

# General Council briefed on Tribal investments

*Improving economy translates into more valuable portfolio*

By Dean Rhodes

*Smoke Signals editor*

After the stormy economic times of 2008, when UBS Financial Services' Senior Vice President-Investments Mark Barnum reported to the general membership that Tribal investments had plummeted more than 25 percent in value, things have been better for the second year in a row.

And Barnum reflected those rosier economic times at the May 1 General Council meeting held in Grand Ronde.

"It's a beautiful day outside," Barnum said jovially about the sunny spring morning, "and that is a reflection of how the investment markets are doing."

For the second consecutive year, Barnum reported that the Tribe's investment portfolio had increased by double-digits in value. Although 2010's 10.69 rate of growth did not match 2009's 16.37 percent, it is going in the right direction at a healthy pace.

UBS Financial has been the Tribe's investment adviser since 2001 and helped Tribal leaders and employees increase the value of the Tribe's portfolio by more than 300 percent in those 11 years, he said.

Barnum said that 2011 will, in all likelihood, continue to see recovery in the financial markets and Tribal members should expect a 7 percent to 10 percent growth rate in Tribal investments when he stands before them in 2012.

The current Tribal portfolio, Barnum said, is split with 46 percent invested in bonds, 42 percent in stocks and 10 percent in money market funds.

Barnum said UBS expects growth in the U.S. economy to be moderate, but sustainable.



Photos by Michelle Alaimo

**Mark Barnum, senior vice president-investments with UBS Financial Services, gave the General Membership an update on Tribal investments during the General Council meeting at the Tribal Community Center on May 1.**



**Tribal member Debbie Bernardo asks Mark Barnum, senior vice president-investments with UBS Financial Services, how Tribal investments have been diversified from 2008 during the General Council meeting.**

## Tribal returns

According to Mark Barnum, senior vice president-investments 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
- 2010: 10.69 percent

"We have a positive view on risk assets," he said. "This is not a time to put your money under the mattress."

UBS forecasts say there is a 60 percent chance of continued moderate recovery in the economy, a 20 percent chance of a strong recovery and only a 20 percent chance of either stagflation or a new downturn.

However, the memories of the 2008 recession remain fresh in the minds of Tribal members.

Tribal member Ann Lewis asked if the Tribe has developed a "stop sale point," which would be a point at which the Tribe would get out of the stock market if another drastic decline occurred.

Barnum, like he has at other General Council meetings, warned against trying to time the stock market.

"There are two decisions that need to be made: when to sell and when to buy back in," he said. "Those two decisions are usually made at the wrong times."

However, Barnum cited changes that have occurred that will give the Tribe more flexibility.

He said minor's accounts have been restructured, giving parents or guardians the ability to control how the money is invested. In addition, as a Tribal minor gets older, funds placed in the default option are moved to increasingly conservative investments to prevent a sudden drop in value as the youth comes of age. Barnum said most minor's accounts went to the default investment option.

And, Barnum said, a new tactical asset allocation manager has been added to ensure that Tribal investments are protected in the event of another global economic meltdown.

Tribal member Debbie Bernardo asked about how Tribal investments have been diversified since 2008.

Again, Barnum pointed to the new tactical asset allocation model. "The risk is less without compromising the rate of return," he said, adding there is more diversification in the Tribe's stock holdings. "The lesson learned from 2008 was to be more flexible."

Tribal Council member Wink Soderberg asked about the economic influence of China and its effect on the United States.

Barnum said that high U.S. unemployment and increased savings rates are actually hurting the Chinese economy since Americans have less money with which to purchase consumer goods.

"It is market-driven," Barnum said. "There is incentive for everyone to keep this consumption drive going."

Barnum also reassured Tribal Council member Steve Bobb Sr., who inquired about what effects the disasters in Japan might have on the world economy.

Ironically, Barnum said, the tragic earthquakes and tsunami might actually energize the Japanese economy, which he said has been "going sideways" for years. Increased governmental spending on repairing disaster damage might energize the Japanese economy, he said.

Barnum said a bigger concern is the price of gasoline, but UBS expects that to level off soon and not be too much of a drag on the economy.

In other action, it was announced that Tribal Council nominations will be accepted at 11 a.m. Sunday, June 26, in the Tribal Community Center and the next General Council meeting will be held Sunday, Sept. 11.

Tribal Chairwoman Cheryle A. Kennedy said that she will travel to Washington, D.C., during the week of May 2-6 to testify before Congress on the funding needs of Native American Tribes and the Grand Ronde peoples.

She said she would concentrate on health, public safety, education and contract support costs in her congressional testimony.

Tribal member Paul Johnson won the \$100 door prize while the \$50 door prizes were won by Tribal Elders Duane Wheeler, Theresa Haller and Wayne Peters. ■

## Community Input meeting held May 1

*Participants discuss Tribal services, economic development*

By Kim Rogers

*Tribal Planning & Grants manager*

Following the May 1 General Council meeting, the Tribe held its 2011 Community Input meeting in the Tribal gym in Grand Ronde.

Thirty-one people attended, including six Tribal Council members and five assigned staff.

The Tribe uses Community Input meetings for planning and grants, such as Indian Community Development Block and Administration for Native Americans grants.

The meeting started with a brief overview regarding recent community development activities, current projects and projects planned for 2011.

One end of the Tribal gym featured banners highlighting the 1985 Reservation Plan and the 1995 and 2010 Strategic Plans, and several banners highlighted time periods from the original reservation, Termination, Restoration and then development every five years thereafter, including land acquisition maps, total Tribal membership and photos of development projects.

After the presentation, Tribal members broke into discussion

groups on Tribal services and economic development. Suggestions from the two groups focused on improved recreational activities and facilities for youth and the community.

The need for transition services and counseling for Tribal members and for improved services for Elders also were expressed.

Economic interests included economic diversification, a grocery store and interest in using Tribal lands to grow or raise food for use at Spirit Mountain Casino.

Only one Community Input meeting was held this year because of budget constraints. ■