



## On The Hunt...

The Eyak Corporation

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## Chair Message, by Brooke Mallory

Dear Shareholders and Descendants,

Season's Greetings! I hope you and your families are well.

Thank you to everyone who attended our live 47th Annual Meeting of Shareholders via Zoom and teleconference in October. I would like to extend a special thank you to the Shareholders who submitted questions prior to and during the Annual Meeting. Your Board, Management, and Eyak Permanent Fund Settlement Trust Chair were pleased to answer almost all of those questions during the meeting and will be answering others in this newsletter.

Another special thank you also goes to Shareholder Advisory Committee member Hilary Fell for serving as the moderator during the live question and answer portion of the meeting.

I greatly appreciate the four Shareholders who ran for the Board this year, each willing to spend time working to help our corporation continue to move forward. Congratulations to the following candidates who were elected to serve three-year terms on The Eyak Corporation's (TEC) Board of Directors: Nancy Barnes; Karla Steele; and Nick Tiedeman. The following Shareholders are continuing members of the corporation's Board of Directors: Jason Barnes; Roxanne Dolfi; Todd Lilleness; Brooke Mallory; Jerry O'Brien, Jr.; and Jim Ujioka.

I would like to thank outgoing Board Member Rikki Addy for her service on the Board of Directors for the past six years. During her time on the board, Rikki served as Board Treasurer and chaired the Communications, Finance/Investment, and Descendant Issues committees. She also served on the Audit, Governance and Eyak Benefits Trust committees. I am grateful and appreciative of her service and mentorship and hope she considers running for the Board next year.

It is my pleasure to share that TEC continues moving forward despite the challenges that we are facing. For example, you'll see in Rod Worl's Management Report that TEC is on track for another profitable year and an increase in net income compared to last year, thanks in large part to our government contracting operations and investment income.

We are actively continuing our CEO search efforts to find the right person for TEC. We are thankful that our current CEO, Rod Worl, has maintained his commitment to staying on until we complete our search to ensure a seamless leadership shift.

### December 2021

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## Management Report, by Rod Worl

Season's Greetings! I hope you and your loved ones are safe, healthy, and in good spirits as we all try to return to normalcy. It is my great pleasure to share positive news about your corporation.

Based on numbers to date, we are on track for significantly higher net income than last year. Strong performance from investment income, direct investments, government contracting operations and under-spend on general and administrative expense accounts for most of the positive outlook. Eyak's diversification strategy beyond government contracting is starting to really have an effect. In fact, this year Eyak should recognize one its largest amounts of income derived outside government contracting. Long term we expect income outside government contracting to continue to grow. This is very exciting.

Native American Bank (NAB), in which we hold an equity interest, is continuing to reach new heights. NAB had record operating profits in 2020 and is having an even stronger 2021. When we first invested in NAB, we anticipated it would take several years to become highly successful and we are very pleased with its progression and trajectory. I am grateful to the Board for their long-term vision when they approved the investment in NAB.

I want to thank all of the Shareholders and Descendants who attended this year's Annual Meeting. Although I was hoping to visit with everyone in-person in what may be my last Annual Meeting as CEO, my family has lost loved ones to COVID this past year and I agree with the Board that the health of our Shareholders, staff, and families comes first. I am grateful to the Shareholders who submitted questions before and during the Annual Meeting.

On a personal note, I want to thank Titiana Olsen for the gift of hand-stitched pillowcases, which is a perfect complement to the blanket she made for me last year. Dawn and I treasure the gifts, and the support and kindness shown us by Titiana and other Shareholders and Descendants these past 16 years.

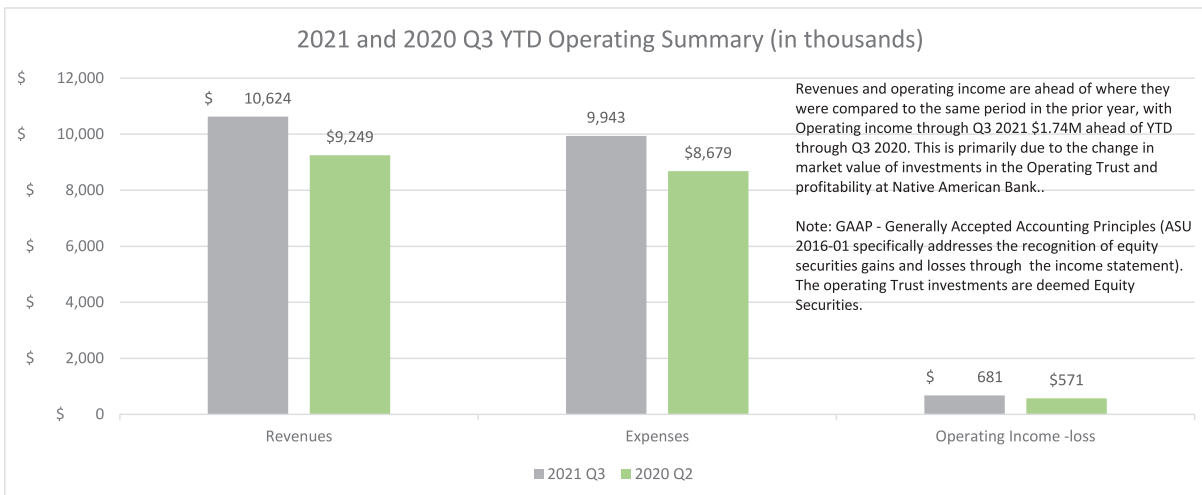
The CEO Transition Team and Board are continuing their efforts to find the right fit as the next CEO for TEC. We have a well thought out plan and are following it. Please know that I remain committed to a seamless shift in leadership and am flexible in the timing of my retirement date.

As always, thank you for your support.



**2021 Operating Income Summary**  
**For the Quarter Ended September 30, 2021 with Comparative Totals for the Prior Year (unaudited)**

(in thousands)	<u>2021 Q1</u>	<u>2021 Q2</u>	<u>2021 Q3</u>	<u>2021 YTD</u>	<u>2020 Q1</u>	<u>2020 Q2</u>	<u>2020 Q3</u>	<u>2020 YTD</u>
Revenues	\$ 9,436	\$ 10,384	\$ 10,624	\$ 30,444	\$ 8,038	\$ 9,249	\$ 7,933	\$ 25,220
Expenses	8,925	9,751	9,943	28,619	8,886	8,679	7,568	25,132
Operating Income -loss	\$ 511	\$ 633	\$ 681	\$ 1,825	-\$ 848	\$ 571	\$ 365	\$ 87

**Definitions:**

Q1 - First Quarter, which runs from January 1st to March 31st.

Q2 - Second Quarter, which runs from April 1st to June 30th.

Q3 - Third Quarter, which runs from July 1st to September 30th.

YTD - Year to Date adds all activity for each quarter of the year.

Revenues, Expenses, Operating Income (Income From Operations)

Note: amounts are reported in thousands, to convert to millions or thousands multiply the number shown by 1,000; e.g., \$2,583 is \$2,583,000.





## Board Message

We hope you and your loved ones shared an exceptional Thanksgiving meal and are enjoying the holiday season. We've had another busy quarter and are pleased to provide you with this update.

For the first time in close to two years, TEC held an in-person regular Board meeting in early October. During that meeting, the Board:

- Discussed subsidiaries, current investments, potential investments, and 2021 year-to-date financials;
- Discussed options associated with CARES Act funds received by TEC and implemented a plan to disburse those funds to benefit our Shareholders and Descendants while remaining in compliance with the Department of Treasury's strict guidelines;
- Received updates and acted on recommendations from the following committees: Finance/Investment; Governance; and Land;
- Continued discussion and efforts on the CEO transition;
- Approved a contract extension for Rod Worl, our current CEO;
- Received ethics and compliance updates;
- Discussed the agenda, logistics, and question and answer period for the Annual Meeting of Shareholders; and
- Received an update on The Eyak Foundation.

We received several questions related to the Eyak Permanent Fund Settlement Trust (EPFST) at this year's Annual Meeting. We're thankful to EPFST Board of Trustees Chair, Alex Slivka, who provided an informative update on the EPFST and answered Shareholder questions live during the meeting. To further help Shareholders understand the history of the EPFST and its future potential, we've included an educational article on EPFST on pages 6-7 of this newsletter.

As always, we hope you find this newsletter informative and that it instills in you pride in your corporation. We are thankful for your support.



Brooke Mallory



Nancy Barnes



Jim Ujioka



Jerry O'Brien Jr.



Rocky Dolfi



Jason Barnes



Todd Lilleness



Nick Tiedeman



Karla Steele

## Eyak Services, LLC Receives Award

We are honored to share that TEC subsidiary Eyak Services, LLC was recently recognized as one of the San Antonio area Employer Support of the Guard and Reserve's (ESGR) Above and Beyond award recipients. The award is presented to companies and organizations who have gone above and beyond to support employees who serve in one of our nation's Military Reserve Components.

Eyak Services General Manager Quirino Cardenas, Controller Bay General Manager and U.S. Army Reserve MSG Karen R. Cavazos, and TEC Vice President and General Counsel Brennan Cain recently attended the annual San Antonio ESGR "Salute to Employers" luncheon to be recognized by the San Antonio community and to receive this award.

Congratulations, Eyak Services LLC!





## The Eyak Permanent Fund Settlement Trust

### A Benefit to Shareholders Yesterday, Today, and Tomorrow

The Eyak Permanent Fund Settlement Trust (EPFST) has provided meaningful monetary benefits to The Eyak Corporation's (TEC's) Shareholders for 23 years. TEC received several excellent questions about the history and future plans for the EPFST ahead of and during this year's annual meeting. Additionally, TEC has a growing Shareholder base, many of whom were not Shareholders when the EPFST was established. In light of these facts, let's dig a little deeper into the EPFST's history, purpose, and future.

In October 1998, TEC's Shareholders held a Special Meeting and voted in favor of TEC selling land (and interests in land) to the United States and the State of Alaska. As a result, TEC received a net of \$40 million from the Exxon Valdez Oil Spill Trustee Council, which was apportioned as follows:

- \$25 million distributed to current Shareholders over a four-year period (\$76,687 per 100 shares)
- \$10 million to endow the EPFST
- \$5 million to fund the Eyak Operating Trust

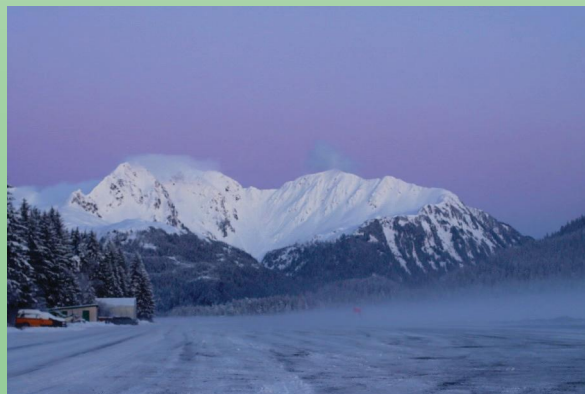
As of year-end 2020, the original \$10 million endowment had grown to over \$25 million in assets by investing in a mix of stocks (75%) and bonds (25%). Each year, 55% of the net income of the EPFST is distributed to the beneficiaries – TEC Shareholders - with the remaining 45% used to pay taxes, inflation-proof the fund, and for future distributions. This distribution typically occurs in April of each year.

In 2018, as a result of changes to tax law from the Tax Cuts and Jobs Act of 2017, TEC began making additional contributions to the EPFST which were then distributed to the EPFST's beneficiaries. These distributions have replaced the dividends that used to be paid directly from TEC to Shareholders, which were taxable to Shareholders. Because the distributions are now coming from the EPFST, they are tax-free to Shareholders. So long as the tax law remains favorable for TEC, the EPFST, and Shareholders, the Board intends to continue this method of distribution. This distribution typically occurs in December of each year.

To date, through its own earnings and the additional contributions made by TEC, the EPFST has distributed \$28,180 per 100 shares, which has been tax-free to beneficiaries.

As alluded to in its name, the EPFST was created with intent to be a permanent fund by which monetary distributions would be paid to the beneficiaries in perpetuity. "Eyak will establish the Settlement Trust... in order to create a permanent fund to be used to promote the health, education, welfare and long-term economic stability of Eyak's Shareholders..." (1998 Proxy Materials, pages 5-6).

Some Shareholders have asked whether the principal of EPFST can be distributed through liquidation. The answer is: yes it can, but not easily – and that is by design.



*(Continued on page 7)*

## The Eyak Permanent Fund Settlement Trust

### A Benefit to Shareholders Yesterday, Today, and Tomorrow

On the 25<sup>th</sup> anniversary of when the EPFST was originally funded and every 25 years thereafter, the settlement trust committee may propose modifying the principal distribution provisions of the EPFST. Any modification to the principal distribution provisions requires an affirmative vote of 4 of the 5 EPFST Trustees and a vote of approval from 80% of TEC's total voting shares.

EPFST Board of Trustees Chair, Alex Slivka, detailed the thought process behind the creation of the EPFST during this year's Annual Meeting, which may help explain why modifying or liquidating the EPFST is so difficult. "When it was set up, the Shareholders and Board of TEC wanted it to be perpetual, so they made it difficult, but not impossible [to liquidate]," Slivka explained. He later continued, "You sold something that couldn't be replaced – land – [and said] 'Let's have something that exists for as long as possible.'"

The EPFST has provided meaningful monetary benefits to Shareholders since its creation. It continues to be an important part of TEC's plan for distributing financial returns to Shareholders. We hope this article has helped answer questions on the history, purpose, and future of the EPFST. If you have any additional questions about the EPFST, please submit your questions to

[info@eyakcorp.com](mailto:info@eyakcorp.com), or by phone at 907-334-6971 (Anchorage office), or 907-424-7161 (Cordova office).

#### EPFST at a Glance:

- The EPFST was established in October of 1998 with a vote of approval from TEC Shareholders and was endowed with \$10 million received from the sale of TEC lands.
- To date, the EPFST has distributed \$28,180 per 100 shares, which has been tax-free to beneficiaries.
- While possible to modify the principal distribution provisions to allow for liquidation, it is difficult and requires 4 of 5 Trustees to vote in the affirmative and approval from 80% of TEC's total voting shares.

## Eyak Homesite Program, by Brooke Mallory

It is my pleasure to announce the reopening of TEC's Shareholder land leasing program, which has been named the Eyak Homesite Program.

The purpose of the Eyak Homesite Program is to make certain lands available to original Shareholders and their lineal descendant Shareholders, for homesites and related uses. Through the Program, TEC will lease lands to eligible Shareholders for 99 years, for a \$100 fee.

The Program replaces the Shareholder Land Use Program (SLUP), which was established in 1990 and which has been revised several times since its creation. Based on input from Shareholders, TEC's Board had directed the Land Committee to examine the SLUP and recommend improvements. I greatly appreciate all of the Shareholders, Land Committee members, and staff who devoted hundreds of hours to improving TEC's Shareholder land leasing program.

**The Eyak Homesite Program incorporates the following guiding principles:**

- Residential use
- Subsistence use
- Recreational use
- No Commercial use
- Not required to build

Lease cannot be bought or sold

**The following TEC lands are open for use in the Eyak Homesite Program:**

- Ninety-five 1.5 acre lots on Prince William Sound that were surveyed and approved for a TEC land leasing program through the Exxon Valdez Oil Spill (EVOS) transaction;
- Cabin Lake lands;
- West Eyak Lake Subdivision lands;
- South Eyak Lake Subdivision lands; and
- 6 Mile SLUP lot Subdivision lands

**More details on the Eyak Homesite Program will be provided in future Shareholder newsletters. In the meantime, if you have any questions, please give Tiffany Beedle a call at (907) 424-7161 or send us an email at [shareholder@eyakcorp.com](mailto:shareholder@eyakcorp.com).**

## Cordova Free Dump Day

On September 25, 2021, Cordovans participated in the Eyak Corporation's annual Free Dump Day and disposed of 380 cubic yards of C&D (construction and demolition), 90 cubic yards of metal and 12 appliances with Freon. The Cordova office received many thanks from residents for providing such a great service to keep our beautiful community and lands free of debris. We look forward to providing a free dump day next year as well.



## Update on The Eyak Foundation, by Jim Ujioka

It is my pleasure to provide this update on The Eyak Foundation. The Eyak Foundation is overseen by a volunteer Board of Shareholder and Descendant Trustees, whose current members include: John Johnson, Rockele Jones, Todd Lilleness, Martin Dean Parsons, Nick Tiedeman, and me.

The Foundation's Trustees met virtually on November 23. During that meeting, the Trustees:



- Reviewed the financials with Sue Jolin;
- Discussed the annual spend requirement and outreach efforts to increase scholarship applications;
- Discussed options to further streamline the scholarship application and approval process;
- Discussed possible staffing options; and
- Scheduled strategic planning in January 2022.

The Trustees encourage our Shareholders and Descendants to apply for vocational and educational scholarships. We want to award as many scholarships as we can. To date, The Eyak Foundation has awarded more than 400 scholarships to Shareholders and Descendants, in an amount in excess of \$600,000.

The award amounts for scholarships are:

- \$1,500 per year (Vocational)
- \$2,000 per year (Undergraduate)
- \$3,000 per year (Masters/Doctorate)

For more information on The Eyak Foundation, including how to apply for a scholarship, please visit our website: [www.eyakfoundation.org](http://www.eyakfoundation.org) and/or contact Heidi Johnson at (907) 334-6971 ext.1, [hjohnson@eyakfoundation.org](mailto:hjohnson@eyakfoundation.org)

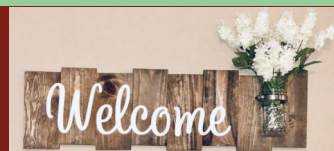
On behalf of the Trustees, thanks for your continued support.



### Remembrance

Lyndon Lange

Elizabeth Person



Tatyana Barnes

Alek Barnes

Violet Bray

Shade Bray

Sophia Dukart

Kaliakh Hansen

Trevor Jeppson

Anthony Lieble

Aluxia Lieble

Alyson Lieble

Roy Makarka

McKenna Makarka

Kiona Kuhn

Onawa Kuhn

## Frequently Asked Questions

**Q:** Can the Eyak Permanent Fund Settlement Trust (EPFST) be liquidated?

**A:** Yes it can, but not easily – and that is by design. On the 25th anniversary of when the EPFST was originally funded and every 25 years thereafter, the settlement trust committee may propose modifying the principal distribution provisions of the EPFST. Any modification to the principal distribution provisions requires an affirmative vote of 4 of the 5 EPFST Trustees and a vote of approval from 80% of TEC's total voting shares.

**Q:** What are the award amounts for The Eyak Foundation (TEF) scholarships, who may apply for TEF scholarships?

**A:** The award amounts for scholarships are:

Vocational - \$1,500 per year

Undergraduate - \$2,000 per year

Masters/Doctorate - \$3,000 per year

Native Shareholders and lineal descendants of Native Shareholders with a high school diploma (or equivalent), who are enrolled in an accredited undergraduate or graduate program at a college or university, or vocational education school, or continuing education program may apply for TEF scholarships. More specific eligibility information can be found at <https://www.eyakfoundation.org/>.

**Q:** Are TEF scholarships competitive?

**A:** No. TEF scholarships are non-competitive. This means that if you are eligible to apply and submit a completed application, TEF will be able to award the scholarship.





## Board Members

December 24, 27, 31– Office Closed  
January 21– Office Closed

- Brooke Mallory—Chair
- Nancy Barnes—President
- Jim Ujioka—Vice Chair
- Jerry O Brien Jr.—Vice President
- Roxanne Dolfi—Secretary
- Todd Lilleness—Treasurer
- Jason Barnes—Director
- Nick Tiedeman—Director
- Karla Steele—Director



## Alaska Staff



**Rod Worl**

Chief Executive  
Officer

Ext. 5



**Brennan Cain**

VP & General  
Counsel

Ext. 7



**Sue Jolin**

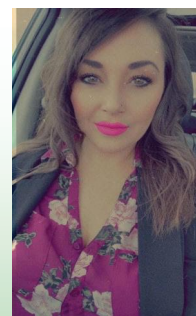
VP of Finance



**Peggy Fisher**

Senior Accountant

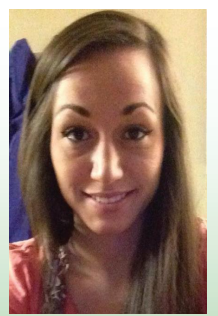
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**Heidi Johnson**

Office &  
Shareholder Relations  
Manager

Ext. 1



**Tiffany Beedle**

Project Manager  
& Operations  
Assistant





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### **The Eyak Corporation Mission**

*The Eyak Corporation will return financial benefits to present and future shareholders through the development of economic opportunities and growth of our assets while protecting the ownership of our ANCSA lands and Native cultural heritage.*