

ARCTIC EDUCATION FOUNDATION (“AEF”)
An Alaska Non-Profit Corporation
OPERATING PROCEDURES
(Effective February 16, 2011)

I. Applicant/Award Recipient Eligibility Requirements

- A. An AEF applicant and award recipient must be either:
1. A Northern Alaskan Inupiat Native of at least ¼ blood quantum, currently residing in the Arctic Slope Region; or
 2. A direct lineal descendant of an original Class A, B or E Shareholder of the Arctic Slope Regional Corporation (“ASRC”), without regard to:
 - (a) Where such descendent currently resides within the United States;
 - (b) Native blood quantum; or
 - (c) Whether such applicant is a shareholder of ASRC in his or her own right
- B. An AEF applicant and award recipient must be:
1. Both a United States citizen AND a United States resident.
 2. A High School Graduate or hold an equivalent General Educational Degree.
 3. At least 17 years of age.
- C. Each applicant must complete and/or submit to the AEF Manager the following documents (together “Applicant File”) within any applicable deadlines established by the AEF Board:
1. An AEF standard application form;
 2. A “Letter of Acceptance” or “Certificate of Admission” from the educational institution or vocational training program the applicant will be attending;
 3. Three (3) letters of recommendation -- such letters may be from counselors, school administrators, teachers or past or present employers;

4. A short letter detailing what the applicant plans to do after the applicant completes his or her education or vocational training.
5. Standard information demonstrating educational or vocational financial aid need (unless an applicant is applying only for a merit scholarship). For example, state or federal financial aid needs computation forms for post secondary education, unmet financial needs information provided by the educational institution or vocational training program, or other documentation as determined by the AEF Board.

II. Educational Awards Approval Process/Non-Discrimination In Funding

- A. All AEF educational awards must be approved, in advance, by the AEF Board of Directors ("AEF Board"). Each Applicant File will be reviewed by the AEF Manager who will make a recommendation to the AEF Board as to the eligibility of the applicant and the appropriate funding amount. To the maximum extent possible, all eligible applicants who submit a complete and timely Applicant File will receive funding from AEF consistent with their demonstrated financial need and within AEF funding limits, on a non-discriminatory basis.
- B. The AEF Board will have authority to periodically review the costs of post secondary education and vocational training and the number of qualified AEF applicants who have applied for, or are receiving AEF funds, with the goal of setting appropriate limits on the individual maximum funding award that various classes of AEF applicants may receive (i.e. post secondary, full or part time applicants; vocational training applicants; and/or temporary certification training applicants, etc.) Provided, however, that the AEF Board may not revise such funding limits more often than once per calendar year, per class of applicant. The AEF Manager will make recommendations to the AEF Board on appropriate changes to the individual maximum funding limits as requested by the AEF Board.

III. Educational Award Criteria/Amounts

- A. Educational awards (other than Merit Scholarships or Leadership Awards) will be made by the AEF Board to individual applicants based on demonstrated unmet financial need. Award amounts will be made, up to the individual maximum amount determined by the AEF Board, i.e. currently \$3,000 per academic semester (\$2,000 per academic quarter) with a cap of \$6,000 per academic year for full or part-time study. Graduate students will be eligible to receive \$10,000 per year for full-time or part-time course load (i.e. \$5,000/semester or \$2,500/quarter).

Educational awards are made only for the following:

1. Full or part-time:
 - a. Post-secondary education at an accredited U. S. college or university (including qualified remote educational programs from such institutions that are conducted via radio, audio or video teleconferencing, television, correspondence or internet); or
 - b. Technical or vocational training through a qualified U. S. vocational or technical institution or program (including qualified training programs sponsored by industry standard manufacturing firms such as Novell or Microsoft, etc.)
 - c. Additional eligibility requirements for Short Term Training (training of one month or less that is needed to obtain a certificate or license required to take on a job):
 1. If the applicant is unemployed:
 - a. Applicant must have a bona fide job offer.
 - b. If there is no bona fide job offer, the AEF Manager may determine that the training is required for the applicant to become job ready.
 2. If the applicant is employed:
 - a. Documentation from the employee must be provided if (1) applicant is in danger of losing his/her job or (2) the applicant will gain additional skills to enhance their job performance.
3. Applicant must provide to the AEF Manager information on:
 - a. The purpose of training;
 - b. The entity providing the training;
 - c. The date and times of the proposed training.

- d. Part-time study is defined as anything less than 12 credit hours per semester/quarter or as determined by the educational institution.
 2. Full or part-time study at a foreign post-secondary educational or vocational institution or program IF
 - a. Such foreign institution or program is affiliated with an accredited U.S. post-secondary educational or vocational institution or training program; or
 - b. no comparable U.S., or U.S. affiliated, program exists.
 - c. Full-time study is defined as 12 or more credit hours per semester/quarter or as determined by the educational institution.
- B. Educational awards (including Merit Scholarships and Leadership Awards) may only be used for tuition, fees, books & supplies, or room & board expenses. AEF awards may not be used to cover travel, personal expenses or equipment, e.g. such as a personal computer.
 1. The maximum portion of an AEF educational award that may be used for books & supplies is \$500 per semester. The room and board expense is limited to \$450/month.
 2. To the maximum extent possible, all educational awards will be paid directly to the recipient's educational institution/program. Any recipient requesting a waiver of such requirement must support his or her request with proper justification, including a written explanation from the educational institution confirming the necessity for a waiver.
 3. Award payments will not be made retroactively or on a cost award payment must be received by AEF from the applicant before payment will be made.
- C. Definitions Page is included for reference for the graduate program. (See attached Addendum 1).

IV. Merit Scholarships & Leadership Awards

A. The AEF Board will have discretion to award six (6) Merit Scholarships and twenty-five (25) Leadership Awards.

1. Merit Scholarships:

- a. Two Merit Scholarships will be awarded to two (2) Barrow high school graduating shareholder seniors.
- b. Two Merit Scholarships will be awarded to two (2) students from the villages of Anaktuvik Pass, Atqasuk, Kaktovik, Nuiqsut, Pt. Hope, Pt. Lay, and Wainwright.
- c. Two (2) Merit scholarships will be awarded to two (2) current AEF students.

2. Leadership Awards

- d. The Anagi Leadership Award is open to all ASRC shareholders or descendants of an original ASRC shareholder and has its own application process.
- e. The Edward E. Hopson Leadership Award, the Joe Upicksoun Leadership Award, and the Oliver Leavitt Leadership Award will be awarded to graduating Barrow High School shareholders or descendants of original ASRC shareholders.
- f. Three(3) Leadership awards will be awarded for each village (Anaktuvik Pass, Atqasuk, Kaktovik, Nuiqsut, Pt. Hope, Pt. Lay, and Wainwright) totaling twenty-one (21) Village Leadership awards. (A list of Village Leadership Awards is attached as Addendum 2.)

Merit Scholarships and Leadership Awards will be made only to otherwise qualified AEF applicants, who at the time of award: (a) have attended one (1) or more years of High School in the North Slope Borough School District; (b) are seniors graduating from a North Slope Borough High School; and (c) plan to continue their education by enrolling in a qualified post-secondary educational institution.

A. Merit Scholarship and Leadership Award recipients will be selected from candidates who have been nominated by a member of the candidate's High School faculty or administration because of such candidate's superior academic performance, demonstrated leadership ability and/or community service achievements. Superior performance, ability or achievement will be measured by objective criteria (e.g. grade point average, specific leadership positions held or service projects performed, etc.).

- B. Each year, Merit Scholarship or Leadership Award recipients will be selected from among the qualified candidates on a non-discriminatory basis and without regard to a candidate's financial need. The AEF Manager will make recommendations on Merit Scholarship or Leadership Award recipients to the AEF Board, or authorized Board Committee. Final selection of Merit Scholarship and Leadership Award recipients will be made by the AEF Board, or authorized Board Committee.
- C. Merit Scholarships and Leadership Awards are made in addition to any other AEF educational award the candidate may otherwise qualify for and are not counted against AEF maximum award limits. Unless expressly noted to the contrary in these AEF Operating Procedures, Merit Scholarships or Leadership Awards are subject to all of the same payment limitations, requirements and supporting documentation applicable to other AEF educational awards.

V. Operating Requirements & Procedures Set Forth in the AEF Bylaws

All operating requirements and procedures set forth in the AEF Bylaws, including without limitation, the following, are hereby incorporated by reference into these current Operating Procedures:

- A. Recipient Reporting Requirements: each AEF award recipient must, as a condition of eligibility, promptly deliver to AEF a report of courses taken, if any, and grades received, if any, for each academic period. Such a report must be verified by the educational institution attended and must be obtained for each semester, quarter or other academic period and in no case less often than once per academic year. In cases of recipients whose study at an educational institution does not involve the taking of courses but only the preparation of research papers or projects, such as the writing of a doctoral thesis, the corporation must receive a brief report on the progress of the paper or project at least once per academic year. Such a report must be approved by the faculty member supervising the recipient or by another appropriate institutional official. Upon completion of a recipient's study at an educational institution, a final report must also be obtained by the recipient and submitted to AEF.
- B. Procedures For Investigating and Recovering Jeopardized AEF Awards: When the reports required to be submitted by an AEF award recipient or other information obtained (including a recipient's failure to submit a required report) indicate that all or any part of an AEF award is not being used in furtherance of the purposes of such award, such discrepancy will be investigated by AEF staff. While the investigation is in progress all further payments to such recipient will be withheld to the extent possible until (a) any delinquent reports have been submitted and (b) any additional required reports and assurances as described below have been received.

1. In the event it is determined that any part of an award has been used for improper purposes and the recipient has not previously misused awarded funds, AEF will endeavor to take all reasonable and appropriate steps either to recover the diverted funds or to insure restoration of such funds by the recipient. Any further payments to such recipient will be held in abeyance until (a) such recipient gives reasonable assurances that such future diversions will not occur, and (b) if applicable, such recipient agrees to undertake extraordinary precautions to prevent future diversion from occurring. In addition, such recipient will be required to give reasonable assurances that any other award funds held by him or her will be used consistent with the foregoing requirements.
 2. In the event that a recipient has previously misused awarded funds and it is determined by AEF staff that all or any part of an award has again been used for improper purposes, AEF will again take all reasonable and appropriate steps either to recover the diverted funds or to insure restoration of such funds by such recipient. All further payments to such recipient will be held in abeyance until (a) such funds are in fact so recovered or restored, (b) such recipient gives adequate assurances that future diversions will not occur, and (c) if applicable, such recipient agrees to undertake extraordinary precautions to prevent future diversions from occurring. In addition, such recipient will be required to give adequate assurances that any other awarded funds held by him or her will be used consistent with the foregoing requirements.
 3. If need be, legal action may be instituted by AEF to recover misused award funds. However, this remedy need not be availed of if such legal proceedings would in all probability not result in the satisfaction of execution on a judgment.
- C. Disqualified Persons Not Eligible to Receive AEF Awards: AEF awards will not be made to relatives of Board members or any Committee of the Board authorized to select award recipients. For the purposes of this limitation, the term "relatives" shall include only a Board member's spouse, ancestor, lineal descendant (by blood or adoption), and the spouse of a lineal descendant.

ADDENDUM 1 FOR GRADUATE PROGRAM

DEFINITIONS PAGE FOR GRADUATE PROGRAMS

- A) There are two(2) kinds of graduate degrees: Professional and research.
- B) There are two(2) levels of graduate degrees: Masters degree and doctoral degree.
- C) Internships to produce professional skills and for which the educational institution will give credit for as part of the course load are considered part of the curriculum.
- D) A professional degree gives you a specific set of skills needed to practice a particular profession.
- E) Research provides experience in research and is usually a final degree or a step towards a doctorate.
- F) A master's degree usually takes two(2) years and may involve fieldwork, internship, thesis and/or a comprehensive exam.
- G) A Doctorate usually takes three to four years.
- H) RESTATED: Reference Articles VIII, Section 1. Scholarships & Grants: “ In cases of grantees whose study at an educational institution does not involve the taking of courses but only the preparation of research papers or projects, such as the writing of a doctoral thesis, the corporation must receive a brief report on the progress of the paper or project at least once a year. Such a report must be approved by a faculty member supervising the grantee or by another appropriate institutional official.”
- I) Graduate scholarships are awarded based on the same criteria and same application used for general scholarships.
- J) A full-time course load for graduate students will generally be nine (9) credits or similar course load considered as full-time by the educational institution.
- K) As in general scholarships, part-time graduate scholarships will follow the same criteria for part-time students.

ADDENDUM 2 LIST OF VILLAGE SCHOLARSHIPS

ATOASUK

Elizabeth Hollingsworth \$1000 Leadership Award
Johnny Nayukok \$1000 Leadership Award
Peter Shugluk \$2000 Leadership Award

ANAKTUVIK PASS

Harry Hugo \$1000 Leadership Award
Justus Mekiana \$2000 Leadership Award
Rachel Riley \$1000 Leadership Award

KAKTOVIK

Isaac Akootchook \$1000 Leadership Award
Dr. Harold Kaveolook \$2000 Leadership Award
Herman Silliun Rexford \$1000 Leadership Award

NUIQSUT

Thomas Napageak \$1000 Leadership Award
Sam Taalak \$2000 Leadership Award
Alice Woods \$1000 Leadership Award

PT. HOPE

David & Dinah Frankson \$2000 Leadership Award
Jakie Koonuk \$1000 Leadership Award
Daniel Lisbourne \$1000 Leadership Award

PT. LAY

Dorcas & Warren Neokok \$2000 Leadership Award
Martha Tukrook \$1000 Leadership Award
Ben Neokok \$1000 Leadership Award

WAINWRIGHT

Florence Ahmaogak \$2000 Leadership Award
David Bodfish Sr. \$1000 Leadership Award
Billy Patkotak Sr. \$1000 Leadership Award

BARROW

Edward E. Hopson \$2000 Leadership Award
Joe Upicksoun \$1000 Leadership Award
Oliver Leavitt \$1000 Leadership Award

The Anagi Leadership \$20,000 Award is for all ASRC shareholders and their descendants.