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As a member-owned Cooperative, MTA is required to operate for the benefit of its customers. This policy establishes the procedures MTA will follow for allocating, retiring and assigning capital credits in accordance with MTA's Bylaws and applicable law. This policy covers capital credits for services purchased from Matanuska Telephone Association, Inc. ("MTA") and its subsidiaries. For purposes of this policy, MTA members also include patrons of MTA subsidiaries who have been allocated capital credits.

**I. Allocation of Capital Credits**

1. Following review and recommendations by management, the Board of Directors shall separately classify certain cooperative functions, or groups of patrons/members, so as to more properly account for costs of service and patronage margins supplied by the patrons. In doing so, the allocation of expenses and patronage credits may consider a variety of relevant factors such as the cost of rendering service, the terms and conditions of certain types of service, the terms of agreements with patrons, and the obligations of the parties involved. Accordingly, patronage capital credits may accrue at a different rate for certain classifications of patrons or for different classes of service, resulting in some classifications producing no margins for allocation, while other classifications produce allocable margins.

2. The Association shall mail to the last known address of each patron a statement showing the amount of patronage received and the amount of patronage capital credited to the patron's account as a result of such patronage, provided, that such statements shall not be required in years in which:

- (a) The classification fails to earn an amount that is in excess of costs and expenses, including prior year(s) losses, or
- (b) The amount earned that is in excess of costs and expenses is determined to be insufficient to warrant the allocation of capital credits and issuance of statements.

3. Carry forward of unallocated patronage capital: If, pursuant to Section 2)(b) above, the amounts earned in excess of costs and expenses are not allocated to the capital credit accounts of the Association's active patrons during that year, said amounts will be combined with those of the following year for allocation to patrons providing patronage to the Association in the following year.

**II. Retirement of Capital Credits**

1. General Retirements

- (a) Authority of retirement of capital credits: No capital credits shall be paid or otherwise retired unless and until the Board has taken action approving such retirements.

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- (b) Compliance with mortgage requirements: The Association shall at all times seek to comply fully with the various provisions of its long-term debt instruments concerning the retirement of patronage capital.
  - (c) When the Board determines that the financial condition of the Association will not be impaired, it is the intent of the Association to incorporate a hybrid retirement method as determined by the Board:
    - (i) A percentage of the Association's capital credits from the oldest unretired year of capital credits;
    - (ii) A percentage of the Association's capital credit allocation from the most recent unretired year of capital credits;
    - (iii) A flat rate portion of the Association's Rural Telephone Bank (RTB) refund, applied to all of the Association's unretired capital credit balances.
  - (d) Except in the case of early retirements of capital credits, the Association will not issue checks in amounts less than Forty Dollars (\$40) to active accounts. Any amounts not paid as a result of the Forty Dollar (\$40) minimum will be credited to the patron's account.
  - (e) Collection of delinquent accounts: No check shall be issued as refund of a patron's capital credits unless the Association's records shall have first been reviewed to determine whether the patron has outstanding past due accounts owed to the Association. To the extent such patron has an outstanding past due balance, any capital credits to be retired shall be applied to the balance, and no check shall be issued to the patron until the sum of the capital credit payments so applied exceeds the amount owing the Association together with interest at the legal rate of interest allowed on judgments in the state of Alaska in effect when such account became overdue.
  - (f) MTA will comply with state statutes (subpoenas) for capital credit retirements before releasing payment to recipients.
2. Early Retirements for Deceased Persons
- The Association will refund capital credits to the estates of deceased patrons early, at a discounted rate of 6% per annum, under the following conditions:
- (a) The deceased patron must have been a natural person;
  - (b) The aggregate amounts after discounting that are retired in any one year shall not cause the Association to exceed the gross amount of total payments approved by the Board as outlined in Section II.1(c).

- (c) Requests to retire capital credits early should be made in accordance with Section III.2.

### **III. Assignment of Capital Credits**

A key part of the obligation to allocate and retire capital credits is to ensure that capital credits are paid to the proper party. This section of the MTA Capital Credits Policy is designed to ensure that capital credits are paid to the proper party in circumstances where a change of name, change in legal status, death or other circumstance requires that a change be made in the payment of capital credits.

#### **1. General Policy**

Upon receipt of a check or other notice from MTA concerning payment of capital credits, and

- (a) the person to whom the check or notice is directed is no longer living; or
- (b) the check or notice is directed to a business or other entity that no longer exists; or
- (c) there has been a divorce or name change; or
- (d) the person wishes to assign capital credits to a successor in interest or occupancy; or
- (e) the person wishes to assign capital credits to the MTA Foundation; a person may submit a claim to MTA to have the capital credits transferred.

MTA has a duty to its members to ensure that capital credits are paid to the proper recipient. The information required to substantiate a claim that capital credits should be paid to someone other than the person, business or entity reflected as the owner on MTA's books and records requires clear and conclusive proof of ownership and entitlement to such payment. The claim process detailed below is intended to ensure payment of capital credits to the proper owner and to protect MTA and its members from improper payment of capital credits.

If ownership and entitlement to payment of said capital credits are not established by clear and conclusive proof, which shall be decided by MTA in its sole discretion, MTA will follow the unclaimed capital credit procedures permitted by AS 34.45.200(e).

#### **2. Claim Submission**

All claims must be submitted in writing using forms issued by MTA. All claims must be accompanied by substantiating documents and other information based on the nature of the claim:

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**(a) Claims following Death of Owner**

**(i) Heir**

If the individual claiming the capital credits is claiming to be an heir, the following should be required prior to any release of funds:

- Provide a copy of the reported owner's death certificate (certified copy required if claim is \$5,000 and more), proof of social security number (if not listed on the death certificate), and the following:
- If the deceased owner left a will that was probated, provide a certified copy of the court order directing distribution of the estate or appointing the individual as administrator of the estate;
- If the estate has been closed, provide a certified copy of the court documents verifying final closing and distribution for the estate in addition to the copy of the probated will;
- If the deceased owner did not leave a will or the will was not probated, and the amount of capital credits is less than \$5,000, a notarized Affidavit for Collection of Personal Property must be submitted to MTA; and
- Provide an executed copy of MTA form, Capital Credits Affidavit.

**(ii) Administrator/Executor**

If the individual claiming the capital credits is claiming to be an administrator, the following should be required prior to any release of funds:

- A copy of the reported owner's death certificate (certified copy required if claim is \$5,000 and more), proof of social security number (if not listed on death certificate) and court documents appointing the individual as Administrator of the estate.
- Provide an executed copy of MTA form, Capital Credits Affidavit.

**(b) Claims for Businesses and Entities that No Longer Exist**

**(i) Proof of Ownership of Capital Credits**

If the business or entity no longer exists but was purchased or sold, provide an executed copy of the Buy/Sell Agreement.

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If the business experienced a name change, merger, or has an assumed name (d.b.a. or "doing business as"), provide a certified copy of the corporate documents and state filings reflecting the change or merger.

If the business is no longer in existence, provide a certified copy of the Articles of Dissolution filed with the State of Alaska or Corporate Liquidation form filed with the Internal Revenue Service.

(ii) **Proof of the Right to Transact Business for the Business or Entity**

In addition to proof of ownership of the capital credits, a person submitting a claim on behalf of the business or entity must provide proof that he or she has the authority to act on behalf of the entity. If the person is an officer or other company official claiming on behalf of a corporation, partnership, sole proprietorship, professional association, non-profit organization, or private organization, the person must show proof of authority to act on behalf of the business. The individual should provide an executed copy of MTA form, "Business Certification of Entitlement to Capital Credits." In addition, photocopies of one or more of the following should be provided:

- corporate resolution;
- minutes from a meeting;
- partnership agreement;
- notarized affidavit signed by a financial officer; or
- copy of current biennial report.

MTA will evaluate the information provided to ascertain whether it will be sufficient to allow payment of the business' or entity's capital credits to you. Because it is very difficult to establish and prove ownership of business or entity assets when a business ceases to exist, claims for ownership of capital credits will be difficult to establish by clear and conclusive proof.

(c) **Divorce**

If the individual claiming the capital credits is claiming to be the rightful owner of capital credits after a divorce, the following should be required prior to any release of funds:

- (i) Provide a copy of the court order assigning ownership of the capital credits to the individual (certified copy required if claim is \$5,000 and more) and proof of social security number; or
- (ii) Executed copy of MTA form, "Certification of Ownership of Capital Credits After Divorce or Name Change," completed by the other party to the marriage consenting to the transfer of the capital credits to the individual.

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(d) Individual Name Change

If the individual claiming the capital credits is claiming to be the rightful owner of capital credits after a name change, the following should be required prior to any release of funds:

- (i) Provide a copy of the court order reflecting the name change; and
- (ii) Executed copy of MTA form, "Certification of Ownership of Capital Credits After Divorce or Name Change."

3. Processing Claims

(a) MTA Staff Consideration

After receipt and review of this information, MTA staff will advise the individual in writing if the information is sufficient to allow the capital credits to be paid. The information required to substantiate a claim that capital credits should be paid to someone other than the person, business or entity reflected as the owner on MTA's books and records requires clear and conclusive proof of ownership and entitlement to such payment which shall be decided by MTA in its sole discretion. Claims in excess of \$500 will be subject to independent verification by MTA. Claims in excess of \$5,000 must be reviewed and approved by the Chief Financial Officer.

If a claim is denied by MTA staff, the individual has the right to request reconsideration by the Chief Financial Officer. If the Chief Financial Officer denies the claim, the individual has the right to request reconsideration by the Chief Executive Officer and if the claim is denied by the Chief Executive Officer, the individual may seek reconsideration by MTA's Board of Directors.

(b) Reconsideration by CFO or CEO

The individual must request reconsideration of denial of a claim in writing within 30 days of the date of the notice that the claim has been denied by MTA's staff. The CFO or CEO will reconsider whether the information submitted by establishes by clear and conclusive proof that the capital credits should be paid to someone other than the person, business or entity reflected as the owner on MTA's books and records. MTA will respond in writing to the request for reconsideration within 90 days of receipt of the written request for reconsideration.

(c) Reconsideration by the Board of Directors

The individual must request reconsideration of a claim by the Board of Directors in writing within 30 days of the date of the notice to that the claim has been denied by the Chief Executive Officer. The Board of Directors will reconsider whether the

information submitted establishes by clear and conclusive proof that the capital credits should be paid to someone other than the person, business or entity reflected as the owner on MTA's books and records. The Board of Directors shall respond to the request for reconsideration in writing within 90 days of receipt of the written request for reconsideration.

(d) Disposition of Denied Capital Credit Claim Amounts

If this claim process does not result in a resolution of the ownership of the capital credits, such amounts will be treated in accordance with AS 34.45.200(e) and MTA's policies regarding unclaimed capital credits.

4. Assignments and Donations of Capital Credits

MTA's Bylaws allow a member pursuant to written instructions to assign capital credited to the account of such member to successors in interest or successors in occupancy in all or a part of such member's premises. If a member elects to make such an assignment, the member must provide an executed copy of MTA form, "Request for Assignment of Capital Credits to Successor in Interest or Occupancy," documenting the member's instructions. This form can be used, for example, by joint members who were not married to change ownership on an account, or for a family member assuming service at the residence from another non-spouse family member.

The Bylaws also permit the Board of Directors to adopt other policies of general application for members to assign their capital credits.

Pursuant to this Board policy, a member may donate or assign capital credits on the books of the Cooperative to the MTA Foundation. If a member elects to make such an assignment or donation, the member must provide an executed copy of MTA form, "Assignment of Capital Credits to MTA Foundation."

Adopted: October 26, 2016

Amended: August 14, 2019

Attested by:



Chief Governance Officer of MTA Board



CORPORATE SEAL