

THE FUTURE

Saakkaaye

"young people"



K'OYITL'OTS'INA
LIMITED

OPEN ENROLLMENT *Vote is in
June 2023*

SPECIAL NEWSLETTER
Spring 2023

For years, K'oyitl'ots'ina, Limited shareholders and our Board of Directors have expressed interest in opening enrollment to descendants. A 2021 shareholder survey showed that more than a two-thirds majority of shareholders support it. After years of careful research and in-depth discussion, shareholders will vote on open enrollment at the K'oyitl'ots'ina Annual Meeting on June 3, 2023.

OPEN ENROLLMENT AT A GLANCE

If approved by shareholders, the open enrollment project would:

- Reclassify the current 75,000 shares of stock as "Class A Stock."
- Authorize issuance of up to 200,000 shares of new descendant stock as "Class B Stock."
- Authorize issuance of up to 50,000 shares of new Elder stock as "Class C Stock."

Approval would allow K'oyitl'ots'ina to:

- Issue 25 shares of Class B Stock to descendants of original K'oyitl'ots'ina shareholders born after December 18, 1971, who are at least one-quarter Alaska Native or Alaska Native by adoption.
- Issue 25 shares of Class C Stock to existing shareholders who are at least 65 years of age and older (Elders).

BOARD SUPPORT

The K'oyitl'ots'ina Board of Directors supports life estate shares because it:

- Lowers impact on dividend dilution.
- Does not allow for shares to fall in hands of non-descendants.

The Board supports issuing 25 shares to descendants because:

- The majority of shareholders support issuing shares that will keep dividend impact to about 25 percent. Issuing 25 shares is in line with that estimate.
- Changing the amount may jeopardize shareholder support.

The Board supports the one-quarter blood quantum requirement because the 2021 shareholder survey found that:

- 71 percent of shareholders say that some degree of Native blood should be required for new shareholders.
- 74 percent of shareholders rank ties to the region, culture and tradition as their top benefit of being a shareholder.



The K'oyitl'ots'ina Board of Directors, left to right: Gerald Sam (Alatna), Darrell Vent Sr. (Huslia), Shane Derendoff (Huslia), Herbie Moses (Allakaket), Wilmer Beetus (Hughes), Stanley Ned (Allakaket), Susie Sam (Alatna), Geraldine Simon (At Large - Allakaket) and Tanya Kaqutosh (Hughes).

WHAT IS LIFE ESTATE STOCK?

Life estate stock are shares that go back to the corporation upon the death of the share owner. The shares can then be re-issued to a new descendant or Elder in the future. Life estate stock cannot be gifted or passed on by inheritance. Both Class B descendant and Class C Elder stock will be life estate stock. Class A Stock will remain inheritable and giftable stock.

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SPEAKING WITH OUR SHAREHOLDERS

Over the past year, we have held numerous open enrollment workshops for shareholders. Our goal is to provide shareholders with the information they need to make a well-informed decision when they vote on open enrollment this summer. Below, we answer some frequently asked questions.

Q When will the vote to open enrollment to descendants take place?

A The open enrollment vote will take place at the K'oyitl'ots'ina Annual Meeting on June 3, 2023. Class A original stockholders and Class B descendant stockholders who are 18 years and older are eligible to vote.



Q What kind of majority is needed for the vote to pass?

A A 50 percent + 1 majority is needed to approve open enrollment.

Q Who is considered a "descendant"?

A A descendant is someone who was born or adopted by an original shareholder. Original shareholders received their shares directly from K'oyit'lots'ina and were born before December 18, 1971.

TOP TOPICS

Shareholders have shared questions and concerns about two main topics related to open enrollment: dividend dilution and enrollee eligibility.

DIVIDEND DILUTION

K'oyitl'ots'ina estimates that there would be approximately 1,000 new eligible shareholders who could enroll as a descendant. More than a dozen ANCSA village corporations around the state have opened enrollment to descendants born after 1971. Some of those corporations have issued 100 shares to all descendants and some have chosen to issue less than 100. Based on the shareholder survey results, a majority of our shareholders support issuing 25 shares to descendants if open enrollment is approved.

POTENTIAL IMPACTS TO DIVIDEND

(based on 1,000 new enrollees)

New Enrollees Shares	25	50	75	100
Current Dividend Per Share	\$22	\$22	\$22	\$22
Potential Dividend Per Share	\$13.86	\$10.12	\$7.97	\$6.57
Potential Decrease in Dividend	37%	54%	64%	70%

ENROLLEE ELIGIBILITY

CLASS B STOCK ELIGIBILITY

To be eligible for Class B Stock, new enrollees must:

- Be a direct descendant by birth of an original K'oyitl'ots'ina, Limited shareholder who received their shares directly from K'oyitl'ots'ina, Limited (not through gifting or inheritance).
- Be born after December 18, 1971.
- Have at least one-quarter Alaska Native blood quantum.
- Not be enrolled as a descendant in another ANCSA village corporation.
- Be a U.S. citizen.

Special note: Potential enrollees who were adopted by one or both parents that are original K'oyitl'ots'ina, Limited shareholders may be eligible. However, please note that Alaska Native blood quantum can only be established through biological parents.

CLASS C STOCK ELIGIBILITY

Original shareholders age 65 and older who received shares directly from K'oyit'lots'ina are eligible to receive 25 shares of Class E Elder stock. Note that "original" does not include inherited and/or gifted shares.



OPEN ENROLLMENT

**Vote is in
June 2023**

Q How long will enrollment be open to descendants?

A If approved, enrollment will be open indefinitely. As descendants are born, they will be eligible to apply for Class B Stock.

Q Do we know many descendants will be eligible to enroll?

A The number of new shareholders enrolled over time will reflect birth and death rates. It will also depend on how many new shareholders apply to receive the new Class B descendant stock. K'oyitl'ots'ina anticipates at least 1,000 descendants will be eligible to enroll if the ballot question is approved.

Q If I already have inherited shares, am I eligible to receive descendants shares?

A Yes, as long as you're born after December 18, 1971, have at least one-quarter Native blood quantum and are a descendant of an original shareholder.

Q If I already have shares in the corporation, would I get the new shares automatically?

A You would need to apply for Class B descendant stock. No application is required for Class C Elder stock.



Q Can I apply as a descendant to two village corporations?

A Although you may own stock that was gifted to you from two corporations, a descendant may only be enrolled in one village corporation as a descendant.

Q How will my dividend be affected?

A The exact dilution figure may change over time. However, based on conservative estimates that approximately 1,000 new descendants will qualify, we anticipate a dividend dilution of between 25 – 40 percent based on 25 new shares to each new Class B descendant and Class C Elder stock enrollees.

HAVE A QUESTION?

Please email your questions or comments to Charlisa.attla@kcorporalaska.com or call (907) 452-8119 x114.

PROS

- + Enrolling descendants gives them a means to be part of their corporation and connect with their Alaska Native culture.
- + Having more shareholders contributes to the strength of the corporation.
- + More shareholders will have a say in the corporation's future through voting rights.
- + As our shareholders age, younger shareholders will take their place in leadership positions.
- + It is not fair to exclude ANCSA benefits from people born after December 18, 1971.
- + New shareholders will be eligible to run for the Board of Directors.
- + New shareholders may potentially enjoy shareholder hiring preferences.
- + More shareholders can receive scholarships.

CONS

- Issuing new shares dilutes the value of existing shares and will decrease dividends and voting strength.
- Educating, enrolling and maintaining records for new shareholders, including Elders, will be an increased cost for the corporation.
- Additional stock will increase administrative costs for shareholder services, mailing, check printing, etc.
- Adding descendants as shareholders is not fair to existing shareholders who do not have descendants.
- Descendant enrollment is unnecessary because current shareholders can gift shares to descendants.
- More shareholders will be eligible for scholarships and other benefits, increasing costs for the corporation.



K'OYITŁ'OTS'INA LIMITED

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MARK YOUR CALENDAR

JUNE 3 • 2023

ANNUAL MEETING OF SHAREHOLDERS

Westmark Hotel Gold Room
Fairbanks

GET INVOLVED & LEARN MORE

For more information, please visit our shareholder website, kcorpalaska.com/villages, or contact Charlisa Attla, Shareholder Relations Project Manager, at (907) 452-8119 x114 or Charlisa.attla@kcorpalaska.com.



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