



KUSILVAK NEWS

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VOLUME 1, ISSUE 2

SHAREHOLDER SPOTLIGHT ANITA ANDREWS



Anita Andrews is the daughter of Charles and Emily Andrews of Mountain Village. Anita's parents met while going to school at Akulurak. Afterwards, her parents were married and resided in Mountain Village. Anita is the mother of four children and has a three-year old grandson.

Anita learned a lot about the history of Mountain Village from her parents. Mountain Village is comprised of families who migrated from small and abandoned villages scattered throughout the Lower Yukon River and coastal communities like Hooper Bay and St. Michael. "One of the things that fascinates me about Mountain Village is the fact that we are a very diverse group of people with several different lineages in our history" she says recalling learning Mountain Village was practically the hub of the

region. In the early 1900's, there was a large hospital located here servicing other communities. Unfortunately, a fire destroyed the hospital and it was rebuilt in Bethel instead. "I feel that is one of the injustices (of infrastructure losses) of our village and I wished we had strong advocates back in the day to keep the hospital here," she says thinking of how it would have been today if things were different.

"I strongly believe the wellness of our children and our elders should be a priority for local leaders. We have an obligation to both generations and my hope is for those leaders that are growing older to graciously step aside to allow for more leadership development so that as a community, we can ensure emerging leaders have the required skillset needed to take on more infrastructure projects for the community or programs for the youth so that we can develop Inspiring, productive, responsible, and caring citizens," she says with concern about the future.

In recent years, Anita served as a City Manager and also served on the City Council for Mountain Village. From this experience, she has some opinions regarding community leadership. "The middle-aged adults are a little more capable, strong, opinionated, smart, and have the ability to make the positive change needed to improve the conditions in our communities."

Anita also believes that it is vital for rural Alaska to be caught up with current events at the local, regional, state and national level. "We need to know what is going on at Calista, AVCP and YKHC; those boards affect the benefits and services to our children and elders." YKHC has a huge impact on behavioral health services and treatment. Anita knows first-hand about the treatment children receive for serious mental health issues, such as depression. Her eldest son, Julian, suffered from severe depression for approximately five years. "He and I battled that problem with everything we had and unfortunately he succumbed to depression and passed away recently this last fall on September 15th, 2015. Some might ask, what has my son's death have to do with our local corporation and why would I bring this up in this forum? If I pull together all my beliefs and everything that I am striving for in my life and the lives of our youth, our children need to see us do everything that we possibly could so that they can have the opportunity to make healthy choices and succeed. I hope to see that Azachorok eventually follows suit to other corporations and enroll those born after ANCSA passed. How do we expect our local corporation to be successful if the stockholders need to be born before the ANSCA land claims of 1971? It is time to think about preparing the next generations and support them to be effective caretakers for my generation," states Anita.

Anita is a strong advocate for the youth and elders. She would like to help them lead happy and healthy lives. Anita mentions, "As members of a small community, we all share the responsibility to make our community a better place and it starts by letting others know they are valued and are an asset to the community."

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A MESSAGE FROM THE CHAIRMAN & C.E.O.

LOREN PETERSON



Happy New Year and best wishes in the coming year. We have accomplished A LOT in the past eight months and made some major changes at the corporation and among the subsidiaries. Some of the improvements include enforcing accounting practices, making responsible bylaw changes, and addressing critical issues and advocating on behalf of shareholders.

In upholding the fiduciary duty of the corporation, we realized the need to further safeguard all accounts and implement checks and balances to protect the assets of Azachorok Inc. A cost analysis was conducted to compare contracting a Finance Director and Bookkeeper versus having full time employees. Here are the the benefits to contracting with accountants:

- Saving money on employment taxes and fees
- Having qualified & certified accountants handling all transactions
- Part time contract work saving approximately \$40,000 annually

In other areas, we are launching initiatives that would create more jobs and increase the quality of life in our region. Azachorok is leading efforts to incorporate a collaborative organization made up of numerous entities from the Kusilvak region. The intent is to combine individual efforts to create one powerful voice with the purpose of delivering more funding and advocacy on issues facing our communities. When successful, this initiative will generate

more jobs, stimulate the economy, as well as more adequately address issues impacting western Alaska.

Another issue we are addressing is the need to protect the Power Cost Equalization (PCE) Endowment Fund. With the state buckling down on spending, some lawmakers are looking at tapping the fund for other uses. As a result, Azachorok has passed resolutions to protect and update the PCE program in a way that would promote more renewable energy projects across the state. This would result in long-term affordable energy rates while supporting the switch to cleaner energy to lower carbon emissions.

In other recent developments, I created an Education Committee tasked with creating a scholarship fund program. I'm hoping Azachorok will be able to award scholars in their secondary education pursuits. Education is key to overcoming the challenges we face in our villages and we must support and encourage our youth in their education goals beyond high school.

In closing, I would like to thank the Azachorok Board of Directors for passing resolutions to change bylaws allowing me to work full time as President/C.E.O. for the corporation. I intend on working wholeheartedly to elevate Azachorok Inc. and its subsidiaries and to further develop the companies in a way reflects the desires and needs of the shareholders.

My best,

Loren Peterson
Chairman & C.E.O.

VICE CHAIRWOMAN'S REPORT

JOYCE BROWN



Over the past year, I'm proud to say we've accomplished many milestones which are already benefiting our community in many ways.

One of the first things I noticed when I joined the Board of Directors over five years ago was the corporation bylaws and personnel policies were severely outdated. As a result, I've been working with leadership to modernize these policies so the corporation can run smoothly and remain in good

standing with the Small Business Administration. Thanks to the new leadership and the new sense of direction, we were able to make critical changes in the bylaws including:

- Ensuring good standing leaders by barring Board Members from having a felony within past five years
- Creating a paid officer position, allowing a director to serve as C.E.O. This way, we can have someone effectively managing and advocating for our organization full-time

- Directors shall comply with all election laws and procedures enacted by the Board to ensure true democratic outcomes

There are also a couple of items shareholders can expect to see on the ballot at this year's Annual Meeting in May. First, shareholders will have the opportunity to vote on determining if immediate family members should be allowed to serve on the Board of Directors at the same time as other family members. Other ballot questions will ask if director(s) should be removed/ratified by shareholder vote. We received a petition to recall Seat A currently held by former Chairman, Felix Hess. We are looking into this and there will be more to come on this particular issue.

I am honored to be working closely with the newly elected President/C.E.O. as he has the exceptional energy and skills needed to put our aggressive plans into motion and make our vision of the future a reality.

With Respect,

Joyce Brown
Vice Chairman

ACS LLC UPDATE

DIFFICULT DECISIONS



As we begin a new year with new leadership, we know many shareholders are asking why we were forced to raise fuel prices. We'd like to take a few moments to explain what happened and what we are doing to fix the issue.

Small Business Administration & Acquisition of AMCDT

Azachorok Contract Services LLC is a subsidiary of Azachorok Inc. which holds an 8(a) certificate under the 8(a) program.

The program offers a broad scope of assistance to firms and Alaska Native Corporations (ANCs) that are owned and controlled at least 51% by socially and economically disadvantaged individuals. The program helps aspiring ANCs gain a foothold in government contracting.

Benefits of the Program

- Participants can receive sole-source contracts, up to a ceiling of \$4 million for goods and services and \$6.5 million for manufacturing.
- 8(a) firms are also able to form joint ventures and teams to bid on contracts. This enhances the ability of 8(a) firms to perform larger prime contracts and overcome the effects of contract bundling, the combining of two or more contracts together into one large contract.

Participation in the program is divided into two phases over nine years: a four-year developmental stage and a five-year transition stage.

Prior to acquiring an 8(a) certificate, corporations usually follow the steps below to maximize the nine year program:

1. Purchase or develop a non-8(a) company that is eligible for the program
2. Acquire the certificate after purchase or development.
3. Maximize the nine year program with first four years developing the business
4. Use remaining 5 years to transition and prepare for graduation

However, Azachorok's former consultants helped ACS acquire its 8a certification back in April 2012 without a solid plan in mind to maximize its nine years in the program. We are now entering our 4th year in the developmental stage without very much progress or development.

In addition, former leaders borrowed \$1.8 million to buy the California-based company, Accurate Machine Computers Defense Technologies (AMCDT), after acquiring the ACS's 8(a) certificate.

AMCDT had already graduated from the 8(a) program (firms cannot apply for the 8(a) more than once) and the intent was to merge AMCDT with ACS LLC to regain the 8(a) status.

Now, we are working with Small Business Administration (SBA) to merge the two very different and geographically dislocated companies to try to make it work so that we can get a return on investment (ROI).

Impacts on Community

We understand former leadership had good intentions but didn't follow standard business procedures nor was due diligence followed in the acquisition of the company. However, regardless of what happened in the past, we view this as an opportunity to turn the situation into an opportunity for growth with potential for future income.

Due the very large \$1.8 million dollar loan, ACS is now responsible for making monthly loan payments totaling approximately \$285,000 annually. These payments have resulted in a projected negative net income or deficit on the operating budget. To fix this, the Azachorok Board was forced make the tough decision of increasing gas and heating oil prices to compensate for the loss.

We are currently working with energy consultants to seek grants to subsidize the fuel costs and hope we can reduce the price of gas and stove oil sometime in the near future.

We will continue to provide shareholders with timely updates as the merger unfolds and what it means for you.



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MISSION STATEMENT

Azachorok Incorporated is a for-profit ANCSA Village corporation that invests in sustainable business opportunities for the mutual benefit of shareholders while preserving traditional subsistence culture and values.

FEATURED PHOTOS

TO BE FEATURED, SEND PHOTOS TO INFO@AZACHOROK.COM

Go Strivers!



From Left to Right. Back row: Dan Distor #43, Pete Chief #30 *CAPTAIN* ALL-STAR, Dominic Queenie #2, Jarek Evan #4, Simon Andrews III #1, Kevin Peterson #34, Ole Chief #12. Front row: Esther Hunter #32, Elena Teeluk #10, Minnie Alexie #24 *CAPTAIN* ALL-STAR, Cherrie Kokrine #22, Gail Peterson #25, Coach Robert Joe