

# **REDDING RANCHERIA TRIBAL GOVERNMENT POLICIES**

## **Chapter TP 4-362**

### **Government Operations Trust Fund Authorization**



**February 12, 2019**

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#### SECTION 1: PURPOSE

To provide for a Tribal Government Operations Trust Fund, for the purpose of ensuring the availability of resources for essential Tribal Government services.

#### SECTION 2: BACKGROUND AND INTENT

It is the intent of the Tribal Council that the Tribal Government Operations Trust Fund shall be a permanent trust fund of the Tribe, of sufficient size, that the revenue generated by the fund will provide for essential governmental services, without reliance on other revenues or resources.

During the period following federal recognition of the Redding Rancheria, the Tribe has established the appropriate functions of Tribal government. Originally, no resources were available to support the management of Tribal affairs or planning for community needs, including economic development.

With restoration the Tribe obtained some federal resources, and with the development of its gaming enterprise has enjoyed revenues to support Tribal government functions. However, nearly all Tribal revenues come either directly or indirectly from federal programs of net revenues of gaming. Neither source is considered by the Tribal Council to be adequately secure to provide for Tribal government over the long term. Accordingly, the Tribal Council has determined that other sources need to be developed. Among them, a permanent non-expendable trust fund is seen as one way of assuring annual revenues to provide for essential governmental services. Beginning with 1995, the Tribal Council has recommended and the General Council has approved appropriations to be set aside in a trust fund for this purpose.

In adopting this policy, the Tribal Council intends to limit uses of the fund to ensure that it would be in place in the future for its intended purpose. Provisions have been made to ensure that the Fund grows with inflation to protect its purchasing power. The Tribal Council wishes to impress on future Tribal Councils the importance of this fund to the future Self-Sufficiency of the Redding Rancheria, and urges care in its management.

#### SECTION 3: DEFINITIONS (Reserved)

#### SECTION 4: DELEGATED AUTHORITY (Reserved)

#### SECTION 5: AUTHORIZED PROGRAMS AND SERVICES (Reserved)

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SECTION 6: GENERAL POLICY

(a) Fund Authorization

There is hereby authorized the Redding Rancheria "Tribal Government Self-Sufficiency Trust Fund" (Fund). The Fund shall be utilized to account for all resources contributed to it, including revenues earned on fund assets. The Fund is established for the purpose of ensuring the availability of resources to finance essential Tribal government operations. The Fund shall be accounted for as a permanent fund.

(b) Contributions to the Fund

Primary contributions to the fund shall be by appropriation of the Tribal Council of General Revenues as available together with all earnings thereon from the time of such contribution. In addition, the Fund is authorized to accept such donations or grants to the fund as are made by individuals, foundations and other entities, provided that the use of such donations or grants are restricted only by policies of the Tribal Council.

(c) Custody

Assets of the Fund shall be custodied in a bank account, institutional 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 pursuant to an investment policy adopted by the Tribal Council for Tribal Self-Sufficiency Funds, in such a manner as to provide optimum return on investments, without unnecessarily risking the principle of the Fund. Assets of the Fund shall be invested in common with other Tribal funds having similar investment objectives and constraints.

(e) Authorized Uses of the Fund

The only normal authorized use of the Fund shall be the withdrawal of net available revenues to be credited to the General Fund for appropriation, pursuant to Tribal budget for essential governmental services. Essential governmental services, shall include the provision of governance, management, administration, facilities, management and protection of tribal assets, and other necessary expenditures as determined by the Tribal Council.

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(f) Appropriation Procedures

The authorization of use of the fund shall be by appropriation pursuant to Tribal budget. The Tribal Council shall determine the amount of anticipated revenue and the requirements of Tribal budget. The Tribal Council shall as part of the budget authorize the transfer of a specified amount of revenue of the fund to be credited to the General Fund, to be appropriated for use pursuant to the budget. As a general rule, the amount of withdrawal from the fund in any year shall not exceed an amount which is equal to the earnings of the fund minus inflation, as measured by the consumer price index.

(g) Restrictions on Spending

The Tribal Council shall not authorize use of the Fund when the total amount in the fund is less than the "desired fund balance" as provided below, except for emergency use. Expenditures from the Fund in any single year shall not exceed an amount that is equal to the average annual projected earnings of the Fund as stated within the appropriate investment policy statement minus the rate of inflation for the proceeding year. Inflation shall be measured based on the change in the Consumer Price Index, U.S. City Average for All Urban Consumers, published by the United States Department of Labor.

(h) 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.

(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.

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(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.

(i) Emergency Use of the Fund

In the event that the Tribal Council determines that a financial emergency exists the severity of which threatens life, property or the financial stability of the Tribe, the Tribal Council may, by resolution adopted by unanimous vote of not less than six members of the Tribal Council, declare an emergency and approve emergency expenditures from the Fund. If an emergency is declared, the Tribal Council may authorize expenditures directly from the Fund, or for transfer to the General Fund for disbursement.

In the event that emergency expenditures are made from the Fund, the Tribal Council shall appropriate or recommend appropriations from available Tribal revenues to reimburse the Fund, as soon as such revenues are available.

(j) Restrictions on Spending

The Tribal Council shall not authorize use of the Fund when the total amount in the fund is less than the "Desired Fund balance" as provided below, except for emergency use. Thereafter, the amount expended annually shall not exceed the sum of the Funds annual average earnings less the rate of inflation.

(k) Desired Fund Balance

The initial desired Fund balance is \$3,000,000. This amount shall be increased by an amount equal to the amount of annual inflation as measured by the Consumer Price Index published by the United States Department of Labor, from January 1, 1998. The Desired Fund balance shall be adjusted pursuant to the Tribal budget based on the annual budget requirements for essential governmental purposes.

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(l) Implementation

This policy is to be implemented immediately upon its adoption. The Chief Executive Officer shall provide for all necessary procedures to carry out the provisions of this policy. 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, including the recommended "desired Fund balance" which shall be incorporated within the annual Tribal budget.

Legislative History:

Adopted by the Tribal Council pursuant to Res. No. 04-29-98-B on April 29, 1998.

Amended pursuant to Res. No. 022-09-10-02 on September 10, 2002.

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