

TO AMEND THE CHOCTAW NATION REVENUE ALLOCATION PLAN  
IN THE TRIBAL COUNCIL OF THE CHOCTAW NATION  
THOMAS WILLISTON INTRODUCED THE FOLLOWING COUNCIL BILL

A COUNCIL BILL

TO AMEND The Choctaw Nation Revenue Allocation Plan.

WHEREAS, the Tribal Council considered the significant growth in Tribal revenues and monetary assets (tribal funds), and desires to assure that effective stewardship of the Tribal revenues are outlined each year based on the priority of general membership, and


WHEREAS, it is the intent of the Tribal Council to appropriate revenues each year based on a Revenue Allocation Plan which represents effective stewardship and yet another building block toward Tribal self-sufficiency, to ensure quality services and opportunities for future generations,

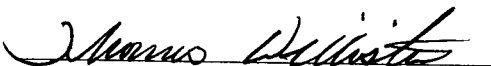
WHEREAS, the Tribal Council desires amendments to the previously approved revenue allocation Plan, CB 107-12.


THEREFORE BE IT ENACTED by the Tribal Council of the Choctaw Nation of Oklahoma that, this Act be cited as approval for the amended Choctaw Nation Revenue Allocation Plan as set forth in the attachment, under the conditions described herein.

CERTIFICATION

I, the undersigned, as Speaker of the Tribal Council of the Choctaw Nation of Oklahoma, do hereby certify that the Tribal Council is composed of twelve (12) seats. Eight (8) members must be present to constitute a quorum. I further certify that twelve ( 12 ) members answered roll call and that a quorum was present at the Regular Session of the Tribal Council at Tuskahoma, Oklahoma on July 12, 2014. I further certify that the foregoing Council Bill CB- 85 -14 was adopted at such meeting by the affirmative vote of twelve ( 12 ) members and, zero ( 0 ) negative votes, and zero ( 0 ) abstaining.

  
Delton Cox, Speaker  
Choctaw Nation Tribal Council

  
Thomas Williston, Secretary  
Choctaw Nation Tribal Council

  
Gary Patton, Chief  
Choctaw Nation of Oklahoma

DATE: 7-14-14

# Revenue Allocation Plan

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# Revenue Allocation Plan

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## Title 1: PURPOSE

To provide a Revenue Allocation Plan ("Plan") for the purpose of administering financial resources available from the proceeds of Nation's business enterprises which are distributed to the Nation's government for use pursuant to the Revenue Allocation Plan ("Plan"). The Plan will be a living document that can be modified based on the needs of the Nation. The Plan will guide the annual budget process for the Tribal Budget, Permanent Fund, and Capital Project appropriations.

As outlined in the Banking, Savings, and Investment Act of the Choctaw Nation (CB 61-11), the Permanent Fund contributions will be used for the long-term sustainability of the Nation.

All changes to the Plan require a super majority vote of the Tribal Council to be passed. A super majority vote is defined as two thirds (2/3) of the voting membership of Tribal Council.

## Title 2: INTENT

It is the intent of the Tribal Council, Chief and Assistant Chief that this Plan is ongoing in nature with the flexibility to be modified as deemed necessary. It is intended that the amounts available within the plan be budgeted and administered in such a way as to provide funding for the highest priorities of the Nation, in conjunction with other available resources, as determined by the Tribal Council in consultation with the general tribal membership.

## Title 3: BACKGROUND

As stewards of the Nation, the Tribal Council, Chief and Assistant Chief are concerned with threats to the Nation's Revenues, including state and federal efforts to limit the scope of gaming, federal efforts to tax and otherwise regulate gaming and certain congressional efforts to offset federal assistance and services which would otherwise be provided to Tribes because of their gaming revenue. The risk also exists that gaming could become generally more available to the general public which would limit the profitability of the Nation's gaming operation.

Executive Management can engage, on behalf of the Nation, in federal and state dialogue to protect the Nation's interests, but cannot predict the future of gaming as a profitable opportunity. Therefore the Tribal Council, Chief and Assistant Chief intend to act prudently to maximize the opportunity to build a strong and diversified economic and financial base for the Nation and its members that will serve the needs of the people in perpetuity.

As a normal policy, Tribal Council, Chief and Assistant Chief intend to defer the obligation and expenditure of net Revenues of the business enterprises to the year or years following their receipt. This practice will assure that budgets take into account only Revenues that have been received and are available for use, which will in turn assure that financial commitments to programs, services and other important purposes can be carried out.

The above discussed practice will result in substantial balances on hand in the Reserve Portfolios, which may need to be kept reasonably liquid, for the purpose of use in future years. Tribal Council has made provisions for margin borrowing and leveraging governed by CB 61-11. This may permit the Tribal Council, Chief and Assistant Chief to invest the Reserve Portfolios at longer terms with higher rates of return and to utilize temporary margin borrowing against fund balances to provide needed liquidity for necessary or approved outlays. Assets of the Reserve Portfolios may be held *and* invested in common with other Nation funds having similar investment objectives and constraints.

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## Title 4: Definitions

As utilized herein, the following terms shall mean:

- (a) "Nation": The Choctaw Nation of Oklahoma
- (b) "Tribal Council": the elected Tribal Council members, recognized as the legislative branch, of the Choctaw Nation of Oklahoma
- (c) "Chief": the elected Chief of the Choctaw Nation of Oklahoma
- (d) "Assistant Chief": the Assistant Chief of the Choctaw Nation of Oklahoma
- (e) "Revenue" or "Tribal Revenue": EBITDA received from business enterprises and governmental revenues (excluding: realized and unrealized investment gains and losses)
- (f) "Executive Finance Officer": the Executive Finance Officer of the Choctaw Nation of Oklahoma and his/her authorized designees.
- (g) "Executive Management": the Chief of the Choctaw Nation of Oklahoma and his/her authorized designees.
- (h) "CB 61-11": the approved Council Bill titled "Banking, Savings, and Investment Act"
- (i) "General Fund Tribal Budget": the General Fund operational tribal budget of the Choctaw Nation of Oklahoma
- (j) "Capital Projects": Monies available for use by Executive Management for capital investments including, but not limited to: capital assets, new business, growth of existing business, land (including strategic and land base) acquisition, and other economical & strategic ventures for the Choctaw Nation of Oklahoma.
- (k) "Reserve Portfolios": cash & investment accounts established to provide a vehicle for the prudent custody and investment of the Nation's reserves, having varying duration and obligations. This currently consists of the Working Capital, Treasury Reserve, and the Unallocated Long-term.
- (l) "Permanent Fund": the Nation's permanent investment portfolio and endowment authorized and established by Title 3a of CB 61-11. For this document, the use of the term "permanent" is not intended to follow the GAAP accounting treatment for "Permanent Funds".

## Title 5: Plan

1. This Plan is set up for the purposes of outlining the available allocations of the Nation's Revenues each fiscal year. Each year the Revenue allocation plan will set aside money into 3 distinct categories:
  - a. General Fund Tribal Budget
  - b. Permanent Fund
  - c. Capital Projects

Each category allocation will be considered funded the first day of each fiscal year upon the approval of the annual budget and tracked by the Nation's Finance Department throughout the year.

## Revenue Allocation Plan

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### 2. Plan authorization

- a. All Revenues from the Nation's business enterprise operations shall be swept into central bank and or investment accounts to be made available for allocation on an annual basis as directed by this Plan and its amendments.
- b. The total Plan Allocation will be derived using the prior year's unadjusted/unaudited financial statements. Unless the annual adjustments result in a 2% change to EBITDA or greater, no adjustments will be made to the Plan's allocations.
- c. The Plan's Revenue total for allocations will be calculated based upon the Revenue definitions above.
- d. The Total Plan Allocation will be approved by the Executive Finance Officer and the results shall be disbursed to all parties involved in the fulfillment of this Plan.

### 3. Authorized uses of the Plan

- a. The amounts available within the Plan may be utilized to provide for authorized purposes within the general scope of the Indian Gaming Regulatory Act and shall be allocated on an annual basis to the following priorities until amended.
- b. The General Fund Tribal Budget allocation will be limited to 44% of the total Plan Allocation.
- c. The Permanent Fund allocation will be 20% of the total Plan Allocation. Additional funds beyond the 20% allocation may be contributed as described in Title 5, Section 7 of this Plan. (A relative degree of variance from this percentage is expected due to funding potentially coming from transfers in kind or other sources that may be subject to repricing, attribution of accrued interest, or other immaterial discrepancies.) The timing of this contribution will be at the discretion of the Nation's Treasury Department acting as the steward who is most aware of current market conditions.
- d. The Capital Projects allocation is estimated to be (by deduction), but not limited to, the remaining 36% of total Revenue calculated as previously stated in Title 5, Section 2. Other sources of funding (including but not limited to margin borrowing) may be considered opportunistically prudent depending on the ventures available to the Nation and its current financial status.

General Fund Tribal Budget (Government Programs & Services)	44%
Permanent (Endowment) Fund	20%
Capital Projects (Capital Investments)	36%
<b>Total</b>	<b>100%</b>

## Revenue Allocation Plan

4. Management of Fund Assets and Earnings
  - a. Assets that are unallocated, unassigned, unspent, or held in allowable reserves for a specific purpose shall be managed in accordance with the Nation's most current approved investment policy statements and held within the appropriate Reserve Portfolio until an event occurs authorizing funding from the respective allocation category.
5. Appropriation Procedures
  - a. The authorization for use of the Plan Revenues shall be by appropriation pursuant to the Tribal Budget, which shall be adopted annually and at such other times as the Tribal Council shall determine. Revenues collected for the Plan shall be available for appropriation following their receipt and recognition as previously described in Title 5, Section 2b.
  - b. Amounts appropriated for annual cyclical (General Fund Tribal Budget) expenditures for ongoing programs and services shall not exceed 44% of the total Plan Allocation. This percentage can only be changed by a super majority vote of the Tribal Council.
  - c. Amounts appropriated for the Permanent (Endowment) Fund annually will be considered available the first day of the fiscal year. The funds will be invested in accordance to the most recent investment policy statement for this portfolio with the intent of providing future and sustainable revenue in support of tribal services and members in perpetuity.
  - d. Amounts appropriated for Capital Projects annually will be considered available the first day of the fiscal year. These funds will be available for use by Executive Management for capital investments including, but not limited to: capital assets, new business, growth of existing business, land (including strategic and land base) acquisition, and other economical & strategic ventures for the Choctaw Nation of Oklahoma.
6. Reporting
  - a. Reports on the Plan uses toward the General Fund and Permanent (Endowment) Fund will be available upon the completion of the annual audit.
7. Restriction on Spending
  - a. Any unallocated or unplanned dollars from the previous Plan year(s) will be added to the Permanent Fund. Any unallocated amounts from any of the Plan categories will be held in any of the Reserve Portfolios until needed.
8. Implementation
  - a. This Plan shall be implemented immediately upon its adoption. The Executive Finance Officer shall be responsible to provide for all necessary procedures and actions to carry out its provisions.
9. Review
  - a. The Executive Finance Officer shall provide for review of this Plan not less than once each year and shall make recommendations for such changes as are consistent with the intent of the plan.