Tribal portfolio rebounds in 2009

Annual investment report positive at May 2 General Council meeting

By Dean Rhodes
Smoke Signals editor

The worst investment year since the Great Depression was 2008.

One of the best investment years since the Great Depression was 2009.

"We had a fantastic return in stocks," reported Mark Barnum, senior vice president of UBS Institutional Consulting, at the May 2 General Council meeting held in the Tribal Community Center regarding the Tribe's investment portfolio.

"We recovered all of the paper losses from the big fall and then some," echoed Tribal Financial Officer Stanley Arend when discussing Tribal endowment funds during an overwhelmingly positive report to the membership.

The Tribe's investment portfolio, which took a substantial hit after the stock market high of October 2007 because of the subsequent collapse of the U.S. economy, saw record returns in 2009.

Barnum displayed investment return statistics for the Tribal portfolio since 2002. The overall portfolio declined 25.64 percent in 2008 — only the second time since 2002 that the portfolio has decreased in value — and rebounded by a record 16.37 percent in 2009.

The financial comeback was so significant that the Tribe's portfolio, Barnum said, is now worth more than it was when the stock market surpassed the 14,000 mark in late 2007.

"The investment process has worked well for Grand Ronde in 2009," Barnum said. "It has been a fantastic comeback."

Barnum said that both 2008, with its deep decline, and 2009, with its significant rally, were both rare occurrences on the stock market. Both events had about a 1 percent chance of occurring based on historical records, he said.

"I don't expect to see that kind of volatility in the future," Barnum said.

Barnum said UBS's investment prognosticators think that the global economic crisis will continue to correct itself and that continued economic recovery is expected in the United States.

UBS also thinks the outlook for U.S. stocks is positive while the bond market is either neutral or negative.

"We expected to see slow growth and stocks will be attractive," Barnum said. "There is a 70 percent chance of a moderate economic recovery."

Tribal member Joe Brisbois asked why UBS has more than 20 investment managers investing Tribal money and how much they are paid by the Tribe.

Barnum said the Tribe, through Tribal Council, attempts to diversify its investments and, therefore, allocates amounts of money to particular investments, which are supervised by individual investment managers expert in that market.

"Overall, the investment cost is 0.5 percent," Barnum said. "Because of Grand Ronde's size, it is treated as a large institutional investor, which gets the Tribe the institutional rate, which is lower than the open market rate."

Tribal Elder Jack Giffen Jr. asked how new federal regulations of the financial market might affect Tribal investments.

Barnum said that more government involvement in the financial markets might decrease the potential for high returns, thereby making longer-term growth rates lower than previously expected.

"If we had been getting 6 or 7 percent returns, I would caution my clients to only expect maybe 5 percent," Barnum said.

Tribal member and Cultural Resources Manager David Lewis asked if there is any guarantee that the U.S. economy will continue to grow forever and should the Tribe consider investing in local businesses.

Barnum referred to a slide that showed the historic increase in the value of stocks from 1802 to 2009.

On average, he said, stocks have provided an annual 10 percent return on investment and that, in addition, buying stocks is investing in and having a stake in the ownership of America.

Tribal member Perri McDaniel asked if the Tribal portfolio is invested in socially and/or environmental responsible companies.

Barnum said he could not cite particular companies that would fit that criteria, but added that identifying a company as either socially or environmentally responsible is difficult.

Also, Barnum said, people who only invest in those types of companies usually sacrifice up to 20 percent of their investment returns, which, in the Tribe's situation, could affect per capita distributions.

In other action:

- Lewis made a cultural presentation on Grand Ronde Tribal efforts to aid condor restoration in Oregon.
- Tribal Elder Val Grout gave the invocation and Tribal Council member Wink Soderberg gave the meal blessing.
- The next Community Meeting will be held at noon Sunday, May 23, at the Riverhouse Hotel and Convention Center, 3075 N. Highway 97, in Bend.
- Tribal Council nominations will be accepted at a special General Council meeting at 11 a.m. Sunday, June 27, at the Tribal Community Center.
- The next regular General Council meeting will be held at 11 a.m. Sunday, Sept. 12, in the Tribal Community Center.
- Tribal Elder Val Grout and Tribal members Rex Haller and Bryan Mercier won the $50 Safeway gift cards and Tribal Elder Jack Giffen Jr. won $100 door prize, which he donated to Elders' Honor Day. ■

Tribal returns

According to Mark Barnum, senior vice president of UBS Institutional Consulting, the returns on investment of the Tribal portfolio since 2002 have been:

- 2002: -1.67 percent
- 2003: 14.24 percent
- 2004: 6.92 percent
- 2005: 4.34 percent
- 2006: 9.47 percent
- 2007: 5.59 percent
- 2008: -25.64 percent
- 2009: 16.37 percent

Tribe receives $12,000 to fund cultural projects

By Dean Rhodes
Smoke Signals editor

The Tribe's Cultural Trust Board has received $12,000 from the Oregon Cultural Trust that will be awarded in grants of between $500 to $1,000 for cultural projects.

According to Tribal member and Cultural Trust Board Chair Perri McDaniel, the money must be awarded by June 30. Therefore, a grant application deadline has been set of Friday, June 18.

The Grand Ronde Cultural Trust Board was established by Tribal Council to provide support that will assist and enhance understanding, education, practice and preservation of traditional cultural and Tribal heritage.

Board members will review and rank grant applications and select the programs, organizations and projects to be funded based on its mission statement.

Grants can be awarded to Tribal members, organizations that have a tax-exempt status or are a program or entity within the Tribal organization that has culture as a key priority of their proposal. Only one application per person or entity per year is allowed.

Eligible projects may include the cultural sectors of the arts, heritage and humanities listed in the grant guidelines and application.

"This is a big deal as this is something that has been in the works for at least eight years now and this will be our first round of grant making," McDaniel said.

The 10-page grant application and guidelines packet is available at the front reception desk of the Governance Center Building.

Completed applications need to be mailed to Confederated Tribes of Grand Ronde, ATTN: Cultural Trust Board, 9615 Grand Ronde Road, Grand Ronde, OR 97347.

For more information, contact McDaniel at 503-437-0305 or ctgrwi@hotmail.com. ■

GED Classes

Mondays and Wednesdays, 1:30 – 4 p.m.
Tribal Education Building
Contact Joanne Carr at 503-879-2282
or joanne.carr@grandronde.org ■

2010 Community Meetings Schedule

5/23 Bend – at the Riverhouse Inn
(same ballroom as last year)
Social Hour from 11A.M.-Noon
Noon: Lunch and then
the Community Meeting

3075 N. Highway 97
Bend, Oregon 97701

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