

Summary of Settlement Act--

Stock Ownership, Boards of Directors, Municipalities

Implementing the Alaska Native Claims Settlement Act is a complicated process, as has already been seen in last week's story. This continuation will deal with boards of directors, municipalities and related subjects.

The Act, says the summary, does not set either a minimum or maximum number of board members. State law, however, does require at least three for either a business or non-profit corporation. A board that is adequate but not overly bulky is best because it serves as the regional "legislature", says the report.

Several factors are involved in choosing the right size board. The number presently serving on the regional association board, size and travel distance for the region, the number of villages and other population centers and the expense and ease involved in getting to board meetings all must be considered.

Both small and large villages must have a chance at equal representation for fairness, the report states. And for this, more formal leadership choices

must be made. The possibility of an executive committee, composed of part of the board, was suggested to deal with day-to-day problems.

In staggered terms, with a certain per cent elected yearly, is chosen, the minimum for the board is nine members. The survey suggests a minimum of five and a maximum of 25 as the best range.

All of this advice concerns the regional corporations. For the villages, the situation is different. Smaller in size, they can be more flexible in choosing a board. This board has the same duties and responsibilities as that of any business corporation. Directors, while they cannot use the job for personal gain, can give financial aid if they wish. The organization, in turn, protects them against losses.

Several possible groups of stockholders exist within the regional corporations. These include Native village residents who qualify for Act benefits, Natives of the region who are not eligible village residents and possibly a breakdown between

village and regional non-residents.

Under state business corporation laws, the board of directors determines stock, either no par or par value. No par stock is issued for whatever the board wishes in terms of money, property or services rendered. Par value stock is not issued for less than the stock's dollar value.

Since every qualified Native gets 100 shares of stock, it could be purchased for \$1 per person if the par value were set at one cent apiece. This would be practical and within everyone's reach, says the analysis.

Stocks cannot, according to state law, be sold or transferred for 20 years after the purchase date. The only exceptions are in case of divorce, child support or death. If there are no legal heirs, the stock transfers to the regional corporation, rather than to the state as stock usually does.

All shareholders join in corporation rights and dividends. But because many of these are children under 18, the state

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requires custodians until the minors grow up. These may be the child's legal guardians, someone appointed by the parents or any adult member of the minor's family. Whoever is chosen votes on various issues, either in person or by proxy.

One or more communities with clusters of people and many small villages is the usual regional makeup. After the region corporation is formed and stock issued, the larger communities could get the lion's share of representation. But fairness to the smaller areas would indicate otherwise.

Cummulative voting would allow all villages a voice in the voting. If, for instance, there are 12 candidates, that is how many votes each person casts. They can go one for each, all for one or anything in between.

Any stock issued under the Claims Act is not subject to probate as long as it is not transferable. The Act is detailed on rules and regulations for regional corporation stock. It is considerable less so regarding village corporations.

The only specifics cover non-transference of stock and provisions in case of death. Basically, says the summary, village problems will be the same as those of the region, but on a smaller scale.

Next, the report takes up the somewhat murky question of municipalities. Most villages covered by the act are not organized as such, and it is not required that they do so. But the summary explains why, in the opinion of the lawyers, they should form municipalities.

One of the chief incentives, it says, is land - 1,280 acres, to be exact. This is the amount due any municipal corporation from the village corporation. If no municipalities exist before the villages select their land, the acreage reverts to a state trust fund. It remains there until and unless a municipality is created.

Population, the geographical site, the competence and training of organizers available and economics all play a part in deciding the best form for each village. While there is some pressure for formation, it is not urgent as the land may not be picked until the Department of the Interior issues patents, which may take time.

Manuals and staff members are available through the state-supported Local Affairs Agency to help the villages better understand what is happening. Since many of the village corporations will probably want help at the same time, the report suggests that the regions establish aid programs to speed up progress.

Four classes of cities and boroughs are permitted by the state. First, second and third class towns and boroughs must, with state aid, set up their own school systems. Fourth class cities and villages have their schools funded and operated by the state.

Fourth class is the only option for any town that cannot or will not be responsible for its own school system. While such towns cannot levy real property tax, they are allowed to charge general sales tax.

Besides the tax advantage due a municipality, it is also eligible for some revenue-sharing and community development and assistant programs. Classes may change with the passage through the 1972 legislature of a new municipal code. Only two classes exist under the new code, and villages should consider this before carrying out existing or future programs.

Municipalities, as they are now set up, are separate but not very equal from the village corporations. All that most of the fourth class villages have going for them financially is the lease or sale of their land allotment. Village corporations, however, have both their land and other revenue sources. The temptation to just let the smaller areas "starve" from lack of money would be as shortsighted as it is wrong, say the lawyers.

Strong local governments can be a village asset. And a good relationship can work both ways, as the corporation may be able to help provide funds for various revenue-sharing plans if the city can't carry the whole load.

In-fighting between the village corporations and the municipalities won't help anyone. And it may prove hazardous to the financial health of the corporation, since the municipal government controls and regulates all landowners within its borders. If the corporation is one of these, it would want to be on good terms with the city.

Outlined as an appendix is a proposed Program of Action. While no two groups have the same goals or problems, some things are common to all. The program allows for differences and similarities.

Each association, urges the summary, should work to develop an organizational structure, encourage the Secretary to complete enrollment of Natives and train and educate people so they will be aware of the facts.

They should also seek temporary funding from the federal government in a number of ways, develop a village corporation structure, finish preparing their land selections and organize municipalities as soon as possible, the report says.

This plan, it admits, is only a general beginning. It says that more details, not necessarily in that order, must be developed soon. And any differences of viewpoint should also be cleared up without delay.

All of this planning is strictly short-term. The analysis leaves long-term arrangements up to the people involved. And it encourages them to work out as many details as they can before calling in professional advisers.

NEXT WEEK: revenues, expenditures and funding.