

KIC loss loses again in 1978, but future looks good

BY MARGIE BAUMAN

KOTZEBUE-Kikiktagrak Inupiat Corp. had a bad fiscal 1977 and fiscal 1978 is expected to be much worse, "but after 1978, we're going to make a profit," says KIC President Albert P. Adams.

With that optimism in mind, Adams announced April 21 that KIC would hold on for at least another year to its joint venture in the Anchorage shopping and office mall which has so far yielded only substantial losses.

Adams said the Sunshine Plaza mall in Anchorage was now 74 percent occupied and that most of the remaining space would probably be leased shortly. In addition, there's a bonding issue expected to go to a vote in October which would greatly enhance downtown Anchorage as a shopping area, Adams said.

Adams' decision came just four days after the annual meeting of the Kotzebue Village Eskimo firm here, at which he noted a net loss of \$59,063 for fiscal 1977 and predicted a \$350,000 loss in fiscal 1978. "But after 1978, we're going to make a profit. The corporation will grow and be on the move," he said. Adams went from the annual meeting to Anchorage to meet with Chugach Development Corp., partner in the joint venture.

The upshot of their meeting was that, despite huge losses due to low occupancy in fiscal 1977, the joint venture in the Sunshine Plaza would continue.

The loss "was due to vacancy of the building," Adams told KIC stockholders bluntly at their April 17 annual meeting. "When the present staff took over this investment, the occupancy was 25 percent. In two months we had it up to 74 percent," he said.

Adams also warned stockholders that the investment was still losing money. His forecast came during a financial status report delivered in the Kotzebue School gymnasium with the aid of a slide show featuring KIC investments.

But Adams also had some very good news about KIC's other investments in Kotzebue and some 400 stockholders who attended the meeting were apparently satisfied, because there were few questions asked and no complaints.

KIC has nearly 2,000 stockholders, most of whom still live in Northwest Alaska. One who was conspicuously absent from the annual meeting was Tommy Sheldon, Sr., former KIC president, who has filed a lawsuit charging slander against KIC and others. The suit is not expected to reach the courtroom for at least six months.

Kotzebue Investments

Adams appeared most pleased about investments in the Kotzebue Square shopping mall and the Eskimo Building, also in Kotzebue. KIC leases Kotzebue Square to the Alaska Commercial Company and ACC President Allan Gallant is predicting gross income of \$2.75 million by the year ended March 30, 1979. Under a tenant bonus agreement that gives KIC 40 percent of the profits, that would mean a profit of \$52,000, Adams said.

Kotzebue Square is, however, competing against three other local groceries frequented by stockholders, so Adams made a special pitch. He asked them to tell Kotzebue Square manager Alvin Ivanoff any time prices

there are higher than at other Kotzebue stores with the same product.

The KIC president also reported that the Eskimo Building on Front Street in Kotzebue is now 90 percent occupied and bringing in rental revenues of about \$20,000 per month. Tenants included the Lions Club, Kotzebue Dog Musers, the National Guard, the U.S. Post Office, a bookstore and tax service, the local cable television service, the telephone company, the regional health corporation and KIC.

Other Investments To help remedy Kotzebue's

constant housing crisis while encouraging profits, KIC has also authorized construction of a 41-unit apartment complex near the local airport.

"It will consist of 17 efficiencies, 18 one-bedroom and six two-bedroom units, with prices comparable or lower than present apartment rates," Adams said.

"Foundation or pile drilling will begin on or about May 4, with building material on the first barge," Adams said. The structure isn't expected to be complete until November, but it is already completely leased to the Mauneluk Association, the regional health firm.

KIC is also nearly through negotiating with the Friends Church for 104 lots owned by the church in Kotzebue, 74 of which are occupied. KIC plans to re-sell the occupied lots to those living on them for \$1,500 apiece, plus \$100 survey costs. The vacant lots will be sold at the appraisal price determined by the city of Kotzebue and the bank, Adams said.

As a final bonus to stockholders, Adams has introduced an ombudsman program, to assist stockholders in problems with the state or federal governments or private firms.

He speaks enthusiastically

about KIC's future, despite his own gloomy economic forecast for the coming year. "You'll see, in the long run, that we're one of the most progressive village corporations in the state," he said.

Stein Re-elected

Stockholders apparently felt that such progress might come at the hands of their present board, for they re-elected Frank Stein, Dennis Tiepelman and Ida Hadley. In a board meeting that followed the annual meeting, Stein was re-elected president of KIC, with Bobby Schaeffer, vice president; June Nelson, secretary, and Chuck Greene, treasurer.