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The Path Becomes Clearer *Rebuild Process Takes Shape*

A Message From the Kootznoowoo, Inc. Chairwoman – Melissa M. Kookesh

Greetings Shareholders! As we welcome in a new Summer Season and prepare for our 45th Annual Meeting of Shareholders on Saturday, June 2, 2018 – I wanted to take this opportunity to provide you, our Shareholders, with an update on how the *Reset & Rebuild* process that I wrote to you about in our November 2017 Newsletter is coming along.

I am pleased to be able to report that significant progress has been made and we are starting to become the Corporation our Shareholders can be proud of. In addition to those changes there are some exciting new opportunities that have emerged in the past 6 months, some as recently as the past several weeks, all of which encourage me to believe the “The Vision” that the majority of your Board of Directors has embraced can become a reality.

I also wanted to be able to bring some good news to you because the November 2017 Newsletter was a bit grim, at least in certain areas of the Corporate operations and administration.

Under the management oversight by Hal Dreyer, multiple challenges and opportunities have been taken on all at the same time - a very, very busy six months since my last Newsletter to you. However, the results so far indicate that this approach of acceleration on these fronts is working and another six months should provide even better results.

Hal came to us as an Interim Chief Executive from Rapid Deployment who are in the business of providing Interim Executives for situations like ours. We are very blessed by the fact that they were able to connect us to Mr. Hal Dreyer who has been assisting us under contract since April of 2017. Mr. Dreyer's prior career spanned 38 years in Alaska running several companies and performing projects literally in every corner of the State. His extensive background and knowledge have helped us quickly arrive at some realities facing the corporation and he has provided probable solutions for most.

In April of this year, the Board of Directors elected Mr. Hal Dreyer as President of Kootznoowoo, Inc. and I know he will be presenting a detailed Report to the Shareholders at our upcoming Annual Meeting on all the activities over the past year. What I have provided to you here is an overview that highlights

key aspects of the progress with details to follow at our Annual Meeting. It is also my hope that you have taken the time to vote your Kootznoowoo, Inc. Corporate Proxy. If you haven't you have until May 31st at 5:00 pm with the Inspector of Elections office at 9309 Glacier Highway, Suite B-200, Juneau, Alaska 99801 or faxed to the Inspector at (907) 789-7128.

Finally, I would like to take this opportunity to congratulate the Angoon High School Graduating Class of 2018. The Board of Directors are very proud of this monumental accomplishment in your life. So much so we revitalized the Kootznoowoo Cultural Education Foundation (KCEF), have implemented the scholarship program, and have served five students in the academic school year of 2017-2018. The KCEF Board of Directors are as follows: Carmaleeda Estrada, Chair; Edwell John Jr., Vice Chair; Katie Pittman, and Albert Howard.



Mabel Jack and Liz McCluskey

arship program, and have served five students in the academic school year of 2017-2018. The KCEF Board of Directors are as follows: Carmaleeda Estrada, Chair; Edwell John Jr., Vice Chair; Katie Pittman, and Albert Howard.

The scholarship application will be open on June 1, 2018 through August 1, 2018. It is our hope for any Kootznoowoo Shareholder or descendent of a shareholder to take this opportunity to apply to be rewarded for the academic school year of 2018-2019.

Congratulations!



Congratulations to the Angoon High School Graduates of 2018!

L to R: Damien Paul, Elizabeth O'Brien, Kylie Kookesh,
Talan Jack, Cassidy Jack and Jared Jack-Hunter

Good luck and we wish you much success!

Corporate Operations & Administration

We identified several areas within the general operations and administration of the Corporation that needed serious attention, so we have implemented, and completed in several cases, the following initiatives.

Corporate Bylaws

The Corporation's Bylaws had not been updated and amended in almost 20 years and, in many cases, certain provisions did not comply with Alaska law. The Board of Directors approved and adopted the new Bylaws on March 31, 2018 after multiple months of working meetings and guidance from our general counsel.

Document Retention / Destruction Project

In the process of preparing for our annual audit, Hal had several questions for the Board of Directors regarding property listed in the financials to try and ascertain where those properties were located, whether the Corporation still owned them and also – why or how were they originally acquired?

After several attempts to try and find supporting information in the archived documents stored on the lower floor of KPlaza, it became clear that a major reorganization of those documents and files needed to happen otherwise they were of little use.

To solve this problem, the Board of Directors approved a “Document Retention / Destruction Policy” that allowed Hal to bring on Don Bremner, who worked for the Corporation many years ago, to assist Martha and Katie in the office with that daunting task. I say daunting because the Team started with 376 “Banker” boxes of files all of which had been moved and shuffled multiple times starting with the move from the Angoon office to Juneau and then in multiple places around KPlaza as tenants came and went.

This process resulted in eliminating about 120 boxes of files in a manner consistent with the Policy, identifying another 46 boxes that can probably go after a review by our legal and accounting professionals and, most importantly, files and information of extreme importance to the Corporation and Shareholders-

- The property descriptions and deeds for the parcels that Hal originally inquired about were located.
- In finalizing the 14(c)(3) Homesite process, 629 Lots were created and conveyed in 1996 and 1997 to Shareholders in the 11 subdivisions that were established. What was discovered, previously lost to history perhaps, is that of those 629 lots - there are additional Lots and “In Holdings” that remain as Kootznoowoo, Inc. property and are still owned by Kootznoowoo, Inc. – the importance of which will be explained at the Shareholder meeting.
- Many files were located that will greatly assist with two other projects that we started and are discussed further on in the Newsletter, the first being the Shareholder Records Project and the second, the Estate Settlement Project.
- And of most significance was the discovery that what has always been thought to be the “Right to Develop a Hydro Power” project on Thayer Creek actually includes a deed to the approximate 1,800 acres surrounding Thayer Creek. This is a major discovery and the significance of this will also be discussed at the Shareholder meeting. Bravo!

Shareholder Records Project

This project is intertwined with the Document Retention/Destruction Project, the Estate Settlement Project and a New Shareholder Information Management System being implemented in July and August of this year. Sealaska Corporation created this Shareholder system for our Alaska Native Corporations (ANC) to allow us to keep track of the stocks each shareholder owns. Several of the ANCs in Southeast Alaska have implemented this system and there are several outside of Alaska who have also purchased and use this system.

They are intertwined because one feeds into the other which in turn feeds into the final outcome – an up to date Shareholder Information Management System using the same software program that Sealaska utilizes that has all the information the Corporation has and has located during the Document project. This is great news and quite the success as it makes the records retention system completely updated.

As an example, many of the Shareholder files, all located in fireproof lateral file cabinets in a separate location, had little or no information in the files. Through the process of culling through all 376 Banker boxes, much of the missing information for those files has been located, placed in the correct place and all will be incorporated into the new software.

Human Resources

In recognition that the Corporation needed a formal Human Resources (HR) policies and procedure, particularly as our 8(a) opportunities become a reality, Hal introduced us to an online system that is specifically designed for small companies to operate like large ones, at least in terms of how HR is handled. We are in the process of implementing this system and hope to have it fully functional in the 3rd quarter of 2018. Having this in place eliminates one of the seven audit findings off the list from 2016 Audit Report and has us in full compliance with all state and federal laws regarding Human Resources.

So a lot going on in the past 6 months and a lot more to go, but all very encouraging steps forward.

As for our individual subsidiaries and projects, Mr. Dreyer has advanced important initiatives - the overview as follows:

KPlaza Renovation

The November 2017 Newsletter outlined *CHALLENGES* with the property along with the potential *FIXES* to those challenges.

We are pleased to report that all of the Fixes are underway along with new developments:

- Our architectural firm, Jensen Yorba Lott, Inc. are well underway with the plans and specifications for the renovations focusing first on the roof and roof top unit replacements.
- We have started the process of a loan application with Key Bank to assist with the funding of the work.
- A grant has been applied for with the Rural Energy for America Program (REAP) that would assist with elements of the project that increase energy efficiency.
- All the documents necessary to transfer the property to a stand alone Limited Liability Company (LLC) are ready for signing and filing. This new company called KPlaza, LLC will assist in the financing process of the building as well as keep it separated from the 8(a) business from an accounting standpoint – both very important reasons to make the move.

- We lost one tenant, Algone Pain Clinic, who did not renew. But we have recently signed a Letter of Intent to Lease with our new tenant, Enhance Orthopedic. After completion of some Tenant Improvements for them we expect that they will join us at KPlaza in June with a 5 year lease that has 2 each 3 year extension options.

The drainage, both storm water and sewer, have been a problem at KPlaza for many years and was always tended to in a very unorthodox manner in terms of owning and operating a commercial building. With the help of Matt Bell, we have determined that the problems seem to reach back to a point in time when the intersection was redone next to the building – the thought being that the drainage piping may have been damaged in that process. This has been further given some credibility by finding that several businesses around the intersection have been having the same problem for the same period of time.

Since this problem has cost us 10's of thousands of dollars per year for the past 10 or more years, we have retained PND Engineers to investigate and provide us a cost to fix the problem along with an opinion as to what has caused the problem. This will allow us to go to the DOT or CBJ, along with our business neighbors, seeking their financial support in implementing a fix once and for all.

Favorite Bay, LLC—Newport IX Building

This is part of the Good News. With the implementation of tight Budget vs. Actual monthly monitoring and an increase in tenancy, Favorite Bay, LLC has been profitable for the past 3 Quarters and looks to be even better moving on in 2018. The tenancy is up from 84% to 91%, which for the area is exceptional and we continue to appreciate the hard work that Bruce and Lisa, our property managers, do for us on behalf of the Corporation.

This is our commercial property in Albuquerque, New Mexico that, conveniently, is located next to Kirkland AFB – a very busy place as of late with the various Defense Department (DOD) initiatives. Most, if not all, of our tenants are DOD contractors and consultants.

We have asked our property managers there to reserve a small office for our 8(a) company so we can work our way into that market later this year. We've also asked our property managers there to continue developing business opportunities through this property.

While these may seem like small baby steps, they are huge and have Kootznoowoo, Inc. moving in the right direction to making us the for-profit corporation we were intended to be.

Thayer Creek Hydro Project

Our Thayer Creek Hydro Project has had several important changes over the past 6 months, all of which again provides Good News, if not Great News!

Our project managers firm, Orenco Hydropower, closed their doors on December 31st, 2017 which, on the face of it would seem like bad news, but Hal was able to get HDR Engineers to take over the work needed to complete the present Alaska Energy Authority (AEA) grant and do so within the same budget.

HDR Engineers is a large firm with extensive hydropower experience worldwide, but for our situation, they have extensive small hydro experience in specifically in remote Alaska. They are the engineers of choice for IPEC and AEA, as an example, and are presently working on two projects for them.

Bringing HDR onboard has greatly assisted our relationship with IPEC and AEA both of whom have

started to work with us more closely on the next important steps for completion of the Final Design and then construction.

Perhaps the most exciting new development is the revelation that the property in what has previously been called the “Thayer Reserve”, a set aside for Kootznoowoo, Inc. to develop its hydropower project, is actually owned by the Corporation – some 1,800 acres of it. What this does is potentially open up expanded Grant opportunities because much of the funding for projects like this from the Bureau of Indian Affairs and the Department of Energy (DOE) Tribal Energy is restricted to projects “on Indian lands”.

With this information, we have started discussions with the DOE on possible funding that would incorporate a modular approach to the Power House because they are looking for demonstration projects with this new technology.

Fortress of the Bears LLC

For the first time in the 5 years that our jointly owned company has been in existence, Fortress of the Bears, LLC was able to approve a distribution to Kootznoowoo, Inc and our partners, Alaska Seaplanes, as a result of the great management and finance performance in 2017.

What is even more exciting is the fact that as of the first week of April 2018 bookings for the two major tours we have are up significantly from 2017. Pack Creek Tour had 209 reservations this year in April versus 177 that same time in 2017 - an 18% increase! The Water Fall Creek Tour had 68 reservations this year in April versus 33 that time in 2017 - over 100% increase! Now if we can get the weather to cooperate this summer we'd be all set to generate revenue. We look forward to an excellent year with our Fortress of the Bears business.

Dan Kirkwood, our Fortress of the Bears manager will be speaking at our Annual Meeting about the operation and some suggestions of how to add other tours that might further enhance the business.

NEWS! NEWS! NEWS!

Obviously there are new developments with almost everything discussed in this Newsletter, but this section is dedicated to New Projects that have come to your Board over the past 6 months that have not been presented before. A couple of exciting opportunities for Kootznoowoo, Inc. and our Shareholder's –

The Carbon Credit Opportunity

- The Board has been presented with an opportunity to enter into a Carbon Credit opportunity similar to what Sealaska has recently completed. This potentially allows the Corporation to generate revenue by agreeing not to harvest timber on the forested lands for a period of many years.
- This is a complex process so we have invited Brian Kleinhenz with Terra Verde, Inc. to be our Key Note Speaker this year at the Annual Meeting and have him help to explain the process and what it potentially means to Kootznoowoo, Inc.

Angoon & the Thayer Creek Hydro Project Awarded “Opportunity Zone” Status

- The Tax Cuts and Jobs Act of 2017 included a lot of subtle benefits for communities like Angoon and related projects. We are extremely proud that our lobbying efforts and support from our Governor and Congressional delegation resulted in Angoon and the Thayer Creek Hydro Project being selected as one of only 25 of over 60 areas in Alaska awarded this status.

- Curtis Thayer, writing for the Anchorage Daily News said, "In Alaska, we have 68 low-income census tracts, and the governor can nominate up to 25 of them as Opportunity Zones"
- He goes on to offer "A significant amount of economic growth has bypassed many of the communities and villages outside our economic hubs. I believe this provision could benefit many mom-and-pop enterprises in those communities, and could provide incentives to invest in the communities in our urban areas that are underserved. They could also lure investments to bigger development projects that are already underway in our state, which could benefit both the region and the state as a whole"
- As the ramifications of this Opportunity Zone status unfolds there will be more information provided to the Shareholders, but overall, the Good News finally has surpassed the not so good news with each of these "New News" items potentially offering significant financial upsides for the Kootznoowoo, Inc. Shareholders, the City of Angoon and the Angoon Community Council.

Angoon Airport Update

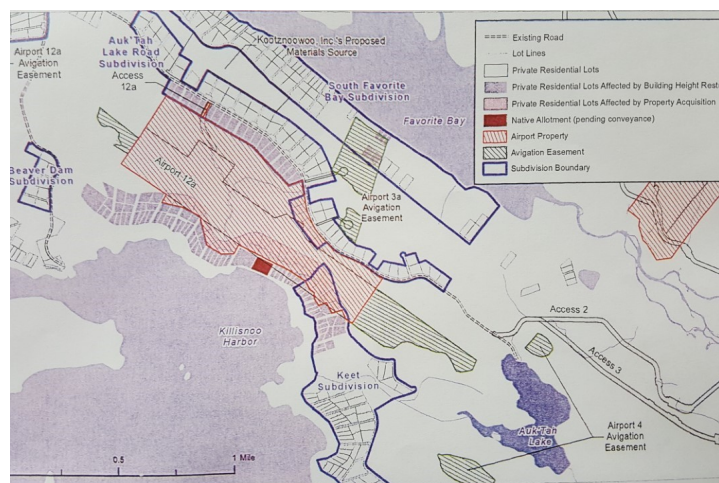
The fact that the Airport Project is advancing is not particularly new news, but the information that the Department of Transportation (DOT) shared with us about the properties that most likely will be impacted is new and important information.

Depending on the final alignment of the runway, there may be as many as 39 Lots on the list of "Full Take", meaning they will be purchased outright. A large parcel of Kootznoowoo, Inc. land in the middle would be acquired and then 96 Lots that would have a "Navigation Easement" appended to the deeds for the Lots involved. The latter are building height restrictions due to the proximity to the airport. All in the Keet Subdivision.

All of this is potentially good news, but will require that Kootznoowoo, Inc. stay very involved in the process for reasons that will be explained in more detail at the Shareholder's meeting, but hopefully will include a contractual relationship with DOT or their consultants and engineers to sort out the challenges that relate to the intent of 14 (c) (3) and the overall land planning process that this new facility will temporarily interrupt.

DOT will be having a community meeting in Angoon on June 1, 2018 at the Angoon Elementary Gym from 5:00-7:00 pm. All community members are encouraged to attend.

Learn more at: <http://www.angoonairporteis.com/>



The new policy which was adopted by the Kootznoowoo, Incorporated Board of Directors at the 2015 December meeting has many benefits such as sustainability for the Corporation, making long-term planning possible by management, dividends to shareholders, strengthening the corporation's liquidity and net worth and allowing for the future growth of the Corporation. These benefits will ultimately benefit the shareholders and future shareholders by generating greater earnings and increased dividends.

Administration

Katie Eriksen Hired as Bookkeeper / Receptionist



Hello! My name is Katie Eriksen and I was born in Fairbanks, Alaska. I was raised mostly in Metlakatla, Alaska before moving to Juneau where I graduated from high school in 2001. I'm a mother of two wonderful children. I have 15 years of experience in bookkeeping and as a receptionist. Since I started working at Kootznoowoo, Inc. I have assisted with many of the projects listed in this newsletter. I have learned a lot about corporate operations and administration with so much more I have yet to learn. My goal is to continue to help make Kootznoowoo, Inc. the profitable corporation it is meant to be, so that it will be around for generations to come. I look forward to assisting shareholders wherever I can as I enjoy working for an awesome village corporation like Kootznoowoo, Inc. Thank you for this opportunity to serve you all.

Employment Opportunities through AKHire

SHAREHOLDER RELATIONS

- Type of Assignment: Temp to Hire
- Duration: Long-Term
- Start Date: ASAP
- Hours: Full-time, M-F
- Pay: \$16.00 P/Hr.
- Duties: Responsible for the maintenance and administration of corporate shareholder records, outreach and support services. Performs and/or supervises shareholder communications by phone and in writing. Other duties as assigned.
- Requirements: Strong customer services skills are required. Experience with phone system and dealing with customers on the phone. Prior experience working for an Alaska Native organization, like a Tribe or Native Corporation is highly desired but not required. 2 years of prior office or reception experience required. Native hire preference.

VICE PRESIDENT

- Job Title: Vice President
- Type of Assignment: Temp to Hire, converted to perm after 12 weeks
- Duration: Long-Term, Perm
- Location: Juneau, Alaska
- Travel: 30%
- Start Date: ASAP

- Hours: Full-time, M-F
- Pay: \$120,000 P/Yr., Full benefits after temp to hire period is completed
- Duties: Member of the leadership team for the oversight and administration of the day to day operations for an Alaska Native Corporation. Directly provides general management of all current and future 8(a) businesses and related activities. Reports directly to CEO and while working closely with Board of Directors. Analyze current business assets and plan for future growth of 8(a) assets and revenue. Responsible for the timely and accurate preparation of related contracts and financial statements, maintaining the budgeting and reporting processes and assisting the CEO and Board of Directors in the financial planning process for 8(a) businesses.
- Requirements: Past experience with 8(a) contracting a requirement. 5 years of business management experience. Degree in Business, Public Administration, Engineering, Finance or related field of study. MBA or masters degree highly desirable but not required. Prior experience working for an Alaska Native organization, like a Tribe or Native Corporation, is highly desired but not required. Background and reference checks required. Native hire preference.
- Career Track: The ideal person for this position will be someone willing and able to transition towards the CEO role and assume overall management of the Corporation, including all staff and business activities.

If you are interested in this position please E-mail your resume to applications@akhire.com or you can [APPLY ONLINE NOW!](#)

Shareholders' Corner

Businesses

Kootznoowoo, Inc's website is the perfect spot for shareholders to advertise their business. Please send submit a brief summary about your business, contact information and a website link if applicable.

Job Bank

We are accepting resumes, job applications for future temporary jobs. We from time to time hire "temps" for clerical jobs, repair & maintenance jobs at both our Juneau and Angoon buildings. If you are a shareholder or descendant of a shareholder, please submit your resume and/or a job for posting or review.

Testamentary

Kootznoowoo, Inc. staff encourages all of our shareholders to complete a testamentary and/or

submit a will to Kootznoowoo's corporate office that details who you wish to inherit your Kootznoowoo, Inc. shares. Our testamentary form can be found on our website at

www.Kootznoowoo.com.

A common misconception is that the homesites are "linked" to the shares, that is not true. A will is needed to identify who you would to inherit your homesite, please seek the advice of an attorney for more information about this process.

Forms

Change of address, direct deposit, name change affidavits are available on our website. We encourage all shareholders to update their mailing address and email address with Kootznoowoo to ensure that you receive all

correspondence sent to shareholders.

Direct Deposit

Kootznoowoo encourages all shareholders to sign up for direct deposit, please contact the staff if you would like a form to fill out, this form can also be found on our website.

Please contact the office at: (907) 790-2992 if you require additional assistance.

Update Your Address

Friendly Reminder! Please be sure to update your current address with the Kootznoowoo, Inc. staff as we will be switching over to the new system here in a few months. If you have direct deposit and have not updated your information we may owe you money!

*The Kootznoowoo, Incorporated Board of Directors
would like to offer their deepest condolences to the families
of the shareholders who have passed on in the last year.
We continue to keep you in our thoughts & prayers.*

*Marie Julia Beasley
Howard Eugene
Braman
Helen Brown
David Allan Frank*

*Erica Leslie Jacobsson
Everett Eli Jamestown
Darlene Joyce Johnson
George Bill Johnson
Franklin Evans Jones
Peter D. McCluskey, Sr.*

*Peter Hudson Nease, Sr.
Amy G. Nelson
Gilbert Nelson
Dorothy Ann Rose
Ralph Buster Scott*



Kootznoowoo, Incorporated Newsletter

Kootznoowoo, Incorporated
8585 Old Dairy Road Suite 104
Juneau, Alaska 99801