ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672
8849 SENATE COMMUNITY & REGIONAL AFFAIRS

HB No. 251
An Act Relating To Native Corporations

Wednesday March 15th, this bill, 251, was introduced. Already today, seven days later, we are having a hearing. The Native Indian people - which are approximately 75,000 in number in Alaska, know nothing about this. They have a right to be involved with this process - but no one invited them - no one told them what this was or how it was going to affect them. I know that Maxine Richert, of Sealaska Corporation, and Leslie Longenbaugh, legal counsel from an agency on the second floor of our Sealaska Corporation took an aggressive role in explaining what of the technical language they felt like, in the original introduction of this issue into the legislature last year, when it was nine pages long and called HB 501. The House Judiciary Committee office stated at that time, Sam Kito and Robert Loescher had worked for its introduction. Since that time, it has been known as "Sealaska Corporation's bill."

I refer the committee to Section (a) on page four of bill 251 regarding 'misleading' statements, and the same page, which addresses stock owners having to take on a burden of proof, having our corporation make us "PROVE" that we didn't know a regulation existed on 'misleading statements. I read a Native shareholder paper on the early version of this bill, from February 1994. There was an error within it. I thought to myself, it was just an oversight, a mistake. Then, after going to talk with Klukwan, Inc.'s attorney, and bankings & securities, I came to see what of the paper I read was mistaken, and what was not. "A mistake was all I thought." I let it go, it was no big deal. I knew the authors feeling of urgency regarding the issues, the urgency was in the writing, it caused me to look into it, where Sealaska gave us no opportunity to understand this bill. It never occurred to me that a $2,500.00 to $25,000.00 fine, and a minimum of 1 year in prison, or five years maximum; along with penalties, indictments ; convictions, felonies, and imprisonments were the appropriate thing to do to such a person. Anyone can make mistakes as they learn a process, but this bill feels Indians belong in jail for it. This is a crime bill, it is not a Native bill. I ask you, when once did Sealaska Corporation try to educate even one Indian fully, or even in part on this legislation. I know the answer, because I am a Sealaska holder. Not even once, and now we are going to be going to jail for that (and fined). This legislation affects every Native, there is a moral responsibility to allow each and every one of them insight into how this legislation will truly affect them. It is their right as stock owners.

I am tired of the psychology from Sealaska, "Let's burn the Indian" - so that when they feel that something the share owners want imposes upon them, they can throw some scary circumstances such as "imprisonment, 25,000.00 fines, indictments, felonies," etc., as HB 251 quotes, the shareholders' way. We are tired of fearing the board. When we wonder where the land went for Indian use, and surmise, are they afraid of us when we ask? Do we get a satisfactory action on their part? No. We have never been afforded that respect or even the respect of a good, and sound, verbal response built on Indian principal. But, we are treated with scare tactics, and bills such as HB 251 emerge. Many Indians only got Sealaska as a corporation, they have no land, or an economic base to continue the Indian way of life. Our people are disappearing, they have no where to share in a common bond, and year after year, we cannot get Sealaska Corporation to listen. Bills such as this further prove, to me, that we cannot get through the corporate Berlin Wall that Sealaska has been steadfastly encroaching to incapacitate us. If this is such a good bill, why isn't it being applied to all corporations in the State. Do you know why? They would blow it right of this planet, where it belongs. Such severe and restrictive measures being placed on a low-income minority group of Indian people does not seem to be requiring an accounting for by anyone. This allows misconduct on the

part of a board to solidify. Inquiries of concern for the corporate business from shareholders would go by unanswered, which we could do nothing about. It seems that this allows a board member to remain a member through any circumstances. This board will now be as though they 'own' this corporation, solely themselves. Why do they have such a privilege before you, to no longer be responsible to the state, the Indians, or to anyone? We are not a passive people, we do care about what affects us.

There is a 90-day regulation being proposed in section 2 (m), page 2 of the bill, for petitions to be turned in. The cost for stock holders to turn in these petitions would be about $25,000 to $30,000 under this increase in petition signatures that the legislation calls for. What this legislation is in fact stating is that, you must have almost 3,000 signatures, you must have $30,000, and you have 90 days from the date you began your petition to accomplish it all. Well, Indian people are poor, you'll never see it. An already repressed voice, an Indian will never be heard again. I am asking you to kill this bill. Our Indian people deserve to be heard.

It has not been our right to challenge the management of Sealaska Corporation, and specialists at the Social & Economic division of the university in Anchorage have stated that if we could sell our stock that would change. If severe rules such as this bill are forced upon the Indians, when the day comes to open up our stock, the board will once again remain unchallengeable, our stock holdings without share owner rights, when other corporations are not allowed to be stock holders within ***prison walls.***

Why just Native Americans? You are discriminating . . . if it is such a good bill, bring it to the whole state. Our Indian people do not deserve such destruction, such severe measures. I am asking you to kill this bill.

My grandmother was a very beautiful full-blooded Athabascan-Tsimshian women of whom I am descent. I am very worried about this bill and that it will further cause older Indian people to not be allowed to challenge why they did not get any Indian land from Sealaska Corporation - please do not let this bill pass into law, I will go to the president if I have to, but please, do not let this bill pass.

Joan Mantei

Joan Mantei
Box 34711
Juneau, AK 99803-4711
463-7351

TO: STATE OF ALASKA LEGISLATURE

FROM: JEAN SZTUK, STATE OF ALASKA CITIZEN
5811 CHURCHILL WAY
JUNEAU, ALASKA 99801
(907) 780-4219

DATE: MARCH 27, 1995

I AM EXTREMELY CONCERNED ABOUT HOUSE BILL #251. IT IS SAID THAT "HISTORY REPEATS ITSELF." THIS HOUSE BILL IS ANOTHER CASE IN POINT. EVERY TREATY EVER MADE BETWEEN THE WHITE PEOPLE AND THE NATIVES HAS BEEN BROKEN FOR HUNDREDS OF YEARS, WITHOUT EXCEPTION.

I STRONGLY FEEL THAT HOUSE BILL #251 IS A JUST ANOTHER UNDERHANDED, SHAMEFUL, AND EMBARRASSING WAY OF TRYING TO SILENCE AND RESTRAIN THE NATIVE PEOPLE.

THIS BILL WILL STIFLE THE ONLY VOTE NATIVES HAVE TODAY ON HOW THEIR CORPORATIONS ARE OPERATED. WHO WILL BE LEFT TO MAKE IMPORTANT DECISIONS IF THEIR CORPORATE BOARDS ARE OUT OF CONTROL AND WHO WILL BE ABLE TO STOP THEM? IF THE NATIVES' RIGHTS ARE TAKEN AWAY, HOW CAN THEY GAIN CONTROL OF AN OUT-OF-CONTROL CORPORATION? THESE CORPORATIONS WERE CREATED FOR ALL NATIVE PEOPLE AND NOT JUST A SELECT FEW. WHY ARE NATIVES' RIGHTS ALWAYS IN JEOPARDY? DO YOU KNOW BETTER THAN THE MAJORITY OF NATIVES WHAT IS BEST FOR THEM? WHY WOULD YOU SUPPORT SUCH A BILL?

I URGE YOU TO VOTE "NO" ON HOUSE BILL #251 TO SHOW YOUR SUPPORT AND DEDICATION TO THE FREE VOICE OF ALASKA'S NATIVE PEOPLE.

THANK YOU IN ADVANCE FOR VOTING "NO" TO DEFEAT THIS HIGHLY UNFAIR BILL.

JUNEAU EMPIRE
3-26-95

Sealaska has not helped its shareholders enough

The Alaska Native Claims Settlement Act of 1971 was pushed through Congress with the help of oil companies and a small group of persons who would profit millions of dollars from oil and timber.

First, corporations were formed for each group of indigenous people in Alaska; these corporations were to provide for the social and economic well-being of their shareholders. This has happened to a few of the corporations. But for Sealaska it has not been possible.

We now enter the third decade as a so-called profitable corporation; not to its shareholders but to itself in being able to meet its own payroll and also bonuses to those in need of more cash.

You, as a shareholder, will receive your one cord of wood per year, two cords if you feel lucky. That is profit from the timber operations sound – good to you?

You, as a shareholder, own land that you will never hold a deed to, or for that matter, you will never see it in your lifetime. Do you not see that this beast is going to consume itself from the inside out until there is nothing?

There is a point in time when you realize that this iron curtain put up by this corporation is going to be there forever. It is none of our business to inquire about business loans or minutes of any top secret meetings or any information that you want from this beast. Our pockets are not deep enough to change this beast.

As for me, will you send my annual cord of wood to the Internal Revenue Service. Also, any other mail to help pay my taxes.

Tim Ackerman

JUNEAU EMPIRE
3-29-96

Landless Natives bill is not for timber industry

I have noticed the sweep of letters regarding the bill that came out to help the five Native landless villages of Haines, Ketchikan, Petersburg, Tenakee Springs and Wrangell.

There have been a lot of comments directed toward Sens. Frank Murkowski and Ted Stevens, the landless Natives, foresters, etc., by environmentalists who generalize and portray the situation in light of their own perceptions, not really allowing the Natives to speak for themselves.

I am a Ketchikan landless Native, and throughout my life I wondered where the Ketchikan Indian village was. When I was young, I felt a loss in the unity of our Indian people – even looking for our place – where there was none for us.

Indians are a close people, they are uniquely bonded to this country. We are the survivors of the often horrible things that happened to our grandparents. We witnessed a wounded generation, and I had the privilege of being raised close to one of these very old full-blooded Indian people – my grandmother.

The environmentalists put out the landless issue as though it is just about timber, and they have mislead many to believe this is so. I resent having a lot of people looking at Indian people this way, and having environmentalists accusing Murkowski of hiding a timber agenda behind the landless bill.

The intent of the Alaska Native Claims Settlement Act was to allow Indians to use their resources for their way of life, and to help them toward economic self-sufficiency because they were so destitute. The landless Indians have been faced with some very difficult issues, which, when one looks into them, one would know that it isn't easy to have a new people come to our country, which we have had to fight a very difficult battle to stay players in.

The economic situation in Southeast Alaska has even our Indian people homeless and jobless with the poor economy. Studies have proven that our people are the poorest in the state.

I have seen Murkowski express a desire to help with the hardships the people of Southeast are going through, yet the environmentalists keep strapping him up, without allowing for the voice of hardship to be heard.

I believe the environmentalists are deliberately misrepresenting intentions behind the introduction of legislation for the landless Natives, believing such a portrayal is going to serve their cause.

When you're fighting your cause, be honest about what you say about the Indians, the protected forest, and about one or two senators' concerns. Remember, in the Indian people there is deep loss, and honest portrayal of all is what is fair.

Joan Mantel

MY TURN

Juneau Empire
3-28-95

'Left-outs' deserve stock in corporations

By RAYMOND A. HOWARD Sr.

I have a long, sad story to tell you. This story regards the issue of "lost shareholders."

My name is Raymond A. Howard Sr. I am a Sealaska shareholder. I have a sister by the name of Linda Jean Richards. All my life I was led to believe that Linda had died when she was 2 years old. I believed this to be true, until I received a telephone call from Linda on Nov. 5, 1991.

I got on the phone and she said she was just trying to find out if she had any relatives living. She was completely unaware that I existed.

I thought she might be a person trying to sell me some books, so I didn't want to talk to her. I gave my wife the phone and told her to talk to her.

Linda told my wife that her natural mother's name is Margret Howard; she gave Margret's birthdate, where she was born, the day she died and where Margret is buried. My wife was writing down all this information on paper, and she motioned to me to read it.

She also told me to talk with Linda because it sure sounds like she may be my sister.

When I got back on the phone, I asked her if her middle name was Jean and she said yes. I then asked her if her birthday was June 5, 1947. Linda asked me how I knew this. I was so shocked, I just couldn't believe what I was hearing.

When I was a youngster, someone wrote a letter to my grandparents and told them that Linda had died when she was 2, instead of telling the truth that Linda had been adopted by Donald and Wilma Burgerson from Indiana.

I feel bad when I receive my dividend checks ... because in my heart I know that my sister and my nephews do not get anything from our corporations. They are the "left-outs."

Margret Howard, our mother, left Hoonah after Hoonah burned down on June 14, 1944.

Margret did not have a place to stay. She did work in the Excursion Inlet fish cannery until the fall fishing season was over in September 1944. This is when she decided to go to nursing school in Portland, Ore.

Margret took me to Tenakee so that I could live with my grandparents, Albert and Emma Howard.

She died from tuberculosis Dec. 5, 1951, at a hospital in Chicago where she lived for four years.

My sister and I met for the first time in our lives on Jan. 19, 1991, in Fairbanks.

I will never forget that day – how nervous, tickled, happy and tearful we were. My wife Marie and I made the trip to Fairbanks to meet my sister.

The following year, on March 2, 1992, Linda brought her family to Juneau to meet with me again. I got a chance to introduce Linda, her husband and her children to our whole family, or at least most of our family.

We held a family reunion at the Alaska Native Brotherhood Hall; there were 250 family members. Family came from Angoon, Tenakee, Kake, Sitka, Seattle, Juneau and Hoonah. Everyone was very happy to have found a long, lost family member. Linda was very overwhelmed with how big her family is in Alaska.

My sister and my two nephews (Linda's sons) are enrolled with Central Council, Tlingit and Haida Tribes of Alaska. They are also enrolled with the Bureau of Indian Affairs.

I know in my heart that if I had only known that my sister was alive when we were enrolling with our regional corporation, Sealaska, and our village corporation, Huna Totem, that I would have certainly enrolled my sister and her children under the Alaska Native Claims Settlement Act of 1971.

I believe in my heart that Linda and her children have every right to be enrolled in the Sealaska and Huna Totem corporations, with the same full rights and privileges that I get from being a shareholder.

Linda did not know that she or her children were entitled to enroll under the 1971 law. (Linda was born in 1947; her son, Donald, was born Oct. 2, 1965; and Timothy Allen Richards was born Sept. 28, 1969).

I feel bad when I receive my dividend checks from either corporation. Because in my heart I know that my sister and my nephews do not get anything from our corporations. They are considered by ANCSA as the "left-outs," so please consider voting in the left-out shareholders.

Most left-out shareholders have been left out through no fault of their own. I believe that we should vote them into the corporations. I believe there are about 200 or so left-out shareholders living now.

In closing, I would like to emphasize that we should honor and enroll any shareholder who is considered to be a left-out shareholder of the Alaska Native Claims Settlement Act of 1971.

We have cut off our own people who were born after 1971. Why should we forget our lost shareholders who have found their heritage after years of being lost in civilization?

Vote "yes" and let left-out shareholders enroll into ANCSA corporations.

●●●●●

Raymond A. Howard Sr. is a Hoonah resident.

March 27, 1995

Pete Kott, Labor & Commerce Committee
Room 432, Capitol Bldg.
Juneau, Alaska 99801-1182

Dear Mr. Kott:

Thank you for allowing the Native people to testify regarding HB 251. We are very concerned, and view this issue very seriously. This legislation has proven to be very cumbersome to our Native Indian people affected. The issues are very broad, and very technical, we really do get exhausted over having the struggle within the problems of the Alaska Native Claim Settlement Act (ANCSA), where it is a situation where most of the Indians have not come to a full understanding of the issues affecting them, or where to do what when.

I would like to make some comments, reflecting on what Roy Hundorf has stated at the hearing. For one, this is not about money, it is about loss of culture and blocking another bridge for the Natives to get to that culture. For Mr. Hundorf, money seems to really be on his mind. Such is not the way with the Native Indian shareholders. He has money, to think about money. Please remember, that it is not all corporations that give out 50% of profits after expenses - it is just CIRI. Sealaska Corporation gives 35%. The settlement was not an equal one, and each and every village, and those Indians who did not receive a village at all, are all affected very differently. Many of them remain very poor, and this bill is a very deliberate and orchestrated decision to severely bring harm, at a hidden level, to them all. It has become hard for us to go to a legislative hearing that is so complex. Indian people feel attacked by non-Indians when the decisions that effect them are put into the non-Native's hands. It may be hard for you to understand, but the Indian people are uniquely bonded together, and to the land. They are a people with a past.

For someone on the Labor & Commerce Committee that does not understand fully the ANCSA, the burden falls onto legal counsel through legislative channels. I am uncomfortable with such a process, in that it does not show you exactly what effect these things are having on the Indian people. I suggest that you use the experience of some of those in the Native group that testified - so that there is a balance of real experience with educational legislative counsel interpretations. I would be glad to help where I can, and to find someone where I cannot help. I think that it is important that you understand, that a corporation can work with the Indians, as you heard in the testimony that the Juneau Native corporation Goldbelt, Inc. had done a 180 degree turn around as a result of shareholder involvement. Others choose to use the Indian money to fight the Indians obsessively over the land and cultural issues, and to perpetuate themselves in office. When a corporation is more financially successful, it does not necessarily mean that they are more culture friendly. With Sealaska Corporation, we find they are financially successful, but far removed from the Native people. They are absolutely different in dealing with the Native people as compared to Yak-tat-kwaan (Yakutat), Kasaan, Goldbelt, or Klukwan's relationships with their Native people. I have seen Yakutat & Klukwan's Indian newsletters for their people, they are very personal, very kind, as to where Sealaska's are very superficial, corporate and autocratic, with a couple little Indian things, and even less in the area of compassion and acknowledgement, here and there. We all know what were feeling, there is a type of overlooking that we are there in that sense. Klukwan has preserved, for use and Indian enjoyment, some very awe-inspiring Indian sites up there (Haines area). There is a large difference here, in that those Natives are "ENJOYING" their sites, and not far removed from them, or having so

much time go by that they no longer even know where their Indian sites are as a people with a past.

In regards to understanding some of the differences amongst the corporations, in 1993, Sealaska claims to have net sales and investments of $167,023,000.00 in revenue, for this, we received $200.00 that year (see attached Sealaska '94-'95 report page). This is what keeps the Indians in poverty. Without land for a common bond, our people are disappearing. There has not in the 25 years of existence been anything tangible of cultural significance given the Indian people to continue their Indian way of life as they wished. Isn't it ironic that these were the same complaints before the historic 1971 Claims Act. It may help you to briefly look over the attached June 1994 Steve Colt report, from the Institute of Social & Economic research at the University in Anchorage, Alaska. It is an old copy that I have, but of particular interest to me is on page 2 the last paragraph states, ". . . many Natives have grown old waiting for meager cash dividends." This brings tears to my eyes regarding the Alaska Native Claims Settlement Act, for that is exactly what happened to my grandmother: *There was no land, and there was not money for her to continue her Native way of life or even for us to get a boat to go to visit our Indian land.* A lot of the Indian lands are in remote places, as with my own family, and can only be reached by boat or small aircraft. There was from ANCSA 1971 to late 1993 when she passed away to try and do something for her and these old people, nothing ever came of it. A few stay rich at the top, for sitting there selling our trees (Sealaska has no businesses at this time-just timber and un-named investments). Our Indian land is turned to Indian money, for them it appears.

I think that from what you could gather, there are extensive issues that must be examined so that there is not unmerciful suffering, or hardships, put upon the destitute Indians. I suggest that the Human Rights Commission become involved with such a severe piece of legislation, that way a kind of a 'rich stealing from the poor' will not take place here in law. I would like to suggest that the committee vote to not move this bill out of the committee.

Thank you for your time today at the hearing. We have never been to one before, and a lot of us were very uneasy.

Sincerely,

Joan Mantei

Joan Mantei
Box 34711
Juneau, AK 99803-4711

NO gross revenues shown just net sales. 1994-95

Excerpt from the Consolidated Statements of Operation (in thousands of dollars)

(In thousands of dollars, except per share amounts) Years ended	March 31, 1994	March 31, 1993 (as restated, Notes 1 and 10)	March 31, 1992
227,174,000		167,023,000	128,205,000
Revenues:			
Net sales → what aren't the gross revenues shown?	$219,829	$155,956	$111,261
Investment and interest income	7,345	11,067	16,944
unnamed investments	227,174,000	167,023,000	128,205,000
Costs and expenses:			
Costs of products and services	155,464	119,180	80,800
Selling, general and administrative	12,342	11,888	14,711
Interest	510	855	1,420
Other, net	3,932	2,355	1,439
	172,248	134,278	98,370
Earnings from continuing operations before natural resource revenue sharing and income taxes	54,926	32,745	29,835
Natural resource revenue sharing (Note 2)	(35,177)	(13,485)	(8,078)
Earnings from continuing operations before income taxes	19,749	19,260	21,757
Income tax benefit (Note 10)	3,000	3,000	1,000
Earnings from continuing operations	22,749	22,260	22,757
Loss from discontinued operations (Note 3)		(360)	(500)
Net earnings	$ 22,749,000	$ 21,900,000	$ 22,257,000

It's a stockowners right.

Excerpt from the Consolidated Statements of Operations (in thousands of dollars)

Earnings per share of common stock:			
Earnings from continuing operations	$ 14.43	$ 14.12	$ 14.43
Earnings (loss) from discontinued operations		(.23)	(.32)
Net earnings	$ 14.43	$ 13.89	$ 14.11
Dividends (note 13)	$ 4.46	$ 2.00	$ 5.00

We received 200.00 — 500.00

These yearly figures are what keep the Indians in poverty, without Indian land for a common land-our people are disappearing. It is ironic these were the same complaints before 1971.

COMPENSATION OF OFFICERS AND DIRECTORS

TOP PAID 6 EMPLOYEES Sealaska corporation '94-'95

COMPENSATION TABLE

This table outlines the most highly compensated officers of Sealaska Corporation and Sealaska Timber Corporation for the fiscal year ended March 31, 1994 and on the date of publication of this proxy statement.

SEALASKA CORPORATION & SUBSIDIARIES
SUMMERY COMPENSATION TABLE
FISCAL YEAR 94

$30,594.00 raise — why they didn't give the dividend to the people $200.00 for 1 year

Name and Principal Position	Fiscal Year	Salary (a)	Performance Award	Pension Plan (b)	All Other Compensation (c)
Leo H. Barlow (d)	FY94	$124,982	$ (e)	$12,498	$ 960
President & CEO	FY93	122,642			
Robert W. Loescher	FY94	110,000	(e)	11,000	3,360
Exec. VP, Resource	FY93	107,900	10,790		
Management	FY92	101,850	10,185		
Jack Coady	FY94	99,093	9,909	10,900	3,360
COO & VP Operations	FY93	99,099	20,675		
Sealaska Timber Corp.	FY92	90,000	16,200		
Ventura Samaniego (f)	FY94	97,500	(e)	9,750	3,360
Exec. VP	FY93	89,046	38,405		
Sealaska Timber Corp.	FY92	85,000	8,500		
Ray McEwen	FY94	87,000	8,700	9,570	3,360
VP Quality Control	FY93	87,000	16,205		
Sealaska Timber Corp.	FY92	76,682	14,800		
Former Officer					
Chris E. McNeil, Jr. (g)	FY94	61,090	16,500	26,909	193,178

Handwritten totals: ~~125942~~ 138440; ~~113360~~ 124360; ~~102453~~ 123262; 110610; 108630; 297677; 902973

(a) Current annual salaries for Messr. Barlow, Loescher, Coady, Samaniego and McEwen are $155,576, $110,000, $101,770, $97,500 and $87,000, respectively.

(b) Unless otherwise stated, "Pension Plan" includes company contributions to the Money Purchase Pension Plan paid on behalf of each officer. The company's contribution is based upon 10 percent of all eligible Sealaska and Sealaska Timber Corporation (STC) employees annual salary expense and is allocated based on integration with social security tax costs.

(c) Unless otherwise stated, "All Other Compensation" includes an amount for auto allowances and premiums for group life insurance in the amount of $400,000 per officer.

(d) Mr. Barlow was appointed CEO effective August 1, 1992. Prior to that he served as president of Sealaska Timber Corporation. Mr. Barlow serves on the Board of Directors of the National Cooperative Bank, which has a financial transaction (loans) with Sealaska Corporation in excess of $20,000, which preceded his tenure as a director of the bank.

(e) Performance awards for the year ended March 31, 1994 have not been awarded as of the date of publication.

(f) Mr. Samaniego was appointed Executive Vice President of STC effective February 1, 1993. Prior to that he served as President of Fairbanks Sand and Gravel and Alaska Aggregate Corporation.

(g) Mr. McNeil resigned as Executive Vice President/General Counsel effective October 15, 1993. The performance award amount is for fiscal year 93. "All Other Compensation" includes severance payments of $191,498, including payments for unused accrued sick and annual leave.

this was stated in previous reports — when will we see this bonus award amount?

SEALASKA CORP.

Financial Highlights for the Nineties

1994				1993				1992				1991				1990			
Revenue	Expenses	Net Income	S/H Dist.	Revenue	Expenses	Net Income	S/H Dist.	Revenue	Expenses	Net Income	S/H Dist.	Revenue	Expenses	Net Income	S/H Dist.	Revenue	Expenses	Net Income	S/H Dist.
227,174,000	172,248,000	22,749,000	448	167,023,000	134,278,000	21,900,000	200	129,205,000	99,370,000	22,257,000	600	128,409,000	90,799,000	28,030,000	2,357	109,893,000	79,195,000	19,813,000	312
Rev. to Exp. Ratio		Inc. to Dist. Ratio		Rev. to Exp. Ratio		Inc. to Dist. Ratio		Rev. to Exp. Ratio		Inc. to Dist. Ratio		Rev. to Exp. Ratio		Inc. to Dist. Ratio		Rev. to Exp. Ratio		Inc. to Dist. Ratio	
75.8220571				80.39491587				78.72667873				70.71077572				72.72735821			

Testimony of
Roy M. Huhndorf, Chairman & Chief Executive Officer
Cook Inlet Region, Inc.

Regarding H B 251
3/27/95

Mr. Chairman and Honorable Committee Members:

My name is Roy Huhndorf and I am the Chairman and Chief Executive Officer of Cook Inlet Region, Inc. (commonly known as CIRI).

As you know, CIRI is one of the twelve Alaska regional corporations formed pursuant to the Alaska Native Claims Settlement Act, or ANCSA. The legislation you are considering today, House Bill 251, is the result of careful consideration over a long period of time by the regional corporations and a number of ANCSA village corporations, of problems posed for them by the Alaska Corporations Code. This bill has broad support among the Native corporations, and I am privileged to speak to you not only on behalf of CIRI but on behalf of the many regional and village corporations supporting this bill.

Our general counsel, Mark Kroloff, has already submitted detailed written testimony regarding the specific provisions of H.B. 251. My purpose today will not be to repeat that more detailed, technical testimony, but instead to touch briefly on some of the policy considerations that support passage of this bill.

As you may know, ANCSA called for all regional and village corporations to be chartered as corporations under Alaska law. Regional corporations were required to be chartered as for-profit corporations. Village corporations could opt to be chartered as for-profit or non-profit corporations; most chose for-profit status. Therefore all regional corporations and most village corporations are governed by the general corporations law of Alaska found in part 10.06 of the Alaska Corporations Code.

What many people do not realize is that Native corporations are preeminent among the businesses most affected by the Alaska Corporations Code. Most of the state's largest businesses, such as the oil companies, communications companies, timber companies, oilfield service companies, and others, are not incorporated under

the laws of the State of Alaska, but are incorporated under the laws of Delaware or other states that attract incorporation. Thus, Alaska Native corporations are among the most economically significant corporations governed by the Alaska Corporations Code.

Yet, in 1989 when the Corporations Code was broadly re-written by a California law professor hired at that time to advise the state, the re-write largely ignored important issues of state corporation law that affect Native corporations. As a result, the legislature has amended the Corporations Code on more than one occasion since 1989 to enact specific provisions dealing with Native corporations. Most of these amendments are contained in section 10.06.960 of the Code, which is a separate section dealing with Native corporations and which is the section that would be further amended by H.B. 251.

Most of the Native corporation amendments have been designed for two purposes: First, to address problems unique to the way Native corporations operate; and second, to more closely reconcile provisions of the Corporations Code with provisions of ANCSA. The legislation before you today seeks to do both.

We are all familiar with the series of petition drives and special meeting requests that are sweeping across the state, from Goldbelt and Sealaska in the Southeast to Arctic Slope Regional Corporation on the North Slope. In these petition drives, small groups of shareholders, in some cases encouraged by a group of non-shareholder advisors who have moved from region to region, are demanding that Native corporations hold special meetings of shareholder to consider a variety of resolutions. Most of these resolutions, while addressing matters that shareholders may be interested in, are of an advisory nature only.

On its face there is nothing wrong with the petition process. If a significant number of shareholders would like their corporation to call a meeting, and if they have honestly and with full disclosure presented to their fellow shareholders all of the facts surrounding the matters to be addressed at the meeting, we would have no objection to the process.

But that is not what is happening under current law for two important reasons. First, these petition groups have been using false and misleading information in their petition drives in every region of the state. The securities administrator has done

nothing to stop this false and misleading information, because it is uncertain, in his view, whether a petition for the purpose of calling a special meeting is the same as a proxy and therefore subject to the truthfulness requirements of Alaska's proxy rules. This legislation makes clear that it is., and requires the administrator to act to stop the spread of false and misleading information in these petition drives.

Second, this legislation would change the threshold for calling a special meeting from 10% to 25%, to make it more consistent with the petition provisions of ANCSA. This is an important protective mechanism for the vast majority of shareholders who support conducting the corporation's business at its regular annual meeting, and who see the corporation's money wasted when it has to conduct repeated special meetings at the behest of a small minority.

ANCSA has not dictated petition requirements for every corporate issue affecting Native corporations. But on perhaps the single most important issue--the alienability restrictions governing ANCSA stock--Congress provided that 25% of the shareholders sign a petition before the corporation can be required to call a special meeting.

What is the purpose of a higher, 25% threshold: To ensure that a proposition has some significant level of support, even if it is a minority, before the corporation can be required to undergo the expense and disruption of a meeting.

If you pass this legislation, will shareholders be deprived of their rights to bring resolutions before their corporations? No. First of all, shareholders can always bring resolutions before the corporation at the company's annual meeting, which by statute is required to be held every year. H.B 251 addresses special meetings only and does not affect that right.

Secondly, any time there is significant support for a <u>special</u> meeting, even if it is only support by a minority, 25% of the shareholders will be able to call for such a meeting.

What this legislation <u>will</u> do is protect the vast majority of shareholders from the manipulation that can come when people use false and misleading information in a petition drive. It will also ensure that a petition that has only a very limited amount of support cannot be used to repeatedly subject the corporation to the expense and

disruption of a special meeting. In addition, the legislation contains a provision conforming Alaska law to the majority of state corporations law, including Delaware, by providing that where a corporation has a classified (or "staggered") board of directors, the recall provisions of the Corporations Code do not apply.

In conclusion, I would like to point out that CIRI has taken a leading role in improving the lives of our shareholders and helping empower our shareholders to control their own destiny. Our efforts include one of the state's most aggressive Native hire programs; numerous social and cultural programs such as the Alaska Native Heritage Park, the Alaska Native Justice Center, Koahnic Broadcasting Corporation, and other programs; and special stock buy-back legislation for CIRI shareholders to vote on to provide a middle-ground between restriction and un-restriction of CIRI stock. The many other Native corporations supporting this bill also support some of these, and other important programs, in their areas. We see this bill as a means to further protect and empower our shareholders, by requiring a petition process that is truthful, accurate, and supported by at least a relatively significant minority of shareholders.

In closing, I would like to thank you once again for the opportunity to speak to you today.

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

DIVISION OF BANKING, SECURITIES AND CORPORATIONS

WALTER J. HICKEL, GOVERNOR

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Banking & Securities (907) 465-2521
Corporation Section (907) 465-2530

ANCHORAGE
Corporation Information (907) 563-2161

November 22, 1994

Transmit by fax: 349-1546

Ms. Delice Alexander Calcote
Shareholders For CIRI'S Future
205 E. Dimond Boulevard, #326
Anchorage, AK 99515

COPY

Dear Ms. Calcote:

Re: LETTER OF CENSURE

As we have previously discussed, this letter will act as formal notice and censure relative to allegations concerning two materially false and/or misleading statements which were contained in proxy material distributed by Shareholders For CIRI'S Future (SFCF) prior to the special shareholders petitioned meeting of November 17, 1994.

The referenced statements involved representations that CIRI had booked Net Operating Loss (NOL) receipts as revenues in order to facilitate bonuses for management officers and the second that CIRI had lost asset value in excess of $200 million in its broadcast properties as evidenced by its audited financial statements. In the first instance, we saw no evidence to support the contention that any NOL accounting was done to influence managements decisions involving payments of bonuses. The manner in which the NOL's were booked was in accordance with "generally accepted accounting principles" (GAAP) as attested by CIRI's certified public accountants in their opinion letter accompanying the audited financials. With respect to the booking of the asset value of the broadcast properties your representations reflected a failure to carefully review the referenced financials that disclosed a consolidation of certain asset items in the main balance sheet again in accordance with GAAP.

In any event you should know that had this proxy contest involved a binding vote (as in election of directors) this office would have been compelled to undertake administrative action to consider the possible voidance of proxies obtained prior to or in the absence of corrective statements. The Administrative process includes an opportunity for hearing prior to the issuance of any order.

Should SFCF become involved in any further proxy contest, we urge that you seek appropriate legal counsel and further that all proxies or proxy related materials be timely filed with this office as required by AS 45.55.139.

Please do not hesitate to contact this office if we may offer any further information or assistance.

Sincerely Yours,

L.P. Carroll

Lawrence P. Carroll
Senior Securities Examiner

LPC/lvs459.bsc/112294a
cc: CIRI

Alaska State Legislature

Please enter into the record my testimony to the House Labor & Commerce
committee name

committee on HB 251 dated 3/27/95
bill/subject

MR. HUHNDORF'S STATEMENT REGARDING SUCCESSFUL CORPORATIONS HAVING MORE PROBLEMS WITH SHAREHOLDERS DOESN'T MENTION THE FACT THAT THE SHAREHOLDERS ARE LIVING IN URBAN AREAS AND THEREFORE BETTER EDUCATED IN CORPORATE AFFAIRS. FAX MACHINES, TELEPHONES AND COMPUTERS ARE MAKING IT EASIER FOR SHAREHOLDERS TO BECOME INVOLVED. BETTER COMMUNICATION MEANS WE ARE MORE INFORMED. SHAREHOLDERS ARE SENDING INFORMATION TO ONE ANOTHER. THIS WOULD NOT HAVE BEEN POSSIBLE SEVERAL YEARS AGO. MONEY IS JUST A POLITICAL TOOL. MR. HUHNDORF MENTIONS MONEY IS CAUSING THE PROBLEMS. THE SHAREHOLDERS ARE ANGRY BECAUSE THERE IS A LACK OF COMMUNICATION BETWEEN MANAGEMENT AND THE SHAREHOLDERS. THE *CORPORATIONS ARE DOING WELL FINANCIALLY BUT THEY ARE NOT INFORMING THE PEOPLE* BEFORE PASSING LAWS. ARE YOU AWARE THAT CIRI WANTS TO SPEND MORE ON THE CULTURAL CENTER THAN THEY WANT TO INVEST NOL MONEY FOR FUTURE DIVIDENDS. CIRI IS OFFERING THINGS SUCH AS DEATH BENEFITS. WHICH OF OUR VILLAGE CORPORATIONS ALREADY HAVE FOR US. MANY OF THE BENEFITS DO NOT ASSIST PEOPLE SUCH AS MY NINETY YEAR OLD GRANDMOTHER. SHE WILL NEVER USE A COLLEGE SCHOLARSHIP AND YET HER SHARE WOULD BE OFFERED TO OTHERS UNDER THE CORPORATE PROGRAM. SHE HAS HER DEATH MONEY IN THE BANK. SHE USED HER PERSONAL DIVIDEND CHECKS FOR THIS FUND. SHE DOES NOT NEED CIRI DEATH BENEFITS. SHE CAN THINK AND INVEST FOR HERSELF. THE ONLY FAIR WAY TO GIVE BENEFITS IS IN THE FORM OF DIVIDENDS. I AM NOT AT THE POVERTY LEVEL NOR ARE MANY OF MY FRIENDS WHO ARE AGAINST THE PRESENT LACK OF PARTICIPATION. COULD IT BE THAT MR. HUHNDORF IS USING THE MONEY ISSUE BECAUSE THERE ARE MANY PEOPLE WHO WANT HIM TO RESIGN? COULD MR. HUHNDORF BE AFRAID OF BEING RECALLED FROM THE BOARD? THERE ARE BOARD MEMBERS WHO THE SHAREHOLDERS WOULD REINSTATE IF THERE EVER ACTUALLY WAS A RECALL. WE DO NOT WANT HIS BROADCAST MONEY BUT IT IS A POLITICAL TOOL THE SAME AS MR. HUHNDORF USES. THE NOL ISSUE AS A POLITICAL TOOL. IT IS ALL POLITICS. WE WANT A BETTER WAY OF VOTING FOR OUR BOARD MEMBERS, HENCE A NEW PROXY. THERE IS TWO SIDES TO EVERY STORY. OFTEN A POLITICAL LEADER BECOMES SO POWERFUL HE FORGETS HIS ROOTS. ASKING CORPORATIONS FOR MONEY IS SOMETIMES USED AS A BARGAINING TOOL. NOT ALL DISSIDENT GROUPS ARE ASKING FOR RECALLS. CONCERNED SHAREHOLDERS FOR CIRI AND DOYON ARE ASKING FOR NOL AND NEW PROXIES. SEA LION CORPORATION HAS A WONDERFUL PROXY AND THERE ARE NO COMPLAINTS FROM THOSE PROPLE. WE ARE USING SOME ISSUES TO GAIN OTHER ISSUES AND WE ARE SLOWLY MAKING CHANGES. TAKING AWAY OUR POWER TO INSTITUTE CHANGES IS UNFAIR. I WILL NOT USE THE PETITIONS I HAVE UNLESS WE FAIL TO MAKE CHANGES AT THE ANNUAL MEETING. A NEW PROXY MAY BE ALL IT TAKES TO CHANNGE THE ATTITUDE OF THE SHAREHOLDERS. CONCERNED SHARE HOLDERS FOR CIRI SHOULD NOT BE MADE TO SUFFER BECAUSE OF RECALL GROUPS. WE ARE USING THE POWER YOU WISH TO TAKE AWAY FROM US FOR POSITIVE CHANGES. BOARD MEMBERS STATE THAT WE HAVE HELPED THEM REALIZE THINGS THAT WERE WRONG WITH CIRI. THERE ARE MORE THAN 10% OF THE PEOPLE THAT ARE UNHAPPY. ALMOST A THIRD OF THE PEOPLE SUPPORTED US IN NOVEMBER 1994. I CURRENTLY HAVE SUPPORT OF MORE THAN 10% AND MORE ARRIVE DAILY. I AM NOT OPENLY SOLICITING THE PETITONS AT THIS TIME NOR DO WE ATTEMPT TO SOLICIT PROXIES BY SLANDERING CIRI. WE ARE PROUD OF OUR CORPORATION. WE JUST WANT SOME CHANGES. ALL RESPONSES TO OUR SURVEY ARE POSITIVE. PEOPLE WANT PARTICIPATION. PLEASE DO NOT PASS THIS BILL BASED ON RECALL GROUPS AS WE ARE NOT ALL RECALL GROUPS. THIS BILL ASKS 70,000 NATIVES TO BE SURPRESSED SO A FEW DISSADENT GROUPS CAN BE CONTROLLED. THESE PROBLEMS STARTED EIGHTEEN OR NINETEEN YEARS AGO. WE HAVE BEEN DISCUSSING THEM FOR YEARS. WE FINALLY TAKE ACTION AND THE LEGISLATORS MAY DECIDE TO SHUT US UP FOR

ANOTHER 18 YEARS" THERE WAS NO NOL MONEY THEN AND TODAY THE MONEY IS JUST THE SURFACE OF THE NATIVE CORPORATION ISSUES. WE ARE ASKING TO REMOVE NO ONE FROM THE BOARD EXCEPT BY FAIR ELECTION. PLEASE LEAVE THE PRESENT LAWS ALONE. THE PEOPLE ARE UNITING AND PASSING THIS BILL WILL SURELY CAUSE AN UPRISING ALL OVER THE STATE OF ALASKA. WE ARE SOLVING OUR PROBLEMS WITH CIRI USING THE VERY TOOLS YOU WISH TO REMOVE FROM THE SHAREHOLDERS. I BELIEVE THERE WILL BE NO RECALL AND POSSIBLY CIRI SHAREHOLDERS WOULD NOT SUPPORT A RECALL. IT IS A USEFUL TOOL AT THIS TIME AND THE BOARD IS PAYING ATTENTION TO OUR NEEDS. THIS WOULD NEVER HAPPEN WITH HB251. IT WOULD BE IMPOSSIBLE. . I FEEL THE CURRENT PROBLEMS WITH CIRI ARE AND WILL BE

MARCH 27, 1995

Prepared Testimony

of

Mark W. Kroloff, Vice President & General Counsel

of

Cook Inlet Region, Inc.

My name is Mark Kroloff. I am Vice President and General Counsel of Cook Inlet Region, Inc. ("CIRI"). I appreciate the opportunity to appear before you today in support of House Bill No. 251, an Act relating to Native Corporations.

Introduction

CIRI is one of the twelve regional corporations established by Congress under the terms of the Alaska Native Settlement Claims Act of 1971 ("ANCSA") and, pursuant to Congress' direction, chartered as an Alaska corporation. CIRI is owned by approximately 6,700 Native shareholders of predominantly Athabascan, Eskimo and Aleut descent. The principal lines of business of CIRI and its subsidiaries are natural resource development, real estate, oil field and industrial services, and communications.

Over the course of the last several years, CIRI and a number of other Native corporations have been the subject of increasingly misleading and disruptive proxy campaigns. Just a few months ago, for instance, CIRI was required to undertake the substantial expense and disruption of a special meeting of shareholders to vote upon resolutions that were purely advisory in nature. The petition campaign that led to the call of the meeting was carried on by a small group over many months and relied upon numerous false and misleading statements. Though the proposals advanced by the group failed, the special meeting was expensive and disruptive. Following the special meeting the Division of Banking, Securities and Corporation formally censured the group for its use of false and misleading statements in its proxy materials, but current law did not provide an adequate remedy for the false and misleading statements that initially led some CIRI shareholders to support the call for the special meeting.

No one questions the fundamental right of shareholders to seek corporate change, but these recent campaigns have demonstrated that modest legislative reforms are required to protect Native corporations and their shareholders from fraudulent and abusive practices, and to make the law governing large Native companies consistent with the provisions of ANCSA. As discussed in further detail below, House Bill No. 215 would address this need through several provisions:

(i) conforming the Alaska Corporations Code to ANCSA by increasing from one-tenth to one-quarter the number of outstanding shares required to call a special meeting of shareholders;

(ii) applying to requests and petitions for special shareholder meetings the same filing, information and antifraud provisions applicable to proxy statements and other proxy soliciting materials;

(iii) requiring that copies of requests and petitions for special shareholder meetings be provided to the Alaska securities administrator and the affected Native corporation prior to the circulation of such materials;

(iv) limiting circulation of requests and petitions for special shareholder meetings to a ninety-day period;

(v) providing that directors of Native corporations elected to classified terms shall not be subject to recall without cause;

(vi) specifying that Native corporations need not resubmit to shareholder vote matters that have already been addressed by the shareholders within the preceding two years;

(vii) directing the securities administrator of the State of Alaska to take action to enforce the revised filing and antifraud provisions of the Alaska Securities Act and Alaska Corporations Code; and.

(vii) granting to Native corporations and their shareholders the right to bring a civil action in superior court for injunctive relief and damages against persons who violate the filing or antifraud requirements of Alaska law in connection with an annual or special meeting of shareholders of a Native corporation.

The foregoing provisions of House Bill No. 251, which would conform various provisions of the Alaska Corporations Code to the provisions of ANCSA and ensure that the antifraud provisions of the Alaska Securities Act of 1959 apply to organized proxy solicitation campaigns relating to both regular and special meetings of Alaska Native corporations, appropriately address the need to protect Native corporation shareholders from misleading proxy campaigns without in any way abridging legitimate shareholder rights.

Section by Section Analysis

Proposed Paragraph AS 10.06.960(1) -- Required Call for Special Meetings

In addition to the annual meeting of shareholders, the Alaska Corporations Code currently requires Native corporations to call a special meeting of shareholders upon the request of the holders of a mere 10 percent of the corporation's outstanding shares. Recognizing the expense and disruption imposed upon Native corporations by the requirement that special shareholder meetings and votes be held in response to shareholder petitions, ANCSA provides, in contrast, that such meetings and votes need be scheduled only in response to the request of a substantial minority -- the holders of at least one-quarter of the outstanding shares entitled to vote.[1] Thus ANCSA ensures that corporations need put to a shareholder vote only those proposals that enjoy significant demonstrated support.

Proposed paragraph AS 10.06.960(1), which would conform state law to the ANCSA provision, recognizes the unique situation and needs of Native corporations and would ensure that the limited management and financial resources of Native corporations

[1]ANCSA provides that holders representing at least one-quarter of the total voting power of a Native corporation may petition the board of directors to submit to a vote of shareholders proposed amendments to the articles of incorporation relating to the issuance of additional stock or relating to the termination of the alienability restrictions imposed by ANCSA. 43 U.S.C. §1629(c).

are not diminished by the need to address shareholder petitions advanced by only a small minority of shareholders.

Proposed Paragraph AS 10.06.960(m) -- Special Meeting Petitions

Current law does not clearly regulate the circulation of petitions requesting a special meeting of shareholders of Native corporations. As a consequence, such petition campaigns are now sometimes conducted for extended periods in reliance upon fraudulent or misleading promotional materials. The Division of Building, Securities, and Corporations has informally expressed the view that it is uncertain as to its jurisdiction to regulate such materials. Given the absence of any clear filing requirement, such campaigns can even be conducted without the knowledge of the affected corporation, leaving the corporation without any opportunity to correct misstatements or ensure that shareholders have accurate information in deciding whether or not to support the petition campaign.

Enactment of proposed paragraph AS 10.06.960(m) would clarify that the antifraud provisions of the Alaska Securities Act of 1959 apply to petitions and other materials circulated in connection with requests for special meetings of shareholders, would require the filing of such materials with the affected Native corporation and with the Alaska securities administrator, and would set forth a ninety-day time period for the collection

of signatures. Taken together, these provisions would ensure that petitions and other materials relating to a call for a special meeting will be fair and informative, that the corporation will have access to such materials and an opportunity to respond, and that such solicitation campaigns will not extend indefinitely.

Proposed Paragraph AS 10.06.960(n) -- Limitation on Recall of Directors without Cause

Pursuant to Section 10.06.455 of the Alaska Corporations Code, a board of directors may be classified into a maximum of three classes with the terms of directors staggered so that either one-half (in the case of two classes) or one-third (in the case of three classes) of the directors are elected at each annual meeting of the shareholders of the corporation. Since only one-half or one-third of the directors, as applicable, stand for election at each annual meeting, the corporation and its shareholders are assured of significant continuity in the management of the corporation. The protection against sudden change provided by classification of the board is particularly important in the case of Native corporations because shareholders of Native corporations, unlike shareholders of other corporations, cannot sell their shares if they lose confidence in management.

The protections provided by classification of the board are undermined, however, by the provisions of Section 10.06.460 of the Alaska Corporations Code, which permit shareholders to effect the removal of the entire board of directors without cause. Recognizing that such provisions circumvent the protections afforded to shareholders by classification of the board, the State of Delaware, a leading jurisdiction in the area of corporate law, has amended its corporations code to provide that in the case of a classified board, directors may only be removed for cause.[2] This legislation would accomplish the same objective.

In light of the inalienable nature of the shares held by the shareholders of Native corporations, special protections must be afforded against precipitous changes in management. Proposed paragraph AS 10.06.960(m) will not entrench the board or prevent the election of new directors each year, because by statutory mandate one-third or one-half of the board will be required to stand for election each year. It will, however, ensure that the protections against sudden, wholesale changes in management afforded by adoption of a staggered board pursuant to A.S. 10.06.455 is not vitiated by the removal without cause of a Native corporation's entire board of directors.

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[2] Section 141(k) of the Delaware General Corporation Law provides, in part, that "[a]ny director . . . may be removed, with or without cause, . . . except . . . in the case of a corporation whose board is classified . . . shareholders may effect such removal only for cause . . . ."

Proposed Paragraph AS 10.06.960(c) -- Repetitive Proposals

In enacting ANCSA, Congress balanced the shareholders' right to petition for change against the potential distraction and expense of repeated proxy fights and concluded that even the most fundamental issue affecting the shareholders of Native corporations -- whether or not to terminate the alienability restrictions applicable to the shares of such corporation's stock -- need only be addressed once every two years.[3] Proposed paragraph AS 10.06.960(c) will conform state law to the ANCSA provision by providing that a shareholder proposal need not be submitted for consideration by the shareholders of a Native corporation if a proposal on a substantially similar matter was voted upon within the preceding two years. This provision will ensure that the limited financial and management resources of Native corporations are not wasted upon repeated consideration of matters already recently addressed by the shareholders.

Proposed Paragraphs AS 45.55.920(a), AS 45.55.933 and AS 45.55.990(14) & (15) -- Enforcement

The Securities Act of 1959, like Federal law, provides that it is unlawful for any person in any proxy, registration statement or other document filed with the securities

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[3] ANCSA provides that Native corporations need not consider shareholder proposals to terminate the alienability restrictions applicable to shares of a Native Corporation more than once every two years. 43 U.S.C. §1629c.

administrator to make or cause to be made an untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading. AS 45.55S.160. These provisions will ensure that the same standard of candor and truthfulness applies both to statements made in proxy statements and proxies and to statements made in petitions or requests for special meetings of shareholders. In addition, this proposal would authorize and direct the Alaska securities administrator to prevent the use and distribution of misleading disclosures and permit private parties to seek redress for such violations.

Given the cultural and financial significance of the Native Corporations to their shareholders, and the inalienable nature of their shares, it is imperative that debate concerning the direction and management of such corporations be conducted in an informed atmosphere free of distortion and misstatement. Application of the Securities Act of 1959's disclosure standard to requests and petitions for special meetings, together with a strengthened enforcement mechanism, will ensure that shareholders are presented with reliable information in deciding whether to call for a special meeting or to put a matter to a vote of the shareholders.

Conclusion

Native corporations are special entities with a unique status and responsibility. Nothing is more important than that such corporations respond to and serve the needs of their shareholders. Adoption of this legislation will address abuses that threaten the future of the Native corporations and will help ensure that future differences over policy and direction are debated fairly and resolved by shareholders fully informed regarding all relevant considerations.

DRAFT DRAFT

Prepared Testimony

of

Mark W. Kroloff, Vice President & General Counsel

of

Cook Inlet Region, Inc.

March __, 1995

My name is Mark Kroloff. I am Vice President and General Counsel of Cook Inlet Region, Inc. ("CIRI"). I appreciate the opportunity to appear before you today in support of House Bill No. 251, an Act relating to Native Corporations.

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[3] ANCSA provides that Native corporations need not consider shareholder proposals to terminate the alienability restrictions applicable to shares of a Native Corporation more than once every two years. 43 U.S.C. §1629c.

administrator to make or cause to be made an untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading. AS 45.555.160. These provisions will ensure that the same standard of candor and truthfulness applies both to statements made in proxy statements and proxies and to statements made in petitions or requests for special meetings of shareholders. In addition, this proposal would authorize and direct the Alaska securities administrator to prevent the use and distribution of misleading disclosures and permit private parties to seek redress for such violations.

Given the cultural and financial significance of the Native Corporations to their shareholders, and the inalienable nature of their shares, it is imperative that debate concerning the direction and management of such corporations be conducted in an informed atmosphere free of distortion and misstatement. Application of the Securities Act of 1959's disclosure standard to requests and petitions for special meetings, together with a strengthened enforcement mechanism, will ensure that shareholders are presented with reliable information in deciding whether to call for a special meeting or to put a matter to a vote of the shareholders.

Conclusion

Native corporations are special entities with a unique status and responsibility. Nothing is more important than that such corporations respond to and serve the needs of their shareholders. Adoption of this legislation will address abuses that threaten the future of the Native corporations and will help ensure that future differences over policy and direction are debated fairly and resolved by shareholders fully informed regarding all relevant considerations.

PREPARED TESTIMONY
OF RODNEY PEDERSON
ASSISTANT HOUSE COUNSEL
FOR
ARCTIC SLOPE REGIONAL CORPORATION
ON HOUSE BILL 251
March 27, 1995

Via Fax: 1 (907) 465-2819

Before the Committee on Labor & Commerce
Alaska House of Representatives

My name is Rodney Pederson and I am the Assistant House counsel for the Arctic Slope Regional Corporation (ASRC) and am also a shareholder of the corporation. I thank the Committee for the opportunity to comment on House Bill No. 251 today, and would especially like to thank Representatives Moses, McLean and Williams for sponsoring the Bill.

As you probably are aware, the Arctic Slope Regional Corporation is one of the regional Native corporations established by the Alaska Naive Claims Settlement Act and is one of the entities within the state which would be most affected by the provisions of this Bill. However, I would also like to point out that I, as a shareholder of a Native corporation and a member of the class of people who's rights this Bill is mainly intended to affect, am here to speak not only on behalf of the management of the Arctic Slope Regional Corporation, but as a shareholder of the corporation also.

First, as a representative of the Arctic Slope Regional Corporation, I want to convey that ASRC strongly supports the legislation proposed by House Bill 251; and further, that it supports and agrees with the comments made by the representative of the Cook Inlet Region Incorporated (CIRI). I will not use up too much of the Committee's time by repeating the points made in Cook Inlet's comments, but would simply like to point out that ASRC shares the same concerns and has faced many of the same problems, disruptions and expense encountered by CIRI in dealing with shareholder proposals. It is the opinion of ASRC that the approach to dealing with these problems taken by the provisions in House Bill 251 would be a substantial and important step in preventing or minimizing such disruptions and expense in the future.

I would like to point out to the Committee that there are substantial and important distinctions between a Native corporation and a regular business corporation.

These differences were recognized by the U.S. Congress and prior Alaska legislatures in drafting statutes concerning Native corporations. Congress and prior Alaska legislatures recognized that the unique make up of the stockholders of a Native corporation as compared to a normal business corporation justified different rules and standards between the two types of corporations for considering and voting on several important corporate governance topics, such as changes to the articles of incorporation, changes to eligibility requirements for stock ownership and removal of alienability restrictions.

A Native corporation, unlike a general business corporation, is owned by a large number of similarly situated shareholders, who generally own an equal number of shares. Elections to the boards of Native corporations and voting on shareholder proposals are much more political and usually involve a much larger number of shareholders owning a much smaller, but more equal share of the company than in a normal corporation. Elections are much more like a municipal or county election than a shareholder vote.

The provisions in the corporate code are designed to provide protections for shareholders with different levels of ownership in the company. for example, minority shareholders are entitled to voice their concerns when the majority owners oppress the rights of the minority owners. Thus, in a normal corporation it would be reasonable to allow minority owners, the owners of as little as 10% of the outstanding shares, to petition for a special meeting before the majority owners waste or liquidate the assets of the company.

In contrast, a Native corporation is made up of usually a fairly large number of equally situated shareholders. There is no majority owner or owners to oppress a minority. Thus, it is not as crucial in a Native corporation to protect a minority owner's interest because there is no minority owner and therefore, it is reasonable to require a larger number, for example, the 25% proposed in this Bill, to ensure there is a conseneus of at least a substantial minority of equally situated shareholders prior to the calling of a special meeting.

The most important problem that ASRC encountered in its recent experience with the calling of a special meeting by shareholder petition was the inaccurate and misleading statements made by the sponsors of the petition in order to solicit support for the petition and the resolution forwarded to the board by the petition. There was little or nothing ASRC could do to try to limit the misleading and inaccurate statements until the holding of the meeting itself. By the time of the meeting, many shareholders had voted to support the resolution of the sponsors by proxy, based on the misleading and inaccurate statements in and accompanying the petition drive. In fact, many shareholders complained after the meeting that they were intentionally misled by the sponsors and would not have voted by proxy as they did, if they were given accurate information.

House Bill 251 would go a long way towards remedying this problem by affording a mechanism for the corporation to review the statements and information circulated with a petition prior to the circulation and more importantly, would provide sanctions and penalties for the use of deliberately misleading and inaccurate information. This is probably the most important provision in the Bill from ASRC's standpoint, and is strongly supported by ASRC.

Because I do not want to use any more of the Committee's time than is necessary to convey the importance of the provisions in House Bill 251, I have submitted a more detailed analysis of the Bill and proposed changes to clarify ambiguities or weaknesses to the staff of Representative Moses, and hope that the Committee will consider them while reviewing the Bill.

Finally, I would like to comment as a Native corporation shareholder on the relationship between the stable and steady management of a Native corporation and the success of that Native corporation. As a shareholder of the Arctic Slope Regional Corporation, I know that our Board of directors and the management team appointed by the board has been very stable with very little turn over. In fact, several of our board members have been with the corporation since its founding after the passage of the Alaska Native Claims Settlement Act. This stability and steadiness in management is one of the most important reasons for the success in the business environment that ASRC has achieved.

Disruptions in the management and direction of a business enterprise are generally not good for a company, and I, as a shareholder, would support any measures that would help to minimize disruptions and keep a corporation on a steady course towards success.

I do not view the provisions of House Bill 251 as being a significant infringement on my rights as a Native corporation shareholder, but rather as a mechanism to ensure that I am provided with accurate, complete and truthful information when I am presented with a solicitation for my support of a shareholder petition. I would much rather make my decision based on accurate and truthful information than on misleading statements and half truths. At least then, I would be making a decision as a fully informed shareholder when deciding if the issue is important enough to require my corporation to endure the expense and disruption that a special meeting and proxy fight could cause.

Again, I think the Committee for this opportunity to comment on this very important bill.

Rodney Pederson

Assistant House counsel
Arctic Slope Regional Corporation

TO: STATE OF ALASKA LEGISLATURE

FROM: JEAN SZTUK, STATE OF ALASKA CITIZEN
5811 CHURCHILL WAY
JUNEAU, ALASKA 99801
(907) 780-4219

DATE: MARCH 27, 1995

I AM EXTREMELY CONCERNED ABOUT HOUSE BILL #251. IT IS SAID THAT "HISTORY REPEATS ITSELF." THIS HOUSE BILL IS ANOTHER CASE IN POINT. EVERY TREATY EVER MADE BETWEEN THE WHITE PEOPLE AND THE NATIVES HAS BEEN BROKEN FOR HUNDREDS OF YEARS, WITHOUT EXCEPTION.

I STRONGLY FEEL THAT HOUSE BILL #251 IS A JUST ANOTHER UNDERHANDED, SHAMEFUL, AND EMBARRASSING WAY OF TRYING TO SILENCE AND RESTRAIN THE NATIVE PEOPLE.

THIS BILL WILL STIFLE THE ONLY VOTE NATIVES HAVE TODAY ON HOW THEIR CORPORATIONS ARE OPERATED. WHO WILL BE LEFT TO MAKE IMPORTANT DECISIONS IF THEIR CORPORATE BOARDS ARE OUT OF CONTROL AND WHO WILL BE ABLE TO STOP THEM? IF THE NATIVES' RIGHTS ARE TAKEN AWAY, HOW CAN THEY GAIN CONTROL OF AN OUT-OF-CONTROL CORPORATION? THESE CORPORATIONS WERE CREATED FOR ALL NATIVE PEOPLE AND NOT JUST A SELECT FEW. WHY ARE NATIVES' RIGHTS ALWAYS IN JEOPARDY? DO YOU KNOW BETTER THAN THE MAJORITY OF NATIVES WHAT IS BEST FOR THEM? WHY WOULD YOU SUPPORT SUCH A BILL?

I URGE YOU TO VOTE "NO" ON HOUSE BILL #251 TO SHOW YOUR SUPPORT AND DEDICATION TO THE FREE VOICE OF ALASKA'S NATIVE PEOPLE.

THANK YOU IN ADVANCE FOR VOTING "NO" TO DEFEAT THIS HIGHLY UNFAIR BILL.

ATTENTION [illegible]
MARCH 2 [illegible]

FROM Bobbie (Rearden) Archibald
P.O. Box 200
Kenai, Alaska 99611-0200
Phone/Fax 907 283-7748

Dear [illegible]

I urge you to carefully read HB251 concerning "An Act relating to Native Corporations." This Bill is designed to eliminate the few remaining rights of Native Shareholders. The Board of Directors have resource to write and change By-laws that remove most of our rights (and have already exercised this power repeatedly). Shareholders, Village Corporations, Board Members and other entities were not notified of this Bill. I spoke to a number of the CIRI Board members. They either did not know about the Bill or were told only part of its context. None had a copy of the Bill. How can our Corporate leader have a Bill introduced with out full consent of the Bills contents? This Bill affects other Corporations besides CIRI. I faxed the Bill to Tyonek, Ninilchik and Seldovia. They were not previously informed of the Bill. This Bill does not affect only CIRI Shareholders, it affects the approximately 70,000 Natives in the State of Alaska. A Bill introduced by a Corporate leader to protect himself from a possible Recall is unfair. I do not personally believe in Recalls unless there is no other possible alternative, but HB251 is against any Resolution a Shareholder may wish to bring before the Board. A Bill of this magnitude should not be introduced until everyone concerned is informed. The following is an attempt to explain how the Shareholders rights are taken away.

Sec. 2 AS10.06.960 states, only the chair of the board, the president, the shareholders of not less than one-quarter of all the shares entitled to vote may call a meeting. If the Board is guilty of any wrong doing, Shareholders will have no alternative way to control the Board. This Bill was introduced to prevent Recall groups. A situation could exist whereas it may be necessary to Recall a Board. *A Board should always realize they must conduct themselves properly or a possibility of a Recall exists.* A Recall possibility is an insurance for the Shareholders.

The 25% percent of the shareholders is impossible to obtain on a petition. Native Shareholders are reluctant to sign petitions but they will readily sign a proxy. Obtaining 1/4 of the Shareholders signatures is difficult since we are transient people with hundred of address changes every three months. Many of our people are in Advocacy care, old age homes, street people, non-voting shares and other related problems. The majority of the vote at a meeting was only 2,100. There are approximately 6,700 Shareholders in CIRI. Is the State requirement for signatures 10%, and if so this would be discrimination. If a resolution fails due to a small legal technicality, it would be difficult to obtain 25% of the signatures for a petition. CIRI itself would not be able to secure that many signatures. Our current By-laws state 10% of the voters and that is difficult to procure on a petition.

Asking Shareholders to file a request with the Corporation for notice of a meeting and/or petition is unfair. We file with the State of Alaska and the filing is available to the Corporation. The Corporations use our money to hire attorneys to fight any

to the Corporation. The Corporations do not want to give answers to help us prove the people make. Giving the Corporation this power is unjust. The Corporation does not inform the Shareholders of what they are doing. HB251 says shareholders do not have to inform the Board of what they doing in many matters. Before allowing this Bill to pass, a person needs to read ANSCA in this case CIRI Articles of Incorporation and CIRI By laws. Shareholders are 70% at or below the poverty level. They cannot afford attorneys to read the materials. Usually small groups of friends meet together and ask, "What can I do to make a change?" Someone donates a few dollars. Someone else writes a letter and/or calls their relatives to see if they support the issue. Slowly they raise several hundred dollars. Filing with CIRI before forming a plan is unjust. Shareholders do not know which materials they will use. They write materials as they learn and as the Corporation mails out materials. HB251 requires Shareholders to give CIRI all articles they will use before they start the campaign. This would be impracticable in any campaign. You make changes when necessary and file them with the State. Corporations modify their materials as the occasion arises and so should Shareholders be allowed this right. They acquire a mailing list (CIRI charges Shareholders $60.00 for the list) and file with the state of Alaska. They mail as many letters as they have stamps (our Shareholders reside in almost every State and all parts of Alaska) and wait for donations. The donations arrive with a dollar or one stamp. Some days one hundred dollars or three hundred stamps arrive. During this process the Corporation may be using our (Shareholders) money to compose letters against the resolution. Slowly over three or four months enough money comes in to mail out the entire petition. The entire process is repetitive for the proxy except the Shareholders have done a solicitation for money before filing the signatures. CIRI allowed the last group only twenty days to solicit proxies. The Corporation knows what the Shareholders are doing as there is usually correspondence between both factions. The process takes at least six months. Taking away our rights to conduct a campaign is not fair. There is no possible way a Shareholder could administer any campaign from start to finish in 90 days and that is what HB251 asks for. Currently we are doing a campaign to change the current proxy form and end discretionary voting. If we introduce a resolution and we have a grammatical error, under HB251 we could not bring this before the Shareholders for two years (even if the majority of the Shareholders are in favor). All Resolutions with CIRI are advisory to the Board. There should not be laws to restrict and/or stop Shareholders from advising the Board. **This right for Maximum Participation Without Litigation was given to us under ANSCA.** We are also allowed equality under the Equal Prominence Law.

The Bill states that if a Resolution is introduced, it can not be conversant for two years. Nov. 17, 1995, a resolution was introduced at a Special CIRI Meeting. The Shareholders had the majority of the vote. The group had some type of legal technicality with the resolution. CIRI with their legal advisors (paid for with our Shareholders money) tossed out the rights of the Shareholders votes. The Shareholders did not have an attorney due to lack of funds. This resolution was only advisory to the Board. Under HB251, this resolution could not be re-introduced for two years. This is unfair.

This Bill allows for fines, jail sentences and felony convictions of Shareholders. I know of no group or Shareholder who would willfully make a false and/or misleading statement. Corporations have intimidated the people for years with fear of reprisal. This Bill will take away our ability to speak for ourselves for fear of a fine and or jail. Native people are learning to speak out. They are a quiet people. The

esteem back to the Natives of Alaska. I urge you to vote no to HB251. This Bill was introduced without the consent or knowledge of the Alaska Natives. We are the majority, not the Native Corporate leaders. CIRI has a top paid lobbyist in Juneau and has been sending people to Juneau over this Bill (Shareholders cannot afford this type of lobbying). They are using our (Shareholders) money to go behind our backs to pass HB251. Please help the Natives of Alaska stop this Bill affecting not only CIRI Shareholders but all Natives of Alaska. Call for further information at 907-283-7748

Bobbie Oskolkoff
Concerned Shareholder For CIRI

Please respond in writing.
Thank You. Please call if
you have further questions!

DELISIO MORAN GERAGHTY & ZOBEL, P.C.

343 West Sixth Avenue, Anchorage, Alaska 99501 (907) 279-9574 FAX (907) 272-4351

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Tracey L. Kramer
Jeffrey L. Jones
Annette D. Wilson

Date: 3-24-95

To: Tim Benetendi / Carl Moses, Representative
Fax No. 465-3445
DMGZ No. 5802-099

From: Rodney Pederson — Arctic Slope Regional Corp.

Pages, including cover page: 8
Document(s) being Faxed:
Original will be sent by mail: ___Yes X No

Message: Copy of Marked up H.B. 251 &
Letter explaining proposed changes.
Please call if all pages not
received & to verify telephonic
comment by me. @ 344-2962 - Rod.

If you have trouble receiving this transmission, please call (907) 279-9574.

Date sent ____ Time sent ____ Sent by ____

ARCTIC SLOPE REGIONAL CORPORATION
301 Arctic Slope Avenue
Anchorage, Alaska 99518
(907) 349-2369

March 24, 1995

Tim Benetendi
Rep. Moses
VIA FAX 465-3445

Re: House Bill 251

Dear Mr. Benetendi:

This letter will serve to explain the changes that Arctic Slope Regional Corporation is proposing to HB 251. Overall, ASRC supports the Bill, however there are some minor changes that we would like to see made to the Bill, mostly to clarify the intent and to remove possible ambiguities and problems down the road. I will address the changes we are proposing section by section and am attaching a copy of the Bill on which I have hand-written the changes we would like to see.

Sec. 1- We would like to see this section deleted. It seems to attempt to create director liability for voting for a distribution in violation of an improperly called special meeting. If the other provisions of the bill are complied with, this should never occur. Maybe I just do not understand the intent of this provision. I did talk with Mark Kroloff of CIRI and he informed me that this would be deleted from the bill anyway, and ASRC would support the deletion.

Sec.2- This would be renumbered as Sec) We would like to amend subsection (l) by either numbering or lettering the five procedures for the calling of special meetings. This would make it much easier to make the clarifications we would like to see to the remaining sections. For example, Subsection (m) below, should only apply to petitions for special meetings or other requests and not to meetings called by the board, the president or the chairman. Further, we would like to clarify that (iv) would be a petition by the holders of one quarter of the shares rather than just the one quarter. This would ensure that a petition and the filing requirements in subsection (m) are required to call a meeting.

We would like to amend subsection (m) to clarify that it only applies to petitions by one quarter of the shares or to other persons, (iv) and (v) above. Further, we would like to add the sponsor or solicitor of the petition or request to the information which must be disclosed and filed with the corporation. It may seem that the information required would disclose this, but we want it very clear that the sponsor must be disclosed.

Subsection (o) should be made consistent with the above sections by adding "or other request" to a shareholder proposal. Further, we would like to add "notwithstanding compliance with subsection (m) to make clear that repeated requests for the same proposals are prohibited even if the requirements are met.

Sec.2 We propose to add a new section 2 which would add a new subsection to the definitions in 10.06.990. We would like to add "sponsor or solicitor of a petition or request" to the defined terms because of its importance to several of the amendments we are proposing, and because these are the persons whom this entire bill is intended to affect. We would like to see this limited to the petitioners under 10.06.960 (l) (iv) and (v).

Sec.3 We would like to add language to subsection(b) to make it clear that the penalties would apply to the sponsor of the petition and only the sponsor with respect to violations of 10.06.960 (m). The way it is tacked on in the bill does not make it clear that it applies to petitioners, although they would certainly be covered by "other person". This could be interpreted to apply to anyone who signs the petition and not just the sponsor. The language that we propose to add makes it very clear who the penalty would apply to and that it does in fact apply to sponsors.

Sec. 4 We support this section as written.

Sec. 5 We would like this section clarified that it applies to any and all proxies obtained in violation of the listed statutes.

Sec. 6 We support this section as written.

Sec. 7 We would like to amend this section to clarify that we would like the right to pursue court action to void proxies improperly obtained and to enjoin further violations, however, we would not support seeking monetary damages from a shareholder. We believe the intent of the bill is to deter violations and to afford a

mechanism to stop violations which do occur, not to create a right to sue for monetary damages from shareholders. Further, we do not want to support the creation of an additional right for the shareholder to sue the corporation for a violation of AS 45.55.139 by the corporation. This is why we would like to see the provisions for shareholder suits deleted from this section. ASRC nor any Native corporation would ever intentionally violate AS 45.55.139, and this would give a shareholder the right to sue even for inadvertent violations.

Sec. 8 Here also we would like to add a definition for a "sponsor or solicitor of a petition or request" by reference to the definition we propose to add to section 10.06.990.

I sincerely hope that you and Representative Moses will give careful and serious consideration to our proposed changes to your Bill. We have carefully reviewed and dissected the bill with a careful mind toward the intent of the language and believe these changes would eliminate some potential ambiguities and weaknesses. We thank you for the opportunity to convey our opinion on the Bill and the language it contains prior to the hearing on Monday.

Very truly yours,

ARCTIC SLOPE REGIONAL CORPORATION

By:

Rodney Pederson
Assistant House Counsel

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Bannister
3/24/95

CS FOR HOUSE BILL NO. 251( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETIETH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES MOSES, MacLean, Williams

A BILL

FOR AN ACT ENTITLED

"An Act relating to the meetings, shareholder proposals, and removal of directors of Native corporations."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

Delete Sec. 1

"Section 1. AS 10.06.480(a) is amended to read:

(a) In addition to other liabilities, a director is liable in the following circumstances unless the director complies with the standard provided in AS 10.06.450(b) for the performance of the duties of directors:

(1) A director who votes for or assents to a distribution to the corporation's shareholders contrary to the provisions of AS 10.06.358, 10.06.360, 10.06.363, or 10.06.365 or contrary to a restriction in the articles of incorporation, is liable to the corporation, jointly and severally with all other directors voting for or assenting to the distribution, for the amount of the distribution that is paid or the value of the assets that are distributed in excess of the amount of the distribution that could have been paid or distributed without violation of AS 10.06.405 - 10.06.438.

10.06.960(1), or the restrictions of the articles of incorporation.

(2) A director who votes for or assents to a distribution to the corporation's shareholders during the liquidation of the corporation without the payment and discharge of, or making adequate provision for, all known debts, obligations, and liabilities of the corporation is liable to the corporation, jointly and severally with all other directors voting for or assenting to distribution, for the value of the assets that are distributed, to the extent that the debts, obligations, and liabilities of the corporation are not thereafter paid and discharged.

(3) A director who votes for or assents to a loan of assets of the corporation to an officer or employee or a loan secured by the corporation's shares contrary to the provisions of AS 10.06.485 or contrary to a restriction in the articles of incorporation, is liable to the corporation, jointly and severally with all other directors voting for or assenting to the loan, for the amount of the loan that is in excess of a loan that could have been extended without a violation of AS 10.06.485 or the restriction in the articles of incorporation.

* Sec. 2. AS 10.06.960 is amended by adding new subsections to read:

(i) Notwithstanding AS 10.06.405 and 10.06.465(c), special meetings of the shareholders of a corporation organized under the Act may only be called by the board, (ii) the chair of the board, (iii) the president, (iv) a petition by the holders of not less than one-quarter of all the shares entitled to vote at the meeting, or (v) other persons as may be authorized in the articles of incorporation or the bylaws.

(m) In addition to the other requirements of this chapter and AS 45.55 for special meetings, and subject to the penalties in AS 45.55.920 - 45.55.925, a written notice of a petition or other request for a special meeting of shareholders under (i) or (iv) or (v) of this section shall be filed with the corporation before a person solicits support for the petition or request. The notice must state in detail the purpose of the special meeting, the sponsor or solicitor of the petition or request and include a copy of the petition or request and all materials to be used in connection with the solicitation. A petition or request bearing the original signatures of the holders of the requisite number of shares supporting the petition or request shall be filed with the corporation within 90 days after the filing. If a petition or request covered by this section does not comply with this subsection and AS 45.55.160, the

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petition or request is invalid.

(n) The provisions of AS 10.06.460 do not apply to a corporation organized under the act, if the corporation has adopted articles that provide for classification of directors under AS 10.06.455, or if the corporation is allowed by sec. 57, ch. 82, SLA 1989, to provide in its bylaws for the classification of directors.

(o) A corporation that is organized under the act is not required to consider or to submit to a vote of the shareholders a shareholder proposal or other request that deals substantially with the same subject matter as a proposal that was submitted to a vote of the shareholders within the preceding two years, notwithstanding compliance with subsection (m) above.

(Add new sec. 2 below)

* Sec. 3. AS 45.55.920(b) is amended to read:

(b) The administrator may issue an order against an applicant, registered person, or other person who knowingly or intentionally violates this chapter, [OR] a regulation or order of the administrator under this chapter, with respect to AS 10.06.960(m), or AS 10.07.960(m), imposing a civil penalty of not more than $2,500 for a single violation, or not more than $25,000 for multiple violations, in a single proceeding or a series of related proceedings.

AS 10.06.960(m) a sponsor or solicitor of a petition or request who knowingly or intentionally violates

* Sec. 4. AS 45.55.920(d) is amended to read:

(d) Before issuing an order under (a)(1), (b), [OR] (c), or (e)(1) of this section, the administrator shall give reasonable notice of and an opportunity for a hearing. However, the administrator may issue a temporary order under (a)(1) or (e)(1) of this section pending the hearing, which remains in effect until 10 days after the hearing is held and which becomes final if the person to whom notice is addressed does not request a hearing within 15 days after the receipt of notice.

* Sec. 5. AS 45.55.920 is amended by adding a new subsection to read:

(e) If the administrator is informed that a person has engaged or is about to engage in an act or practice in violation of AS 10.06.960(m), AS 45.55.139, or 45.55.160, and if the act or practice relates to a regular or special meeting of the shareholders of a Native corporation, the administrator shall

(1) issue an order

(A) directing the person to cease and desist from continuing the act or practice; and

Section 2. AS 10.06.990 is amended by adding a new subsection to read:

(49) "Sponsor or solicitor of a petition or request" means any person or persons who actively petition, solicit or request shareholder support for a petition or request for a special meeting of shareholders under section 10.06.960(1)(iv) or (v).

(B) voiding ~~a proxy~~ all proxies obtained in violation of AS 10.06.960(m), AS 45.55.139, or 45.55.160; or

(2) bring an action in the superior court to enjoin the acts or practice, to void ~~a proxy~~ all proxies obtained in violation of AS 10.06.960(m), AS 45.55.139, or 45.55.160, or to enforce compliance with AS 10.06.960(m), AS 45.55.139, or 45.55.160, and, upon a proper showing, the appropriate remedy shall be granted.

* Sec. 6. AS 45.55.925(a) is amended to read:

(a) In addition to the civil penalties assessed under AS 45.55.920, a person who wilfully violates a provision of this chapter except AS 45.55.160, [OR] who wilfully violates a regulation or order under this chapter, [OR] who wilfully violates AS 45.55.160 knowing the statement made to be false or misleading in a material respect or the omission to be misleading by any material respect, or who wilfully violates AS 10.06.960(m), upon conviction, is punishable by a fine of not more than $5,000, or by imprisonment for not less than one year nor more than five years, or both. Upon conviction of an individual for a felony under this chapter, imprisonment for not less than one year is mandatory. However, an individual may not be imprisoned for the violation of a regulation or order if the individual proves that the individual had no knowledge of the regulation or order. An indictment or information may not be returned under this chapter more than five years after the alleged violation.

* Sec. 7. AS 45.55 is amended by adding a new section to read:

Sec. 45.55.933. CIVIL ACTION FOR CERTAIN VIOLATIONS. A Native corporation, ~~a shareholder of a Native corporation, or both~~, may bring a civil action in superior court against a person who violates AS 10.06.960(m), AS 45.55.139, or 45.55.160, if the violation relates to a regular or special meeting of the shareholders of the Native corporation. In the action, the Native corporation, ~~shareholder, or both~~, may ~~recover damages from the violator~~, void all proxies obtained by the violator ~~a proxy~~, or enjoin the violator from continuing the violation or committing additional violations. ~~A shareholder maintaining the action is a derivative action under AS 10.06.452.~~

* Sec. 8. AS 45.55.990 is amended by adding new paragraphs to read:

(14) "Native corporation" means a corporation organized under 43 U.S.C. 1601 - 1641 (Alaska Native Claims Settlement Act);

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(15) "proxy" includes a petition or other request for a special meeting of shareholders under AS 10.06.960(m) and material distributed in connection with the petition or request or with the solicitation of support for the petition or request.

(16) "Sponsor or solicitor of a petition or request" means a person defined in section 10.06.990.

Sealaska

One Sealaska Plaza
Suite 400
Juneau, Alaska 99801-1276
(907) 586 - 1512
FAX (907) 586 - 9214

March 24, 1995

Honorable Pete Kott
State House of Representatives
Room 409 State Capitol
Juneau, Alaska 99801-1182

Re: House Bill No. 251 "An Act Relating to Native Corporations"

Dear Representative Kott:

House Bill No. 251 "An Act Relating to Native Corporations" is soon to be heard before your committee on Labor and Commerce. This legislation advances improvements to the State Corporate Code focused upon undertakings related to special meetings and shareholder proposals. Changes advanced by the bill will allow for fairness and certainty in the process of promoting issues related to a special meeting, establishing the threshold of interest by shareholders in order to hold a special meeting and stability to corporations as each faces issues, in some cases on a repeated basis, over time.

As a general matter, Sealaska Corporation supports House Bill No. 251 and urges your enactment of these amendments to the State Corporate Code into law this session.

Sincerely,

SEALASKA CORPORATION

Robert W. Loescher
Executive Vice President
Resource Management

cc: Leo Barlow
Roy Huhndorf
Southeast Legislators
SEPA

Anchorage Office • 601 Arctic Slope Avenue • Suite 400 • Anchorage • Alaska • 99518-3035 • (907) 339-6000 • FAX (907) 339-6028

arctic slope regional corp.

RECEIVED

MAR 27 1995

March 24, 1995

Representative Pete Kott
Chairman
Committee on Labor & Commerce
House of Representatives
Mail Stop 3100
State Capital
Juneau, AK 99801-1182

Re: House Bill No. 251

Dear Representative Kott:

I am writing to you in support of your committee's consideration of HB 251, an Act Relating to Native Corporations. The Arctic Slope Regional Corporation (ASRC) is one of the twelve regional corporations established pursuant to the Alaska Native Claims Settlement Act (ANCSA) here in Alaska. As such, we would be directly affected by the passage of HB 251.

ASRC recently held a special meeting of its shareholders that was called by a shareholder petition. We are familiar with the requirements currently on the books for initiating such a meeting and the requirements, or lack thereof, imposed on the petitioning shareholders. Without detracting from the rights of shareholders to present their concerns, our experience was that the process used, and statements made, during the petition solicitation and campaign for proxies by the small group supporting the petition was disruptive and misleading. A significant number of our shareholders complained that they felt they had been intentionally mislead and lied to by the petitioners. Unfortunately, we found little in the current law that was of help to us.

The provisions suggested by HB 251 would go a long ways towards ensuring that the process was fairer and more truthful. All shareholders of a corporation, not just a vocal few, have the right to receive accurate and factual information. The changes suggested by this bill are not infringing on the rights of corporate shareholders nor gilding the position held by management. They are simply trying to ensure that the corporate governance issues raised by the petition process function fairly for all concerned.

Corporate Headquarters • P.O. Box 129 • Barrow • Alaska • 99723-0129 • (907) 852-8633 or (907) 852-8611 • FAX (907) 852-5904

The basic standard established by ANCSA itself follows the one-quarter requirement, rather than a mere ten percent; this should be applied by the state as well for determining when a special meeting may be called. It is a standard that all are familiar with under ANCSA and one that has been judged as fair by our federal legislative policy makers.

My purpose here is not to critic the specifics of this bill line by line, but rather to communicate to you and the committee members the need to address the issues addressed in HB 251 and my support for the approach taken here. Unfortunately, I will not be able to present further comments at the committee's next hearing which I understand is now scheduled for Monday afternoon March 27th. I will, however, direct one of our staff people to provide the committee further input at that time.

Thank you for the opportunity to provide my comments to you. I look forward to successful consideration of HB 251.

Very Truly Yours,

Jacob Adams
President

cc: Rep. Eileen MacLean
Sen. Al Adams

Resubmitted Dec 3/29/95

submitted 3/24/95

CONCERNED SHAREHOLDERS FOR CIRI

P.O. BOX 22 KENAI, ALASKA 996121-0266

March 18, 1995

96Cook Inlet Region, Inc.
Barbara Donatelli
CIRI Bldg. 2525 "c" Street P.O. Box 93330
Anchorage, Alaska 99509-3330

Dear Barbara,

We are submitting a list of resolutions for your approval. We request that you approve them for CSC. If any resolutions are against the laws of the State of Alaska or the Federal Government, we wish to be notified. We also wish to avoid misleading filings so that we will not expend unnecessary time at the annual meeting. If any resolution will be considered misleading, please inform us at this time. We will submit these resolutions to Banking and Securities after you approve them. We are not asking for legal advise other than that which pertains to doing our job as Shareholders. After these resolutions are approved by CIRI, we will officially submit them to you. CSC hopes that CIRI will submit their resolutions to use in a timely matter as we need to file all papers pertinent to a Proxy solicitation in the event we decide to pursue a campaign. We do not wish to have a repeat of the November 17th, 1994 special meeting. CSC's only concern is the Shareholders receive a fair and just vote on these issues. We believe that under the Equal Promince Law and under the ANSCA law concerning Maximun Participation, we are entitled to a response from CIRI on these above resolutions. CSC respectfully requests your immediate response to the above matter. We also request that you do not use CSC (Concerned Shareholder's For CIRI) name in any surveys, polls or in the media without written approval from CSC.

Sincerely;
CSC
Mary Ann Mills
Roberta Oskolkoff
Mary Ann Mills
Roberta Oskolkoff
Without Prejudice UCC1-207

Mail answer

FROM : Panasonic FAX SYSTEM PHONE NO. : Feb. 03 1994 05:20PM P1

Sorry about
Wo... received your reply

Concerned Shareholders For Ciri

~~[illegible]~~

MARCH 17, 1995

Mark Kroloff
Vice President Counsel
CIRI Building 2525 "C" Street P.O. Box 93330

Dear Mr. Kroloff

CSC is supported solely by shareholders. *The only source of funding is shareholders.* **Do you understand these statements?** No donations have been larger than one hundred dollars. The normal donation is in the form of stamps. All membership limited to shareholders of Cook Inlet Region, Inc. Quite frankly, CSC members do not wish to submit their names to CIRI for fear of reprisal and/or legal action CIRI may pursue against them. It has already been acknowledged, in a book published by the Cook Inlet Region called, "Our Story, Our Lives," in a quote from Otto Theile Sr. on ANSCA and CSC quotes, "It's the Lawyers' Retirement Act, is what it is. And that's what the attorneys all over the West Coast, Washington D.C. and Alaska call it laughingly--The Lawyers Retirement Act. Because there's lawyers, whole firms, that don't do nothing but represent Native corporations and villages. And they wind up with all the money."

Our supporters could summon a special meeting at any significant moment. Does this tell you the magnitude of our membership? Are you asking about membership so you can find out how much support CSC actually has? We have shareholder support who would not sign a petition for fear someone would find out and the consequences might affect their job and/or friendships. Intimidating and browbeating of our indigenous people must end. Legal twisting and insinuations with words to attempt to control our intrinsic people must terminate. Examples are January 3, 1995 letter send to shareholders. We must institute a better way to allow Maximum Participation. It is pathetic that the battering of the Alaska Natives continues to exist in any form.

Is CIRI using an Attorney to intimidate CSC and other shareholders and groups? Many feel manipulation of this sort is being used to dissuade the shareholders from taking active part in corporate matters. Is it true? The majority of the Alaska Natives are at or below poverty level and cannot afford legal representation to protect themselves. Therefore they look towards a group(s) protection to speak against the wrongs created by ANSCA and management of large corporations. Doyon and other corporations are beginning to take action against Board Management and slates. Doesn't this tell management the people are ready for a new beginning?

All correspondence is submitted by shareholders. We do not solicit membership or donations from out side the shareholders and we do not accept donations from businesses. Are you suggesting CSC might accept resources from other than shareholders of CIRI? This type of implication would be an insult to the integrity of CSC. CSC asks CIRI and their employees to refrain from any unwarranted shallow hints directed towards the integrity of CSC. These outlandish implications are a cowardly tactic and should not be used to control shareholders. CSC is not secretly backed by outsiders. We assure you our funds are mailed to us from shareholders of CIRI. The law says we do not have to disclose our funding if it does not exceed five hundred dollars ($500.00) per individual donation, so why are you asking about sources of funding? What type of disclosure of our funding are you requiring? Do you want a list of the stamps and donations? We will give this to you without names. It will be a long list ranging from one stamp or a dollar to $100.00 or 300 stamps. We did not receive funding from questionable sources or past Board of Directors. You mention the same discloser question about Shareholders For CIRI's future in the January 3, 1995 letter. This is

getting rather redundant when there is nothing to disclose. If CIRI would allow us Maximum Participation without Litigation, there would be no need to solicit funds from shareholders. We would be using CIRI's money, which is virtually our own money.

CSC requests CIRI not use the CIRI Newsletter for any defamation directed at CSC. CSC requests that before CIRI publish any material about CSC in any newsletter, mailing and /or media, it be submitted to Concerned Shareholders for CIRI for approval. CSC also requests any material CIRI uses about CSC be filed with Banking and Securities. CSC does not wish implications such as the one CIRI published January 3, 1995.

CSC does not wish for legal advise from you except where it pertains to the proper way to conduct business for a Proxy campaign. As shareholders, we are doing our job and as you are our attorney, we are asking for information pertinent to that job. CSC is not the only Native group asking corporations to allow Maximum Participation. Doyon Shareholders and others are all asking for changes. Our corporations should listen to the stockholders and abolish the management slate and distribute the NOLS.

CSC will file all documents for a proxy solicitation when we have, in writing, the required materials. We are requesting the date, time and place of the 1995 Annual Meeting. We are requesting all resolutions CIRI is planning to submit. We are asking for all resolutions that have been submitted to CIRI by shareholders and other groups. In order to avoid the discretional Authority problem at the November 1994 Special Meeting, we must ask for this information. What date has CIRI set for the proxy mail-out? We need ample time to prepare our materials so we can begin our campaign at the same time. What date is set for the final filing and presenting of resolutions to CIRI? Who is on the CIRI slate? Are all five incumbents on the CIRI slate? Are any incumbents running independently? If a candidate is on the CIRI slate can an independent group also place the nominee(s) on their slate? Can shareholders present resolutions from the floor and vote on at the Annual Meeting and/or Special Meetings? If CIRI refuses to and/or neglects to give us the resolutions, will we be able to conduct a proper proxy campaign and vote on all issues with our proxies? Will CIRI give CSC their resolutions in proper time to prepare materials for a proxy solicitation? CSC requests the resolutions submitted by Shareholder's For CIRI's Future from CIRI. Can CIRI revise resolutions submitted by shareholder(s) and/or group(s)? Does CIRI have to present resolutions and/or revised resolutions presented by CSC, other groups, and/or Shareholders to the shareholders on CIRI's proxy? Will CIRI quit using words like should instead of shall when they present a resolution? The proper and just word is Shall! Is it correct for CIRI to use Board powers and CIRI attorneys to fight the shareholders? Can you provide recommended reading to help us prevent a replay of the Nov 17, 1994 meeting? This question pertains to the shareholders' rights under the Equal Prominence Law.

What does CIRI do with discretionary votes? Do they distribute them equally to all five candidates? Do they use the seniority system to vote discretionary votes? If a shareholder marks out one candidate, what happens to the other four? Who gets the votes? If a shareholder marks out all five candidates, is the ballot used for quorum purposes only? If the shareholder marks out all but one of the proxy holders, does the remaining person get to vote the proxy in any way he chooses?" Is it understood that the person remaining on the proxy, vote along with the CIRI slate or would he use the vote in any manner for anyone he chooses? How does CIRI normally distribute the vote? Can you understand these questions?

CSC unequivocally hopes CIRI will mail us the stipulated items listed in this letter. If CIRI does not have any resolutions at this time, CSC requests any resolutions CIRI may write in the future be mailed to us on or before March 27, 1995, so we have ample time to meet printing deadlines. Is it true that CSC will be able to vote on all resolutions that are not provided to us in time to solicit and file for soliciting? CSC will submit resolutions and other materials to CIRI when we have answers to the above questions. CSC is asking CIRI to provide us with the following information: time, date and place of the annual meeting, resolutions, slate of candidates and any other materials pertinent to writing a proxy form and filing with the State of Alaska. Let it be known that CSC has given advance notice of intent to run a proxy campaign. CSC has been led to believe CIRI has not resolutions. If CIRI plans to come forward with resolutions, we have hereby asked for them and made every effort to comply with the discretionary law. CSC is now asking for discretionary authority to vote on

about sources of funding? What type of disclosure of our funding are you requiring? Do you want a list of the stamps and donations? We will give this to you without names. It will be a long list ranging from one stamp or a dollar to $100.00 or 300 stamps. We did not receive funding from questionable sources as past Board of Directors. You mention the same discloser question about Shareholders For CIRI's future in the January 3, 1995 letter. This is

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any and/or all resolutions submitted by CIRI and not known by CSC in ample time to prepare materials for the annual meeting

Since Congress did not approve the money for the Alaska Native Culture Center, will CIRI take one million dollars of our death benefits, scholarship benefits, and/or personal NOL dividends to compensate the lost of the funds not available for the Native Culture Center?

CIRI would like to give benefits to the shareholders. Has CIRI thought about the consequences of the benefits? Would one share receive the same benefits as 350 shares? Would a person with one share receive a $2,500 burial fund? Would the person with 300 shares receive $7,500 burial benefit? Would benefits open CIRI up to lawsuits from both involved parties? Why should shareholders pay for education grants when older people do not need them? If a Shareholder does not agree with those benefits, could he not sue CIRI? If a shareholder did not wish educational money, would his share be refundable in the form of cash? Could he sue for his share of money? Would more NOL money be contributed to the Alaska Native Cultural Center than NOL money invested for the shareholders dividends? Could a Shareholder take legal actions against CIRI because of this? Would it better for CIRI to let charitable entities handle all non-profit business and CIRI deal with profitable corporate business? If CIRI wants the benefits, then shouldn't CIRI ask each individual if they would personally like to donate money from their personnel share of the NOL money to any specific benefits and/or all benefits? Who would benefit from the Cultural Center? How many jobs will it provide? Who will administrate the program? Who will write the grants? We believe the above are possible legal matters that may cause a legal litigation. Could it be more realistic for CIRI to deal with profit making entities and allow non profit entities to deal with shareholder benefits and Cultural Centers?

Sincerely,

CSC
Shareholder Bobbie Oskolkoff
Shareholder Mary Ann Mills
Without Prejudice UCC1-207

Sincerely,

CSC
Shareholder Bobbie Oskolkoff
Shareholder Mary Ann Mills
Without Prejudice UCC1-207

COOK INLET REGION, INC.

March 15, 1995

Concerned Shareholders for C.I.R.I.
PO Box 266
Kenai, AK 99611-0266

Dear Sir or Madam:

I have received your letter of March 11, 1995, which poses a large number of questions regarding the conduct of a proxy campaign. As an employee of CIRI, I advise only CIRI and cannot provide legal advice to your group. Accordingly, if your group plans to run a separate proxy campaign, it will need to seek its own legal advice with respect to the many questions you have posed.

Your letter also asked a number of questions about me personally. I am happy to provide the following information. I am not a CIRI shareholder. I am a CIRI employee, and not an employee of an outside law firm. If you have additional questions about my employment or that of other CIRI employees, they should be directed to Barbara Donatelli, Vice President, Administration.

Let me try to explain a little more some of the issues regarding groups that refuse to identify what their source of funding is and whether their membership includes outsiders. CIRI has experienced in the past situations in which groups conducting proxy campaigns were secretly backed by non-Native businessmen seeking to take control of the company. Shareholders have a right to know who is really seeking their proxy and whether those people are being financially backed by other interests. The Alaska proxy rules require certain disclosures on these issues, and I would encourage you to consult your own counsel with respect to those rules. You should also keep in mind that a group is not itself a shareholder, and may not be entitled to information that a shareholder could request.

Sincerely,

COOK INLET REGION, INC.

Mark W. Kroloff
Vice President & General Counsel

cc: Carl Marrs
Barbara Donatelli

Franklin Terry Elder

CIRI BUILDING 2525 "C" STREET P.O. BOX 93330 ANCHORAGE, ALASKA 99509-3330
(907) 274-3833 FAX (907) 279-8836

MARYANN MILLS 9872628443 P.02

Mr. Kroloff said he does not know who writes the letters for CSC, yet our names appear on the newsletter provided CIRI. Quite personally, no one wants to sign their name for fear CIRI and our attorney may try to sue us.

Our group, Concern Shareholder for CIRI, have no outside support, we know no businesses and we do not solicit money or support from anyone other than CIRI Shareholders and membership is open only to CIRI shareholders. We have never received over $100.00, from any shareholder, most of or donations are in the form of stamps.

We are not trying to get legal advice from Mr. Kroloff, even though he is our attorney, we are however, trying to do our job as responsible shareholders, as provided by law. We are trying to protect ourselves under the discretionary authority (AAC 08.335), in the event CIRI does not give us all materials in ample time to prepare for a proper proxy solicitation. We have done every thing possible to secure all materials needed for our solicitation. We feel Mr. Kroloff is impeding our effort of doing our job as responsible shareholders.

We hope our letters and CIRI's meager responses prove that we have made every possible effort to get the resolutions, candidates, and all pertinent information for CIRI's 1995 annual meeting.

We plan to extend one more effort in a letter asking question pertienant to the solicitation, of which we will sign. After this we recognize we have exhausted every available avenue to us.

Thank you for your assistance in this matter.

Sincerely,

Mary Ann Mills

Mary Ann Mills
Without Prejudice UCC 1-207
Concerned Shareholders for CIRI

KONIAG, INC.

• 4300 B Street, Suite 407, Anchorage, AK 99503 (907) 561-2668 • FAX (907) 562-92

FAX TRANSMITTAL

TO: Representative Pete Kott DATE: 3/14/95
House Labor & Commerce Comm.
ATTN: Comm. FROM: H. L. Gray, C.E.O.

FX #: 1-907-465-2879

NUMBER OF PAGES INCLUDING COVER SHEET: 5

MESSAGE: I want to take this opportunity to advise you that Koniag, Inc. fully supports the intent and purpose of H.B. 257. (Copy attached).

Sincerely,

H. L. Gray
C.E.O.
Koniag, Inc.

IF YOU DID NOT RECEIVE ALL THE PAGES INDICATED ABOVE, PLEASE CALL (907) 561-2668 AS SOON AS POSSIBLE.

C.C. Representative Allen Austerman - 1-907-465-4756
Representative Beverly Masek - 1-907-465-4822
Representative Con Bunde - 1-907-465-3871

RESOLVED WITHOUT OUTSIDE INTERFERENCE. THE BOARD NEEDED A LITTLE PUSH IN THE RIGHT DIRECTION. YOU DO NOT KNOW THE END RESULTS. LET THIS BILL RIDE FOR A YEAR AND SEE WHAT HAPPENS. YOU MAY BE SURPRISED AT HOW WE CONDUCT OURSELVES. WE ARE EDUCATED AND CAPABLE. TRUST US TO MAKE OUR OWN DECISIONS. IT IS OUR CORPORATION DO NOT LET ONE MAN DECIDE FOR ALL NATIVES WHAT IS BEST FOR US.

Vote no to HB251

BOBBIE OSKOLKOFF
TESTIMONY HB251
MARCH 27, 1995

P.O. BOX 266
KENAI, ALASKA 99611
907-283-7748

Signed: Bobbie Oskolkoff
Testifier

Representing (Optional)

P.O. Box 266 Kenai, Ak. 99611
Address

907-283-1748 fax same
Phone No.

[illegible]

CONCERNED SHAREHOLDERS FOR CIRI

P.O. BOX—266

KENAI, ALASKA 99611-0266

PH. (907) 283-7748 OR
FAX (907) 262-5403

March 2,1995

Mark W. Kroloff
Vice President & General Counsel
Cook Inlet Region
Via Fax Number (907)279-8836

Dear Mark W. Kroloff:

What part of the letter did you not understand? That we request all CIRI resolutions, candidates, ... for the 1995 CIRI annual meeting? OR, did you not understand, "Your assistance in this matter is greatly appreciated"?

We wrote the letter dated February 28, 1995 on the advice of Banking and Securities. We asked them how we could prevent what happened at the Special Meeting from occurring again, i.e. how Shareholders For CIRI Future were prevented from voting on CIRI resolutions. Mr. Terry Elder told us that we must request from CIRI all resolutions and other pertinent things CIRI would bring forth at the annual meeting, and this is how we could prevent this sort of thing to happen again. Mr. Elder did not give us the impression that it would be a problem.

We are requesting from CIRI when they plan to have the annual meeting, and the all resolutions CIRI plans to present in time for us to meet the legal filing date for filing resolutions and/or proxies. If CIRI is not presenting resolutions then please send us a letter stating they will not be presenting resolutions. In short, we want to be informed in ample time of information pertinent to the 1995 CIRI annual meeting. If CIRI has no intention of complying with our request, please let us know in writing.

CIRI does know about our petition as Ms. Sharon Issac hand carried CSC petition to Mr. Hundorf. At the same time we mailed our petition to all of the board of Directors. Concerned Shareholders for CIRI (CSC) is filed with Banking and Securities.

Mr. Kroloff, can you tell us what you are Vice President of?

Will you please give us a history of who you are, what tribe you are from, what law firm you work for, and your attitude toward the indigenous people you serve? We also request the amount of money we pay you, salary and other.

Tae Nan,

CONCERNED SHAREHOLDERS FOR CIRI
WITHOUT PREJUDICE UCC 1-207

cc: Terry Elder, Banking & Securities

P.S. You may address us Concerned Shareholders

Ref. # HC-2549

March 25, 1995

Concerned Shareholders For CIRI
P.O. Bo 766
Kenai, Alaska 99611-0266
907-283-7748

Lawrence P. Carrol
Chief Securities Examiner
State of Alaska Div. Of Banking and Securities
P.O. Bo 11087
Juneau, Alaska 9981[illegible]

ATTENTION: Terry Elder

Dear Mr. Elder,

We sent the enclosed letter (signed) and resolutions to Barbara Donatelli of CIRI. We will officially file with everyone when the attorneys, your office and CIRI agree that we have tried to avoid False and Misleading Statements and we attempted to avoid resolutions against State or Federal Laws. We have also attempted to obtain all resolutions that will take place at the Annual Meeting.

Sincerely,
Robbie Oskolkoff
CSC
Robbie Oskolkoff

Enclosed ltr + resolutions.

COOK INLET REGION, INC.

Via Fax and Mail
(907) 262-5403

February 28, 1995

Concerned Shareholders for C.I.R.I.
PO Box 266
Kenai, AK 99611-0266

Dear Sir or Madam:

Your letter to Carl Marrs of February 28, 1995 has been forwarded to me for response.

Your letter was not signed by any individual, and we are not sure to whom to respond or what the membership of your group is. In addition, we cannot really decipher from your letter what it is you want CIRI to provide you. CIRI has not yet delivered notice of its annual meeting nor begun a proxy campaign. We do not know what proxy campaign, if any, your group intends to conduct. To our knowledge, you have made none of the filings and delivered none of the materials prerequisite to a proxy campaign. Accordingly, at this point, we really do not know what information is responsive to your request.

Sincerely,

COOK INLET REGION, INC.

Mark W. Kroloff
Vice President & General Counsel

cc: Carl Marrs
Barbara Donatelli
B. Agnes Brown

CONCERNED SHAREHOLDERS FOR C I R I.

P O. BOX 266

KENAI, ALASKA 99611 0266

FAX 907 262-5403

February 28, 1995

Carl Marrs, President
CIRI Building 2525 "C" Street
P. O. Box 93330
Anchorage, Alaska 99509-3330
FAX (907) 279-8836

Dear Carl Marrs:

CONCERNED SHAREHOLDERS FOR CIRI (CSC) is requesting all resolutions, candidates, and all pertinent information we must have for our proxy champaign for the 1995 CIRI annual meeting.

We request you to FAX this information by February 28, 1995 to (907) 262-5403. If this is not your duty, would you please refer this letter to the appropriate person?

Your assistance in this matter is greatly appreciated.

Sincerely.

CONCERNED SHAREHOLDERS FOR CIRI
Without Prejudice UCC 1-207

cc: Barbara Donatelli
Agnes Brown, Sec. CIRI

CONCERNED SHAREHOLDERS FOR C.I.R.I.

P. O. Box 266

Kenai, Alaska 99611-0266

February 27, 1995

Ms. Agnes Brown, Secretary
Cook Inlet Region, Inc
2505 McCrae Rd.
Anchorage, Alaska 99517

Dear Agnes:

Concerned Shareholders for CIRI is requesting the minutes from February 17, 1995 Board Meeting. We are also requesting the minutes from the November 17,1994 Special Meeting, including minutes of the recesses, and all Board of Directors meetings from November 17,1994 through February of 1995.

We want to research all of the issues concerning, but not limited to; NOLS, proxy solicitation and long term profit sharing, with the exclusion of the business that require an oath of confidentiality.

Concerned Shareholders are wondering why you were not endorsed as president of CIRI? We believe you have more expertise in corporate business, manners, personal presentation, and human relations than the current administration.

A reply to this letter will be greatly appreciated.

Sincerely,

Concerned Shareholders for CIRI
Without Prejudice UCC1-207

no answer found out by calling CIRI that we have to go to the office, no copies only can make notes! Very difficult if you do not live in Anchorage.

CONCERNED SHAREHOLDERS FOR CIRI
P.O. BOX 266 KENAI, ALASKA 99611-0266

March 14, 1995

Mark Kroloff
Vice-President Counsel
CIRI Bldg. 2525 "C" St. P.O. Box 93330
Anchorage, Alaska 99509-3330

Dear Mr. Kroloff

What does CIRI do with discretionary votes? Do they distribute them equally to all five candidates? Do they use the seniority system? If a shareholder marks out one candidate, what happens to the other four.? Who gets the votes? If a shareholder marks out all five candidates, is the ballot used for quorum purposes only? If the shareholder marks out all but one of the proxy holders, does the remaining person get to vote the proxy in any way he chooses? Is it understood that that person would vote along with the CIRI slate or would he use the vote in any manner for anyone he chooses? How does CIRI normally distribute the vote? Can you understand these questions?

Sincerely,
Concerned Shareholders For CIRI
Without Prejudice UCC1-207

No answer.

CONCERNED SHAREHOLDERS FOR CIRI

P O BOX 246 KENAI, ALASKA 99611-0766

March 14, 1995

Mark W. Kroloff
Vice President & General Counsel
CIRI Bldg. 2525 "C" St. P.O. Box 93330
Anchorage, Alaska 99509 3330

Dear Mr. Kroloff:

Your letter of March 10, 1995, concerning resolutions states, "..... and it does not seem appropriate to give some shareholders -- or some groups -- previews of certain parts of the information before others receive it. ...And do not want to compromise that effort by distributing partial information - which could be revised before the notice of meeting is sent." It does not seem appropriate for CIRI to use their discretion to prevent the shareholders from doing their job either. Your refusal to send your resolutions to CSC delays our filing for a proxy solicitation. This refusal does not comply with the Equal Provisions Law and is against ANSCA as it does not allow maximum participation without litigation. We would like to comply with the law in our preparation and distribution of materials for the 1995 Annual Meeting. Is CIRI willing to compromise and allow us ample time to prepare our materials? In order to fairly represent the shareholders, we must mail out all of CIRI's resolutions as well as our resolutions. We would like to present CIRI with our resolutions and request CIRI to present CSC their resolutions. We are also requesting the date, time and place of the 1995 Annual Meeting. Could you mail this information before the end of the week? If we submit our resolutions and or candidates to CIRI, will CIRI present any resolutions that contradict ours to CSC? CSC has heard rumors that Concerned Shareholders For CIRI's Future submitted resolutions to CIRI for the 1995 Annual Meeting. Is this true? We are requesting copies of those resolution from CIRI and any or all resolutions CIRI passes. CSC is requesting the above items so we have the same amount of preparation time as CIRI and so we may begin our proxy solicitation, if we so desire, on the same day CIRI mails theirs. Perhaps both parties could set a deadline date for submission of resolutions? CSC also requests a copy of the CIRI slate of candidates.

Concerned Shareholders For CIRI
Without Prejudice UCC1-207

no cc

Concerned Shareholders For CIRI
P.O. Box 265
Kenai, Alaska 99611-0265

March 11, 1995

Mark W. Kroloff Vice President & General Counsel
CIRI Bldg. 2525 "C" St. P.O. Box 93330
Anchorage, Alaska 99509-3330

Dear Mr. Kroloff:

We did not know Attorneys had a sense of humor or we would have mentioned our appreciation of your cynical response to our first letter. We are delighted with your ability to discern something from our March 2, 1995 letter.

We notice you did not mention if you were a CIRI shareholder. Are you? Are you retained full time as Council for CIRI, and if so, what are we paying you? As shareholders, we feel it is our obligation to be informed of the financial status of all of our Vice Presidents.

You are rectified in stating that we have not disclosed our membership. This is not a concern of yours. Members do not wish to be threatened by legal actions or printed accusations in CIRI mail outs. Your inquiry about who finances CSC is rather redundant. The same people who pay your undisclosed salary are the same people who support CSC. Who else would have an interest in CIRI affairs?

We have not state what our proxy campaign consists of because:

1. We are trying to avoid the same mistakes that were made at the November 17, 1995 meeting.
2. Mr. Holmdorf stated on March 2, 1995 to Ms. Mills, that CIRI did not have a date set for the annual meeting.
3. You will not properly answer our questions concerning resolutions.
4. We are still researching data needed to conduct our campaign.

We would like answers to the following questions:

1. What is the final date for filing and or presenting resolutions to Ciri for the Annual Meeting?
2. Can CIRI revise or ammend any resolutions presented by the shareholders?
3. Does CIRI have to present the resolutions we submit to CIRI, to the shareholders at the Annual Meeting? (Mr. Holmdorf stated in one of his newsletters that we could present new resolutions in this manner.)
4. Can Shareholders present resolutions from the floor and have them voted upon at the Annual Meeting and or a Special Meeting?
5. If CIRI refuses to give us their resolutions, how can we conduct a proper proxy campaign and be allowed to vote on all resolutions with our proxies?
6. If a proxy states," .....and on all other matters that may come before the May 19, 1995 Annual Meeting of Shareholders of Cook Inlet Regions, Inc. And any adjournment thereof,

with all powers I would possess if personally present.", does that allow us to vote on any and or all resolutions that are presented from the floor at an annual meeting and or a special meeting? Does this statement allow a proxy holder to vote on a resolution that may have been omitted from his proxy?

7. Does the statement,"In their discretion, the Proxyholder(s) is (are) authorized to vote upon such other business as may properly come before the meeting, or any adjournment thereof." allow a proxy holder to vote on any and or all resolutions that are presented from the floor at annual meeting and or a special meeting? Does this statement allow a proxy holder to vote on a resolution that may have been committed from the proxy?
8. Do both questions 7 and 8 need to be on the proxy statement?
9. Will CIRI give us their resolutions in time to do a proper solicitation for a meeting?
10. Will Citi quit using words like "should" when they present a resolution? The proper and fair word is shall.
11. According to your letter, CIRI could change meeting dates, candidates and resolutions at their discretion? Does that mean they can change things we submit? If CIRI can change the meeting does this not give them an edge on the shareholders? Is this fair? If CSC spends money to print campaign materials and CIRI revises it, doesn't our material become obsolete?
12. Is it correct for CIRI to use Board powers to fight the shareholders?
13. Can you provide materials or recommended reading to help us prevent a replay of the November 17, 1994 meeting?
14. Can you understand these questions?

We believe under the Equal Prominence Act, we are entitle to this information and the right to have all resolutions we may submit presented at the Annual meeting with our any revisions from CIRI. We also feel we are to receive maximum participation without litigation as we are guaranteed under ANSCA. We will be happy to inform you of our filing for Proxy solicitation and or our resolutions when we have the proper information to prevent our issues so that we may allow all proxies and shareholders to vote on all resolutions and any or all other matters that may be presented at a meeting.

In closing, we would like to say we are elated CIRI hired a comedian as legal counsel.

Sincerely,

CSC

Concerned Shareholders For CIRI

Without Prejudice UCC1-207

his answer please call to Barbara your tentative meeting date and I'll letter from Kroloff CIRI could change the date and void all printed material we have done. I think they did this on purpose but will not work!

HB

272

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 2/23/96 FURTHER: Finance

DATE TURNED INTO OFFICE: _____

The CRA Committee considered CS FOR HOUSE BILL NO. 272(FIN)

"An Act relating to municipal taxation of motor vehicles; and providing for an effective date."

and recommends:

[ ] be **replaced** with _____ CS _____ (_____)

[ ] adopt **previous** ____ CS _____ (_____)

[ ] attached amendment(s)

[ ] adopt Letter of Intent by _____ Committee

[ ] further referral to the _____ Committee

Senate Bill:
[ ] same title
[ ] new title

House Bill:
[ ] same title
[ ] technical title
[ ] new: SCR# _____

SIGNING DO PASS	*DP*	*OTHER RECOMMENDATIONS*	*NR*	*DNP*	*AM*
		Kelly E. Kelly	✓		
		Fred Zharoff	✓		
		Lyman Hoffman	✓		
		Tim Kelly	✓		
CHAIR: John Torgerson	✓	*CHAIR:*			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
Public Safety	3/m/96		✓

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
Comm'r Reg'l Affairs	2/2/96	✓	
Public Safety	2/5/96		✓

[ ] **APPROPRIATION -- no fiscal note**

***include fiscal notes accompanying Governor's bill**

Official Business

COMMITTEE:
SENATE COMMUNITY & REGIONAL AFFAIRS

DATE: 3/25/96

SIGN-IN

Subject of meeting:
HB 272 MUNICIPAL MOTOR VEHICLE TAX

PLEASE PRINT!

NAME	ADDRESS (MAILING) & (ZIP)	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Juanita Hensley	Box 20020	465-2650	DPS/DMV	Questions
Kevin Ritchie	AML	586 1325	AML	~~Questions~~

FISCAL NOTE

STATE OF ALASKA **BILL NO: CSHB 272(FIN)**

1996 LEGISLATIVE SESSION

Revision Date: 3/22/96
Title: Act relating to municipal taxation of motor vehicles and providing for an effective date.
Sponsor: Rep. Hanley
Requestor: S CRA

Dept. Affected: Public Safety
BRU: Motor Vehicles
Component: Field Services
Administration
COMPONENT SERIAL NO. 0501

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	21.5	82.2	82.2	82.2	82.2	82.2
TRAVEL						
CONTRACTUAL	13.0	22.9	22.9	22.9	22.9	22.9
SUPPLIES						
EQUIPMENT	10.0	10.0				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	44.5	115.1	105.1	105.1	105.1	105.1
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ( ) Revenue Code	10.5	65.5	120.5	120.5	120.5	120.5

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	44.5	115.1	105.1	105.1	105.1	105.1
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	44.5	115.1	105.1	105.1	105.1	105.1

Estimate of current year (FY 96) impact: $ _____

POSITIONS:

FULL-TIME	1	2	2	2	2	2
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

The Municipal Vehicle Registration Tax (MVRT) program began in 1978. Under this program a municipality can elect to have DMV collect a municipal tax at the same time as the registration fees are collected. This tax would be in lieu of a personal property tax collected by the local government. DMV retains 8% of the tax for collection costs and the remainder is returned to the municipalities. In FY 95 DMV collected approximately $6.9 million in tax for the 13 local governments in the program. The original program was established with one tax schedule that applied to all vehicles in the state. This bill will eliminate the one tax schedule and allow each local government to set their own rates.

(See attached sheet for continuation)

Prepared By: Juanita M. Hensley Phone: 465-2650
Division: Motor Vehicles Date: 3/22/96

Approved by Commissioner: Date: 3/22/96
Agency: Ronald L. Otte, Dept. of Public Safety

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FISCAL NOTE

STATE OF ALASKA **BILL NO: CSHB 272(FIN)**

1996 LEGISLATIVE SESSION

Revision Date: 3/22/96 Dept. Affected: Public Safety

ANALYSIS CONTINUED:

It is anticipated that each of the 13 local governments in the program will establish their own tax schedules. Each local government has cited their desire to address their individual tax needs and therefore it stands to reason that each tax schedule will be different. The two main sources of dissatisfaction with the program have been that the tax rates have not kept pace with increases in other taxes and that the rates are difficult to change. These same reasons are cited as reasons for not participating by those governments not currently in the program. This bill will address those problems and with these changes it is likely that other local governments may elect to join the program.

PROGRAM COSTS

The multiple tax schedules will require increased costs for extensive data processing changes and for administrative oversight to ensure correct and timely payments. These are overhead charges that would be incurred even if only a few local governments changed each year rather than the universal changes that are expected. This program will be a significant change from the existing program where all participants are paid according to the same fee schedule. The data processing changes will create and maintain separate tax tables for each taxable location and change the processing logic for both the mail renewal notices and the on-line processing system. Costs will be incurred each time any one of the taxable locations changes fees. DP chargeback fees will increase due to the increased processing time for accessing multiple separate tax tables. The programming will be accomplished by contract programmers as all existing programmers are fully committed to other mandatory projects.

If the bill passes with an effective date of July 1, 1996, any municipality could notify DMV before January 1, 1997, that the tax schedule will change. The soonest date that the new taxes will be collected will be January 1, 1998. An Accounting Technician I position will be used to set up the program, test new computer programs, coordinate year change over to the new schedules, and to develop new payment and auditing services. This position will start on January 1, 1997, to establish the program so only 50% of the personal services costs will be shown in FY97. This position will continue through the life of the program and will be the single position responsible for auditing and payment for 13 local tax collection and payment programs and for establishing new programs for any local government that elects to join the program. The computer changes will also be accomplished in FY 97 in order to be ready for registrations that can be processed early. The costs for computer changes will continue each year as it is anticipated that there will be various changes and new municipalities will join.

The program will also have an impact on the mail renewal unit and will require one Motor Vehicle Rep I/II position beginning on July 1, 1997. This position will be responsible for work associated with returning mail to owners who have moved to a new location and have sent incorrect fees. Each year there are address changes for approximately 25% of the vehicle owners. Currently this is not a major problem because the majority of the vehicles are in a taxable location and the fees remain the same regardless of location. Under this bill the tax fees would be different if the owner moves to a new city and the renewal could not be processed until correct fees are submitted. Not all of the address changes are to a new city but a significant percentage are. This analysis will assume that half or 12.5% of the address changes will have to be returned for correct fees. Based on the mail renewal usage in 1995 this equates to 31,000 renewals that will have to be returned and reprocessed when returned with correct fees. Additional postage will be required for this work also.

PERSONAL SERVICES	FY97	FY98
1 Accounting Tech I (Range 12B) (50% shown in FY97)	$21.5	$43.0
1 MVR I/II (Range 9B) @ 39.2 (FY 98 and forward)		$39.2
CONTRACTUAL		
Computer programming 140 hrs @ $75.00 (Includes basic program modification for new tables, mailout program and batch reconciliation reports.)	$10.5	$10.5
Postage (31,000 letters @ $0.32) (FY 98 and forward)		$ 9.9
DP charge back costs	$2.5	$2.5
EQUIPMENT		
Computer workstation and office equip. for new employees @ $10,000.00 (see schedule below)	$10.0	$10.0
TOTAL	$44.5	$115.1

FISCAL NOTE

STATE OF ALASKA **BILL NO: CSHB 272(FIN)**

1995 LEGISLATIVE SESSION

Revision Date: 3/22/96 Dept. Affected: Public Safety

ANALYSIS CONTINUED:

Workstation Equipment

Computer 486/66	$3,000.00
Monitor	300.00
Printer	3,000.00
IRMA Card	450.00
Surge Protector	55.00
Token Ring Card	400.00
Software for APSIN	600.00
Desk	500.00
Chair	400.00
Adding Machine	130.00
Waste Basket	30.00
DP Terminal Charge 1 Year	840.00
Station Hook Up (Coax)	95.00
Misc Desk Supplies	200.00
Total	$10,000.00

***REVENUE ***

In FY 95 DMV collected nearly $6,900,000 in Municipal Tax revenue for local governments. All of this less 8% for collection costs is returned to the local governments. In addition to the 8% collection costs, this bill authorizes DMV to also retain the actual costs for any changes made to the fee schedule. These are the new revenue amounts that are shown in the first two years of the program and these are the new costs associated with the start up of the program. In addition to the start up costs it is assumed that all municipalities that elect to change their rates will increase rather than decrease the tax rates. This will also generate additional revenue as DMV will retain 8% of any increase.

For purposes of this fiscal note it will be assumed that tax collections in future years will increase by 20% and the revenue shown in FY 99-FY02 will reflect this increase of 20% over the $550,000 that is currently retained for collection costs. Only half this increase will be shown in FY 98 as the new tax rates go into effect on January 1. Actual revenue increases will depend on the tax level adopted by each local government unit.

The major impact of this bill will not be felt until the second year after passage when the new tax rates go into effect. DMV will need to have an increment in the FY93 budget to have the authority to receive and expend the increased Program Receipts to fund the additional costs.

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO: No. 3
Bill Version: CSHB 272(FIN)
(H) Publish Date: 2/9/96

Revision Date: 2/2/96
Title: An Act relating to municipal taxation of motor vehicles
Sponsor: Rep. Hanley
Requestor: House Finance

Dept. Affected: Community & Regional Affairs
BRU: none
Component: none
COMPONENT SERIAL NO.

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL EXPENDITURES	0	0	0	0	0	0
CHANGE IN REVENUES ( ) Revenue Code						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 95) impact: $ none

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

This legislation would have no fiscal impact on the department.

Prepared By: Remond Henderson, Director — Remond Henderson — Phone: 465-4808
Division: Administrative Services — Date: 2/2/96

Approved by Commissioner: Mike Irwin — Date: 2/2/96
Agency: Mike Irwin, Dept. of Community & Reg. Affairs

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Representative Mark Hanley

Alaska State Legislature

SPONSOR STATEMENT

House Bill No. 272

"An Act relating to municipal taxation of motor vehicles"

CSHB 272 (FIN) would allow municipalities that impose a motor vehicle registration tax to increase or decrease the schedule set in statute. Currently, there is no provision to change or update the fee schedule. This change would relieve the Legislature of the burden of adjusting rates by legislation.

A municipality electing to change its rates would be required to pass an ordinance in support of the increase or decrease, and provide written notice to the department at least one year before the change would take place. The municipality would not be able to make such a change more than once every two years.

The municipality would pay the one time programming cost for the change incurred by the Department of Public Safety. The department collects 8% of the gross as a collection fee; a rate increase would result in a larger base for collection.

Each municipality should be able to choose reasonable tax rates suited to its needs and situation. CSHB 272 (FIN) gives communities another tool to decide on the local level how to handle their fiscal situations, and puts the responsibility for change where it belongs. This will become increasingly important as state funding for municipalities continues to decline. The local ordinance provision and the democratic process will ensure adequate public input on any tax rate changes.

Interim: 716 West 4th Avenue, # 300, Anchorage, AK 99501 • (907) 258-8192 *Session: State Capitol, Juneau, AK 99801-1182; (907) 465-4939*