

Village members seated to applause of AFN board

by **Jim Benedetto**

Tundra Times Editor

The Interim Village Board was formally seated with the Full Board of the Alaska Federation of Natives to the applause of the board itself. The historic event marks the first time village residents have had such a representative voice in the organization. The board, now 37 members strong, is composed of 12 members from the regional corporations, 12 from the regional non-profits, 12 village residents and one from the 13th Regional Corporation.

The Interim Village Board is composed of Nick Jackson of Gakona, Ron Philemonoff of Anchorage, Ronald H. Brower of Barrow, Joe Chythlook of Dillingham, Mary Miller of Nome, Willie Kasayulie of Akiachak, Gail Evanoff of Chenega Bay, Debbie Fullenwider of Anchorage, Will Mayo of Fairbanks, Ralph Eluska of Anchorage, Frank Stein of Kotzebue and Ivan Gamble of Angoon.

The meeting was held to consider several major open policy issues that the board felt should be discussed prior to the introduction of the 1991 legislative package in Washington, D.C., early next year. Among other

decisions by the board, it was decided that regional corporations would be able to initiate stock buybacks in accordance with Alaska law, that shareholders of a corporation would have to vote to lift stock alienation restrictions or to transfer corporate assets to any other corporation or entity, and that in a situation where shareholder dissenters' rights come into play, stockholders would have to be paid in cash, rather than bonds or other forms of payment.

The latest draft of the 1991 legislation includes a new section permitting transfer of subsurface assets from regional corporations to village entities. In this way, villagers can feel more secure about their subsistence lands, for the decision of whether to develop the land or not rests with them. But what happens in a situation where assets already under development are transferred? Could wily regional corporate attorneys transfer subsurface resources to a variety of smaller entities in order to avoid paying other regionals their fair share of 7(i) resource revenues? What happens when subsurface assets are transferred to a village entity and it is later found that there is some mineral wealth which the village decides to

develop? If the asset was left with the regional corporation, all shareholders of the corporation would benefit from the resource. If the village has control of the asset, would neighboring villages be left out of their share in that return?

Many of the regional and village corporations are literally being kept

afloat by 7(i) payments from resource-rich regionals. The board decided that if there were transfers of 7(i) lands to other entities, that there would be one entity (probably the regional corporation) that would be responsible for gathering all 7(i) information within

(Continued on Page Three)

Village Board

(Continued from Page One)

that region and to which the other corporations could go for their reports.

In addition, all 7(i) lands within each region would essentially be security for the 7(i) monies owed to the other regions. In this way, the villages will be able to control the timetable for development of their subsurface estates (assuming the shareholders do, in fact, decide to transfer the assets to them), while preserving the stake of the shareholders of the regions in the development income pool.

Another controversial issue which arose was whether or not a region could prohibit the issuance of stock to 'New Natives' — children born after 1971 — if their parents had exercised dissenters' rights by cashing out their Stock. Sealaska's Chris McNeil explained that this prohibition would cause shareholders thinking about exercising dissenters' rights to think twice about it, while Bristol Bay and others pointed out that such action would amount to "visiting the sins of the father upon the son."

One compromise option discussed would have allowed the issuance of the stock to the children of dissenters with a provision that it carried no voting rights until the child reached adulthood, thereby depriving the parents who had cashed out of exerting any control through their children's stock. In the end, the board decided that the existing amendment language allowing the issuance of new stock was adequate, since it specifies that such stock be issued under terms and provisions to be determined by the corporations themselves.

A third topic of potential dispute was how corporations would assess the value of restricted stock for dissenters.

Technically, stock which cannot be freely traded is not valued by banks or other financial institutions. One way to assess the value of restricted stock is to determine its dividend value. But if a stock has never paid a dividend and remains restricted, how then should it be valued? It is probable that the regional corporations will be able to hire independent auditors to set a valuation on the stock in the event of dissenters' rights, according to principles determined by the stockholders. This leaves open the possibility that some regions whose cash-flow would be severely restricted in any attempt to cash out dissenters will choose to value restricted stock at \$0.00; where this leaves the entire concept of dissenters' rights (or rather, whether they exist) is uncertain, but left, again, to the corporations' shareholders themselves.

The 1991 package may be sent to the nation's capitol early in 1986. The package is scheduled to be presented for village approval before the president signs the amendment package into law.
