

**REDDING RANCHERIA
TRIBAL GOVERNMENT POLICIES**

Chapter TP 11-300

Economic Diversification Fund



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SECTION 1: PURPOSE

To ensure the development and administration of resources dedicated to the diversification of the Redding Rancheria's economic base for the benefit of present and future generations.

SECTION 2: BACKGROUND AND INTENT

The Tribal Council became concerned with economic diversification for the Redding Rancheria as it developed the Win River Casino, with the knowledge that the future of gaming was uncertain. In order to ensure the diversification of the Redding Rancheria's economic base, the Tribal Council, with approval of the General Membership began the process of appropriating "venture capital" within the annual budget in 1996 with the first full year of net revenue from the Win River Casino. Over the years, over \$19 million has been appropriated for this purpose. With the intent of diversifying the economic base through investing in non-gaming activities, and enhancing gaming revenue the majority of these resources have been utilized either by Win River Casino for capital improvements, or transferred to REDCO, or remain available for transfer to Redding Rancheria Economic Development Corporation (RREDCO), the Redding Rancheria's only subordinate entity chartered for the purpose of developing or acquiring non-gaming businesses at that time. In recent years, the Tribal Council adopted the practice of setting aside 12.5% of each years' gaming proceeds that are budgeted through the Tribal Programs Account for the purpose of venture capital. Another 12.5% is set aside each year for the acquisition of lands, another form of economic diversification. Land resources may also be utilized in conjunction with acquiring lands in conjunction with economic ventures.

In 2018, the General Membership of the Redding Rancheria adopted the Redding Rancheria Limited Liability Company Ordinance permitting the formation of a tribal limited liability company. On April 27, 2021, the Redding Rancheria Tribal Council adopted Council Resolution 022-04-27-21 establishing the Redding Rancheria Limited Liability Company (RRLLC).

Resources appropriated for venture capital have remained available for expenditure until utilized, subject only to emergency authority set forth within the annual budget. Amounts appropriated may be reduced by the Tribal Council during the budget year to the extent of such emergencies.

The use of venture capital is subject to approval by the Tribal Council for ventures approved and recommended by the Board of Directors of RREDCO or the Board of Directors of the RRLLC. Once venture capital is transferred to RREDCO or RRLLC, it remains available for reinvestment within the parameters set forth within RREDCO's RRLLC's articles of incorporation, charter and bylaws or the Articles of Organization and Operating Agreement of the RRLLC. The articles also provide for RREDCO and/or

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RRLLC to make distribution of profits or proceeds of the sales of business assets to the Redding Rancheria, when such resources are not needed for reinvestment in other ventures. This policy establishes a Tribal Fund to receive distributions from RREDCO and RRLLC, while the Tribal Council determines their future use.

In 2005, the Tribal Council updated its Strategic Plan for the period 2005-2015. Goal 9 of the Strategic Plan is to “Increase the self-reliance and economic security of our tribe by continuing to develop and diversify the economic base of the tribe.” While gaming revenues remain plentiful, the Tribal Council planned, consistent with the adopted goal, to continue to build non-gaming business assets. The Tribal Council assumed that gaming will continue to provide significant income during the plan period. Accordingly, the Tribal Council, through this policy, provides for direction of amounts distributed from RREDCO and RRLLC to future business investment, or for other uses, including distribution to members of the Rancheria.

This policy sets forth the plan for management and administration of the Fund.

SECTION 3: DEFINITIONS (Reserved)

SECTION 4: DELEGATED AUTHORITY (Reserved)

SECTION 5: AUTHORIZED PROGRAMS AND SERVICES (Reserved)

SECTION 6: GENERAL POLICY

(a) Fund Authorization

There is hereby authorized the Redding Rancheria “Economic Diversification Fund” (Fund). The Fund shall be utilized to account for distributions from RREDCO and RRLLC, for the purpose of investment and reinvestment in economic ventures, and for other uses, including distribution to members of the Redding Rancheria. The Fund shall be accounted for as a separate fund within the General Fund.

(b) Contributions to the Fund

Primary contributions to the Fund shall be through the deposit of all distributions from RREDCO and RRLLC. In addition, the Tribe is authorized to accept such donations or grants to the Fund as are made by individuals, foundations or other entities, provided that the use of such donations or grants are restricted only by the policies of the Tribal Council.

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(c) Custody

Contributions, assets and earnings of the Fund shall be custodied in a bank account, brokerage account, or trust account of either an institutional trust company or any combination thereof, approved by the Tribal Council.

(d) Management of Fund Assets

Assets placed in the Fund shall be managed in accordance with an investment policy adopted by the Tribal Council for Working Capital. Earnings on the assets while held in the fund shall remain in the fund for use as venture capital or for use or distribution as determined by the Tribal Council.

(e) Authorized Uses of the Fund

The Fund may be utilized to provide for venture capital investments in for-profit economic ventures approved by the Tribal Council. Economic ventures may include both non-gaming and gaming ventures designed to increase the self-reliance and economic security of the Redding Rancheria. Amounts may also be distributed to members of the Redding Rancheria or utilized to carry out programs authorized for the benefit of the membership in such amounts and under such written policies as the Tribal Council shall adopt.

(f) Appropriation Procedures

The authorization of use of the fund will be by Tribal Council resolution.

(g) Margin Borrowing and Leveraging of Fund Assets

(1) Margin Borrowing: provided the Fund is custodied in a brokerage account governed by regulation T limits on margin borrowing, margin borrowing against assets of the Fund may be authorized as follows:

(A) By the Chief Executive Officer, to minimize uncollateralized and/or uninsured cash balances in portfolios, while providing for authorized trading, transfers and wires to and from investment portfolios.

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(B) By the Tribal Council:

- (i) In order to invest in short term secure instruments that have a yield two percent or greater above the margin borrowing rate.
- (ii) In order to provide short term (less than one year) bridge loans to Tribal projects awaiting other assured funding.
- (iii) Other important purposes as determined by the Tribal Council.

(2) Leverage of Fund Assets: The Tribal Council may assign or pledge fund assets to Tribal creditors in order to secure loans for Tribal projects at competitive rates or to provide debt reserves to assure issuance of a required loan.

(h) Reports on the Fund

The Chief Executive Officer shall provide an accounting for the fund, its receipts, disbursements and obligated and unobligated fund balance on a quarterly basis to the Tribal Council. Such report shall include total outlays related to each separate purpose from the fund and the amount remaining available in the fund.

(i) Restrictions on Spending

The Tribal Council shall not authorize outlays from the Fund in excess of the amounts available within the Fund, provided that, at its sole discretion, the Tribal Council may make advances to the Fund from other Tribal funds, with such advances to be repaid from future receipts to the Fund.

(j) Implementation

This policy is to be implemented immediately upon its adoption, the Chief Executive Officer shall be responsible to provide for all necessary procedures to carry out the provisions of this policy.

(k) Review

The Chief Executive Officer shall review this policy not less than once each year and shall make recommendations for such changes as are consistent with the intent of the Fund.

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Legislative History:

Adopted by Tribal Council pursuant to Res. No. 037-08-08-06 on August 8, 2006.

Amended by Tribal Council Resolution No. 014-03-11-14, dated March 11, 2014.

Amended by Tribal Council Res. No. 014-02-12-19, dated February 12, 2019.

Amended by Tribal Council Resolution No. 076-10-19-21, dated October 19, 2021.