BSNC BOARD DECLARES $3 PER SHARE DIVIDEND

Record distribution to be issued in December

At its August meeting, the Bering Straits Native Corporation (BSNC) Board of Directors declared a dividend of $3.00 per share to be issued in December. The average BSNC shareholder who owns 100 shares of stock will receive $300.

“This is a record high dividend and a 20 percent increase from BSNC’s 2012 distribution,” said BSNC Board Chairman Henry Ivanoff. “This distribution will bring the total dollar amount of dividends distributed in 2013 to $1,899,900 and is a reflection of BSNC’s commitment to providing meaningful benefits to its shareholders.”

As an ANCSA corporation, BSNC believes that being a successful and sustainable Alaska Native Corporation requires more than financial results. The Company works to improve the quality of life of its share-

BSNC BOARD SELECTS LEE RYAN TO FILL VACANT SEAT

Ryan to serve two-year term

At a special meeting held on July 23, 2013, the BSNC Board of Directors selected Lee Michael Ryan, Vice President of Ryan Air, Inc., to fill the Board seat previously held by the late Martha Anagick Aarons, who passed away in June (please see tribute on page six). Mr. Ryan will serve a two-year term on the Board.

Mr. Ryan is the Chief Pilot for Ryan Air, where he has been employed since 1994. He has a bachelor’s degree in business administration from the University of Alaska Anchorage, and also attended Northern Arizona University.

He was born and raised in Unalakleet, and is the son of BSNC shareholder Wilfred “Boyuck” Ryan and his wife Victoria. In 2009, Mr. Ryan was recognized by the Anchorage Chamber of Commerce and the Alaska Journal of Commerce as a “Top 40 Under 40” professional. He currently serves as chairman of the State of Alaska Aviation Advisory Board.

“We are pleased to welcome one of our shareholder descendants to the BSNC Board of Directors,” stated Henry Ivanoff, Chairman of the BSNC Board of Directors. “Lee embodies the next generation of shareholders who will one day lead BSNC’s future growth and development. He was selected from a pool of 16 applicants, the highest number ever to apply to serve on the BSNC Board, all of whom were highly qualified.”

BSNC AND THE LAND

Part 1: ANCSA and the Bering Strait Region installment

By BSNC Vice President Resources and External Affairs Matt Ganley

INTRODUCTION: The following article is the first installment of a four-part series that will discuss the Alaska Native Claims Settlement Act (ANCSA), BSNC’s land base and how the corporation is managing this important asset. This first part outlines ANCSA and delves into the history of BSNC’s land selections (1968-1977). The second installment reviews BSNC’s early years and the difficulties faced by the corporation (1977-1995). The third will outline BSNC’s recent history (1995-2013), as land conveyances were finalized and the corporation diversified its business ventures. The fourth and final installment will discuss BSNC’s land holdings, the history of exploration and development on its lands, and the plans for future land management and economic development.

THE BERGING STRAITS REGION PRE-ANCSA

By 1968, the year after the Alaska Federation of Natives (AFN) held its first meeting, the state was blanketed by a patchwork of villages and communities organized as Native Villages under the Indian Reorganization Act of 1937 (IRA), regional non-profit organizations, a few Native reserves (with lands set aside for reservations), and one reservation. Merging these varied forms of government and authority for the purposes of a statewide solution to indigenous claims would not prove easy.

Alaska Native groups throughout the state were organizing to press for a land claims settlement. For the Bering Strait area, three land reserves had been previously created under the IRA: Wales in 1943 with 21,000 acres, Diomede in 1946 with 3,000 acres, and Unalakleet...
AFN time is always a special time of year in Alaska. It is an event that I have always looked forward to and enjoyed. From catching up with old friends to the incredible Native art from across our diverse state… AFN is a rewarding experience. But AFN is also a business too, and every year when the Convention is over, I am reminded of the strength that Alaska Native people share in numbers, and know that we have come a long way from where we were prior to the passage of the Alaska Native Claims Settlement Act (ANCSA). We are on the right track.

Prior to the passage of ANCSA nearly 42 years ago, Alaska Native leaders were galvanized by statehood, and realized that Alaska Native people needed to unite politically if we were to have a voice in the resolution of indigenous land claims. The answer to this need was a statewide Native organization that disregarded cultural and regional differences. This led to the creation of the Alaska Federation of Natives (AFN) in 1966, the first statewide Alaska Native institution. It served as the catalyst in negotiating the provisions and the structure of ANCSA.

fast forward to today, and we have come so far. Since the passage of ANCSA, Alaska Native corporations have grown into Alaska’s economic powerhouses. BSNC recently ranked number 17 on Alaska Business Monthly’s top revenue-producing Alaska-based companies. Alaska Native corporations have helped to enhance Alaska Native people’s quality of life by delivering benefits such as employment, revenues, and resource development to remote parts of our state.

BSNC’s own direct benefits to shareholders include dividends, an employment preference for shareholders, descendants and shareholder spouses, and providing funds to the Bering Straits Foundation (BSF), which helps BSNC shareholders and their direct inel descendants attain their educational and vocational goals by offering scholarship opportunities.

Under the leadership and support of BSNC’s Board of Directors and through the hard work of our management and staff, the Company is continuing to seek sources of capital for resource development that will contribute to self-sustaining economic prosperity in our region. Future generations of BSNC shareholders should be able to live healthy and prosperous lives without ever leaving home. I envision BSNC shareholders and descendants continuing our traditional and subsistence-based ways of life, in concert with management and development of our natural resources, which will create sustainable economic development and build stronger, healthier communities.

With this vision in mind, BSNC continues to implement strategic and financial changes designed to improve and strengthen our path to long-term economic sustainability by diversifying revenue sources, working to foster cooperation among local and regional entities, and by seizing upon new opportunities with a special focus on our region.

As reported in 2010, BSNC partnered with Kawaihel, Inc., Norton Sound Economic Development Corp., and the village corporations of Sitnasuk, Mary’s Igloo, White Mountain and Teller to form Unalak, LLC, to purchase Pilgrim Hot Springs. The Alaska Center for Energy and Power, in coordination with Unalak and Potelco, is currently drilling what may become a production well for geothermal-produced electricity, a renewable resource which could eventually serve as an on-site power plant with a transmission line to Nome.

The growing potential of the Arctic is a high priority for BSNC. Management continues to pursue title to Port Clarence, also known as Point Spencer, under ANCSA. Port Clarence is opportunely located to support marine vessel traffic between the Arctic Ocean and the Bering Sea as it increases due to the growing potential of the Arctic. Port Clarence is an ideal location to eventually serve as an on-site power plant with a transmission line to Nome.

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The 2013 ANNUAL MEETING RESULTS

The 2013 Annual Meeting of Shareholders was held Oct. 5 in Nome, Alaska. More than 3,400 shareholders voted by proxy and more than 170 shareholders were estimated to have attended the meeting. No binding or advisory resolutions passed. Shareholders voted on the election of five board directors. All incumbents retained their seats on the board.

ELECTION RESULTS:

Timothy Towarak received 14.9 percent of the votes (251,597,2826) 
Gari Anagick Schubert received 14.4 percent of the votes (243,260,4431)
Louis Green, Jr. received 13.8 percent of the votes (233,610,213)
Clara Langton received 12.9 percent of the votes (218,315,7659)
Eugenie Asikisak received 12.1 percent of the votes (205,324,712)

The Board of Directors honored the late Martha Anagick Aarons, a Board member who served until her passing in June, with plaques to her family recognizing her service to the Board and BSNC’s shareholders. BSNC recognized the winners of its first annual Young Providers Award Jalen Katichag of Unalakleet and Thomas Pootogoolik of Shishmaref, and its Elders of the Year Award winners:

Council Native Corporation
Shishmaref Native Corporation
Sibiaaak Native Corporation
Unalakleet Native Corporation
Unalakleet Native Corporation
Wales Native Corporation
White Mountain Native Corporation

BSNC PAYS TRIBUTE TO MARTHA AARONS AT ANNUAL MEETING

Remembered for compassion, positive presence

BSNC’s Board of Directors and staff paid tribute to the late Board Director Martha Anagick Aarons at the Annual Meeting of Shareholders in Nome on Oct. 5. A slide presentation about her life and volunteer work was shown, and her family was presented with a plaque in recognition of her service to BSNC and its shareholders.

Martha was first elected to BSNC’s Board of Directors in 2009 and reelected in 2012. Because she was passionate about the outdoors and had a life-long love of subsistence activities, including berry-picking, egg-hunting and fishing, she asked to serve on the Land and Resources Committee. She often advocated for responsible natural resource development and employment opportunities for shareholders. She served on the Ruj committee as well, as government contracting comprises a substantial portion of BSNC’s work.

Martha was born in Unalakleet and was the eighth of eleven children born to Betty and the late Lowell Anagick. She graduated from Stanford University in 1976 with a bachelor’s degree in economics. She was proud of her decades-long work as a commercial fisherwoman, both in Bristol Bay and Unalakleet. She was an Alaska Native corporation leader, homemaker, volunteer and proud grandmother. In addition to her BSNC Board service, she served on the Unalakleet Native Corporation Board for 27 years (six as President and 12 as Vice President), and was a Court Appointed Special Advocate for abused and neglected children until the illness forced her to stop. Martha was also selected as the Miss World Eskimo Indian Olympics queen in 1973.

Martha was a motivated athlete, and exercised daily despite her illness up until a week prior to her passing. She passed away peacefully in her sleep at her home in Anchorage after a more than two-year battle with Lou Gehrig’s disease. She was known to be a kind, loving, compassionate person dedicated to serving others, especially those who were less fortunate. She continued to be generous with her time and resources up until the very end. Martha is survived by her husband of more than thirty years, Dr. Charles Aarons; her daughters, Miriam (Joe Hegedus), Elizabeth, and Sarah Aarons (Orish Ash); her mother, Betty Anagick; her grandsons, Charles, Daniel and Jacob Hegedus; her sisters Rose, Dorothy, Ella and Gwen Anagick; Joan Johnson (Harry Jr.), Gari Schubert (Edward), and her brother, Edgar Anagick and many extended relatives and a large network of friends.

Are you receiving important mailings from BSNC, including dividends? It is important that shareholders keep their mailing address up-to-date. Visit: http://beringstraits.com/shareholders/forms/address_name_change.pdf or call (907) 443-5224 to update your address.

BSNC NEWS

BERING STRAITS FOUNDATION NEWS

RECIPIENT SUCCESS STORY: AMBER RYAN

With BSF support, a new nurse starts her career in her hometown, Nome

Education has always been an important part of Amber Ryan’s life. After working as a CNM at Oqaqena Care Center the summer of 2009, she was inspired to further her education by working toward a degree in nursing. She completed her nursing program in December of 2012 and became a registered nurse in May of 2013. Her first day of work was on Memorial Day at the new Norton Sound Regional Hospital in Nome.

“After giving birth to my son, Phoenix, I decided it was time for me to apply for and complete a degree program,” said Ms. Ryan. She applied for and was accepted to the University of Alaska Fairbanks-Northwest Campus two-year nursing program in Nome. “It was perfect because that meant that I didn’t have to move away from my family to earn my degree.”

"I would like to encourage all those who have the motivation to further their education to do so," said Mr. Ryan. "Set goals, apply for a program, and know that once you begin a program, there is a finish line at the end of it: A finish line of success and a door that opens your life to many opportunities to follow with furthering your education.”

BSNC congratulates Amber on her accomplishments and thanks her for helping to meet the health care needs of the people of the Bering Strait region.

BSNC SHAREHOLDER 40 UNDER 40 AWARD

National award honors young leaders

BSNC shareholder and BSF scholarship recipient Dr. Christina Darby was selected by the National American Indian Elder Development (NCAED) as a Native American 40 Under 40 award recipient. This prestigious award recognizes 40 emerging Native leaders from across Indian Country who have contributed to their community through leadership, initiative, and dedication and made significant contributions in business and/or in their community.

Dr. Darby is a board-certified Neurologist and Sleep Medicine physician at the Virginia Mason Medical Center in Seattle, Wash. She is the daughter of BSNC shareholder Ella Anagick and granddaughter of BSNC shareholder Betty Anagick. The 2013 Native American 40 Under 40 Awards were presented at NCAED’s 38th Annual Indian Progress In Business Awards Gala on Oct. 24 in Arizona. Dr. Darby and her husband Anthony are expecting their first child in November.

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BSNC is a Top 49er

Alaska Business Monthly: Charles Hall at their annual awards luncheon honoring Alaska’s 49 top revenue-producing companies. BSNC ranked number 17 on Alaska Business Monthly’s Top 49 list. BSNC received a $200,000 USDA Rural Business Enterprise Grant to provide commercial energy audits to 44 small businesses. The audits will help businesses in the communities of the Bering Strait region improve their energy efficiency and lower their energy costs by providing energy audits, energy efficiency recommendations and assistance in applying for grants to help pay for the audits/recommended improvements.

BSF will work with Bering Straits Development Corp. (BSDC) to perform the audits. BSF and BSDC will be working in conjunction with a Homer-based group made up of representatives from Homer Energy Efficiency and Renewable Energy Advocates and Wisdom and Associates. Audits will begin in spring 2014. Learn more by contacting Energy Efficiency and Renewable Energy Advocates Manager Taz Talley at (907) 435-7906 or by email at taztally@me.com.

BSNC DESCENDANT TO FILM FOOD DOCUMENTARY

To be made in partnership with National Geographic, Fulbright Foundation

A simple conversation between friends that BSNC descendant and scholarship recipient Jenny Miller met while completing an academic fellowship at Western University in Ontario, Canada, has turned into a collaborative documentary project about indigenous food sovereignty. The documentary will be filmed by Ms. Miller and two friends with the support of National Geographic, The Fulbright Foundation and the University of Washington.

During the Killam Fellowship’s Fall Orientation in Ottawa, Ms. Miller met biology student, Churu Jaiswal from York University, and film and media student Sarah Robert from Queen’s University. The idea for the film started as a conversation between Mr. Jaiswal and Ms. Miller about the challenges of getting healthy and affordable food in rural Alaska. The film explores the trend of Alaska Native young people, in an attempt to improve their food security, returning to hunting and gathering practices.

Ms. Miller is the daughter of BSNC shareholder Charlotte Miller. She is seeking a double degree in Photomedia and American Indian Studies at the University of Washington.

ALYESKA AWARDS BSF FUNDING SUPPORT

Matching scholarship fund supports students working toward careers in oil industry

The Alyeska Alaska Native Scholarship Program generously awarded BSF funding support in the amount of $16,000 for fall 2013 and spring 2014. The awarded funds are intended to support eight BSF applicants who are pursuing education, training and development leading toward careers on the Trans-Alaska Pipeline System. Scholarships from this fund will be matched by BSF.

BSF applied for funding for BSNC shareholders and descendants studying business administration, business accounting, information technology, civil engineering, electrical engineering, mechanical engineering, process technology, diesel and heavy equipment technology, construction and welding. BSF-eligible applicants were notified via mail if they were possible candidates for this scholarship.
Delta National Wildlife Refuge. Along with these exclusions, the Alaska Native Allotment Act of 1906 was slated to be closed upon the passage of ANCSA; however, any applications pending at the time of its passage would be eligible for settlement.

Each village corporation could select lands within “core townships” and the regional corporation would be conveyed the subsurface estate underlying the village’s surface estate. As stipulated in ANCSA, the regional corporation would receive the subsurface estate to the lands selected and conveyed to the village corporations and would also be given an opportunity to select surface and subsurface estate within or adjacent to the village corporation’s areas for conveyance through Section 14(h) of the Act.

Formed in 1972, BSNC and the region’s villages would have only until 1977 to file all land selections available through ANCSA. The first BSNC Board of Directors was faced with the task of identifying lands that could then – or might someday – provide positive future economic benefits or sustain traditional livelihoods for the Company’s 6,300 enrolled shareholders. Areas chosen were Salmon Lake, Glacial Lake, the area along the Kougarok road to the Pilgrim River, and the north and south shores of Imuruk Basin (Agiapuk River delta and Windy Cove). While other regions in the state have timber or oil reserves, the Bering Strait region has minerals. For BSNC, this meant selecting areas with tin and gold potential (Cassiterite Peak, Mount Distin, the Kougarok area, and Christmas Mountain), possible oil and gas (Reindeer Cove), geothermal reserves (Lava Creek), and uranium and rare earth deposits (Mount Arathlatulik).

The 17 village corporations within the region would receive approximately 2 million acres of surface estate. Some village corporations chose whole watersheds to protect their subsistence/tradition areas (Mary’s Igloo, Koyuk, and others), some selected the shoreline for the sealing camps and access to ocean they depended upon (Shaktoolik, Golovin, St. Michael), and others combined their traditional land needs with lands that might have future potential for other uses (Sitnasuak, Council, Inalik).

UNDERSTANDING SPLIT ESTATE AND 7(i)

Land that is divided and shared between an ownership of the surface estate and one of the subsurface ownership estate is what is known as a “split estate.” As applied under ANCSA, the subsurface estate is comprised of a set, or bundle, of rights that allow the owner the right to access, develop and benefit from the minerals, oil and gas, and geothermal resources located within the lands. Invariably, this sharing or splitting of the lands causes tension between the surface and subsurface owner.

In anticipation of the tension “split estate” would cause, the framers of ANCSA created a specific section that requires a major portion of all proceeds from subsurface resource development to be redistributed to all regional and village corporations. This is a means of insuring that the benefits from development accrue not only to the subsurface owner (regional corporations) but also to the surface owner (village corporations). Section 7(i) of ANCSA also applies to timber resources and requires that 70 percent of all profit from resource development be distributed to all other regional corporations on a per capita basis. Each regional corporation, in turn, must distribute 50 percent of the 7(i) receivables to their respective village corporations. These annual, semi-annual, or quarterly payments to the village corporations are called 7(j) payments.

In effect, village corporations (surface estate owners) receive 35 percent of all profit generated from any mining, oil, or timber development on ANCSA lands. If a shareholder of the regional corporation is not a member of a village corporation (an “at-large” shareholder) that person receives a portion of the 7(j) funds based on the per capita formula. It is important to remember where this source of money comes from and that Section 7(i) was an equitable distribution derived from the irregular pattern of resource wealth in the state.

Next: BSNC’s early years