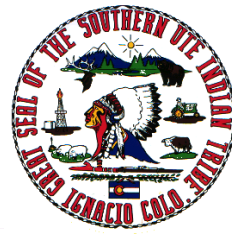


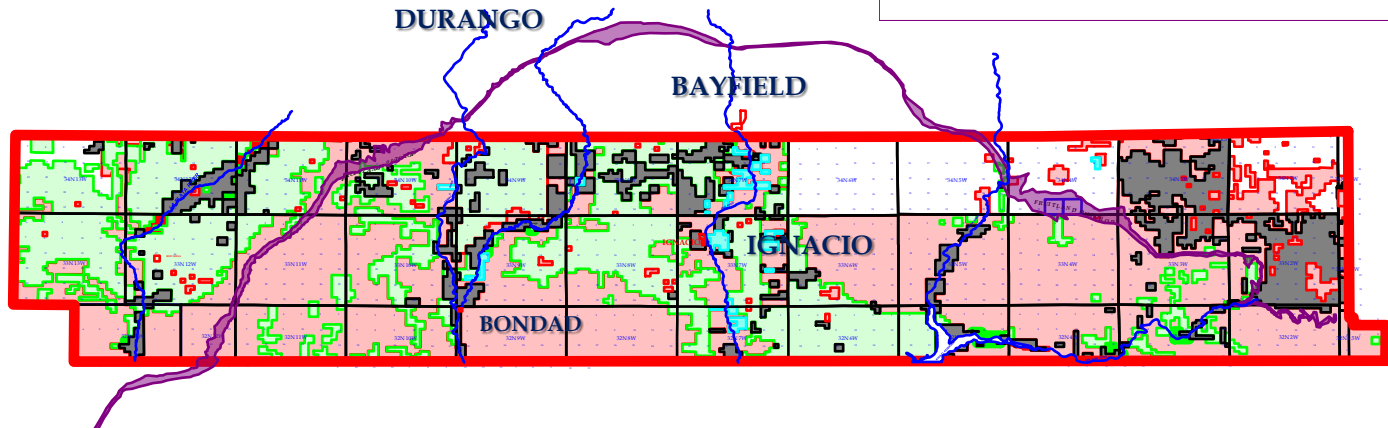
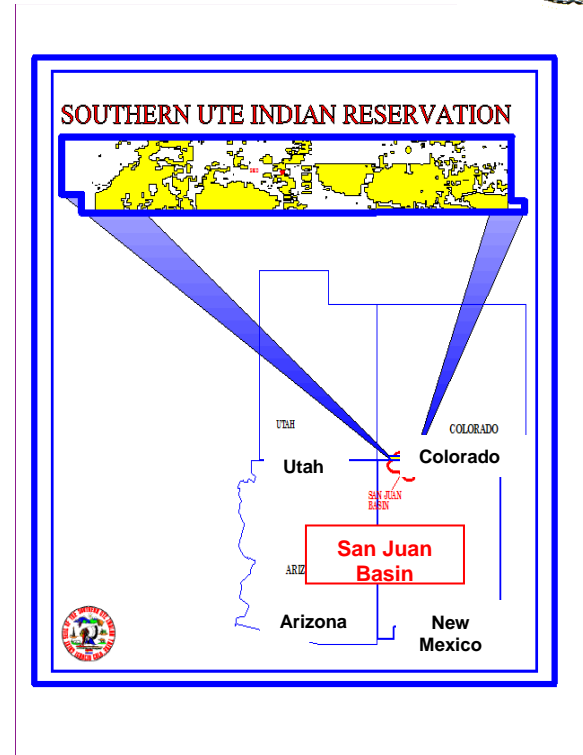


***DOE Office of Indian Energy
Commercial-Scale Renewable Energy
Project Development & Finance
Workshop
July 10, 2013***

Southern Ute Statistics Today



- **Tribal Members:** 1,400+
- **Reservation:** 313,070 acres
exterior: 681,306 acres
- **Unemployment:** 5-7%
- **Employment:** The Tribe is the largest employer in La Plata County with more than 1,300 employees.



Southern Ute Indian Tribe Growth Fund Mission Statement

“Our mission is to provide economic prosperity for the Southern Ute Indian Tribe by managing the Tribe’s businesses effectively, building new businesses prudently, and investing its money wisely. We provide analysis and advice to the Tribal Council on the Tribe’s business and financial affairs, and we provide the day to day executive management of the Tribe’s business enterprises.”



Growth Fund Profile Today

- **Employees:** Over 600
- **Operations:** 12 states
- **Active in:**
 - Oil and gas exploration and production
 - Gas gathering and processing
 - Alternative energy investments
 - Real estate investment and development
 - Commercial and residential construction
 - Private equity investing
 - Tribal utilities: water, wastewater, natural gas and trash



Growth Fund Companies

Energy

- Red Willow Production Co.
- Red Cedar Gathering Co.
- Aka Energy Group, LLC
- Panther Energy Co., LLC
- Southern Ute Alternative Energy, LLC

GF Real Estate Group

- Regional Division - Tierra Group, LLC
- National Division - GF Properties Group, LLC

Investment

- GF Private Equity Group, LLC

Tribal Departments

- Department of Energy
- Southern Ute Utilities Division
- Sky Ute Fairgrounds

Southern Ute Alternative Energy

- Southern Ute Alternative Energy is the Tribe's newest energy company. It was formed in early 2008 to invest in alternative and renewable energy.
- Alternative Energy's objective is to focus on opportunities with
 - positive environmental impact
 - sound technologies
 - sound economics
- The initial areas of interest include:



Solar



Wind



Biofuels



Biomass

FAILURE...

- ▶ *"It is fine to celebrate success,
but it is more important to heed the lessons of failure."
- Bill Gates*

 - ▶ *"I have not failed. I've just found 10,000 ways that won't
work."
- Thomas Edison*

 - ▶ *"Failure is not fatal,
but failure to change might be."
- John Wooden*
-

▶ Lesson 1:

Understand what a project is.....

And, what it is not

“Your biggest enemy is the unknown and assumptions.” - LTG Christianson

Lesson 1: Understand the Project



Lesson 1: Understand the Project

▶ A large and expensive undertaking

- Transaction costs – small vs. large
- Partners
- Effort and time required

▶ Slim margins and varying risk

- Risk vs. reward
- Execution and timing is key
- Time = \$

Lesson 1: Understand the Project

- ▶ Long time period measured in years
 - Frenzied activity, prolonged anticipation and times of boredom
 - The pace of business & decisions

- ▶ Many different work activities which combine into a single result

Lesson 1: Understand the Project

Development

Process for determining project feasibility

- Site Identification
- Wind Analysis
- Environmental Studies
- Electrical Interconnection Studies
- Site Engineering
- Lease & Right of Way
- Power Offtake Agreement/PPA
- Financing
- Turbine Supply Agreement
- Construction Agreement



Public Information Process

Construction

Operation

Legend

- Completed
- In Progress

Lesson 1: Understand the Project

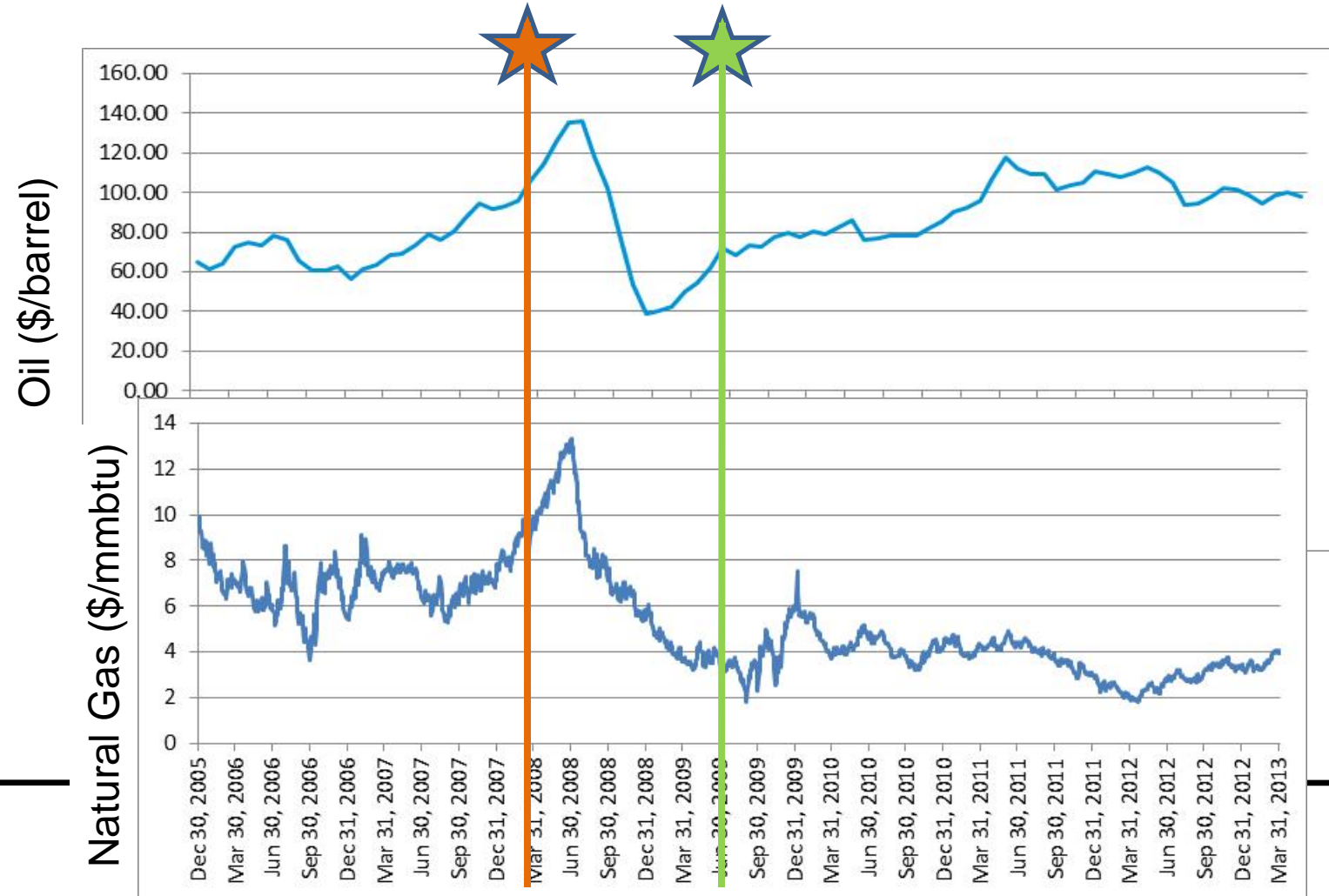
Risks & Mitigation:

- ▶ Environmental
- ▶ Lease
- ▶ Timeline
- ▶ Tribal decisions & structure
- ▶ Tribal business entity decisions & structure
- ▶ Interconnection & Transmission
- ▶ Off-Take
- ▶ Land Use regulations
- ▶ FAA Permits
- ▶ State or County interface and policy issues
- ▶ Wind Resource
- ▶ Legal
- ▶ Changes in scope, budgets
- ▶ Etc.....



Lesson 1: Understand a project

► Big Picture influences and impacts



▶ Lesson 2:

Understand...

What the Tribe wants from the project, and

what will the Tribe contribute to the project?

“A goal without a plan is just a wish.” Antoine de Saint-Exupery

Lesson 2: Wants/Contributions

▶ What do you want or need to achieve?

- Ownership – active or passive
- Revenue stream
- Electric power
- Employment

▶ What does it take to get there?

- Tribal support, regulatory or facilitation?
 - Skilled team?
 - Ongoing active role for 3 or 5 or 20 years?
 - Money?
-

Lesson 2: Wants/Contributions

- ▶ What risks is the Tribe willing to take?
 - Investment dollars and/or project costs?
 - Time & effort?

- ▶ What will the Tribe "contribute"?
 - Land
 - Government Permits
 - Investment dollars
 - Project Management

▶ Lesson 3:

Are Lessons # 1 and # 2
Compatible???

Lesson 3: Compatible?

- ▶ What do all the players need?
- ▶ Can a project meet ALL the goals?
 - Business structure
 - Viable economics
- ▶ The balance of risk vs. reward?
- ▶ What does it takes for success?
 - What is the work?
 - Who is doing what?
 - When does it need to be done?

Lesson 3: Compatible?

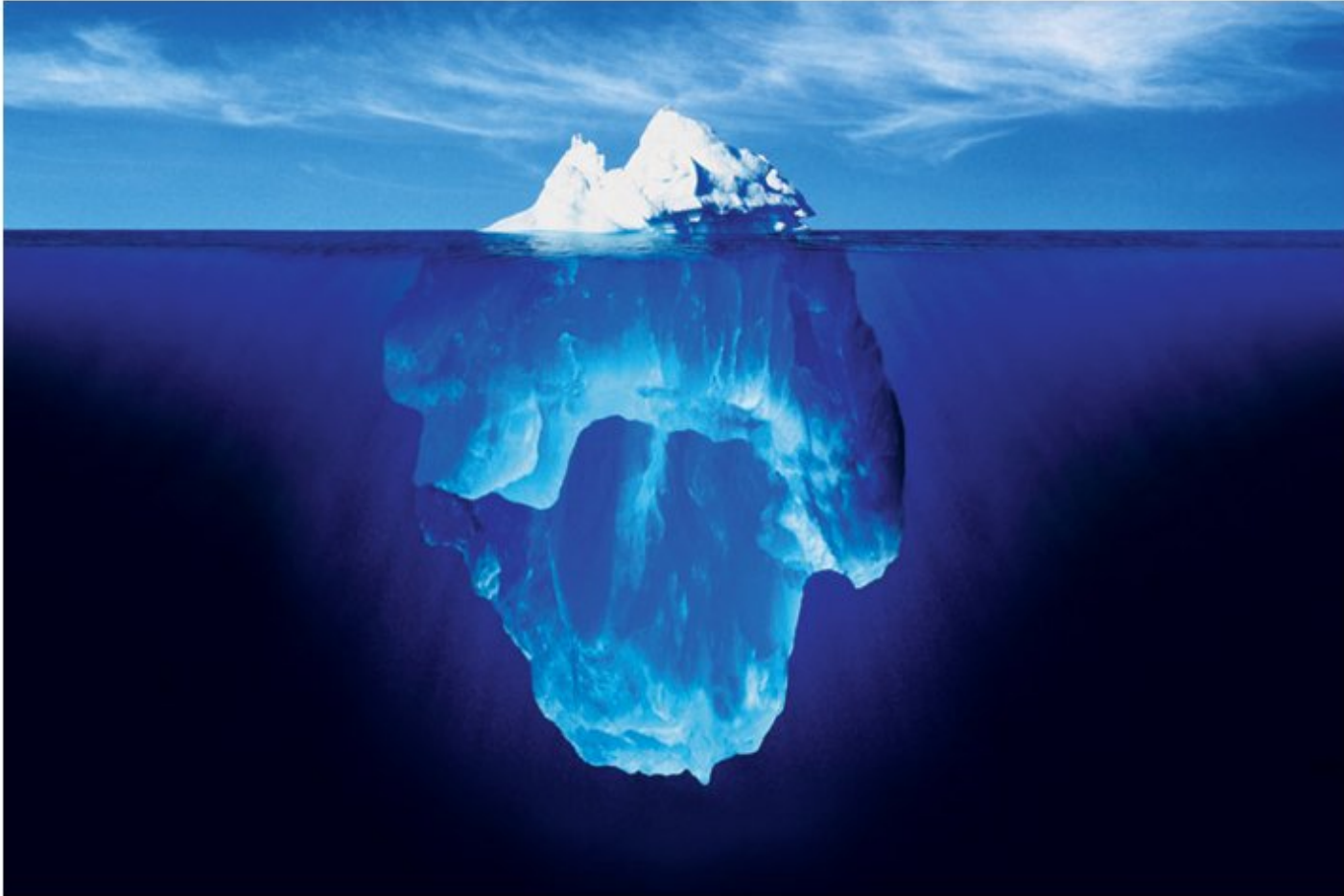


▶ Lesson 4:

Be prepared to execute the work

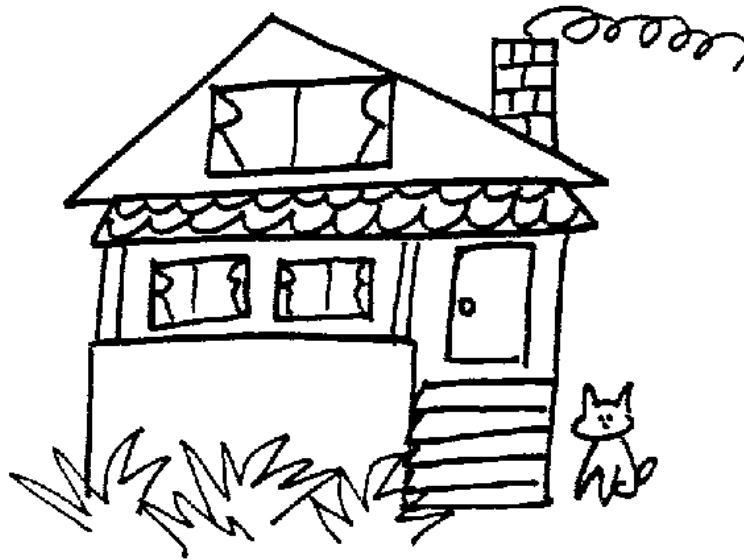
“Vision without execution is hallucination.” Thomas Edison

Lesson 4: Work Execution



Lesson 4: Work Execution

- ▶ Understand the big picture and how it evolves
- ▶ Ask lots of questions continuously



- ▶ <http://www.youtube.com/watch?v=vVcjMXhpfQw>

Lesson 4: Work Execution

1. *Anything that can go wrong, will go wrong* - *Murphy's Law*

2. *The larger the number of people involved the greater certainty something will go wrong* - *Murphy*

3. *Anything that can go wrong, will at the worst possible moment* - *Finagle's Law of Dynamic Negatives*

1. *"An ounce of prevention is worth more than a pound of cure."* - *Benjamin Franklin*



How the customer explained it



How the Project Leader understood it



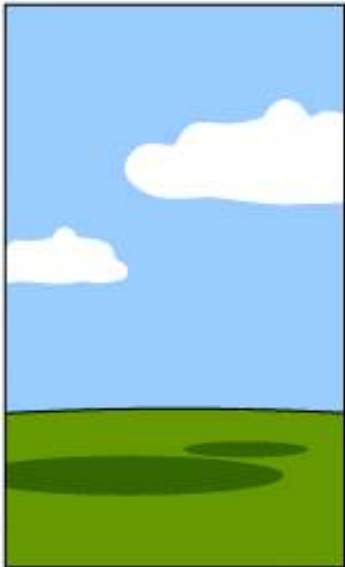
How the Analyst designed it



How the Programmer wrote it



How the Business Consultant described it



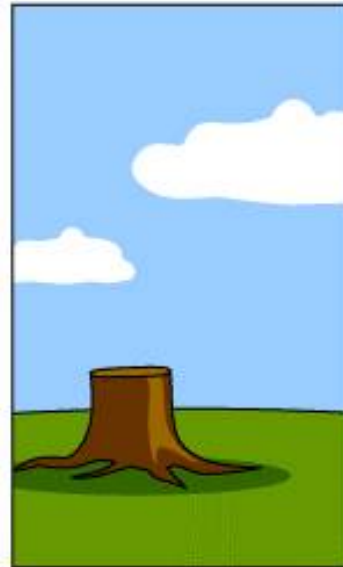
How the project was documented



What operations installed



How the customer was billed



How it was supported



What the customer really needed

▶ Lesson 5:

Be an Effective Partner

“By failing to prepare, you are preparing to fail.” Benjamin Franklin

Lesson 5: Good Partnership

- ▶ Developer, Banker, etc...
 - Path of least resistance and highest reward
 - Easy & known vs. complex & unknown

- ▶ Tribal land presents a different path
 - NEPA
 - TERO
 - Tribal Council approvals
 - BIA Regional and Local



Lesson 5: Good Partnership

▶ Roles

- Landowner
- Government regulator
 - TERO
 - Zoning
 - Cultural / Biological
- Project Owner – minority partner or 100%
- Project Developer



▶ Tribe on “all sides” creates a conflict of interest

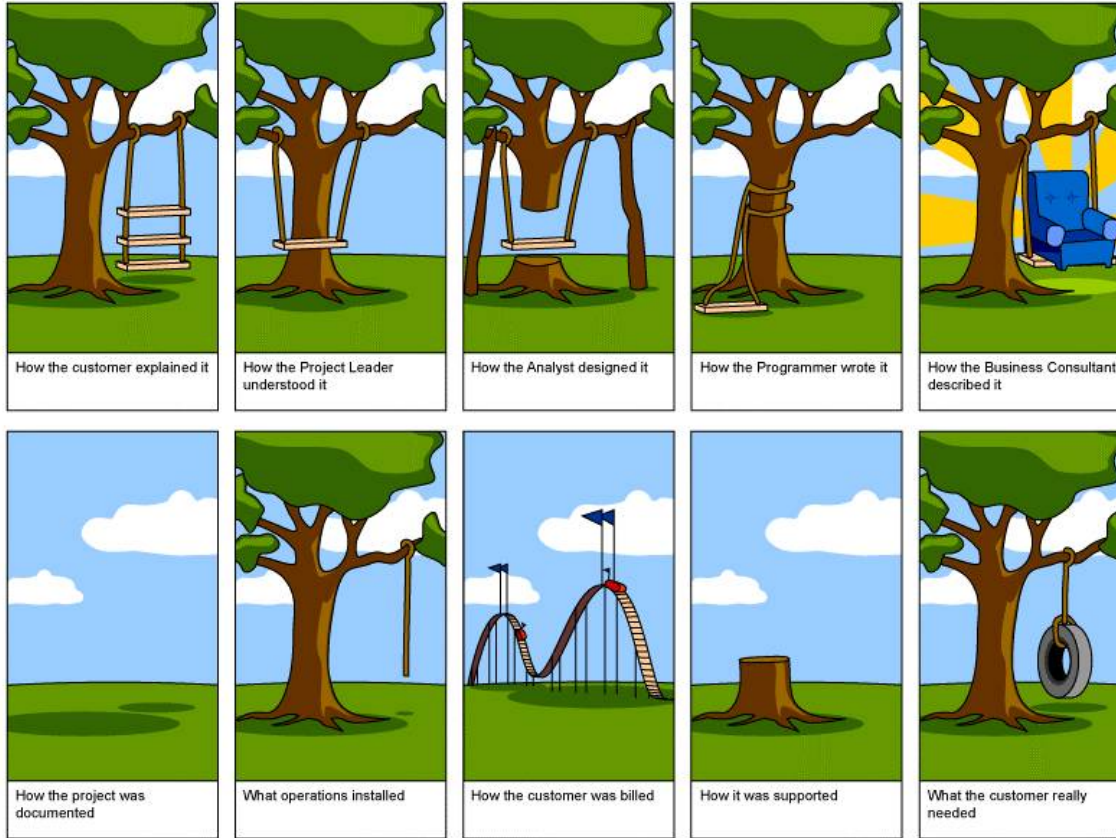
- How will you regulate the project yet provide necessary support?

Lesson 5: Effective Partner

- ▶ Communication, communication, communication
- ▶ Be proactive
- ▶ Be responsive

Lesson 5: Execution

► Which partner will you be?



Five Lessons to avoid Failure

- ▶ Know what a project ***is***, and, know what it ***is not***
 - ▶ Know what the Tribe wants and what it will contribute
 - ▶ Are #1 & #2 *Really* Compatible?
 - ▶ Be prepared to execute the work
 - ▶ Be an Effective Partner
-

▶ Thank You!

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