

GYL SETTLEMENT TRUST

The GYL Settlement Trust is created under both ANCSA & State law; and shareholders are requested to vote in support of creating this Settlement Trust. *Why now?* Because we have seen in the past that laws created for our benefit often sunset, or the window of opportunity to create the trust closes; and we are no longer able to take advantage of the laws that allow us to create such trusts. This law was passed on December 22, 2017 as part of the *Tax Cuts and Jobs Act*, and allowed Alaska Native Corporations to claim tax deductions for contributions they make to their Settlement Trust, if established.

The benefit of the Trust is mainly that your shareholder dividends from GYL are not taxable, and that GYL receives a tax break on the funds it expends on dividends, enhancing the GYL net income by such tax savings. Although your current GYL dividends are not taxable, because they are from the original ANCSA funding; that benefit is not guaranteed; once the money from the original ANCSA fund is expended; and if the window for the law that allows us to create a Settlement Trust sunsets, or is revoked, your dividends will be henceforth taxable; and GYL will have lost its dividend payment tax break that increases GYL's net income.

The specific benefits of the Settlement Trust, are that without the Settlement Trust, the dividends that were previously paid by GYL, will become taxable. This includes paying tax on your individual dividend, any funds received in a Potlatch Distribution, or any other Elder or other distributions created in the future. While shareholders will have to meet the requirements for Potlatch and other Elder or future distributions, they will still be individually liable for the taxes on such funds they receive without the protection of a Settlement Trust.

This concept of a Settlement Trust isn't unique to Doyon and GYL, 30 other Native regional and village corporations have created Settlement Trusts, for these same reasons. Some are: CIRI, NANA, Chugach, Afognak and Calista. These corporations are thereby creating a savings for themselves, and creating a more permanent process of paying dividends, and limiting their risks, and protecting shareholder dividends from creditors.

Despite these efforts to create a Settlement Trust, your personal dividend will not be disrupted. If you currently receive a check, or direct deposit, you will continue to do so, unless you requested a change from check to direct deposit. Also, the only disadvantage to GYL is that once they have made a distribution to the Settlement Trust, GYL cannot revoke that payment. Yet, the GYL Board maintains full

authority if and when to put money or assets into the Trust. Yet, once funds or assets are released to the Settlement Trust, the Board or GYL cannot take it back.

Once the Settlement Trust is created, upon receiving funds or assets from GYL, the Trust will have to file an annual financial performance report on the Trust funds, presented to shareholders or Trust beneficiaries at the GYL Annual Meeting. The Goal and purpose of the Settlement Trust is to sustain and secure your future, and promote the health, education and welfare of GYL shareholders; and preserve our heritage and culture, through these tax savings provisions by creating permanence in benefits to shareholders.

To make all this happen, we need a positive vote of the majority of shareholders in favor of creating the Settlement Trust on August 21, 2020 at the virtual shareholder Annual Meeting, or by voting your proxy in favor of creating the Settlement Trust with a yes vote.

I personally support the creation of a Settlement Trust for all our shareholders and their future children, grandchildren and relatives. It costs you nothing, and gives you a tax break, helping to keep you in a lower tax bracket by not including your dividends and other GYL payments in your annual income. Thank you for inviting me to speak. I trust our Board of Directors; and believe they are doing a great job to keep you informed, and to keep their transactions on your behalf transparent to you, for your understanding and support.

**Ida Hildebrand
Former Board Member
Nulato Tribal Member**