



# **SHEE ATIKÁ**

Incorporated

## **SHAREHOLDER HANDBOOK (2018)**

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## Introduction

Shee Atiká, Incorporated (“SAI”) was established on April 1, 1974 as an “urban corporation” under the Alaska Native Claims Settlement Act (“ANCSA”). Since inception more than a quarter of a century ago, we have progressed from a startup corporation without any cash and only the promise of a land conveyance to a mature, successful corporation and an associated settlement trust that together own land in the Sitka area and several commercial buildings. Our settlement trust, the Shee Atiká Fund Endowment (“SAFE”) is our prime source for distributions.

In this Handbook, when we want to reference SAI, SAFE, and the various operating companies that we own, we simply use the umbrella term “Shee Atiká.” As a shareholder you are a part owner of SAI and are also a unit holder in SAFE. SAI and SAFE are separate legal entities, but your ownership in each entity is represented by your SAI stock certificate.

This booklet will help you understand your ownership interest in SAI and SAFE and to answer the most frequently asked questions regarding SAI and SAFE. Please read this booklet carefully. If you have questions concerning any of the information, please contact the Shee Atiká office. The address, phone numbers and website are listed on the back page.

Shee Atiká has an open door policy. Shareholders are encouraged to visit the corporate office at any time.

## Settlement Common Stock

Your shares of Shee Atiká, Incorporated were issued under the Alaska Native Claims Settlement Act (ANCSA) of 1971. SAI is an “urban corporation” established according to the provisions of ANCSA. The shares you own are referred to in ANCSA and related laws as “settlement common stock.”

When Alaska Natives with historic ties to the Sitka area enrolled under ANCSA during the mid-1970s each was given 100 shares of SAI. There were 1852 original shareholders enrolled to SAI, with 185,200 total shares being issued.

## Voting and Non-Voting Shares

Only Alaska Natives of at least 1/4 blood quantum or their descendants (a “Descendant of a Native”) may own voting shares of SAI. We refer generally to shares that can vote as our “Class A” shares. Only those holding Class A shares may vote in the election of directors and on other matters properly presented at meetings of shareholders, and only those holding Class A shares may receive educational and funeral benefits.

Non-voting “Class-B” shares are created when Class A voting shares are validly transferred upon the death of the owner to a person who is not a Native or a Descendant of a Native. Other than voting, and eligibility for scholarships and funeral benefits, Class B shareholders are entitled to the same benefits enjoyed by Class A shareholders. If Class B shares are subsequently transferred back to a Native or a descendant of a Native, the voting rights are restored.

As a result of inheritance and gifting, as of December 31, 2017 there were approximately 3400 SAI shareholders. Of these shareholders, over 97% hold Class A voting shares.

## **Our Settlement Trust: SAFE**

ANCSA allows for the creation of “*settlement trusts*” as a way to preserve assets of ANCSA corporations on a long-term, multigenerational basis and to provide a legal means for creating special benefits for shareholders.

SAI’s shareholders established the Shee Atiká Fund Endowment as a “settlement trust” under ANCSA on January 4, 1993. SAFE was one of the first settlement trusts to be established. By the end of the 1993 SAI’s Board of Directors had transferred \$30 million to SAFE. In subsequent years SAI’s Board of Directors transferred another \$17 million. In 1994, SAFE began to make distributions to its unit holders (SAI’s shareholders) and since that time, distributions have been made each and every year. These distributions are funded by earnings generated from SAFE’s investments. Some of SAFE’s earnings are retained each year to grow the fund. The cash is distributed on a per share basis. As of December 31, 2017, SAFE and SAI together have distributed \$71.4 million, which works out to \$38,545 per 100 shares.

The members of the Shee Atiká Board of Directors serve as “*trustees*” of SAFE. When you vote as an SAI shareholder to elect SAI Directors, you are also voting to elect trustees of SAFE. The interests you hold in SAFE are referred to as “*units*” and you are referred to as a “*unit holder*.” We also sometimes refer to you as a “*beneficiary*” of SAFE, which means that SAFE is operated for your benefit. Your shares of SAI cannot be separated from your ownership in SAFE. In other words, your units of SAFE are permanently “stapled” to your SAI shares. If you own 100 shares of SAI, you own 100 units of SAFE. Therefore, the decisions that you make regarding the transfer of your shares of SAI whether by gift, using a Testamentary Disposition Form, or by executing a Will, automatically apply to your ownership interests in SAFE.

## **SAFE Distributions**

SAFE Trustees (who are also SAI’s Board of Directors) have established the following policy regarding cash distributions:

1. To provide consistent, dependable cash distributions to shareholders.
2. To pay cash distributions of the largest sustainable amount possible without jeopardizing the future of SAI or SAFE. This means that the Board wants to continue paying cash distributions without having to reduce the amount that is paid each year.
3. To gradually increase the amount shareholders receive. The Board will not necessarily increase the amount of the cash distribution, but will increase the rate whenever it believes that the increased rate can be sustained over the long term.

## **Direct Deposit**

We strongly encourage shareholders to sign up for direct deposit if you haven’t done so already. All you need is a bank account, and if you sign up, you will receive your distribution a few days prior to the check mailing date. We’ve simplified this process to a one-page form that is fast, easy and convenient. Please be sure to include a voided check or deposit slip when returning your form. Also, be sure to have an employee of your banking institution complete the bottom portion of your form or verify with them by phone, so we are assured of the correct information regarding your direct deposit.

Direct deposits are only valid if the address on file for you is current.

## **Tax Status of SAFE and SAFE Distributions**

SAFE has made the election to be governed by section 646 of the federal Tax Code, which permits SAFE to be taxed at very favorable rates of 10% on ordinary income such as interest income and 0% on capital gains and dividends. By contrast, ANCSA corporations are normally taxed at rates of about 20-40%. This alone produces a huge tax savings on income earned by a settlement trust versus income earned by a Native Corporation. This allows SAFE to grow at the same time as it makes distributions. You as a beneficiary of SAFE also receive an important tax break by this election, which is that distributions of after tax income are not taxable to you and do not even have to be reported on your individual tax returns. By contrast, distributions of after tax income by SAI are normally taxable at rates of between 0% and 15%. Please be aware that some or all of your distribution may be subject to federal income tax. Each year you will be advised as to whether the distribution you receive is subject to personal income taxes.

## **SAI Scholarship Program**

All Class A SAI shareholders are eligible for educational grants from SAI. If you make a valid gift of even one share of SAI stock (see "Making Gifts of Shares" below), the recipient of the share becomes eligible to apply for an educational grant. Scholarships are available for shareholders wishing to attend school full time or part time, vocational, technical, cultural/heritage study, etc. There is one application deadline per year, which is during the spring. It is publicized in our newsletters, website and reminder cards prior to the deadline. The program is administered by shareholders appointed to the Shee Atiká Scholarship Committee.

Funding is also available for short-term training. Such requests are administered in-house. The purpose is to prepare shareholders for immediate employment opportunities.

Other grants for cultural/heritage study and employment opportunities are considered on a case-by-case basis depending on funding availability.

Please check the corporate website for current programs and grant amounts.

## **SAI Funeral Benefit**

A funeral benefit is available upon the death of a Class A shareholder. The benefit will be paid to a funeral home or other provider of services in connection with the death of a shareholder. The benefit will not be paid to a beneficiary or family member of a shareholder and the benefit will not be paid at all unless Shee Atiká is notified within six months after the death of a shareholder. Shee Atiká will determine, in its sole discretion, the service provider(s) that will receive payment. Please check the corporate website for the current benefit amount.

## **Tax Status of Educational and Funeral Benefits**

Please be aware that some or all of the scholarship and funeral benefits may be subject to federal income tax. Each year you will be advised as to whether the benefits you receive are subject to personal income taxes.

## **Who will receive your SAI shares and SAFE Trust Units After You Die?**

Every shareholder should designate who will receive his or her shares in the event of death. The persons you designate are referred to as your “beneficiaries.” If you fail to name your beneficiaries the laws of the State of Alaska will determine who will automatically receive your shares. These are known as the Alaska laws of intestate succession. The persons that Alaska law specifies to receive your shares may not be in accordance with your wishes; therefore, it is important that you designate who you want to inherit your shares.

You may designate your beneficiaries in one of two ways:

1. By completing a Testamentary Disposition Form, which may be obtained from the SAI office, and by having your signature on the Testamentary Disposition Clause notarized; or
2. By making out a *Will* that specifically refers to your SAI shares.

We recommend that you complete a Testamentary Disposition Form to specify who should receive your SAI shares and SAFE trust units, even if you have a Will, or plan to make a Will in the future. There are many reasons for this, including that it is easy to do, there is no cost for using the Form, and you can easily change your beneficiaries at any future time by filling out a new Testamentary Disposition Form. Instructions for completing the Form are set out below. You will avoid many problems by using the Testamentary Disposition Form.

A word of caution: each Testamentary Disposition Form **MUST** be signed by you in the presence of a *Notary Public* and the acknowledgement on the form must be completed by the Notary.

We also ask that the completed Testamentary Disposition Forms be returned to the SAI office for safekeeping.



The Testamentary Disposition Form requires the following information and/or actions:

- First, last and middle name of person(s) who will receive your shares of stock.
- The number of shares each beneficiary will receive in whole shares. Fractional distributions are not permitted.
- Date you complete the Testamentary Disposition.
- Your signature. The signature must correspond with the name as written upon the face of the certificate.
- Your signature must be acknowledged in the presence of a Notary Public and the certificate of acknowledgement must be completed, executed, sealed, and dated by the Notary the same day as your signature.

## **Estate Processing**

In the event of the death of a shareholder, the SAI office needs to be notified as soon as possible so that the process of transferring the stock to the proper beneficiaries may begin. Once notified of a death, the SAI office will hold all cash distributions and other mail until a personal representative is appointed by the court or the stock is transferred to the beneficiaries.

The transfer process is quite simple and much faster if the Testamentary Disposition Form has been completed as described in the previous section.

To begin the stock transfer process you need to forward the following documents to the SAI office:

1. A certified copy of the death certificate.
2. The stock certificate (or certificates if more than one) registered in the name of the deceased shareholder.
3. A copy of the deceased shareholder's Will, if one has been executed.
4. An Affidavit of Transfer, which may be obtained from the SAI office or downloaded from our website at [www.sheatika.com](http://www.sheatika.com).
5. An IRS Form W-9 for each beneficiary, which may also be obtained from the SAI office.

We will need the following information for each beneficiary: name, address, phone number, social security number, date of birth, relationship to the deceased shareholder, copy of the birth certificates (if beneficiaries are not shareholders already) and whether or not the beneficiaries are Native or Descendants of a Native.

More documentation will be needed if the shareholder did not complete a Testamentary Disposition Form. The extent of the documentation required will depend on whether or not there is a Will and whether or not probate proceedings are planned. The deceased shareholder's beneficiaries will be advised by the Shee Atiká office.

Beneficiaries should allow approximately two weeks to complete the transfer process once all documents have been received in the SAI office. Many death transfer applications are slowed down because they are incomplete. The beneficiaries should initiate the process as soon as possible after the shareholder's death so that the account is not retained "on hold" any longer than necessary.

The Funeral Benefit described above will not be paid until the necessary documents are furnished to the SAI office. Also, the Funeral Benefit will not be paid at all unless SAI is notified within six months of the death.

A deceased shareholder's interest in SAFE is automatically transferred to the same beneficiaries when the SAI shares are transferred. A separate procedure is not necessary.

## **Stock Certificates**

All new shareholders, including those who were gifted or have inherited SAI shares, receive a stock certificate. Many shareholders frame their certificates to display with pride their ownership interests in Shee Atiká. It is not necessary, however, to retain a stock certificate to assure an ownership interest in Shee Atiká. SAI retains secure electronic records of all shares, including changes of name, address and other contact information.

Note that your SAI stock certificate does not say whether you have "Class A" or "Class B" shares. Whether your shares are Class A or Class B depends on your own personal status. If you are a Native (1/4 blood quantum) OR are a Descendant of a Native (i.e., you have at least one ancestor who was or is a Native) your shares are automatically Class A shares. If you are not either a Native or a Descendant of a Native, your shares are automatically Class B.

## **Custodian Accounts**

Stock certificates for minors under the age of 18 must be held in the name of a custodian, usually a parent or guardian. Although the minor is officially the shareholder, the custodian votes and receives cash distributions on behalf of the minor. Upon reaching 18 years of age the shareholder is automatically entitled to have the shares issued in his or her own name. The SAI office should be notified when this occurs either by the custodian or the minor.

Distributions on stock that are held by a custodian are paid to the custodian, who is required to either hold these custodial funds for payment to the minor when the minor turns 18, or to use these custodial funds for the benefit of the minor (and not for the benefit of the custodian). A custodian is legally responsible if he or she uses custodial funds improperly, and it is important that a custodian understand his or her duties to avoid legal problems.

## **Restrictions on Transfer of Shares**

ANCSA provides that Settlement Common Stock may not be sold, pledged as security for a loan or taken to pay a debt. The Trust Agreement governing SAFE has a similar provision. SAI share ownership may be transferred (along with the corresponding SAFE trust unit) while the shareholder is alive only to another person who is a Native or a Descendant of a Native and only as follows:

1. Shares may be given as a gift to a child, grandchild, great-grandchild, a niece or nephew; and, if you are an adult, to a brother or a sister. Shares may not be given to any other person or entity.
2. Shares may be transferred to another person if the share ownership conflicts with the shareholder's profession. This will be rare.
3. Shares may be transferred by a court order to pay alimony or child support.



Shares may also be transferred upon the death of a shareholder, whether or not the recipient is a Native or a descendant of a Native.

The “1991 Amendments” to ANCSA provide that these restrictions will apply indefinitely after 1991, unless removed by vote of the shareholders. SAI shareholders have not voted to remove these restrictions.

## **Making Gifts of Shares**

A shareholder can make a gift of one or more shares to family members under the following conditions: the person ‘gifting’ the shares must be over 18, and whoever receives the gift must be a Native or a Descendant of a Native, and must be closely related to the person making the gift: a child, grandchild, great-grandchild, niece, nephew, or a brother or sister.

A gift of SAI shares automatically includes the same number of SAFE Trust units. In other words, the shares of SAI cannot be separated from the ownership interest in SAFE.

The gifting process requires the shareholder who wants to give shares to complete several documents and to submit others. These are described in a gift transfer packet available from the SAI office. In addition to the affidavit forms that will be provided by SAI, each of which must be notarized, shareholders are required to provide copies of birth certificates for themselves and for those who are to receive the gifted shares.

Please contact the SAI office to request the documents required to make a gift of your shares, or go to our website, [www.sheatika.com](http://www.sheatika.com).

## **Maintaining Your Shareholder Account**

We need the following information to maintain your shareholder account: your name, which must conform to the way it is printed on your stock certificate; your mailing address, Social Security number, phone number and your date of birth. We have most of this information already, but if there are deficiencies or inaccuracies, please notify the Shee Atiká office at once.

Whenever changes occur regarding any of this information you must notify the SAI office as soon as possible. The most common changes that will occur are:

- When you move and/or change your mailing address or phone number.
- When you legally change your name by marriage, divorce, etc.
- When a minor whose shares are registered in the name of a custodian reaches age 18.

Most changes may be accomplished by merely giving the office the correct information. In some cases, however, you will be asked to submit forms or affidavits. Any changes must be authorized by the shareholder whose account is being changed.

## **Glossary**

**Note to reader: the following terms may have broader meanings, but the definitions offered are within the context of ANCSA corporations, specifically Shee Atiká, Incorporated.**

**ANCSA:** the Alaska Native Claims Settlement Act, which was signed into law by President Richard Nixon on December 18, 1971.

**Class A and Class B Shares:** Class A shares can be voted in SAI elections, while Class B shares cannot; other than voting, and eligibility for scholarships and funeral benefits, all holders of SAI's shares enjoy the same benefits. Only a "Native" (1/4 blood quantum) or a "Descendant of a Native" (person with at least one ancestor who was a "Native") may hold Class A shares. Shares held by any other person are automatically Class B shares. Class B shares can regain their Class A status if they are transferred to a Native or Descendant of a Native.

**Irrevocable:** Cannot be changed or altered. Used in reference to the SAFE, "irrevocable" means that Shee Atiká cannot unilaterally undo SAFE and regain the assets.

**1991 Amendments:** Passed by Congress in 1988, these amendments modify several provisions in the original Alaska Native Claims Settlement Act that were due to expire as of December 18, 1991, 20 years after ANCSA was first signed into law. The "1991 Amendments" made many significant changes to ANCSA, including provisions that authorized the creation of settlement trusts and continued the prohibition on most transfers of ANCSA stock.

**Notary Public:** An individual authorized by state government to certify that signatures on documents are authentic.

**Regional Corporations:** ANCSA created 12 Alaska regional corporations within Alaska with rights to receive land conveyances, and another regional corporation for Alaska Natives living outside Alaska. The Thirteenth Regional Corporation did not qualify for land conveyances. The 12 Alaska regional corporations own surface and subsurface rights to their lands, as well as subsurface rights to village and urban corporation lands.

**Settlement Common Stock:** This is the stock, or shares, originally issued to every Native shareholder of an ANCSA corporation. The term distinguishes nontransferable ANCSA stock from that which can be traded or sold.

**Settlement trusts:** A special type of trust authorized by the "1991 Amendments" to ANCSA. Only Alaska Native Corporations may establish settlement trusts. Settlement trusts have certain tax advantages, provide long-term protection of assets assigned to the trust, and are a legal means of providing special benefits to specific groups of shareholders. Settlement trusts are intended to preserve and manage assets for the long term benefit of Native beneficiaries. SAFE is a settlement trust, and provides cash distributions to its beneficiaries (SAI shareholders) from SAFE's earnings.

**Share/Stock:** used interchangeably, both words when used in reference to SAI mean the same as "settlement common stock." A stock certificate indicates the amount of shares a person owns of a particular corporation. When SAI was incorporated, every person who enrolled received 100 shares of Class A SAI stock.

**Trustee:** a person who oversees and manages a trust. To keep expenses as low as possible, SAI directors also serve as trustees of SAFE, but do not receive a separate fee for service as a SAFE trustee.

**Testamentary Disposition Form:** A special legal document authorized by Alaska law that applies only to Alaska Native Corporations. The Testamentary Disposition Form specifies how a shareholder’s ANCSA stock is to be transferred after the shareholder dies. When properly completed, signed and notarized, the stock will usually be transferred without the need for a court proceeding.

**Units/unit holder:** Terms used to distinguish the equity or ownership of SAFE from shares of SAI. However, shares of SAI stock cannot be separated from units of SAFE. If a shareholder dies, whoever receives the SAI stock also receives the same number of SAFE units.

**Will:** The legal declaration of a person’s intentions as to whom should receive his or her property after death. The terms “Will” and “Testament” are synonymous, and they are used interchangeably by most lawyers. In order to control who receives ANCSA stock, a Will must specifically refer to that stock and identify the person who is to receive that stock. Different states have different legal requirements as to what must be in a Will, how they must be signed, and how they are to be witnessed; the rules of one state do not necessarily apply in another. By contrast, the Testamentary Disposition Form has only one set of rules, and requires only a notarized signature (no witnesses).

## **Corporate History**

Incorporated in 1974, Shee Atiká, Incorporated was organized under the terms of ANCSA. Unlike most of the other corporations organized pursuant to ANCSA, Shee Atiká did not receive any start-up capital. How Shee Atiká overcame this and other obstacles to achieve financial stability makes for interesting reading. To learn more, contact the corporate office and request a copy of *Earning a Place in History: Shee Atiká, the Sitka Native Claims Corporation (2nd ed., 2011)*. This publication explains in detail the Alaska Native Claims Settlement Act and the many challenges overcome by SAI’s shareholders and leadership.

## **CONTACT INFORMATION**

### **Corporate Office**

All communications or questions can be directed to the Shee Atiká office in person, in writing, by email, or by telephone.

### **Mailing address and office location:**

Shee Atiká, Incorporated  
Kutees’ Hit  
315 Lincoln Street, Suite 300  
Sitka, AK 99835  
[info@sheeatika.com](mailto:info@sheeatika.com)

**Website:** [www.sheatika.com](http://www.sheatika.com)

Please visit our website to keep informed of the Corporation's operations, current annual meeting information, current newsletter, download forms for our scholarship program, direct deposit, testamentary disposition, gifting, changing your name, lost stock certificate, address changes, etc.

**Telephone Numbers:**

907-747-3534

800-478-3534

Fax: 907-747-5727