

Absentee Shawnee Economic Development Authority, Inc. Cost Effectiveness Analysis



Absentee Shawnee Economic
Development Authority

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Executive Summary

This cost effectiveness analysis document introduces the reader to economic development and describes the major goals of economic development for the Absentee Shawnee Tribe. The report explains the history of the Tribe's federally chartered economic development organization, the Absentee Shawnee Economic Development Authority, Inc. (ASEDA). The history of Board Members and Corporate Executive Officers conveys an understanding of the progression of personnel involved in economic development. Next, the business process model used by ASEDA's Board Members to identify and review potential new projects and request funding/financial support from the Tribe's Executive Committee is explained. The document also analyzes ASEDA's accomplishments and challenges, financial performance, and presents the results of a survey of Tribal member preferences.

The report has been prepared in response to a late July 2014 request by Treasurer Leah Bates to Mr. Eddie Brokeshoulder, the Absentee Shawnee Financial Consultant requesting "... an analysis of ASEDA, Inc. and its profits and expenditures." The document was requested for submission to the Absentee Shawnee Tribe's Executive Committee to allow consideration of the future direction that should be taken with respect to ASEDA.

Recent public statements by members of the Absentee Shawnee Executive Committee underscore the importance of successful economic development activities through ASEDA. For example, in the September 2014 edition of *The Absentee Shawnee News*, Governor Butler-Wolfe shares a vision of the Media program as a wonderful business asset if it could be established as an 8A (business) under ASEDA (p. 3). In this same issue, Representative Blanchard describes a vision of resolving issues and concerns in order to move forward for the betterment of the Tribe. He then states that economic development is a way to bring more revenue to the Tribe and is deserving of Executive Committee attention (p. 4).

Board Members share the optimism the Executive Committee has about the integral role ASEDA can play in developing businesses that provide revenue to better the Tribe. With respect to the potential future direction for ASEDA, a companion document has been prepared that outlines a strategic vision for future economic development activities and proposes a business model for operations in upcoming years. This proposed plan will be used as a justification for the 2015 budget request for ASEDA.

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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What is Economic Development?

Economic development activities can be described as the processes, policies, and activities by which the Absentee Shawnee Tribe can improve the long-term economic self-sufficiency and social well being of Tribal members. The purpose of economic development activities is to develop the economic assets and wealth of the Tribe by creating and/or retaining jobs, supporting and growing incomes, and enhancing tax revenues while growing the tax base.

Four elements related to Tribal economic development have been identified as:

1. Government Continuity,
2. Separation of Business and Politics,
3. Proper Strategy, and
4. Intratribal Coordination of Resources

Successful integration of these elements can allow the Tribe to use ASEDA's governmental and legal status to successfully identify, start, and oversee economic development activities.

More than 25 years ago, the Absentee Shawnee Tribe recognized the importance of a separate economic development function when it created the Economic Development Authority in 1988. This organization was a precursor to ASEDA. In 1999, the Tribe reaffirmed the importance of economic development when it authorized a 30% allocation of net gaming revenues to be used to promote economic tribal development (Resolution AS-99-91).

The Absentee Shawnee Tribe does recognize the need to promote various economic development ventures to generate revenue and resources in order to increase vital services to the tribal membership. In the past, the Absentee Shawnee Tribe has developed an overall economic development plan purporting to be the Absentee Shawnee Tribe in the direction of economic prosperity. ... To take full advantage of the tribal status, it must pursue other avenues of economic development, if it is to move forward in providing additional service for the tribal membership. The following areas of economic development are, but not limited to, as follows:

Land and property purchases

Seed monies

Investments

Partnerships

Acquisitions of existing business ventures

Newly developed economic development projects

Investments in existing tribal business ventures

The Absentee Shawnee Economic Development Authority, Inc. (ASEDA) is a component unit of the Absentee Shawnee Tribe of Indians of Oklahoma (Tribe) formed on July 24, 2001. As a federally-chartered corporation owned by the Absentee Shawnee Tribe of Oklahoma, ASEDA has the ability to create and oversee, tax-free, tribal ventures that have the purpose of diversifying and growing the economic base of the Absentee Shawnee Tribe and members. The general purposes of ASEDA are as follows:

- To create and stimulate the economy of the Tribe and to create employment opportunities for tribal members.
- To generate profits to promote the growth and continuity of the ASEDA Corporation and for distribution to the tribal government and such departments as the Tribe may direct.
- To generate tax and other revenue for the use by the tribal government in providing services to the tribal membership.
- To increase the economic well-being of the tribal membership in accordance with any economic development policies and plans of the Tribe as adopted in a Strategic Economic Development Plan.
- To engage in community development directives this will enhance the quality of life for the Members of the Tribe.
- To engage in any lawful act or activity for which companies may be organized under ASEDA's Corporate Authority.
- ASEDA strives to be a successful tribal economic development corporation. ASEDA has a goal of creating economic development diversification for the tribal members and contributing to a tax-base that will help to support economic and community development initiatives. The focus of ASEDA's economic development efforts is related to specific projects and development initiatives.

Key Partners for ASEDA:

1. U.S. Department of Commerce Economic Development Administration – Central Economic Development District, Shawnee Oklahoma
2. Oklahoma State Department of Commerce
3. City of Norman Economic Development Authority

Historical Development of ASED

ASEDA currently operates as a three-person board with members serving three-year terms. ASED

Established in 2001 to function independently under the direction of the Board of Directors and management by corporate officers, ASED

ASEDA was initially capitalized and staffed to pursue the accomplishment of its corporate purpose of economic development. However a series of business and financial setbacks depleted significant amounts of capital contributed by the Tribe to ASED

The Executive Committee, despite facing the Tribe's own financial downturns, has provided direct cash infusions for basic ASED

History of ASED Board, Membership and Corporate Officers

Archival documents such as the General Council, Legislative and Executive Resolutions of the Absentee Shawnee Tribe, Board meeting minutes, Board Member compensation reports, ASED resolutions and statements by current Board members were reviewed to establish a timeline for the economic development activities of the Tribe. These document also were beneficial for documenting Board Membership and a Chief Executive Office or other personnel employed by ASED. While every attempt has been made to create a comprehensive and accurate timeline, the records have passed through the offices of Executive Committee members as they are elected and assume and then leave office as well as tribal employees tasked with ASED support. Therefore, this document illustrates important moments in time and actors in economic development and the reader should understand that details other important events or actors may be missing. The document will be updated as new information is revealed.

1988: Economic Development Act of 1988. Creates the Economic Development Authority. Managed by a Board of Trustees with seven persons (later revised to five) with staggered five-year terms including a President, Vice-President, Secretary and Treasurer. The Executive Committee appoints board members.

AST-GC-88-03, General Council Meeting Resolution creates Absentee Shawnee Economic Development Authority, Inc. with a 5-member board of Trustees appointed by the Governor for five-year terms. \$40,000 appropriated to begin operations.

1989: AS-89-35: Executive Committee formally approves Economic Development Authority creation.

AS-89-67: Executive Committee formally approves five-year staggered terms.

1992: L-AS-92-04: A five-year plan from January 1992 to December 2007 is approved stating the Long Range Goals for the Tribe. Goal B (of six) is for Economic Self-Sufficiency and Goal D is for Education, as a means of counteracting the economic distress of the Tribal area and members.

1999: L-AS-99-59: Oversight of ASED granted to Governor and Secretary. A procedure for presenting Economic Development Concepts to the Absentee Shawnee Tribe is adopted.

1999-2004: Russell B. Ellis, Tribal Treasurer, serves as Economic Development Chairman.

2000: EDA-2000-01: Request to repeal the Economic Development Authority Act of 1988. Was not acted upon by the Executive Committee.

2000 Members: Eddie Brokeshoulder, Chairman; Phillip S. Ellis, Vice Chairman, Duane A. Ellis, Treasurer, Alecia J. (Ohzahwah) Atwara, Secretary and Ed Elephant.

L-AS-2000-41: Creating a five-person board, for five year terms, with Chairman, Vice-Chairman and Secretary/Treasurer appointed by the Executive Committee.

E-AS-2000-80: Transfers oversight from the Secretary to the Treasurer.

2001: Federal Charter issued on January 2nd.

2002: E-AS-2002-78: Up to date Five-Year Strategic and Economic Development Plan adopted with the Planning Department coordinating.

2004: Mr. Carol Leese was selected as CEO for ASEDA.

2005: According to the ASEDA Meeting Minutes, Board Members included:

Carol E. Leese, CEO
Russell Ellis, Chairman
David Rolette, Vice Chairman
Anita Chisholm, Secretary
Craig D. Carter, (President in August 2005)
Chris Cochran
Bob Weaver (Vice President in August 2005)
Richard Finley (resigned in August 2005)
Jim Wheeler (resigned in August 2005)
Gary Davis

Several Board members step down and Mr. Leese resigns.

A new Board Chair is selected but removed less than a year later in 2006.

2007: Mr. Paul McIntyre becomes Interim CEO for ASEDA and later becomes an employee of the Tribal Secretary.

2010: The newly elected Executive Committee re-configured the Board Membership for ASEDA by creating a position description for Board Members and advertising for interested persons to apply.

Dan Little Axe (President), Adam Proctor (Vice President), and Lyndale Waller (Secretary) are appointed to the Board.

2012: Dan Little Axe and Adam Proctor are reappointed to the Board for a three-year term. Eddie Brokeshoulder was added as the Secretary of the Board.

ASEDA Operating Processes and Practices

Since 2010, ASEDA has used the following process to consider projects that have been identified by Board Members as potential economic development activities that can benefit the Tribe.

Project identification process

1. Pre-screening of the project to see how well it may satisfy the Board's three goals.
2. Signing of a non-disclosure (confidentiality) agreement in order to get some basic information about financial condition and key employees.
3. Conducting the due diligence review process using ASEDA checklist (See Appendix).
4. Deciding if the project meets ASEDA's charter criteria.
5. Deciding if ASEDA has the financial ability to move forward on the project.
6. Voting on the disposition of the project.
7. If recommended, presenting the project to the Executive Committee.

There are two potential strategies that can be used during project identification. In the first strategy, the Board can take an opportunistic approach—evaluating each economic development project on a case-by-case basis as it is proposed. In the second strategy, the Board reviews a number of projects simultaneously, seeking out and ranking projects that clearly falling within their economic development strategy. The current business model for the Board is to engage in opportunistic project selection since the Board does not have an overall budget that can be used for periodic (quarterly or semi-annual) ranking of projects as would be the case in the second strategy.

Economic Development Project Assessment

Project selection requires alignment with the Board's strategy guidelines, documentation of the organization's processes, development of internal and external relationships, and coordination within the overall tribal organization.

Strategy Guidelines

- As a federally chartered corporation, ASEDA has certain financial advantages (tax incentives, borrowing or bonding authority, purchasing existing enterprises, regional inter-tribal partnerships, federal contracting and future SBA 8(a) development).
- Business development opportunities that are geographically based.
- Low or no buy-in partnerships.
- Passive investments with high short-term profit potential.

Incorporating quality-of-life goals into economic development strategies can make a community more economically competitive by making it easier for workers to access employment centers, educational opportunities, services, and other basic needs, as well as expanding business' access to markets and customers. The non-existent investment pool makes it difficult for the Board to consider any projects that would be beneficial in improving Tribal members' quality of life.

Project Assessment

Project assessment is a way to focus attention and funding on the principles that guide the Tribes' economic growth and help to educate the Executive Committee, tribal members, and our external partners on our goals for economic strength and improve quality of life. The project selection tools used by other economic development organizations vary widely in their approaches and can incorporate checklists, scorecards, performance measures, or other evaluation methods. They also vary in the scale at which they are applied. ASED A has seldom had dedicated staff to assist in the creation and implement of project selection tools.

Project Selection

Project selection criterion documents assess how a project could improve economic conditions for local residents and tribal members. The most common criteria do not require advanced analysis skills. One criterion assesses whether a project is likely to promote economic development by creating new permanent jobs. Other criteria include a workforce training component or relocating businesses near residents that would otherwise be displaced.

Board Member Statement About Operating Processes and Practices

The current Board had their first meeting in December of 2010. At this meeting, they learned that the previous Board had not accomplished much after five years. The new Board members knew the history of ASED A prior to joining the Board in 2010 and wanted to make sure that they could steer it in the right direction. For the past four years, all the ASED A Board members have been Tribal or Native Americans acting with the Tribe's best interest at heart.

Given ASED A finances, there was not much opportunity to develop and/or invest in businesses that would benefit the Tribe. Board members did make sure that projects they considered would support three goals:

- 1) The business would create jobs,
- 2) The business would benefit Tribal members and the community, and most importantly
- 3) The business generated revenue.

Board members felt that all the businesses we recommended would meet these goals. There were other opportunities that came to our attention, but did not fit our criteria. Just as equally, there were other opportunities that would have made an impact. But with no finances, collateral, or financial track record, the Board was not able to pursue the businesses we knew that would have benefitted ASED A and the Tribe in a positive manner. With little to no funds to invest, all of the projects that we pursued were created on our status as a Tribe and as an Economic Development Board, without any thought of personal gain.

Historical Narrative of Project Initiatives

As described in the History of ASEDA, the Tribe's commitment to economic development activities has been constant over a very long time period. The Tribe has been fortunate to have a variety of members who have provided their professional expertise, business and personal connections, and energy to the identification and vetting of projects designed to increase economic well being and enhance the quality of life of our members. While the time period in this historical narrative spans from 1988 to present, a lack of historical records and/or access to prior Board members means that some of the earliest descriptions are incomplete. The narrative from 2010 is based on the personal experience and descriptions of the current ASEDA board members.

Tribal Business Committee

The clearest evidence of the Board's commitment to economic development is the presence of Mr. Dan Little Axe as the President of the current Board of Directors. Dan's commitment to the Absentee Shawnee Tribe's economic development started when he was elected to the Business Committee which started with a \$265 annual budget for janitor supplies at the Indian Health Service building (since there was no place to meet). The first project was to apply for a program grant. After six months the application was successful and the Tribe got \$6,000. Then, the Business Committee's Secretary became the Director and an office was opened. The process began to apply for other grants. Grant success grew and grew, until the point that the enterprise occupied every office space they had available. From about 1980 to the mid – 1990's the Committee's operations were focused primarily on grants and not on any business development activities.

Since the Economic Development Authority was approved at the General Council meeting in 1988, the Tribe has consistently supported a separate entity responsible for identifying new and overseeing existing economic development activities in support of the self-sufficiency and workforce development goals of the Absentee Shawnee Tribe and its members.

No documentation of projects reviewed and/or funded exists until 2000 in the Executive Resolution (E-AS-2000-139) that authorizes Nordhaus Haltom Taylor Taradash and Frye, LLP for one-year assistance in evaluating proposed Economic Development projects.

Absentee Shawnee Economic Development Authority, Inc. (ASEDA) Formation

As part of the 2001 formation of ASEDA, the Executive Committee retains approval authority for any Tribal fund transfers and an initial appropriation of \$750,000 is made for start up.

2001: Business Plan for Earlsboro Economic Development Project which would feature Travel Plaza/Convenience Store, Casino, Hotel and Convention Center and Golf Course with a Market Demand Analysis prepared by KPMG.

Creation of a partnership with an Architecture and Engineering firm in Norman. Through this firm, ASEDA applied for SBA 8(A) status and this was approved.

ASDG: The approval lead to the creation of a partnership company Absentee Shawnee Design and Graphics (ASDG). At the start, ASDG received two or three contracts from Tinker Air Force Base and they were doing the projects. As the current Board members understand the situation from comments made by others, the ASED A could not get information on performance from principal operator/manager, which was their partner. Initially partner filed suit to prevent ASED A from interfering in the business activities. Later, ASED A did a counter suit. Over time, the legal fees got expensive nearing \$300,000.

Tribe transferred two tracts of land to ASED A and the Board sold those to generate \$250K in to do business.

2002: Proposed purchase of the Kienzle Building in Shawnee for ASED A Office.

2002: Proposed purchase of the Tecumseh Square commercial Shopping Center.

2003: Proposed purchase of One West Tenth Building in Shawnee for ASED A Office.

2003: Proposed purchased of Fast Lanes Car Wash and Detail Shop in Norman.

2004 – 2005 Mr. Carol Leese, CEO

Mr. Carol Leese as former CEO had developed ASDG as a SBA 8(a) certified company.

2005: Board minutes report these economic development activities:

Current businesses: AllNations Printing, Har-Son, ASDG, Smokeshop

New business discussion: AllNational Insurance (Miami and Delaware), AllNations Construction, AllNations Information and Technology, FAA, Pave-Con Mentor Partnership, Wyandotte Tribe partnership and Triumph Technology-Gloria Redman, ADA. Additionally, ASED A will hire a marketing person and a vice president.

There are additional documents by Michelle Lopez supporting the purchase of eighty acres in Norman to be developed into a shopping center. There is also documentation following a trip to Nevada to explore the potential for development of Gasoline/Diesel and Petrogas Transmix plants in Oklahoma.

SOL Tactics. This project was with a company that manufactured solar panels for 'Big Box' stores such as Wal-Mart, Target, etc. Investment was \$125,000 to this company and the owners of this company wanted ASED A to invest more money without it producing one solar panel to date. We immediately met with the owner and realized that his product was not what we expected. Our due diligence showed that this company and the product was in fact a 'Start-up' with a product that was behind the technology of that time. We moved to recoup our monies with no avail.

2007 – 2012: Mr. Paul McIntire, Interim CEO of ASED A, CEO of ASED A-Enterprises

2008: Property at 2025 S. Gordon Cooper Drive, Shawnee, OK transferred from Tribe to ASEDA. ASEDA begins paying rent on this building, which has never been occupied.

Harrah Smoke Shop Reconstruction. Following fire damage and a settlement from the insurance company, a new building for the AST Smoke Shop in Harrah was constructed and coordinated with the BIA Roads program for the parking lot construction and funding.

Quality of Life Renovations. Cleaned out various pieces of equipment and old files that had been stored for a very long time in part of the basement and the third floor of Building #1. Managed project to install carpet, tile in the entryways, floor base and stair treads in Building #1. Restored exercise equipment and made basement in Building #1 into an exercise room.

CNG Dispenser at Little Axe. Explored the feasibility of installing a CNG dispenser at Little Axe convenience store.

C-Store Upgrades – Little Axe. Worked with Thunderbird Express manager to begin better utilizing the POS and inventory systems starting with obtaining additional company support to help us integrate the fuel measuring system, the accounting system, the point of sale system, a better categorizing and sub-categorizing of the products, and finally to be able to use the tools in the software to better manage the inventory.

Installation of POS/Inventory System at Harrah. Renewed expired licenses on the POS / Inventory system and a credit card software system that we had previously used in Harrah and Little Axe.

C-Store Replacement- Little Axe. Started a dialogue with a group to replace the C-store with a new facility, with branded gasoline, conveniently located parking, a gaming room & extra parking on the west side of the facility. This idea would take the coordination of grants, branding incentives and possibly gaming vendor investments with no borrowing involved.

Alabama-Quassarte Government Contracting Partnership. A group that worked with Alabama-Quassarte's Government contracting Division, Aquate Corporation, had approached us with working on partnering with them for Government Contracts, on an 8(a) company called GOVCON. No funding support from the Tribe would be needed. We hired Mr. Sharrod Tabbybite as a consultant to help us structure the entity and organize the company GOVCON, Inc. This was to be a government services contracting company as Aquate Corporation as a prime contractor and ASEDA as a sub-contractor. Aquate already had the length of experience needed. All of the economic development entities could benefit from the SBA 8(a) status include ASEDA Fleet and the counseling centers (described below). Some examples of the types of contracts that could be pursued included information technology, building cleaning, and lawn maintenance.

ASEDA had to develop the SBA 8(a) eligibility through SBA. But the process was halted after the draft packet was created. In addition, the Board needed financials from key personnel at GOVCON and they were not forthcoming. ASEDA did not get any financial reports, which resulted in dissolving GOVCON.

After we started, Alabama-Quassarte's group 'Aquate' had personnel changes within their organization. For financial reasons the consultants on the side of Aquate's group and for political reasons within the Alabama-Quassarte's business Board GOVCON, Inc. was dissolved. The current consultant for this tribe has contacted the Board to see if there are other partnerships. Staffing time will be the issue in the future to do the admin work.

Tecumseh Square Remodel. Tecumseh Square was a project that was led by Ken Jones to remodel the building into an Education Center for both Gordon Cooper and East Central University. The Board was approached by Secretary Terri Reed to help assist and take the lead, along with Ken Jones, under a TED Bond that the Tribe had applied to utilize. After a few months of working with him, the attorney, Architect, and Broker at East Central had decided that it was not financially feasible to pursue this venture on Tecumseh Square.

The Board had accumulated invoices from all three individuals. Even though we assumed this was a 'Tribal' project, not an 'ASEDA' project. The bills were forwarded to Treasurer Deere. We soon found out that the Tribe would not be responsible for these invoices, as neither Secretary Reed's department nor OEH - Ken Jones department - created them. ASEDA at this time did not have the funds to pay the bills and did not understand why they should pay the bills, knowing that this was a project that was not created by ASEDA.

2010 – Present. No CEO for ASEDA

Absentee Shawnee Counseling Services. Officials from the United Keetoowah Band (UKB) approached ASEDA about developing a Counseling Treatment Center with a group, Native Health Consultants (NHC), which the UKB had been working with for the previous six years prior to meeting us. NHC wanted to develop more Counseling Centers with Tribes across Oklahoma, particularly in the OKC area. They had already developed one with the Quapaw Tribe (Miami, OK) and the UKB (Tulsa, OK). Geographically AST members could not access treatment center at the time. The treatment centers would hire our own members. We did not feel it was necessary to get an Attorney General legal opinion since the history of the financials was positive and we had all the certificates for the personnel and federal state to operate.

We worked out an agreement with Native Health Consultants with the blessing from Governor Blanchard to look into it and move forward. We had referral assurances from both Chairman Berry and Chief Wickcliffe about NHC and approval assurances from the previous IHS Area Director, before Max Tahsuda, that this Treatment Center would be approved for OMB billing, the same structure and set-up as the other Tribal-owned facilities. After our due diligence, the agreement was approved and signed by ASEDA to build and organize a Treatment Center in the Valley Brook area of OKC. The Board also reviewed billing revenue each month. There was no feasibility study to determine if this location would provide access to the target population and to profile to find out what the insurance/reimbursement situation would be. The Board had reviewed tribal enrollment population in the service area. This review suggested there would not be expected to have a lot of AST enrollment in that area.

The business plan for the clinics was to change client profile to only accept Native Americans or Sooner Care. The treatment center needed to change business model for limited client pool. There was no transition plan put in place, but the idea was that clients could be

identified through marketing (like at health fairs). In addition, the health board contract agreement with IHS was reviewed and it was determined that behavioral health for the Tribe was not in contract even though had been doing this for 5-8 years Little Axe and Tribal Health at Complex. We thought it was already contracted. In compact with IHS was not a line item nor were counselors even certified. So, instead of approving, or amending, the line item by the Tribal health board to get behavioral health on contract and be certified. The health board decided to dissolve.

With a new client profiles, the OMB rate would be available raising reimbursement to \$200-\$300 per encounter. Oklahoma State Health Department had already approved Sooner Care. OK State Health Authority wrote a letter to approve once status was established. New area director was against. Shortly after, IHS decided NOT to approve for the OMB billing, therefore creating doubt with our EC in supporting ASEDA on this endeavor. After a year of proving to the EC and the Tribal Health Board, appeal hearings with IHS, the Treatment Center was not approved and ASEDA sold the company and soon dissolved the entity.

ASEDA Fleet. This was an opportunity where a Consultant and an Owner of a major dealership in Dallas approached the Board on providing fleet services and autos to Tribes/Tribal members/Corporations/Government contracting Departments across the country in hopes of applying for 8(a) status for federal contracts. This was a start-up venture with the Dallas group providing the technical expertise and structure to form the entity. Board went to TX for discussion. The initial arrangement was they would provide the fleet system and our tribe (51%) The consultant had developed car Credit Company in Seattle. The consultant group would create the website, marketing and provide a contact list as well as attend conferences displaying the ASEDA fleet banner. She would be paid \$5,000 a month for 12 months. In order to grow the business ASEDA needed to provide sales and marketing personnel as ASEDA's part of the agreement.

ASEDA leased one car to Turkey and provided cars for Tribal Treasurer and Secretary. Because of the sovereignty waiver issue, Tribes did not want to lease with us. Many leased with GSA and were cheaper. (Older and higher mileage) It seems to be the same situation now.

ASEDA Fleet had status with Auto Nation. But needed its own dealership license to be a 'stand-alone' dealership. ASEDA Fleet also needed laws so that UCC claim was perfected and allowing for repossession. They could do this through their code.

After a few sales, time had gone by and ASEDA would have to put in more money to keep the project going. Once the fleet business was established, there would be a need for a dealership license with Oklahoma. This would be the next step to keep sales going with Auto Nation.

During the time ASEDA Fleet was in operation, the Tribe's Treasurer was ad hoc on ASEDA's board and could not ask for extra money. ASEDA did not have the funds to continue, as our budget did not allow at that time.

Civic Project. Took over a three-year old project from the Secretary and Treasurer in November of 2011 since bonds to finance the project were to expire in 2012. Submitted an extension request to the IRS and began preparing lease agreements, constructions costs, and floor plans with renderings.

2013: Shareholders' Representative Action to create ASEDA Enterprises, Inc. a wholly owned subsidiary of ASEDA, Inc. ASEDA Enterprises, Inc. will do business as Thunderbird Express and Smokeshop; Country Kitchen; and Harrah Smokeshop and Terri Reed will serve as President and CEO. ASEDA, Enterprises Inc. is not reported as a component unit on the Audited Financial Statements of ASEDA even though an amount owed by ASEDA Enterprises to ASEDA is documented for two years.

HiTech: in February 2013 the Delaware Nation in Anadarko contacted the Board. Someone from the Delaware called Ray at HiTech and told him the Tribe would be interested in the project and has money to invest. This company produced air filtration systems for homes and offices that would remove mold from the air. After our due diligence, ASEDA realized that this product was already patented in another state and already in the market.

Little Axe Water District. After hearing complaints from Tribal members about hard water in their homes and hearing the comments from the Tribal Health Clinic on the water from the new Clinic, the Board knew what was good for the Board was good for Tribal members. The benefits would be two-fold: not just a water district for area, but also a partner with the community – a co-operative arrangement.

In addition to the actual need in the area, water rights in the State of Oklahoma have become an important issue to be determined. The Absentee Shawnee Tribe has a vested interest in asserting its sovereignty over its historical jurisdiction and claiming its water rights in the area. In order to establish a rural water district, articles of incorporation and bylaws must be adopted. Representatives of ASEDA and their consultants have been negotiating with the City of Norman and assessing support of Tribal members for the rural water district. Although the City of Norman has caused conflict in the past, through zoning and ordinances, the City of Norman is in full support of the Rural Water District. The City of Norman has no way to provide water for Little Axe.

So, the Board decided to do a feasibility study on what it would take to develop a water district in the Little Axe area, and also a hotel. The Feasibility Study shows that much of the water in the area wells is contaminated due to many causes. Clean water is one of the priorities the EPA, Department of Agriculture, HUD, IHS and other government agencies. The study has located at least 8 grant programs created to support this type of project. Even without grants, Tax Exempt Development Bonds (“TED”) bonds, a form of municipal bonds, could be issued to finance the project (Further description provided in the Appendix). Cash flow from the project would provide ample funds to repay the bonds. The consultants working with ASEDA have located buyers who desire to purchase the bonds if they are issued.

The feasibility study also provided input for the need for a hotel next to the Thunderbird casino. The Hotel has been shown to be feasible for 50 rooms, with amenities. From this study, it showed that both ventures were feasible to develop and sustain itself with growth after the first year. ASEDA has the ability to utilize TED Bonds (information on these is provided in the Appendix), federal grants and other financial resources to build and develop both projects.

After two community meetings in Little Axe, we were met with much resistance in forming a Rural Water District. We mailed out a survey to 3,300 residents in the Little Axe area, with only 300+ surveys returned. Half of these surveys voted ‘No’ of forming the Rural Water

District. We are currently devising a cost estimate and design concept of running water lines out to members' homes from the existing water system at the Clinic. This is to provide water to our tribal members AND community members that do want running water.

There was also some concern that the City of Norman would have filed lawsuit to go against the tribe. A few years ago, Norman would build water line, but tribe would pay. ASED A talked to Norman to build compatible system and agreement for future connections.

GCG Partnership. Gaming Capital Group approached the Tribe with a proposal for casino design review/equipment finance, management services and hotel construction and financing. As well as Little Axe C-Store improvements, there was a meeting with a group including the management team, architect, construction, C-store gaming commission, Governor. GCG could not get the gaming license from AST gaming commission.

Brothers Bottling Company, LLC. The Board learned that the owner was on the market to sell water and rights on around 10 acres of land in Concho. The distribution network was established and the current personnel would be retained. The price was little higher than banks would normally agree to co-sign. The Board did find one bank that would co-sign if the Executive Committee would co-sign. The Board signed the confidentiality agreement and looked at financials with a financial consultant and banker this gave the Board the pros and cons of this partnership. The prime advantage was that there was no money required for down payment and no infusion of cash from ASED A for ongoing operations. After the first round of review, the owner was willing to throw in some money and reduce down payment to get the deal done. The owner was willing to stay involved for the life of the loan to consult and manage. We estimated this to be a period of 3-5 years. ASED A would retain all profits after the loan was repaid.

Internet Lending Clearinghouse. The Otoe's representatives reached out to the Tribe's Attorney General to inquire about partnering with AllNations Bank to handle the loan disbursements for Otoe's lending company. There had been some efforts in the past on their behalf but no meetings occurred. The lenders provided a basic description of the services they require and were asked to provide some additional information. There was a meeting appropriate representative to discuss their needs and the idea of entering into a letter of intent, wherein the lender would pay the cost for Tribal Attorney General to perform the due diligence necessary to determine whether there would be any merit to pursuing a relationship. After, due diligence, the Tribe had decided not pursue this venture any further.

Burggraff Tire. Through the Eastern Shawnee Tribe, representative Burggraff Tire. Burggraff had five or six locations and wanted to restructure and reduce branches. They wanted to sell the company in Tecumseh and indicated they would work with ASED A on down payment. The agreement was that the current management would stay in place for the life of the loan. This business was attractive since they already employ Tribal members. Over time, we planned to retrain tribal members to manage and run car shop. This would lead to a transition time for ownership and management.

Symbiotic Aquaponics, LLC. Initiated a discussion of food production systems that combine conventional aquaculture (raising aquatic animals such as fish in tanks) with hydroponics (cultivating plants in water) in a symbiotic environment.

U.S.D.A. Discussion with Rural Development office concerning grants and loan business development opportunities.

Bureau of Indian Affairs. Discussion with representatives from the Loan Guarantee Program to provide loans for Tribal and individual Tribal member business development loan guarantees.

Problems Encountered by the Current Board of Directors

- a) Recognizing the fact that the Executive Committee provided financial capital to ASED A, when the current Board was appointed in late 2010, they were left with very limited funds to carry forward the corporate purpose of ASED A. Over the last three and a half years, the Executive Committee funded only the cost for communications, utilities, insurance, audit, travel and per-diem of the Board. ASED A's Strategic Plan includes the need for adequate capitalization of the corporation. Such have not taken place as of yet.
- b) ASED A has legal capacity to borrow if they would have the equity or property. That was one of the reasons Board members felt that we needed to have ongoing businesses transferred to ASED A to use the value for lending collateral.
- c) Pursuant to its federally chartered corporate powers and authority, ASED A is to diversify and grow the economic base of the Tribe and its members. As such, ASED A is charged with structuring the operations and management of all businesses and industrial development under its complete oversight and control. However, the Board cannot implement the Strategic Plan that was approved by the Tribal leadership.
- d) The Board has attempted to identify projects that could be funded in the current operating environment. All of the recently endorsed projects, since 2012, required little to no money from ASED A or the Tribe. Most had good track records of profits and were endorsed by key personnel in their respective fields.
- e) ASED A Enterprises, Inc. is a prime example of Tribal leadership control of tribal owned businesses. The Little Axe Convenience Store, Restaurant and the Harrah Smoke Shop are under the management of a single Executive Committee member who is the only board member in ASED A Enterprises. ASED A Enterprises was incorporated under the tribe's corporate laws and not under the corporate structure of ASED A's Federal Charter. ASED A Enterprises' incorporator was one member of the Executive Committee that seems to make this an individually owned Tribal Corporation. A single member of the Executive Committee has always managed these Tribal businesses. As such, these three Tribal businesses have always operated at a loss since created.
- f) The current Board of ASED A has suggested to the tribal leadership that ASED A's corporate charter and its Strategic Plan requires such businesses be put under ASED A management and control. This however, would require the approval of the Executive Committee who has not agreed to this over the past four years despite continuing financial losses by each business.
- g) Supporting and funding ASED A is required according to the Strategic Plan. Such will allow for the staffing. Staffing is required since the Board of Directors has their own jobs allowing them to provide policy and direction on a limited basis. A CEO to coordinate

and oversee the daily operational and management needs of ASEDAs operations is essential.

- h) We can only say that without proper and adequate funding, cooperation and support, this Board cannot begin to implement the ASEDAs Strategic Plan.
- i) If we are to succeed, we must have a Strategic Plan supported by all concerned. This plan, in the final analysis, could result in ASEDAs supporting not only itself, but eventually, supplementing the General Fund of the Absentee Shawnee Tribe.

Analysis of Audited Financial Statements

The AST Treasurer requested an analysis of the 2008-2013 financial statements for ASEDA. When combined with the historical narrative analysis of the projects undertaken by ASEDA during the same time period, the analysis allows for the review of financial and non-financial indicators that influenced operations and provides insights into the potential for structuring future operations.

The format for the analysis was Financial Performance Monitoring. There are many purposes for Financial Performance Monitoring (Wang, 2010):

1. Determine proper indicators for monitoring
2. Detect unacceptable performance
3. Detect performance trends
4. Develop a complete picture of financial performance
5. Identify causes of underperformance
6. Take proper actions to improve performance

Performance monitoring compares indicators to standards or benchmarks. In addition, the trends are examined to find out if the indicator is stable, improving or deteriorating. Performance monitoring suggests where indicators should be examined in more depth to understand unexpected shifts. In some cases, the analysis may reveal that changes are caused by external shocks to the system.

A Financial Performance Monitoring report was designed by Aimee L. Franklin, PhD in order to conduct the financial analysis. The report will become the property of ASEDA so that future data could be added and ASEDA personnel could annually conduct a similar analysis.

The financial statement analysis included indicators of inputs, process and results.

- Financial **input** indicators assess the availability of financial resources and the pace of financial resource consumption.
- Financial **process** indicators can reveal issues related to cash liquidity, borrowing capacity, operating deficits, unfunded liabilities and/or capital needs.
- Financial **results** indicators evaluate efficiency of financial resource use and effective earnings production.

It would be typical to time-adjust all of the financial indicators to take into consideration the effects of inflation. This is possible using the Bureau of Economic Analysis, Price Indexes for Government Consumption Expenses – State and Local Consumption Expenses (Noted as CPI in the line for Inputs.)

Wang, XiaoHu, 2010. *Financial Management in the Public Sector*. M.E. Sharpe

Financial Performance Monitoring Analysis Results

SUMMARY: The ability to draw conclusions about the multi-year financial performance of ASEDA, using typical financial indicators and ratios, is extremely limited.

There are, however, specific financial expenses that suggest additional information could be helpful in establishing a profitable business model in the future. For example, each year there are Miscellaneous Expenses reported. In the period between 2008 and 2013, these values are reported as:

\$109,108 \$39,981 \$9,306 \$30,762 \$21,627 \$86,538

In some years, this is a small amount of revenues, but in other years this is quite a significant percentage of all revenues. In fact, in year 2008, the expenses exceed revenues by nearly \$100,000. Between 2008 and 2013, these values account for between 1% to nearly 70% of annual expenses.

The comparison of financial values over time for typical financial performance indicators of inputs, processes and results for this component of the Absentee Shawnee Tribe is not meaningful. The values change dramatically and inconsistently from one year to the next.

There are two factors that contribute to the dramatic year-to-year fluctuations. First, the enterprises of ASEDA are different in each year. The Absentee Shawnee Tribe’s organizational structure is arranged so that ASEDA is a component unit. ASEDA acts as a holding company for enterprise activities. As enterprise units appear and are removed from ASEDA oversight, the revenues, personnel, operating and miscellaneous expenses associated with the enterprise are added or removed, respectively.

As shown in Table 1, in the time period studied, there are seven component units (not including ASEDA operations) that appear for one or more years. However, none of them consistently remain on the financial statements with the exception of ASEDA. Currently there is only one component unit, ASEDA Fleet, which is non-functional.

Table 1: ASEDA Enterprises Over Time

Year	Enterprises	Enterprise Changes
2008	2 C-Stores Print Shop ASDG	
2009	2 C-Stores Restaurant ASDG	Print Shop moved to AST
2010	2 C-Stores Restaurant ASDG	SOL – write off

	SOL	
2011	2 C-Stores Restaurant ASDG ASEDA Fleet Absentee Shawnee Counseling Services (ASCS)	Harrah C-Store burned ASDG
2012	ASEDA Fleet ASCS	ASEDA Enterprises formed – removed 2 C-Stores & Restaurant
2013	ASEDA Fleet ASCS	ASCS – write off

Reviewing the financial performance of ASEDA and its enterprises, there was one profitable year (2009). In the most recent three years, the overall experience has been one of financial loss. Reviewing each component unit separately, four of them experienced a loss in each of the years that they are reported as component units of ASEDA (Restaurant, SOL, Fleet and ASCS). The C-Stores were profitable for three years and the ASDG was profitable for one year out of four. The Print Shop did not have any financial data in 2008, when it was still in operation as a component unit of ASEDA.

Second, a review of the Financial Statement Notes associated with the respective annual financial statements suggests policy changes related to ASEDA operations in terms of: 1) Investment Property, 2) the amount due to the Tribe and 3) related transfers from and to the Tribe that occurred during the time period analyzed and dramatically influence annual financial performance.

Table 2: Information on Investment Property and Inter-Unit Transfers

Year	Investment Property	Due to Tribe/Contributions or Transfers
2008	\$747,900	\$0 \$774,886
2009	\$342,900 -\$258,000 to Tribe	\$54,496 \$0
2010	\$85,000	\$5,968 \$48,577 (\$257,900)
2011	\$85,000	\$58,234 \$21,141
2012	\$85,000	\$44,787 \$0 \$27,873 due from ASEDA-E
2013	\$0 (Write-off)	\$35,774 \$32,078 \$27,872 due from ASEDA-E

ASEDA 2013 Survey Results

Through the Finance employee, who is able to devote a portion of his time to ASEDA development activities, a survey was conducted in 2013 to discover Tribal members' preferences for projects that should be explored. The results from three survey questions are reported below.

Q1 One a scale of 1-4, what effort should the Absentee Shawnee Economic Development Authority put into the following to promote economic growth?

Help Tribe members to establish their own businesses	3.26
Attract new businesses	3.56
Improve infrastructure (roads, utilities/comm, water/sewer)	3.27
Marketing campaigns to promote opportunities	3.48
Increase tourism activities	3.33
Increase cultural recreational or heritage events	3.41
Improve access to job-training opportunities	3.43

Q3 On a scale of 1-4 what are the biggest challenges to economic opportunity for the Absentee Shawnee Tribe?

Lack of education/training	3.37
Lack of entrepreneurial support	3.33
Not enough jobs	3.21
Wages/salaries are too low	3.25
Lack of support to find work	3.26
Difficulty getting to work	3.21
Lack of affordable day care	3.11

Q9 What types of Business Assistance Programs should the Absentee Shawnee Economic Development Authority provide? (choose up to three)

Tax related benefits	57.14%
Expert promotion assistance or funding	30.61%
New product development funding or assistance	44.90%
Strategic business management advice or funding	46.94%
Process innovation funding or assistance	30.61%
Tech development or commercialization funding or assistance	24.49%
Workforce training or development assistance	69.39%
Financing lending	36.73%
None	2.04%

APPENDIX

Information on Tribal Economic Development Bonds

Background and Uses of Tribal Economic Development Bonds

Source: Treasury Department Fact Sheet. Tribal Economic Development (TED) Bonds. 2014.

Tribal Economic Development Bonds or TED Bonds are tax-exempt bonds that Indian Tribal Governments can issue to finance any project or activity for which State or local governments could issue tax-exempt bonds. For example, TED Bonds could be used to finance water treatment facilities, sewage facilities, solid waste disposal facilities, and qualified residential rental projects. TED Bonds are not subject to the limits Indian tribal governments have in their use of tax-exempt bonds to the financing of “essential governmental function” activities that are customarily performed by State and local governments.

Federal allocations to fund TED Bonds are not grants but rather confer the right to issue tax-favored bonds to raise money from investors. For example, if a tribe receives a \$50 million TED Bond allocation, the Tribe would not receive \$50 million from the federal government. Instead, the Tribe receives the authority to borrow \$50 million from private investors by issuing bonds. Because interest income paid on TED Bonds is not subject to federal income tax, investors are generally willing to accept a lower interest rate than they would if they were lending to the same borrower and on the same terms, but the interest were taxable. As a result, the Tribe may be able to borrow at lower interest rates through the issuance of TED Bonds than it would otherwise.

I. General Company Information

1. Full Tribe/company name, address and DBA, if applicable
2. Company legal organization (Corporation, LLC, etc.) and State of Incorporation for Organization. Review of constitution, articles of incorporation, by-laws, and other documents to ensure appropriate governance structure
3. Governmental numbers (examples: business licenses, business registration, operating permits or employer identification) assigned to the company by any governmental authority
4. Is the company a subsidiary of another company? If yes, provide parent company name & address
5. List of current Owners, Directors and Officers and members of any affiliated Boards or Councils or other governing body (include name, title, & percentage of ownership)
6. Dates of organizational meetings held or resolutions adopted
7. Laws applicable to company operations
8. Annual organizational and/or unit reports as well as any performance audit, evaluation and/or assessment reports that have been produced over past five years
9. Governmental notices, such as certificates of good standing, annual and amended reports, notices of default, or notices related to any other issues by governmental authorities for the past 5 years
10. Business plan
11. Documents related to corporate transactions, such as acquisitions or disposals of businesses or assets, company reorganization, dissolution, which have been carried out outside the normal course of business

II. Markets Served

1. Geographic markets served
2. List of government customers, detailing percent of business conducted with each
3. List of commercial customers, detailing percent of business conducted with each

III. Marketing Efforts

1. Current marketing programs
2. Government customer profiles
3. Commercial customer profiles
4. SWOT & competitive analysis

IV. Banking & Finance

1. Name & address of banks
2. Name and phone number of bank officers or contact persons
3. List of accounts (operating, payroll, etc.)
4. Copies and details of any financing/loan arrangements such as pledging of accounts receivable and /or inventories

V. Insurance & Risk Management

1. Name, address & phone number of insurance company or agent
2. Schedule of all insurance coverage and copies of policies
3. List of any insurance claims against, or by the company for the previous five years

VI. Financial Information

1. Previous five years and current YTD financial statements to include Balance Sheet, Income Statement and Statement of Cash Flows (audited, if available)
2. Current Trial Balance, General Ledger, and Chart of Accounts
3. Most recent detailed Accounts Receivables and Accounts Payable aging
4. Detailed schedule of inventory with any excess & obsolete items set out
5. Copy of current year's budget and any forecasts for future periods
6. List of future obligations not reflected in most recent financial statements, including nature of the obligation, amount involved, contact information of the creditor
7. List of suppliers, detailing percent of business conducted with each

VII. Tax Information:

8. Previous five years income, sales, and/or employment tax returns
9. Any notices or correspondence to/from the governmental entity (examples: Notices of jeopardy, reassessment, additional assessment, corrected assessment or amended assessment, issued by any fiscal authority for the last five (5) years)

VIII. Fixed Assets & Real Estate

1. Location and description of real estate owned, or leased (with copies of leases)
2. Fixed asset listing of all plants, production equipment, vehicles, and information technology equipment
3. List of all liens or judgments against fixed assets and real property

IX. Human Resources

1. List of key employees with name, title, years with company, wage & salary information and copies of employment contracts, if applicable
2. List of all other employees to include name and years with company
3. Copies of benefit plans including medical, disability and retirement
4. List of any workers' compensation claims for the past five years
5. List of any other claims against the company by current or former employees

X. Legal & Environmental

1. Name, address and phone number of company attorney
2. Information on any claims, judgments, demand letters or legal opinions occurring within the past five years
3. List of all pending legal actions or claims against or by the company with details
4. List of any environment issues or claims involving the company, currently and for the previous five years
5. Copies of any long-term agreements or contracts involving the company

XI. Internet

1. Address of company website
2. List of URL's linked to the company's website
3. Links to any social media accounts maintained by the company
4. Notices of default, formal demand or other complaint document potentially affecting the use, ownership or enjoyment of the Company website or URLs

XI. Marketing

1. Press releases made by the Company during the last five (5) years
2. Advertising and other promotional materials