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Emergence of "expert Indians" rather than Indian experts
Pinto - establishes deprivation of past
They understand mandate Pres has.

Success Warm Springs - low arrest rate. Other rates over 50%
Emphasis needs to be on productivity, etc. Not productive now
Growth of Clientelism. Political pressure causes inefficiencies.
No accounting in Indian community. Entrepreneurial incentives
Need for incentives. Don't tax developing enterprise.

Amer. Ind. Dev. Corp made up of Ind. Bus. Dev. Org. Problem
Access to Capital, Capital Structure, Cap. formation. Small
staff. Formed Sept 1978.

Barriers to Economic Dev. Lack of control over resources etc.

Want to establish American Ind. Dev. Finance Institution.

- Mobilize Capital + Technical Asst.
- Serve all tribes. Foster Entrepreneurship.

Mixed ownership gov't corp.

Capitalization -

Shares of stock - more than 1 class. Tribes + Individuals could be
Voting pattern not clear. Probably wouldn't reach secondary
market. Projects not necessarily on Indian land.
Issues of collateral + jurisdiction not decided yet.

This is an Indian Economic Fund at RTA since 7/1/75



American Indian Development Corporation

**Creating an American Indian
Development Finance Corporation**

**a new dawn . . .
a new era.**





American Indian Development Corporation

1015 Indian School Rd., NW
Albuquerque, N.M. 87102

Phone: (505) 242-4774

Joe Baca
Executive Director

PRESENTATION
BY THE
AMERICAN INDIAN DEVELOPMENT CORPORATION:

CREATION OF AN
AMERICAN INDIAN DEVELOPMENT
FINANCE INSTITUTION

AUGUST 18, 1981

AMERICAN INDIAN DEVELOPMENT CORPORATION
(AIDC)

- INDIAN BUSINESS DEVELOPMENT ORGANIZATION (IBDO's)
- EXPERIENCES IN BUSINESS DEVELOPMENT IN NEW MEXICO
- EXPERIENCES OF OTHER INDIAN BUSINESS DEVELOPMENT PRACTITIONERS AND ECONOMISTS.
- PERCEIVED MAIN PROBLEMS
 - ACCESS TO CAPITAL
 - CAPITAL STRUCTURE
 - CAPITAL FORMATION
- FORMED NON-PROFIT CORPORATION LOCATED IN ALBUQUERQUE, NEW MEXICO, SEPTEMBER, 1978
- STAFF
- CONSULTANTS
- PARTICIPATORY PROCESS

BOARD OF DIRECTORS

ALL INDIAN DEVELOPMENT ASSOCIATION/
ALL INDIAN PUEBLO COUNCIL, INC.
ALBUQUERQUE, NEW MEXICO

OKLAHOMANS FOR INDIAN OPPORTUNITY
NORMAN, OKLAHOMA

ALASKAN FEDERATION OF NATIVES
ANCHORAGE, ALASKA

MINNESOTA CHIPPEWA TRIBES
CASS LAKE, MINNESOTA

PENOBSCOT NATION
INDIAN ISLE, MAINE

CHEROKEE BUSINESS SERVICE CENTER
CHEROKEE, NORTH CAROLINA

DINEH COOPERATIVE, INC.
CHINLE, ARIZONA

SMALL TRIBES OF WESTERN WASHINGTON
SUMNER, WASHINGTON

UNITED SIOUX TRIBES OF SOUTH DAKOTA
PIERRE, SOUTH DAKOTA

UNITED INDIAN DEVELOPMENT CORPORATION
LOS ANGELES, CALIFORNIA

NAVAJO SMALL BUSINESS DEVELOPMENT CORPORATION
FT. DEFIANCE, ARIZONA

AMERICAN INDIAN CONSULTANTS, INC.
TEMPE, ARIZONA

MR. LOUIE BRUCE, FORMER COMMISSIONER
BUREAU OF INDIAN AFFAIRS
WASHINGTON, D.C.

MR. NORMAN RATION, CONSULTANT
ALBUQUERQUE, NEW MEXICO

MR. OMAR BRADLEY, REALITY OFFICER
BUREAU OF INDIAN AFFAIRS
ALBUQUERQUE, NEW MEXICO

SUPPORT
RESOLUTIONS

- (1) NAVAJO TRIBE, ARIZONA
- (2) SANTA CLARA PUEBLO, NEW MEXICO
- (3) ZIA PUEBLO, NEW MEXICO
- (4) NATIONAL CONGRESS OF AMERICAN INDIANS
- (5) ALL INDIAN PUEBLO COUNCIL, ALBUQUERQUE, NM
- (6) NATIONAL TRIBAL CHAIRMEN'S ASSOCIATION

TRIBAL PARTICIPATION
IN
AIDC PROJECT

- (1) COLORADO RIVER - PARKER, ARIZONA
- (2) HUALAPAI - PEACH SPRINGS, ARIZONA
- (3) PAPAGO - SELLS, ARIZONA
- (4) NAVAJO - FT. DEFIANCE, ARIZONA
- (5) ZIA PUEBLO - NEW MEXICO
- (6) CHEYENNE/ARAPHOE - CONCHO, OKLAHOMA
- (7) BURNS PIAUTE - BURNS, OREGON
- (8) CREEK NATION - OKMULGEE, OKLAHOMA
- (9) LEECH LAKE CHIPPEWA - CASS LAKE, MINNESOTA
- (10) MILLE-LACS CHIPPEWA - ONAMIA, MINNESOTA
- (11) LUMMI - BELLINGHAM, WASHINGTON

FUNDING
SUPPORT

ADMINISTRATION FOR NATIVE AMERICANS (HHS)

FARMERS HOME ADMINISTRATION (USDA)

MINORITY BUSINESS DEVELOPMENT AGENCY (DOC)

TECHNICAL SUPPORT

DR. RONALD TROSPER, ECONOMIST
BOSTON COLLEGE

MR. EUGENE BLACK, JR.
RETIRED, LAZARD-FRERES

MR. RICHARD COLLINS
NATIVE AMERICAN RIGHTS FUND

MR. KENNETH SMITH
ASSISTANT SECRETARY OF INDIAN AFFAIRS

DR. AHMED KOOROS, ECONOMIST
COUNCIL OF ENERGY RESOURCE TRIBES

MR. ROBERT Mc LAUGHLIN, ECONOMIST
STANDING ROCK SIOUX TRIBES

MR. CHARLES E. TRIMBLE, CONSULTANT
WASHINGTON, DC

MR. ALAN PARKER, CONSULTANT
WASHINGTON, DC

DR. FRANK RYAN
OFFICE OF INDIAN EDUCATION
WASHINGTON, DC

DR. LORRAINE RUFFING, ECONOMIST
GENEVA, SWITZERLAND

BARRIERS
TO
ECONOMIC DEVELOPMENT

- LACK OF CONTROL OVER RESOURCES
- LACK OF FINANCIAL CAPITAL, CONNECTED WITH A PROBLEM OF JURISDICTION, COLLATERAL, AND PROJECT SUPPORT
- LACK OF MANAGERIAL AND TECHNICAL SKILLS
- INCOME DEPENDENCY
- LACK OF COMMERCIAL AND SOCIAL INFRASTRUCTURE AS EVIDENCED BY A LOW MULTIPLIER AFFECT
- JURISDICTIONAL AND SOVEREIGNTY DISPUTES AND UNCERTAINTIES
- LACK OF COORDINATION AMONG FEDERAL AGENCIES
- LACK OF COHERENT FEDERAL DEVELOPMENT STRATEGY
- INADEQUATE FEDERAL FUNDING FOR ECONOMIC DEVELOPMENT
- LACK OF EVALUATION TECHNIQUES FOR PROPER PROJECT SELECTION

AMERICAN INDIAN DEVELOPMENT FINANCE INSTITUTION
(AIDFI)

SCOPE AND PURPOSE

- NATIONAL INSTITUTION THAT SERVES ALL TRIBES
- PROMOTE INDIAN ECONOMIC DEVELOPMENT
- FACILITATING DEVELOPMENT OF FINANCE STRUCTURE AND CAPITAL FORMATION
- MOBILIZE BOTH CAPITAL & TECHNICAL ASSISTANCE
- FINANCE PROFIT-SEEKING ENTERPRISES
- FOSTER ENTREPRENEURSHIP

FUNCTION

- FUNCTION WITHIN CONTEXT OF CURRENT LEGAL STATUS OF AMERICAN INDIANS

INSTITUTIONAL DESIGN CRITERIA

- INDEPENDENT OF FEDERAL GOVERNMENT & AGENCIES
- MAINTAIN TRUST PROTECTION
- AVOID JURISDICTIONAL PROBLEM WITH STATES AND INVESTORS
- ISSUE GUARANTEES
- FACILITATE FEDERAL CONTRIBUTION TO CAPITAL
- ALLOW MIXTURE OF GRANTS, LOANS & EQUITY CONTRIBUTIONS

LEGAL & TAX STATUS

- MIXED OWNERSHIP - FEDERAL GOVERNMENT AND THE PRIVATE INVESTOR (TRIBES, BANKS, INDIVIDUALS, ETC.)
- TAX EXEMPTION ON AIDFI'S EARNINGS & DEBT ISSUANCES
- TAX CREDITS TO INVESTORS
- VARIABLE STOCK WITH VOTING AND NON-VOTING RIGHTS

BENEFICIARIES

- TRIBAL GOVERNMENTS
- TRIBAL ENTERPRISES
- INDIVIDUAL ENTREPRENEURS
- *Individual Employees*

CAPITALIZATION CONSIDERATIONS

- FEDERAL GOVERNMENT - EQUITY OR QUASI EQUITY
(SUBORDINATED, LONG TERM, LOW COST NOTE)
- INDIAN INVESTMENT (INDIVIDUAL, TRIBAL, OR TRUST FUNDS)
- SELL STOCK (GENERAL PUBLIC)

INDIAN PARTICIPATION

- INDIAN INITIATIVE
 - DESIGN CRITERIA
 - INVESTMENT
 - IMPLEMENTATION

PROJECT SELECTION CRITERIA

- PURPOSE
- DEVELOP PROJECT SELECTION CRITERIA
 - FINANCIAL ANALYSIS
 - MANAGEMENT ANALYSIS
 - ECONOMIC ANALYSIS
 - BENEFIT/COST ANALYSIS

USE OF FUNDS

- EQUITY INVESTMENTS BY AIDFI IN OTHER PROJECTS
- LOANS
- GUARANTEES
- UNDERWRITING OF TRIBAL SECURITIES
- OTHER FINANCIAL FUNCTIONS

WHAT NEEDS TO BE DONE

MODEL REFINEMENT

- TRTF REVIEW
- BOARD REVIEW
- LEGAL ANALYSIS
- FINANCIAL AND MARKET ANALYSIS
- INDIAN INPUT
 - PUBLIC RELATIONS EFFORT
 - VIDEOTAPE
- PROJECT SELECTION CRITERIA
- IMPLEMENTATION PLAN

IMPLEMENTATION PLAN

- DRAFT LEGISLATION
- IMPLEMENTATION LEGISLATIVE PROCESS PLAN
 - ADMINISTRATION
 - CONGRESS
 - INDIAN LEADERS
 - DEPARTMENT OF THE INTERIOR AND ASSISTANT SECRETARY OF INDIAN AFFAIRS

American Indian Development Finance Institution

Board

Executive Director

Asst. Director Finance

Asst. Director Proj. Operations

Legal Counsel

Treasury (portfolio management)

Comptroller (loans)

Technical Assistance & Training

Project Evaluation Audit

Project Development

- sales of own bonds, securities
 - investment of surplus
 - sales from portfolio
 - underwriting of tribal bonds/securities
- Loans-Guarantees
- draws up loan agreements
 - disbursements
 - collections
 - monitoring
- Loans-Feasibility assistance
- support for tribal planners
 - TA for start-up
 - TA for follow-up
- Project
- evaluation
 - AIDFI audit
- Project
- identification
 - preparation
 - appraisal
 - implementation & monitoring



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PHASE I PRODUCTS

- 1) Economic Development Needs Assessment Questionnaire
- 2) Preliminary Report - Economic Development Needs Assessment Survey
- 3) Economic Development Needs Assessment Report, SPSS Program
- 4) Information and Data Control System (SPSS Program)
- 5) Needs Estimates for AIDC Study (Compilation of data in MIS System)
- 6) ~~Formation of TRTF (information evaluation and processing system)~~
- 7) Written critiques on draft AIDFI design by TRTF, Consultants, and Staff
- 8) Draft model of an AIDFI designed by Dr. Lorraine Ruffing in collaboration with other consultants, TRTF, AIDC Staff and Board
- 9) Final review methodology of the initial AIDFI draft by Ron Troser to be implemented in Phase II
- 10) Discussion papers entitled, "Relevant Issues for an American Indian Development and Finance Institution," the basis of an AIDFI
- 11) Local model, "All Indian Pueblo Council, Inc., Financial Intermediary."