

To: Alaska Bar Association Alaska Native Law Section Meeting Participants

From: Tim Schuerch, In-House Counsel, Ukpeagvik Inupiat Corporation (“UIC”)

Subject: Report on Nov. 1, 2011 meeting of Alaska Native Corporations with the Government Accountability Office (GAO) in Portland, Oregon

Date: Nov. 3, 2011

INTRODUCTION:

I attended this meeting on the indicated date. Please see attached 1-page handout, which was distributed at the meeting, as well as the scanned business cards of the three GAO employees.

In addition to the GAO, (contact information attached) the following corporations and entities were represented: Afognak; Port Lions; Akhiok-Kaguyak; Native Village of Afognak; Old Harbor; ANCSA Regional Corp CEO Association; Bering Straits Native Corporation; Cook Inlet Regional Corporation; Native Village of Kiana; NANA; Maniilaq; Sealaska; Bristol Bay Native Corporation; Chugach; Koniag; AHTNA; Chickaloon; and First Alaskans Institute.

Gail Schubert, CEO of Bering Straits Native Corporation, served as de facto moderator. The representatives of the Alaska Native Corporations, Tribes and other entities were a mix of CEOs, Vice-Presidents, in-house attorneys and government affairs people. Most were shareholders.

REPORT:

The GAO is developing a report that will likely come out in early summer of 2012, which will likely be entitled, “GAO Review of Alaska Native Regional Corporation Financial Reporting.” It will likely have three main areas of focus:

1. Accountability
2. Financial Reporting
3. Communication with Shareholders

More specifically, primary research objectives will likely include:

1. What federal and state laws and regulations apply to Alaska Native regional corporation (ANC) disclosure and financial reporting?
2. How is compliance with these reporting requirements monitored and enforced?
3. What concerns, if any, do shareholders have about ANC corporate governance?

The GAO emphasized that this meeting was an informal courtesy discussion with the ANCs, and was just the start of the project, and that they viewed this report as a 40-year update or review of the status of ANCSA corporation reporting requirements to the federal government, the state government, and to shareholders. The GAO said they welcomed direct feedback at ANCfeedback@gao.gov, both from the ANCs and from ANC shareholders.

The GAO said that although they sometimes make recommendations to Executive Branch agencies, that they do not anticipate making any recommendations to any agencies or the ANCSA corporations in this particular report. However, depending on the findings, there may be recommendations to Congress for possible amendments to ANCSA and/or related laws.

The GAO acknowledged that 8(a) program issues can sometimes overshadow ANCs, but that the subject of this report was ANCSA, not the 8(a) program, albeit some of the 8(a) program reporting requirements might need to be included in the report, because so many of the ANCs participate in the 8(a) program and thus are subject to the various 8(a) reporting requirements.

The GAO noted that it is an arm of the Legislative Branch, not the Executive Branch, and that it is therefore not subject to the Executive Orders and Federal Laws regarding tribal consultation. The GAO also noted that it does not have authority over Tribes or ANCs, except to the degree they may be recipients of federal funding. This particular office of the GAO generally works on reports regarding the Department of Interior, BIA and IHS, and they assured that they had actually visited many areas of rural Alaska in carrying out work on prior GAO Reports, and were well-attuned to the many of issues faced by Tribes and ANCs, and life in rural Alaska.

The GAO representatives noted that there was a GAO report on the 8(a) program that would be coming out in November 2011 (since delayed of course), but that was completely separate from this GAO Report on ANCSA reporting requirements, which will be coming out in summer of 2011.

Throughout the meeting, it was not clear whether the GAO had made a decision to limit the report to regional corporations, or whether village corporations would also be included. However, they did say that as with all GAO reports, they welcomed 3rd-party comments, which could be made through direct correspondence, or by e-mail directly to themselves or to the special e-mail address they had established for receiving feedback at ANCfeedback@gao.gov.

The GAO expressed interest in learning more about ANC governance systems and structures, and acknowledged that there was likely a lot of diversity among the ANCs in terms of governance structures, reporting systems and methods of communicating with shareholders.

The GAO stated or acknowledged at various points in the meeting several of the existing basic reporting requirements for many of the Alaska Native Corporations, including State of Alaska-mandated annual reports, proxy disclosure statements and biennial reports, as well as SBA-mandated annual business plan updates, 1790 and 1623 form submissions, and submission of financial reports, and submission of information regarding changes to subsidiaries participating in the SBA 8(a) business development program. In addition, the GAO acknowledged that many Alaska Native Corporations go above and beyond by reporting company information directly to shareholder through newsletter, local events, and written "responses to shareholder comments" documents.