



# BERING STRAITS NATIVE CORPORATION AGLUKTUK

Volume XXXVII

Annual Meeting of Shareholders 2009

## 35th Annual Meeting of Shareholders

President Tim Towarak called the 35<sup>th</sup> Annual Meeting of the Bering Straits Native Corporation (BSNC) Shareholders to order at 10:08 AM on October 3, 2009 in the Old St. Joseph Church at Nome, Alaska. One hundred forty-three (143) shareholders attended the meeting as well as staff from the Nome and Anchorage offices. Perry Mendenhall gave the invocation.

President Tim Towarak introduced election judge Karola Moore of Sramek-Hightower. Inspector of Elections Karola Moore announced the close of registration and reported the following:

- 1) The list of shareholders eligible to vote at the regular scheduled Annual Meeting of Shareholders on October 3, 2009, prepared pursuant to Section 2.05 of the Bylaws lists 5,689 shareholders holding 562,191.123 of voting stock eligible to vote on matters presented at the Annual Meeting.
- 2) That pursuant to the Laws of the State of Alaska, 281,096.562 is a majority of the outstanding shares of the Corporation entitled to vote and constitutes a quorum.
- 3) That there are present at this meeting either by person or represented by proxy, 330,513.725 shares of stock eligible

to vote at this Annual Meeting, which is 58.79% of total outstanding voting stock.

Chairman Henry Ivanoff welcomed all the Shareholders in attendance. The Board of Directors introduced themselves: Roy Ashenfelter, Tony Weyiouanna, Sr., Eileen Norbert, Percy Nayokpuk, Louise Bauman, Eugene Asicksik, Gail Schubert, Stephan Ivanoff, Neal W. Foster, Clara Langton, Fred Sagoonick, Homer E. Hoogendorn, Lincoln Trigg, Sr., Tim Towarak, and Henry Ivanoff.

Kimberly Gooden (Special Executive Assistant) introduced staff from Nome as follows: Jerald Brown (Vice President), Peggy A. Hoogendorn (VP of Administration), Rose Koezuna-Clark (Receptionist/IT Tech), Irene Anderson (Land & Resource Manager), Larry Pederson (Land & Resource Assistant), Josie Reader (Controller), Myrna Outwater (Assistant Stockholder Registrar), Carmill Goldsberry (Lead Accounting Clerk), Lucille Evans (Accounting Clerk), Kirsten Timbers (EVP Bering Straits Foundation), Ed Schubert (SVI Operations Foreman), Jeff Sutton (SVI Foreman), Bob Gilley (Aurora Hotel Manager), and Warren Trigg (Aurora Hotel Desk Clerk).

Executive Vice President Gail Schubert introduced

*~continued on next page*



Shareholders in attendance at the 35th Annual Meeting of Shareholders at the Old St. Joseph Church on October 3, 2009.



Anchorage staff and guest: Wally Powers (CFO), Jenette Paulson (VP Subsidiary Operations), Tamie Taylor (VP Construction), Sharon Westlake (Human Resource Director), Rick Foster (VP Business Development), and Philip Blumstein (Corporate Attorney).

Secretary Roy Ashenfelter presented the October 4, 2008 Annual Meeting of Shareholder minutes for approval. Perry Mendenhall made a motion to approve the minutes from last year and Carolyn Schubert seconded the motion. The motion passed unanimously by voice vote.

Irene Anderson made a motion to add approval of agenda and Shareholder Initiatives to the agenda and Jeannie Yuman seconded the motion. The motion carried unanimously by voice vote.

Nominations Committee member Tim Towarak informed the shareholders that Eileen Norbert, Clara Langton, and he are on the Nominations Committee. He reported that the incumbent nominees are Louise Keller Bauman, Neal W. Foster, Stephan P. Ivanoff, and Percy K. Nayokpuk and the other nominees are Martha Anagick Aarons, Richard Atuk, Jason Evans, and Nicole Johnston. Carolyn Schubert made a motion to nominate all said candidates for election and Rose Ann Timbers seconded the motion. The motion passed unanimously by voice vote.

Candidates Martha Anagick Aarons, Richard Atuk, Louise Keller Bauman, Jason Evans, Neal W. Foster, Stephan P. Ivanoff, and Percy K. Nayokpuk addressed the shareholders.

President Tim Towarak informed the shareholders that Lincoln Trigg, Sr. decided not to run for re-election as he retired. Lincoln Trigg, Sr. thanked the shareholders for their past years of support and said BSNC is on a roll and he's happy for that. He said it took a lot of work and team effort to get

BSNC to where it is today. The shareholders gave Lincoln Trigg, Sr. a standing ovation.

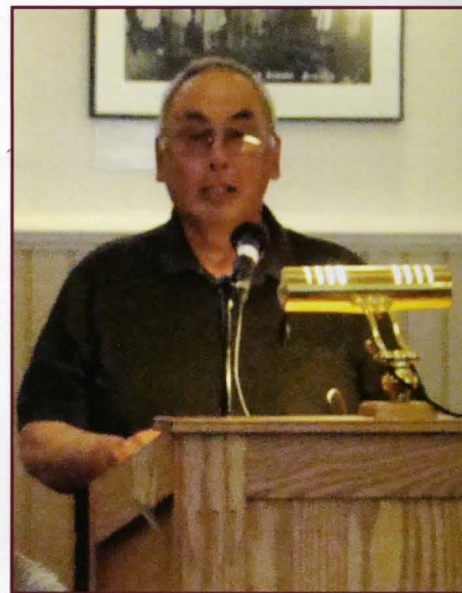
Carolyn Schubert made a motion to close nominations and Rose Ann Timbers seconded the motion. The motion carried unanimously by voice vote.

Inspector of Elections Karola Moore informed the shareholders that those who voted by proxy that those proxies have been tallied; that the Proxy Committee ballot will be distributed in a few minutes; and for those shareholders that registered for a ballot this morning that they were given a ballot at registration and that if they've not turned in the ballot that they are due before lunch in the silver ballot box at the registration table.

Neal W. Foster and Stephan Ivanoff presented the Elder of the Year awards. The early bird and prizes were drawn. See page 3 for list of winners.

President Tim Towarak called for a recess at 11:08 AM for lunch. Dan Karmun, Sr. gave a blessing before lunch. President Tim Towarak called the meeting back to order at 12:09 PM.

Reports begin on page 4.

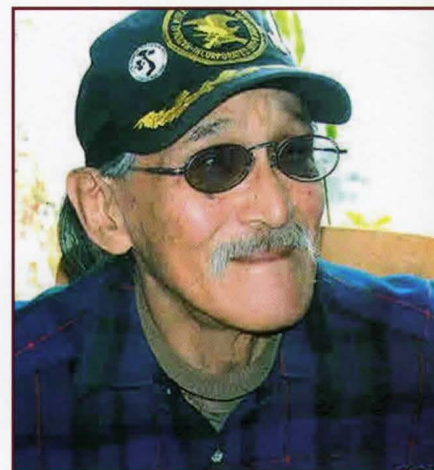


Retired director Lincoln Trigg, Sr. gave a farewell speech thanking shareholders for the many years of support he received during his tenure with BSNC.

## 2009 Elders of the Year



Alene Weyiouanna  
Shishmaref Native Corporation



Daniel Keezatat Omedelena  
Wales Native Corporation



### Early Bird Winners

Twenty-five (25) early bird prizes of \$500 were drawn from those proxies received by 5:00 PM, September 9, 2009.

Kathy T. Acoman  
Ellen May Adams  
Mary Jane Akin  
Daisy P. Angusuc  
Roxanne Bills  
Joel A. Craft  
Sandra Lee Dierick  
Margaret Ellanna  
Anna Marie Flynn  
Teresa Edna Hill  
Iris June Hopkins  
Robert K. Joe, Jr.  
Lawrence Peter Kayoukluk, Jr.  
Fred Martin Kugzruk  
Alexine Martin Miller  
John Aaron Moses  
Elizabeth Oxenia Norbert  
Lawrence Olson  
Angela Marie Ozenna  
Robert Jay Rudolph  
Alice Schultze  
Corey M. Sockpealuk  
Vanessa Rae Walluk  
Nellie Jean Weyiouanna  
Alton Leon Youngblood III

### Grand Prize & Other Prize Winners

Twenty-one (21) prizes were drawn from those proxies received by September 30, 2009.

#### Grand Prize winner of \$5,000

Alice Atuk

#### Winners of \$2,500 each

Norman Lee Menadelook & Rosemary Selma Lincoln

#### Winners of \$1,000 each

James Douglas Omiak, Sr., Nora Ruby Brown, Kelly Marie Moen, Ivan Ahkinga, Walter Dean Alexander, Mischa Anthony Etageak, Lena Ann Malewotkuk, and Amelia Yvonne Merkouris.

#### Winners of \$500 each

Melvin Ambrose Towarak, May Brandon, Jimmie Reed Brown, Thornton Mayokok, William M May, Jr., Vitus Jack, Eric Martin Ringstad, Esther L. Lincoln, Vernon Keelick Kugzruk, Derak Anthony Otton, Chase Elliot Gray, Burkher Mitchell Ivanoff, and Johnnee Lynn Seetot.

#### Winners of BSNC Jackets

Toni Smith, Fannie Weyiouanna, Lola Hannon, Gloria Walluk, and Laura Evans.



Franklin Okitkon  
Solomon Native Corporation



Gladys Punguk Armstrong  
Golovin Native Corporation



June I. Kugelmann  
Council Native Corporation



## REPORTS TO SHAREHOLDERS


The following reports were presented to the shareholders:

- President's Report by Tim Towarak
- 8(a) Report by Gail Schubert
- Financial Report by Wally Powers
- Bering Straits Foundation Report by Kirsten Timbers
- Land & Resource Report by Roy Ashenfelter

### Bering Straits Native Corporation

## 2009 Annual Meeting

President's Report  
St. Joseph Church  
Nome, Alaska  
October 3, 2009



Tim Towarak,  
President & CEO

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### 9 Inuit on a Beluga in Unalakleet



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### FY-2009 Corporate Hi-lights

- ▣ Had record total income of \$162,327,221
- ▣ Recorded \$8,076,984 in profits – (2008-\$6.9M)
- ▣ If we sold BSNC, the current “net-worth” of the company is \$42,628,617 (2000-\$25.2 M)
- ▣ Divide above by 6,333 BSNC shareholders, each 100 shares would receive \$6,731.20 ea.
- ▣ (FY 2000, 100 shares = \$3,992.50)
- ▣ BSNC owns almost \$82.9 million in assets.
- ▣ BSNC owes over \$40.3 million in debt.
- ▣ The difference is the above “net-worth”

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### Eastern Norton Sound Sunset

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### Operation's Hi-lights

- Rock Creek was in full operation in FY 2009, so our Nome operations benefitted accordingly.
- The stock market fell considerably in 2009 but had less affect on BSNC then other regions since we used our funds to start new 8(a) companies.
- Oil, gas and mineral prices were high, bringing in a record \$12.4 million to BSNC.
- BSNC has 1,044 employees today compared to around 50 in 2000. 289 of the total workforce are in Alaska.
- BSNC and village corporations have received title to most of our entitled 2 million acres of land.

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### Solar Panels on BSNC Bldg.

6

### OUTLOOK FOR NEAR FUTURE

- ✦ Stock market recovering along with the overall economic condition of the U.S.A.
- ✦ Rock Creek still uncertain.
- ✦ Trucking operation growing.
- ✦ Government contracting still growing.
- ✦ BSNC involved in new Hospital Construction in Nome starting this fall, winter and spring.
- ✦ Outlook in general looks bright for continued growth of BSNC.

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## WHERE WE WERE IN

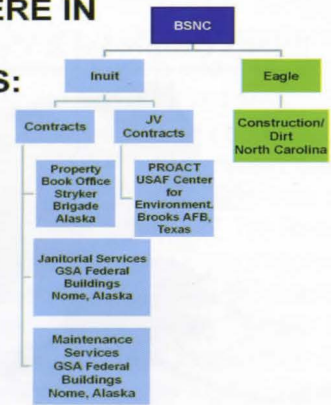
2003

### 8a CONTRACTS:

- 5 contracts

Total Contract  
Value:

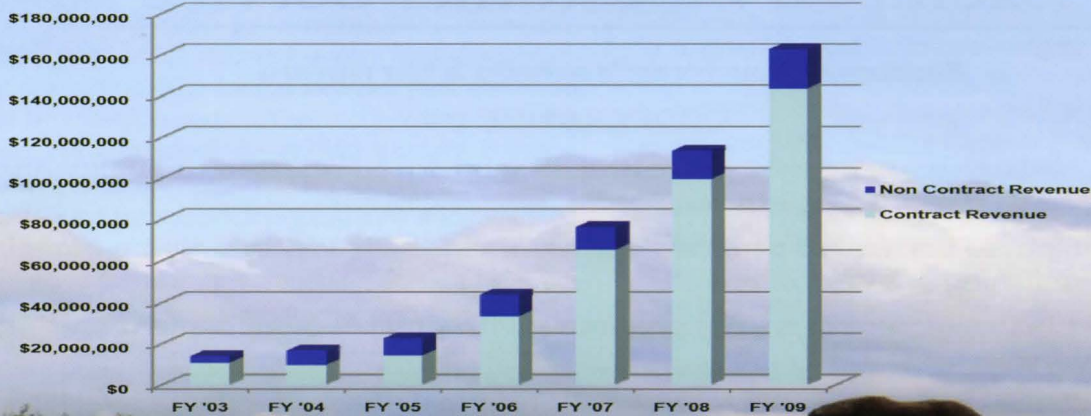
\$4,123,748.00



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## WHERE WE ARE NOW

Non-contract Revenue: \$20 million; 8(a) Contract Revenue: \$143 million



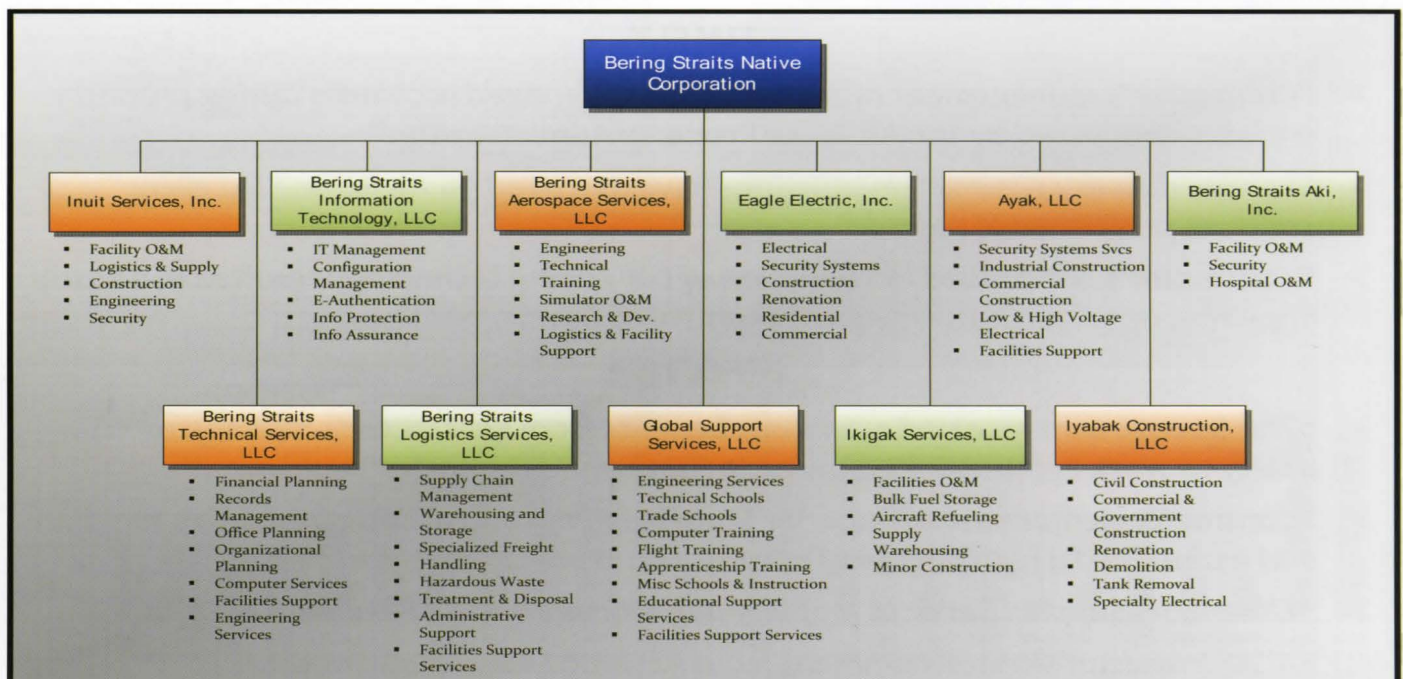
October 2009

Bering Straits Native Corporation

Board Sensitive

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## BSNC Subsidiary Core Competencies



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[illegible]

A collage of various logos from different organizations, including government agencies like USDA, U.S. General Services Administration, and U.S. Air Force; military branches like Navy, Army, and Coast Guard; and private companies like SYMVISIONS, Inc., SAFEWAY, and KAWERAK, INC.





## Financial Report

Wally Powers, CFO

BSNC's chief financial officer, Wally Powers, delivered the financial report for the fiscal year ended March 31, 2009. Mr. Powers introduced Mr. Gregory French, CPA, a representative from KPMG, the independent audit firm for the BSNC. He encouraged shareholders to

feel free to address any questions on the financial report to Mr. French as well. He stated that most of the material in the presentation was included in BSNC's Annual Report for 2009 either directly in the financial statements or in the Management Discussion and Analysis (MD&A). Copies of the Annual Reports were available at the meeting.

Mr. Powers began by sharing the "Five-Year Financial Highlights" which showed a very strong revenue growth trend exceeding 40% for the last two year and even higher in the two years before. The more telling trend he indicated was the consistent twenty-two percent average increase in shareholders' equity. He also reviewed the results of operations for subsidiary operations and indicated that all had earned a profit except for Eagle Electric and some small losses for startup companies that had not yet developed a steady revenue stream. He also addressed a concern expressed that the Annual Report no longer included financial statements for the subsidiaries. Mr Powers indicated the list of subsidiary companies had grown significantly and that there was considerable activity and it was no longer

practical to provide the detail. Additionally the subsidiaries are competing with other Alaska Native Corporations that receive copies of BSNC's Annual Report and it is not in the company's best interest to share that information.

He added that BSNC was required to consolidate all operations which meant that our Minority Interest partners were also included in Net Contract Income and their share averaged about 20% each year. Additionally, 7(i) Resource Revenues received from other regional corporations was at an all time high because NANA had a large distribution adjustment related to prior years. Also, Arctic Slope Regional Corp. (ASRC) had a very high distribution due to oil prices and production being at all time highs. Next year distributions from NANA and ASRC would drop significantly. The unusually high 7(i) revenue helped offset the impact of the losses incurred in the investment portfolio due to the poor economy and banking crisis. Knowing the 7(i) for future years would fall the plan was to use distributions from the current year to diversify and build operating businesses that could provide a sustainable income and to minimize reliance on income based on factors that were beyond our control. He also indicated that BSNC's General & Administrative (G&A) Expense had also increased at the same pace as revenue as BSNC has increased staff in Anchorage to accommodate the growth in operations and position itself to handle the additional growth planned. The Additional charts were shown that reflected the growth of scholarship contributions and charitable contributions from 2000 to 2009. All other charts shared at the annual meeting were included in the MD&A of the Annual Report.

### Results of Subsidiary Operations

In Thousands Except EPS	BSDC	GGI	Inuit	Aki	BSTS
Revenue	\$ 7,322	3,681	46,333	30,566	390
Expense	6,369	3,596	44,694	27,220	446
Operating Income (Loss)	954	86	1,638	3,347	(57)
Interest Expense	276	-	4	-	-
Minority Interest	-	143	602	1,395	-
Income tax expense (benefit)	282	91	402	106	(19)
Net Income (Loss)	436	137	630	1,846	(38)

October 15, 2009

Bering Straits Native Corporation

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### Results of Subsidiary Operations

In Thousands Except EPS	BSIT	BSAS	Ikigak	Eagle	Eagle Eye
Revenue	\$ 41,846	14,841	551	4,688	1,340
Expense	38,044	13,472	402	5,200	1,253
Operating Income (Loss)	3,801	1,369	149	(512)	87
Interest Expense	-	-	-	-	-
Minority Interest	699	649	-	129	-
Income tax expense (benefit)	1,365	258	57	(244)	33
Net Income (Loss)	1,738	462	93	(397)	54

October 15, 2009

Bering Straits Native Corporation

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### Total Assets & Shareholders' Equity



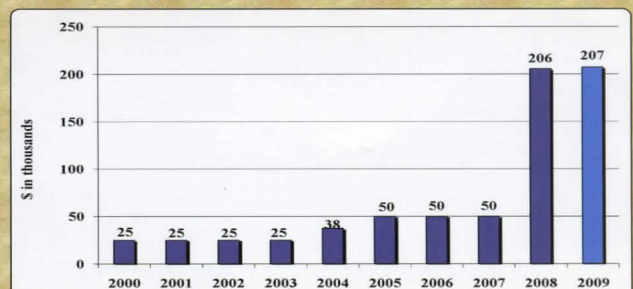
October 15, 2009

Bering Straits Native Corporation

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### Scholarship Contributions



October 15, 2009

Bering Straits Native Corporation

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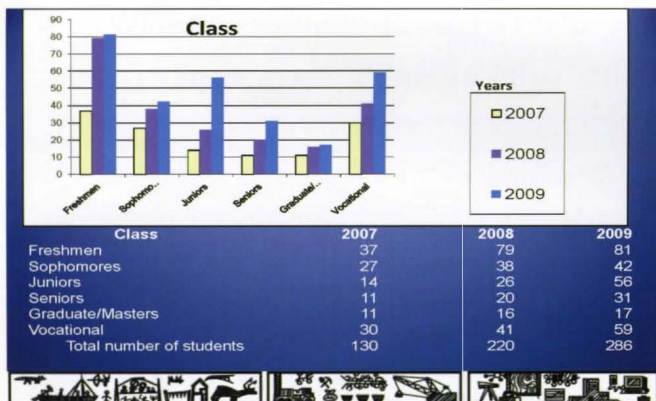
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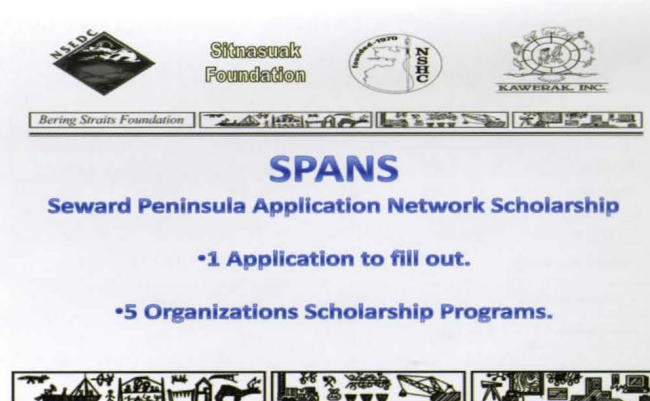
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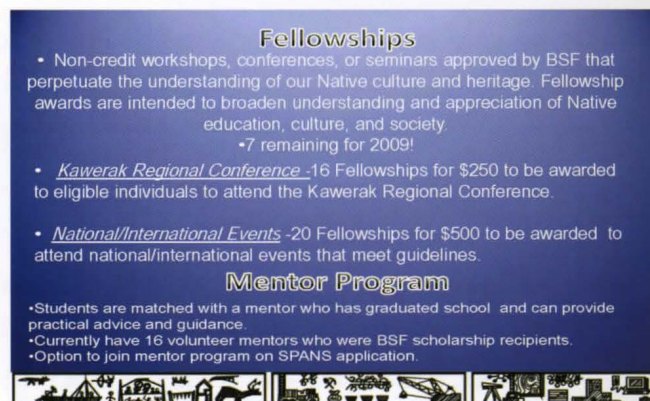
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## Land and Resources: 2009 Summary

Roy Ashenfelter, Land & Resource Committee Chair

### 1) Land Conveyances:

**BSNC:** To date, 107,136 acres of subsurface and surface entitlement of 145,727 acres have been conveyed to BSNC through Section 14(h)(8) of ANCSA. Conveyed 14(h)(8) tracts include the lands along the Nome to Kougarak Road from Salmon Lake to the Kougarak River, Glacial Lake, Mount Distin, Cassiterite Peak, Ear

Mountain, Christmas Mountain, and Reindeer Cove. Outstanding selections that have been interim conveyed include Lava Creek, a portion of Glacial Lake, Iron Creek and Salmon Lake north. The Salmon Lake Land Consolidation Agreement which would convey lands at Salmon Lake and in the Imuruk Basin is awaiting approval from Congress. A hearing is scheduled for October 8<sup>th</sup>, 2009 with the Senate Subcommittee on Public Lands and Forests.

BSNC continues to receive patent to the selections made under Section 14(h)(1), cemetery and historic sites. As of October 2009, BSNC has received patent to 43 archeological, cemetery or historic sites, including Lava Creek Hot Springs.

**Village Conveyances:** All villages have received their final patents with the following exceptions: Koyuk (2010), Shaktoolik, Sitnasuak (2011), Council (2010), Inalik, and Unalakleet (2011).

### 2) Exploration and Mining:

BSNC continues to work with exploration companies to determine the extent, value and development potential of its subsurface estate.

**Rock Creek:** The Rock Creek mine was shut down late last year due to water control issues and problems associated with the mill. Alaska Gold Company has been working to address these issues and anticipates beginning production again in 2011. Exploration during the past 18 months has expanded the total gold reserve within the immediate area of the mine by 24%, primarily on BSNC subsurface estate. This is good news for the corporation and will increase the total royalties BSNC receives when that land goes into production. Additional lands in the Saddle/Bonanza Peak area appear to contain resources that can be brought into development potentially extending the life of the mine beyond 5 years. NovaGold and Alaska Gold Company continue to maintain their annual exploration payments for the expanded Rock Creek area, Mount Distin and Big Hurrah.

**Other Exploration:** Millrock Resources, Inc. and GGI signed an Exploration and Option Agreement in April 2008 for the subsurface estate of lands in the Council, Bluff, Shaktoolik, and Christmas Mountain areas. Millrock has done a good job of hiring shareholders and working with the village corporations to gain surface use agreements. Millrock continued work this past season (2009) and current projects indicated that they will undertake expanded drilling and testing activities in the Council and Bluff areas next season (2010).

For the 18 months that will end January 1, 2010, GGI will receive over \$380,000 for advance royalties at Rock Creek Mine, and exploration rights payments from Millrock and Alaska Gold Company. From January 1<sup>st</sup>, 2009 to January 1<sup>st</sup>, 2010, GGI will receive \$360,000 in payments from the same companies. Total contributions to the Foundation through the mining agreements are \$15,000.

### Notes about Exploration and Option to Lease

**Agreements:** The exploration and option agreements allow a company to explore BSNC lands for a period of time, usually not exceeding five years. During that 5 years, BSNC is paid on an annual basis for the exploration rights. At any time during the five years, if the mining company determines that a deposit or area

can be commercially developed, GGI and the mining company then execute the "Option" and sign a mining sublease. After the Option is signed BSNC receives a royalty for any gold produced by the mining company.

Negotiation of each Exploration and Option agreement is a long process and BSNC strives to maximize the benefits to the corporation and its shareholders. In all agreements shareholder hiring preferences are required. BSNC also endeavors to secure preferences for contractual work or services that the mining company might need during their exploration and mine development. BSNC and GGI have been working with exploration companies for nearly 30 years and the agreements that have been negotiated have evolved to better serve the needs of the corporation and its shareholders.

### 3) Tourism:

BSNC is continuing to evaluate tourism opportunities related to BSNC lands.

**Cottonwood Cabins:** BSNC constructed 3 cabins on the Pilgrim River at the Bridge crossing. These are rental units and are available throughout the year. Some rentals occurred during the summer of 2009, but the anticipated bookings for July did not occur due to the closure of the red salmon fishery. BSNC is discussing leasing the cabins for 2 or more weeks during spring 2010 in conjunction with exploration that may be occurring there.

**Spring Tourism:** BSNC/GGI ran the snowcat for shuttle service to and from Safety Roadhouse during Iditarod 2009. Booking were above expectations and this year's shuttle service is expected to exceed that of 2009. One musk ox tour was done during Iditarod week, and BSNC/GGI will continue to market this aspect of winter tourism. A group was also taken for snowcat access skiing in the hills along the west side of Snake River in April, 2009.

### 4) Other Activities of the Land and Resource Department

The biannual meetings of the Village Corporation Land planners are held each April and October. These meeting bring together the Village Corporation representatives and various agencies to discuss issues and projects in the region. Attendance at the meetings has been excellent, and BSNC appreciates the efforts and expense that the Village Corporations have taken on to send their representatives to the meetings. On October 1 and 2, the meetings were held in Nome and ANCSA training was provided to 30 village corporation representatives by Larry Lau of Tantikil Unlimited. Also at this meeting BSNC awarded key BLM employees plaques recognizing their commitment to fulfilling the intent of ANCSA.

BSNC is updating the Village land status maps, as the villages receive their final patents. By 2010, all village conveyances should be completed and a final picture of the ANCSA corporation land ownership in the region will be completed.

The following villages have received Final Patents: Brevig Mission, Golovin, King Island, Mary's Igloo, Shishmaref, Solomon, Stebbins, St. Michael, Teller, Wales, and White Mountain. Pending are Council, Koyuk, Inalik, Sitnasuak, Unalakleet, and Shaktoolik.

### Percentage Totals for Land Conveyances in the BSNC Region:

12(a) Selections	99.6% Conveyed
12(b) Selection	98.3% Conveyed
14(h)(8) Regional Selections	73.5% Conveyed



Gail Schubert introduced Cal Myrick, Project Manager for Neeser Construction, Inc., and Tamie Taylor, BSNC VP of Construction. Cal Myrick and Tamie Taylor informed the shareholders of the Inuit/NCI joint venture to build the new hospital in Nome.

President Tim Towarak opened the floor for shareholder questions and comments. See bottom of this page.

Shareholder Irene Anderson said that she felt it's time that our shareholders congratulate our board of directors for a job well done in seeing the growth of the company. Irene Anderson made a motion to amend the Bylaws.

Irene Anderson moved and Rose Ann Timbers seconded the motion to amend the Bylaws to the effect that staff serving as board members of joint ventures, subsidiaries, and/or BSNC board resign the staff or board position immediately; and in the future staff resign prior to running for the board and board members resign prior to applying for or accepting staff, consulting, or employment contracts. Question called.

President Tim Towarak asked corporate attorney Philip Blumstein to address the process of making such motion before it was voted on. Philip Blumstein said that the motion legally will not be effective if it were to pass on a floor vote to amend the Bylaws. In order for the Bylaws to be amended by the shareholders it requires 50% plus one of the outstanding shares in order to pass. Also, most of the shareholders have not had the opportunity to consider the issue. If the motion was to pass on the floor it would only serve as advisory to the Board. "It's not uncommon in most corporations and Alaska Native Corporations, like the BSNC Bylaws, to allow directors to serve in other capacities within the corporation," said Philip Blumstein. He explained three ways to address the motion. The first one being that the board can amend the Bylaws. Secondly, the board can bring the issue to the shareholders and have them vote on it. And thirdly, the shareholders themselves, through a petition, can schedule a special meeting by obtaining 10% of the shareholders signatures and make the amendment without the Board.

Shareholder Wendy Schaeffer asked those board of directors who serve in a dual role as an employee of BSNC and as a board of director to raise their hand and also asked which board members sit on the Personnel or Bylaws Committee. Dan Karmun, Sr. asked to take this item through due process.

President Tim Towarak asked for a voice vote. The vote couldn't be determined by a voice vote so President Tim Towarak asked for a vote by a show of hands. The motion passed by a show of hands.

President Tim Towarak said the Board will take this motion as an advisory vote.

Inspector of Elections Karola Moore reported that there were 1,571,059.294 votes cast and that the number of votes necessary for election shall be the five nominees receiving the highest number of votes. See the back page for election results.



Louise Bauman thanked everyone for voting for her at this election. She said she served 15 years on the board and watched it grow a lot during this time, especially after it came out of bankruptcy. She congratulated Martha Aarons and Jason Evans for being elected to the board. She said she was glad to have worked with this board and said this corporation has been successful. The shareholders gave her a round of applause.

Louise Bauman thanked everyone who voted for her during her tenure as a board of director.

Chairman Henry Ivanoff thanked Lincoln Trigg, Sr. and Louise Bauman for their years of service and their hard work. He thanked shareholders who sent in their proxies and for making the effort to attend the meeting.

President Tim Towarak thanked Louise Bauman and Lincoln Trigg, Sr. for their service to BSNC. He said it's been a real pleasure seeing the progress this board has made and said his service to the region has been the best by serving as president of BSNC. He looks forward to continued support from the shareholders and continued success of BSNC. He said he's received comments from shareholders that they are finally proud to be a shareholder of BSNC after its success.

Dan Karmun, Sr. gave the benediction. The meeting was adjourned at 3:15 PM.

## Shareholder Questions & Comments

**A shareholder said the minutes from last year's meeting in Anchorage do not reflect the questions and comments; and said it'd be nice for the other shareholders to know what was discussed.**

Our minutes are to include action taken and not questions and comments at the meeting as recommended by our corporate attorney. Perhaps we can summarize the questions and include them in the newsletter.

**A shareholder suggested the board allow**

**shareholders attend the meeting via audio conference.**

We'll look into this suggestion to see if we can set up meetings via audio conference to allow more shareholders to participate.

**When is BSNC going to start partnering with village corporations on 8(a) projects?**

We'll probably ask the village corporations if they would like to buy into one of the new construction 8(a) companies. Constructions contracts tend to have higher returns but the

margins are also higher. This item may be discussed at the November board of directors meeting.

**Realizing now that Nome Eskimo Community (NEC) will handle the hiring process for the NSHC project is BSNC going to be hiring for the BSNC (Inuit Services) portion of the contract itself?**

BSNC will hire staff for its portion of the

*~continued on next page*



contract. However, applicants will need to submit an application through NEC. You can call NEC at 1-907-443-2246 or at [www.necalaska.org](http://www.necalaska.org).

**How many shareholders have been trained or put into management/administrative positions with our 8(a) contracts?**

We have approximately a 12% shareholder hire rate for 8(a) contracts. Most of the contracts are out of state, which contributes to the low hire rate. In the Anchorage office, we have a 42% shareholder, descendant, or spouse of shareholder/descendants hire rate.

**Could you include statistics of Native and shareholder hire by state in future annual reports or Power Point presentations?**

Yes.

**If we (Shishmaref Native Corporation) partner with BSNC in an 8(a) company what's the estimated amount we'd need to spend?**

Management would have to review the partnership agreement and the specific 8(a) contracts to determine the cost involved and bring it to the board for approval before an amount is determined. One option for village corporations to come up with start-up monies would be to use 7j funds. It does take a lot of capital to obtain 8(a) contracts.

**I am impressed with the competency with how BSNC has grown since bankruptcy. I have a concern with the increased cost of living, especially with heating oil. Does BSNC have provisions with alternative energy, other than Banner Wind and solar panels, for others who are in need of money for pilot projects?**

BSNC has spent money in alternative energy mainly to find out what's possible. We've been working very closely with Sitnasuak Native Corporation on the windmills and are using this as a trial project before we work with other village corporations. It was a good thing that we started in Nome because we ran into problems and being in Nome allowed for us to remedy the issues more quickly.

**I heard a report of the total assets and what they would be worth minus what was owed on them. I must have missed something, was it just the valuation of the external assets, in other words, what did you do with the valuation of the land? Was it just left out of the picture? If yes, please put a note in the report as to why the value is left out in the future.**

Yes, because there's not a simple way to put a valuation on the subsurface land until it's been explored and we'll note this in future reports.

**Solomon Native Corporation (Solomon) is concerned about the recent violations at the Rock Creek Mine and how Big Hurrah will be impacted. Solomon would like to**

**be invited to such meetings as Solomon is concerned about how Big Hurrah will be impacted and water issues. I understand the Rock Creek Mine is going to open again in 2011 and would like to know who is on the BSNC board that's going to deal with Rock Creek and Big Hurrah?**

The Rock Creek Management Team has two members from BSNC, Eugene Asicksik and LT Trigg; and two members from Golden Glacier, Inc., Roy Ashenfelter and Homer E. Hoogendorn. Members from NovaGold are Alberto Chang and Mitch Henning.

**A shareholder said we now own Granite Mountain Hot Springs and can use it. He asked that you leave it clean after you use it.**

Thanks for the information and invitation to use the Granite Mountain Hot Springs. BSNC has an interest in purchasing Pilgrim Hot Springs and are working with Kawerak and Sitnasuak to purchase it jointly. We believe this is a limited opportunity to get Pilgrim Hot Springs back under Native ownership. And if we own it, we'll be in charge of how it will be developed.

**My question is in regards to the financials for the last 5-6 years. I know everyone has taken a beating in the stocks and bonds. First, does someone have a rough assessment as to how those issues impacted BSNC's profitability? Secondly, what proportion of the assets is in those types of investments and what's the general future planning to watch over those?**

We lost \$1.8 million in our investments this year. However, because we made money, mostly from government contracts and 7i, we were able to wipe out most of the losses. As we've moved more into an operational mode, we've put more of our resources into operations. Thus, we've experienced fewer losses to the stocks and bonds compared to other companies. Our portfolios are professionally managed by Badgley, Phelps, and McKinley Capital. Most of our investments are in stocks and a small amount remains in bonds.

**Is some of the income from stocks and bonds reinvested stock market?**

Yes.

**I applaud the board for coming out of bankruptcy. I noticed on the map that we don't have businesses in any of our villages?**

BSNC is looking at partnering with village corporations to obtain 8(a) contracts, which is probably the fastest way to get villages involved. The land department has been developing tourism opportunities in the region and is hoping to engage village corporations. There's potential to expand the Aurora Inn into Unalakleet by opening and operating a small hotel. Our subsidiaries have done and continue to perform construction work in some

of our villages and hire locally as much as possible. We are hopeful to take advantage of our relationship with Neeser Construction, Inc. to obtain more construction jobs in the region, like building schools and putting more of our people to work.

**In our 15 villages I noticed that we don't have a sobriety program intact and if the board is looking for a cause to donate this would be an opportunity to do so. It's no secret that alcohol is the number one problem in our region and something needs to be done about it.**

BSNC is a business focused company and we are trying to contribute some of our profits to non-profit activities. NSHC (Norton Sound Health Corporation) was designated by the Bering Straits Native Association a long time ago to be our regional health program and any program that deals with sobriety falls under NSHC. We'd be happy to donate to a sobriety program but BSNC is not set up to run a sobriety program.

**A shareholder told a story of how he was challenged to decrease turnover of Alaska Native workers back in the early 1970s. It took them a while to reduce the turnover from 50% to 20%, but they were successful when others thought it was not going to be possible. The lesson learned from this is that "it can be done!" Starting a sobriety clinic in the villages may seem impossible but it can be done.**

**A shareholder suggested that the BSLT (Bering Straits Leadership Team) have a summit on different disparities, including sobriety, for the whole region and invite all profits and non-profits from the Bering Straits region.**

We'll bring this suggestion to the BSLT. The board is open for ways we can act and address the alcohol problems in rural Alaska.

**A shareholder said that Sitnasuak donated a building to use for Alcoholic Anonymous meetings and another to use as a sleep off center. Eventually, they had to close them due to liability issues back in the 1990s.**

As managers and board of directors we are very careful of what we do as a company due to liabilities.

**A shareholder told of his experience where he didn't have a college degree to apply for a position but he did have many years of experience applicable to the job. His peers encouraged him to apply and he did. He was hired for the job due to his hands on experience. He said Native people have lots of experience living here and not to let outsiders discourage you from applying for jobs that have education requirements that you don't have, but you have the experience needed to perform the job.**



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## 2009 Election Results

The following is a complete list of the results of the ballot for the election of directors showing each candidate who received votes and the number of votes each receiving. The elected directors are in bold and their term will expire in 2012.

<b>Martha Anagick Aarons</b>	<b>172,409.183</b>
Richard K. Atuk	155,609.533
Louise Bauman	162,657.305
<b>Jason Evans</b>	<b>214,504.385</b>
<b>Neal W. Foster</b>	<b>212,739.950</b>
<b>Stephen P. Ivanoff</b>	<b>253,866.198</b>
Nicole M. Johnston	158,820.690
<b>Percy Nayokpuk</b>	<b>240,452.050</b>