

HAIDA CORPORATION

SPRING 2013, ISSUE 1



Vincent Jameson - *Chairman*

Toni Bitonti - *President*

Douglas Edenshaw - *Vice Pres.*

Lisa Lang - *Secretary / Treasurer*

Matthew Carle Sr. - *Director*

Alvin Edenshaw, Jr. - *Director*

Adrian LeCornu - *Director*

HAIDA CORPORATION MOVES HYDRO-ELECTRIC PROJECT FORWARD

A month after Haida Corporation Chairman Vincent Jameson obtained an extension on the Federal Energy Regulatory Commission license for the Reynolds Creek Hydro-Electric Project, the Haida Corporation Board of Directors unanimously approved plans to move forward with the project.

“We all wanted the project to go forward, but we had to be reassured that it was a financially prudent agreement for Haida Corporation,” Jameson said. “It has been a long road but it has always been the intent of Haida Corporation to carry through on this project.”

This approval authorizes Jameson, who is also chairman of Haida Energy, to seek a \$20 million loan from the Alaska Energy Authority to pay for construction of the projected \$29 million to \$33 million project. The loan would be jointly obtained by Haida Energy and its partner Alaska Power and Telephone Company. However, the loan payments would not be made by the partners, but by Alaska Power Company, the mother company of AP&T.

When Haida Energy launched this project five years ago, the Haida Corporation invested \$4.5 million and obtained another \$7.3 million in federal and state energy grants for the project. Additionally, AP&T

contributed \$450,000 to the project. To date \$7.5 million has been spent in research and development and \$2.5 million from grants remains.

“Things have changed from where they were four years ago and now making a joint ownership agreement with AP&T seems to be the way to move forward,” Jameson said.

Now as part of a deal required by the State of Alaska, Haida Energy and AP&T become equal partners in the project. By doing this, Haida Energy will seek to recover as much money from its equity as it can.

Alaska Power Company will construct the project, and Haida Energy’s engineering consultant firm, HDR Inc., will remain on the project.

Any projects likely from this project are years away, but what Haida Corporation is that the effort to develop Reynolds Creek Project is headed forward.

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SCHEDULE AND ROLE OF HAIDA CORPORATION BOARD OF DIRECTORS

- The Board of Directors will hold meetings once per quarter: February, May, August and November. The annual meeting will be held in November
- The Board of Directors will be convened as needed for additional meetings and conference calls
- The Executive Committee will meet every two weeks by teleconference.
- A long range strategic planning meeting will be in August/September to chart the corporation's course through 2015
- The Executive Committee will assume the role of Management Transition Team in the interim of an executive office position being hired
- Staff will develop an online/master calendar of board of directors meetings and executive committee meetings to inform shareholders of when meetings are occurring
- The staff will also develop a calendar to be shared by all members of the Board of Directors which includes the Action Plan steps for each month



HAIDA CORPORATION TAKES STEPS TO REDUCE BUDGET, INCREASE ACCOUNTABILITY

After the November election of Haida Corporation's Chairman Vincent Jameson and President Toni Bitonti, they took immediate steps to increase the accountability of the corporation and its office.

Staff members Tanya Bitonti and Toni Rae Sanderson worked with Jameson to develop descriptions for their jobs, and then they received training, including in Quickbooks, a bookkeeping software. As the staff takes on more bookkeeping, the cost of outside accounting services can be reduced.

The staff also recently completed a massive update of the shareholder contact list. No update of this kind has been undertaken in years. The staff tested their update by mailing the 7(i) distribution, which was issued on April 13 and valued at \$5 per share.

For now, the Haida Corporation executive committee has opted not to fill the general manager position. The executive committee will work directly with the office staff to run day-to-day operations.

Haida Corporation Executive Committee has established an annual budget one third of the operating budget in recent past years. As part of the budget cutting, the Board of Director's \$600 per month

stipend was eliminated. In addition, meeting at the end of the first quarter were conducted by teleconference, rather than in person as a cost saving measure.

"The transition from the previous executive committee to the current one was met with unexpected challenges in the office, in record keeping and in staffing," President Toni Bitonti said.

As a result the Haida Board of Directors has established a regular meeting schedule, even if it is primarily by teleconference.

These issues were discussed in December 2012 during a two-day strategic planning session. The plan focuses on the first six months of 2013, but will be expanded and evolved through the year to provide direction for the next several years. The first quarter tasks assigned to the staff and executive committee have been completed on time.

The Haida Corporation has contracted Native-owned Red Hummingbird Media to provide communications and strategic planning support.

This newsletter is the first of four planned in 2013. Watch the Haida Corporation website, www.HaidaCorporation.com, for more information and updates.





HAIDA CORPORATION INVESTS WITH TIAA-CREF

The Haida Corporation has obtained a new investment manager for its general fund, settlement fund and elder's trust – a firm that will save the corporation substantially in terms of fees over the next decade while increasing the return on investments.

TIAA-CREF, a national not-for profit investment management firm, has more than 50 years in experience managing investments. Ninety eight percent of TIAA-CREF's mutual funds have received four and more star ratings from investment industry rating agencies, and its fees are generally less than half the industry average.

The return anticipated for the general fund average 8.01% and for the

Settlement Trust as much as 8.14%. The Elders Trust, which is meant to be more stable as it is spent down, will average 3.91%.

Over time, the Haida Corporation will rely more upon the interest from its general fund for its operational costs. By shifting from spending down the general fund's assets to only spending interest earnings, the corporation will ensure that future generation of Haida can benefit from the Haida Corporation, and its sound investment strategy.

More information will be provided at upcoming shareholder meetings, and visit www.haidacorporation.com for updates.

THE ROLE OF TIMBER HARVEST GOING FORWARD

Timber harvest is a complex issue for the Haida Corporation now. Shareholders have objected to logging in and around the village in recent years, and also have concern for potential logging in and around sacred places.

The cultural and ecological concerns of shareholders have always been balanced against the desire for dividend payments, which primarily come from timber harvest.

Now the balance is shifting toward conservation, not only because most of the harvestable timber has been harvested, but also because the Haida Corporation-owned forest land is in the long and natural process of regenerating.

One of the considerations going forward is that Haida Corporation's remaining timber assets are tied up in potential 14C3 homesites. The Haida Corporation plans to keep these assets on its books for the foreseeable future.

The Haida Corporation in its mission states a goal of "maintaining the ownership and stewardship of the land," and the current Board of Directors has determined to protect its timber and lands in Native ownership.

HAIDA CORPORATION MISSION

"Our mission is to protect our land and spirit because we have learned from our ancestors that the land is critical to the culture and the spirit of the Haida People. Haida Corporation is committed to maintain the ownership and stewardship of the land. We will maintain a profitable, Native-owned Corporation that makes a difference in the lives of present and future shareholders through economic benefits, while promoting culture and heritage."

HAIDA CORPORATION BOARD EXPLORES TOURISM

The Haida Corporation, Hydaburg Cooperative Association and the City of Hydaburg have identified tourism as an area of focus and growth. There is a great energy to build a sustainable economy in Hydaburg and South Prince of Wales Island. Tourism in some Southeast Alaska communities has grown from the ground up.

Tourism is a relatively new industry on all of Prince of Wales Island. After the downfall of the timber industry, some individuals and businesses were looking for ways to create tourist destinations. For instance in 1990 11 recreational charter boats were registered in Craig. By 2002 there were 115 registered. With visitors increasing every year to Prince of Wales Island, Hydaburg can capitalize on the enthusiasm of the adventure and ecotourism market.

Ecotourism is defined as "responsible travel to natural areas that conserves the environment and improves the well-being of local people."

Interest in ecotourism and adventure tourism continues to grow offering opportunities to meet the needs and interests of these niche markets, with a focus on what makes Hydaburg unique, small communities can develop the infra-structure (accommodations, attractions and activities) to attract new visitors.

While tourism on Prince of Wales has tended to focus on sportsmen visitors, Haida Gwaii has cultivated ecotourism visitors taking an approach that emphasizes exclusivity to higher end travelers. Hydaburg can offer Haida culture without a passport to U.S. tourists.

Haida Corporation is looking into ways to develop accommodations and create opportunities to bring tourism dollars to Hydaburg. The city is in a great place to visit, where visitors can experience Haida culture, adventure and outdoor activities (biking, hiking and canoeing) and sportsman activities.



HAIDA CORPORATION

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