

## CDQ Panel Rule

Adopted by the CDQ Panel/  
Western Alaska Community Development Association (WACDA)

### **Resolution 2010-06** **Annual Reports to CDQ Villages by CDQ Groups**

The WACDA Board of Directors intends for this Resolution to be a CDQ Panel Rule binding on each of the six CDQ Entities pursuant to the terms of the WACDA Membership Agreement and to the Magnuson-Stevens Fishery Conservation and Management Act. The preceding statement is required by section 2.A of the September 28, 2007 WACDA Membership Agreement.

The CDQ Panel/WACDA Board of Directors has conducted a review and determined that this CDQ Panel Rule is lawful in all aspects. The preceding determination is required by section 2.B of the September 28, 2007 WACDA Membership Agreement.

This Resolution and CDQ Panel Rule is adopted to amend the contents and extend the effective date of the CDQ Panel Rule adopted by WACDA Resolution 2008-01.

#### **I. Findings:**

*Whereas*, the Federal statute which governs the Western Alaska Community Development Quota (CDQ) Program (section 305(i)(1) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1855(i)(1) et seq.) requires each of the six CDQ entities to “comply with State of Alaska law requiring annual reports to the entity’s member villages summarizing financial operations for the previous calendar year, including general and administrative costs and compensation levels of the top 5 highest paid personnel” (16 U.S.C. 1855(i)(1)(F)(ii));

*Whereas*, there is no State of Alaska law which requires annual reports by CDQ Entities to their villages;

*Whereas*, the Federal CDQ statute requires the CDQ Panel/WACDA to “administer those aspects of the [CDQ] program not otherwise addressed by [the Federal CDQ statute]” and authorizes the CDQ Panel/WACDA to do so through private contractual arrangement;

*Whereas*, the Federal CDQ statute requires the six CDQ entities to “comply with any...requirements established by the [CDQ Panel]” (16 U.S.C. 1855(i)(1)(E)(vi));

*Whereas*, on September 28, 2007, the six CDQ entities and CDQ Panel/WACDA entered into a WACDA Membership Agreement which establishes the process that the CDQ Panel/WACDA must follow in adopting any “requirements” pursuant to the Federal CDQ statute that are to be binding on the six CDQ entities;

*Whereas*, the CDQ Panel/WACDA believes it to be in the best interest of the CDQ Program and the participating communities, as well as consistent with the intent of the Federal CDQ statute, to adopt a CDQ Panel Rule requiring that CDQ entities provide annual financial reports to their member villages and identifying the minimum required contents of the reports, particularly given the absence of any State of Alaska statutory requirements regarding such reports;

## **II. Resolution/CDQ Panel Rule:**

Now, therefore be it resolved that the CDQ Panel/WACDA Board of Directors hereby adopts the following CDQ Panel Rule which shall be binding on all six CDQ entities:

### **Annual Financial Reports to Villages by CDQ Entities**

**Section 1. Annual Financial Report.** By September 30 of each calendar year, each CDQ Entity shall submit an annual report to its member villages summarizing financial operations for the previous calendar year.

**Section 2. Effective Date.** All annual financial reports published after this effective date and prior to its expiration, must comply with the terms of this CDQ Panel Rule, rather than the prior version of the rule the effect of which expired upon the adoption of this Rule.

**Section 3. Submission of Report.** The annual report required by section 1 shall be sent by each CDQ entity to every mail box in its member villages, and shall additionally be sent by the Entity together with a copy of the Entity's most recent completed IRS Form 990 to the Alaska Region of the National Marine Fisheries Service and the Alaska Department of Commerce, Community and Economic Development.

**Section 4. Required Contents of Annual Financial Reports.** At a minimum, the annual financial report required by section 1 shall contain the following information:

**A. Financial Reporting:** A consolidated financial statement for the CDQ Entity meeting GAAP standards that includes an income statement, a balance sheet, and an accounting of general and administrative costs, and that identifies the auditor(s) who prepared the audited report(s) upon which the consolidated financial statement is based.

**B. Directors:** The name, community represented, and term of each member of the board of directors of the CDQ Entity, a description of the CDQ Entity's compensation policy for directors, and the total aggregate amount of director fees paid by the CDQ Entity to directors.

**C. Related Party Transactions:** A description of any transactions by the CDQ Entity (except compensation for delivery of fish products to the Entity or to a majority-owned subsidiary of the Entity on the same basis as other fishermen) over the amount of

\$20,000 with any director or their family members (spouse, parents, children, or siblings by blood or adoption), including the name of the director, the name of the family member if applicable, the position held by the director or family member if applicable, and the nature and amount of the transaction.

**D. Legal Proceedings Involving Directors:** A description of any legal proceedings in which a director of the CDQ Entity has an interest adverse to the CDQ Entity, including the name of the director.

**E. Employee Compensation:** A list of the top five highest paid personnel within the CDQ Entity and its majority-owned subsidiaries, including the name and position of each of the five individuals and the total amount (including any deferred compensation, benefit plan benefits, or other benefits of any kind to the extent the benefits differ from those provided to all employees of the CDQ entity) received by each such individual from the CDQ Entity, the subsidiary, or any entity in which the CDQ Entity or subsidiary holds an interest.

**F. Professional Fees:** A list of the total legal fees, total consulting fees, total accounting fees, and total lobbying fees expended by the CDQ Entity, by category.

**G. Auditor Relationship:** A description of any disagreement by the CDQ Entity with any auditor in the past two years, and a description of any non-audit services supplied by the CDQ entity's auditor with disclosure of the fees paid for the non-audit services as a percentage of total fees paid to the auditor.

**H. Committees:** The membership of any committees of the CDQ Entity that provide audit, nomination or compensation functions, including a description of the committee's functions and dates of any meetings held by the committee.

**Section 5. Compliance and Penalties.** The Board of Directors and Chief Executive Officer of each CDQ Entity shall review each of its Annual Financial Reports to ensure compliance with this CDQ Panel Rule. Provided that its Annual Financial Report is thereafter approved by its Board of Directors, signed by its Chief Executive Officer, and submitted as required under sections 2 and 3 of this CDQ Panel Rule, the CDQ Entity shall have complied with this CDQ Panel Rule with respect to that Annual Financial Report. Any penalties for non-compliance with this CDQ Panel Rule shall be limited to those allowed under section 7 of the September 28, 2007 WACDA Membership Agreement.

**Section 6. Termination of Rule.** This CDQ Panel Rule shall automatically terminate on December 31, 2012.

### III. Adoption of Resolution

(1) **First Approval:** By signing below, the six members of the CDQ Panel/WACDA Board of Directors unanimously approve this Resolution as a Proposed CDQ Panel Rule and certify that the approval of this Resolution has occurred at a regular or special meeting of the WACDA Board of Directors and in accordance with all relevant provisions of the WACDA Bylaws.

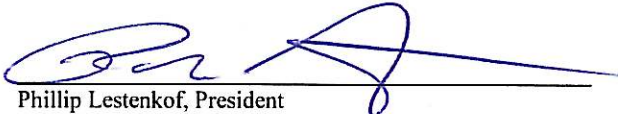
Signed this 14 day of December, 2010:




Larry Cotter, Chief Executive Officer  
Aleutian Pribilof Community Development Association



Robin Samuelsen, President/Chief Executive Officer  
Bristol Bay Economic Development Corporation



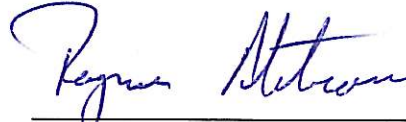
Phillip Lestenkof, President  
Central Bering Sea Fishermen's Association



Morgen Crow, Executive Director  
Coastal Villages Region Fund



Simon Kinneen, Chief Operating Officer  
Norton Sound Economic Development Corporation



Ragnar Alstrom, Executive Director  
Yukon Delta Fisheries Development Association

**(2) Second Approval:** By signing below, the six members of the CDQ Panel/WACDA Board of Directors unanimously approve this Resolution as a CDQ Panel Rule and certify that: (1) this second approval has occurred at least 30 days after the first approval above; and (2) that the second approval of this Resolution has occurred at a regular or special meeting of the WACDA Board of Directors and in accordance with all relevant provisions of the WACDA Bylaws.

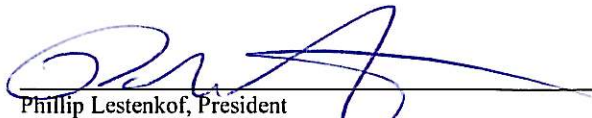
Signed this 15 day of March 2011:



Larry Cotter, Chief Executive Officer  
Aleutian Pribilof Community Development Association



Robin Samuelsen, President/Chief Executive Officer  
Bristol Bay Economic Development Corporation



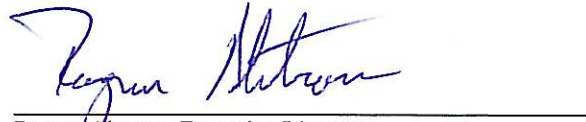
Phillip Lestenkof, President  
Central Bering Sea Fishermen's Association



Morgen Crow, Executive Director  
Coastal Villages Region Fund



Simon Kinneen, Chief Operating Officer  
Norton Sound Economic Development Corporation



Ragnar Alstrom, Executive Director  
Yukon Delta Fisheries Development Association

**(3) Effective Date:** By signing below, the WACDA President and Executive Director certify on behalf of WACDA that the requirements of section 2 of the September 28, 2007 WACDA Membership Agreement have been satisfied and that notice of this Resolution as approved for the second time, including a copy thereof, was sent by WACDA to each of the six CDQ entities and to the National Marine Fisheries Service on the following date which shall therefore be the effective date of this Resolution and CDQ Panel Rule:

Effective Date: 4/28/11

Signed,



Larry Cotter, Chairman  
Western Alaska Community Development Association



Executive Director  
Western Alaska Community Development Association