

Absentee Shawnee Economic Development Authority, Inc. “Building Economic Prosperity” 2015 Strategic Plan



Absentee Shawnee Economic
Development Authority

2025 South Gordon Cooper
Shawnee, OK 74801
Phone: 405-275-4030
info@astribe.com

Phone: 405-275-4030

info@astribe.com

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Executive Summary

Building Economic Prosperity is the vision for the Absentee Shawnee Economic Development Authority, Inc. (ASEDA). Contained within this document is the 2015 Strategic Plan developed by the Board members. Included in the strategic plan is an Internal/External Assessment that critically analyzes the Strengths, Weaknesses, Opportunities and Threats for ASEDA and draws conclusions about targeted industry sectors that offer the potential for economic development activities in the future.

This document also includes the 2015 budget request and the action plan the Board will undertake in the upcoming year. The action plan includes re-engineering the business process model, establishing visibility and a marketing strategy, and developing a portfolio of project proposals for funding.

With respect to the potential future direction for ASEDA, a companion document has been prepared that reports the results of a cost effectiveness analysis using an historical narrative and financial analysis. The companion document reports on the accomplishments and challenges faced by ASEDA since its inception. The Strategic Plan leverages what has been learned in the Cost Effectiveness Analysis to propose future economic development activities that will further the vision of Building Economic Prosperity so that this vision becomes a reality for the Absentee Shawnee Tribe and its members.

Respectfully submitted by the Absentee Shawnee Economic Development Authority, Inc. Board:
Mr. Dan Little Axe, President
Mr. Adam Proctor, Vice President
Mr. Eddie Brokeshoulder, Secretary

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For more information contact:

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2015 Strategic Plan Building Economic Prosperity

Vision

Building the economic prosperity of the Absentee Shawnee Tribe and its members.

The Absentee Shawnee Tribe must have an economic development function to make this vision a reality. From the legal, financial and management perspectives (and in support of the federal charter), it makes sense to have ASEDA remain as a component of the Tribe. However, it is worthwhile to segregate the business/enterprise activities from other Tribal programs and departments and the social service, educational and cultural enrichment programming provided by the Tribe's departments and programs.

Mission

To create a portfolio of profitable business enterprises that provides a revenue stream to the Absentee Shawnee Tribe that is used to enrich the quality of life of tribal members.

Purposes (Goals)

- ❖ To operate tribally owned commercial businesses located on tribal land whether owned in fee or held in trust for the benefit of the Tribe.
- ❖ To provide job opportunities for the members of the Absentee Shawnee Tribe in or near the Tribe's Indian country; which would utilize the talents of the members and provide adequate incomes on a long-term basis.
- ❖ To provide for the efficient and effective utilization of the resources of the Tribe's Indian country in a manner which protects the long-term interest of the Absentee Shawnee Tribe and which provides an adequate return on investment and an income to the Tribe from the utilization of those resources.
- ❖ To own, invest in, operate or manage businesses in or near the Tribe's Indian country.

Business Model

ASEDA generates excess net revenues by 1) identifying, evaluating and recommending economic development projects using a standard business practice model and 2) providing enterprise management oversight for all economic development components. The excess net revenues are transferred to the Tribe to enrich members' quality of life and to assure the long-term sustainability of the Tribe.

Recent financial downturns for the Tribe have limited ASEDA in terms of the economic development opportunities we could explore since there was very limited cash available for purchase. Instead we strive to leverage the assets we have by identifying:

1. Businesses that are already in operation.
2. Business that could benefit our members.
3. Business that could have the potential to hire our members.

SWOT Analysis

Upon review of data from multiple sources as well as Board member discussion, the following analysis of strengths, weaknesses, opportunities, and threats has been completed:

Strengths

The Absentee Shawnee Heritage and Culture – A great story and culture that should be shared
Proximity to Oklahoma City and Tinker AFB
Interstates 35, 40, 44, and U.S. Highway 9
Proximity to Area Universities and Technology Centers-A Tremendous Asset
Attractive Topography—Hills and Trees!
Open Spaces, Available and Affordable Land
Small Town Values-Church, School, Family
Interesting, different, even eclectic places
Favorable Macro-economic trends – OKC Metro has the lowest unemployment in the nation

Weaknesses

Infrastructure –Water, Sewer, Communication
Sites—Lack of Developed Buildings\Sites in Key Areas
Transportation—Need Better Roads/Streets
Workforce—Do Not Have a Critical Mass of Skills for any specific industry
Aesthetics (some areas)—Appearance Counts!

Opportunities

15 Minutes from Tinker AFB—Retired Military an Asset (Workforce\Senior Housing)
Potential for Medical and Assisted Living Facilities
Growth of Cultural and Destination Tourism and Services
Several Industrial Parks and multiple available buildings in tribal region
Strategy of attracting small manufacturer to Mid-size high-value manufacturers
Potential for Development of the Creative industries (arts, crafts, etc.)
Little Axe\Highway 9 Corridor- Potential for Cultural Tourism and Destination Development
Thunderbird Lake—Potential for increased tourism development and tribal influence
Tribe owned commercial buildings and numerous land parcels

Threats

Tribe owned commercial buildings and numerous land parcels that are currently underperforming or nonperforming as investments
Continued Population Loss, Decreased Tax Revenue, Decreased Services,
Other Regions are Attracting Young and Vibrant People—Economic development is about People

Strategic Economic Development Elements

- As a Board, we believe that economic development success for the Absentee Shawnee Tribe requires an environment that has the following elements for long-term success:

- I. Government Continuity
- II. Separation of Business and Tribal Politics
- III. Proper Strategy, and
- IV. Intratribal Coordination of Resources

I. Government Continuity

In the interest of continuity of ASED, we have instituted staggered terms for Board Members. The advantages of staggered terms are:

- long term planning because it reduces the possibility of a complete turnover of political administrative and business leaders within the group,
- a reduction in Board member turnover that increases the development of an institutional knowledge base,
- more modest changes in policies and practices, and
- a reduction in the likelihood of radical short-term decision-making.

II. Separation of Business and Politics

In the history of ASED, multiple different members of the Executive Committee have been tasked with oversight of this corporation. This has often led to inconsistent business practices and shifting priorities and direction for project identification and funding. There are several ways to improve the operating environment for ASED. Three are described below: 1) depoliticize the operating environment, 2) enhance communication and coordination between ASED and the Executive Committee, and 3) engage a CEO to oversee ASED operations.

1. Economic growth is more likely in environments where political motivations are removed from business decisionmaking processes. ASED is a federally chartered corporation wholly owned by the Absentee Shawnee Tribe that has many legal and economic advantages over programs operated by the Tribe. Board members are approved by the Executive Committee for a set term and do not have to be involved in political campaigning for office. The Tribe's Executive Committee has a clearly defined administrative role over ASED. They appoint the Board members, approve the strategic plan, and approve annual operating and investment appropriations for ASED.
2. An important impediment to the efficient selection and funding of economic development projects has been a lack of communication and coordination between ASED and the Executive Committee. This has had negative effects on

decisionmaking including time spent on projects that are not desirable for funding, delays in proper due diligence reviews and duplication of efforts.

Communication and coordination between ASED A and the Tribe needs to be strengthened and regularized. There are several options for improving communication and coordination.

- Continue informal coordination.
- Assign dedicated staff to ASED A with a more formal coordinating role.
- Coordinate at the Executive Committee level, with support from dedicated staff for the Executive Committee and ASED A.
- Expand membership on ASED A and include ex officio representatives for each of the Executive Committee members and representatives from the Tribe's enterprise activities.

3. In addition, there have been varying levels of commitment of staff time to assist ASED A in its business activities. This challenge could be overcome by the hiring of a CEO.

ASED A is designed to have a CEO who is responsible for development of policy and making sure that each investment fits within the parameters of the original long-term plan and the latest annual plan. The CEO would also oversee the management of the business activities to assure profitable operations, ensure visibility of ASED A to potential business partners, market the opportunities for economic development activities with the Tribe, identify a portfolio of potential projects for ASED A funding, coordinate the due diligence review on potential project, conducts a financial audit, and develops the annual report and five-year strategic plan. For ASED A as an operating unit, the CEO handles all day-to-day operations, implements the operating and investment plans and handles personnel decisions.

III. Proper Strategy

The primary impediment to the development of a proper strategy for ASED A activities is the high cost of developing the infrastructure on tribal properties and the human capital represented by unemployed or underemployed tribal members. One solution to this impediment is to integrate into ASED A a non-profit planning group to focus on developing funding for the necessary and critical to economic development) infrastructure improvements.

ASED A would like to engage in different types of economic development to enhance the financial diversity of the Tribe. Provided below are examples of the types of projects that ASED A would like to identify and fund.

1. Grant-based economic development relying on funding sources from private, federal and state government programs to develop economic enterprises.
2. Non-profit based economic development with is quite similar to grant-based development. Partnerships between ASEDA and non-profits, because of the respective organizations' tax status make available additional funding sources for tribally based economic opportunities.
3. Entrepreneur-based development typically dedicated to increasing small business ownership by tribe members.
4. For profit, commercial business recruitment. This involves attracting outsiders to locate their business or invest in Tribal owned properties. This requires a stable government and some sort of economic development incentive to encourage selection of a tribal owned location.
5. Federal and state contracting to provide goods and/or services, preferably under an SBA 8(A) status.

IV. Intra-Tribal Coordination of Resources

Successful economic development activities can enrich the quality of life of tribal members in two very meaningful ways. Most importantly, they can provide business and employment opportunities, as well as education and training services so that an increasing proportion of tribal members are gainfully employed at tribally owned and operated businesses. Profits from these business enterprises can be returned to the Tribe's budget and used for social service, education and cultural programs that enrich all members.

From the legal and financial perspectives, the Absentee Shawnee Tribe is obligated to engage in significant economic development activities. From the economic and political accountability perspectives, the Tribe has a moral obligation to assure that economic development activities improve the quality of life for all members and that the enterprise activities of the Tribe are conducted at the highest level of professionalism and operated with the expectation that businesses will make a profit and be insulated from self-interested political decisionmaking. ASEDA, as a federally chartered corporation, is the natural choice for housing the Tribe's economic development activities and business enterprises. The presence of a CEO assures that the legal, financial and economic expectations are met. The oversight of a Board ensures that ASEDA is insulated from politics and maintains the highest level of accountability. Enhanced communication and coordination between the Executive Committee and ASEDA will assure the transparency necessary to safeguard the Tribe's assets as they are requested for new and continuing economic development projects.

Governance Structure for Mission Accomplishment

Most tribes operate with a federally chartered holding company, like ASEDA and businesses that engage in for-profit or enterprise activities are placed within the holding company. Using a model common to for-profit businesses, the holding company has its own Board of Directors and a Chief Executive Officer. Corporate meetings are held annual or quarterly.

Any enterprise activity conducted by the Tribe should be a component within the structure of ASEDA in order to represent the entire portfolio and to foster annual evaluation of the performance of each component as well as to conduct portfolio analysis. The following is a list of Tribal units that appear to function as businesses, corporations and enterprise activities and are not currently managed by ASEDA:

- Thunderbird Entertainment Center, Inc. – Casinos at Little Axe and Shawnee
- Convenience Store – Little Axe
- Smoke Shops – Little Axe and Harrah
- Restaurant –Little Axe
- All Nations Bank - Shawnee
- Absentee Shawnee Health Care Inc.
- Cattle
- Real Estate
- Media
- Gift Shop

If a decision is made to house the enterprise functions within ASEDA, then it may be necessary to revise the governance structure as well. The current ASEDA board could be restructured as follows:

- The entire five-person Executive Committee would comprise the shareholders for ASEDA and they attend the corporate meetings.
- In addition, one member of the Executive Committee serves as a voting Board member on ASEDA.
- Also included on the ASEDA Board would be one ex-officio board member from each of the ASEDA component units.

These changes to the Board structure would have the impact of encouraging communication and coordination between the Executive Committee, ASEDA, and the component units of ASEDA.

Financial Structure for Mission Accomplishment

To successfully uphold ASEDA’s two-fold operational responsibilities, the funding model cannot be solely based on the revenue streams generated by the economic development projects they fund. There are three reasons to avoid this funding model. First, ASEDA does not have access to an investment fund for funding new economic development projects. There will always be risk involved in the selection of economic development activities. Without an investment fund, a portfolio of small, medium and large projects with varying time frames cannot be considered simultaneously. This can have the unintended effect of creating perverse incentives that overestimate the riskiness of the project and create a bias for small, short-term projects with little potential for a significant return on investment. Second, the existing enterprises that operate as a part of ASEDA are seldom profitable and have not transferred profits from prior years to ASEDA. Third, any future profits from the business enterprises may need to be returned to the business to allow for growth and expansion.

2015 ASEDA Budget Request

ACCT	GL	ACCOUNT	TOTAL
CODE	CODE	TITLE	BUDGET
1.00	5105	STIPEND	9,000.00
2.00	5402	PROFESSIONAL SERVICES ACCOUNTING	2,750.00
	5403	PROFESSIONAL SERVICES AUDIT	10,000.00
	5407	PROFESSIONAL SERVICES OTHER	8,000.00
3.00	5351	TELEPHONE	1,000.00
	5360	ELECTRICITY	1,000.00
	6151	PROPERTY TAXES	1,100.00
	6100	INSURANCE BUILDING	1,100.00
4.00	5300	TRAVEL	4,000.00
5.00	5200	OFFICE SUPPLIES	450.00
	5561	PRINTING	1,200.00
6.00	5565	POSTAGE	400.00
BUDGET REQUEST FOR ASEDA 2015			40,000.00

2015 ASEDA Action Plan

In support of this budget request, ASEDA would commit to the following actions during the 2015 budget year.

1. Create an action plan for one year with performance goals embedded that could be used to support the 2016 budget request. The development of the action plan will be guided by information gathered on best practices for Tribal economic development activities. Some initial research by economic development experts has been identified which outlines best practices, common challenges, red flags, and appropriate strategies by economic development experts. The first step in action planning would be to conduct an internal process review and re-design the internal process and practices for identifying and evaluating future projects for funding.

2. Examine and refine the Board's Economic Development Strategy. To do this, ASEDA would conduct research on the types of business activities that should be pursued that could leverage existing resources (buildings, land, tribal programs and local businesses).

This research would start with an inventory of existing tribal resources and members' interests (from the survey) and would analyze potential contributions from other tribal programs and businesses.

Part of the research would gather information and technical assistance from a variety of sources - such as using business census data, Oklahoma state agencies - like commerce, agriculture, tourism, etc., some University of Oklahoma units like the Center for the Creation of Economic Wealth and the Center for Quality Communities, etc.

3. While the Board has always used the three goals in the federal charter as their touchstones when considering future projects, there are project selection additional criteria that may be important to guide decisionmaking. These additional project selection criteria could formally incorporate consideration of the due diligence, feasibility and project assessment analysis that occurs during project vetting. The Board will create a ranked project selection criteria model.

Potential project selection criteria could include:

- a) Consistency with ASEDA, Inc. funding objectives/strategy;
- b) Project partner (tribe; community; federal, state or local government; private commercial/business entity, non-profit organization, international)
- c) Quality of due diligence review;
- d) Project feasibility;
- e) Type of arrangement (existing business, partnership, start-up, passive investment)
- f) Risk level;
- g) Initial investment;
- h) Return on investment;
- i) Tribal control;
- j) One-time spending, or financing arrangement
- k) Job creation;

- l) Lasting community economic benefits;
- m) Goodwill for the Tribe;
- n) Investment leverage; and,
- o) Quality of partners (experience, reputation, track record of projects)

It may not be necessary to use all of these project selection criteria. Additionally, some criteria may be more important than others. The criteria can be weighted to show the relative importance of one over another.

When projects are reviewed, each project will get a score within a set range (see completely fictitious example below) and a matrix developed to articulate what is expected to achieve a score in each level. Each Board member would independently complete the project selection criteria analysis and then the results would be discussed at the Board’s next meeting in order to make a funding recommendation.

PROJECT TITLE: Heritage Food Production (Land owner in Little Axe near Cattle Project)		
	Rating	Selection Criteria/Weighting
1	Agree <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Disagree	Consistent with ASEDA Funding Strategy? (20%)
2	Agree <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Disagree	Partner is preferred (Tribe or community)? (20%)
3	Agree <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Disagree	Satisfactory due diligence review? (20%)
4	Agree <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> Disagree	Project is feasible with current resources? (10%)
5	Agree <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> Disagree	Arrangement is preferred—Cmty partnership? (5%)
6	Agree <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Disagree	Financial risk level is low?(10%)
7	Agree <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Disagree	Initial investment is low? (5%)
...	Agree <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> Disagree	Other criteria ... (10%...)

4. Before the end of the 2015 fiscal year, ASEDA would present the results of a cost-benefit (effectiveness) analysis of several potential projects along with a recommendation for three or so projects considering a diversified portfolio that would include projects judged to have these characteristics: 1) short-term timeframe to implement, but relatively small start up required, 2) mid-term timeframe to implement, and 3) long-term timeframe to implement. Provided below are some initial ideas about projects that could be included in the portfolio.

Recommended Target Industry Sectors

1. Advanced Manufacturing and Tech Firms – Small to mid-size firms

The Economic Impact of Manufacturing

Manufacturing has long been an economic driver and is vital to job creation and retention. The National Association of Manufacturing (NAM) reports that each dollar's worth of goods produced creates another \$1.43 of activity in other sectors, more than twice the \$.71 multiplier for services, and has the highest multiplier of all industries. The U.S. is the world's largest manufacturing economy, producing 18.2 percent of global products.

- U.S. manufacturing produces 12.2 percent of U.S. GDP or \$1.8 trillion of economic value.
- Nearly 12 million Americans (9 percent of workers) are employed directly in manufacturing.
- Standing alone, U.S. manufacturing would be the tenth largest global economy.

In Oklahoma, 57% of manufacturing employment is concentrated in machinery and fabricated metal production, food processing, and plastics and rubber production. Manufacturing jobs in this OKC metropolitan area pay more than 55.7 percent above all industries. In 2010, manufacturing contributed the largest share of 14.4 percent (\$17,269 million) to Oklahoma's total Gross State Product. These factors make manufacturing a viable sector for business recruitment efforts.

2. Healthcare – Healthcare is the world's largest industry, providing 13.5 million jobs and 8 out of the 20 fastest growing careers. With the recent completion of a state-of-the-art hospital, the Absentee Shawnee Tribe has made strategic investments to improve member health. As people live longer requiring more and higher quality preventive and long-term care, demand for workers grows faster than the average rate for all occupations combined. Healthcare industry demand is projected to continue growing at a rapid pace and the Absentee Shawnee tribe is strategically positioned to provide quality services for tribal members and the region.

3. Tourism, Destination Venues and Gaming and Entertainment

While often taken for granted as a viable sector, tourism is a \$1.03 trillion industry and the U.S. accounts for \$116.3 billion of all global tourism. In 2011, the travel industry continued recovering from the recession with over 983 million tourist arrivals globally, representing a growth of 4.6%. In 2012, the industry rose to more than 1 billion international arrivals. In addition to job creation, and new business, well-managed tourism improves quality of life and builds community pride.

Tourism – An Economic Driver in Oklahoma

- Tourism's \$6.1 billion impact in Oklahoma makes it the state's third largest industry. The industry is responsible for 76,200 jobs, \$6.1 billion in economic activity, and \$953.4 million in tax receipts.

According to a 2009 national research study on U.S. Cultural and Heritage Travel by Mandela Research, 78% of all U.S. tourists (118.3 million adults annually) participate in cultural\heritage activities. Cultural and heritage visitors, spend \$994 per trip compared to \$611 for all U.S.

travelers. For the Absentee Shawnee tribe, cultural heritage tourism provides an opportunity to continue to diversify the tribal economic base while preserving and sharing the tribe's unique story and culture.

4. Energy

Oklahoma is the sixth largest oil producer and the third largest natural gas producer. 71,224 Oklahomans are directly employed by the drilling and production sectors of the oil and natural gas industry and another 228,115 jobs are supported indirectly. The industry generates more than \$14 billion in labor income. The tax levied on the industry- the gross production tax - accounts for ten percent or more of total state tax collections each year and is apportioned across several state revenue funds that support county roads, local schools, higher education and general revenue. The oil and natural gas industry generate economic impacts to Oklahoma of \$51.7 billion in goods and services - nearly one-third of Oklahoma's gross state product. Due to continued energy sector growth further consideration should be given to future tribal business development opportunities.

5. Logistics, Warehouse & Distribution

Through a new alliance with Park Lease of Dallas a Texas-based vehicle-leasing company, ASED A can lease and sell vehicles to tribes, government agencies and businesses nationwide. The new service offers affordable fleet rates with sales, leasing or special financing options. With 562 tribal nations in the U.S., the tribal market is significant. ASED A can also contract with large corporations to help them fulfill diversity requirements to do business with minority-owned firms. The opportunity also exists for the new alliance to pursue government contracts. The alliance combined with existing buildings and other resources forms a solid basis to explore other business opportunities in logistics, warehouse and distribution.

6. Housing, and Workforce Recruitment - A New Type of Targeted Sector (Senior)

Economic development used to first focus on developing sites and on workforce development second. Today workforce development plays a major role in economic development and is a primary deal driver as new business location is increasingly becoming based on having a base of skilled people. An approximate 110,000 workers commute daily into Oklahoma County. An opportunity exists to target these professionals from outside the county with elegant, affordable housing options.