



Chitina Native Corporation

Newsletter

A Word from the President

Its been a while since we have sent a newsletter and we have been thinking about the many changes and opportunities we have experienced this last year. We as a Board of Directors have started driving change and taking steps to grow our corporation. We are looking to the future of what Chitina Native Corporation can be and our role for ultimately growing and providing benefits to our shareholders.

One of those growth opportunities is detailed in this newsletter as the "Shareholder Settlement Trust." We have provided some details on this legislation and how it would provide benefits to shareholders and their decedents for generations to come. As we familiarize ourselves with how best to implement a settlement trust we will need you, the shareholder, to consider and ask questions. We will need all of you to vote your position when the time comes. We will endeavor to keep you updated on current events and look forward to seeing you at the annual meeting.



Anne Thomas
President

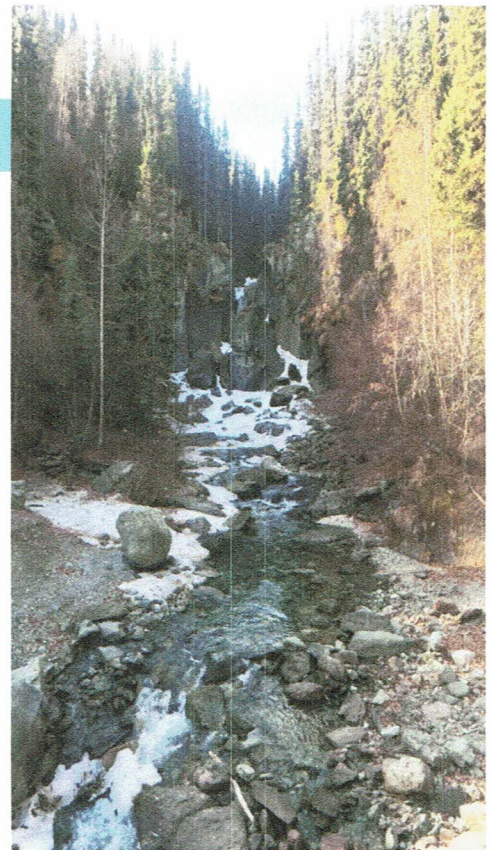
A Message from the CEO

For my first full year at Chitina Native Corporation, it has been my great honor to serve you and support the Board of Directors vision. I can say that we have made great strides towards building a company poised for growth. During our strategic planning session at the end of last year, I identified challenges and opportunities we have as a corporation. Ultimately, our session forced us to rethink how our business environment has changed at a local, regional and national level. Chitina Native Corporation's existing business lines are strong and we are excited about new opportunities in resource development and 8(a) contracting. We recently establish a new subsidiary, Chitina Diversified Services, LLC which is pursuing 8(a) certification. Each one of these efforts promotes change that will allow Chitina to pursue its mission statement; "We are culturally focused stewards of shareholder resources expanding them through contemporary and responsible business opportunities".

Thank you for your support, and commitment to building a better corporation for current and future shareholders.



Ed Herndon
CEO



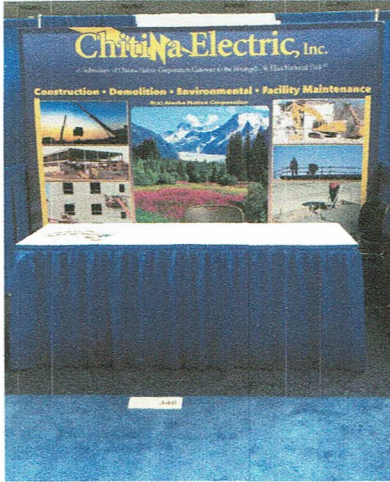
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Board of Directors

- Anne Thomas, President
- Aleen Lenard, Vice President
- Jason Nesslage, Secretary
- Jason Hart, Treasurer
- Danna Finnesand, Board Member

Chitina Electric Inc. attends Army Core small business event



Chitina Electric Inc., (CEI) attended the annual small business conference event in Pittsburg, PA, sponsored by the Society of American Military Engineers. This event allows small businesses to showcase and market their qualifications to top contracting agencies, within the Department of Defense for multiple regions. CEI, is a wholly-owned subsidiary of Chitina Native Corporation, specializing in power generation, distribution, operation and maintenance with a focus on general & specialty construction.

Some of the other projects recently completed include;

- Design Build at Tongue Point, Astoria, Oregon, Department of Labor
- Design Build at Roswell Job Corp Center, Roswell, New Mexico
- Design Build at Alaska Job Corp Center, Palmer, Alaska

Ahtna and Chitina sign “Declaration of Friendship”

The relationship between Ahtna and Chitina is unique and long lasting as the people of the region. That relationship was re-stated through a joint declaration of friendship this past year.

“The overarching importance of who we are and what we are here to do for the shareholders resonates through both corporations. At times there is a need for mutual collaboration and this declaration was reaffirmed out of that need,” said Anne Thomas, CNC President.



CNC President, Anne Thomas and Ahtna, Inc. Board Chair Nicholas Jackson sign the declaration. (photo credit Ahtna, Inc.)

Company Wide Re-branding Effort, New Website

You may have noticed CNC’s new logo at the last annual meeting, and on various documents. This is an ongoing effort to modernize and project CNC and its subsidiaries in a broader market, in a more consistent way. Everything from color, type of font, and graphic was considered out of many ideas. The mountains and river theme represent the area and provides the opportunity to share some of Chitina’s history for those that inquire.

“A consistent expression of our brand identity creates a positive public perception, as we start to market ourselves nationwide it will be one of our brands most valuable assets,” said Ed Herndon, CNC CEO.

CNC’s New Website was launched a few weeks ago. This is important to outsiders that inquire and want to learn more about Chitina Native Corporation, its subsidiaries and its people as CNC begins to market services outside of Alaska.

Please follow the link to CNC’s new website; www.chitinanative.com



The Alaska Native Village Corporation Association (ANVCA) works on behalf of Village Corporations to promote their interests. CNC president Anne Thomas is a sitting board member and attends these meetings to keep current with many issues that effect not only Chitina Native Corporation but village corporations across the state. With over 200 Alaska Native Village Corporations this offers an opportunity to share resource, information and best practices. Some of the most recent topics include;

- ⇒ Contaminated lands
- ⇒ 14c land issues
- ⇒ 7J considerations
- ⇒ Settlement Trust Improvement Act of 2017



CNC President, ANVCA Board Member - Anne Thomas attends ANVCA meeting. L to R, Curtis McQueen, Nathan McCowan, Senator Lisa Murkowski, Anne Thomas, Nancy Andrew and Charles Totemoff

Chitina Shareholder Settlement Trust information

The CNC Board of directors has been researching ways to ensure long-term sustainable benefits to its shareholders. The “Settlement Trust Improvement Act of 2017” has provided an opportunity for CNC to benefit the shareholder, and realize some increased tax savings. The next steps would require the CNC Board of directors to adopt a resolution establishing the settlement trust, subject to a vote of the shareholders. Second, an absolute majority (i.e., more than 50% of all outstanding voting shares) must approve the trust as an ANCSA settlement trust. There will be more information to follow but we wanted to communicate some basic information.

1. **Why is CNC considering creating a settlement trust?** In 1988, Congress added section 39 authorizing Alaska Native Corporation to establish one or more “Settlement Trusts.” Recent changes to those laws governing Alaska Native Settlement trust have created very favorable terms for shareholders and the corporation. The CNC Board has determined that the creation of a Shareholder Trust is a great way to pursue long term sustainable shareholder benefits.

2. **What is a Settlement Trust?** A Settlement Trust is a trust organized under the provisions of the Alaska Native Claim Settlement Act (ANCSA) and Alaska law to provide certain benefits to the shareholders of a specific Native corporation.

3. **What benefits can be provided through a Settlement Trust?** A Settlement Trust is used to promote the “health, education and welfare of its beneficiaries and preserve the heritage and culture of Natives.” Those benefits could include;

- Educational Scholarships
- Dividends to include Beneficial tax treatment for both the corporation and shareholder
- Creditor Protection
- Permeance
- Limited Risk
- Dedication of Assets to meet CNC’s intended purpose

Latest Stories (Continued)

4. **Who are the Beneficiaries of the Trust?** CNC Shareholders
5. **What is the role of the Trustees?** Section 39 of ANCSA says that the trustee(s) of the Settlement Trust must be individuals. ANCSA also says that the Native Corporation that establishes the Settlement Trust has the “exclusive authority” to appoint and remove trustees. Thus, the Board of Directors of the Native Corporations could serve as trustees of the Settlement Trust. They will also be responsible for managing the settlement trust.
6. **How long may a Settlement Trust last?** There is no limit on how long a Settlement Trust may last: in theory, the Settlement Trust could last forever.
7. **How would Dividends or other benefits be determined?** Dividends and other distributions would be determined by the trustees in the same fashion as the directors for CNC currently determine dividends. Policies would be created to build and sustain the trust for current and future shareholder requirements.
8. **Have other Native corporations adopted settlement trusts?** Yes, other Alaska Native Corporations have created settlement trusts and with the recent favorable amendments many more will be created in support of their shareholder programs.

CNC Annual Meeting Notice

Chitina Native Corporation will hold its forty-fifth Annual Shareholders’ Meeting on June 9, 2018, at the **Chitina Hall**, Chitina, Alaska. Registration will open at 12:00 p.m. and the Annual Shareholders’ Meeting will begin at 1:00 p.m. with dinner being provided following the meeting. This year we are changing the way we gather the early bird proxies for the annual meeting. There will be no early bird proxy prizes, however, every shareholder that returns a signed proxy and is received before May 25, 2018 will receive a \$25 check. As we get closer to the annual meeting date, more information will be made available.

Chitina Native Corporation

P.O. Box 3
Chitina, AK
99566

Phone: 907.823.2223
Fax: 907.823.2202
E-mail: chitina_native@cvinternet.net

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