

Update #67

The views, opinions and commentary in this update are those of Congressman Red Corn. They are his alone, and do not necessarily represent the views and opinions of the Osage Nation Congress.

Osage LLC, the Tulsa Airpark, and capital contributions to diversify Osage businesses

As discussed in Update #66, the Osage Congress and the Executive branch were in conflict over the method used by the Executive branch to provide operating capital to Osage, LLC. At issue was the method; income from an asset of the Nation was redirected by Executive order to the account of Osage, LLC without benefit of a congressional appropriation.

Last week a meeting of the Commerce and Economic Development Committee of the Congress was held to discuss the issue. Two members of the Osage, LLC board were present, Skip Iba and Liz Ricketts and a third, Chairman Charles Maker participated by telephone. The discussion centered on the intent of the original legislation and the independence of the Osage, LLC board from political influence – both from the Executive branch and from the Congress.

This concept – that of prohibiting unwarranted interference by elected officials – is rooted in the Osage constitution, first in Article VII, Section 14

No Osage Nation elected official may be appointed to such (enterprise) board.

...and again in Article X, Section 8,

Independence of Boards and Commissions: Tribal officials and employees shall refrain from using tribal positions to improperly influence the deliberations, administrations, or decisions of established board or commission proceedings.

The Osage constitution draws a clear, bright line between elected officials of both branches and any enterprise board, save for placing Enterprise boards in the Executive branch of government. I interpret this to mean that Osage, LLC can choose its own destiny in terms of business.

One of the topics discussed at length in the Commerce committee meeting was the fate of the Airpark and the existing Osage Nation enterprises. In my opinion, the Congress and the Executive branch should not dictate that Osage, LLC accept ownership of any of the existing enterprises unless Osage, LLC determines that such ownership fits into their strategic vision for the diversification of Osage businesses. The ability to strategically “fit” specific businesses into the Osage, LLC portfolio is the purview of the CEO and

Board of Directors of the LLC, and they should have the right, and obligation, to refuse assets – and liabilities – of pre-existing Osage enterprises that do not fit that vision.

That goes for the AirPark, too. Should the LLC decide the AirPark as a business asset doesn't fit their plan, they should not be forced to take it under their management. Indeed, Chairman Charles Maker made clear by telephone during the meeting that the LLC was not interested in a standard management contract for the AirPark.

The question before Osage Nation government is simple. How do we best provide capital to this badly needed diversification effort? Several options exist.

1. Cash. The Congress had before it a \$3 million capital contribution appropriation, but reduced it to \$1 million. At least one congressperson has written that the amount was entirely arbitrary. As sponsor of the \$3 million dollar capital contribution bill, I will tell you it isn't true. An operation with \$200-300,000 dollars in overhead will absorb the first 6-10% of gross profit of an operation in which the Nation has invested \$3 million. \$3 million represents, in my view, the absolute minimum the Nation should invest; any less, and the overhead will negate an unacceptable percentage of any yield that the enterprise may generate. If we invest \$6 million with the same overhead, the overhead drops to 3-5% of our investment.
2. Property. We have the option of approving the transfer of the AirPark property to the LLC. This would provide them with a valuable asset, plus they would receive the monthly rental income from Central Services, the administrative arm of our casino enterprises which is now housed in a large batch of temporary trailers nearby which we lease from an outside source. Again, the decision of whether to accept the AirPark resides with Osage, LLC.
3. Income from property. The Congress could, by the appropriation process, direct net income from the AirPark to the LLC without the LLC owning the park outright. This would supply a significant amount of monthly income to the LLC, but no lump sum to increase the number of available business opportunities.

There may be other options, and the Commerce committee has asked attorneys for the Congress and the Executive to develop a list of those options by early next week.

There are some who do not believe in this effort. I respect their opinions, but do not agree with them. Congressmen Shackelford and I sought out successful tribes, studied their models, and interviewed their leadership. The Congress approved the hiring of an attorney/CEO from one of these tribes to draft the legislation that became ONCA 08-02 and ONCR 08-09 and 08-10, all of which passed the Congress unanimously, 11-0 (Simms absent, illness).

Many Congresspersons ran on a platform of business diversification. Beyond our borders, it is widely understood that tribal nations cannot grow their gaming enterprises

indefinitely, and that diversification is the key to long-term prosperity. The Osage Nation has invested over \$75 million in gaming, yet only managed to invest \$1 million in a true diversification effort. Our Nation holds \$38 million in cash, much of it drawing under 1% interest. It's time to step up and invest in a future that offers not just casino jobs, but a wide array of career opportunities for Osages.

Please join me in promoting a meaningful investment in our diversification effort in the coming session.

As always, please share your opinions and thoughts with me at your convenience.

With respect,

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