

BBNC's history began with land claims fight

by Kristy Etuckmelra

During the early years when Alaska became a state, Alaska Natives had to fight to retain title to their traditional Native lands.

The first challenge to the traditional lands of the Alaska Natives came with the Alaska Statehood Act of 1958. The U.S. Congress, which was making an effort to give the state a better economy, permitted the state of Alaska to select 103 million acres of land.

The land the state selected would be owned entirely by the state, and the state would be able to develop it in any way they wanted.

This was a challenge to the Native people, because the state was selecting lands that Native societies had used since time immemorial.

The state selected lands that were

fish camps, hunting grounds, berry sites and other lands that were used by the Natives for survival and nourishment.

As the state selections went on, the state continued to choose lands that belonged to the Natives.

Many hard challenges to the Natives followed these selections. These challenges were the proposed building of Rampart Dam, Project Chariot, the Minto Lakes Recreation Area and the motion to prohibit the subsistence hunting of waterfowl in the spring. These happenings all occurred in the early 1960s.

These actions, by the state of Alaska and federal government, caused Alaska Natives to come together and work as one.

These actions also brought about the creation of the *Tundra Times*. The *Tundra Times* was created to inform

the Natives of Alaska of the problems that they were facing.

The *Tundra Times* informed the Alaska Natives of the land claims fight that was going on and urged them to fight for the lands they had used since time immemorial.

A very important meeting was called to order on Oct. 18, 1966, by Emil Notti, a 34-year-old Athabaskan from Ruby. Natives from 17 organizations from all over Alaska attended this meeting.

This meeting was the commencement of the first statewide Native organization called the Alaska Federation of Natives.

This organization would lead the fight with the federal government for a land settlement.

• The Act

A turning point in the struggle for the Alaska Natives was on Dec. 18, 1971, when the Alaska Native Claims Settlement Act was passed into law by President Richard Nixon. As a result, 13 regional Native corporations were formed, and over 200 village corporations were also formed.

With ANCSA, the U.S. Congress permitted the Alaska Native people to keep 44 million acres of land in Alaska. This land was to be owned by the Native corporations. The village corporations, under ANCSA, were permitted to select 22 million acres of land.

When the Natives gave up claims to 331 million acres of land in Alaska, they were compensated with a payment of \$962.5 million for that land. This money went to the Native corporations to be divided among the regional corporations, village corporations and the individual stockholders.

• Bristol Bay Native Corp.

BBNC has been one of the most successful Native corporations since it was formed in 1972. To become a corporation, BBNC had to write its Articles of Incorporation for the state of Alaska. These articles say that they are forming a corporation and what business the corporation would be involved in.

Before the corporation could start up, it needed approval from the state. They also had to write bylaws. Bylaws are like the constitution of a corporation. These by-laws set the rules by which the corporation follows. For example, they would make laws on how old you would have to be to vote, they would say who could run for the board of directors.

BBNC received \$32,694,953 as its part of the ANCSA money. They received this money for the compensation of part of the 331 million acres Alaska Natives had given up to the state and the federal government.

Of the 44 million acres the Natives were allowed to keep, BBNC was to own 3 million acres. Hjalmar Olson, long-time BBNC board member, believes that the most important thing BBNC has done to help the shareholders was getting the 3 million acres of land.

Most of the land BBNC was to own would be the subsurface land. Nearly all of its subsurface lands would be located under village corporation lands.

For example, Togiak Natives Ltd. owns 138,340 acres of surface land, and BBNC owns all the grounds underneath that land.

BBNC subsurface lands may be very profitable, because there could be

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Ekwok School, about 1937, is shown in this Dillingham Heritage Museum photo.

• Taking a look at BBNC's history

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valuable minerals in that land. If there were minerals, such as oil, gold, platinum or silver the corporation could develop these minerals. This could bring wealth to the corporation and the shareholders.

In 1972, 5,517 Yup'ik Eskimos, Athabascans and Aleuts enrolled in BBNC. All Natives who were born before or on Dec. 18, 1971, were able to receive 100 shares of stock in BBNC.

The stock they received was to be restricted until 1991. This means that the stock cannot be legally sold, bought, traded or used as collateral until 1991. The only way it can be lost is through a court decree, divorce, or child support.

For instance, if you wanted to sell your stock, you wouldn't be able to because it can only be owned by you until 1991.

As of March 31, 1988, there were 4,674 shareholders enrolled in BBNC who were living in the Bristol Bay region. These people own class A stock, which means that they own stock in BBNC and also stock in a village corporation.

BBNC class B stock is owned by 538 Natives. These people own stock in BBNC, but they don't own stock in a village corporation. A total of 60 percent of the BBNC shareholders still live in the Bristol Bay region.

• Opt-In

Another important subject is the policy for "opting in" and "opting out" of stock restrictions.

The opt-in policy means that if you want the stock restricted, you, the shareholder, will have to vote for it to be restricted with a majority of the votes.

The opt-out policy means the stock will automatically stay restricted until shareholders vote to lift the restrictions.

BBNC was the only Native corporation to take the opt-in path, but the corporation is now attempting to change this.

Recently, AFN constructed a bill that would allow any corporation that has chosen the opt-in policy to become an opt-out corporation.

• Investments

One of the finest, first-class luxury hotels was purchased by BBNC in April 1977 for \$28.4 million. This hotel is the Anchorage Hilton Hotel. BBNC bought this hotel because Alaska was booming and a lot of people were coming to visit Alaska.

In 1984, BBNC did a \$20.4 million expansion on the hotel.

Unfortunately, the Hilton was hurt during the reconstruction. Many people did not want to stay at the hotel because of the noise from the machinery.

The Hilton was also hurt by the declining number of people who were traveling to Anchorage.

In 1989, the revenues for the Hilton increased by 14 percent. In spite of the fact that there was an increase in revenue, the interest for the loan to improve the hotel and the upgrading for the hotel brought a net loss of \$4.7 million.

Yet today, BBNC still retains total ownership of the Hilton.

Pacific Food Products is a subsidiary of BBNC, which owns Tyrrell's Inc.

Tyrrell's, Washington's largest manufacturer of canned and dry pet foods, was purchased by Pacific Food



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Products on Sept. 1, 1981. After purchasing Tyrrell's, a 33 percent increase in sales resulted.

Without Tyrrell's, the dollar volume of Pacific Food Products was only a 7 percent increase. Tyrrell's is still owned 100 percent by BBNC.

Bristol Resources Inc. is another subsidiary of BBNC which works in the mineral field. Bristol Resources invested in Greens Creek Mine on Admiralty Island with several other corporations.

The Greens Creek Mine is a gold and silver mine located near Juneau. BBNC sold this investment in 1985 for a \$366,000 profit.

Bristol Resources owns a "state of the art" workover oil rig with NANA Regional Corp. on the North Slope. Together they own Sovik Joint Venture. Sovik Joint Venture leases a fleet of vehicles to Sohio on the North Slope.

Peter Pan Seafoods was purchased by BBNC in December of 1975 for \$9 million. Pete Pan processed mostly salmon, but it also processed crab, bottomfish and salmon roe.

Peter Pan built the King Cove plant, which became the biggest plant in Alaska in 1978. BBNC felt that it was paying too much interest on its long-term loan for the investment to be profitable, so they sold it in 1980 for \$23 million.

BBNC, as of 1978, owned 24 percent of the United Bank Alaska. UBA was seriously hurt with the recession of the mid-1980s, which brought recent economic woes. UBA had lent out millions of dollars for housing and construction in the Anchorage area.

The recession caused many Alaskans to lose their jobs. They felt like they could not pay for their loans, so they left Alaska.

BBNC's stock in UBA became worthless, and they lost \$875,000 alone in 1987 with UBA. Eventually UBA went out of business.

BBNC joined five other Native corporations and Seatrain Lines Inc. in May 1976 in investing in Alaska Consolidated Shipping Inc. BBNC owned 8 and a half percent of it.

This company was formed to get

contracts to transport oil and petroleum products to the Lower 48 and other parts of the world. A few years later BBNC sold its stock in Alaska Consolidated Shipping.

Pacific Foods Products was purchased by Sunny Jim Products to make a profit.

Sunny Jim was a manufacturer of peanut butter, soda pop, jam and jellies, syrup, applesauce and other products of that variety sold in grocery stores.

Unfortunately, Sunny Jim was not as profitable as BBNC thought it would be, so BBNC sold it for a profit of \$1.2 million.

Congress allowed the Native corporations to sell their Net Operating Losses (NOLs) from 1987 through 1989.

This decision permitted BBNC to gain \$28.2 million from selling their losses to other corporations that could gain tax advantages.

BBNC had partnership with Phillips Petroleum to develop oil and gas in the Inuvik Bay area. Phillips started the exploration in 1976 and discontinued the exploration for oil in 1978.

BBNC also worked with the Bear Creek Mining Co. in the Chignik area in 1976. Amoco was looking for oil in the Egegik area in 1981. Amoco completed the seismic program in the same year.

• Corporation Assets

Corporation assets are what the corporation owns. In 1976, BBNC had a total of \$25 million in assets. They continued to grow and reached \$98 million in 1989.

• Stockholder's Equity

Stockholder's equity is what the stockholder's stock is worth. The value of the stock depends on how much the corporation's assets are worth.

In 1976, it had \$8 million and the following year, it grew to \$13 million. In 1978, the equity almost tripled in size with \$33 million.

Today, BBNC shareholder's equity stands at \$45 million. In the beginning, BBNC started out with \$32.6 million from ANCSA.

• 7(i) Revenue

Section 7(i) of ANCSA states that when a corporation develops the natural resources on or below its land, that corporation must share the profits with the other ANCSA corporations.

For example, if BBNC struck oil in the Inuvik Bay area, BBNC would have to share 70 percent of the profits with the other ANCSA corporations. They would be allowed to keep only 30 percent of the profits.

After the money has been divided up among the corporations, the regional corporations are allowed to keep 50 percent of the money they receive, and that corporation has to give the other 50 percent to the village corporations in their area.

BBNC has received 7(i) money throughout the years from the other corporations that have developed their natural resources. BBNC has received a total of \$9,449,000 in 7(i) money.

• Dividends Paid to Shareholders — (Per Share)

BBNC has paid dividends to the shareholders from 1978 to this day.

An individual shareholder received a total of \$1,181 from the year BBNC started paying dividends.

• A Look at BBNC

Throughout the years BBNC grew as a company and as a Native corporation. BBNC had its rough times and its successful times.

The first president of BBNC was Harvey Samuels. His successor was H. Noble Dick, and to follow in the administration, James W. Hart. Hart is the current president for BBNC. Robert Bacon has also served as president.

"Stable management and a stable board of directors, and also a lot of support from the shareholders, have contributed to the success of the corporation," Olson said.

Mature, expanded, educated and more developed is how BBNC stands today. Throughout the years, BBNC has learned how to conduct a business and manage it better. They have learned from their mistakes, and will now be a stable company in the future.