

RESOLUTION OF THE GOVERNING BODY OF
THE THREE AFFILIATED TRIBES OF THE
FORT BERTHOLD INDIAN RESERVATION

- WHEREAS, This Nation having accepted the Indian Reorganization Act of June 18, 1934, and the authority under said Act; and
- WHEREAS, The Constitution and Bylaws of the Three Affiliated Tribes authorizes and empowers the Tribal Business Council to engage in activities for the welfare and benefit of the Tribes and tribal members; and
- WHEREAS, Because of the depressed economic situation existing on the Fort Berthold Reservation due to reduced cattle prices which have forced many cattle operators to reduce herds or go out of business entirely; and
- WHEREAS, This has caused approximately 60,000 acres of grazing lands to remain unused for the last two years and this has caused further hardship to landowners who do not receive income from idle lands; and
- WHEREAS, The Bureau of Indian Affairs has money available under a program entitled Special Grants for Economic Development and Core Management Grants to Small Tribes which can be used to provide a 25% financial contribution to an overall Program; and
- WHEREAS, The Three Affiliated Tribes desires to assist member cattle operators and landowners alike and has developed a Cattle Repayment Program which addresses the needs of the cattle operators and the landowners via the Program Plan; and
- WHEREAS, The Tribal Business Council has reviewed the Cattle Repayment Program Plan and Budget and has found it suitable;
- NOW THEREFORE BE IT RESOLVED, That the Three Affiliated Tribes does hereby approve of the Cattle Repayment Program Plan and Budget; and
- BE IT FURTHER RESOLVED, That the Tribal Business Council authorizes the Fort Berthold Purebred Livestock Breeders Association to make financial contacts as necessary in the pursuit of funding for this Program and accomplish those tasks necessary to further the development of the Program as outlined within the approved Plan.

THREE AFFILIATED TRIBES

CATTLE REPAYMENT PROGRAM

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THREE AFFILIATED TRIBES
CATTLE REPAYMENT PROGRAM

Program Description

The Three Affiliated Tribes Cattle Repayment Program will be located on the Fort Berthold Indian Reservation, North Dakota. The Reservation includes portions of the six west-central North Dakota counties of Dunn, Mercer, McKenzie, McLean, Mountrail and Ward. See Figure 1. It encompasses a total area of almost 1,550 square miles of which 11% is the water surface of Lake Sakakawea, the reservoir formed behind the Garrison Dam which was closed in the mid-1950's. The Lake effectively divided the Reservation into five geographical segments commonly referred to as the South, West, North, Northeast and East Segments.

After the formation of Lake Sakakawea, there remained two major land types on Fort Berthold. High upland plains with gentle rolling or undulating terrain with deep, fertile soils that produce good small grain crops dominate the counties of McLean and Mountrail and the eastern section of Dunn County. The rough broken badlands which characterizes the drainage areas of the Missouri and Little Missouri exemplify the second land type. The drainage systems are clearly defined and although scenic, their use is generally restricted to range lands devoted primarily to livestock production. See Figure 2.

As is typical of the Northern Great Plains, the climate is continental. It is further classified semi-arid with an average rainfall of 15 inches per annum. Although this is considered minimal, plant growth is favored in that approximately 80% of the precipitation occurs during the growing season from April to September. Temperatures range from an average July temperature of 69° F. to an average 8° F. during January, the coldest month of the year.

On the Reservation, 98% of the land is used for various agricultural purposes. These uses directly account for approximately 40% of the total Indian revenue base. Although dryland farming dominates the northeast quadrant of the Reservation, the majority of Reservation agricultural lands (approximately 60%) is devoted to livestock grazing and pasture. This percentage increases dramatically when applied only to livestock related uses. It is estimated that these acreages currently support over 100 part-time and full-time Indian Operators.

Trust grazing lands under the administration of the Bureau of Indian Affairs (BIA) total roughly 242,000 acres divided into 90 individual grazing units. The units are made available for use according to the animal units each will support for a given period of time at an approved rate. The user selection process provides for Indian preference. Figure 3 outlines the perimeters of existing range units. Additional acreage in the amount of 130,000+ is calculated for livestock support purposes such as haying and farm/pasture.

Program Goals

Agriculture is the primary revenue source for the Three Affiliated Tribes. As evidenced by the following description of the present situation on Fort Berthold, it has been determined that the need exists to stimulate the flagging agricultural economy, specifically that portion which deals with the livestock industry. This ag. sector has been adversely impacted by the interplay of a number of factors from the national to the local level.

The Reservation has experienced a severe downward trend in the use of available grazing units. The last biennium in particular has witnessed the effects of a severely depressed cattle market. While cattle prices went down, costs to the operators did not. Consequently many operators were forced to either cut back the size of their operation or go out of business altogether. These reductions resulted in less acres needed to support Reservation herds. Up to 60,000 acres went up for bid each of the last two years with very little success and it is possible that many landowners will see their lands sit dormant for the third year unless the trend is somehow reversed. Unleased units mean no income to the owners of those lands. The landowners in this instance are both individual members of the Tribe and the Tribe itself. Individual members are suffering from the loss of a substantial source of income and the Tribe is preparing to face substantial budget deficits. To further compound the problem, the Tribe is the single largest employer on the Reservation. Reduced budgets force staff and program reductions which contribute to an already severe unemployment problem and a decrease in the services provided by the Tribe to the membership.

In addition, the Farmers Home Administration (FmHA), the major agricultural lending agency providing financial services to Indian farmers and ranchers on the Reservation, has strict lending policies which oftentimes serve to limit livestock expansion. Many FmHA clients are close to maximizing

their loan potential and thus are qualified to receive only small annual operating loans. A recent class action suit resulted in the declaration of a temporary moratorium on FmHA foreclosures, but when the moratorium is lifted, the potential for foreclosure on the Reservation exists because it is estimated that approximately 65-70% of FmHA clients are currently delinquent.

This program will address that need. The proposed Cattle Repayment Program will lend to the accomplishment of the overall Mission of the Three Affiliated Tribes which is to "PROVIDE A GREATER DEGREE OF SELF-SUFFICIENCY FOR THE THREE AFFILIATED TRIBES AND ITS MEMBERSHIP."

The primary goal of the Program is to stimulate the Fort Berthold Indian Reservation agricultural economy, specifically that sector which deals with livestock production.

The following basic benefits will be achieved by a successful program:

1) a. Indian cattle operators will have the immediate opportunity to expand their herd size without a large up-front capital expenditure which at this time the majority cannot afford, and repayment is in 30% per annum heifer calf crop for the first year and 20% for six years thereafter and not in dollars plus interest; and, b. the remainder of the calf crop can be utilized by the operator at his discretion; and

2) the introduction of the additional livestock onto the Reservation will mean utilization of presently unleased range units thus restoring income to the landowners; and

3) the Tribe will have the opportunity to assist itself and the membership financially. Profits above management costs may be directed at the discretion of the Tribe.

Program Operation

The basic Program will operate as follows:

The Management Team will select bonded cattle buyers who will, on a contracted commission basis, be responsible for the initial purchase of 1,000 head of bred cows and/or bred heifers and 2,700 head of yearling heifer calves. The cattle will be purchased in January 1985. They will be processed (branded and vaccinated) and transported to winter feedlots. In March the 1,000 head of bred cows and heifers will be transported to the Reservation for distribution to eligible operators as part of the repayment cattle pool. In April or May, the heifers will be brought back to the Reservation for the summer pasture season which runs from May 1 through October 31. They will be

placed on available range units for the summer season. Six Range Riders, along with the manager will be employed to ride herd and assist in actual field work as necessary.

The breeding season will begin on June 10, 1985 and a mixture of Angus and Longhorn bulls will be utilized for a 45 day breeding season. The herd will be pregnancy tested in mid-August and will be separated into two groups (bred and open). It is expected that at least 55% of the 2,700 heifers (1,500) will breed successfully in the 45 day breeding period. The remaining 1,200 head of open yearling heifers will be prepared for sale in late August or early September when yearling markets are usually at the highest. The top end of the bred heifers (500 head) will be distributed to newly qualified operators for winter feeding and calving. From the date of distribution on or around November 1, 1985, the operator assumes full responsibility (under contract) for the care of the livestock allocated to him until the next fall sales period. At that time the management will take as repayment a minimum of 30% of the heifer calf crop the first year and 20% each year thereafter for six years. Long-term repayment over a 7 year period is 150%. (Example - If a qualified operator receives 50 head of bred cows or heifers; over a period of 7 years maximum, he must repay 75 head of heifer calves to the management in order to fulfil his contractual obligation.) The management will sell the calves to meet installment obligations for that year. This repayment process will accomplish repayment of the investment by the private sector in 7 years.

Program Management

The program will be managed totally by the Fort Berthold Purebred Livestock Breeders Association and 1 member from the private sector financial institution, hereinafter referred to as the Management Team. The business will be a chartered corporation under and pursuant to the corporate charter of the Three Affiliated Tribes.

In order to keep the program free of political interaction authority will be given to the Management Team, by Tribal Resolution and corporate charter from the Three Affiliated Tribes Tribal Business Council to administer all aspects of the Cattle Repayment Program. Management decisions concerning the Program will be the sole and final responsibility of the Management Team to include purchase, marketing, determination of operator qualification criteria,

actual cattle recipient selection and for any and all other aspects of the Program. In order to assist the Management Team in the selection of eligible livestock operators as recipients of cattle from the "Repayment Pool" an advisory committee will be established consisting of members of the following agencies: Three Affiliated Tribes, Bureau of Indian Affairs, Fort Berthold Land and Livestock Association, Landowners Association, Farmers Home Administration, County Agent and any other individuals as appointed by the Management Team.

The Management Team will be responsible for providing progress and financial reports to the Three Affiliated Tribes and Bureau of Indian Affairs and the lending institutions involved in a manner and form acceptable to both the Management Team and the recipient.

Product

Quality

Product quality will be a primary determining factor in the success of the Program. Therefore safeguards will be instituted by Management during all aspects of the Program governing:

a. initial purchase:

The bred cows and heifers that will be purchased will be of the highest quality that will produce the desired result, a top mother cow for distribution through the Cattle Repayment Program. The types of yearling heifers to be purchased in order of preference are:

1. Crossbred Exotics - Semmental/Angus,
Semmental/Hereford,

Charolais/Angus or Brown Swiss/Angus

2. Crossbred - Angus/Hereford

3. Angus

4. Hereford

Studies have proven that crossbred cattle, usually exotic, produce the heaviest calves at weaning time. Weaning 500-600 lb. calves is the ultimate goal of every cattleman.

b. proper herd management:

The Program provides for a qualified veterinarian and full-time herd monitoring by Range Riders to ride herd during the 1984 summer grazing season. The veterinarian will respond to daily health care needs as necessary and will assist in supervising breeding.

c. sales:

Sales decisions will be the responsibility of the Management Team and will be made using the most appropriate methods as mandated by the market.

d. distribution:

Distribution will be made only to qualified operators who meet criteria developed by the Management Team and are screened by the advisory committee. The applicant must apply for no less than 10 head and no more than 100 head and must be able to provide proof of facilities and feed capable of supporting his requested allocation.

e. contractual agreement:

Each qualified operator will receive his lot by contractual agreement which will be developed with legal guidance and will define his obligations and bind him legally. Two of the foreseen stipulations of such contract will: 1) require repayment of a minimum of 30% of the heifer calf crop the first year and 20% each year thereafter for six years to be accomplished in a supervised taking of gate run heifer calves which 2) must weigh a minimum of 450 lbs.

Quantity

The annual marketed product numbers are projected to be:

1985 - 1200 open heifers.
300 heifer calves.
1000 bred heifers.

1986 - 350 heifer calves.

1987 to 1991 - 300 heifer calves.

1992 - 100 heifer calves.

Marketing

Description of Market

The cattle market as a whole is highly seasonal in nature and is subject to price fluctuations from month to month and year to year. Peak demand periods exist in which the highest prices are available to the seller.

It is estimated that the Program product will be marketed generally within the 4-state area of North Dakota, South Dakota, Nebraska and Iowa. The six major livestock auction companies in North Dakota will be utilized as well as the feedlot markets in the other three mentioned states.

Competition in sales is generally determined by demand and quality. Therefore emphasis will be put on identifying and making use of prime marketing times and the generating a quality product which will compete favorably with local and area products.

Overall Marketing Strategy

The Management Team will synchronize marketing to the peak selling price period. It is planned to market the products of the Program using any combination of marketing options and strategies available which, given the economics of the time, will maximize returns to the Management Team. Livestock for sale will be advertised in feedlot and farm publications and at local auction markets, with circulars to private buyers of livestock and direct contacts with feedlot systems. The livestock will be of high quality, preferably a crossbred type with exotic influence, to provide the greatest amount of interest and top dollar when marketed. The marketing strategy for yearling heifers the first year (1985) will be to prepare them for sale in August or early September when the yearling market is at its peak. The heifer calves from the Repayment Cattle Pool from the years 1985-92 will be marketed in October-November when markets are normally high. If the market is determined not satisfactory during the regular selling period, the calves could be weaned and backgrounded for sale in January.

The ideal marketing situation which would exist for the Management Team is to generate enough interest in the product to enable sale on-site direct to

feedlots. In this manner, payment of commissions and trucking costs to market are eliminated. A side benefit would be that such a process would enable a number of buyers to inspect the operator's livestock and a top dollar return could also be realized for non-program cattle.

Financial Needs and Application of Funds

The total cost of the proposed program is \$2 million. The Three Affiliated Tribes is requesting \$500,000 (25%) from the Special Grants for Economic Development and Core Management Grants to Small Tribes made available from the Bureau of Indian Affairs. The balance (75%) of \$1.5 million will be provided via a loan from the private sector.

The largest capital expenditure \$1.46 million will purchase 1,000 bred cows and 2,700 open heifer calves. The remaining costs are outlined in the *

Earnings Projections and Potential Returns

The initial sale of 1,200 head of open yearling heifers will generate approximately \$600,000 and the first repayment of 300 heifer calves will generate \$120,000. The remaining 1500 head of bred heifers will be distributed as follows: 500 head of the top end will go into the repayment pool which will increase the repayment pool to 1,500 head in 1986; 1,000 bred heifers will be sold which will generate approximately \$630,000. Total income the first year will be approximately \$1,350,000. A principal payment of \$1,200,000 plus interest of approximately \$100,000 will be made to the private sector lender in 1985. The balance of \$50,000 will be used for the administrative costs of the Program.

The remaining debt of \$300,000 will be paid out over a period of 6 years at the rate of \$50,000 per year plus interest at 10%. The program will run for 8 years and will generate approximately \$2,200,000 during that period of time. Surplus income will be used to buy replacement heifers to regenerate the "Repayment Cattle Pool", thus enlarging the Programs equity and assuring the longevity of the Program. In other words in each year additional cattle will be distributed to eligible operators.

Proprietary Position

As a primary investor with financial interests to protect, the private lender(s) shall participate in title to all livestock, program equipment and

materials purchased. Any transfer of ownership shall be as within the terms of contractual agreements between the Management Team and involved participants.

Three Affiliated Tribes
Cattle Repayment Program

Budget

This budget reflects costs which will be incurred during the initial institution period of the Program beginning the second quarter of fiscal year 1985.

I.	Bred Cow Purchase	
	1,000 Head @ \$650.00 per head	650,000.00
	2,700 Head @ \$300.00 per head	<u>810,000.00</u>
	Total	\$1,460,000.00
II.	Livestock Transportation Charges	\$40,000.00
III.	Winter Feed	
	1,000 Cows for 60 days @ \$.60/day	36,000.00
	2,700 Heifers for 100 days @ \$.60/day	<u>162,000.00</u>
	Total	\$198,000.00
IV.	Range	
	1,000 Cows for 8 months @ \$5.10/mo.	40,800.00
	1,200 Open Heifers for 4 months @ \$5.10/mo.	24,480.00
	1,500 Bred Heifers for 6 months @ \$5.10/mo.	45,900.00
	Supplement	500.00
	Contingency	<u>8,320.00</u>
	Total	\$120,000.00
V.	Breeding Costs	
	50 Bulls @ \$1,000.00 per Bull	\$50,000.00
VI.	Manager @ \$20,000 per yearn	20,000.00
	6 Range Riders (May-Oct.) @ \$5,000.00 each	<u>30,000.00</u>
	Total	\$50,000.00
VII.	Veterinary Costs	
	Full-time Vet Technician	30,000.00
	Veterinary Supplies and Materials Including Fly Tags and Penicillin	<u>10,000.00</u>
	Total	\$40,000.00
VIII.	Vehicle Operation	\$30,000.00
IX.	Miscellaneous Costs	\$12,000.00
TOTAL		\$2,000,000.00

Fort Berthold Cattle Repayment Program
Income Projection and Loan Repayment Schedule

Income Projection		Loan Repayment			Balance Forward	
Year	Repayment Calves &/or Heifers Sold	Total Sales Income	Principal	Interest @ 10%	Total Payment	(Inc. - Payment)
1985	1200 @ \$500 1000 @ \$630 300 @ \$400	\$1,350,000.00	1,200,000	100,000	1,300,000	50,000 0 0
1986	350 @ \$400	\$140,000.00	60,000	30,000	90,000	50,000
1987	300 @ \$450	\$135,000.00	60,000	24,000	84,000	51,000
1988	300 @ \$450	\$135,000.00	60,000	18,000	78,000	57,000
1989	300 @ \$500	\$150,000.00	60,000	12,000	72,000	78,000
1990	300 @ \$500	\$150,000.00	60,000	6,000	66,000	84,000
1991	300 @ \$500	\$150,000.00	In 1991 Total Debt is repaid.			150,000
1992	100 @ \$500	\$50,000.00	Total Principal	Total Interest	Total Payments	50,000
			1,500,000	190,000	1,690,000	

C E R T I F I C A T I O N

I, the undersigned, as Secretary of the Tribal Business Council of the Three Affiliated Tribes of the Fort Berthold Reservation, hereby certify that the Tribal Business Council is composed of 11 members of whom 7 constitute a quorum, 11 were present at a Special Meeting, thereof duly called, noticed, convened, and held on the 7th day of January, 1985; that the foregoing Resolution was duly adopted at such meeting by the affirmative vote of 7 members, 4 members opposed, 00 members abstaining, and 0 members not voting, and that said Resolution has not been rescinded or amended in any way.

CHAIRPERSON VOTING NOT VOTING

Dated this 7th day of January, 1985.

Jah Changin
SECRETARY, TRIBAL BUSINESS COUNCIL

ATTEST:

Alyce Spotted Bear
CHAIRPERSON, ALYCE SPOTTED BEAR
TRIBAL BUSINESS COUNCIL