



KOOTZNOOWOO EXPLORES CULTURAL TOURISM

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Continue Reading on Page 6



KOOTZNOOWOO *News*

BOARD LAUNCHES STRATEGIC PLANNING PROCESS



One of that most important roles for any Board of Directors is to set the direction for the corporation and establish a framework that can serve as a roadmap for progress and as a tool for setting benchmarks and priorities. At the December 7, 2019 board meeting, the Board launched the development of Kootznoowoo's new strategic plan with an initial kick-off session.

"The Directors have not gone through this process in quite some time," said Kootznoowoo President & CEO Hal Dreyer.

"Our strategic plan is desperately in need of an update. With the Board's direction, the new plan will be more reflective of current projects in progress and future projects yet to come."

Working side-by-side with management who will be responsible for implementation, the board will play a key role in developing, approving, and supporting Kootznoowoo's strategic plan. The effort is being led by Susan Bell, a partner with the McDowell Group and former Commissioner of the Alaska Department of Commerce, Community, and Economic Development. Throughout her career, Susan has worked with several Alaska Native Corporations and has extensive experience in multiple Alaskan business industries. She is a shareholder of Sitnasuak Native Corporation and Bering Straits Native Corporation.

Next steps for the strategic plan include mapping out the process, considering how best to incorporate shareholder feedback and coordinating with subject matter experts and other guest presenters. The planning process will conclude with an updated five-year strategic plan that will reflect the corporation's vision, identify strategies to guide activities, and maintain momentum in the coming years.

According to Board Chair Melissa M. Kookesh, "The Board is very excited to update our strategic plan to move the corporation in the direction of actually becoming the for-profit corporation we were intended to be. We look forward to updating shareholders as we move through these important steps."

The Board plans to complete the strategic planning process in the first quarter of 2020.

BOARD OF DIRECTORS

Melissa M. Kookesh
Board Chair

Frank Jack III
Vice Chair

Harold Frank Jr.
Director

H. Jean Hogue
Corporate Secretary

Sharon Love
Director

Cooney Star
Treasurer

Ella Bennett
Director



Dear Shareholders,

Happy New Year!

I hope this message finds you in good health and spirits. On December 7, the Board met and reviewed 26 agenda items over a long eight-hour meeting. During this meeting we discussed at length several important items, including the distribution of 7j monies. We also engaged in launching the strategic planning process for Kootznoowoo, Inc. The strategic process has not been undertaken in many years and we all agree that this is an important step forward for our corporation.

As we move into 2020, the Board and management remain committed to building and growing your corporation. In addition to looking at today, we are also planning for tomorrow and through a new strategic plan we are working together to form a vision for Kootznoowoo that we hope will make our shareholders, elders, and future generations proud.

Currently, there are many exciting and ongoing projects that are well underway.

2019 was a great year of progress. Your patience and support are allowing the Board to continue our mission to turn the ship around. We are hopeful and optimistic that our current path will pay off in the end. I am also very thankful to the Board for their continued hard work. The decisions we make in the board room are not always easy, but each Director remains dedicated to their service to shareholders and to building a bright future for our corporation.

Finally, this is an important year for our state and communities because in 2020 our population will once again be counted in a national census. The Census kicked off on January 21, in rural Alaska where the village of Tooksook Bay, was the first community to be counted. According to Alaska Counts, the data from this once-a-decade event “is used as the basis for distributing more than \$800 billion in federal funds annually... to support resources such as schools, hospitals, and fire departments.”

For this Census, I encourage everyone to stand up and be counted! To learn more about the Census and how it impacts our communities, **please visit www.alaska-counts.org**.

Gunalchéesh,

M. Kookesh

**Board Chair
Melissa M. Kookesh**

KPFST SNAPSHOT

Three times per year, in February, May, and November, Kootznoowoo pays out distributions to Shareholders. These distributions were made possible through the Kootznoowoo Permanent Fund Settlement Trust (KPFST) which was established in 1994 with an initial deposit of \$9.34 million. The intent of the Board that approved KPFST was to ensure that shareholders would have a predictable distribution.

The establishment of the KPFST also reduced the potential tax liability for both the Corporation and shareholders due to the unique treatment of Settlement Trusts. Currently, the Trust is managed by experienced Trustees and it contains approximately \$14 million in funds. Over the past several years, the average annual distribution paid out has been approximately \$8.00 per share, or Unit as it is called, per year. The distribution of these funds are managed by the Corporation.

STAND UP & GET COUNTED IN 2020

Did you know that for every Alaskan not counted in the 2020 Census, up to \$3,000 per person is lost in federal funding? That means for a family of four, up to \$120,000 in potential funding for programs and their community would be lost over the 10-year life span of the census. This year take a stand for Alaska, your community, and yourself and make sure that you are counted! To learn more visit **<http://alaskacounts.org>**”

BOARD REVIEWS DISTRIBUTION POLICY

Throughout 2019, Board members and staff have regularly fielded questions from Shareholders regarding Kootznoowoo's 7j distribution policy. "While Shareholders of village corporations often believe they are entitled to 7j revenues, that is not the case," said President Hal Dreyer.

Resolution 15-04, was adopted in 2015 and specifies that "7j distributions and a redesignated to be used at the discretion of the Corporation but not necessarily as distributions to the Shareholders until such time that the Corporation can function profitably without the use of those funds." At the December 7, 2019 board meeting, Directors discussed shareholder concerns that had been brought forth to individual Directors.

During the discussion, Director Sharon Love suggested using a percentage of the 7j funds to deposit into the Kootznoowoo Permanent Fund Settlement Trust (KPFST). As Director Love proposed, this option would accomplish two goals, "First, the amount of the quarterly distributions would increase gradually," said Director Love. "From the onset of the

KPFST it was suggested by the attorney, John Norman who crafted the Trust document that the Board could use this fund to deposit 7j monies into and increase the amount of the KPFST fund and subsequently increase the amount distributed to Unit Holders."

Second, "if the 7j funds are added to the KPFST fund, any distributions issued to shareholders would have a lower tax impact," continued Director Love. Both options would need to be reviewed by legal counsel before any definitive decisions could be approved.

The Kootznoowoo Board agreed that this topic is important to Shareholders and it would be added to the Strategic Planning session the Board will be attending in the first quarter of 2020. The goal is to review and possibly update the *Corporation's Mission Statement & Strategic Goals*.

"We Board members are striving to move Kootznoowoo in a direction that will create profit for the company resulting in distributions made from profits as Resolution 15-04 has defined," said Director Love. "Our commitment is to work with our CPA's and legal counsel on a modification to the very restrictive Resolution."

SUBSIDIARIES MERGED TO LAUNCH NEW 8A



The Small Business Administration's 8a program is an important program for Alaska Native Corporations seeking to build businesses in the government contracting arena. In 2019, in order to broaden the scope of opportunities for Kootznoowoo in 8a, the board approved management's plan to transition the corporation's subsidiaries Chatham Properties, LLC and Genesis Information Technology into one company. By merging the two separate companies into one, Chatham Genesis, LLC (CGL) was established.

"We are feeling very optimistic about this endeavor as we have come a long way with this whole process,"

said President Hal Dreyer "This is the arena where Alaska Native Corporations become successful and generate revenue. Ours needed a revamp and now we are on our way to potentially landing sizeable contracts."

Throughout the past year, Chatham remained busy servicing existing federal and inter-company contracts and also updating the certifications necessary for the subsidiary merger. Under the new CGL banner, the management team anticipates a significant year in 2020 that will include updating the branding and website for GCL and pursuing new contracts to build the subsidiary's portfolio and contracting backlog.



THAYER CREEK REACHES KEY MILESTONES IN 2019

2019 closed with the completion of several milestones for the Thayer Creek Hydro Project. In addition to the successful conclusion of the engineering and field investigation, another positive outcome was the determination that Kootznoowoo has significantly more titled property than previously thought at the Stillwater/Turn Point location.

“In addition to the 24-acre parcel purchased by the Corporation many years ago, it turns out that most of the property surrounding that lot was deeded to Kootznoowoo under the terms of ANCSA,” said President Hal Dreyer. “This additional property provides the corporation with many more opportunities to support the Thayer Creek project and other economic development opportunities in Angoon.”

Kootznoowoo expects additional work to be completed throughout 2020. This spring, engineers, supported by Bear Guards from Angoon will continue the project’s field work which includes finalizing the alignment of the road from Turn Point to Thayer Creek, completing survey work to tie-in the final alignment and location of significant aspects of the project, and additional work on the support base at Stillwater.

The 100% Design completion for the project is scheduled for December 2020. “In the meantime, Kootznoowoo management will continue pursuing the balance of the funding for construction with a goal to start construction in 2021,” said President Dreyer.

CARBON CREDITS SALE MOVES TO NEXT PHASE

The sale of carbon credits continues to be a valuable and viable forestry management program for Alaska Native Corporations throughout the state. This program allows California-based companies that emit high quantities of greenhouse gas to offset the environmental impact of their pollution through the purchase of credits of the carbon that is stored in trees.

“The carbon credit program really speaks to our values as a Native corporation, but also fits with our responsibility to find different way to generate revenue for Kootznoowoo,” said Frank Jack III.

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ANGOON AIRPORT PROJECT UPDATE



The Alaska Department of Transportation and Public Facilities (DOT&PF) held a community meeting in Angoon on December 12, to update the City, the Angoon Community Association, Kootznoowoo, and residents of Angoon on the status of the new airport project.

As reported at the meeting, while the engineering continues towards the 65% completion level, DOT&PF also has initiated the appraisal process by issuing a Request for Proposals for those services. Per the DOT&PF, “The intent is to have the appraisals complete by early Summer of 2020 so that property purchase negotiations can begin.”

The project is still slated to start construction in 2021 and is expected to cost around \$45 million. For more detailed information visit the Angoon Airport Project Page at:

http://dot.alaska.gov/sereg/projects/angoon_airport_new/index.shtml

Continued from previous page

“Carbon credits are a good fit because we are able to protect our land and conserve our forests, while also earning income for our Shareholders.”

Kootznoowoo continues to work through the verification process that will enable the sale of carbon credits. The field survey on Prince of Wales Island was completed in Fall of 2019. Kootznoowoo’s partner, Blue Source is overseeing the third-party verification of the “timber cruise” which is in the process of estimating the volume and value of the trees eligible to participate in the program. Management

estimates that this process should be completed during the first quarter of 2020 with possible sale of the credits during the second quarter.

“Originally, we thought we had the inventory for the mandatory program but did not,” said Board Chair Melissa M. Kookesh. “This meant we had to go through the voluntary program which took some additional time to find a new group of potential purchasers of the credits.”

The Board and management are excited for the carbon credits to become a reality in the near future.



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Over the past 20 years the economic opportunities for the City of Angoon and its residents, most of whom are shareholders, has dwindled. Kootznoowoo remains committed to supporting the community and recognizes that new businesses that derive revenue from outside of Angoon and adds local employment opportunities are the keys to helping turn around the City's economic situation.

"One of the opportunities to do this, and that which was the subject of our keynote speaker at the recent Shareholder's

meeting, is through the establishment of cultural tourism programs and businesses," said Hal Dreyer. "Ms. Basia Trout from the United States Forest Service in her presentation outlined some success stories from Tribal undertakings in the Lower 48 as well as successful operations in our neighboring communities."

Currently, the Board is reviewing several ways to implement a cultural tourism program to determine the best possible path forward. Kootznoowoo recently hired a professional grant writer and program manager to identify resources, develop a cultural tourism action plan, and apply for grants and funding to implement the plan.

KPLAZA RENOVATIONS CONTINUE



As reported in previous newsletters, Kootznoowoo's property in Juneau and the Angoon building were transferred into a stand-alone limited liability company called KPlaza, LLC. This was done to separate the Corporation's 8a subsidiary from the company that manages the corporation's real estate.

Chatham Genesis, LLC has been under contract with KPlaza to renovate the Juneau building, which also serves as corporate headquarters, to catch up on important upgrades that will lower operation costs. These upgrades include converting all lighting to LED, replacement of the roof, and changing out the current HVAC system.

Additionally, Chatham Genesis is performing the renovation and remodel of the corporation's Angoon building to construct three apartments on the top floor. These apartments will be placed into a long-term lease arrangement and they are expected to be completed later this winter.



SHAREHOLDER RECOGNIZED BY USFS FOR SERVICE

Shareholder Peggy Sears was recently recognized by the United States Forest Service (USFS) for 40 years of service. Peggy began employment with USFS on November 26, 1979 at the Chugach National Forest where she has worked her entire career.

“Over the years, I met many awesome people, a lot of them I now call friends. I have enjoyed and continue enjoy working for the forest service,” said Peggy. “However, all good things must come to an end. And with that said, I’m hoping to retire either the end of this year or the end of 2021.”

The Kootznoowoo Board and Staff congratulate Peggy on her wonderful achievement.

If you have any exciting shareholder news or accomplishments to share, send it to shareholder@kootznoowoo.com for possible inclusion in an upcoming newsletter.

LOOKING FOR A NEW CAREER OPPORTUNITY?

Visit the Kootznoowoo Website to find current job vacancies and employment opportunities at our partner agency and sister organizations.

<https://kootznoowoo.com/careers/>



20
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IMPORTANT DATES

FOR THE 47TH ANNUAL
MEETING OF SHAREHOLDERS

January 17

Board nominations open

March 9

Deadline for shareholders to submit a Resolution Proponent Statement

Deadline for nominees to submit a statement and proxy materials to the Corporation in order to be included in the corporate proxy statement

March 23

Deadline to seek removal of a director and have notice included in corporate notice of Annual Meeting

April 7

Record Date

April 10

Proxy & Annual Meeting Materials Mailed

June 3

Deadline for receipt of all proxies by Inspector of Elections

June 6

47th Annual Meeting of Kootznoowoo, Inc. Shareholders at Angoon



KOOTZNOOWOO, INCORPORATED

8585 OLD DAIRY ROAD
SUITE 104
JUNEAU, ALASKA 99801



Lost Shareholder List Kootznoowoo, Inc. is seeking information about the following list of shareholders whose contact information is not current. If you have any information about where we can locate any of the following shareholders, please contact Shareholder Services at (907) 790-2992 or via email at info@kootznoowoo.com.

Melissa Jean Ackley
Mohammad Ali-Raza Ahmad
Mohammad Raza Ahmad
Sheraz Styles Ahmad
Gary Wayne Austin Jr
Thomas Morris Austin
Stephen James Barry
Andrew Lawrence Beaman
Bertrand Wallace Bennett
Charles Oscar Bennett
Robert David Blankenship
Wade Travis Bowen
Amberly A. Brown
James Wheeler Brown
Terra Darlene Bruer
Alex Wilson Bucknell
Gertrude Carlin
Mark M. Cole
Micky Compton
Lisa Marie Daniels
Evette Lillian Demmert

Darrell De Dios
Marian Donthnier
Samuel Eames
Tabitha Marlene Faber
Sonia N. Frank
Delores Elsie Gardipee
Byron George II George
Mollie George
Raena Doreen George
Kystal Angel Gonzalez
Cheryle Heather Guest
Christopher I. L. Houston
Brandon W. Jack
Byron W. Jack
Steven Frank Jack
Darvine Anthony James
Marilyn James
Amber Eulalia Jamestown
Leonard G. John
Arnold W. Jr Johnson
Bailey M Johnson

Keith Anthony Johnson
Virginia J. Kennedy
Jacqueline Ceceli Kookesh
Walter Woods Kookesh
Janet Austin Lincoln
Allan F. Lindstrom
Carl G. Lindstrom
Carl George Lindstrom IV
Jennifer Lindstrom
Kori Faye Lindstrom
Edward Michael Maki
Felomina G. Mazon
Semion John Mazon
Sade' Marie McKnight
Aliyah Shyanne Merculief
Amelia Merculief
Kayla Nicole Merculief
Melinda Renea Miller
Patricia B. Mills
Amzel Estella Morrison
Esther Morton

Kenneth Robert Olson
Vanessa Jo Pazar
Elizabeth Ann Peterson
Kevin Glenn Peterson II
Tyler Ray Pollard
Victoria Amber Russel
Dawn M. Sabo
Triska Marie See
Phillip Anthony
Pulunone Sokimi
Kelton Charles Starr
Michaelene L. Starr
Stacy Russell Thomas
Patrick John Walker
Albert Watson Jr Watson
Deborah May Willard
Genevieve L. Willard
Lillian E. Willis
Kayla Marie Wolfe
Robert D. Wolfe
Lawrence Richard Young