

CORPORATIONS

BSNC looks inside region for development

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ing Straits. Johnson informed the delegates that losses over the past nine months indicate a nearly \$2 million improvement over the last year, and that by far the biggest debt the region now has is to village corporations within the Bering Straits. Debts to outside interests have been all but eliminated.

A main objective of the five-year plan, Johnson explained, was to liquidate assets which have proven to be costly and unprofitable. Most of these are real estate and business operations in the Anchorage-Fairbanks areas. Anchorage trailer sales, Montague Manor, a Fairbanks plaza, a tire company set up to take advantage of the pipeline and a barge line which brought trailers up from Seattle are among the assets that the corporation has been selling.

BSNC is now looking more toward investments within its own Region, developing its own resources. Johnson explained a recent agreement with Mapco, a mining company, to extract gold from corporation land north of Nome. Although the regional corporation has subsurface rights to village lands, Johnson said it chose to do this first project entirely on regional lands to perfect its methods before moving onto village lands.

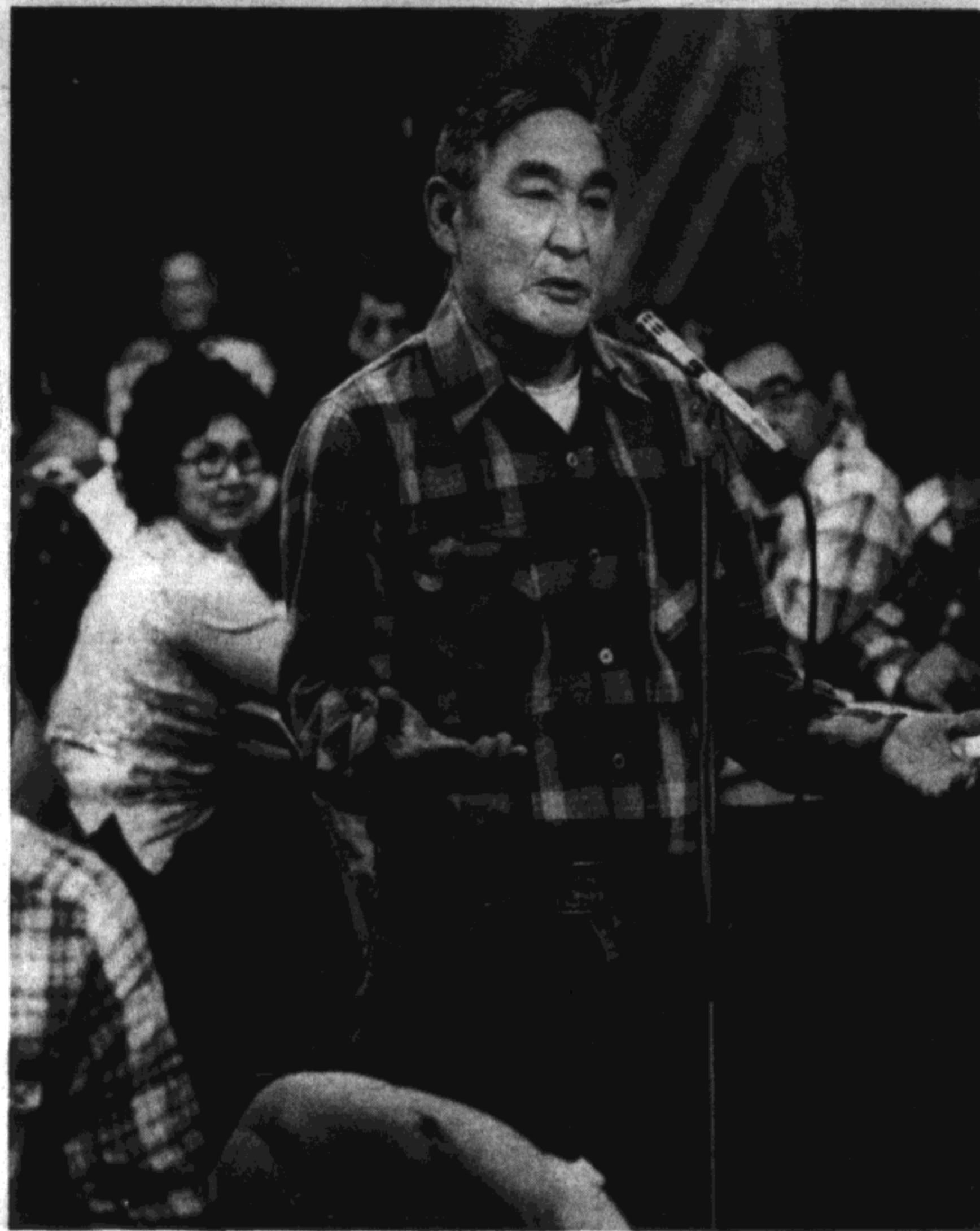
Johnson also promised that villages will be involved in operations on their lands and noted that while the Region has the subsurface rights, the village corporations will have the opportunity to make money on the surface rentals.

The corporation is also establishing a program where small "ma and pa" type miners can lease ground to work streambeds and small mining sites. It seeks also to greatly increase revenues from sand and gravel operations.

BSNC, Johnson said, will be putting more effort to lobbying in the Alaska Legislature for capital projects — airports, ports, roads, etc., — which can have a positive impact on the region's economic future. Where it appears to be mutually profitable, BSNC will seek joint venture business arrangements with village corporations on different projects.

Although the corporation is concentrating its efforts within the region, Johnson noted it is also looking at joint ventures outside, such as involvement in North Slope oil projects. "If oil is discovered (in Norton Sound, after sale 57 is held next month) we will be better prepared to take advantage of it," he explained.

BSNC also seeks to improve the value of land holdings, both village and regional, through exchanges with the state and federal government. An agreement is being worked out with the U.S. Department of Interior, for example, which



Alex Sookiyak of Shaktoolik addresses all the villagers gathered at the Bering Straits Native Corporation meeting in Nome.

PHOTO BY BILL HESS

would allow the village of Stebbins to gain control of some adjacent land which could prove very valuable to the village.

In the past, BSNC has invested heavily in the stock market. Now, Johnson noted, it is pulling its fund from stocks and placing them in time certificates which assure a high interest return.

There are many more parts to the five-year plan, including the possible formation of an insurance company, but Johnson considers Objective 10, where the corporation is working with the village corporations to help them develop their own long-range plans as among the most important.

"The Region can't be strong without strong villages," Johnson explained.

Delegates from different villages agreed that had all the villages been more involved in past decisions, some of the problems which the corporation has found itself in could likely have been avoided.

A major problem the Region has faced, for example, is that it in the past it sometimes invested monies held in trust for the villages at the Alaska Bank of the North without the villages being fully aware of what was happening.

As a result, the corporation now owes a large debt to many of its villages for money lost on these investments. BSNC has committed half the money

it receives through 7i sharing payments from all 12 regions to pay off these debts, and is also giving village corporations security in subsurface resources owned by the region beneath village lands.

To ensure that villages will have a greater say in future happenings, Carolyn Schubert introduced a motion forming a committee to explore different methods of bringing the small and isolated villages into the mainstream of BSNC happenings.

Currently, BSNC is headed by a 15-member board. Each year, five seats are filled in at-large elections. While each board member represents all the people of the Region, this results in most of the board members coming from the larger, less isolated village corporations, such as Unalakleet and Sitnasuak in Nome.

Several possible ways were discussed to bring more participation from the small villages. The board could be restructured so that one member was selected from each village. The disadvantage of this would be that the larger villages would not have representation equal to their numbers. Another solution is to elect one member from every village, with a certain number of at-large delegates elected separately. This would result in a very large board.

The Region could be divided into sub-regions, or, the most

drastic possibility brought up, there could be a merger of the village corporations, similar to what has happened in the NANA region. The committee, which was chosen to have village representation, is expected to make its recommendations to the people of the region before the ice goes out this spring.

Perhaps the greatest show of unity and age-old sharing contribution of 12 B lands came up. Under ANCSA, the villages were allowed to select a certain amount of lands, under section 12 A, themselves. Section 12 B gives the regions the authority to distribute other lands among the villages as it sees fit. Once the region has done this, the distribution is final and can not be challenged in court.

BSNC has approximately 300,000 such acres which it will soon be dividing. Although legally it did not need to, the corporation sought the input of the villages on how that land should be distributed.

The final plan assures that each village will receive just under 6,000 acres. The rest of the acreage will be distributed primarily to those villages which have the greatest potential to benefit from them.

Golovin would get 39,994 acres nearby with good resource potential, while Shaktoolik would receive 5,760 acres.

The profits made on these lands, would then be shared on

a per-capita basis with all the village shareholders of the region. The village undertaking the development would keep 30 percent of the profits, and 70 percent would be distributed among all the villages.

ANCSA's 7i was also a major topic on the agenda. While the 12 regions ended a decade-long dispute last summer and agreed how the 70 percent of the profits made on a corporation's own resources would be determined, several village corporations unhappy with that agreement have since sued.

The trouble lies in the fact that sand and gravel have been determined to be a sub-surface resource; making them regional rather than village property. The villages which have sued want sand and gravel to be ruled as a village resource, and several regional corporations have in the past testified that this should belong to the villages. The courts have ruled otherwise.

Johnson noted that BSNC seeks to put sand and gravel in the control of its villages. One way to do this, he said, was to have Congress declare sand and gravel to be free of the sharing clause of 7i.

The proposal has been made to Congress but has been blocked by villages who want to see sand and gravel named as village resources. But, without a full consensus of the 12 regions, Johnson said, Congress will never accept the proposal.

The people from the villages expressed concern over what will happen after the year 1991. In that year, Native corporation lands will be subject to taxes, and anybody, Native or otherwise, will be able to purchase stocks.

Johnson noted that some of the protections sought by Natives are already in place. A clause included in the D-2 legislation passed by Congress in 1980 through the efforts of the Alaska Federation of Natives established a "land bank."

Under this program, Native corporate lands which are not developed will have the same protection afforded them after 1991 that they now have. The lands will be free of taxation until they are developed.

While it has already been determined that Native corporations can have the right of "first refusal" — in other words, when a shareholder decides to sell his shares, the corporation has the first chance to buy it — there is no guarantee the corporations would be able to.

If an outside corporation such as an oil company were to be aware of great resources within corporate lands, for example, and be willing to pay thousands of dollars per share, a local corporation could be hard pressed to match that. One suggestion was that the corporations build up funds now to purchase shares after 1991.