach should be to include CDQ pollock catch and related salmon bycatch along with the non-CDQ catch and bycatch in the same rate calculations for those sectors and vessels engaged in the harvest of both CDQ and non-CDQ pollock. In practice, a vessel with CDQ pollock normally harvests both CDQ and its non-CDQ pollock as part of a normal fishing trip. It is the same boat, the same skipper and the same crew, fishing in the same places that harvests both CDQ and non-CDQ pollock---on the same trip. Any attempt to distinguish CDQ from non CDQ tows (and the salmon bycatch attributed to such tows) made by the same boat would be arbitrary at best. At worst, it could be unfair and prejudicial.

3) **Tables 5-22 and 5-23.** These tables need clarification as well.

a) First, the symbols used in these tables (and elsewhere in the document) to depict the three pollock sectors are somewhat confusing. There should either be a legend indicating what “M”, “P” and “S” mean; or symbols that are more familiar to the public should be used: “CP” for catcher processors; “MS” for vessels

delivering to motherships; and “SS” for vessels delivering to shoreside processors.

b) Second, the rate of bycatch should be shown in the metric most commonly used to depict bycatch---a “rate per ton”, instead of the “rate per 1,000 mt” as used in the tables;

c) Third, the “mean” and “deviation from the mean” values used in the tables is not a familiar way of showing/comparing bycatch. Simple “rates per ton” with an average over time at the end would convey the message in a more meaningful way to the reader.

d) Fourth, the text that accompanies the tables should indicate if CDQ catch and bycatch is included in the data series. As noted above, we think it should be.

## V

### THE RANGE OF ALTERNATIVES IS NOT ADEQUATE

The analysis contained in the DEIS describes four alternatives for consideration in connection with a possible revision to the current Chinook salmon bycatch management regime in the Bering Sea pollock fishery. Those alternatives are as follows:

- Alternative #1---maintain the status quo salmon bycatch measures;
- Alternative #2---adopt a hard cap that, once met, would close the fishery;
- Alternative #3---adopt a hard cap that, once met, would close a predetermined area
- Alternative #4---the council’s Preliminary Preferred Alternative—the “PPA”

In APA’s view, this is an awkward and inadequate range because the status quo alternative really represents a hybrid approach which, under different scenarios, imposes entirely different and distinct bycatch management rules and regulations.

Scenario #1, involves a pre-determined closure area that is triggered whenever total Chinook bycatch in the pollock fishery reaches 29,000 fish. It is the management system currently imposed by Amendment #58 to the BSAI FMP and codified at CFR 679.21 (e)(1)(vi). It was the extant Chinook bycatch management system at the time the US--Canadian salmon treaty was signed in 2002 and clearly complies with both the letter and spirit of that treaty that require the US to “maintain” efforts to reduce bycatch of Yukon River salmon.

Scenario #2 involves an entirely different approach to Chinook bycatch management. The underlying concept was embodied in Amendment #84 to the BSAI FMP, which provides for a waiver of the cap and closure imposed by Amendment #58, as long as the industry

has agreed to and is operating under what is known as a Voluntary Rolling Hot Spot Closure Program (VRHSCP). In order to qualify for such a waiver, the VRHSCP must have been implemented via an Inter-coop Agreement (ICA) that closes pre-determined “hot-spot” areas to those vessels failing to comply with bycatch limits and rules embodied in the ICA itself.

Both Scenarios represent legitimate bycatch management alternatives, with Scenario #1 known to be compliant with US treaty obligations under the US Canadian salmon treaty. Bycatch levels experienced in those years that Amendment #58 was in place were significantly lower than the bycatch levels experienced recently. Whether or not the increased bycatch levels experienced since Amendment #84 was implemented represent a failure of the VRHSCP or simply some other set of dynamics that have resulted in higher Chinook encounters remains to be seen. Nevertheless, some have argued that current bycatch levels have been too high and that the current system violates the spirit if not the letter of the US obligations under the US/Canadian treaty.

In our view, the hybrid nature of the status quo alternative makes analysis difficult and confusing--complicating efforts to compare it with the other competing measures. For this reason, APA believes that it is essential for the analysis and decision making process to treat the cap and closure provisions of Amendment #58 and the VRHSCP/ICA provisions of Amendment #84 as two separate and distinct “stand alone” alternatives. Each of those alternatives could then be evaluated on their own merits and each could be compared and contrasted with the other competing alternative systems contemplated in Alternative Nos 2, 3 and 4.

For these reasons, the 29,000 triggered closure provisions of Amendment #58 should be analyzed as a distinct Alternative, separate and apart from the provisions embodied in Amendment #84 dealing with the VRHSCP.

## VI

### MISCELLANEOUS ISSUES AFFECTING THE ADEQUACY AND/OR UTILITY OF THE DEIS

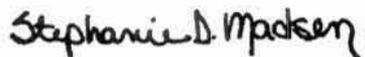
- 1) Observer costs. Monitoring of hard caps on an individual vessel by vessel basis will require additional observers. The analysis should evaluate the number of extra observers needed to monitor vessel-specific salmon bycatch numbers and the costs associated with such extra coverage.
- 2) Water Quality, pollution, habitat damage caused by mining, dredging and cumulative effects of same on Chinook stocks are not discussed in the DEIS. Nor are management

practices that may be harmful to selected stocks (e.g. those that increase bycatch of Chinook in in-river fisheries). These factors need to be identified as additional sources of potential harm to Chinook runs and need to be addressed in the DEIS.

In conclusion, I would simply reiterate that, in APA's opinion, the DEIS is woefully deficient for all the reasons cited above. Because of these shortcomings, the document is incapable of adequately informing the Council or the Agency insofar as the economic, environmental and other consequences that would flow from the proposed action and/or from any of the alternative management options identified in the document.

If you have any questions, please feel free to give me a call. Otherwise, I look forward to discussing these issues with you and the other members of the NPFMC at the April meeting in Anchorage.

Sincerely,

Handwritten signature of Stephanie D. Madsen in black ink.

Stephanie Madsen  
Executive Director  
At-sea Processors Assn

# ATTACHMENT # 1

Excerpts from Coastal Villages Region Fund's  
Annual Report for 2007

# Coastal Villages Region Fund

Stability and Adaptability



## 2007 Annual Report



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## CVRF COMMUNITIES

20 Communities - 8,700+ Residents Strong

Bering Sea

# Coastal Villages Region Fund

## STRATEGIC INTENT (VISION)

*Continuous focus on balancing growth in commercial fishing and sustainable development of CVRF communities.*

## STRATEGIC MISSION

*Provide the means for Development of our communities by creating sensible, tangible, and long-term opportunities that **generate hope** for all people who want to fish and work.*

## CORE VALUES

- *Effective Strategic Leadership*
- *Trust, Integrity & Teamwork*
- *Respect for and Understanding of all **PEOPLE***
- *Active Community Participation*
- *Respect for and Understanding of the Land, Sea, and the Resource*
- *Growth & Sustainability through Maximum Return on Capital*
- *Industrious People + Job Opportunities = Self Determination*

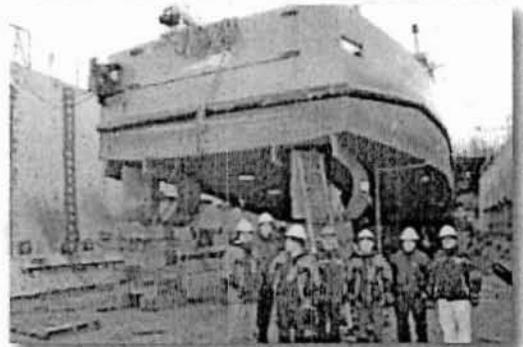
## CORE COMPETENCIES

- *Balance the needs, wants, and expectations of all – Now and 7 generations from now*
- *Understand risks/rewards, develop a plan of action, support it and execute on it*
- *Deliver efficient and equitable economic benefits to our communities*
- *Develop and deploy successful business models and adapt as needed for future use*
- *Support bold thinking and continuous innovation*
- *Deliver disciplined, purposeful & sensible initiatives to sustain and stimulate new economic growth in our region*

# 2007 CVRF Board of Directors

C45

<u>CVRF Member Community</u>	<u>2007 CVRF Board Member</u>	<u>Officer/ Executive Committee</u>	<u>Term</u>
Chefornak	Oscar Wassillie		2006-2007
	Walter Tirchik		2007-2009
Chevak	Andrew Boyscout		2007-2009
Eek	William Brown		2003-2007
Goodnews Bay	Evan S. Evan		2005-2009
Hooper Bay	Eric Olson Sr.	Secretary	2003-2007
Kipnuk	Timothy Samson	Vice President	2003-2007
Kongiganak	Ralph Kiunya Sr.	Executive Committee	2003-2007
Kwigillingok	Oscar Evon	President	2004-2008
Mekoryuk	Daniel Olrun Sr.		2005-2009
Napakiak	Nicholas Paul	Executive Committee	2005-2009
Napaskiak	Helen Kaganak		2004-2008
Newtok	Peter John		2004-2008
Nightmute	Paul Tulik	Treasurer	2005-2009
Oscarville	Frank Berezkin		2003-2007
Platinum	John Bright		2004-2008
Quinhagak	John O. Mark	Secretary	2004-2007
	Wassilie Bavilla		2007-2008
Scammon Bay	Homer Hunter Jr.		2005-2009
Toksook Bay	Willie Charlie		2003-2007
Tuntutuliak	Gabriel Olick	Executive Committee	2004-2008
Tununak	Felix Albert		2004-2008



# 2007 CVRF Board of Directors

C45



## 2007 CVRF Board of Directors

**Top Row (left - right):** John Bright, Helen Kaganak, Evan S. Evan, Gabriel Olick, Andrew Boyscout, Oscar Wassillie, Felix Albert, Daniel Olrún Sr., Homer Hunter Jr., William Brown, and Frank Berezkin  
**Bottom Row (left - right):** Ralph Kiunya Sr., Paul Tulik, Timothy Samson, Oscar Evon, John O. Mark, Eric Olson Sr., Nicholas Paul, and Peter John



## 2007 CVRF Executive Committee

**Top Row (left - right):** Paul Tulik, Ralph Kiunya Sr., Nicholas Paul, and Eric Olson Sr.  
**Bottom Row (left - right):** Timothy Samson, Oscar Evon, and John O. Mark

# Message from the President

C45

*I am pleased to once again present the CVRF Annual Report to residents of our 20 member communities. CVRF had another banner year in 2007. We increased our total revenue for the year and we once again expanded our investments in the Bering Sea groundfish fisheries – while delivering more benefits and opportunities to our residents than ever before.*

*Our motto for 2007 was “stability and adaptability.” We made important changes to CVRF’s corporate bylaws in order to stabilize our governance – changes supported by the new federal CDQ statute that the Alaska Congressional Delegation secured in 2006 and 2007 for which we remain grateful. We also continued to adapt to the changing opportunities in the fisheries in 2007. Our largest 2007 investment expenditures (\$12 million) were in the Bering Sea crab fisheries as we continued to diversify and to lessen our reliance on the pollock fishery. Pollock continues to be our most important fishery, an important fact to remember as we seek reasonable solutions to salmon bycatch concerns, marine mammal concerns, changes in the marine environment, and other challenges.*

*CVRF earned total revenue of \$36.7 million in 2007, up from \$27 million in 2006. Only 27% (\$13.6 million) of our 2007 revenue came from CDQ royalties – meaning 63% of our 2007 revenue came from other sources such as distributions from our crab and pollock investments. In the years ahead, our main avenue for growth will continue to be from our investments, rather than from CDQ royalties, though CDQ royalties will continue to provide a solid financial base for CVRF.*

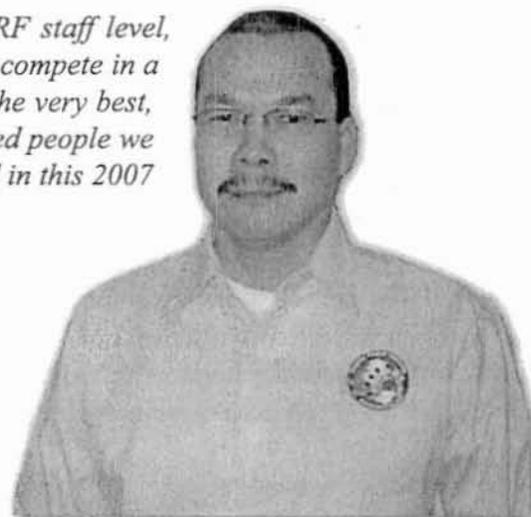
*We used our 2007 revenues to provide benefits to CVRF residents on a larger scale than ever before. Each time I review the condensed list in the Executive Director’s report, I am pleasantly startled. It is one thing to address pieces of these programs at CVRF board meetings throughout the year, but another thing to see the whole forest that we are growing. I wish to thank and acknowledge the entire CVRF Board of Directors for their efforts to develop these programs. I believe we are fulfilling the vision of our communities for our residents, and I believe this success has come from the strength and wisdom of the CVRF Board these past few years.*

*I also wish to extend a deep and heartfelt expression of gratitude from the CVRF Board to Morgen Crow, our Executive Director. Morgen will soon complete his 10th year of service for CVRF. Morgen is the individual most responsible for CVRF’s great success over the past 10 years as we have risen from the ashes of financial failure. We are fortunate to have a chief executive who understands investments, is a strong administrator, and who, above all else, is passionate about elevating the people of our region. We remain grateful for Morgen’s continued service.*

*Whether at the Board level, the Executive Director level, or the CVRF staff level, we will only be as strong as the people we elect and hire. CVRF must compete in a global seafood industry. To do so, we must hire, retain and motivate the very best, most capable people we can find. I am certain that some of the talented people we hire in the future will have gotten their start in the programs described in this 2007 Annual Report.*



**Oscar Evon, President**  
**COASTAL VILLAGES REGION FUND**



# Message from the Executive Director

C45

*In 2007, CVRF celebrated the 15th year of the CDQ Program by taking unparalleled action in the delivery of CDQ opportunities to our residents. The 2007 CVRF numbers speak for themselves:*

- \$544,000 awarded in scholarships to 98 CVRF residents
- \$1,124,346 earned by 89 participants employed on American Seafoods vessels
- \$3.8 million was spent to build new fisheries support centers in CVRF communities
- 19 full-time jobs for community liaisons
- 12 jobs for CVRF mechanic / welders
- 4 residents completed CVRF's welder/shipyard apprentice program and landed jobs
- 5 residents were hired as interns to work in Quinhagak with ADF&G
- 22 residents received \$108,300 in training (medics, heavy equipment, master licenses)
- 7 residents received CVRF loans to pursue commercial fishing opportunities
- 3,048 residents received tax & permit assistance from ABDC, paid for by CVRF
- 20 youth residents attended the Elder and Youth Conference in Fairbanks
- 19 youth from Kipnuk and Tununak earned \$14,400 in the Youth-to-Work Program
- Dozens of high school students assisted at State tournaments
- 412,502 lbs of halibut were delivered to our plants - a record by our local fleet
- 200 resident fishermen participated in the halibut fishery
- \$1.1 million was paid to our halibut fishermen
- \$1 million was spent to replace our Tununak halibut plant
- 2.2 million pounds of salmon were processed at our Quinhagak plant - a record
- 145 permit holders from 16 villages delivered salmon to our Quinhagak plant
- \$962,000 was paid to our Quinhagak fleet
- \$1 million was paid to our Quinhagak processing workers
- 88% of our Quinhagak processing workers were residents of CVRF villages
- 660,000 pounds of salmon was purchased at our Bethel "Buy and Fly" station
- \$245,000 was paid to fishermen delivering to our Bethel station
- 261 permit holders from 17 villages delivered to our Bethel station
- 339 total employees worked at our Quinhagak, Bethel and Halibut plants/stations
- 82% of these employees were CVRF residents and 95% were from YK Delta villages
- 7 CVRF tenders, tugs, and barges were operated in our near-shore fisheries
- 30,000 pounds of halibut were harvested by the CVRF vessel F/V Determination
- \$4.7 million was spent to upgrade CVRF's tender/tug/barge fleet
- 750 tons of firewood was delivered to residents by CVRF's tug and barge
- 50 resident fishermen received CVRF fishing safety kits and lifejackets
- Ground was broken on our new \$30 million salmon plant in Platinum
- \$8 million was spent on Platinum construction; the 125-bed dorm was completed
- \$143,207 was spent on salmon research grants/ADF&G-supported weir projects
- \$40,000 was spent on sockeye telemetry work
- \$285,891 was spent for CDQ Project Funds (selected by CVRF villages) for:
  - public safety buildings, law enforcement, community potlatch, honoring troops, summer clean up by youths, winter trail survival shelters and trail markers, dump site improvements and clean up, community board walks, tribal COPS project, fuel cost assistance, public internet access, youth marine safety, lagoon clean up, and youth and elders conference, to name a few.
- \$40,000 was spent for a community mapping project supported by AK DCCED
- 22,867 Chinook salmon were commercially harvested by our local fleet
- \$188,000 was paid to the fishermen for Chinook in Quinhagak and Bethel

*It was a great honor to be part of this 2007 effort. It is also important to remember that each of the CDQ benefits mentioned above was made possible by CVRF revenue from Bering Sea pollock, crab and other groundfish fisheries. We cannot take these fisheries for granted. Going forward, we must protect these fisheries, protect our investments in these fisheries, seek stability while we continue to grow, and adapt to changing opportunities. For our residents, we must continue to do what we did in 2007, and then some.*



**C. Morgen Crow, Executive Director**  
**COASTAL VILLAGES REGION FUND**



## Region Staff

CVRF is dedicated to providing reliable services to the CVRF region. Therefore, 34 positions are open year round spread throughout the 20 communities to provide program and mechanic/welder services to our region residents.

### 2007 Community Liaison Staff



**Lloyd Black**  
Napakiak



**Stella Alexie**  
Eek



**Nellie Abraham**  
Chefornak



**Clifford Paniyak**  
Chevak



**Donna Roberts**  
Goodnews Bay/Platinum



**Steven Stone**  
Hooper Bay



**Amanda Hoelscher**  
Hooper Bay



**Chris Dock**  
Kipnuk



**Darlene Daniel**  
Kongiganak



**Staci Atti**  
Kwigillingok



**Marianne Williams**  
Mekoryuk



**Julie Johnson**  
Napakiak



**Laura Evan**  
Napaskiak/Oscarville



**Lisa Charles**  
Newtok



**Katie Anthony**  
Nightmute



**Darren Cleveland**  
Quinagak



**Abraham Rivers**  
Scammon Bay



**Nick David Jr.**  
Tuntutuliak



**Theodore Angaiak**  
Tununak

### 2007 Mechanic / Welder Staff



**George Smith**  
Scammon Bay



**Billy Chagluak**  
Chefornak



**Theodore Brown**  
Eek



**Paul Joe Jr.**  
Hooper Bay



**Joe Joseph**  
Kongiganak



**Herman Beaver**  
Kwigillingok



**Lindgren Mathlaw**  
Mekoryuk



**Jacob Rivers**  
Scammon Bay



**Thomas Julius**  
Toksook Bay

# Fisheries Support Centers (FSCs)

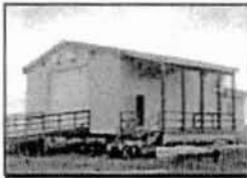
CVRF Region Benefits

## Fisheries Support Centers (FSCs)

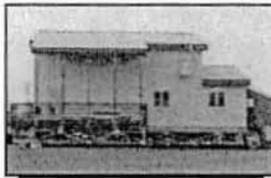
CVRF has 14 fisheries support centers that provide office and working space for our 34 community liaisons and mechanic/welders. Each building is designed to fulfill specific community needs in the form of programs and mechanic/welder services.

A primary purpose of the FSCs is to provide service to the expanding fleet of local commercial fishing vessels that deliver to CVS. Our seafood buying and processing operations have helped create a fleet of hundreds of small commercial vessels that need regular repair and maintenance.

Residents are also encouraged to utilize the FSCs for: scholarships, internships, training, employment, and other program services; repairs and customization of boats, motors, four-wheelers, snow machines, and other mechanic/welder services. The mechanic/welder rates charged at our FSCs are competitive market rates. In addition, these FSCs can be utilized for meeting and bunk space.



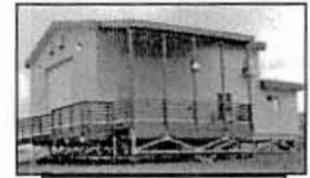
**Chefornek**  
Fisheries Support Center



**Chevak**  
Fisheries Support Center



**Eek**  
Steven White Memorial FSC



**Goodnews Bay**  
Fisheries Support Center



**Hooper Bay**  
Fisheries Support Center



**Kongiganak**  
Fisheries Support Center



**Kwigillingok**  
Fisheries Support Center



**Mekoryuk**  
Fisheries Support Center



**Napakiak**  
Fritz Willie Memorial FSC



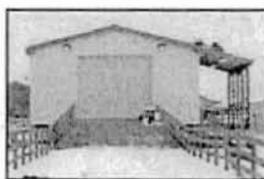
**Napaskiak**  
Fisheries Support Center



**Nightmute**  
Fisheries Support Center



**Scammon Bay**  
Fisheries Support Center



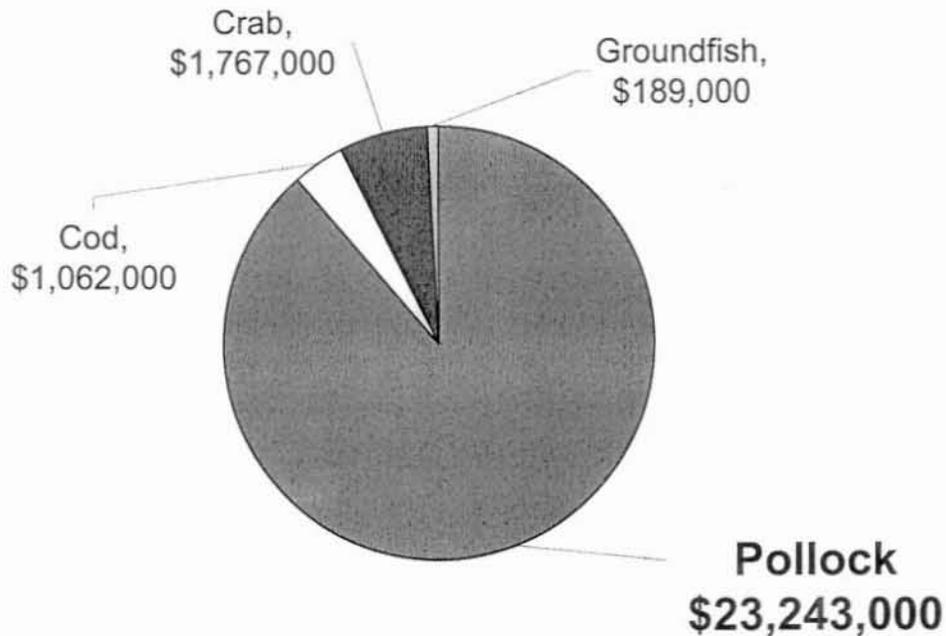
**Toksook Bay**  
Fisheries Support Center



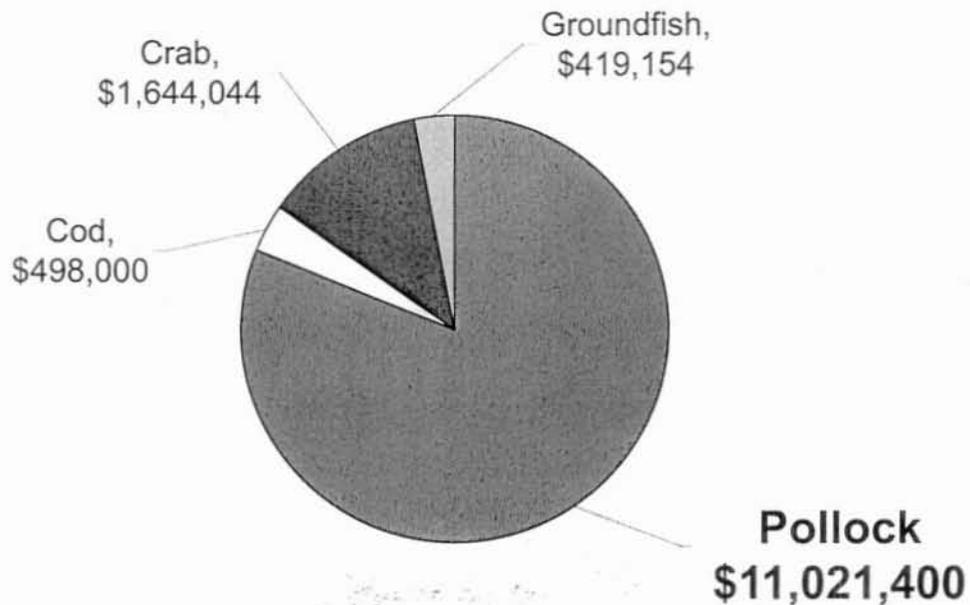
**Tununak**  
Fisheries Support Center

*Pollock continued to provide the substantial majority of CVRF royalty income and CVRF investment income in 2007.*

### 2007 Investment Earnings (\$26,261,000)



### 2007 Royalty Earnings (\$13,582,598)

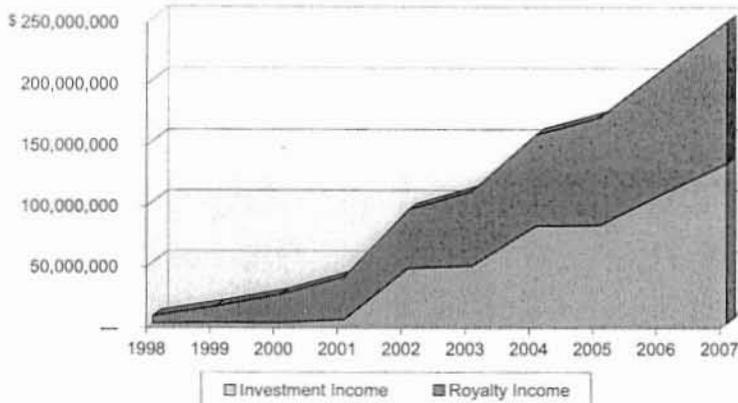


### 10-YEAR CUMULATIVE EARNINGS & BENEFITS

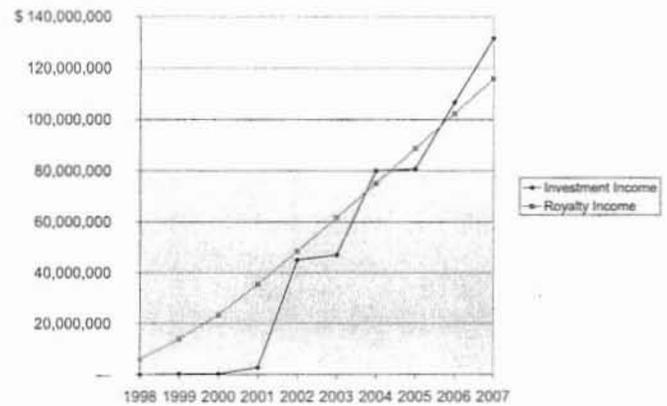
The success of CVRF's investment strategies over the past 10 years have resulted in significant additional benefits to our communities beyond CDQ quota royalty benefits.

### EARNINGS & BENEFITS

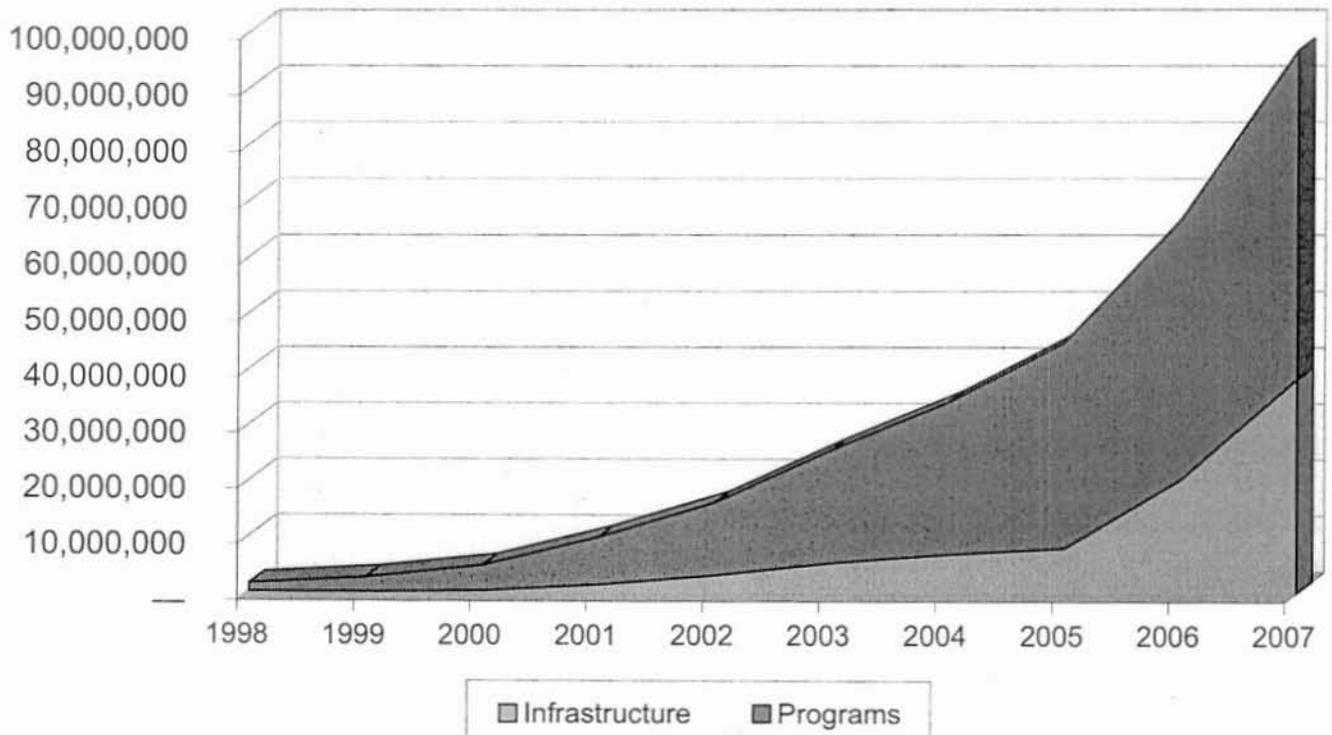
**Cumulative Cash Earned by Source**



**Cash Earned by Source**



**Cumulative Benefits to CVRF Region**





# Coastal Villages Seafoods C45

*CVRF Region Benefits*



**Coastal Villages Seafoods (CVS):** Coastal Villages Seafoods (CVS) is one of CVRF's most important in-region investments. It provides hundreds of jobs each year to fishermen and processing employees from our region and provides millions of pounds of quality salmon and halibut to consumers around the world each year. Though CVS continues to be heavily subsidized by CVRF's earnings in the Bering Sea pollock and other groundfish fisheries, we are hopeful that CVS will one day stand on its own financially. The Western Alaska CDQ Program was established to, among other things, "achieve sustainable and diversified local economies in western Alaska" (16 U.S.C. 1855(i)(1)(A)(iv)), and CVS is one of CVRF's best hopes for fulfilling that purpose in our 20 communities.

**2007 CVS Fisheries Overview:** CVS had another record-setting year in 2007, providing an even stronger market for our regional commercial fishermen and putting even more residents to work in our salmon and halibut processing plants. We purchased and processed a record amount of both halibut and salmon from our residents in 2007. For the second year in a row we bought and processed a record volume of salmon at our Quinhagak plant. Our tenders, the Kelly Mae and Leo, stayed busy all summer from early May when the snow was still piled up until wrapping up in October. We also broke ground on the new \$30 million Goodnews Bay regional plant in Platinum, Alaska – a project that will be completed in 2009 and that is considered the largest onshore project in the 15-year history of the Western Alaska CDQ Program.

Coastal Villages Seafoods Halibut Plant Production						
Location	2002	2003	2004	2005	2006	2007
Chefornak	2,874	1,024	5,548	6,974	12,993	21,233
Mekoryuk	156,432	83,531	96,784	117,270	86,658	140,328
Quinhagak	1,534	766	1,034	1,505	966	2,161
Toksook Bay	59,801	65,302	17,580	62,726	90,110	132,358
Tununak	33,580	20,009	8,176	18,696	34,067	44,842
S. Nunivak Tender	-	-	22,864	-	11,701	63,365
Hooper Bay	-	1,747	43	1,627	418	3,745
Kipnuk	112	4,750	1,745	1,146	4,061	7,470
<b>TOTAL (lbs)</b>	<b>254,333</b>	<b>177,129</b>	<b>153,774</b>	<b>209,944</b>	<b>*240,974</b>	<b>**415,502</b>
* All of the 4E halibut quota was taken for this season						
** All of the halibut quota from 4D and 4E was taken for this season						





**2007 CVS Halibut Fisheries:** CVRF region residents harvested the entire CVRF halibut quota in 2007. In order to expand our 2007 halibut season, CVRF then purchased an additional 45,000 pounds of halibut quota from our dear friends at Bristol Bay Economic Development Corporation (BBEDC). The residents of our region were able to harvest all of CVRF's halibut, plus almost all of the halibut we got from BBEDC. The CVS halibut plants in Mekoryuk, Toksook Bay, Tununak, Kipnuk, Chefornak and Hooper Bay provided halibut markets for around 200 of our residents in 2007. These resident fishermen harvested a total of over 415,000 pounds of halibut quota -- setting an all-time CVS volume record and almost doubling the 2006 harvest when the fleet harvested an impressive 240,000 pounds. Our vessel, the Determination, helped with the 2007 tally by harvesting around 30,000 pounds of the halibut.



**2007 CVS Salmon Fisheries:** During the 2007 season our Quinhagak salmon plant and our buying station in Bethel provided a salmon market for 350 resident fishermen. CVS bought and processed 2.2 million pounds of salmon from our Quinhagak plant, an all-time volume record for the hub of the CVS salmon operation. We were on limits for a record four weeks during the summer as many fishermen and a surplus of salmon both showed up this summer.

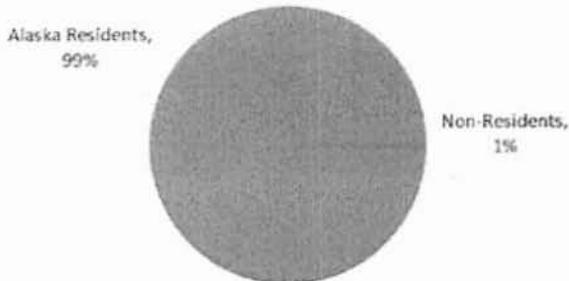


It was impressive to see all of the people from our region working hard at the CVS Quinhagak plant in 2007. All summer long our residents were working, purchasing, offloading, processing, packaging and shipping a record amount of fish, while still finding time for an occasional game of basketball.

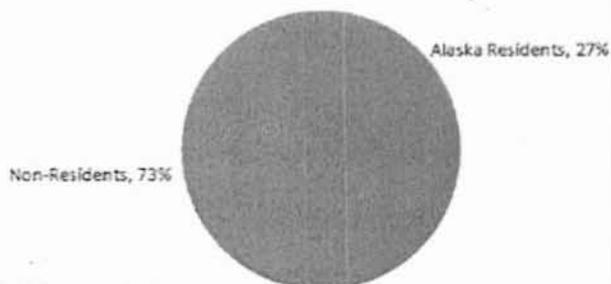
CVS employed a total of 339 people during 2007, 82% of whom were residents of our 20 member villages and 95% of whom were from Western Alaska. In fact, 99% of the people who worked for CVS in 2007 were Alaskans -- an amazing statistic when you consider that, according to the Alaska Department of Labor, only around 27% of seafood processing employees statewide are Alaska residents! According to Alaska Department of Labor statistics, the seafood processing industry has the highest percentage of nonresident workers of any industry sector in the Alaska economy (see <http://www.labor.state.ak.us/research/reshire/nonres.pdf>). Yet, to walk through the Quinhagak salmon plant in 2007 was to see hundreds of Western Alaskans hard at work in the seafood processing industry.

The CVS Quinhagak plant is also the only processing facility in Alaska with 100% iced and bled salmon. Our salmon is in high demand. Others have taken notice and are following in the direction of Quinhagak. We are developing strong markets for our salmon products which will help with the launch of the new Platinum salmon plant in 2009. The CVS brand is being recognized by customers more and more every year.

### 2007 CVS Employees



### Alaska Seafood Industry Averages (2000-2006)



Source: State of Alaska



## Vessel Summary - CVS Bulk Transportation Fleet

CVRF owns and operates four vessels and two barges that deliver supplies to and from the CVRF region, primarily for the CVS salmon and halibut plants and operations.

The Kelly Mae tender/landing craft arrived in Quinhagak in early May 2007 with supplies for the CVS plant. She remained busy for six months throughout the season tendering halibut, delivering frozen product from Quinhagak to Dillingham and Naknek, hauling freight to and from Bethel, and finally delivering logs to our villages as part of the HaullyWOOD Project.

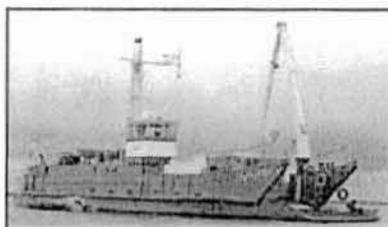
The Leo tender/landing craft went to Toksook Bay, Tununak, and Mekoryuk, delivering bait and fiber supplies to the halibut plants at the beginning of the season. The Leo was busy for over a month tendering halibut on the South Nunivak side. After leaving South Nunivak, she participated in a Circulation Study in Platinum that was necessary for the new Goodnews Bay regional plant outfall. At the end of the season, the Leo delivered logs to villages for the HaullyWOOD Project.

CVRF also owns a 31' longliner, the Determination, which was utilized for the 2007 halibut season and fished the southside of Nunivak Island. The Determination was built to help ensure the full harvest of CVRF's halibut.

The Amak (tug) brought freight to Homer to start the HaullyWOOD Project. The freight and wood were then consolidated onto a commercial barge in Homer, together with the new Goodnews Bay regional plant housing modules and other building materials.

The CVS fleet continues to be a beneficial asset to our region, and CVRF continues to look for new ways to maximize its utility.

Vessel	CVRF Ownership	Type	Length	Gross Tonnage	Draft	Hailing Port	Top Speed	Crew
M/V Kelly Mae	100%	Landing Craft	135'	146	4'8"	Quinhagak, AK	14.5 knots	4-10
M/V Blarney	100%	Tug Boat	103'	194	13'	TBD	10 knots	4-10
M/V Leo	100%	Pusher Tug	73'	64	3'6"	Anchorage, AK	10.5 knots	4-5
M/V Amak	100%	Tug Boat	65'	34	9'	Platinum, AK	9 knots	4
Gildy Logger	100%	Barge	155'	-	2'-8'	TBD	N/A	N/A
NPI	100%	Barge	110'	99	18"-5'6"	Napakiak, AK	N/A	N/A



**M/V Kelly Mae**  
Coastal Villages Region Fund



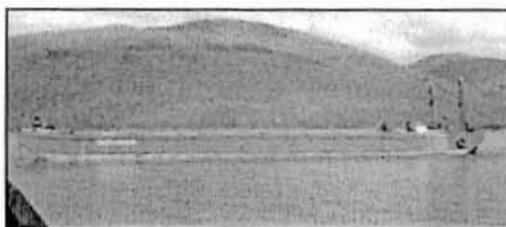
**M/V Blarney**  
Coastal Villages Region Fund



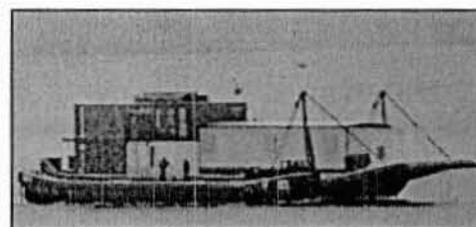
**M/V Leo**  
Coastal Villages Region Fund



**M/V Amak**  
Coastal Villages Region Fund



**Gildy Logger**  
Coastal Villages Region Fund



**NPI**  
Coastal Villages Region Fund

# CVS Plants & Plant Managers

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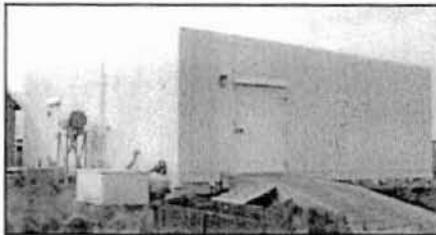
## CVRF Region Benefits



**Salmon Plant**  
Quinhagak



**Salmon Buy & Fly**  
Bethel



**Halibut Plant**  
Cheformak



**Halibut Plant**  
Hooper Bay



**Halibut Plant**  
Kipnuk



**Halibut Plant**  
Mekoryuk



**Halibut Plant**  
Toksook Bay



**Halibut Plant**  
Tununak



**Jim Sartelle**  
Quinhagak



**Perry Hendricks**  
Bethel



**Dora Mathew**  
Cheformak



**Lester Wilde**  
Hooper Bay



**John Hinz**  
Kipnuk



**David David**  
Mekoryuk



**Jessica Post**  
Toksook Bay



**Gregory Angaiak**  
Tununak

### Construction - Goodnews Bay Regional Plant (\$8 Million)

In 2006, CVRF began the planning and permitting process for construction of the massive new Goodnews Bay regional salmon processing plant in Platinum, Alaska. The site for the plant was selected by CVRF Board of Directors, and CVRF has opted for an accelerated project schedule in order to reduce limits on commercial salmon fishermen from our entire region as soon as possible.

Major construction activities began on the new plant in May of 2007, even while the design work for other elements of the processing campus were still underway. The gravel pads for the site were put in place, new roadways built, steel pilings installed for the dormitory modules (beds for 125 seafood processors!), the modules were set on the foundations, the roofs were completed, and the rest of the permitting and design work continued at a brisk pace.

By late fall of 2007, the designs for the processing plant itself, as well as maintenance buildings, were completed, and CVRF awarded the contract for construction to Unit Company, with work to begin in 2008. Great strides were also made in 2007 on the design of the campus's water and sewer system, electrical power plant, bulk fuel tank farm, and dock system.

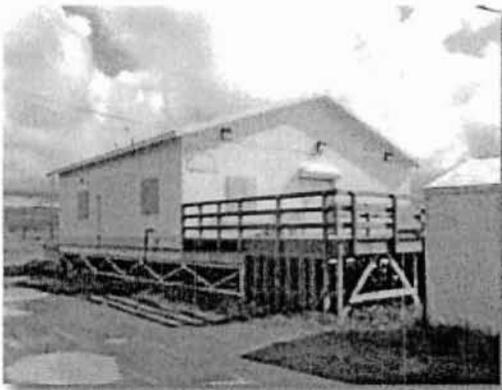
Altogether, CVRF spent \$8 million in 2007 on the Goodnews Bay regional plant. The total cost for the project by the time of completion in 2009 is expected to be over \$30 million, including equipment and startup costs. CVRF intends to stay on an accelerated schedule, and while the costs may be slightly higher as a result, we expect to complete this "five-year" project in just three years!

CVRF anticipates a very active 2008 construction schedule in Platinum and we plan to open the new CVRF/CVS regional salmon processing plant in the summer of 2009. The plant is the largest onshore development in the 15 year history of the CDQ program. Once operational, it will provide a greatly expanded market for salmon fishermen from our region. We hope to eliminate limits on fishermen during the peaks of the seasons and to develop a better market for the plentiful chum salmon from our region. In the long term, the new Goodnews Bay plant may also buy and process sockeye from Bristol Bay, but only to the extent it will add to the bottom line without hindering operations for our resident fishermen.

### Construction - Fisheries Support Centers (\$3.8 Million)

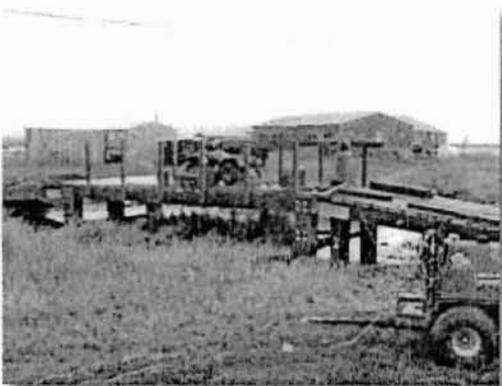
During March of 2007, we completed the construction of new fisheries support centers (FSCs) in the CVRF member villages of Mekoryuk, Cheforvak, Nightmute and Tununak. By October of 2007, we also completed the construction of FSCs in the four CVRF member villages of Chevak, Goodnews Bay, Napaskiak and Napakiak. CVRF is continuing to work towards site control, design and construction of FSCs in Kipnuk, Tuntutuliak, Quinhagak and Oscarville, though the schedule for completing these centers is not anticipated to be nearly as aggressive as the 2006-2008 FSC construction schedule.





## Construction - Tununak Halibut Plant (\$1 Million)

CVRF/CVS completed the construction of a new \$1 million halibut plant in Tununak in the Spring of 2007, with the plant fully operational for the 2007 halibut season. With the new plant, we were able to purchase and process a record amount of halibut in Tununak in 2007. The Tununak fleet delivered a total of 44,842 pounds of halibut in 2007 – a 32% increase over the previous record volume in 2006. The halibut purchased and processed in Tununak in 2007 was double the average volume for Tununak for the past five years. We were pleased with the new plant's contribution to Tununak's economy in 2007 and look forward to more of the same in the years ahead!



## Maintenance and Improvements - Various

While 2007 was a major "new construction" year -- with the completion of eight new fisheries support centers, a new halibut plant in Tununak, and a massive amount of work in Platinum -- CVS also continued to make improvements to its facilities throughout the region and to provide local employment opportunities through various projects. Both the halibut plant and FSC in Toksook Bay received permanent connection to the city water and sewer services. Training was provided to our local CVRF mechanics/welders to allow them to take the lead in replacing 1,000 feet of waterline to the new Tununak halibut plant, as well as 3,000 feet of waterline to the Mekoryuk halibut plant. CVRF staff also proceeded with connecting FSCs like Kongiganak and Cheformak with existing boardwalks, as well as the design and construction of new boardwalks and bridges so that residents can conveniently access the FSCs year round. In general, we will continue to look for ways to make our facilities more accessible to our residents and more effective for our commercial fishermen.



## Fisheries Research

In 2007, CVRF provided support to the Kuskokwim Native Association for the George River weir in the form of funding for local staff and fuel. CVRF also provided support to the Takotna Tribal Council in 2007 for the Takotna River weir by reimbursing wages and supplies used to manage the Takotna River weir.



CVRF worked with the Native Village of Kwinhagak in support of the Kanektok River weir in 2007. CVRF provided salaries for three weir technicians (local hire) to work at the weir.

CVRF staff is also working with the Alaska Department of Fish and Game for continued support for salmon counting weirs on tributaries of the Kuskokwim River and Kanektok River. Grant support for these projects is under consideration.

In general, CVRF believes it is good business to work with, and provide support for, the people who keep track of and protect the salmon resources in our region. Salmon is critically important to our residents and our culture. We are grateful to have funds earned in the Bering Sea pollock fishery to help pay for salmon research at home.

## PROGRAM REPORT

# 4-

- Scholarships
- Internships
- Training
- Employment



We continue to see an increase in participants in the various programs that comprise the CVRF 4-SITE Program. Program staff increased recruiting efforts for all programs in 2007 and saw improvements in participation, especially in the employment opportunities within our industry network. The increased efforts paid off and assisted in achieving record numbers aboard off-shore vessels and other employment opportunities for region residents.

### Scholarships

A CVRF record of \$544,000 was awarded to 98 region residents in 2007. The scholarship budget was increased by over 50% from 2006 to meet a greater need of residents attending college or vocational schools. Seventy percent of requests were funded. The CVRF Board of Directors continues to place a high priority of professionally educating our residents.

### Internships

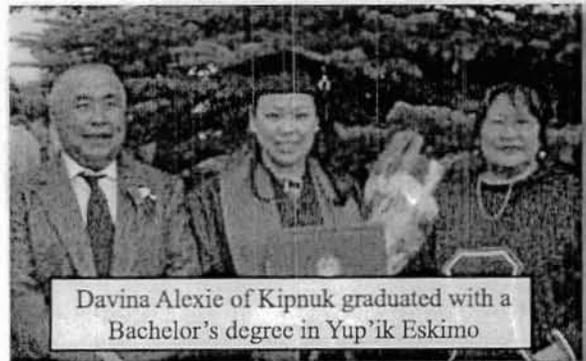
In 2007, we hired five interns to work in Quinhagak with the Alaska Department of Fish and Game (ADF&G). These interns collected data on the Age/Sex/Length of salmon caught by commercial fishermen in districts W4 and W5. The interns were: Lynn Church, Kyle Church, Miles Hill, Krystin Beebe and Robert Guest.

### Shipyard Welder Apprentice Internship

We sent four region residents to participate in the pilot program for Phase I of the Shipyard Welder Apprentice program from January-April in Seattle, WA, at the Lake Union Dry Dock. The participants in this phase included: Edward Kiokun of Mekoryuk, Billy Rivers Jr. of Scammon Bay, Herbert Roberts of Quinhagak, and Tom Paniyak of Chevak. All participants worked towards receiving a Welding Operator Qualification (WPQ) certificate from the US Coast Guard.

Phase II of this program consisted of actual work on a CVRF-owned vessel and lasted from May-September. Participants in Phase II included: Roland Andrew of Kongiganak (aboard the M/V Leo), and Patrick Tuluk of Chevak (aboard the M/V Amak). All participants gained first-hand experience in operations on a vessel during the busy months of the summer.

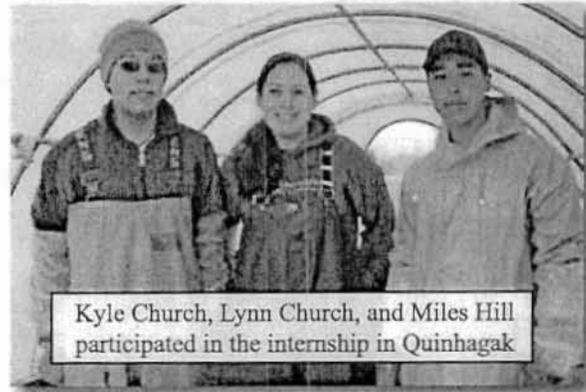
**CVRF awarded a record \$544,000 in scholarships to 98 of our residents in 2007. The CVRF Board of Directors continues to make the Louis Bunyan Memorial Scholarship Program a high priority for our region.**



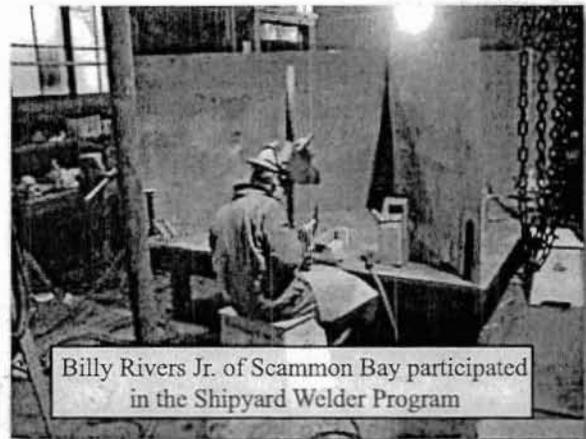
Davina Alexie of Kipnuk graduated with a Bachelor's degree in Yup'ik Eskimo



Seralee Kairaiak graduated with a Bachelor's degree in Elementary Education



Kyle Church, Lynn Church, and Miles Hill participated in the internship in Quinhagak



Billy Rivers Jr. of Scammon Bay participated in the Shipyard Welder Program

## Training

In 2007, the CVRF 4-SITE Training Program continued to grow! We awarded training grants in a wide variety of areas including: Medic First Aid training, Heavy Equipment Operator classes, Carpentry and Electrical training, and Master 100-ton license courses. A total of \$108,300 was approved for these training courses for 22 residents.

## Employment

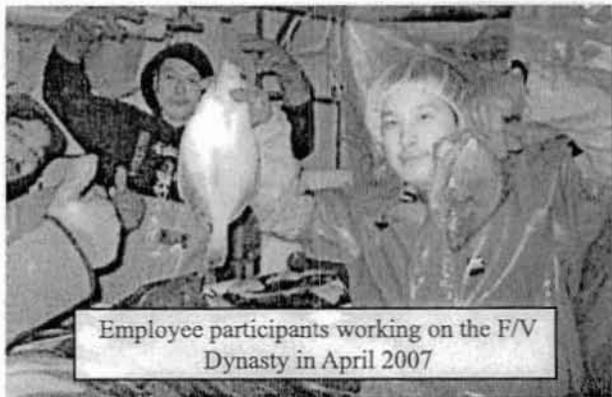
The Employment Program continued to deliver benefits providing employment for a record 490 applicants during 2007! With our new Goodnews Bay regional almon plant set to open in Platinum in 2009, our mission to generate hope for all people who want to fish and work continues to expand.

The 490 program participants who we put to work earned a total of \$3,447,139 in wages in 2007! We placed 339 applicants in our seven Coastal Villages Seafood processing plants and 19 people were employed on our Coastal Villages Vessels. An impressive 132 applicants were employed through our partner employment network, of which 89 applicants were employed by American Seafoods in 2007.

Looking into the future, the employment forecast seems bright. We are working hard to expand the availability of employment opportunities. In 2008, we will not only be hiring again for the Quinhagak plant and our other six plants, but also for the new Goodnews Bay Regional Plant in Platinum – at which we expect to employ 125 people alone. If you are from the CVRF region and want to work, we will try to find you a job. Please visit your CVRF community liaison or call 888-795-5151 toll-free.



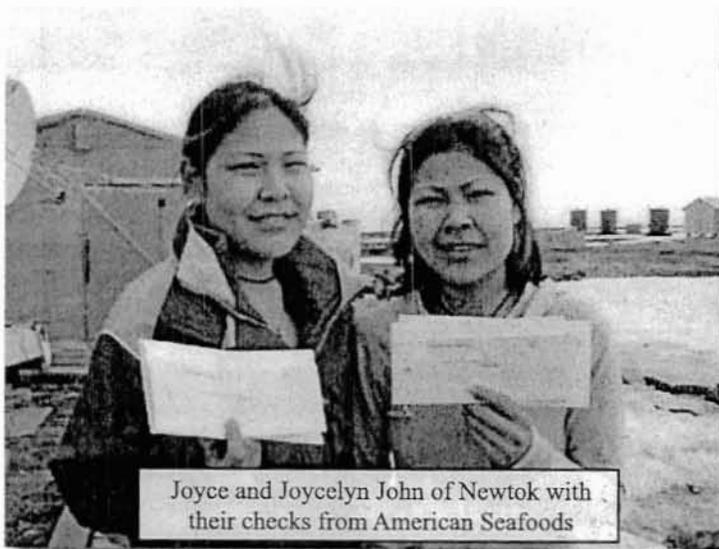
Cameron Ivon of Kongiganak received a certificate in Heavy Equipment Operation



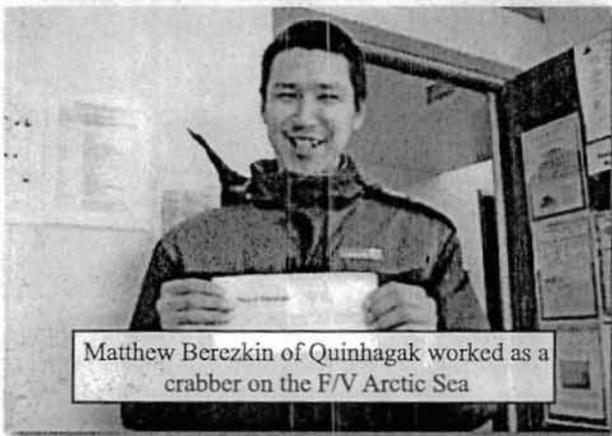
Employee participants working on the F/V Dynasty in April 2007



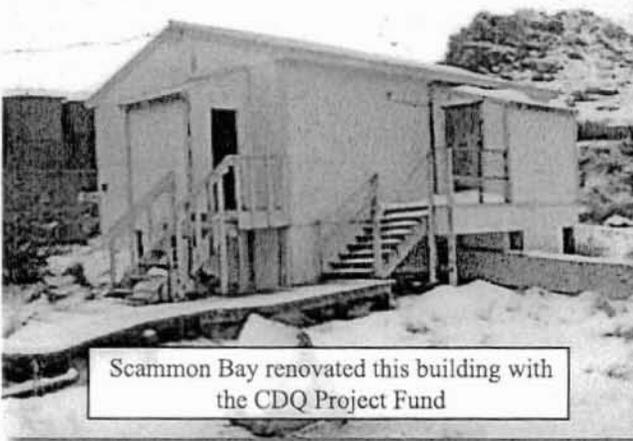
Quinhagak plant processors in 2007



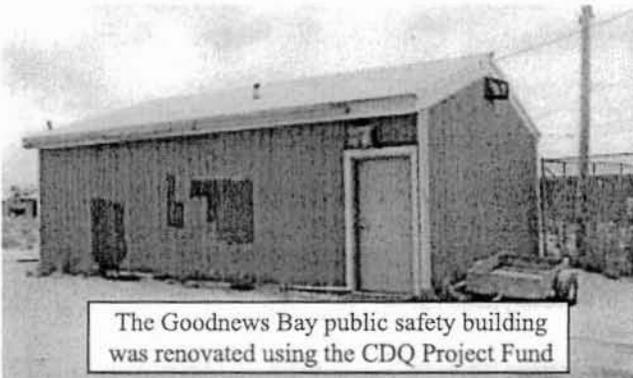
Joyce and Joycelyn John of Newtok with their checks from American Seafoods



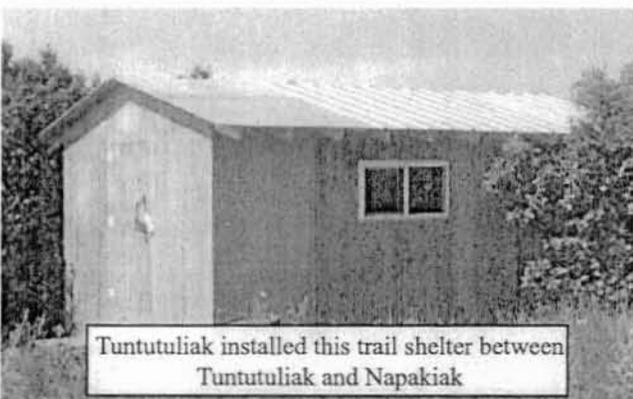
Matthew Berezkin of Quinhagak worked as a crabber on the F/V Arctic Sea



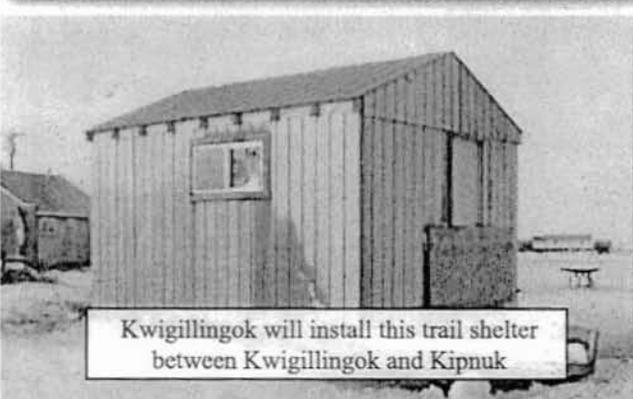
Scammon Bay renovated this building with the CDQ Project Fund



The Goodnews Bay public safety building was renovated using the CDQ Project Fund



Tuntutuliak installed this trail shelter between Tuntutuliak and Napakiak



Kwigillingok will install this trail shelter between Kwigillingok and Kipnuk

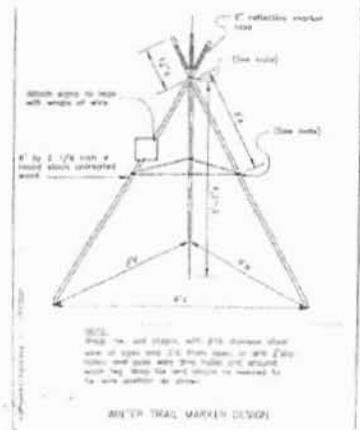
## CDQ Project Fund

The CDQ Project Fund was created in November of 2005 by the CVRF Board of Directors. The Board approved a three-year budget of \$1 million (2006, 2007, 2008). Of this amount, a total of \$300,000 was available in 2007. Each CVRF member community is allocated a portion of the CDQ Project Fund budget based on a combination of fixed benefit (the same for each community), plus an amount based on the community's population. In 2007, CVRF received 29 requests for funding under the CDQ Project Fund, and approved 25 projects totaling \$285,891. The projects included funding related to public safety buildings, law enforcement, community potlatches, the honoring of our troops, summer cleanup efforts by youth, the construction of winter trail survival shelters, trail markers, dump site improvements, community board walks, the tribal COPS project, fuel cost assistance, public internet access, youth marine safety, lagoon clean up, and attendance by residents to the youth and elders conference.

The chief focus of CVRF is on fisheries-related economic development in our member communities. The CDQ Project Fund provided important support to our communities in 2007 that is ancillary and critical to our fishery-based economies. In the fall of 2008, the CVRF Board will review the effectiveness of the CDQ Project Fund and decide whether or not to continue the program and on what scale.

## Trail Shelters & Winter Markers

Nine of the CVRF member communities are participating in the trail shelter and trail markers program. The purpose is to provide safety shelters and trail markers on the widely used trails between our member villages. The shelters provide protection to travelers who encounter severe weather, and the trail markers (hundreds of them) will be installed by a local work force during the winter to help guide travelers between our communities. We are hopeful that this program will save lives and prevent injuries in the years ahead, while providing shelter during storms as well as effective trail guidance.



# Project HaullyWOOD

CVRF Region Benefits

C45

## HaullyWOOD

HaullyWOOD was started in 2006 by CVRF to assist our region residents in offsetting the high cost of fuel by offering wood for wood-burning stoves to heat their homes. The results of this pilot project received such positive feedback that we have continued wood deliveries with the intention to deliver wood to all 20 communities.

A total of 318 tons was delivered in 2006 and this year we delivered 750 tons! This amounted to 1,500,000 pounds of wood for our communities in 2007! The logs were purchased in Homer, Alaska and were then delivered to Platinum as the central delivery site.

We were successful in directly delivering wood to 16 of the 20 CVRF communities. Wood for the other four communities was delivered as close as possible taking into account weather and the timing of the season. The local governing body in each CVRF community gained ownership of the wood when it was delivered. This is intended to allow for fair distribution to residents.

Our hope is that this project will help offset the ever-increasing heating costs in our communities.



# Marine Safety & Youth Leadership

CVRF Region Benefits

## Marine Safety

In 2007, we held marine safety training sessions for local fishermen starting in March and finishing up in May. A total of fourteen fishermen attended training in Tununak. Chris Dock (Kipnuk CL), Abraham Rivers (Scammon Bay CL), Amanda Hoelscher (Hooper Bay CL), Clifford Paniyak (Chevak CL) and Clint Moores (USCG) conducted the free safety training sessions. The training sessions are not restricted to fishermen, any community member may attend. We are looking to increase participation in the sessions in 2008.

As a part of our expansion in 2007, we purchased fifty fisherman safety kits. These kits were purchased because we saw a need to assure our local fishermen's safety while fishing. Our local staff members conducted surveys in their respective communities on what each of our fishermen are lacking for their marine safety. We plan on continuing this in 2008, and adding additional life jackets as a part of the program.

### The kits included:

- First Aid Kit – Marine
- Electronic Flares
- Fire Starters
- Spare Food/Water
- Flash Light
- Water Proof Carrying Case
- Fire Extinguisher
- Water Proof Matches
- Signaling Device
- Compass
- Personal Floatation Devices

## Youth Leadership

In 2007 we continued our support of the First Alaskans Institute/ Alaska Federation of Natives Elders and Youth Conference with the sponsorship of twenty region youth to participate in the event in Fairbanks. Dustin Evon of Kwigillingok was elected to be the Calista region youth representative for AFN.

Other examples of funded requests under the Leadership Program are: Toksook Bay dancers to participate at the opening ceremony for state NYO 2007, Camp Fire USA Program in Tuntutuliak and Youth to Work employees in Kipnuk and Tununak.

The Youth to Work was a pilot program in 2007. This new program employed youth ages 14 - 18 in Tununak and Kipnuk. The participants worked within their respective communities cleaning and doing chores for elders. They worked four hours a day, five days a week, for six weeks. The goal of the program was to teach the youth the benefits of working, receiving a paycheck, and the responsibility of employment. This program was such a success we are making plans to continue and expand it in 2008.



## Fishermen Loans & Advances

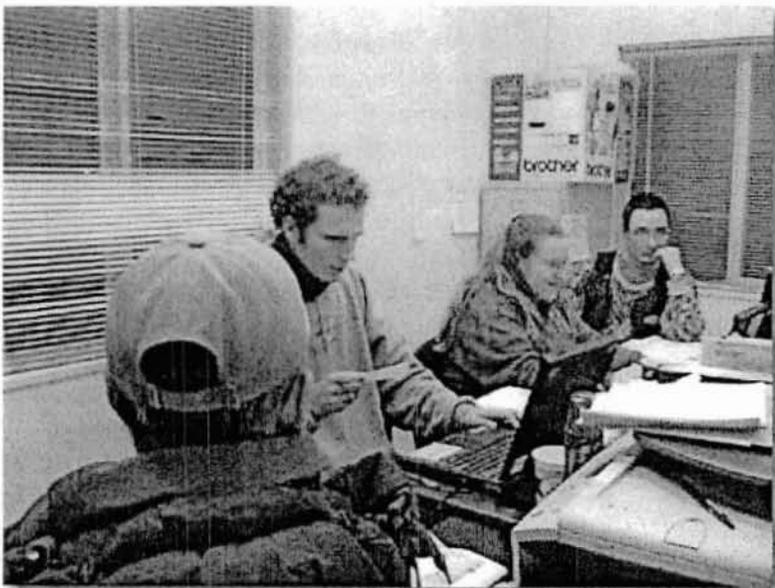
In 2007, a total of 40 applications were received for the loan program. The Loan Committee met in January, and approved seven applications totaling \$90,000. The loan program is set up so that payments from past loans are utilized for new loans. Due to the high amount of loans in delinquent status, the CVRF Board of Directors thereafter regrettably suspended this program. The majority of the loans in this program are delinquent.

If enough payments are made in the future, it is possible that the CVRF Board of Directors will resume providing loans to our region fishermen. In order to assure that our active fishermen are able to obtain necessary equipment and supplies for the season, we have a Fisherman's Advance Program available through CVS.

## Tax & Permit Assistance

The Tax & Permit Assistance Program supports Alaska Business Development Center's Volunteer Tax and Loan Program. Through CVRF sponsorship, ABDC conducts scheduled income tax preparation assistance sessions in each of our 20 member communities.

In 2007, these free sessions assisted 3,048 region residents. They received a total of \$1,977,000 in income tax refunds.



# Bering Sea Investment Summary C45

## Investments

### Pollock

Vessel	CVRF Ownership	Length	Crew
C/P American Dynasty	46%	272	120
C/P American Triumph	46%	285	130
C/P Katie Ann	46%	296	80
C/P Ocean Rover	46%	256	140
C/P Northern Eagle	46%	341	108
C/P Northern Jaeger	46%	336	112
C/P Northern Hawk	46%	341	108



C/P American Dynasty  
American Seafoods



C/P American Triumph  
American Seafoods



C/P Katie Ann  
American Seafoods



C/P Ocean Rover  
American Seafoods



C/P Northern Eagle  
American Seafoods



C/P Northern Jaeger  
American Seafoods



C/P Northern Hawk  
American Seafoods

### Crab

Vessel	CVRF Ownership	Length	Crew
C/V Arctic Sea	100%	135	8
C/V Bering Sea	100%	110	7
C/V North Sea	100%	126	8
C/P Alaskan Enterprise	50%	150	20
C/V Silver Spray	50%	116	7
C/V Sultan	50%	130	7



C/V Arctic Sea  
Sea Boats



C/V Bering Sea  
Sea Boats



C/V North Sea  
Sea Boats



C/P Alaskan Enterprise  
Deep Sea Fisheries



C/V Silver Spray  
Silver Joy



C/V Sultan  
Blue North

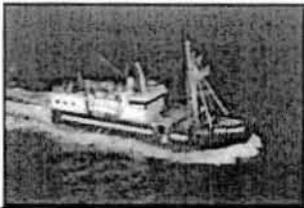
# Bering Sea Investment Summary

## Investments

C45

### Cod

Vessel	CVRF Ownership	Length	Crew
F/L Deep Pacific	46%	125	20
F/L Lilli Ann	46%	141	22
F/L North Cape	46%	125	20
F/L Pavlof	50%	166	20
F/L Prowler	20%	124	18
F/L Bering Prowler	20%	124	18
F/L Ocean Prowler	20%	155	18



**F/L Deep Pacific**  
American Seafoods/Pacific Longline



**F/L Lilli Ann**  
American Seafoods/Pacific Longline



**F/L North Cape**  
American Seafoods/Pacific Longline



**F/L Pavlof**  
Deep Sea Fisheries



**F/L Prowler**  
Prowler Group



**F/L Bering Prowler**  
Prowler Group



**F/L Ocean Prowler**  
Prowler Group

### Groundfish

Vessel	CVRF Ownership	Length	Crew
C/P Cape Horn	19%	158	34



**C/P Cape Horn**  
Cape Horn, LLC

CVRF pays for the benefits it provides to the region and residents with earnings from the Bering Sea groundfish fisheries (pollock, crab, cod & flatfish).

CVRF's earnings come in the form of both CDQ royalties and from the distributions we receive from our investments in the companies and vessels on these pages.

## ATTACHMENT # 2

Excerpts from Norton Sound Economic Development  
Corporation's Web Site 2009



# NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION



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*Education, Employment & Training Program*

*Community Benefits*

*Norton Sound Fisheries Research & Development Program*

*Revolving Loan Program*

*Small Business Initiative* <sup>NEW</sup>

*CDQ Management*

*Norton Sound Seafood Products*

*Vessels*

*Publications*

*Staff / Offices*

*Links*

## NSEDC *Mission Statement*

*NSEDC will participate in the Bering Sea Fisheries to provide economic development through education, employment, training and financial assistance to our member communities.*

Norton Sound Economic Development Corporation (NSEDC) is a private nonprofit corporation representing 15 member communities and over 8,493 people in the Bering Strait Region of Northwestern Alaska. NSEDC is one of six Community Development Quota (CDQ) organizations in Alaska.

NSEDC maintains a balance between local economic development oriented towards the residents in the region and active participation in the distant-water fisheries in the Bering Sea and Aleutian Islands, and also a balance between programs designed to provide immediate benefits for the residents of the communities in its region and longer term investments which will provide a stable long term source of economic strength.



Norton Sound Economic Development Corporation  
420 L Street, Suite 310, Anchorage, AK 99501, Phone 1-907-274-2248, Fax 1-907-274-2249

[Company Email](#)

907-

[Member Communities](#) | [Board Members](#) | [Publications](#) | [Program Applications](#)

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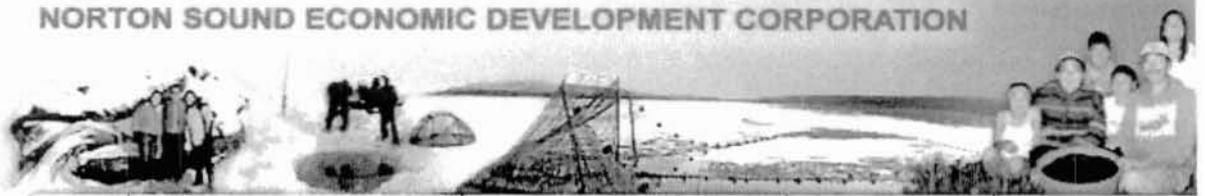
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STEBBINS ST. MICHAEL UNALAKLEET SHAKTOOLIK KOYUK ELIM GOLOVIN WHITE MOUNTAIN NOME TELLER BREVIG MISSION WALES DIOMEDE GAMBE



**NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION**



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*Education, Employment & Training Program (EET Program)*

*"You cannot hope to build a better world without improving individuals. We all must work for our own improvement, and at the same time, share a general responsibility for all humanity." -Marie Curie*

Since 1992, NSEDC has continued to provide support to residents in its member communities through education, employment and training opportunities. This investment in human capital is for the benefit of the region's economy and fulfills the mission of NSEDC.

**Education**

NSEDC offers scholarships to students enrolled full-time at an accredited college, university or vocational school. These scholarships provide supplemental funds for higher education or vocational training in the amount of \$2000.00 per semester or training session.

The NSEDC Board of Directors feels that there is no better way to stimulate economic development in the Norton Sound region than to invest in the education of our residents enabling them to take the jobs that are available in the region, that normally went out to outside expertise. From 1992 to 2007, the NSEDC Scholarship Committee, on behalf of the NSEDC Board of Directors, has awarded over \$2,500,000 in scholarships.



- [NSEDC Scholarship Guidelines](#)
- [NSEDC Scholarship Application](#)
- [NSEDC Continuing Scholarship Application](#)
- [S.P.A.N.S Application](#)

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**Employment**

The NSEDC EET Program also provides employment opportunities to residents of the region including jobs under NSEDC, Norton Sound Seafood Products, Aleutian No. 1, and CDQ partners, Glacier Fish Company. NSEDC provides internship opportunities under NSEDC, Glacier Fish Company (GFC), Kawerak, Inc., and the Alaska Department of Fish & Game. In addition, NSEDC promotes employment opportunities in the Bering Sea fisheries. For interested seafood processors, who prefer to work on land, jobs are available on land with Westward Seafoods and Iccle Seafoods.



NSEDC works with GFC, who harvests our Pollock in the Bering Sea with the *F/T Pacific*

C45

*Glacier* and the *F/T Northern Glacier*. Harvesting our halibut and sablefish, GFC also operates our long-liner vessels, the *C/P Norton Sound* and the *C/P Glacier Bay*. Our CDQ Crab is harvested by the *F/V Aleutian No. 1*. Other jobs are available with Ocean Peace, Seafreeze Alaska Limited Partnership, Concept Fisheries LLC, and Royal Aleutian Seafoods, Inc.

➤ [Vessels](#)

➤ [NSEDG Bering Sea Fisheries Employment Opportunities](#)

➤ [NSEDG Employment Application](#)

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### Training

Realizing that commercial fishing in Alaska is one of the most dangerous occupations, NSEDG invests heavily in the safety of our seafood processors. Since 1992, NSEDG has sponsored the Fisheries Safety Orientation Class at the Alaska Vocational Technical Education Center (AVTEC) in Seward, where ten days of safety training is taught. Close to 600 seafood processors have been trained at \$2,000 per resident.



All expenses for transportation, food, lodging, and training tuition are paid by NSEDG. In compliance with the U.S. Coast Guard Zero Tolerance law, all trainees must submit to a drug screen urinalysis with negative results and abstain from alcohol. The certified seafood processors of this program are eligible for hire by Glacier Fish Company of Seattle and other trawler companies and seafood employers on sea and/or on land. During the training, Glacier Fish Company Human Resources Personnel from Seattle interview trainees for possible employment. Each trainee must have two pieces of identification to work on the high seas, a picture identification (i.e. Alaska Driver's License, Alaska State identification) and a birth certificate or Social Security card.

Other training opportunities NSEDG has sponsored in our member communities include Global Positioning System (GPS) training, Marine Crew Safety training, and AMSEA Drill Instructor training.

These training opportunities are available upon request from the communities. A minimum of 10 interested residents is required before the training can be approved.

Depending on their positions, Norton Sound Seafood Product personnel have received training in OSHA Safety Regulations, Hazard Analysis and Critical Control Point, Refrigeration, and Quality Control

➤ [NSEDG Fisheries Safety Orientation Training Class Application](#)

➤ [Required Competencies](#)

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Please contact Jerry Ivanoff for more information.

**Jerry Ivanoff**  
*Education, Employment & Training Coordinator*

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Photos by ©2003 Norton Sound Economic Development Corporation



STEBBINS ST. MICHAEL UNALAKLEET SHAKTOOLIK KOYUK ELIM GOLOVIN WHITE MOUNTAIN NOME TELLER BREVIC MISSION WALES DIOMEDE GAMBELL SAVOONGA



# NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION



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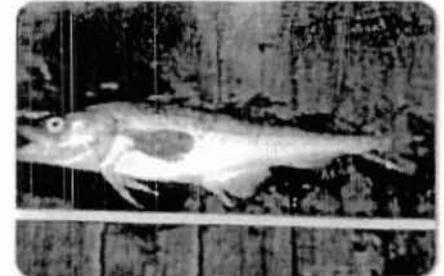
*Links*

## Pollock Target Fishery

NSEDC has harvested CDQ pollock in partnership with Glacier Fish Company, LLC (GFC) of Seattle, Washington since the inception of the CDQ program in 1992. In 1998, NSEDC purchased a 50% ownership interest in GFC. During this allocation cycle, NSEDC's CDQ pollock (roughly 32,800 metric tons in 2003) will again be harvested by GFC's at-sea processing vessels F/T Northern Glacier and F/T Pacific Glacier.



GFC pollock vessels employ mid-water trawl fishing gear to take CDQ pollock in during allowable fishing seasons. In past years, the pollock fishery was open from January 20 to June 11 for the roe or A Season, and June 11 to November 1 for the non-roe or B season. The CDQ fishery will take place in the Bering Sea management area only; as the Aleutian Islands area is closed to pollock target fisheries. The bycatch rate of other CDQ fish species in the pollock target fishery generally averages about 1-2% of the total harvest. The bycatch is made up of a mix of fish 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.



CDQ pollock is processed on-board the vessels and product is marketed through Glacier Seafood International, a division of GFC. Products from the processing of CDQ pollock include deep skin and regular fillet blocks, surimi, mince and roe. The CDQ pollock fishery is our most valuable generating roughly 80-90% of total royalty revenues.



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STEBBINS ST. MICHAEL UNALAKLEET SHAKTOOLIK KOYUK ELIM GOLOVIN WHITE MOUNTAIN NOME TELLER BREVIG MISSION WALES DIOMEDE GAMBELL SAVOONGA



**NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION**



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*Vessels*

In 1992, NSEDC established a capital investment fund for the purpose of purchasing harvesting/tendering vessels for use in the Bering Sea and local fisheries. Proceeds generated from CDQ pollock fishing were contributed to this fund. NSEDC renewed its commitment to purchasing ownership interest in vessels in subsequent CDPs and has allocated additional CDQ proceeds to the fund.

**GLACIER FISH COMPANY** In 1994, NSEDC purchased a freezer longliner, the F/V Norton Sound, in an LLC venture with Glacier Fish Company using money from this fund. Vessels like the Norton Sound have enabled NSEDC to directly participate in the offshore fisheries of the Bering Sea and Aleutian Islands.

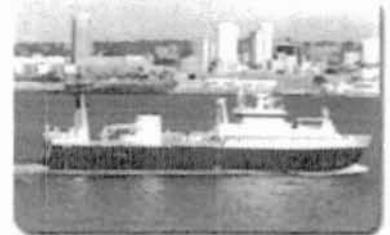


In 1997, NSEDC used money from the harvesting/tendering vessel fund to contract for the construction of two custom-built tender vessels, the F/T Norton Bay and F/T Golovin Bay, for use by Norton Sound Seafood Products (NSSP) in the region.

In January 1998, NSEDC completed a transaction to purchase a 50% membership interest in Glacier Fish Company - NSEDC's pollock harvesting partner since 1992. GFC owns and operates two mid-water trawl harvesting/processing vessels, the F/V Northern Glacier and F/V Pacific Glacier. The purchase of this ownership interest allows NSEDC to directly harvest its allocation of CDQ pollock and Pacific cod, in addition to marketing of products from other CDQ allocations and fisheries from the region.

In 1998 NSEDC used money from the harvesting/tendering vessel fund to contract for construction of a custom-built refrigerated saltwater barge, the *Besboro Barge*. This vessel is used to support buying and processing operations for local fisheries in the region.

This program continues to be an integral part of NSEDC's plans to harvest the CDQ allocations of species under the multi-species CDQ program and to participate in the near-shore and offshore fisheries of



F/V Pacific Glacier



F/V Northern Glacier



F/V Alaska Ocean



C/P Norton Sound

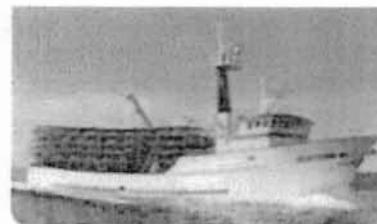


C/P Glacier Bay



the Bering Sea. The Fund for Harvest Vessel Purchase is a significant component of NSEDC's Community Development Plan, and NSEDC will contribute additional CDQ proceeds to this capital investment fund.

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Phone 1-907-274-2248, Fax 1-907-274-2249



F/V Aleutian No. 1



F/T Norton Bay and F/T Golovin Bay



STEBBINS ST. MICHAEL UNALAKLEET SHAKTOOLIK KOYUK ELIM GOLOVIN WHITE MOUNTAIN NOME TELLER BREVIC MISSION WALES DIOMEDE GAMBELL SAVOONGA



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*Community Benefits*

NSEDC, as a whole, continually looks for ways to improve the strength and health of our member communities. The programs we provide change as the needs of the communities change. The Community Benefits Department (CBD) of Norton Sound Economic Development Corporation strives to provide effective and wide-ranging benefits to the member communities of NSEDC.

Some of the programs the CBD has supported, like many of the Shoreside Improvements projects, were designed to be self-sustaining. Others, like the Bulk Fuel Program and the Community Benefit Share, require NSEDC's long term support. For a history of some of the projects or for detailed information on our current programs please visit the links below.



[Community Outreach Program](#)



[Consolidated Bulk Fuel](#)



[Shoreside Infrastructure Improvements Program](#)



[Community Benefit Share](#)



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*Small Business Initiative*

The *NSEDC Small Business Initiative* is an avenue for individuals to promote and develop business ventures in an effort to help alleviate social and economic issues facing the Norton Sound region. The *NSEDC Small Business Initiative* is patterned after the Alaska Federation of Natives highly regarded "Alaska Marketplace" and is aimed at identifying and funding business ideas that will stimulate and facilitate economic development in the Norton Sound region. Norton Sound region entrepreneurs are invited to submit an application for a business idea that demonstrates economic sustainability.



After a series of review and interviews by an independent panel of judges, selected entrepreneurs will present their ideas to the same independent judges in person for the opportunity to be awarded a grant of up to \$35,000. NSEDC Small business Initiative applications are currently available. The application period runs through July 31, 2008. The application evaluation and judging process will take place in August and September, with award recipients notified in early October 2008. Awarded recipients will present their business at the Bering Straits Regional Conference in February 2009.

- [Small Business Initiative Pamphlet](#)
- [2008 NSEDC SBI Application](#)
- [Eligibility & Award Criteria](#)

For more information, please contact Katie Peterson or Paul Ivanoff, III.

**NSEDC Anchorage**  
 Katie Peterson  
 420 L Street, Suite 310  
 Anchorage, AK 99501  
 Phone: (800) 650-2248  
 Fax: (907) 274-2249

**NSEDC Unalakleet**  
 Paul Ivanoff, III  
 P.O. Box 193  
 Unalakleet, AK 99684  
 Phone: (800) 385-3190  
 Fax: (907) 624-3183

**Other Resources Available**

- Kawerak, Inc. Community Planning and Development  
 Contact: (877) 219-2599
- State of Alaska Small Business Center  
 Contact: (907) 269-8104  
<http://www.commerce.state.ak.us/oed/smallbus/home.cfm>



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## *Norton Sound Fisheries Research & Development Program*



The Norton Sound Fisheries Research and Development Program is the product of the merging of two in-region programs, Fisheries Development and Salmon Rehabilitation. This program is directed by the NSFR&D Director, and is under the Community Benefits Program as the purpose of both is to bring fishing opportunities (new or renewed) to residents of the region.

More specific information can be found at the links below.



[Salmon Rehabilitation Division](#)



[Fisheries Development Division](#)

For further information please contact:

**Charlie Lean**  
*NSFR&D Director*



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### *Salmon Rehabilitation Division*

#### **History of the Program**

The strength of salmon stocks in the Norton Sound has been weakening for the past two decades, with no relief in sight. One year after its inception, NSEDG formed a program to do its part in the attempt to determine the cause of this decline and eventually restore the stocks to their once abundant status. The corporation recognizes the importance of salmon to residents of its member communities, and therefore has dedicated growing effort in the race to save our salmon.

In the initial years of the program, NSEDG's contributions to the regional effort were one of funding assistance to various agencies to help conduct their fisheries programs. These included providing summer intern positions to the Alaska Department of Fish and Game (ADF&G) and Kawerak Inc. These interns generally worked in field camps designed to enumerate salmon returning to the rivers. This information is useful to state managers who must decide when to open fishing, and when it must remain closed to allow adequate escapement to provide fish in future years. Other valuable data can also be collected at these projects, such as age, sex, and length data that provide researchers and managers with vital information about the life history of the stocks.

Funds were also contributed to specific projects through ADF&G and the Bureau of Land Management (BLM) such as limnology studies in Salmon and Glacial Lakes, and the subsequent fertilization of Salmon Lake (to promote sockeye salmon stocks). Significant contributions were made to the Norton Sound/Bering Strait Regional Aquaculture Association (NS/BSRAA), which ran salmon rehabilitation projects within the region. Both ADF&G and NS/BSRAA have implemented streamside incubator projects in the past, in an effort to boost survival rates during the egg-to-fry life stage with the financial help of NSEDG.

#### **Where we are Today**

As with many things, the Salmon Rehabilitation Division has been evolving over time, and now has expanded in stature. In 2000, NSEDG hired a fisheries biologist to take over the program and become more proactive in the rehabilitation field, conducting projects from within the company in addition to generous contributions to others, such as most of those listed above.

Charlie Lean - NSFR&D Director

### *Norton Sound Research and Restoration Plan (NSRRP)*

In response to a Fishery Disaster Declaration by the Secretary of Commerce for Norton Sound salmon in 1998, congress appropriated five million dollars for the research and restoration of Norton Sound salmon stocks. A seven-member steering committee, comprised of regional, state, and federal members, was formed with the task of determining the best use of the funds. A technical advisory group, the Scientific and Technical Committee (STC) was formed to provide the Steering Committee with technical advice on the merits of research and restoration proposals submitted for funding (up to 75% of the project can be funded by the Steering Committee). The Steering Committee, working with the STC, has approved a Research and Restoration Plan that essentially lays out all the life stages of salmon, and then applies what we know about Norton Sound stocks and identifies what information we do not have. Unfortunately, the list of information gaps far outweighs what is known. Requests For Proposals are sent out annually to solicit proposals that intend to address information

gaps in the NSRRP.

While playing a role in the formation of the Steering Committee, NSEDC has also been successful in receiving funding for conducting research projects. NSEDC has teamed up with LGL Alaska Research Associates to design and implement projects within the Norton Sound, that address information gaps identified in the NSRRP.

For further information and results of some of the projects NSEDC and LGL are conducting, please click on the links below.

### Featured Projects

- [Fecundity of Coho and Chum Salmon](#)
- [Juvenile Chum Ecology](#)
- [Distribution and Productive Capacity of Coho Salmon](#)

### Links

- [Marine Conservation Alliance](#)

For further information please contact Charlie Lean.

**Charlie Lean**  
*NSFR&D Director*



➤ [Fisheries Development Division](#)

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### *Fisheries Development Division*

#### **Background**

The members of NSEDG communities have historically depended on fishing for both income and subsistence. The two fisheries that have traditionally supported our residents have been salmon and herring. However, the impact that these two fisheries now have to the economy and subsistence are quite minimal. The status of salmon stocks is quite dismal (see the Salmon Rehabilitation Division page), and while abundant salmon populations would be great for subsistence, the market for wild salmon is at rock bottom in today's world. The herring stocks, while abundant, also can no longer provide much income for residents. Years ago when the market provided hundreds and even into the thousands of dollars for a ton of herring, it was a booming springtime industry for Norton Sound residents. Now that paying \$150 for a ton of herring is stretching things, it can be difficult to even pay for gas and equipment much less making a living as a herring fisherman. In most cases, it is only a love for the fishing lifestyle that keeps this fishery going.



The severe restrictions in these two fisheries illustrate the need for further exploration of fishery possibilities in the Norton Sound. Two more recent fisheries that have emerged have added a large component to the fishery economy, Norton Sound red king crab and halibut. The Fisheries Development Division is tasked with the expansion of these fisheries through tagging studies for crab and surveys for halibut, as well as attempts to seek out additional fisheries where possible.

#### **Projects**

There have been a few projects to come out of the Fisheries Development Division thus far, and more to come. The most recent project is the red king crab tagging project, designed to augment the Alaska Department of Fish and Game's (ADF&G) crab tagging study. While ADF&G is able to deploy tags mainly in the Nome subdistrict, NSEDG was able to provide tagging crews in other areas in the Norton Sound, such as Stebbins, Unalakleet, Shaktoolik, and Elim. Another crab survey occurred outside of Wales, where they fish for blue king crab. In 2002, the groundwork was laid for conducting a halibut survey, in an effort to more fully understand the distribution of these flatfish as current data is sparse.

#### **Future Plans**

The future of the Fishery Development Division is promising, as there appears to be a number of fisheries that are worth pursuing. During the Triennial Norton Sound Red King Crab Trawl Survey several species of shrimp, a few of which have known commercial value, were harvested. Additionally, there is interest coming from the region to participate in whitefish fisheries both marine and freshwater. Another fishery likely to be pursued in the near future is for blue king crab, which can be taken in Diomedea, off of St. Lawrence Island, and possibly out of Wales. With the new seafood plant located in Nome putting local product through it at an amazing rate, the market appears to be strong for new fisheries and any projects that can add to the economy in the region will be money well spent.

For further information please contact Charlie Lean.

**Charlie Lean**  
*NSFR&D Director*



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## Community Benefit Share Program

In 1999, the NSEDC Board of Directors introduced the Community Benefit Share Program as an integral part of NSEDC's efforts to help build an ongoing fisheries-related economy in the region. This program utilizes a portion of the annual distribution from Bering Sea fisheries-related investments (second-generation funds) to directly benefit NSEDC member communities by remitting equal funds directly to each member communities' city government.

In the spirit of self-governance NSEDC placed few restrictions upon the share when designing the program. NSEDC's terms for the utilization of the community benefit share, in general, stipulate that the use of the money must go through a public process at the community municipal level, that the community apply its share to the highest and best use for its community subject to any limits established by federal law and that the community report to NSEDC on how the funds will be utilized; NSEDC will remit the funding to each community upon receipt of a report from that community which meets these conditions.

NSEDC is very proud of this program, seeing it as a way for us to provide financial benefits to each of our member communities in a time when our region is experiencing economic hardship.

Please contact Janis Ivanoff for more information.



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## Revolving Loan Program

NSEDC originally established the revolving loan program to help residents purchase permits and gear for Norton Sound commercial fisheries. The revolving loan program makes loans to local people for purchasing large vessels, upgrading fishing boats and fishing related equipment, permit purchases, and buying salmon, herring, crab and halibut fishing gear.



In 2001, NSEDC expanded this program to include the large vessel loan option. This option is available to local Norton Sound fishermen to specifically address the vessel needs for the developing Norton Sound red king crab and halibut fisheries.

- [Revolving Loan Program Fact Sheet](#)
- [Large Vessel Loan Option Fact Sheet](#)
- [Revolving Loan Program Application](#)
- [Revolving Loan Program Consent for Release Form](#)
- [Large Vessel Loan Option Application Check List](#)

📄 pdf file for printing - [Get free pdf reader \(Adobe Acrobat Reader\) here](#)

Please contact Virginia Nashalook for more information.

**Virginia Nashalook**  
*Senior Accountant*



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## NSEDC Revolving Loan Program Fact Sheet

Norton Sound Economic Development Corporation (NSEDC), the Community Development Quota (CDQ) Corporation, established in the Norton Sound Region has developed and has been conducting business (since May 1993) in a revolving Loan Program geared strictly to the Norton Sound Region's Commercial Fisherman who fish commercially for: herring, salmon, red king crab, halibut, baitfish, and any other specie that is authorized for commercial harvest by the Alaska Department of Fish and Game (ADF&G). All borrowers must complete an NSEDC Revolving Loan application form and comply with all requirements. The borrower must sign a consent form that allows NSEDC to do a complete credit check and also a Credit Bureau of Alaska (CBA) check will be done by NSEDC. The borrower is subject to NSEDC collections policies.

This is a NSEDC program and all rights; letting of loans, payments received and collections is an NSEDC responsibility.

The Board of Directors of NSEDC established the following guidelines which governs the revolving loan program:

- Maximum loan up to \$15,000 for all categories of loans, except for summer crab and lower Yukon salmon permits, which are authorized up to \$16,000
- Up to 7 years payback terms, 5 years for outboards
- 10% down up-front requirement
- 8% flat rate per annum interest (effective May 2001)
- Credit Bureau of Alaska (CBA) credit check

The loans are let out for the following categories:

- \* Salmon & herring gear
- \* Vessel upgrades
- \* Summer crab/winter crab gear
- \* Norton Sound salmon permits
- \* Lower Yukon salmon permits
- \* Halibut gear

For information contact the revolving loan program manager at 1-800-650-2248.  
Revised 1/2008



## NSED C REVOLVING LOAN PROGRAM LARGE VESSEL LOAN OPTION FACT SHEET

Norton Sound Economic Development Corporation (NSED C), the Community Development Quota (CDQ) Corporation, for the Norton Sound Region has developed and has been conducting business (since May 1993) in a Revolving Loan Program geared strictly to the Norton Sound Region's Commercial Fishermen who fish commercially for: herring, salmon, red king crab, halibut, baitfish and any other specie that is authorized for commercial harvest by the Alaska Department of Fish & Game (ADF&G). All applicants must complete an NSED C Revolving Loan application form and comply with all requirements. The borrower must sign a consent form that allows NSED C to do a complete credit check through the Credit Bureau of Alaska (CBA), which will be done by NSED C. The applicant is subject to NSED C's collections policies.

NSED C has a contract with Wells Fargo where they service all of NSED C's loans. This is an NSED C program and all rights, letting of loans, payments received and collections are an NSED C responsibility.

The Board of Directors of NSED C established the following guidelines which governs the Large Vessel Loan Option of the Revolving Loan Program:

- Maximum Loan up to \$80,000 for applicants who own a Limited License Permit (LLP) for the Norton Sound red king crab fishery.
- Maximum Loan up to \$55,000 for applicants who do not own a Limited License Permit (LLP) for the Norton Sound red king crab fishery.
- A minimum down payment equal to 5% of the loan is required at closing.
- Loan payments will be applied first to fees then to interest, the remainder, if any, to principal.
- 0% interest rate in the first three years of the loan and an interest rate of 8% commencing in the fourth year for the remaining life of the loan, for those borrowers who do not have existing delinquent Revolving Loans with NSED C.
- NSED C will work with an approved applicant if they have an existing delinquent Revolving Loan to restructure their existing Revolving Loan with the new loan option. This restructuring would limit the access to the large vessel loan option funds by the amount of the existing delinquent Revolving Loan (i.e. new loan – existing delinquent Revolving loan = amount of funds available to apply for). So if an applicant has an existing delinquent loan(s) up to \$15,000 they would only be eligible for a new loan under the large vessel loan option for up to \$65,000. The existing delinquent Revolving Loan would also trigger an automatic 8% interest rate for the life of the loan. The applicant would forgo to 0% interest rate during the first three years if applying for the large vessel loan option under these circumstances.
- Applicant must submit a business plan with the application detailing their fishing history, description of the proposed vessel, proposed fishing ventures, and financial projections that outline how they propose to pay back the loan.
- The loan will be a personal loan to the borrower, secured by the vessel and other collateral deemed prudent by staff, and personally guaranteed by the borrower.

## ATTACHMENT #3

Excerpts from Yukon Delta Fisheries Development Association's

Annual Report For 2007

2007 ANNUAL REPORT

# Yukon Delta Fisheries Development Association



LIVING TO FISH | FISHING TO LIVE

## 2007 ANNUAL REPORT



# Yukon Delta Fisheries Development Association

Community development through  
fisheries development, representing  
the Alaskan communities of:

Alakanuk	Kotlik
Emmonak	Mountain Village
Grayling	Nunam Iqua

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## 2007 HIGHLIGHTS

Yukon Delta Fisheries Development Association (YDFDA) has come a long way since its inception in 1992. Our CDQ quota has increased from 5% to 14% translating into greater royalties and investment opportunities, and ultimately greater benefits to our member residents.

2007 was a prosperous year for YDFDA and we would like to share with you some of the highlights:

- Kwipak Fisheries, a subsidiary of YDFDA, purchased 302,538 pounds of king salmon from local fishermen putting \$1,301,850 directly into the pockets of 305 local fishermen.
- Kwipak Fisheries was the primary buyer on the river for the fall chum and coho salmon season. Kwipak Fisheries purchased 1,925,879 pounds of fall chum and coho salmon infusing an additional \$284,097 into the local economy.



- Kwipak Fisheries employed 239 residents with wages of \$845,504.
- Residents working on fishing vessels combined with other local employment totaled 89 with wages of \$1,321,382.



- Kwipak Fisheries and other local employment mentioned above infused a Total of \$3,752,833 into the local economy in 2007.
- For the sixth consecutive year, YDFDA donated salmon to the school lunch programs of the Lower Yukon, St. Mary's and Iditarod School Districts. In 2007 a total of 12,000 pounds was donated.
- YDFDA provided funding to the Alaska Department of Fish and Game (ADF&G) to assist with three projects in 2007. One project was to enable ADF&G to begin preparations to operate the sonar at Pilot Station 15 days earlier than planned. This allowed counting at the sonar to begin June 1st. It was hoped that earlier counting of salmon would provide for more accurate counts of king and chum salmon passage. Another project was to hire local technicians to assist ADF&G at Emmonak with various salmon sampling methods. This project provides hands on experience to young people interested in continuing in this profession. Four residents participated in the internship program with ADF&G. The third project was to assist

ADF&G in conducting a gillnet mesh size test fishery in the lower Y1 area. The purpose of this project was to help in determining the catchability of chinook salmon utilizing various mesh sizes.

- YDFDA, in conjunction with NSEDC, worked to insure that there was a market available for any fish-

erman from the Yukon wishing to participate in the 2007 Norton Sound red king crab fishery. No fishermen from the Yukon choose to participate.

- Kwipak Fisheries conducted an Arctic lamprey fishery in the village of Grayling. Unfortunately, fishermen had difficulty locating the run of lamprey due to problems with freeze-up.
- For the third year, Kwipak Fisheries purchased cisco and other whitefish from local fishermen. Over 9,000 pounds were purchased with a value to local fishermen of over \$9,500. Kwipak continues to look for additional markets for this product.



- YDFDA worked with NSEDC in a joint effort to bring in a buyer to purchase Norton Sound herring. No buyer was willing to participate in the Norton Sound herring fishery in 2007.
- In 2007 Yukon Marine Manufacturing completed fabrication on 24 new skiffs. In addition, numerous repairs and modifications were done for residents on existing skiffs.



- In 2007 YDFDA increased its ownership in the *M/V Golden Alaska* from 19.6% to 32.7%. The *M/V Golden Alaska* is a 305-foot pollock mothership that provides processing positions for Yukon Delta residents.
- The YDFDA Scholarship program awarded 67 scholarships to students attending both universities and vocational institutions. Scholarships awarded amounted to approximately \$205,120.
- 29 residents took advantage of various training opportunities including fisheries training and internships.
- 328 YDFDA residents took advantage of employment opportunities made available through YDFDA subsidiaries and partners. This resulted in wages of over \$2.1 million going back to the communities.
- YDFDA funded fisheries infrastructure in Anvik to enable fish wheel fishermen an opportunity to participate in a limited commercial fishery for the first time in a number of years.
- In January YDFDA sponsored 23 fishermen, both subsistence and commercial, to attend the Federal Subsistence Board Meetings and Alaska State Board of Fisheries Meetings. Fishermen provided local input on matters of concern to the lower river.
- Since 2000 YDFDA has partnered with the Alaska Business Development Center, Inc. sponsoring the Volunteer Tax and Loan Program (VTLP) that assists taxpayers in YDFDA communities with the completion of their tax returns and provides them with taxpayer education. In 2007, 747 people were assisted, 314 tax returns were completed, and \$516,172 in tax refunds was returned to our local taxpayers.

YDFDA, in conjunction with the State of Alaska Division of Investments, has a loan guarantee program which allows folks the opportunity to apply for a loan from the State of Alaska for fisheries related gear.

We are excited about the future and look forward to 2008 as the Board of Directors and management explore more opportunities to provide community and economic development benefits to our residents and the entire Lower Yukon region.

We would like to thank our member communities for their continued support. We would also like to thank our industry partners for their commitment to this program. Without this support, YDFDA would not be able to continue and prosper. Again, thank you and we look forward to a great 2008!



## YDFDA'S IN-REGION COMPANIES

### KWIKPAK FISHERIES, LLC

#### SALMON

In 2007 Kwikpak Fisheries operated for the sixth year as a salmon buyer on the Lower Yukon River. We conducted buying operations in Emmonak, Kotlik and Mountain Village.

The commercial salmon harvest for 2007 exceeded 32,000 king salmon. Kwikpak Fisheries purchased 16,000 King Salmon, 25,000 coho salmon and 123,000 chum salmon. Fish purchased translates into over \$1,585,000 infused into the local economy.

In 2004 Kwikpak launched an aggressive marketing campaign to promote fresh wild Yukon River king salmon. This campaign was continued in 2007 with Kwikpak selling over 100,000 pounds of fresh king salmon into the

#### KING SALMON PURCHASED BY KWIKPAK FISHERIES

	Y-1	Y-2	TOTAL
2002	3,670	221	3,891
2003	15,134	9,708	24,842
2004	14,979	9,646	24,625
2005	8,625	4,327	12,952
2006	13,286	6,795	20,081
2007	11,372	5,049	16,421

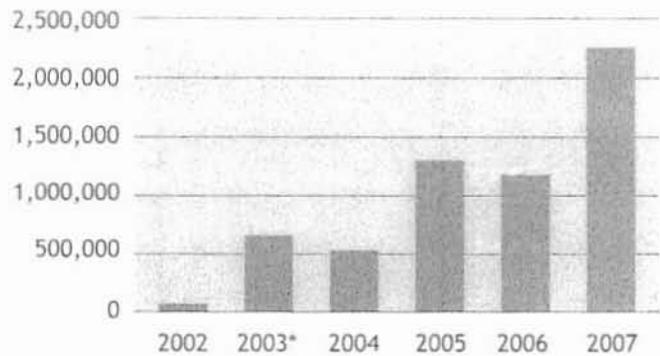
domestic and Japanese market at premium prices. We are very pleased with the results of this ongoing program to sell fresh Yukon king salmon.

Kwikpak is also working to develop markets for other fisheries on the Yukon River in addition to salmon. In 2007 we again purchased cisco and other whitefish in a continuing effort to develop a commercial market for these fisheries.

In addition to providing a market for local fishermen, Kwikpak Fisheries employed 239 residents with total wages of \$845,504. Residents received training in all aspects of the fish buying operation. This included operating equipment, maintaining ice machines and dressing salmon.

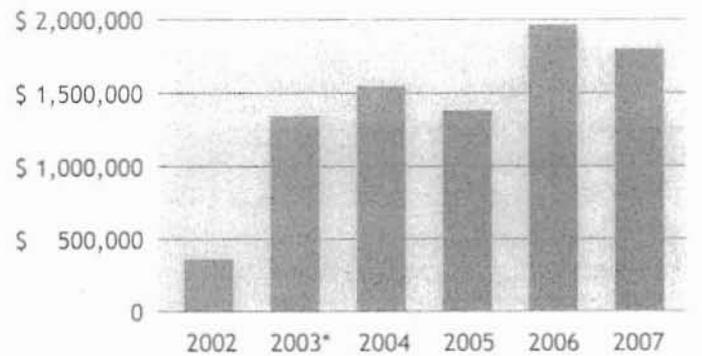


**KWIKPAK SALMON PURCHASES—POUNDS**



Pounds	79,437	681,697	525,173	1,293,798	1,190,274	2,228,417
Fishermen	162	440	277	191	258	305

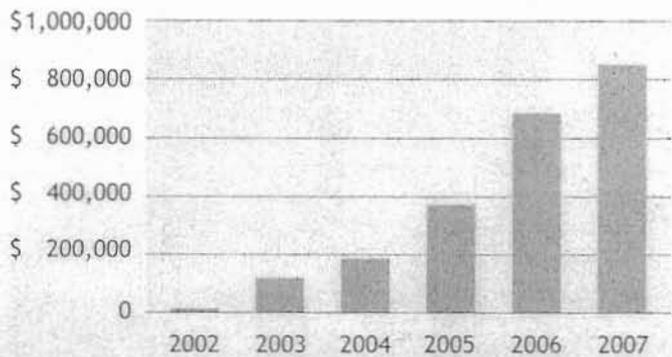
**KWIKPAK SALMON PURCHASES—DOLLARS**



Dollars	357,045	1,364,580	1,543,369	1,357,359	1,927,000	1,585,947
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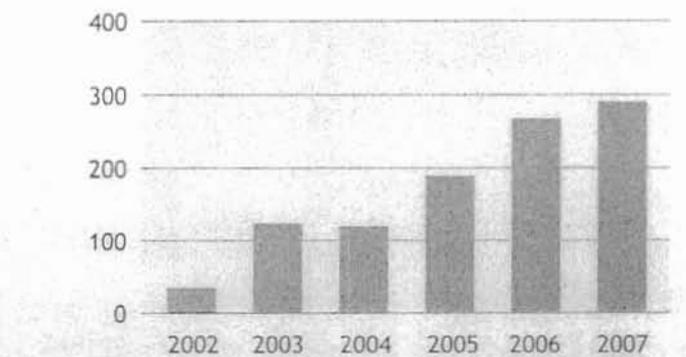
*\*Partnered with Boreal Fisheries out of St. Mary's in 2003.*

**LOCAL KWIKPAK EMPLOYMENT—WAGES**



Dollars	13,106	118,663	193,679	375,974	682,357	845,504
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**LOCAL KWIKPAK EMPLOYMENT—EMPLOYEES**



Employees	31	122	119	188	267	239
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## YDFDA'S OFFSHORE INVESTMENTS

### LISA MARIE FISHERIES, LLC

YDFDA owns 100% of the F/V *Lisa Marie*, a 78-foot combination vessel. The *Lisa Marie* participates in CDQ, IFQ and open access fisheries harvesting dungeness and king crab, sablefish and halibut. The *Lisa Marie* provides year-round crew positions for Yukon Delta residents.



### AKULURAK FISHERIES, LLC

YDFDA owns 90% of the C/P *Courageous*, a 180-foot crab/longline catcher processor. The *Courageous* harvests and processes Pacific cod and sablefish. The *Courageous* has year-round crew positions available for Yukon Delta residents.



### ALAKANUK BEAUTY, LLC

YDFDA owns 75% of the F/V *American Beauty*, a 123-foot trawler. The *American Beauty* harvests both mothership and CDQ pollock quota for the M/V *Golden Alaska*. The *American Beauty* provides apprenticeship opportunities for Yukon Delta residents.





#### EMMONAK LEADER, LLC

YDFDA owns 75% of the F/V *Ocean Leader*, a 120-foot trawler. The *Ocean Leader* harvest both mothership and CDQ pollock quota for the M/V *Golden Alaska*. The *Ocean Leader* provides apprenticeship opportunities for Yukon Delta residents.



#### ROMANZOF FISHERIES, LLC

YDFDA owns 41% of the C/P *Baranof*, a 182-foot crab/cod catcher processor. The *Baranof* harvests and processes king, bairdi and opilio crab, Pacific cod and sablefish. The *Baranof* has year-round crew positions available for Yukon Delta residents.



#### GOLDEN ALASKA, LLC

In 2007 YDFDA increased its ownership in the M/V *Golden Alaska* from 19.6% to 32.7%. The M/V *Golden Alaska* is a 305-foot Pollock mothership that provides processing positions for Yukon Delta residents.

## BOARD OF DIRECTOR PROFILES



**Max Agayar** lives in Alakanuk. He began subsistence fishing when he was 10 years old with his father and brother. He worked for Bering Sea Fisheries as a tender man for 12 years. In 1996, he and his wife purchased a commercial Yukon Permit and he has been a commercial fisherman ever since. He has been associated with YDFDA since 1995 and on the Board since 1999. He also serves on YDFDA's Scholarship Committee. He would like to see YDFDA become a self-sustaining company through our investments so that if the CDQ program ends, YDFDA will be around for generations to come.



**Frank Alstrom, Jr.** lives in Alakanuk. He has been fishing all his life. He is a subsistence and commercial fisherman on the Yukon. He has fished Norton Sound herring and crab, and Pacific cod out of Dutch Harbor. He has been associated with YDFDA since 1994 and on the Board since 2002. He also serves on YDFDA's Financial Advisory Board, Non-Fisheries Investment Committee, Transparency Committee and WACDA's Bulk Fuel Task Force.



**Raymond Waska, Sr.** lives in Emmonak. He has been a commercial and subsistence fisherman most of his life. He has been on YDFDA's Board since 2001. He also serves on the Yukon-Kuskokwim Health Corporation Board.



**Matilda Oktoyuk** lives in Emmonak. She has had life-time involvement in fishing as a commercial herring fisherwoman in Norton Sound; subsistence fish user; employed by Point Adams Packing Company and Yukon Delta Fish Marketing Co-op. She observed, first hand, King Crab fishing on YDFDA vessels in Nome. She has been involved with YDFDA since its beginning in 1992. She attended the first meeting in the City of Emmonak complex. She is a member of the Election Committee. Her Personal Statement: As board members, let us not forget who we are representing and treat all individuals equally with the respect and courtesy that they deserve.



**Carl Walker** lives in Grayling. He is a subsistence and commercial fisherman. He has operated a commercial fish wheel in the past and plans on doing it again in the future in district Y-4A, in fact he constructed a new fish wheel for the 2007 fishing season. He has been on YDFDA's Board since 1999 and is currently chairman. He also serves on YDFDA's Financial Advisory Board and the Scholarship Committee. He feels that YDFDA has been very good for the village of Grayling.



**Margie Walker** lives in Grayling. She is a teacher's aide at the Grayling School. In the 1970s she worked in the cannery. She puts up subsistence fish for the winter months for her family. She has been married 38 years and has two children, five grandchildren and one great grandchild. She has been involved with YDFDA since 1999.



**Emmanuel Keyes** lives in Kotlik. He started fishing with his father as a helper in the early 1960s. He has done commercial salmon and herring fishing. He has done extensive construction work in various villages. He has been on YDFDA's Board since 1993. He also serves on YDFDA's Non-Fisheries Investment Committee, Transparency Committee and Scholarship Committee.



**Mary Keyes** lives in Kotlik. She has subsistence fished all her life and fished commercially since 1983. She has been a village representative since 1997 and involved with YDFDA's Board since 2003.



**Pius Akaran** lives in Kotlik. He has been subsistence fishing since he was four years old. He began commercial fishing in 1969. He has been involved with YDFDA since 1992.



**Simon Andrews** lives in Mountain Village. He began subsistence and commercial fishing in his early teens. He fishes for all species of fish both winter and summer. He is pleased to represent Mountain Village on YDFDA's Board of Directors. He has been involved with YDFDA since 2007.



**Ephrim Thompson** lives in Mountain Village. He has been a commercial fisherman since 1964. He worked in the cannery at Naknek for two years. He began subsistence fishing when he was nine years old and continues to this day. He has been involved with YDFDA since 1991. He enjoys being a part of YDFDA and thinks we have had a positive impact on the people from the Y1-Y3 areas.



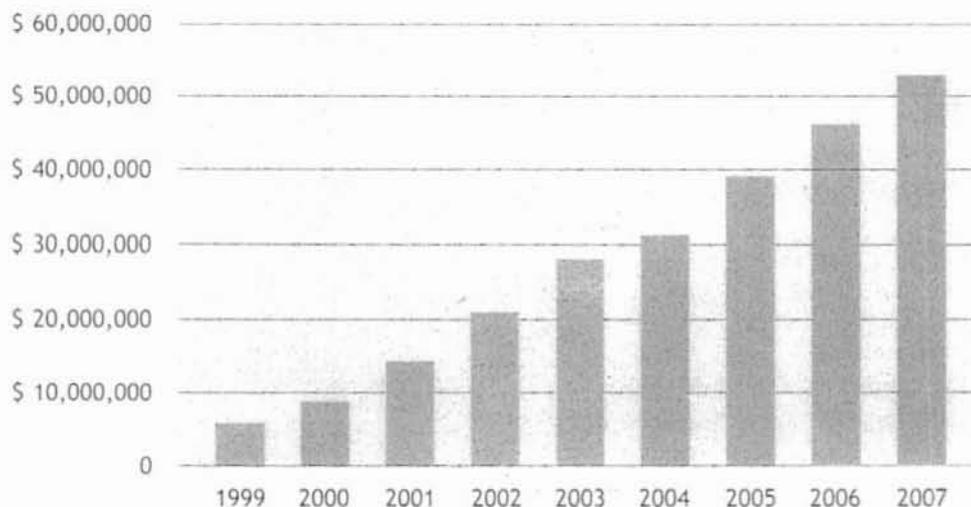
**Stanley Pete** lives in Nunam Iqua. He is a subsistence and commercial fisherman on the Yukon. He started his commercial career on the F/V *Nakat* fishing in Norton Sound for king crab and halibut. He also processed Pollock on the *Golden Alaska*. He fished for several years aboard the F/V *Lisa Marie* for king and opilio crab, halibut, Pacific cod and octopus. He has been associated with YDFDA since its inception in 1992 and on the Board since 2002.



**Paul Manumik, Sr.** lives in Nunam Iqua. He began subsistence fishing when he was four years old and continues to today fishing for all species available in the region. In 1959 he began commercial fishing from which he retired in 2006. 2007 was his first year on the YDFDA Board of Directors.

# FINANCIAL OVERVIEW 2007

## GROWTH IN NET ASSETS



2007 was another successful year for YDFDA. Revenue grew to \$33,000,000 in 2007 from \$31,000,000 in 2006. Net assets, a measure of the company's net worth, equaled \$52.7 million. As you can see from the above chart, YDFDA's net assets have grown from \$6.2 million in 1999 to \$52.7 million in 2007.

## EMPLOYMENT STATISTICS 2007

	PEOPLE	WAGES
CDQ Pollock		
A Season	31	\$ 432,947
B Season	12	\$ 210,207
Other Fishing	22	\$ 282,747
Other Employment	239	\$ 961,482
Internships	5	\$ 24,267
Village Representatives	6	\$ 30,700
Regional Management	3	\$ 224,536
<b>TOTAL</b>	<b>328</b>	<b>\$ 2,166,886</b>

## TRAINING STATISTICS 2007

	PEOPLE	EXPENDITURE
Scholarships		
University of Alaska	17	\$ 55,200
Alaska Pacific University	3	\$ 12,500
YDEF	40	\$ 107,140
AVTEC and Other Institutions	7	\$ 30,280
Other Training		
Fisheries Related	11	\$ 137,007
Interns	5	\$ 23,597
Misc.	13	\$ 21,779
<b>TOTAL</b>	<b>96</b>	<b>\$ 387,503</b>

# LEADERSHIP

## BOARD OF DIRECTORS

	TERM ENDING
Frank Alstrom, Jr., <i>Vice Chairman</i> – Alakanuk	2009
Max Agayar – Alakanuk	2008
Billy A. Charles – Emmonak	2007
Matilda Oktoyuk, <i>Secretary/Treasurer</i> – Emmonak	2009
Raymond Waska, Sr. – Emmonak	2008
Marvin Deacon – Grayling	2007
Carl Walker, <i>Chairman</i> – Grayling	2008
Margie Walker – Grayling	2009
Benjamin Kamkoff – Kotlik	2007
Emmanuel Keyes – Kotlik	2008
Mary Keyes – Kotlik	2009
Pius Akaran – Kotlik	2008
Jason Borkowski – Mountain Village	2007
Alexie Walters – Mountain Village	2007
Simon Andrews – Mountain Village	2008
Ephrim Thompson – Mountain Village	2009
Andrea Charlie – Nunam Iqua	2007
Mary Stuart – Nunam Iqua	2007
Stanley Pete – Nunam Iqua	2008
Paul Manumik, Sr. – Nunam Iqua	2009



## VILLAGE REPRESENTATIVES

Frank Alstrom, Jr. – Alakanuk  
 Douglas Redfox – Emmonak  
 Margie Walker – Grayling  
 Mary Keyes – Kotlik  
 Edward Joe – Mountain Village  
 Stanley Pete – Nunam Iqua

## STAFF

Ragnar O. Alstrom, *Executive Director*  
 William J. Quinlivan, *Business/Quota Manager*  
 Douglas D. Petesch, *Controller*  
 Robert Andrews, *Operations Manager*  
 Jack Schultheis, *Fisheries Manager*  
 Deborah Vo, *Rural Development Specialist*  
 Eric A. Olson, *Regional Fisheries Financial Manager*  
 Ruth E. Carter, *Executive Assistant*  
 Douglas J. Redfox, *Employment and Training Coordinator*  
 Barbara E. Blanket, *Receptionist/Travel Coordinator*

## FINANCIAL ADVISORY BOARD

Lou Fleming, *President*, Golden Alaska Seafoods, Inc.  
 Steve Hughes, *President*, Natural Resources  
 Consultants, Inc.  
 Tim Baer, *Vice President*, Banner Bank  
 Frank Alstrom, Jr.  
 Carl Walker

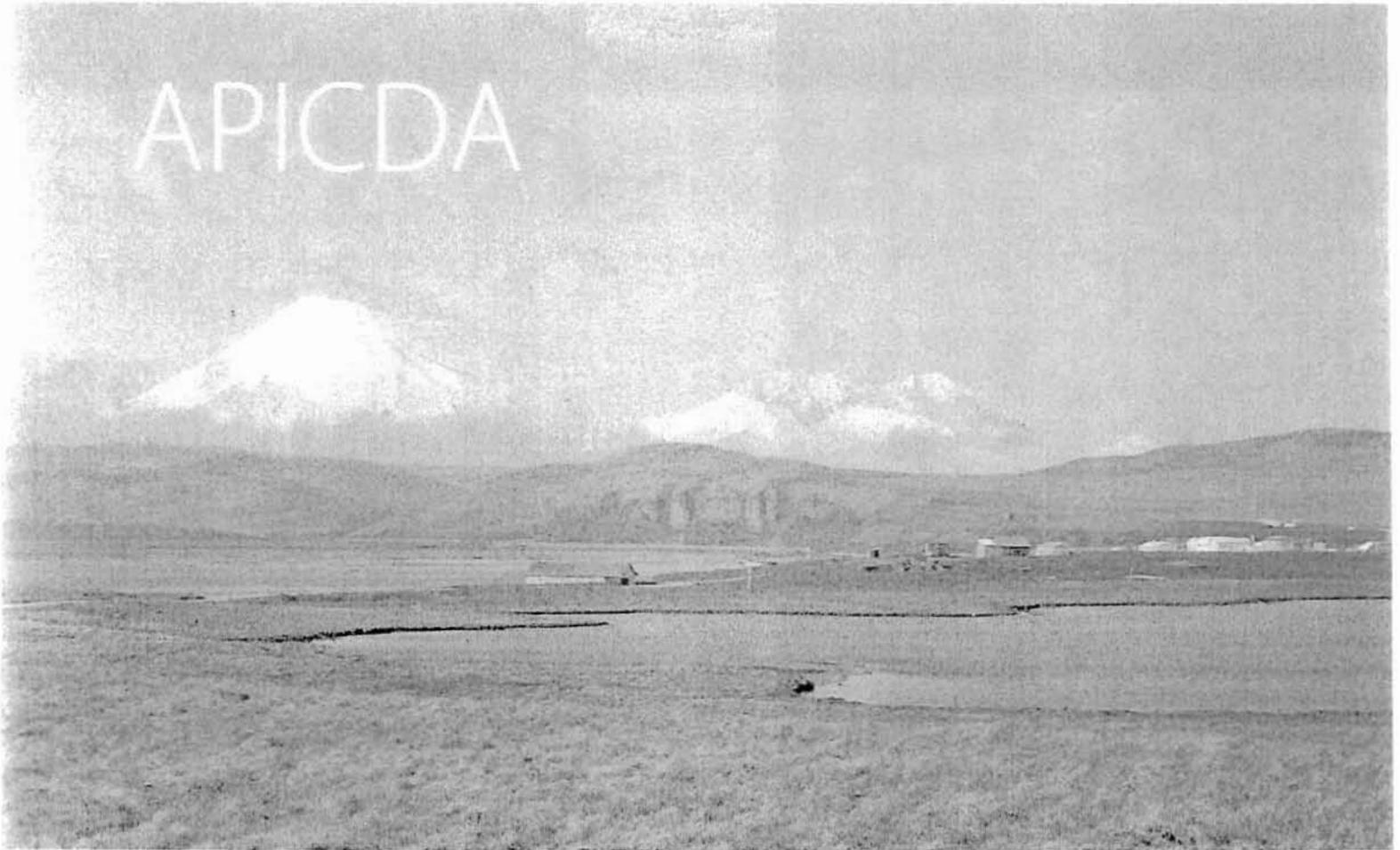
## SCHOLARSHIP COMMITTEE

Emmanuel Keyes, *Chairman*  
 Carl Walker, *Vice Chairman*  
 Stanley Pete, *Secretary*  
 Frank Alstrom, Jr.  
 Max Agayar  
 Doug Redfox

## ATTACHMENT #4

Excerpts from Aleutian Pribilof Island Community  
Development Association's 2007 Annual Report

APICDA



Annual Report

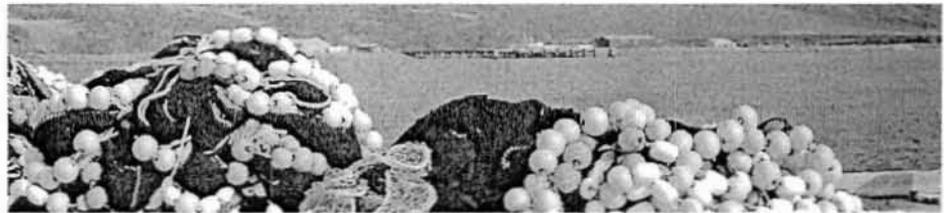
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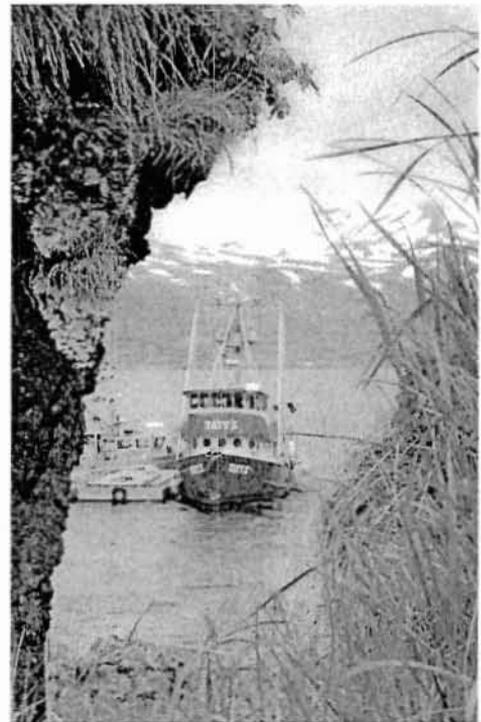
ALEUTIAN PRIBILOF ISLAND COMMUNITY DEVELOPMENT ASSOCIATION AND SUBSIDIARIES

**BOARD OF DIRECTORS**

**Gilda Shellikoff**  
False Pass  
Chair



**Justine Gundersen**  
Nelson Lagoon  
Secretary &  
Treasurer



**Pete Crandall**  
Financial Industry  
Board Member



**Mark Snigaroff**  
Atka  
Board Member



**Hugh Pelkey**  
Akutan  
Vice Chair



**Emil Berikoff**  
Unalaska  
Board Member



**Patrick Pletnikoff**  
St. George  
Board Member



**Arnold Dushkin**  
Nikolski  
Board Member



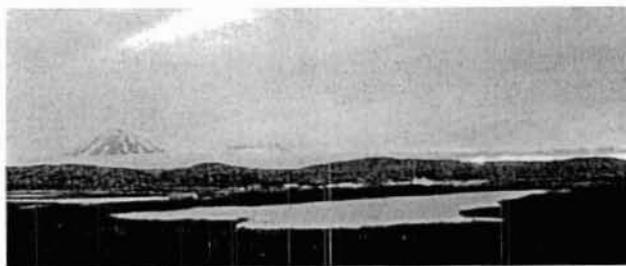
**Rick Lauber**  
Fishing Industry  
Board Member



July 31, 2008

Dear APICDA Community and Community Residents:

The year 2007 marked the first full year of operations under the new provisions of the Coast Guard Marine Transportation Act of 2006. This Act provides APICDA and the other CDQ organizations the financial and regulatory stability needed to support sustainable and diversified local economies in Western Alaska.



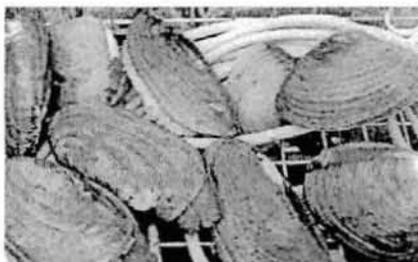
The board and staff worked together to complete our strategic plan, and significant changes were made to our management team to position APICDA to execute that plan.

I'm proud to report that 2007 was our most successful year ever in production and sales, which in turn supported good jobs in our communities and a significant community dividend.

Looking ahead, we are concerned about the record price of fuel and its potential impact on our communities and our operations – in fact, fuel was the primary use of the community dividend in 2007. The board of directors has agreed that energy needs in our communities are as important as the development of infrastructure, since a stable economy depends on both.

I believe we have the right team in place to meet our challenges, and find opportunities, for the benefit of our communities for many years to come.

Gilda Shellikoff, Chair  
Board of Directors



To the APICDA Community:

We are pleased to submit this annual report of APICDA's operations in 2007.

APICDA continues to become stronger and more efficient, both in our financial performance and in our operations and management. The personnel changes we made in several key positions contributed to our success and position us well for the future.

The strategic plan we completed with the board marked a new approach to planning that addresses the long-term needs of our communities, both for direct investment and for income generation. We have an aggressive development program planned in our communities for 2008-09, and we will continue to invest in successful business ventures outside of our communities, such as our Ocean Prowler, Prowler LLC, Starbound and Golden Dawn LLC subsidiaries.

We continue to monitor the natural resources that we rely upon for APICDA's success. Pollock stocks have declined, as predicted, however, fish stocks are in good shape overall. We have been careful to diversify our investments across a number of species and geographic areas.

As the benefits of the Coast Guard Marine Transportation Act of 2006 begin to be realized, we are working diligently with the other CDQ groups on important policy and development issues to protect the interests of APICDA's communities and to ensure that our communities realize the economic benefits that the CDQ program is intended to provide.

We appreciate the support and involvement of the board, our communities and their residents, and the experience and skill of our management team.

Larry Cotter  
Chief Executive Officer

Joe Kyle  
Chief Operating Officer  
Chief Financial Officer

## 2007 HIGHLIGHTS



- Completed processing of Area 4B halibut quota by the end of July
- Facilitated beach cleanup in St George
- Employed 121 APICDA residents with a payroll of \$2,227,638
- Invested \$2,353,650 in scholarships, internship programs, and grants for schools and community programs
- Initiated feasibility studies and business planning for a seafood plant and an adventure tourism lodge in St. George
- Contributed \$ 600,000 in grant money to the six member communities as a community dividend
- Long term reserve account worth \$ 11,468,286 at year's end
- Increased consolidated net worth by \$6.2 million to \$47 million
- Purchased F/V NIGHTRIDER for service in St. George
- Promoted Jeff Kashevarof and Ken Smith to head up AJV's harvesting and processing activities, respectively
- Invested over \$ 100,000 for infrastructure improvements at Ugludax Lodge
- Built two storage buildings and completed hardening the boat pad and grounds for the Nelson Lagoon Storage company
- For the second year, granted \$ 100,000 to Aleutia for salmon product development and operating expenses
- Invested more than \$ 2.9 million for the construction phase of Bering Pacific Seafoods in False Pass



## APICDA SUBSIDIARIES



### Atka Pride Seafoods

50/50 partnership between APICDA Joint Ventures and the Atka Fishermen's Association, organized as a Subchapter C corporation. The plant, located in Atka, Alaska, processes approximately 500,000 pounds per year of halibut and sablefish in H&G and fillet product forms.

### F/V Barbara J. LLC

50/50 partnership between APICDA Joint Ventures and Trident Seafoods. Managed by Trident, this crab vessel fishes for various species of crab and Pacific cod, and serves as a tender.

### Bering Pacific Seafoods

100% owned and operated by APICDA Joint Ventures, this plant is currently under construction in False Pass, Alaska. It is expected to be operational for the 2008 fishing season, and will focus on processing Pacific cod, sablefish, halibut, and salmon.

### F/V Farwest Leader LLC

50/50 partnership between APICDA Joint Ventures and Trident Seafoods. Managed by Trident, this crab vessel fishes for various species of crab and Pacific cod, and serves as a tender.

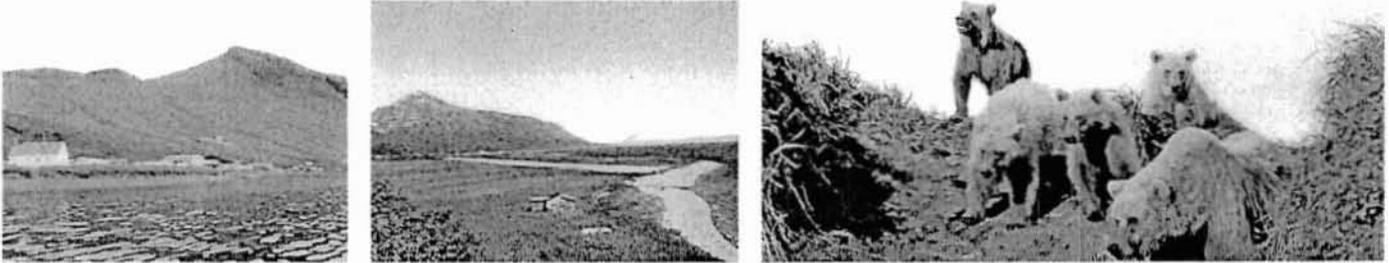
### F/V Golden Dawn LLC

50/50 partnership between APICDA Joint Ventures and Trident Seafoods. Managed by Trident, this trawl-catcher vessel fishes primarily for pollock in the Bering Sea.

### Kayux Development

50/50 partnership between APICDA Joint Ventures and the Tanaq Corporation. This company is poised to participate in any upland development associated with commercial activities in Tract I, Zapadni Bay Harbor on St. George Island.

## APICDA SUBSIDIARIES



### Nelson Lagoon Storage Company LLC

50/50 partnership between APICDA Joint Ventures and the native village of Nelson Lagoon (Council). The storage company operates as a gear and vessel storage business in Nelson Lagoon to support the summer salmon fishery.

### Ocean Prowler LLC

20/20/60 partnership between APICDA Joint Ventures (20%), Coastal Villages Region Fund (20%) and a partnership comprised of John Winther, Bart Eaton, and Jerry Kennedy (60%). Managed by John Winther and Jerry Kennedy, the F/LL Ocean Prowler is a catcher processor that fishes for Pacific cod and sablefish.

### Prowler LLC

20/20/60 partnership between APICDA Joint Ventures (20%), Coastal Villages Region Fund (20%) and a partnership comprised of John Winther, Bart Eaton, and Jerry Kennedy (60%). Managed by John Winther and Jerry Kennedy, the F/L/L Prowler and the F/L/L Bering Prowler are catcher processors that fish for Pacific cod and sablefish.

### Puffin Seafoods LLC

50/50 partnership between APICDA Joint Ventures and the St. George Fishermen's Association. The company is the business entity necessary for the halibut fishery on St. George Island to take place, and serves as an administrative vehicle for the local fleet to pursue the halibut CDQ fishery in Area 4C.

### Starbound LLC

APICDA Joint Ventures owns 20% of this pollock catcher-processor with Aleutian Spray Fisheries, who serves as the managing partner. This vessel harvests and processes approximately 65% of APICDA's pollock CDQ quota.

### Ugludax Lodge LLC

50/50 partnership between APICDA Joint Ventures and the Chaluka Corporation. The company operates the Lodge in Nikolski on Umnak Island as a high end, sport fish and hunting destination.



ALEUTIAN PRIBILOF ISLAND COMMUNITY DEVELOPMENT ASSOCIATION AND SUBSIDIARIES



**2007 CDQ IN-REGION  
EMPLOYMENT**

	Individuals	Wages
Management/Admin	9	\$416,284
Board Members	10	\$117,548
Community Liaisons	7	\$81,000
CDQ A/B Season	3	\$62,911
Other Fishing	50	\$1,193,554
Internships	4	\$21,840
Other Employment	38	\$334,501
<b>TOTALS</b>	<b>121</b>	<b>\$2,227,638</b>

**2007 APICDA TRAINING &  
EDUCATION EXPENDITURES**

	Individuals	Expenditures
SCHOLARSHIPS	48	\$191,915
VOC-TECH CLASSES	4	\$7,944
OTHER TRAINING	Fisheries Related	\$22,990
	CDQ Staff/Board	\$7,804
	Other	\$9,973
OTHER EXPENDITURES	7	\$76,083
<b>TOTAL</b>	<b>88</b>	<b>\$316,708</b>

**COMMUNITY INFRASTRUCTURE**

