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STATE OF ALASKA DEPARTMENT OF COMMERCE  
COMMUNITY AND ECONOMIC DEVELOPMENT  
PUBLIC HEARING  
Anchorage, Alaska

In Re: )  
 )  
2006 - 2008 Community )  
Development Plan -- BBEDC )  
\_\_\_\_\_ )

TRANSCRIPT OF PROCEEDINGS

BRISTOL BAY ECONOMIC DEVELOPMENT CORPORATION

Anchorage, Alaska  
Legislative Information Office  
716 West Fourth Avenue,  
Suite 550  
Anchorage, Alaska 99501  
December 15, 2004  
1:00 p.m.

APPEARANCES, State CDQ Team Members:

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\* \* \* \*

1 P R O C E E D I N G S

2 (On record)

3 UNIDENTIFIED MALE SPEAKER: We're on the  
4 record.

5 UNIDENTIFIED MALE SPEAKER: On the record.

6 MR. BLATCHFORD: Okay. We're back on the  
7 record. This is the CDQ team together to take comments from  
8 each one of the six groups. How we're doing it, Robin, is  
9 that Greg Cashen is moderating and we're interjecting through  
10 the process and this is your opportunity to present your  
11 philosophy, your point of view, your interpretation of the  
12 intent of the federal/state program and then we'll go into a  
13 public discussion with questions. Greg?

14 MR. CASHEN: Okay. Yeah, the first hour will  
15 be for BBEDC's presentation. We'll open the floor up for  
16 public comment and then the state will have an hour to ask  
17 questions and then for appropriate items in executive session  
18 which we'll discuss, we'll go into executive session for the  
19 last hour. So Mr. Samuelson, go ahead.

20 MR. SAMUELSEN: Thank you and thank you for  
21 providing BBEDC this opportunity. My name is Robin Samuelson.  
22 I'm the president/CEO of the Bristol Bay Economic Development

1 Corporation. Today behind me and I've asked him to stand is  
2 my vice president, Hazel Nelson, my executive committee,  
3 Hattie Albecker, Victor Seybert, Moses Kritz and Ted Angason.

4 The staff today is Bryce Edgmon, COO, Eric Olsen, quota  
5 manager, and our attorney, Jim Barnett, going -- write it down  
6 on the latest notice that I received from you all. It's in my  
7 guts how we're going to operate nowadays.

8 I have a handout marked confidential for you all.  
9 Some of it is confidential. I'll walk you through those  
10 pages. Just for a little background on my executive  
11 committee, Robert Heyano's not present. He's attending  
12 another state salmon restructuring meeting over at another  
13 hotel here. Robert's on the board of -- also on the Alaska  
14 Board of Fisheries. Most of my executive committee including  
15 myself has been with the CDQ program since its inception so  
16 we've been through a number of CDP presentations to the state  
17 over the years. As a COO of BBEDC, I'm quite dismayed  
18 personally by the latest developments in getting attorneys and  
19 -- involved in this program. This program is too important  
20 for western Alaskans. It's provided great opportunities not  
21 only for the villages within the Bristol Bay Region but  
22 throughout the whole CDQ six regions. I don't know if some of

1 you were around in the early days but we were completely shut  
2 out of the Bering Sea. We couldn't get jobs out in the Bering  
3 Sea, let alone fish out in the Bering Sea as crewmen. Today  
4 I'm proud to say that many doors have been opened. One of the  
5 first things that my board has instructed me to do when we sit  
6 down and negotiate deals with the industry is to get  
7 employment right up front and if they don't employ us, we get  
8 up and walk away from the table, you know? Too many times  
9 we've sat down oh, we've got good tenure employees, we can't  
10 let them go. I say fine, then you don't need us as partners.  
11 Changes our minds immediately.

12 The core strengths of BBEDC on the first page are  
13 pretty simple. We are still following the building blocks  
14 that we put in place on our first year of formation. I think  
15 that year we had 34 meetings during the winter trying to put  
16 our cornerstones in place, how we were going to build BBEDC,  
17 how we seen BBEDC 10, 12 years, 15, 20 years down the road. A  
18 lot of them core blocks are still our founding blocks in  
19 formulating in how we invest, how we operate our office, how  
20 we interact with our communities, how we interact with the  
21 North Pacific Fishery Management Council, state oversight and  
22 federal oversight. Strong board of directors since the

1 beginning, as I mentioned. Most of my executive committee  
2 which is also my investment committee has been with the  
3 program since its inception. We have a conservative  
4 investment philosophy and consistent management approach, a  
5 well diversified portfolio in the Bering Sea ground fish  
6 industry. I say that by we are invested in a factory trawler.  
7 We own 30 percent offshore. We're also the largest CDQ in-  
8 shore holder of in-shore pollack. We work with a number of  
9 entities in the in-shore, not just one plant. We own several  
10 large catcher boats in the in-shore fishery so we are  
11 diversified in that arena. We're diversified in the crab  
12 fishery. We own six crab boats. We just purchased one quota  
13 share without a boat. We're looking at purchasing another  
14 quota share with -- without a boat. If you don't have control  
15 of the resource, you don't have control of anything. Steel  
16 nowadays is absolutely useless in the fishing industry. Where  
17 it's at is in the IFQ's and in the quota. By this fall, crab  
18 will be completely rationalized and that's going through the  
19 council process.

20 Strong cash reserves and low overall credit to  
21 debit, there was a time when state oversight told us we better  
22 spend money -- told my board we'd better spend money and we

1 told the state oversight don't tell us how to spend our money.  
2 That's the easiest thing, it's how to make money once you --  
3 once you've spent that money and we've developed the  
4 investment strategy that we've stuck to time and time again.  
5 However, with the advent of IFQ's, sable fish, halibut IFQ's  
6 and now crab IFQ's, we've lowered our investment standards  
7 down to a seven plant -- seven percent because that's --  
8 there's a limited amount of quota out there. It's getting  
9 bought up real fast. We hope to be around 20, 30, 40 years  
10 from now. We haven't hit the seven percent yet. It's been in  
11 a range -- low range of about eight, 8-1/2 percent. This  
12 other stuff we're looking at is as high as nine percent ROI,  
13 return on investment. As our investments are in the range of  
14 15 percent, we have some of our investment returning about 42-  
15 1/2 percent.

16 My board approves all management decisions. This is  
17 a team approach. Yes, I'm their CEO. I am their president,  
18 I'm not their dictator. Everything I do I work back through  
19 my board. Through my various committees, we're very strongly  
20 committed to a committee process and committee recommendations  
21 that flow from the committee to the board for board final  
22 approval. I wear several hats in this organization. I'm also

1 a board member and then myself and staff will implement what  
2 the board approves. Board is involved in a lot of decisions.

3 Some people say the board is kind of like micro-management,  
4 they should just hold off and make the big decisions. This is  
5 17 villages business, BBEDC. These peoples are 17  
6 representatives from those communities and they need to be  
7 involved. We have a pretty transparent process in BBEDC.

8 Majority of my management and staff are Bristol Bay residents.

9 I think that's very important. So does my board. The  
10 central offices is located in region. We pump roughly \$1.5  
11 million in annual benefits and we have frequent travel to  
12 outlying villages. The first priority of myself and any staff  
13 is when a village calls -- if Edgar calls me and says I need  
14 to talk to you about something and Moses Kritz calls me from  
15 Togiak and he needs to talk to me, Moses Kritz gets priority  
16 over Edgar. Now, if he was the governor or Stevens, might be  
17 a different thing but commissioners, the village has priority.  
18 They're our bosses.

19 Efficient management organization, competitive  
20 salaries, low overhead. I think we pay our workers a good,  
21 competitive salary. I was just looking at one here that --  
22 about the third person in one of the CDQ groups equal about

1 Bryce and I's salary. I make roughly about \$81,000 a year and  
2 I'm damned proud of it and I think I'm worth every penny of  
3 it. I think that's -- living in Dillingham, Alaska and out in  
4 the Bay, I think that's a very competitive salary.

5 Active involvement in the fisheries policy arena,  
6 representation on the North Pacific Fishery Management  
7 Council. I sat on the council for nine years with -- Hazel  
8 Nelson, my vice president, currently sits representing the  
9 Alaska delegation on the council. Eric Olsen is a member of  
10 the advisory panel. I've been a past board member of the  
11 Alaska Board of Fisheries. Robert Heyano, one of my executive  
12 committee members, now sits on the Alaska Board of Fisheries.

13 The Governor was kind enough to reappoint me here last month  
14 to the North Pacific Research Board. I've been involved in  
15 the North Pacific Anadromous Fish Commission as a advisor of  
16 the United States dealing with Canada, Russia, Japan and other  
17 foreign countries. My board has been a strong advocate of  
18 government oversight of the CDQ program from Day One. We did  
19 not want this program to -- and I'm not trying to belittle  
20 ANSCA but we didn't want the misfortunes that happened in  
21 ANSCA to happen to this program. This program has many  
22 enemies in the Lower 48 and Seattle and Oregon as well as a

1 lot of enemies here in Alaska. Whenever you -- you're a new  
2 kid on the block and you take resource or dollars away from  
3 somebody, somebody's going to get disenfranchised and  
4 somebody's going to get mad at you so a lot of people have  
5 come out against CDQ's and still today. A lot of people are  
6 misconstrued that this is a Native program. This is not a  
7 Native program, this is a community-based program for all  
8 those that live in the community whether it's Native or non-  
9 Native. We do not discriminate. People at the council have  
10 labeled this a Native program and have even appeared in the  
11 press at certain times trying to make it a discriminatory  
12 approach to the CDQ program. The council was very, very  
13 specific in creating -- when they created this program that it  
14 be for all community residents and we've heeded that warning  
15 time and time again.

16 The second page is our investments. You can see  
17 we're well diversified. On the third column over is the  
18 Bristol leader, 167-foot freezer long liner. We built that  
19 vessel brand new. It is the largest freezer long liner in the  
20 Bering Sea. We are -- just to the right of it, you see a 124-  
21 foot freezer long liner, THE BERING LEADER. That vessel is  
22 under construction and we hope to have that launched here --

1 Eric -- in August. We own the license, the LLC license for  
2 that. We bought that license. That license was a good  
3 license to pick up. We were offered a number of licenses for  
4 a million dollars and we got it for 750. I think we are one  
5 of the largest owners of crab boats in the Bering Sea. You  
6 could see the size of our vessels. We also have two quotas  
7 that we've bought from individuals to complement and stack  
8 onto our six crab vessels. The Arctic Fjord investment is a  
9 30 percent investment with Neahkahnne. That's proven to be a  
10 very lucrative investment. You all know our problems with the  
11 Arctic Fjord management group where we pulled our allocation  
12 from them and that's another thing I want to talk about is  
13 BBEDC holding up its 10 pounds of potatoes. I think we're the  
14 only group time in and time out when at the end of CDP's, we  
15 hold up our 10 pounds of potatoes and see what it's worth to  
16 the industry out there. We're not married to anybody, we have  
17 business partners. We like our business partners but we also  
18 want to get a fair price for our quota. I believe we are the  
19 highest paid -- we have the highest royalties of any CDQ group  
20 in the CD -- in the history of the CDQ program and when we get  
21 into the private part, I may discuss that.

22 The in-shore boats are the DANIELLE MARTINA, THE

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1 MORNING STAR, both the 148-foot and the 58-foot, and the  
2 ARCTIC WIND. Those have brought us in-shore opportunities. A  
3 lot of our folks do not want to go out and work on a factory  
4 trawler. Some of them would rather be on land so we've -- we  
5 diversified in that area. One of the things that we've  
6 recognized early on -- my board has recognized early on is the  
7 downturn of state dollars. Surely, CDQ groups cannot replace  
8 state dollars nor should we. State has obligations to its  
9 residents and its communities in the State of Alaska.  
10 However, in the area of science and research, we felt that the  
11 Fish and Game budget was being unfairly targeted by  
12 legislatures from mainly Anchorage and the urban areas so my  
13 board founded the Bristol Bay Sanction Research Institute.  
14 It's a non-profit organization. We leverage our dollars with  
15 State of Alaska. We leverage our dollars with U. S. Fish and  
16 Wildlife Service. We have many employment opportunities  
17 within that organization teaching young kids to get interested  
18 in the field of science and to the field of biology through  
19 salmon camps and different organizations. We were just  
20 recently awarded \$800,000 from the federal government through  
21 a grant for the Bristol Bay Sanction Research Institute. A  
22 number of the projects that the state has dropped over time

1 we've gone back to the state and with 25 percent participation  
2 by the state, maybe 50 percent by BBEDC and another 25 percent  
3 by the feds, we've been able to reactivate a lot of these  
4 programs that we've lost in salmon management which has been  
5 excellent.

6  
7 The Harvey Samuelsen scholarship trust is a  
8 foundation that my board has set up named after my father, my  
9 late father, Harvey Samuelsen, who was a strong advocate. I  
10 did not vote on that issue, whose name was going to be on  
11 there. My board on their own said Harvey's a strong advocate  
12 for education, let's name it after him while he's alive  
13 instead of waiting till after he's dead, he'll never know  
14 after he's dead so he was real pleased about that. That has  
15 about \$6.5 million in it right now. Some of our partners give  
16 donations to that. That trust will be around long after all  
17 of us sitting at this table is dead and gone. It's going to  
18 continue to build, it's going to continue to product  
19 scholarships for the residents of Bristol Bay. That's how we  
20 set it up. That money's non-touchable but there was some  
21 discussion that -- in the last few days at the council which I  
22 testified that non-fisheries related items such as

1 scholarships and voc tech training are allowed so we should  
2 open up Pandora's box and allow us to invest in used car lots  
3 in Arizona or whatever. That was never the intent of the  
4 council. The council had a -- extensive, extensive  
5 discussions on what was non-fisheries related which was  
6 permissible through the State of Alaska and NMFS oversight of  
7 the program. Education was a key component of that. We also  
8 -- through other entities, we work cooperatively with the  
9 University of Alaska. A lot of our people cannot get hired  
10 without even a GED out fishing on our -- on trawl boats. They  
11 can't be quality control officers so through the extension  
12 center at the University of Alaska, we've gotten a number of  
13 people in our region that for whatever reason dropped out of  
14 high school to get interested in education and come back and  
15 get their GED. I think that's probably some of the proudest  
16 stuff I'm at -- I've seen in our region because I personally  
17 know a lot of these people. I've talked to them. I'm an  
18 advisor to the local campus council out there and I've watched  
19 them graduate and some of them people I never thought would  
20 graduate from -- would not only get a GED but have gone on to  
21 graduate with the help of BBEDC, significant improvements,  
22 significant morale booster for not only BBEDC, the community

1 but that individual especially. So it trickles right down,  
2 BBEDC -- trickles down to individual members.

3 Our total assets and revenue on the next page, on  
4 page three, you could see that our assets are climbing, that  
5 our total revenues are climbing and what our philosophy is is  
6 we build up our cash reserves and we've done this from the  
7 start. We line up our investments, we do our due diligence,  
8 bang, you guys get a copy of it, we're on the move. Our  
9 assets -- our revenues then go down a little bit and we start  
10 building them back up again. We're from a fishing community.

11 In 1988, we seen a barrel of oil. Our one salmon, sockeye  
12 salmon, was worth -- Bristol Bay salmon was worth more than a  
13 barrel of oil from Prudhoe Bay. Now you could fill that  
14 barrel of -- with Bristol Bay sockeye and you can't equal a  
15 barrel of oil. We know the fishing business. It's like this.

16 We've seen it and it's been devastating so my board has taken  
17 a real conservative approach with how we make our investments.

18 Page four and five are basically confidential items.

19 I'd like to talk later on. Number six is, again, the  
20 realization that the salmon market has collapsed in Bristol  
21 Bay. It's been the driving engine in Bristol Bay for the last  
22 hundred years and you could see the devastation that it has

1 created by the graphs and we didn't create these graphs, CFEC  
2 created these graphs and we have addressed this. We have  
3 addressed this with a study, the first of its kind in the  
4 state. We spent about \$300,000 of BBEDC money and grant money  
5 in developing an overall plan for the area residents and  
6 fishermen trying to show them a way to come out of the  
7 depressed market. That study is now complete. It is being  
8 circulated amongst the villages. CFEC has now come out with  
9 an optimum number study that I personally requested that shows  
10 800 to 1,300 permits versus 19 to 2,000 drift permits. I  
11 don't know where that's going to go but if the fishermen want  
12 it and the residents want it, there'll be a buy-back of  
13 permits in Bristol Bay to up the value of total income to the  
14 region residents.

15 On page eight and nine, again, these are for the  
16 public, our educational program. Surely, our flagship is the  
17 Harvey Samuelson scholarship trust. We've got salmon camp,  
18 we've got college developmental funds, high school higher  
19 educational programs and that's to motivate our high school  
20 kids to enter into the field of -- to go on to college or to  
21 go on to voc tech, basic voc tech and we also have a advanced  
22 voc tech training for at-sea jobs. We're really big on

1 internships. Everybody we do business with we want to take a  
2 person from the village and put them into a business climate,  
3 a real business climate, how an office is run in Seattle which  
4 they have never experienced before. They have never seen  
5 phone systems like they have in Seattle and -- when they're  
6 coming out of villages like Manokotak and Port Heiden so we  
7 want our students to experience that, not be given any  
8 preferential treatment at all. They need to pave their own  
9 way by working hard. We've had excellent success in that  
10 program. In fact, a lot of our interns are now working in  
11 Seattle not under BBEDC's auspices, they've got hired full-  
12 time. They've come home and brought that knowledge back home  
13 not only to the Bay but to their villages and use that  
14 knowledge that they've gained out there in the real world and  
15 brought it back home and became -- starting to become leaders  
16 in their communities.

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18 We've held fishery workshops throughout the region  
19 for our fishermen. We've flown people in because the economy  
20 is depressed, mainly to the central areas, Dillingham and King  
21 Salmon, Naknek King Salmon through the voc tech center. We've  
22 worked with Seagram program, Alaska Seagram program. We've

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1 applied for grants. We've complimented them grants with BBEDC  
2 dollars and to bring our fishermen up to par with quality  
3 control standards, handling standards, icing standards, market  
4 standards, how to create your own business, all different  
5 aspects of the fishing industry. Our community seed funds, as  
6 you all know, we budget every CDP cycle \$100,000 for each of  
7 our communities, 17 communities. About the first three years  
8 we only had two communities. The first three or four years,  
9 we had this in place, we had the -- only about two or three  
10 communities that took advantage of this hundred thousand.  
11 This has to be fisheries related. Some of you were at council  
12 yesterday. There was an accusation that this wasn't fisheries  
13 related. This is fisheries related. Otherwise you don't get  
14 the funds -- the village doesn't get the funds. I'm proud to  
15 sit here and say -- today and say that 17 communities are  
16 taking advantage of that right now. The matching  
17 infrastructure fund and the technical assistance funds are  
18 being utilized. The last time we were here you guys slapped  
19 us on the wrist and told us you guys got to do more for  
20 outreach and part of that community infrastructure seed funds,  
21 we decided to put a intern in every village to tell them about  
22 the programs, the workings of the programs, not only how to

1 apply for the programs and what not so we've got 17 people in  
2 17 villages that are interns that we've provided the -- either  
3 tribal council, they're the employee of the tribal or the  
4 village council or the city council in that community.  
5 They're not our employees. We made a grant available. These  
6 people work for the village but they need to put in quarterly  
7 reports to us. They're our eyes and ears. They can -- they  
8 do the plannings for meetings, etcetera. They go around --  
9 when American Seafoods comes with their recruiter from  
10 Seattle, they set up all their recruiting interviews with the  
11 village people and it's been very successful so thanks for  
12 giving us that nudge. I think it's not only put BBEDC more in  
13 touch with its communities but it's also put the communities  
14 and the members in them communities more in touch with what  
15 BBEDC's programs are about.

16 In the arena of regional fisheries, we've been very,  
17 very active in regional fisheries. As I said, that's a  
18 hundred-year-old industry that's been decimated by the low  
19 fish prices. BBEDC has actively solicited funds from anybody  
20 and everybody. We've used -- we've done visual insulation  
21 with a number of vessels. We've provided six ice machines.  
22 We are -- currently got two more on line to come into the Bay

1 this year. We've slush-bagged right around 300 vessels.  
2 We've held marketing workshops. We've brought professional  
3 people that are in that arena into Bristol Bay to talk to  
4 village people, fishermen on how to market their fish. We've  
5 created a regional branding program that will highlight  
6 Bristol Bay salmon. We've sold Bristol Bay salmon in  
7 McCormick and Schmidt, all their restaurants throughout the  
8 Lower 48 which is a white, high-end table cloth restaurant.  
9 They've been ecstatic with the quality of salmon that they've  
10 received from us so we -- we're just trying to show our people  
11 what's possible. We're not going to -- BBEDC is not going to  
12 own 17 major canneries in Bristol Bay, one in every village.  
13 What we're trying to do, our philosophy, is to empower that  
14 village to do it on their own so if Egegik wants to get into  
15 the salmon business, it's going to be Egegik and that  
16 community getting in the salmon business with the help of  
17 BBEDC. It isn't -- BBEDC will not own the structure, it'll be  
18 the community Egegik's structure.

19 The 4-E halibut fishery, we have harvested -- in the  
20 last four years, we've harvested a hundred percent of our  
21 halibut except for one year. At the council level, we  
22 advocated that 4-D halibut be -- that is allocated to us

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1 through our big boats be allowed to be brought into 4-E so our  
2 small boat fishermen could harvest it. That regulation passed  
3 the council and at times, our fishermen, once they harvest the  
4 4-E will give them -- will bring in more quota from our big  
5 boat and give it -- out of 4-D and give it to the 4-E  
6 fishermen and that puts money right into the fishermen's  
7 pockets. It's been very successful.

8           The Bristol Bay Fish Company was formed this last  
9 year. The Bristol Bay Fish Company will do marketing --  
10 buying, marketing Bristol Bay salmon. We're going to use this  
11 as a template to show our villages the good things about  
12 getting into business. It's going to be a very transparent  
13 company. The books are open to any village that wants to look  
14 at it so we're going to -- BBEDC will be the leader. We're  
15 going to set this -- we set this company up and we're going to  
16 find out the good things and the bad things about marketing.  
17 Do you ship out in 50-pound boxes or a thousand-pound boxes?  
18 What's the best freight rate so when Togiak wants to get into  
19 it, we'll have a number of these questions answered for Togiak  
20 and their chances of succeeding are going to be quite high  
21 once they decide to get into the fishery business.

22           Bristol Bay permit brokerage, at one time that was

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1 one of our flagships. The business in the permit brokerage  
2 has dropped off significantly. People are wondering now  
3 whether they should keep their permit. There's permit  
4 stacking allowed but, basically, it's turned into a satellite  
5 office of CFEC. It still forms a -- it still conducts a very  
6 important role because CFEC is not out in Bristol Bay. When  
7 you got people from Aleknagik come walking in and they want to  
8 -- you know, somebody wants to transfer a set net permit to  
9 their son or a drift permit to their son or daughter or  
10 grandson, that office takes care of it. We are not in the  
11 permit buying or the permit selling business nor do we offer  
12 any financial advice to any of the clients as we once did. We  
13 still interact with IRS. The last permit brokerage got a  
14 national award for IRS. At one time, IRS quit season Bristol  
15 Bay permits and we had the top person in IRS come out to  
16 Bristol Bay at Senator Stevens' insistence. IRS quit  
17 foreclosing on Bristol Bay salmon permits as long as the  
18 person was in the hopper working with their Bristol Bay permit  
19 brokerage so we saved a lot of Bristol Bay permits that way.

20 We have a number of students throughout our  
21 communities working with Fish and Game, working with U. S.  
22 Fish and Wildlife Service on counting towers and sonar

1 counting, catch sampling to get them interested in the field  
2 of science, research and stressing education and that's been  
3 highly successful with the kids out there. Usually once a  
4 year, they get a big write-up in the paper and there's  
5 comments, there's CD's made of them and the kids just love it.

6 One of the projects that we've done is the Port  
7 Moller test fishery down at Port Moller in conjunction with  
8 the Alaska Department of Fish and Game. That's no small task.

9 It's in conjunction with Fish and Game as well as the  
10 industry. BBEDC puts in some of their money but it's a  
11 collaborative effort by everybody.

12 Okay. Going on to page 10 and 11 is the employment  
13 and training. Since 1993, over \$8.5 million in wages has been  
14 generated employing approximately 1,480 individuals. We have  
15 an in-region recruiter in 2004 in Dillingham. If I do sign my  
16 -- if BBEDC does sign its royalty agreement, we will again  
17 have a full-time recruiter in Dillingham as well as a  
18 dedicated full-time re -- CDQ recruiter in the Seattle office.

19 I have talked about the internship program there. Again,  
20 it's been marvelous for those young people to have that  
21 opportunity. Since '93, we've ran 350 people through the  
22 internship program. It's generated \$1.5 million. That's when

1 they were with us. It's generated a hell of a lot more since  
2 they went on their own and are now working.

3 Voc tech programs, I guess we're kind of different  
4 than a lot of people. We don't tell the individual where to  
5 go get voc tech training. They could go to Seward, they could  
6 go over to the voc tech center at King Salmon. We provide the  
7 dollars, basic voc tech and advanced voc tech. Adult basic  
8 education, BBEDC provides financial support to conduct adult  
9 basic education course and the GD programs. It says 75  
10 diplomas issued since 2000. The BBEDC/ABDC program provides  
11 30,000 annual to help Bristol Bay residents work at obtaining  
12 a GED or learn another adult basic educational skills. Since  
13 1994, BBEDC's vocational and adult basic education training  
14 funds have been roughly 1.5 million and trained approximately  
15 4,370 people. I think that's pretty significant. Some of  
16 them people are coming back the second time now.

17 The college development fund provides funding to  
18 BBEDC students living in the region or working full-time and  
19 taking university courses during the evenings and weekends.  
20 In the two years, BBEDC has distributed 33 college development  
21 fund scholarships for approximately 21,000 to 17 different  
22 students. Now, that doesn't sound significant but, you know,

1 that's a working mother living in the community that can't  
2 quite make it and we've stepped in there and seen a niche that  
3 we needed to fill and I'm finding out that those are really  
4 dedicated students. It's a small number but it's a -- very  
5 important to those people that are taking advantage of that  
6 program.

7 Harvey Samuelson scholarship on the right-hand page  
8 there, the salmon camp, I think I've spoken enough about  
9 Harvey Samuelson scholarship trust. The salmon camp, you see  
10 the faces of them young kids and it's like that throughout the  
11 whole program. I haven't gone out to witness it myself but  
12 I've seen the CD's that have been made with these kids and  
13 boy, they're really energetic. We've got a bunch of young  
14 people coming up that I think are going to go on to college  
15 because of stuff like this, getting them involved. Usually  
16 when you mention Fish and Game or you mention Fish and  
17 Wildlife Service to a kid in the village, that's the enemy.  
18 What are they coming to get us for? It's usually some  
19 violation or something and peril but now when they see the  
20 brown and the blue uniforms, they're not scared anymore.  
21 That's pretty significant.

22 The student loan forgiveness program to encourage

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1 students to bring their college degrees back home, BBEDC has  
2 initiated a program that will pay a portion of the student  
3 loan program in return for the residents coming back to work  
4 in our region. If we're going to provide them with a Harvey  
5 Samuelsen scholarship, why should they go and work in  
6 Anchorage and Juneau and Fairbanks and Seattle? How about  
7 coming back home and -- people like Robin Samuelsen are going  
8 to be the elders pretty soon and we need this younger  
9 generation to come home and foster and pave the way for the  
10 next generation and that's what we're trying to do there,  
11 bring some of our bright kids back home, encourage them to  
12 come back home. Yes, the cost of living is high. Yes, the  
13 Internet is slow but damn, we got good fishing, come home and  
14 work.

15 On the right side, do you see the graphs there on  
16 the scholarships? My board is very proud of that. Students  
17 are very proud of it. You should see the letters that we get  
18 from the students. The regional fisheries program is probably  
19 our biggest program within the -- within BBEDC. You got to  
20 remember we've got 1,800 drift permits, we've got a thousand  
21 set net permits. We've got six major river systems to deal  
22 with. We have the largest sockeye run in the world and we get

1 the lowest prices in the world for our sockeye which has  
2 devastated our communities. A lot of our communities, like  
3 probably other regions, people are moving from villages to  
4 central hubs like Naknek, King Salmon, Dillingham and even  
5 moving on to Anchorage and once the school closes, then the  
6 post office close and it's just this trickle effect. We feel  
7 that if we could raise the quality of our salmon to acceptable  
8 levels for our buyers and teach our fishermen on how to handle  
9 them fish, when to deliver them, it will help the fishermen  
10 earn higher ex-vessel prices. We're seeing some of that  
11 already. I think we've seen the bottom of the salmon  
12 industry. I think salmon is turning around. If you had 5,000  
13 tons of H&G sockeye today, you could sell it in the United  
14 States today because there is none available.

15 We've spent numerous, numerous dollars and committee  
16 time and board time in developing these different programs.  
17 We've gone to villages, we've talked to fishermen, we've  
18 talked to the industry and we feel that through our ice  
19 support services, our regional branding program, our fishery  
20 support services, our training courses that we're training  
21 fishermen on a whole different mindset is going to help -- do  
22 nothing but help the industry. Forty-five percent of the

1 regional fisheries, 2005, will be paid by grants, our budget.  
2 We received \$1.4 million in EDA grant -- grants in 2004 for  
3 icing needs. We received 100,000 grant from Alaska Seafood  
4 and Marketing Association for regional fisheries programs.  
5 Salmon branding and chilling of harvest grants from Department  
6 of Commerce total \$730,000. We've been stretching BBEDC  
7 dollars by getting these grants. Boy, we're damned proud of  
8 these grants, the board is, and I think we're spending the  
9 money wisely and from what I'm hearing from the fishermen,  
10 there's nothing but positive feedback. Sure, there's isolated  
11 instances on ice plants breaking down and you got to realize  
12 that out there, there's no infrastructure in place. It isn't  
13 like in Southeast Alaska where there's ice 365 days a year and  
14 no tidal problems. We've got 23, 24-foot tides. Most of our  
15 villages don't have ice plants, don't have the power to run an  
16 ice plant nor do they have the airports to fly fish out.  
17 Moses Kritz back here from Togiak, one of the biggest fishing  
18 districts, got one of the smallest airports, like it's --  
19 these airports are designed for a 206, not a DC-6, to fly fish  
20 out. He needs access to a big airport. A lot of our  
21 communities need access to a bigger airport to fly fish out.  
22 It's not economical to fly them out in 206's. We're working

1 on that in conjunction with the communities. Hattie Albecker  
2 and a number of them be -- sitting behind me are in the same  
3 shape as Moses. I only used Moses to highlight.

4 I talked about our halibut fishery. On page four --  
5 oh, gee, 14, Bristol Bay permit brokerage, I've talked about  
6 that, 160 services including boat and vessel renewals,  
7 emergency transfers. Tax assistance program. Again, \$25,000  
8 we spent. Well, 25,000 on the scope of things, what's that in  
9 BBEDC's role? Not much but look at the catch there. Provided  
10 we hired local tax preparers and the tax providers, mostly  
11 local residents, were paid to do taxes for 337 -- 377  
12 individuals who got back from their IRS returns \$227,000.  
13 That put -- that's real money into people's pockets for 25,000  
14 bucks, you know? That's a successful program.

15 The interest rate assistance program was created to  
16 help Bristol Bay fishermen pay annual interest payments on  
17 boats, permits, vessel loans. The maximum is 4,000 for -- per  
18 resident. With the downturn in the fishing industry, a lot of  
19 our folks have state loans, Seafab loans, bank loans.  
20 Interest rates hasn't gone down. A lot of them are maxed out  
21 and the board said okay, let's develop a program to help  
22 offset their interest costs, a one time \$4,000 payment. I



1 development plan grant. Our communities cannot access Denali  
2 Commission funding, state funding without having a community  
3 plan in place so they were basically being shut out. You look  
4 at the proposed -- you look at the dollars being spent by the  
5 -- millions of dollars being sent -- spent by the Denali  
6 Commission and you look how much, in the context, Bristol Bay  
7 is receiving and, proportionally, we're getting shortchanged  
8 if you look at it in that light. Part of that problem is a  
9 lot of our communities don't have a plan. We thought it was  
10 necessary to help our communities access them funds.

11 The fish processing facility feasibility study,  
12 BBEDC awarded contract to Lake and Peninsula Business  
13 Development Center in King Salmon to conduct feasibility  
14 studies, business plans for salmon processing plants in  
15 Egegik, Naknek, Ugashik, Levelok, Pilot Point, King Salmon,  
16 Dillingham and Togiak. That consultant group in King Salmon  
17 were keeping the money in the region. Those are all local  
18 residents and we looked to partnering with the Lake and  
19 Peninsula Borough on a number of things as well as our other  
20 city governments.

21 Our community liaisons, I've talked about our  
22 liaison people in the village. I think that it's far exceeded  
23

1 my expectations and it sure has made it a lot easier for staff  
2 in Dillingham when they travel out or when recruiters come  
3 from Westward Seafoods, Icicle Seafoods, American Seafoods  
4 going out to our villages. I think they -- they're pretty  
5 much worth their weight in gold out there.

6 I've talked about -- on page 15, I've talked about  
7 the BBSRI. There's a whole host of projects there that we've  
8 done. Moving on to page 16, where do we go from here in the  
9 2006, 2008 CDP cycle, rely on plan amendments given the  
10 extended period of time between the allocation hearings of  
11 2004 and the CDP implementation date, January, 2006, BBEDC  
12 plans to rely heavily on the amendment process as a means to  
13 introduce new CDP projects. Non-fishery projects, at this  
14 point, the board has not discussed non-fishery projects.  
15 However, when the regulations for non-fishery projects are  
16 approved as with other CDQ groups, it will consider, debate at  
17 the BBEDC board level and at that time, we will discuss if  
18 that is allowed what percentage of the previous year's pollock  
19 royalties -- currently, the regulation reads up to 20 percent  
20 so the board could go at five, 10, 15, 12 or whatever once  
21 that regulations is passed.

22 The proposed project sheets for 2006, 2008 are one-

1 sentence summaries. Again, we're looking at becoming part  
2 owner of a new marketing company that will market our long  
3 line products. That way we'll be fully vertically integrated  
4 from catching to selling our product to the end user.

5 MR. CASHEN: Robin?

6 MR. SAMUELSEN: Yes.

7 MR. CASHEN: You've got these two pages marked  
8 confidential. Did you -- is there anything here you didn't  
9 want to share in the open part of this meeting?

10 MR. SAMUELSEN: There's some things. I'm not going  
11 to talk on every one of them.

12 MR. CASHEN: Okay.

13 MR. SAMUELSEN: I've got them mar -- I've got  
14 them.....

15 MR. CASHEN: Thought I'd catch you in case you  
16 slipped over.

17 MR. SAMUELSEN: Nope. Nope. I got them marked up  
18 here.

19 MR. CASHEN: Okay.

20 MR. SAMUELSEN: We are going to develop regional  
21 development association as authorized in House Bill 419,  
22 regional marketing association for salmon. We've shipped off

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1 the letter. We've participated in the state forums on  
2 development of House Bill 419 so we're well versed in 419 on  
3 the management level. We're going to work towards creating a  
4 regional ice cooperative in Bristol Bay. The demands for ice  
5 in Bristol Bay because of the large fleet, because of the  
6 large geographical area, BBEDC can't do it themselves so we  
7 are enlisting the help of the industry, the processing  
8 industry out there to create a regional icing cooperative  
9 that'll benefit everybody in the Bay.

10 We're going to continue the emphasis of quality  
11 measures for BBEDC fishermen and providing fishermen with fish  
12 hold insulation and slush bags. They need to cool that fish  
13 down soon as it comes over the roller. We're going to  
14 continue to work with the U. S. Fish and Wildlife Service,  
15 Department of Fish and Game on setting escapement goals for  
16 salmon stocks by supporting a comprehensive smoke programs as  
17 well as other programs that need to be in place by ADF&G for  
18 monitoring our sockeye salmon runs in Bristol Bay.

19 One of the things that we've -- we are known for is  
20 our partnerships with Seattle-based industry who share the  
21 same commitment to grow their seafood business along with our  
22 business, BBEDC's business. BBEDC is committed to

1 Alaskanizing the Bering seafood industry to the maximum extent  
2 possible. I think we've demonstrated that in our investments  
3 and with our partners. Make no bones about it where we want  
4 to go, where we are headed. I'm seeing what I could say here.  
5 I've got it marked up here so bear with me.

6 We do have a self-sufficiency plan that I will talk  
7 later on about, target species and, I guess, for now, Mr.  
8 Commissioner, I think that's about it.

9 MR. BLATCHFORD: Thank you, Robin. Greg?

10 MR. CASHEN: Thank you, Robin. We have some  
11 questions that are probably -- you've probably touched on and  
12 may have answered so.....

13 UNIDENTIFIED MALE SPEAKER: You want to take a  
14 break?

15 MR. CASHEN: Do you want to take -- yeah. Sure.  
16 We'd like to take a five-minute break at this point and we'll  
17 start with the.....

18 MR. SAMUELSEN: That's one thing good about meetings  
19 is the breaks.

20 MR. CASHEN: Okay.

21 (Off record)

22 (On record)

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1 MR. CASHEN: Back on record.

2 MR. BLATCHFORD: That was in reference to me, not to  
3 anybody else. Okay? How we're going to do this is that.....

4 UNIDENTIFIED MALE SPEAKER: We go into public  
5 session.

6 MR. BLATCHFORD: .....the board -- we're going into  
7 the public comment. Mr. Cashen?

8 MR. CASHEN: Okay. Thanks, Commissioner. Is there  
9 any public comment on BBEDC's CDP? Anyone in the audience or  
10 anyone on line? Is there anyone on line?

11 MR. SAMUELSEN: Madam Clerk is indicating there was  
12 no one on line.

13 MR. CASHEN: Okay. There's no one on line so if  
14 there's no public comment from -- at this time, we'll proceed  
15 into questions from the CDQ team. Commissioner?

16 MR. BLATCHFORD: Okay. Thank you, Greg. Mr.  
17 Samuelson, what we have are 13 questions. Do we still have 13  
18 questions, Greg? How many.....

19 MR. CASHEN: We -- we've consolidated some of the  
20 questions because I think they've already been answered.

21 MR. BLATCHFORD: Okay. Because I have before me 13  
22 questions and I'd like to follow my script and do.....

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1 MR. SAMUELSEN: Is that a bad omen, 13 questions?

2 MR. BLATCHFORD: No, actually, I think we're down  
3 to....

4 MS. LEAMER: Ten.

5 MR. BLATCHFORD: .....10 questions with.....

6 MR. SAMUELSEN: Oh, that's better.

7 MR. BLATCHFORD: .....with follow-up questions  
8 maybe.....

9 MR. SAMUELSEN: Okay.

10 MR. BLATCHFORD: .....but I'd like to follow the  
11 script and, you know, the -- each person here will be asking a  
12 different question, I think. That's the way it's going to go,  
13 Robert, and some of the questions you may already have  
14 answered but it gives you the opportunity to elaborate on your  
15 comments that you made in your presentation.

16 MR. SAMUELSEN: Well.....

17 MR. BLATCHFORD: Okay?

18 MR. SAMUELSEN: Thank you, Mr. Commissioner. I'll  
19 try and answer the questions as -- best of my ability.  
20 However, in light of the changing circumstances and letters  
21 that you've been shipping me, if I plead the Fifth, that's  
22 because it's in the situation that we're in.

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1 MR. BLATCHFORD: That is fine.

2 MR. SAMUELSEN: Okay.

3 MR. BLATCHFORD: Mark, okay?

4 MR. DAVIS: Yes.

5 MR. BLATCHFORD: The first question. Okay?

6 MR. DAVIS: Yeah, we -- this is Mr. Davis for the  
7 record. Mr. Samuelson, we wanted to tell you in the public  
8 comment section of APIDCA, labor Commissioner O'Cleary  
9 testified and his testimony he meant to apply to all six  
10 groups. We don't have a transcript yet and so we apologize  
11 but the -- what he was saying, essentially, was that the  
12 Department of Labor supports Alaska hire and is working on a  
13 methodology to train more people and that the -- there will be  
14 an announcement, he anticipates, on Thursday of additional  
15 state support for that and he just wanted to inform all six  
16 groups of that opportunity and the state's commitment to  
17 working with people to get people hired in the marine industry  
18 which could include the CDQ groups and I think that's a fair  
19 summary so we wanted to inform you we've had that public  
20 comment.

21 MR. BLATCHFORD: Okay.

22 MR. SAMUELSEN: Response?

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1           MR. DAVIS:  Ok -- there's no response either, we  
2 just need to tell you what's in the record.

3           MR. BLATCHFORD:  Okay.  What I'm going to do, Mr.  
4 Samuelsen, is, again, by asking the first question and then  
5 Greg Cashen will moderate and go through the list of  
6 questions.  Okay?

7           MR. SAMUELSEN:  Okay.

8           MR. BLATCHFORD:  The first question is CDQ program  
9 has been in existence for 12 years.  Please explain BBEDC's  
10 long-range transition plan and investment strategy to create a  
11 self-sustaining fisheries-related economy in the Bristol Bay  
12 region.  What steps has BBEDC taken here in the current  
13 allocation cycle, 2003, 2005, to achieve this goal?

14          MR. SAMUELSEN:  Okay.  I think that's a very well-  
15 loaded question, first off, and that the definition of self-  
16 sufficiency, when I was on the council, we had an argument as  
17 -- within the council family what self-sufficiency meant and  
18 our partner was Wally Perera (ph) of Arctic Storm who  
19 represented the State of Washington and as we were sitting  
20 around the council table, I said Wally, I'll put it in context  
21 -- self-sufficiency, I'll put it in context that you'll  
22 understand, Wally.  I said I'll know when BBEDC has reached

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1 self-sufficiency when all my people are driving a \$35,000  
2 Harley like you are. So with that opening statement, I think  
3 Earl remembers that comment that time I made it at -- on the  
4 record.

5 I think all our programs from Day One has been  
6 motivated by creating self-sufficiency, not only self-  
7 sufficiency but self esteem within our communities. This is  
8 what the CDQ has done. If you give people stuff, they'll  
9 accept -- they'll be happy but they won't learn from it. My  
10 board has said let's provide our people with opportunities so  
11 -- and then people take advantage of them opportunities,  
12 they'll appreciate them opportunities. It isn't a handout.  
13 CDQ program in BBEDC's eyes is not a handout program. If you  
14 have your hand out, you don't receive anything. You've got to  
15 earn it. On an individual basis, on a community basis, the  
16 communities have to earn and work within the confines of the  
17 program. There's strict monitoring by us so we're making sure  
18 that we're complying with the regulations that govern us that  
19 you people impose on us, the North Pacific Fishery Management  
20 Council, and NMFS impose on us and the commitment by the  
21 Magnuson-Stevens Act.

22 I think the biggest self-sufficiency projects that

1 we are working on is in the realm of fisheries, trying to  
2 empower our communities. Our communities are dying out there.  
3 They're dying a slow, slow death. The only way that we could  
4 provide self-sufficiency through tho -- to those communities  
5 is through the fishing industry, salmon. We have abundance of  
6 resources. However, we don't have the tools in our  
7 communities to take advantage of them resources. We've been  
8 an industry that's been dominated for the last 150 years by  
9 the folks in Washington and Oregon. They had the cannery  
10 store. They gave our people hand-me-down nets, they gave our  
11 people lower limits than outside fishermen. There's a  
12 hierarchy in Bristol Bay. The watchmen stayed in the white  
13 house. The outside white cannery workers ate in the blue  
14 room, locals ate in the mud room. There's a lot of things  
15 like that that you don't see outside of Bristol Bay. That's  
16 still prevalent in Bristol Bay to some extent. We're creating  
17 self-sufficiency by empowering not only our villages, our  
18 tribal villages, our city governments but we're empowering  
19 them -- providing the tools to empower themselves, to create a  
20 economy, to keep people in the village through fisheries.  
21 We're providing self-sustainability through our educational  
22 programs. I think we're the only CDQ group that went back to

1 the first grade. We've got programs working on first graders  
2 to get them a different mindset. No, you don't have to grow  
3 up to be just a fisherman or a boat builder. There's a whole  
4 world waiting for you out there and we've gone through all  
5 five school districts in Bristol Bay and implemented programs  
6 that would create that mindset at a younger age. You're not  
7 going to train somebody that's 18 years old. It's too damned  
8 late. They know more than their mom and dad. We're all 18  
9 years old and our parents were stupid when we were 18. So was  
10 anybody else that was older than use. We were the smartest  
11 ones so we recognize we have to start at a early age and get  
12 them kids in a mindset to operate outside the realm of the  
13 Bristol Bay Region. We've done that. That's creating self-  
14 sufficiency right from the ground level through our education  
15 initiatives.

16 The employment and training initiatives, the  
17 internships, those are all geared towards self-sufficiency,  
18 self-sufficiency on a individual basis and a self-sufficiency  
19 on coming back and making your community through education  
20 more self-sufficient. Bring your knowledge back. Let it work  
21 within your community. I think we've maintained the course  
22 time and time again. We've heard cries to do this, do that.

1 We keep telling our people we are governed -- we're the most  
2 governed organization probably in the history of the State of  
3 Alaska maybe besides the banks on how we could spend our  
4 money. It's got to be fisheries related. We go back.  
5 There's a lot of things we could do with non-fisheries  
6 related. Good things. But we've sta -- we've worked within  
7 the confines of the program to create self-sufficiency and I  
8 hope that answers your question and my board, it'll -- is more  
9 than willing to come up and sit at this table and staff to  
10 expand on it.

11 Our commitment to purchase IFQ's. We were -- we're  
12 maxed out on halibut IFQ's right now. We're just about maxed  
13 out in halibut/sable fish IFQ's. We are going down the road  
14 with crab rationalization. My board 10 years ago had a crab  
15 plan in place. We knew that crab rationalization was going to  
16 come sometime, before IFQ's -- halibut IFQ's came into play.  
17 We wanted to know -- we realize that the people that  
18 controlled the resource were going to be the players, not the  
19 people that owned the steel, it was the resource that matters  
20 and we've made that commitment. We've set aside dollars.  
21 Every year we set aside dollars. We develop investment  
22 criteria so when we do buy stuff, it isn't losing money, it's

1 making us money and we take part of that money, we invest it  
2 back into our communities and we take part of that money and  
3 invest it into new IFQ's, into new business ventures that  
4 brings us back money. All of that's part of our self-  
5 sufficiency plan.

6 MR. BLATCHFORD: Thank you, Robin. Greg?

7 MR. CASHEN: Thank you, Robin. BBEDC has requested  
8 an increase in their pollock allocation from 21 to 23 percent  
9 and I was wondering if you could expand a little bit on your  
10 allocation justification based on your active projects and  
11 your proposed projects in your 2006, 2008 CDP?

12 MR. SAMUELSEN: Yeah, I think I expanded on that  
13 just a little bit in my opening statements, that although we  
14 get along with our partners in Seattle, that is a business  
15 relationship. We have stepped out of the box time and time  
16 again. We've increased not only our royalties but we've  
17 increased other CDQ royalties because of our actions. We have  
18 terminated partnerships. We own 30 percent of the Arctic  
19 Fjord. They had a hundred percent of our quota. Today they  
20 don't have any of our quota, we've moved it away a hundred  
21 percent from them. We still own 30 percent.

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1 helped other CDQ groups in flatfish species and in different  
2 species. We've tried to be a conduit that would bring groups  
3 together that could work together for the benefit of all the  
4 CDQ groups, not only BBEDC. Eric's been managing, I think,  
5 three CDQ groups' quotas at different times. Hopefully,  
6 another quota manager will pick it up. It's not just a  
7 BBEDC/Eric thing but, you know, we think we've been good  
8 stewards of the resource and we've spent our money wisely.

9 MR. CASHEN: Okay. Thank you. Mr. Winegar?

10 MR. WINEGAR: Yeah. For the record, Greg Winegar.  
11 How does BBEDC feel about public disclosure of compensation  
12 levels of key personnel?

13 MR. SAMUELSEN: We've been an advocate of that for a  
14 long time. I think we were the first advocates of it. My  
15 salary is \$81,000 -- \$81,120. Yesterday when I testified  
16 before the North Pacific Fishery Management Council, I was  
17 going to tell them that. I'm not afraid to tell anybody that.  
18 You know, James Barnett, Jim Barnett back here, our attorney,  
19 \$99,000. He does a lot of work for us for \$99,000. Bryce  
20 Edgmon sitting back here, \$91,000. Eric Olson, \$76,000. Bob  
21 Lingang (ph) who's retired from Boeing Company is was one of  
22 their chief financial officers that they wanted to move back

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1 East -- they were one -- he was one of their prized employees  
2 -- \$81,000. Living in Dillingham. Those are not out-of-the-  
3 ordinary salaries, you know? And I look at some of these  
4 other guys and Christ, third gener -- third person down the  
5 line makes more money than Bryce and I put together, you know,  
6 and throw in a new truck or two for Bryce and we still don't  
7 make their salaries so our salaries are more than -- are  
8 comparable. I look at board attendance. Moses Kritz, 8,200.  
9 Robert Heyano, 8,000. These are executive committee members.  
10 These are the cream of the crop of BBEDC if -- you might say  
11 because they're the most involved in the day-to-day operations  
12 of BBEDC. They sit on and chair most of the committees.  
13 Steve Angasan, \$6,000; Mark Angasan, \$5,600; Victor Sifsa -- I  
14 mean Seybert, \$5,400. That's in board compensation. I look  
15 at some of these other board compensations, Christ, they get  
16 paid more than my employees, hundred perc -- full-time  
17 employees. There's been abuses and I think those abuses are  
18 going to come out in the press one of these days and it's  
19 going to be detrimental to the overall benefit of the CDQ  
20 program. This program is too damned important for a few  
21 people in top management to ruin for everybody. There will  
22 never be another program like this program in Alaska's

1 history. There's never been one and there never will be and  
2 it's going to only take a few people to spoil this program for  
3 hundreds and hundreds of people that are really benefitting  
4 from this program. I hope I'm not around to see it.

5 MR. DAVIS: Yeah, for the record, this is Mr. Davis.  
6 I'd like to ask a follow-up question.

7 MR. SAMUELSEN: Sure.

8 MR. DAVIS: You've given us a figure that you pay  
9 your counsel. I assume he's not an employee.

10 MR. SAMUELSEN: He's not a employee.

11 MR. DAVIS: Okay. So do you have an opinion whether  
12 it's appropriate to disclose compensation given to third-party  
13 contractors?

14 MR. SAMUELSEN: I believe that our pollock, our  
15 crab, our flatfish is a public resource, that this program was  
16 created at North Pacific Fishery Management Council level and  
17 that everything should be transparent.

18 MR. DAVIS: And that would include, therefore, such  
19 as a consultant if you had a contract?

20 MR. SAMUELSEN: Yes.

21 MR. DAVIS: Then I'd like to continue on up to a  
22 different topic if I could. I realize you touched on this in  
23

1 your opening testimony but I'd like to ask for more  
2 specificity if we might. We'd like to know what your group's  
3 current and future plans for employment with your harvesting  
4 and processing partners are.

5 MR. SAMUELSEN: We are going to strive for maximum  
6 employment opportunities for our residents, maximum, and if  
7 that means that the -- our partners are slacking, we have no  
8 problems of calling our partners on the spot. We don't have  
9 no problems of ending relationships if they can't live up to  
10 their contract -- contractual obligations in the realm of  
11 employment opportunities for our people. We not only require  
12 employment but we require upward mobility. We don't want our  
13 people to be on slime lines and sliming fish for the rest of  
14 their lives, we want them to know how to become quality  
15 control officers. We want them to operate the modern  
16 machines.

17 MR. DAVIS: What type of jobs have you been able to  
18 get on the -- with the processors -- processor ships?

19 MR. SAMUELSEN: Everybody starts off in the slime  
20 line positions. We don't ask any of our employees to cut any  
21 slack for any of Bristol Bay residents. We want our employees  
22 to go out there and earn it. A lot of our people are happy on

1 the slime line. I'll have to admit that. They don't want the  
2 added responsibility or the pressures of having 20 people  
3 underneath you or whatever. However, there's that core group  
4 that one day hopes to be in the pilot house. Well, that  
5 doesn't come overnight. That comes with hours at sea, that  
6 comes with hours at ex -- experience and that comes with hours  
7 of education and training. We have some of them people in our  
8 hopper and we support them people.

9 MR. DAVIS: And how do you support them? Do you  
10 offer education?

11 MR. SAMUELSEN: We offer educational courses to  
12 them. We offer them encouragement and we try to help them any  
13 way we can within the confines of the CDQ program. We also  
14 offer them, yeah, senior management and administrative jobs  
15 within BBEDC.

16 MR. DAVIS: And I'd like to also -- that leads to  
17 the next part of this question, the same issue about  
18 employment for in-region projects versus offshore. Do you  
19 have plans for local hire on in-shore projects?

20 MR. SAMUELSEN: Yes.

21 MR. DAVIS: Could you describe some of those?

22 MR. SAMUELSEN: I think working with the city and

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1 tribal governments and I'll use Togiak as an example as Moses  
2 is sitting back here and he could tell me I'm full of bull or  
3 not -- tell you guys I'm full of bull, I guess, would be a  
4 better term. I think that's the second largest village within  
5 Bristol Bay. Moses, how many people are there?

6 MR. KRITZ: Thousand.

7 MR. SAMUELSEN: Thousand people in Togiak.

8 MR. DAVIS: He's paying attention to you.

9 MR. SAMUELSEN: Yeah, a thousand people in Togiak.  
10 The only economy Togiak has right now is fishing, a few jobs  
11 at the school, a few at the tribal office. You know, that's a  
12 fast-growing community. They want to get into fish  
13 processing. They want to be able to catch -- they want their  
14 fishermen to catch the fish. They want their people to  
15 process that fish and they want their people to market that  
16 fish. We have no problems with that. We support that a  
17 hundred percent to make that community more self-sufficient  
18 and that's our goal is empowering our communities.

19 MR. DAVIS: Are you using CDQ royalty money to do  
20 that?

21 MR. SAMUELSEN: Yes, we're -- we are using CDQ  
22 royalty money, grant money and any money we can. It's

1 fisheries related.

2 MR. DAVIS: Okay. And you're using the grant money  
3 to try to extend your roy -- CDQ royalty money?

4 MR. SAMUELSEN: We're using our grant money. If  
5 it's marketing dollars, we use marketing dollars -- grant  
6 marketing dollars plus some of BBEDC dollars and if grant  
7 dollars are not available and it fits within the confines of  
8 the program, we will use a hundred percent BBEDC dollars.

9 MR. KRYGIER: Robin, you laid out nice analysis of  
10 some of the vessels and things you guys bought. You've --  
11 some of those I know are crab boats. You mentioned earlier  
12 that you were doing some purchases of quota share in the crab  
13 operations and I'd like you to expand on that a little bit.  
14 You've asked for an increase in quota and, of course, there's  
15 two new species that are available for which you've asked for  
16 a specific quota on for those, the -- in the Aleutian Islands,  
17 the red crab and the golden crab and I'm trying to understand  
18 a little bit better about (a) your justification for your  
19 request and (b) how your investment strategy is going to help  
20 -- you know, continue your ability to have a sustaining  
21 portion of that crab CDQ in the future.

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1 want? You know, you don't have five people from around the  
2 region calling up all ticked off at BBEDC. There's a reason  
3 why. We're doing a damned good job out there and if they got  
4 a problem, like I said earlier, they're my first priority.  
5 They're my staff's first priority. We go to the village first  
6 before we'll come and talk to a commissioner because that's --  
7 they're our priority and usually it's a misunderstanding and  
8 we like criticism. I love criticism for me and my employees.  
9 How could we do it better? Let us know, we'll do it better  
10 and I think that we've demonstrated time and time again that  
11 we've spent our money wisely. We've also worked very hard in  
12 trying to vertically integrate. We've been the leaders in  
13 vertical integration. There's a lot of money left on the  
14 table after you catch the fish and sell the fish. There's a  
15 lot of money to that next stage so we want to be vertically  
16 integrated. We want to be vertically integrated in our crab  
17 where -- and I'll talk about that later on, about a crab deal  
18 that we're looking at now that has major implications for us,  
19 you know, and a nickel here, six cents here is big money when  
20 you're talking about the allocations. Cod, I've told you  
21 we're trying to -- we're going to buy a marketing company.  
22 We're looking into buying a marketing company that is

1 currently marketing our cod and halibut so we will have our  
2 cod and halibut completely vertically integrated.

3 MR. KRYGIER: Okay. Can I have a follow-up on that?  
4 Something you said, other groups are leaving some of their  
5 allocation on the table. What can we collectively do, all the  
6 groups, to not have that happen? Is there something that  
7 we're missing.....

8 MR. SAMUELSEN: Well, we.....

9 MR. KRYGIER: .....as a CDQ planning group that we  
10 need to better instruct cooperation or whatever? I mean, I --  
11 it's appalling to -- for us to have as -- someone that sits on  
12 the council and helps making sure that those allocations are  
13 made. I don't want them left on the table and not utilized or  
14 -- when that value can go back to the communities so what can  
15 we do to do this better?

16 MR. SAMUELSEN: Well -- and we've asked ourselves  
17 that, what could we do to make it better so we've gone to the  
18 other CDQ groups and said okay, let's call each other. On a  
19 certain date, they need to call Eric or Eric needs to call  
20 them. If BBEDC can't harvest it and Norton Sound could  
21 harvest it, Eric will call Norton Sound, we need some help and  
22 if Norton Sound says no, we'll call Coastal Villages. So

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1 we've got a network between us but that seems to have -- we're  
2 still open to it. Some of them have seen to forget our number  
3 and, consequently, the -- you're bumping up against a closure  
4 of the fishery and you've got 5,000 tons. That's a lot of  
5 dough, 5,000 tons of cod sitting -- left in the water. We  
6 haven't gotten the call. We've utilized that -- we've  
7 harvested a hundred percent right down to our halibut, our 4-E  
8 halibut. We've maximized that. Our fishermen three of the  
9 last four years have caught a hundred percent of that.  
10 They've caught over a hundred percent of it when you consider  
11 4-D brought in but we've focused within management and hiring  
12 Eric, close monitoring of our allocations and our goal is to  
13 harvest the maximum we can without going over because, as you  
14 all know, we're penalized like nobody else in the industry  
15 when we go over and we've worked with our partners to do that.

16 MR. KRYGIER: We just -- this Earl again and --  
17 Krygier and I -- for the record and we just finished an  
18 allocation of splitting up the whole Bering Sea to the rest of  
19 the non-CDQ groups as well as the CDQ groups and we found over  
20 four -- 4,500 hundred metric tons so that's 5,000 tons being  
21 left on the table. That 4,500 metric tons to one group of  
22 factory trawlers that hadn't got fleet would have given them

1 two weeks of work so that's a lot of quota. You're talking 21  
2 -- I think it's 21 large factory trawlers. 4,500 metric  
3 tons.....

4 UNIDENTIFIED MALE SPEAKER: That's 5,000 tons of cod  
5 worth.

6 MR. KRYGIER: .....would have given them two weeks  
7 is what they said and the council reacted to that. We did  
8 adjust the quotas to give them that because that was a  
9 significant adjustment, social economics, so if we're lo -- if  
10 we collect, we are doing that. I think we need to be maybe  
11 making sure that the groups are working better together not to  
12 leave that on the table.

13 MR. SAMUELSEN: Well, the groups are -- if I may --  
14 and, you know, you sit at the council as -- and also as a  
15 ADF&G representative and you know that it's -- sometimes  
16 transferring stuff is not as easy as it seems, especially  
17 within -- once you get into the CDQ realm. Seems like the  
18 council's made it twice as tough for us to do business as it  
19 does the open access fishermen. We've got all these  
20 restrictions so we've got by-catch restrictions and all these  
21 hard caps.

22 MR. KRYGIER: Soft caps versus hard caps, yeah.

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1           MR. SAMUELSEN: I mean, when we go over a pound, we  
2 get fined. There's no question about it. Joe Blow in the  
3 open access goes over and he gets a letter that well, you've  
4 gone over but we get fined and so part of the problem is the  
5 regulatory problem, it isn't just the CDQ's not talking to  
6 each other, it's -- part of it is the regulatory problem also.

7           MR. KRYGIER: Okay. Well, we probably need to  
8 explore that. I have one more question on sable fish.....

9           MR. SAMUELSEN: Sure.

10          MR. KRYGIER: .....and I know that you've asked for  
11 an increase in sable fish allocation. There are problems in  
12 some areas with whales, both sperm whales and killer whales  
13 and yet you -- much of your allo -- or much of your  
14 acquisition in partnerships and things is with some of the  
15 long line vessels. How do you -- what are you going to do  
16 about those areas and places where you have whale problems and  
17 where you've kind of made some investments and partnerships  
18 with long lines that are, of course, more susceptible to the  
19 whale problem?

20          MR. SAMUELSEN: Sure. One of the things that the  
21 council has required is observer coverage. We have the  
22 highest observer coverage of anybody in the industry. The

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1 cost for us to do business within the fishing community --  
2 fishing industry is not the same cost as Joe Blow over here in  
3 the open access fishery. Usually we need a hundred or 200  
4 percent observer coverage. We've been a champion, as you well  
5 now, Earl, at the council on conservation and on by-catch  
6 issues, marine mammal issues. I've closed off thousand of  
7 acres of real estate to protect Bristol Bay's fragile  
8 ecosystem. We continue. It's a daily thing when -- Eric is  
9 in daily contact with our fishing vessels. Eric has the right  
10 to shut down any vessel on by-catch. He could shut them down  
11 tomorrow. I don't -- it isn't the dollars that matter.  
12 Dollars do matter but clean fishing practices also matter and  
13 our -- we can't sit there and tell our 17 communities that we  
14 support strong by-catch measures on salmon and then turn right  
15 around and go kill thousands and thousands of salmon. We've  
16 got to -- if we're going to walk the walk, we need to be able  
17 to talk the talk and we've demonstrated that time and time  
18 again.

19 As far as these vessels go, these -- the BRISTOL  
20 LEADER and the BERING LEADER, those vess -- the BERING --  
21 BRISTOL LEADER goes way out to the tip of Adak -- past Adak  
22 and fishes for cod. That is a money making machine. It's

1 laid out to the current specs. It has the -- updated  
2 equipment. We've got a wonderful return on investment.  
3 That's the sized vessel it takes to make it. The smaller  
4 vessel, the 124-foot, the reason why we built it 120-foot --  
5 Earl's aware of this -- is to get away from these damned  
6 observer coverages because observers cost you \$350 a day to do  
7 business out there plus. So we intentionally built it 124-  
8 foot by 40-foot wide. It looks like a -- one of them fat  
9 little Bristol Bay boats, you know? It's kind of packed but,  
10 you know, based on our numbers and our performance and our due  
11 diligence, it's going to be a real efficient vessel to operate  
12 out in that area. Avoidance of marine mammals, avoidance of  
13 by-catch species is our -- one of our primary concerns. It's  
14 been one of our primary concerns.

15 We've also -- a few years ago when we came before  
16 you all, we learned that Yukon Delta had taken some of their  
17 vessels and went over to pot fishing. We've done the same  
18 thing. We're fishing pots with the CASCADE MARINER. That  
19 isn't a easy business to learn, nor is it inexpensive to gear  
20 up but it's well worth it in the by-catch arena. We've done  
21 that to some of our vessels. We've switched over.

22 MR. CASHEN: Thanks, Robin, and next question you've

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1 answered but let -- Mr. Jones?

2 MR. JONES: Sure.

3 MR. CASHEN: Or partially answered at least.

4 MR. JONES: Partially. Yeah, it's regarding the  
5 non-fish related projects; you know, the in-region economic  
6 development projects. What are BBEDC's plans, if any, for  
7 this allowance and how will this allowance benefit BBEDC  
8 communities?

9 MR. SAMUELSEN: Well, that's a good question. I was  
10 at the North -- I was sitting at the North Pacific Fishery  
11 Management Council when that regulation got passed and I will  
12 go back and give you all a little history on it. At that  
13 time, the Norton Sound and Yukon Fishermen fisheries were  
14 completely devastated. They had no fish coming back and  
15 Ragnar and Eugene came and said how could we invest in  
16 fisheries-related when we got no fishery with CDQ dollars.  
17 You got to give us a break here and we talked about five  
18 percent, 10 percent, 20 percent. Well, the council finally  
19 moved a motion. I think I made the motion. Maybe Earl did.  
20 I don't know who did -- or Earl's boss made the motion to  
21 allow 20 percent of the previous year's pollock royalty to be  
22 used for in-region economic non-fisheries development. Excuse

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1 me, the Yukon folks, Norton Sound folks, that satisfied them  
2 -- to some extent, the coastal village folks as well as folks  
3 in Bristol Bay. My board has reserved the right at the time  
4 that the Secretary signs that bill and it becomes law, that we  
5 will go back and offer a budget amendment to you all. They  
6 are going to decide what percentage will go into non-fisheries  
7 econom -- in-region economic development at that time so it  
8 may be five percent, it may be zero, it may be 20 percent but  
9 that's going to be a board decision that they're going to do  
10 battle on.

11 MR. JONES: Thanks, Robin. Mr. Clough, you want to  
12 take number nine now?

13 MR. CLOUGH: Yeah, we're jumping down. Robin, for  
14 next allocation period, for '06, '08, you've requested going  
15 from 21 to 20 percent -- excuse me, 21 to 26 percent for pea  
16 cod. How do you propose to capitalize on that increase  
17 (indiscernible - simultaneous speaking)?

18 MR. SAMUELSEN: Well, I think, again, you need to go  
19 back on our record on harvesting cod. We've harvested a  
20 hundred percent of basically our cod allocation from you all.  
21 We've got a \$7-1/2 million investment in the BERING LEADER  
22 when it's completed and launched and fueled up and all the

1 hooks are on there. That's a -- roughly about a \$7-1/2  
2 million investment. We will not only be able to harvest our  
3 allocation but we think additional allocation. We are  
4 committed and plus another factor in that is that we're not  
5 only going to catch the fish, we're going to be marketing that  
6 fish by being totally vertically integrated.

7 MR. DAVIS: This is Mr. Davis. What would that mean  
8 if you're able to achieve that vertical integration of pea  
9 cod? I mean, how much additional CDQ dollars would you  
10 capture?

11 MR. SAMUELSEN: It's not going to be CDQ dollars  
12 that we're going to be able to capture.

13 MR. DAVIS: Well, money that's based on CDQ assets  
14 that you turn into investment.

15 MR. SAMUELSEN: Well, it's going to be pretty  
16 substantial when you add in cod and halibut. We're also  
17 looking at vertically integrating in our crab. It's going to  
18 be substantial dollars. We will own a major portion of that  
19 company that does the marketing. Ironically, our beloved  
20 partners said they were going to do it so what did we do? We  
21 said no, we want another piece of the action. They said no.  
22 We said okay, it's time to get this marriage annulled. We

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1 want out. We'll take the BRISTOL LEADER or sell you our  
2 portion out and we forced our way into that company. We have  
3 to force our way into companies. We have to get vertically  
4 integrated.

5 MR. DAVIS: So -- but if you're able to do that,  
6 will you get a lot -- I mean, the basic resource you're  
7 getting through an allocation but can you capture more money  
8 out of that resource if you -- that's what I'm trying to say,  
9 how much more do you capture by going -- vertically  
10 integrating versus just selling the fish?

11 MR. SAMUELSEN: Probably around \$30 million,  
12 substantial amount.

13 MR. DAVIS: So that would be a significant portion  
14 of your business plan then to be able to do that.

15 MR. SAMUELSEN: Yes, and if we could develop that  
16 model for cod, just think what it'll do for pollock, just  
17 think what it'd do for crab, especially if the crab stocks  
18 come back.

19 MR. DAVIS: Thank you.

20 MR. CASHEN: Thanks, Robin. Mr. Jones?

21 MR. JONES: Robin -- for the record, this is Larry  
22 Jones. Please provide an update on the flatfish pool BBEDC

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1 participated in beginning in 2003 and benefits you've received  
2 from this relationship.

3 MR. SAMUELSEN: Could I -- can I defer that question  
4 to Eric Olson, call him up? He's a hell of a lot smarter on  
5 it than I am.

6 MR. CASHEN: There's a mike over here, Robin.

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8 MR. OLSEN: Yeah, thank you, Commissioner  
9 Blatchford. For the record, my name is Eric Olsen. I'm the  
10 quota manager for Bristol Bay Economic Development Corporation  
11 and in our view, the flatfish program has been very successful  
12 for the groups that have been involved. Bristol Bay, Yukon  
13 Delta were the two that pretty much -- that was the brainchild  
14 of our two organizations. We brought on Coastal Villages and  
15 Central Bering Sea and together, we make up about 70 to 75  
16 percent of the CDQ allocations of flatfish. Before the  
17 flatfish pool, the flatfish fisheries were under-utilized with  
18 the exception of Atka mackerel which was a relatively clean  
19 fishery and the groups can prosecute that without the by-catch  
20 but the flatfish fisheries were very difficult. They were low  
21 -- relatively low valued species. You put a -- the extra  
22 observer costs that you have to have to fish that fishery and

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1 it made it really hard to prosecute in the open access  
2 fishery. What the groups did was we combined our allocations  
3 at the beginning of the year. There's very restrictive  
4 transfer requirements on CDQ's so we have to do a little  
5 planning to -- at the beginning of the year to take into  
6 account the results of the fishery through the -- throughout  
7 the year. I think if you take a look at the yellowfin sole  
8 numbers for the last two or three years, those are above 90  
9 percent. You take a look at the Atka mackerel fishery, those  
10 are about a hundred percent harvested every year. Rock sole  
11 and flathead sole are still problematic. Rock sole, the main  
12 problem is when the open access fishery end, that's usually  
13 when the roe turns bad so it makes it a little harder for the  
14 CDQ fishery to operate when the -- a major portion of the  
15 value of the roe is not -- is usually bad. I think the other  
16 major benefit that the flatfish pool came was increased return  
17 on our royalty. If you take a look at this confidential  
18 document here and go to the royalty section on page five,  
19 you'll see that the CDQ groups have not signed an agreement  
20 for 2006, 2008 but we have one on the table that the groups  
21 are reviewing right now and for Atka mackerel, it's a  
22 \_\_\_\_\_(redacted as this information is confidential under

1 Alaska State law) dollars per metric ton, rock sole, it's  
2 \_\_\_\_\_(redacted as this information is confidential under  
3 Alaska State law), flathead, it's \_\_\_\_\_(redacted as this  
4 information is confidential under Alaska State law), yellowfin  
5 sole's \_\_\_\_\_(redacted as this information is confidential  
6 under Alaska State law). The by-catch of Pacific cod that  
7 they get is \_\_\_\_\_(redacted as this information is  
8 confidential under Alaska State law) and general by-catch is  
9 \_\_\_\_\_(redacted as this information is confidential under  
10 Alaska State law) a ton. Tho -- that was a significant  
11 increase in the royalty rates per metric ton that you had  
12 before and in all aspects of that flatfish pool, I think it's  
13 been pretty successful.

14 MR. DAVIS: This is Mr. Davis. Who proposed the  
15 pool?

16 MR. OLSEN: It was.....

17 MR. SAMUELSEN: We did.

18 MR. OLSEN: Yeah.

19 MR. SAMUELSEN: We proposed the pool.

20 MR. DAVIS: Sorry, we just don't want to get  
21 simultaneous speech. Our poor court reporter just gets.....

22 MR. SAMUELSEN: Oh, go ahead. Okay. Go ahead,

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1 Eric.

2 MR. OLSEN: It was Bristol Bay Economic Development  
3 Corporation.

4 MR. DAVIS: And go ahead, Mr. Samuelsen.

5 MR. SAMUELSEN: Yes, because we were leaving so much  
6 in the water, I approached the other CEO's and said we need to  
7 do something here, can we work together. They agreed. I said  
8 I'll -- me and my staff will put it together and we'll put a  
9 straw man proposal together and we'll come to you with it.  
10 How's that? They said fine so Eric and I and other staff  
11 worked on it and did a straw man proposal and brought it to  
12 the other CDQ groups. They refined it with our input and  
13 their input and, henceforth, were able to capture a larger  
14 part of the resource that was being left in the water as well  
15 as increase our royalties.....

16 MR. DAVIS: And was the -- excuse me.

17 MR. SAMUELSEN: .....and limit our by-catch which  
18 was very important to us.

19 MR. DAVIS: I just wanted to follow up. And what's  
20 the -- for your group, what was the value of setting up that  
21 pool?

22 MR. OLSEN: I think if you take a look at our audits

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1 that we provided to you, our annual revenues were in the range  
2 anywhere from \_\_\_\_\_(redacted as this information is  
3 confidential under Alaska State law) and in the two years that  
4 we've been participants of the flatfish pool, we've had  
5 royalties in excess of \_\_\_\_\_(redacted as this  
6 information is confidential under Alaska State law) each of  
7 those years so it was greater than a \_\_\_\_\_(redacted  
8 as this information is confidential under Alaska State law)  
9 increase in royalties and just kind of jumping ahead on a  
10 little different subject, we've had really good success in the  
11 flatfish fishery. It -- it's spawned us talking about pollock  
12 and BBEDC managed the pollock allocation for our own  
13 allocation. Central Bering Sea and Coastal Villages which is  
14 five percent of the entire Bering Sea pollock TAC -- and  
15 that's under the management of BBEDC and because of the  
16 success we had with the flatfish pool, it spawned cooperation  
17 in other fisheries.

18 MR. DAVIS: And beyond additional revenues, did it  
19 provide any employment?

20 MR. OLSEN: Yes, it did. We have employment  
21 agreements in place that provide for 10 people that's combined  
22 with the four groups that are participants in the pool. I

1 don't think that we've attained our goal. We're still working  
2 hard on it. The pay on those boats is generally a lot lower  
3 than what it is on a pollock boat, per se, or a cod boat.  
4 These are generally lower valued fisheries and it's hard to  
5 get people to want to go but we've had -- I think we've had  
6 six or seven people from all four of the groups that have gone  
7 out on the boat. We haven't got the 10 yet but it's something  
8 that we're working on.

9 MR. SAMUELSEN: This isn't exclusive BBEDC oversight  
10 by Eric. The other groups have an option of taking it but  
11 because Eric did a good job, they felt comfortable with Eric  
12 continuing. We have no problems with the other groups. Their  
13 quota manager's taking it. We're very comfortable with either  
14 one, Eric, BBEDC, Coastal Villages, Yukon's quota manager's  
15 taking it.

16 MR. DAVIS: And have you charged the other groups  
17 for Mr. Olsen's services?

18 MR. SAMUELSEN: No, we have not.

19 MR. DAVIS: That's all I have. Thank you.

20 MR. CASHEN: Thank you, Eric. Thank you, Robin.

21 Commissioner, do you have any further comments or any members  
22 of the team?

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1           MR. BLATCHFORD: I would ask Mr. Samuelson to  
2 summarize your overall philosophy of this federal/state  
3 program.

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6           MR. SAMUELSEN: The oversight of the CDQ program has  
7 gotten too cumbersome. We've come a long way with our  
8 sophistication within our group. Never once has state/fed's  
9 oversight hampered our business investments which were greatly  
10 appreciative that when we put in a plan amendment or a plan to  
11 move forward with a purchase, you guys turned around very  
12 quickly where some CDQ groups accuse you guys that it's  
13 cloudy. However, the time has come to get rid of NMFS as part  
14 of the oversight team. It's getting too cumbersome. Their  
15 process does not match our processes. We could get quicker  
16 results. I'm not saying the state's better than NMFS in  
17 oversight but because of the regulations that govern both  
18 bodies, NMFS is too cumbersome. We are going to come forth --  
19 I am personally going to work on a plan amendment for the  
20 council to look at to do away with NMFS oversight to the  
21 maximum extent possible and turn the management over to the  
22 State of Alaska and I'm not saying this just to get kudos for

1 BBEDC or the other CDQ groups. That's just a reality in the  
2 business world that we deal in today. The latest developments  
3 of the last few months has been building and my board's been  
4 very concerned about it. I have testified before the council.

5 I've come before you guys, other administrations stating that  
6 we support oversight by NMFS and the State of Alaska of this  
7 program. The integrity of this program's got to be  
8 maintained. You cannot allow BBEDC to buy used car  
9 dealerships in Arizona without providing employment  
10 opportunities, training opportunities and the other things  
11 that demand -- that are demanded by the regs of the CDQ  
12 program. If you allow us to go buy car dealerships in  
13 Arizona, we will buy car dealerships in Arizona, we'll buy  
14 them in New Mexico, we'll buy them in California. That's just  
15 a fact of life. We need to keep the focus of this program  
16 which was its original intent is to go out, invest in the  
17 Bering Sea, take that investment and return it to your region,  
18 train your people, work towards self-sufficiency. Car  
19 dealerships will not do that. Part of this program is jobs in  
20 the region. Part of it is creating a self-sufficiency  
21 economy, part of it is creating self esteem amongst your  
22 people. Hired Regnar. You know, every time we came to these

1 meetings, it was devastating. When he got up to testify and  
2 he talked about the suicide rates in these communities,  
3 runaway suic -- 10 times higher than the national average and  
4 in his region, there was nothing, absolutely nothing. They  
5 didn't have a Bristol Bay fishery and in his region, the CDQ's  
6 meant everything and he -- they worked to lower their suicide  
7 rate because there was no hope for them young people out  
8 there. This program has brought so much damned hope to young  
9 people in the region and to old people in the region that see  
10 their communities dying. Nobody wants to see their  
11 communities dying. The recent developments of lawsuits and  
12 disclosures and this open meeting bull that we've been talking  
13 about and closed door meetings, this was never intended by the  
14 framers of the CDQ program which was Rick Lauber (ph) who I  
15 sat on the council with, which was Oscar Dyson. I sat nine  
16 years doing implementation afterward, dictating implementation  
17 and I've heard them guys talk. They've told me during the  
18 council meeting down in the lobby of the Hilton or down in the  
19 -- some hotel in Seattle, they've told me what they expected  
20 and they continue. Clem got up there and testified yesterday  
21 at the council. He's a -- Clem was a major player in the  
22 Hickel administration when this program was implemented. You

1 know, what we're seeing is pretty scary. It might be the  
2 demise of the CDQ program and I hope those that demise the CDQ  
3 program, quite frankly, burn in hell because they're doing a  
4 disservice to rural Alaskans. This program's too damned  
5 important. We don't have another program like it. We never  
6 will have another program like it and only we can screw it up  
7 in our eyes and my board's eyes and you could ask them sitting  
8 behind you. There's people that are in the CDQ program in top  
9 management that are trying to screw this program up for  
10 reasons we don't understand and I've said it before to you  
11 guys and I've told it to the council if they don't like the  
12 program, consider yourself fully developed and get the hell  
13 out. Don't ruin it for all of us and I'm asking you guys to  
14 have the guts and the determination to stand up to these  
15 people, not bow down to them because they're going to ruin it  
16 for us. This is a quasi-political program and people could  
17 vote on this program. People at the council could make our  
18 lives so miserable through regulations we'll never be able to  
19 harvest our allocations. Earl could tell you that. He's a  
20 seasoned council member and then these people get up there and  
21 strut in front of that council I don't like this, I don't like  
22 that first time they were ever taken on publicly. Do you

1 think I enjoyed getting up there saying what I said yesterday?

2 It wasn't for Robin Samuelsen, it was for the communities, my  
3 communities, their communities and, you know, it worries my  
4 board. My board said go to any meeting, go anywhere, spend  
5 any dollars to take these people on and oh, Barnett's salary  
6 might increase -- contractual salary as well as a couple other  
7 lawyers because I'm hell bent they're not going to ruin this  
8 program for my people. My board's hell bent.

9 MR. BLATCHFORD: Thank you, Mr. Robinson. I think I  
10 heard you.

11 MR. SAMUELSEN: Good.

12 MR. BLATCHFORD: Cashen?

13 MR. CASHEN: Okay. Any other comments from the team  
14 or from BBEDC?

15 MR. SAMUELSEN: I would ask my executive committee  
16 if they have anything or if I missed anything. They look  
17 sleepy. Hazel?

18 MR. CASHEN: We'd like to close the public testimony  
19 at this time and we're going to -- I'm going to move that we  
20 go into executive session. Do we want to take another break?

21 MR. BLATCHFORD: No break? Mark says no. There's a  
22 motion. If there a second to go into executive.....

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1 UNIDENTIFIED MALE SPEAKER: Second.

2 MR. BLATCHFORD: Moved and seconded. All those in  
3 favor, say aye.

4 MEMBERS: Aye.

5 MR. BLATCHFORD: All opposed, say nay. Hearing no  
6 nays, we are going to go into executive session. Mark?

7 MR. POAG: If I could just -- and if you could  
8 indulge me for a few minutes? I apologize, Mr. Samuelson. I  
9 want to make sure the record's clear as to why we're going  
10 into executive session.

11 MR. CASHEN: Well, why don't you identify yourself  
12 for the record.....

13 MR. POAG: Oh, I'm sorry.

14 MR. CASHEN: .....and your title?

15 MR. POAG: Chris Poag. I'm an attorney with the  
16 Department of Law. I'm one of the yahoos that said that the  
17 opens meeting applies to this board and I apologize for that  
18 but it's for.....

19 MR. SAMUELSON: I got a question for you though  
20 after you get done.

21 MR. POAG: Oh, that's all right. It's to protect  
22 us. It's -- open meetings law applies to this board and if we

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1 don't follow it, what we do in executive session may force us  
2 to come back and do this all over again so let's go through  
3 the process today. Let's do it right and we, hopefully, won't  
4 have to come back and do it again.

5           Opens meeting law says that everything should be  
6 open and public so that the sunshine can come in. It's called  
7 sunshine laws and there are some exceptions and today the  
8 state intends to implement two of those exceptions and they  
9 are C-3 and C-4 and that's in 44.62.310 and those two areas  
10 cover two different things. One are public records that we  
11 may consider today in executive session that are -- would be  
12 confidential under state law and the other is proprietary  
13 information or anything protected by state law. Both of those  
14 two areas are protected under Alaska constitutional law --  
15 it's a commercial privacy right -- and your proprietary  
16 information is protected under the Constitution such that your  
17 interest in keeping it protected outweighs the public's  
18 interest in disclosure and we want to take up two subjects  
19 today in executive session, elicit presentations from your  
20 group as well as ask questions from your group about two  
21 specific subject matters, one being royalty rates and the  
22 other being business plans for the future. If we stick to

1 those confines and we discuss only those matters in executive  
2 session, our actions should not be subject to scrutiny at a  
3 later date. So I would encourage all questions and all  
4 answers be geared towards those areas. If something that pops  
5 up has to fall outside those areas, we'll go back on public  
6 record and discuss those areas but if we stick to those areas,  
7 we should be protected. Okay? Is there any questions about  
8 that?

9 MR. SAMUELSEN: Yeah, is that going to be recorded?

10 MR. POAG: It is going to be recorded. There is --  
11 the advice I give into the CDQ team is probably -- obviously  
12 in the letter that you receive. There's no requirement in  
13 Alaska Statute that it be recorded. There is a requirement  
14 throughout all the states in researching this that there be  
15 some record -- and it doesn't have to be a verbatim record --  
16 to provide transparency to make sure that we're -- as an  
17 administrative advisory board, are providing potential  
18 administrative record if it comes to that and to avoid the  
19 argument that we're closing the door and keeping people out  
20 and doing something very secretive here today, we're going to  
21 record that. It is the state's intention that if we receive a  
22 public records request for that information, to deny it. The

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1     only reason that we would ever, hopefully, have to disclose it  
2     would be to a court and, again, we would ask for a protective  
3     order on the state's behalf that any information be limited  
4     solely for the purposes of the appeal and not go beyond the  
5     council for the person who represents that person seeking the  
6     appeal. Those are done routinely in state and federal cases.

7     We can make no guarantees to you today as to where that  
8     information will lead and I'll let your attorney handle that  
9     portion of it but we intend to do the best to protect the  
10    information you provide to us today in executive session.

11           MR. SAMUELSEN: Well, first off, I have to say I  
12    object to the recording. Usually when you've been to  
13    executive session, it's to discuss very confidential matters,  
14    personnel matters, etcetera. I am not speaking derogatory to  
15    the State of Alaska. I know that it would take just a request  
16    through a sympathetic judge to get those records, that tape --  
17    access to that tape out to the public. I have signed  
18    confidentiality agreements with existing partners that I don't  
19    mind and I've shared all that information with you all in the  
20    past. BBEDC currently has a number of deals in the works --  
21    substantial deals in the works that I'm very uncomfortable  
22    putting on tape in the executive session. I have no problem

1 if the tape was running. I will try answer the questions as  
2 best as I could. I am not going to be as specific as I would  
3 be if there wasn't a tape because I believe Don Mitchell will  
4 have access to your tape. Come hell or high water, the  
5 persistence of that gentleman in that group will have access  
6 to that tape so I am entering this knowing that and I've  
7 advised my executive committee also of that before we enter  
8 the meeting. I'm very comfortable. I object strongly to  
9 having the tape running. So my answers will be very generic.

10 I want to be up front with you all. I think that you have  
11 most if not all the information in my private documents, in  
12 our documents that we supplied to you. The only thing you do  
13 not have is currently what's going on because we have not  
14 submitted any plan amendments. Those business deals are still  
15 in the formation. I will speak generally of them, not  
16 mentioning partners, not mentioning costs to us or to our  
17 partners. With that understood, let's rock and roll.

18 MR. POAG: Just a brief response, the -- it's too  
19 bad that things are the way they are but.....

20 MR. SAMUELSEN: Yes, I realize that.

21 MR. POAG: .....and you choose what information you  
22 give to us and we are an advisory board and somebody else is

1 responsible for looking at what we do and making a  
2 recommendation and as long as the Open Meetings Act applies,  
3 we have to comport with it or what we've done here today may  
4 be subject to challenge. So in the future, there's  
5 legislative fixes where there are such things but today, the  
6 law requires us to do the things we're doing.

7 MR. SAMUELSEN: We have nothing to hide from you  
8 guys as our regulators. Our meetings have always been open to  
9 your and NMFS. Good or bad, we've had an open door policy.  
10 However, with the recent developments, I'm very uncomfortable  
11 with that open door policy and it's no reflection upon the  
12 state or NMFS.

13 MR. POAG: The last thing I forgot to mention is  
14 anyone that you wish to have present here today, you would  
15 have to indicate for the record who those persons are because  
16 you are, by disclosing that information in their presence --  
17 obviously, they leave the room with that information so I  
18 would just ask that anyone beyond the CDQ team and myself that  
19 are here present that you want to be present in executive  
20 session, that you just list them for the record.

21 MR. SAMUELSEN: Sure.

22 MR. POAG: Thank you.

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1 MR. SAMUELSEN: Present today.....

2 MR. BLATCHFORD: One more thing, ma'am -- Mr. Pre --  
3 Mr. Samuelson, you would have to also invite Mr. Poag to  
4 continue.

5 MR. POAG: Or the CDQ team would.

6 MR. BLATCHFORD: Or the CDQ team.

7 MR. SAMUELSEN: That's cool.

8 UNIDENTIFIED MALE SPEAKER: Any one of us.

9 MR. SAMUELSEN: Oh.

10 UNIDENTIFIED FEMALE SPEAKER: Our attorney, Mr.  
11 (indiscernible), and the witness.

12 UNIDENTIFIED MALE SPEAKER: Our attorney.

13 MR. SAMUELSEN: Okay. Well -- you mean I get to  
14 throw attorney out? Well, I'm going to fix you now.

15 MR. SAMUELSEN: Oh, that's a first. Thank you. You  
16 went up a couple notches in my book. All of your are welcome  
17 to stay. We have nothing to hide. I would ask that my  
18 executive committee -- do I need to name them by name?

19 MR. POAG: I would prefer it.

20 MR. SAMUELSEN: You would prefer. Ted Angasan,  
21 Moses Kritz, Hazel Nelson, Hattie Albecker, Victor Seybert be  
22 allowed to stay; my staff, Bryce Edgmon, Eric Olsen and my

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1 attorney, Jim Barnett, and way in the back, Paul Peyton be  
2 allowed to stay.

3 MR. BLATCHFORD: Very good. Okay. While we're  
4 going into executive session, we will just stand at ease for a  
5 minute or two.

6 (Off record)

7 (On record)

8 MR. BLATCHFORD: Well, Mr. Samuelson, we are now  
9 in.....

10 MR. CASHEN: Nope, we clean up -- just a second,  
11 Madam, could we note the time?

12 THE CLERK: Time is 3:25 p.m.

13 MR. CASHEN: Thank you, ma'am. Go ahead, Mr.  
14 Mitch.....

15 MR. BLATCHFORD: We are now in open session.

16 MR. CASHEN: Executive session.

17 MR. BLATCHFORD: Now we're going into executive  
18 session.

19 MR. CASHEN: Right.

20 **(CDQ TEAM GOES INTO EXECUTIVE SESSION FOR 25 MINUTES)**

21 MR. CASHEN: Is there any further public comments at  
22 this time?

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1                   MR. BLATCHFORD: Yeah, I'd just like to ask Ms.  
2 Nelson a question. How would you rate the executives of this  
3 group, Bristol Bay, in their outreach to their communities  
4 since you serve as a community representative too?

5                   MS. NELSON: Well, I think -- well, like Robin said,  
6 we did -- we take your criticism very seriously. However, if  
7 we can improve to bring the benefits home to our communities,  
8 we will and everything that you tell us, we try to be  
9 responsive to and so we -- since the time we met with you.....

10                  MR. CASHEN: The red light was on so there was  
11 nothing being hear -- said.

12                  MR. BLATCHFORD: Okay. Go ahead. Sorry about that.

13                  MS. NELSON: So what we looked at very closely since  
14 we last met with you was how much has the people that we hired  
15 to run the company improved in bringing communications, better  
16 communications to our locals and to our local governments and  
17 it has improved 100 percent and because we listen to you. We  
18 -- the board members make sure that what you tell us to do,  
19 it's done and it directly -- it -- when we do an evaluation --  
20 Robin's contract is on a year-by-year basis and when we -- the  
21 executive committee evaluates him, he knows that if he's --  
22 that we don't cut him any slack.

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1 MR. SAMUELSEN: Cheap too.

2 MS. NELSON: Bryce is doing an excellent job. I  
3 think all the people in our office -- we're very fortunate to  
4 have them because of the integrity that they maintain in  
5 running the office and making sure that the programs that are  
6 instituted get done and that the communications to our people  
7 are honest and it's a very -- it's an open door policy at  
8 BBEDC and it's something I'm very proud of.

9 MR. BLATCHFORD: Thank you.

10 MR. SAMUELSEN: Well, this is -- do a follow-up on  
11 community outreach. Since the last CDP cycle to now, we  
12 thought that newsletters and periodic spots on the radio was  
13 enough. You guys told us it wasn't enough. We invest roughly  
14 \$250,000 a year in community outreach to educate our  
15 residents. That's pretty substantial. That's 17 communities  
16 so we think we stepped up to the plate.

17 MR. JONES: And have you had -- this is Mr. Jones.  
18 You had any positive results from that effort?

19 MR. SAMUELSEN: Sure, lots of positive results.  
20 People are aware of when and where jobs are, what programs are  
21 becoming available. The primary responsibility of the  
22 community liaisons is to distribute material and educate

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1 residents of BBEDC program opportunities, keep well informed  
2 about changes of BBEDC programs and services and coordinate  
3 meetings and events for BBEDC staff in the villages. So just  
4 that alone, them people are our eyes and ears in the village.

5 They're all -- they've all got computers. They're all wired  
6 to the central office and it's had positive results.

7 MR. JONES: Thank you.

8 MR. SAMUELSEN: And we're looking at ways to improve  
9 it.

10 MR. CASHEN: I don't have any further questions.  
11 Team members? No? If there's nothing further, we could close  
12 the public hearing at this time.

13 MR. SAMUELSEN: I -- just my closing comments  
14 is.....

15 MR. CASHEN: Okay.

16 MR. SAMUELSEN: .....that on the face of it, it  
17 looks like things are pretty easy to do but unless you've  
18 traveled rural Alaska and realize the logistics, just getting  
19 to a village sometime because of weather is hampering the --  
20 has hampered development. We haven't traveled to all 17 of  
21 our villages in October because the weather was nasty.  
22 However, we feel that our residents are well informed about

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1 our programs. We continuously -- my board and I continu --  
2 and staff continuously look at how to do things better, how to  
3 do things more efficiently and we take this program pretty  
4 serious. We're proud to be part of this program and we hope  
5 this program stays intact and grows and that we are going to  
6 grow BBEDC in the years to come and I hope that we've educated  
7 you on how we see using this allocation to accomplish a lot of  
8 our goals that we're doing in the region as well as outside  
9 the region. Thank you on behalf of my board and myself.

10 MR. CASHEN: Thank you, Robin and Hazel and the  
11 board and management of BBEDC. Appreciate your testimony and  
12 we're going to close the public hearing at this time and go  
13 off record.

14 (Off record)

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18 \* \* \* END OF PROCEEDINGS \* \* \*

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