Monique Jessamy

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SOCIAL COMPACT

Tuesday, June 22, 1999

Ms. Lynn Cutler
Senior Advisor to the Vice President
Old Executive Office Building
Room 106
1600 Pennsylvania Avenue NW
Washington, D.C. 20502

Dear Ms. Cutler:

- We write at Michael Barr's suggestion regarding the July conference and Presidential site visit at the Pine Ridge Indian Reservation, and the administration's efforts to promote broader awareness of Native American homeownership issues.
- We would like to call your attention to the innovative and effective financial infrastructures developed under the leadership of PMI Mortgage Insurance Company (the 3rd largest private mortgage insurer in the nation) in conjunction with the Chickasaw Nation and other Native American peoples. This pioneering work leverages PMI's financial expertise to create a replicable model for structuring homeownership on Native American lands.
- PMI's commitment is top down: Chairman Roger Haughton is deeply dedicated to expanding homeownership for underserved populations across the country, an interest sparked by his volunteer experience with Habitat for Humanity. He has invested substantial senior leadership time into cultivating the partnership with the Chickasaw and other Native American peoples. PMI's company-wide commitment is evidenced by the long hours invested by staff and their pride in their successes.

- PMI and Mr. Haughton have already committed to a leadership role supporting the site visit to Pine Ridge. We'd like to suggest you consider the opportunity to tap into a CEO who would add passion and an unusual depth of expertise to the discussion.
- Enclosed are background materials: the Social Compact magazine profiling the 1999 award winners, of which PMI is one; the partnership application for the award; press releases concerning PMI's partnerships on Native American lands and in underserved markets in general.

Thank you for your time and we will be following up in the next few days to get your feedback..

Sincerely,

Lynn Reilly Whiteside
Chief Executive

Amy Whittle
Awards Program Director

PMI MORTGAGE INSURANCE COMPANY & CHICKASAW NATION

Unleashing homeownership opportunities for Native Americans

Industry Leader

PMI's business strategy is to be the leading provider of mortgage insurance, title insurance, risk management technology and other products and services to the home mortgage finance industry. Hard numbers define their performance: PMI is the third largest private mortgage insurer in the U.S. and has assisted over 1.7 million people in buying their homes while achieving an S&P rating of AA+ and an ROE of 17.9 percent. Key to the company's success is their unrelenting dedication to operating performance and innovation.

Affordable Housing Pioneer

Reflective of PMI's success in expanding homeownership to traditionally underserved markets through innova-

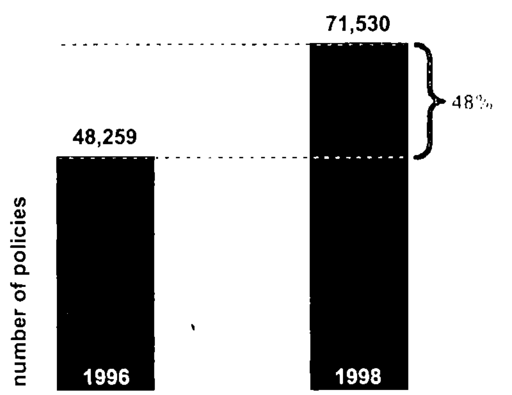

Figure 1 Overall growth in PMI's low- to moderate-income portfolio

tion and effective risk management, the company pioneered the nation's first automated underwriting and mortgage scoring system. Their trademark "pmiAURA Score" has made the residential mortgage process more efficient for lenders and more affordable to borrowers. It is the combined impact of their risk management expertise and a corporate culture dedicated to helping others that is the foundation for PMI's success opening up homeownership to underserved markets across America. The affordable housing market is a significant and profitable market segment for PMI.

PMI's leadership, providing an array of flexible affordable housing products and risk management services, is reinforced by a series of strategic alliances that have opened up the homeownership opportunity to families who, because of income or credit history, would not have had access to the American Dream. A partnership with Bank of America spawned the Neighborhood Advantage Credit Flex program, which has accessed over $80 million in home finance loans. The Neighborhood Housing Partnership has unleashed homeownership opportunities totaling $98 million in home loans. PMI also partners with the National Foundation for Consumer Credit and, most recently, the Chickasaw, Choctaw, Citizens Potawatomi and Cherokee Nations.

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Laying the Foundation for a Partnership

The foundation for this partnership was laid almost five years ago on a Habitat for Humanity build. When PMI talks about doing a Habitat build, they aren't talking about a CEO photo-op. This is hard-core work, and every year for the past five years Roger Haughton, PMI's chairman, and his team put in a week of grueling 18-hour days building a home for a family. And it was on the chairman's first build on an Indian reservation in North Dakota that the seeds for the Chickasaw-PMI partnership were planted. Seeds that have blossomed into the Chuka Chukmasi, meaning "beautiful homes" in the Chickasaw language.

The Challenge

As Washington leaders celebrate unheralded rates of homeownership for Americans, the reality for Native Americans is quite different. According to HUD, while home ownership in the U.S. overall stands at 66.4 percent, "among the over 100 Native American tribes recognized by the Department, only 1 percent of their citizens own their homes."

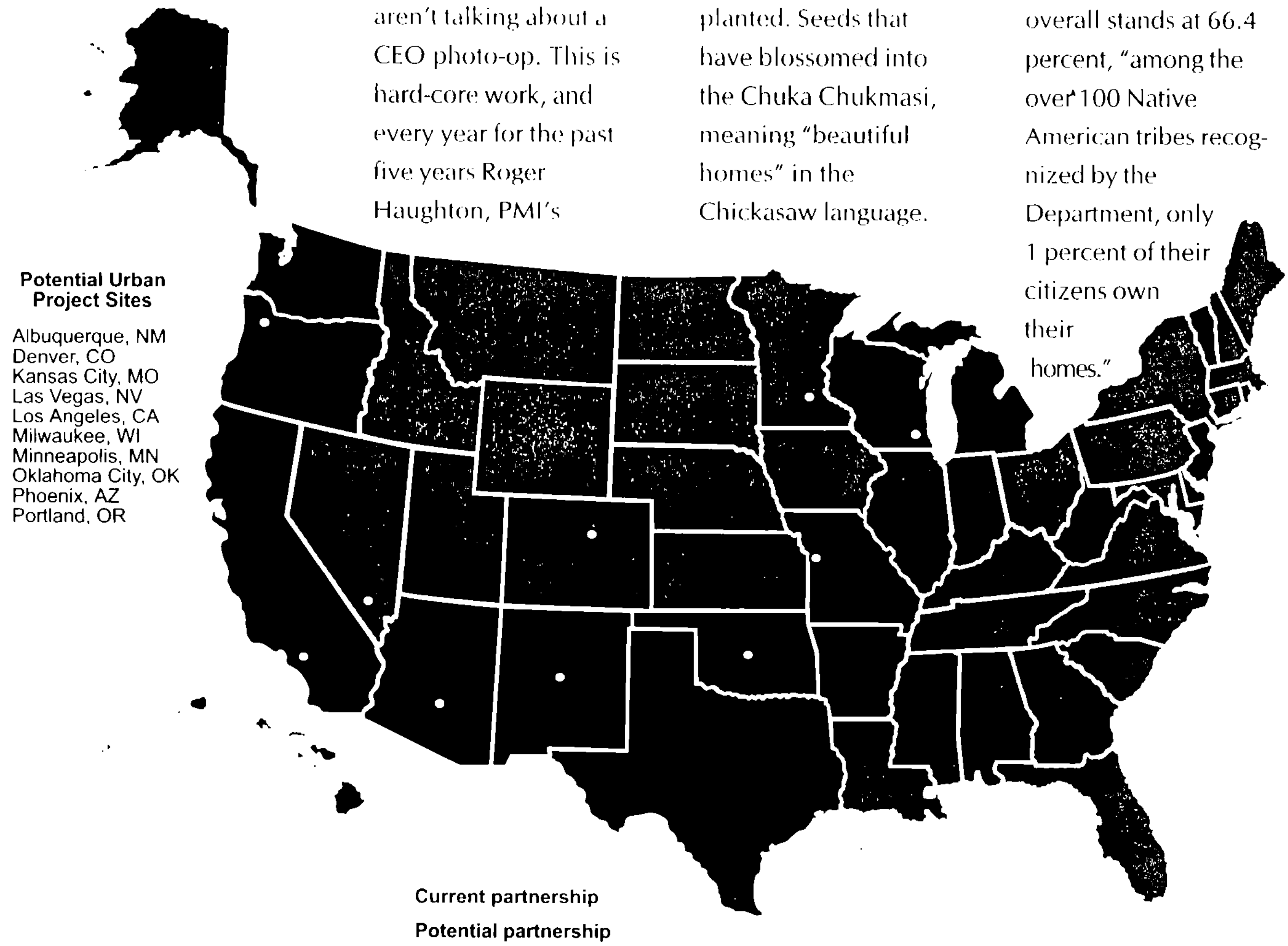


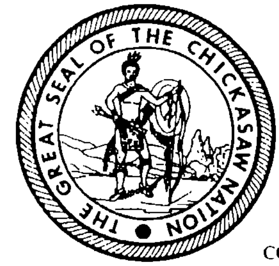
Figure 2 Location of PMI's current and potential partnerships with the Cherokee, Chickasaw, Choctaw, Citizens Potawatomi and Navajo Nations and Pueblos.

The rate of homeownership is so low for a variety of reasons. And it was not until 1996, when Congress passed the Native American Housing Assistance and Self-Determination Act (NAHASDA), that Indian tribes had the means to foster conventional home mortgage lending on a widespread scale in Indian communities.

Forging a Path-Breaking Model

A leadership force in this legislative effort was the National Association of Indian Housing Councils (NAIHC). With passage of the legislation, First Americans Mortgage and the Chickasaw Nation reached out to PMI. Together the Chickasaw Nation, First Americans Mortgage, Freddie Mac and PMI forged a strategy to access the capital markets for homeownership financing on Indian lands. PMI pioneered an innovative risk-sharing program and specially designed mortgage product. The company agreed to insure the mortgages, assembled a consortium of lenders to make the loans and enlisted Freddie Mac to purchase the mortgage-backed securities.

The product design, which in part includes a 1 percent downpayment requirement from the borrower, involves shared risk between PMI and the Chickasaw Nation. While PMI has over $8 billion in affordable housing commitments, PMI's customers have usually been large corporations. This is the first time PMI has crafted an affordable housing program for a Native American tribe.



Unleashing New Futures and New Markets

Less than six months into the partnership, over 80 loans are in process, 20 others have been approved and new homes are sprouting up on the Chickasaw lands across Oklahoma. For the first time Native Americans have the opportunity to achieve the dream of homeownership.

And the seeds of this dream are spreading across the country ... the Choctaw, Citizens Potawatomi and Cherokee Nations have formed partnerships with PMI to open up the homeownership opportunities on their lands. The Navajos and other tribes are also discussing similar partnerships with PMI. For PMI, this represents a $650 million market opportunity and reinforces their role as the industry leader, marshalling their commitment to innovation and their risk management capabilities to help all Americans own a home.

pmi MORTGAGE INSURANCE CO.®

PMI Mortgage Insurance Co. to Build Fourth Annual 'PMI House' at Habitat for Humanity's Jimmy Carter Work Project

Company Volunteers Head to Pikeville, KY to Help Build 52 Houses in One Week

SAN FRANCISCO, June 16 /PRNewswire/ -- Volunteers from PMI Mortgage Insurance Co. (PMI) headed by W. Roger Haughton, President and Chief Executive Officer of PMI's parent company, The PMI Group, Inc., (NYSE: PMA) are joining hundreds of people from across the country this week to participate in Habitat for Humanity International's 1997 Jimmy Carter Work Project in Pikeville, KY and other Appalachian communities in Kentucky and Tennessee. Since 1993, PMI has sponsored houses at Jimmy Carter Work Projects in Los Angeles and Eagle Butte, SD and at Habitat's 20th Anniversary "Blitz Build" in Americus, GA.

During this week's "Blitz Build", Haughton and 15 PMI employees will work alongside the future homeowners to build the "PMI House", one of the 52 houses that will be built between June 15 and 21 for low-income families in seven different Kentucky and Tennessee communities. PMI is contributing funds to purchase materials for the construction of the "PMI House".

"PMI's commitment to Habitat and the Jimmy Carter Work Project underscores the strength of our mission to expand homeownership opportunities and to work closely with communities and low-income families who have the desire, ability, and drive to own their own homes," said Haughton. "Strapping on a tool belt and building houses with Habitat and President Carter not only fulfills a corporate goal at PMI, it energizes our employees' personal commitment to make the American Dream a reality for more low- and moderate-income families across the nation."

In addition to supporting the "Blitz Build", earlier this year PMI gave further support to Habitat as one of the first companies to purchase bonds from Habitat's very first offering of "Linda Mae" bonds, securities issued by Habitat and backed by no-interest mortgages on Habitat-built homes. The proceeds from the first offering have allowed Habitat to begin work on additional housing.

"We are thrilled that PMI is joining us for our 14th Annual Jimmy Carter Work Project" said Millard Fuller, Habitat for Humanity International's founder and president. "PMI's extraordinary energy, enthusiasm and commitment are one reason our annual Jimmy Carter Work Projects are so successful. Roger and his team are true friends of Habitat for Humanity and affordable homeownership."

The 1997 "PMI House" is being built with Linda Smith, who has four grown children ranging in age from 31 to 35 and six grandchildren. Ms. Smith, who works at the Velocity Market in Pikeville, lives in a small mobile home and is looking forward to having a larger home where her grandchildren will have room to visit and play.

Pikeville (pop: 60,000) is located in Southeastern Kentucky. According to the local Habitat for Humanity affiliate, housing costs in Pikeville are 18 percent above the national average, the unemployment rate there is more than twice the national average, and substandard housing conditions are common for many of the region's citizens.

Last year, PMI sponsored a house and sent 15 volunteers to Habitat's hometown of Americus, GA to participate in Habitat's 20th Anniversary "Blitz Build". PMI has also sent volunteers and sponsored homes at the 1995 Jimmy Carter Work Project in South Central Los Angeles and the 1994 Jimmy Carter Work Project in Eagle Butte, SD and has raised tens of thousands of dollars for several local Habitat for Humanity affiliates. In 1993, PMI partnered with Habitat for Humanity in Oakland, Los Angeles, Tampa, Dallas and Atlanta and raised significant contributions for local Habitat affiliates.

Habitat for Humanity International is a non-profit Christian housing organization, founded and headquartered in Americus, GA. The organization has 1,356 affiliates in 54 nations and builds houses in partnership with low-income families. Habitat for Humanity charges no interest on 15-30 year mortgages; participating families must invest "sweat equity" in the construction of their houses.

The PMI Group, Inc. is a publicly traded company headquartered in San Francisco. Its subsidiary, PMI Mortgage Insurance Co. is licensed to do business in all 50 states and the District of Columbia, and is the third largest private mortgage guaranty insurer in the United States based on 1996 year-end insurance-in-force of $77.3 billion. A leader in mortgage and EDI technology, PMI Mortgage Insurance Co. was the first mortgage insurance company to commercially introduce an automated underwriting and mortgage scoring system; the pmiAURA(SM) system is currently licensed by five of the nation's top ten mortgage lenders.

SOURCE PMI Mortgage Insurance Co.

Lynn wants you to look at the PMI material and especially how it relates to Fannie Mae.

Can you send by Joe Sawyer to Jeanne this package.

Thanks

INDIAN COUNTRY AND LOCAL DELIVERABLES

A. Major Deliverables for All of Indian Country:

1) Telecommunications Training

At the request of the FCC, the United States Telecommunications Training Institute (USTTI), a non-profit joint venture between leading U.S. communications corporations and the federal government will, on an individual voluntary corporate basis, provide training support for Native Americans to gain the expertise to enter the dynamic U.S. telecom marketplace. USTTI provides training advice and assistance through a highly effective industry-government training outreach for communications officials and entrepreneurs from the developing world.

During the past 17 years, the USTTI has provided its diverse tuition free communications training to more than 5,500 women and men who are working to bring modern communications to their countrymen in 159 developing countries.

2) Regulatory Solutions for Underserved and Unserved Areas

Informed by the field hearings, the Commission in August will announce regulatory solutions and begin a rulemaking proceeding to improve universal service support and to provide regulatory assistance for telecommunications in insular and unserved areas, including Native American reservations.

The August initiative complements already-established programs to serve at-risk communities, including tribal reservations:

Lifeline/Linkup programs help low-income residents receive basic telephone service;

E-rate universal service program -- funded this year at the maximum $2.25 billion -- has already helped 38 million children in over 80,000 schools and libraries in the country's poorest areas acquire modern telecommunications services; and

Telemedicine program -- funded this year at $3 million -- supports the costs of providing advanced telecommunication links for rural health care.

Do not

3) Availability of New Spectrum

The FCC is working to secure a spectrum sharing arrangement with the Department of Defense that will allow underserved and unserved reservations to benefit from wireless telecommunications services. The particular spectrum at issue (3400-3650 MHz) is already used in different parts of the world for wireless phone service, so the technology and equipment (including phones) is available for immediate use by Native Americans.

B. Major Local Deliverables:

**** These are all efforts underway and not yet final.**

1) Information on FCC Programs for Low-Income Residents

Informational mailing and public outreach concerning FCC programs, including:

Lifeline/Linkup programs help low-income residents receive basic telephone service;

E-rate universal service program -- funded this year at the maximum $2.25 billion -- has already helped 38 million children in over 80,000 schools and libraries in the country's poorest areas acquire modern telecommunications services; and

Telemedicine program -- funded this year at $3 million -- supports the costs of providing advanced telecommunication links for rural health care.

2) Public Safety Communications

The FCC is working with the NTIA to take advantage of an existing grant to attach antennas to existing telecommunications towers. DOJ has grant money to help fund public safety improvements.

3) Lucent Technologies Venture

A new partnership will provide wireless services to underserved and unserved areas of the reservation.

4) CTIA Donation of Equipment / Services

CTIA may agree to donate equipment and services to fill in the gaps in telecommunications services on the Pine Ridge reservation.

Lynn G. Cutler
06/29/99 03:11:51 PM

Record Type: Record

To: Maria Echaveste/WHO/EOP@EOP, Lisa Green/OPD/EOP@EOP

cc: Mary L. Smith/OPD/EOP@EOP, Marjorie Tarmey/WHO/EOP@EOP
Subject: Grant information from Energy

---------------------- Forwarded by Lynn G. Cutler/WHO/EOP on 06/29/99 03:10 PM ---------------------------

"Seiden, Maya" <Maya.Seiden@hq.doe.gov>
06/29/99 03:02:53 PM

Record Type: Record

To: Lynn G. Cutler/WHO/EOP

cc: Adrienne C. Lavallee/WHO/EOP
Subject: Grant information

June 25, 1999

MEMORANDUM FOR LYNN CUTLER

FROM: LeeAnn Inadomi
Maya Seiden

SUBJECT: Renewable Energy Technologies on Native American Lands Grants

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As previously discussed, the Department of Energy has selected eight applicants for negotiation of award under DOE Golden Field Office's Broad Base Solicitation, "Renewable Energy Technologies on Native American Lands." The objective of the solicitation is to develop and field validate the use of renewable energy systems on reservations and other tribally-owned lands for a variety of uses. Applications included, but were not limited to, direct electrical generation by wind and photovoltaic systems, and solar hot water systems. Both grid-connected and remote electrical systems were eligible, and projects of both types were selected.

The DOE assistance to be made available will be approximately $2.0 million. Recipient cost share will range from 20% to 50%, with individual awards ranging from about $110,000 to $509,000. DOE received

18 applications, which collectively requested approximately $4.2 million in DOE support.

The individual applicants selected are, in descending order of project cost:

1) The Rosebud Sioux Tribe to assist in installation and monitoring of a 750 kW wind turbine to power tribal facilities in Rosebud, South Dakota. Project cost is $1.017,500, with a 50% applicant cost share;

2) The Manzanita Band of Mission Indians to assist in installation and monitoring of a wind/PV hybrid system to power tribal buildings in Boulevard, California. The project will cost $337,676, with a 20% applicant cost share;

3) The Dilkon and Teesto Chapters of the Navajo Nation, and Energy Photovoltaics Inc, to assist in installation and monitoring 1 to 2 kW PV systems on remote native American residences in Dilkon, Arizona. The project will cost $330,000, with a 36.36% applicant cost share;

4) The Ramona Band of Mission Indians, and Domestic Technology International, Inc., to assist in installation of a hybrid PV/wind/solar hot water system for an ecotourism lodge in Anza, California. The project will cost $286,070, with a 50.36% cost share;

5) The Three Affiliated Tribes of the Fort Berthold Reservation to assist in installation and monitoring of a 100 kW wind turbine system to power tribal buildings in New Town, North Dakota. The project will cost $250,000, with a 20% cost share;

6) The Pueblo of Laguna to assist in installation and monitoring of a hybrid PV/wind/solar hot water system for remote power to the Laguna Majors Ranch near Albuquerque, New Mexico. The project will cost $238,221, with a 20% cost share;

7) The Oneida Tribe of Indians of Wisconsin to assist in installation of solar hot water and PV electric system on native American residences in Oneida, Wisconsin. The project will cost $220,777, with a 21.46% cost share;

8) The Jicarilla Apache Tribal Utility Authority to assist in installation and monitoring of a PV system to power a tribal office building in Dulce, New Mexico. The project will cost $139,988, with a 21.57% cost share.

Please contact Maya at 586-1060 if you have any questions regarding this.

Thank you.

Cc: Anne McGuire, Cabinet Affairs

USDA-RUS OUTREACH TO NATIVE AMERICAN COMMUNITIES

The Rural Utilities Service (RUS), successor to the Rural Electrification Administration (REA), is the federal governments lead agency to promote reliable, affordable utility services in rural America. Since 1936, the REA and RUS, have provided critical loan support for rural communities and utilities to establish and improve electric, telecommunications, water, sewer, distance learning and telemedicine infrastructure. On average, each one dollar from RUS leverages three to four dollars in private investment of utilities in rural areas. Modern utility infrastructure is the cornerstone of any economy. Support from REA and RUS has greatly contributed to transforming rural America into a key producer of jobs, wealth, and improving its quality of life.

Today, many Native American lands and communities unfortunately mirror the economic disparity typical of rural America seen years ago. Although REA and RUS has a strong record of investments in Native American lands and communities, much remains to be done. RUS is undertaking a new, intensive outreach initiative to improve electric, telecommunications, distance learning, telemedicine, water, and wastewater infrastructure in Native American communities. Given the achievements of REA and RUS in bringing critical utility infrastructure to rural communities, the agency is well positioned to foster the same economic and quality of life successes in Native American communities.

From the Desk of…
Jacquie Lawing

U.S. Department of Housing and Urban Development
451 7th Street, S.W.
Room 10226
Washington, DC 20410
(202) 708-2236 Phone
(203) 708-4087 Fax

Fax

To: Gene Sperling

Fax: (202) 456-2878 Pages: 12

Phone: (202) 456-2620 Date: 6/25/99

Re: Pine Ridge Deliverables

♦ Urgent ♦ For Review ♦ Please Comment ♦ Please Reply ♦ Please Recycle

*** Comments:

We plan to merge these two documents once we receive additional information from other agencies.

- George K. Baum & Company
- BancOne
- Owens Corning
- Mortgage Guaranty Insurance Corporation
- GE Capital Mortgage
- Mortgage Insurance Companies of America
- Radian Guaranty Incorporated
- PMI Mortgage Insurance Company
- Triad Guaranty Insurance Corporation
- United Guaranty Corporation
- PricewaterhouseCoopers
- Washington Mutual

the United States. Investors in the Mortgage Capital Markets recognize the value of that guarantee and therefore mortgage lenders are able to make loans at lower interest rates.

Ginnie Mae already has shown that Targeted Lending can increase mortgages in underserved areas. Mortgage lenders have used the program to make 75,714 loans in Empowerment Zones and Enterprise Communities resulting in mortgage-backed securities of $6.9 billion in just over two years of Targeted Lending. A total of 91 lenders already have participated in the program.

Ginnie Mae and FHA also are partnering with Tribes and the state of South Dakota to extend homeownership opportunities. Ginnie Mae and FHA will make commitments to extend their mortgage business in South Dakota and Pine Ridge. Details of these commitments will be forthcoming. HUD also will work with the tribal college at Pine Ridge to set up a Community Outreach Partnership. These grants promote forums, training and other programs to aid community development and outreach.

3) <u>Mortgage Insurance Companies of America Forms Five Year Alliance with Tribes</u>

The seven members of the Mortgage Insurance Companies of America (MICA) will each enter into a five year alliance with a Native American Tribe. They will:

- Endow a full-time Director of Homeownership counseling for their partner tribes;
- Create homeowner education courses for the tribal colleges; and
- Develop innovative lending criteria and new home financing mechanisms tailored to the specific needs of Native Americans.

These three steps systematically address the greatest barriers to homeownership faced by Native Americans. Knowledge and information barriers still prevent many Native Americans from accessing the mortgage lending programs they need to buy their first homes. Plus, given the rate of poverty on reservations and the complex legal issues related to tribal lands, many Native Americans mortgage products that are different than traditional offerings. These five year alliances will close the information gap and customize loan vehicles to get Native Americans into their own homes.

Individual MICA companies are making financial commitments to Indian Country over and above their five year alliances. The PMI Mortgage Insurance Company is increasing its Native American mortgage insurance initiative to $55 million nationwide. PMI already is insuring home mortgages for the Choctaw Nation of Oklahoma, Chickasaw Nation, Citizen Potawatomi and Cherokee Nation. GE Capital will implement a pilot program with its mortgage lender partners to insure $2 million in mortgage loans in Indian Country. GE Capital also is working with the National Association of Indian American Housing Councils to develop an underwriting seminar to inform and help the conventional market meet the needs of Native Americans. Plus, as further detailed below, the Republic Mortgage Insurance Company will launch the "Financial Independence" pilot project with the Oglala Sioux Tribe on Pine Ridge. This in-depth program of

securities. This will improve the credit rating of the bonds and, as a result, lower the interest rates that Native Americans will pay on their mortgages. Now, Native Americans will get more loans at better rates than they have ever had.

6) State of the Art Construction Certification Program for Tribal Colleges

Owens Corning and all of the nation's tribal colleges will work together to bring the Certified Energy Professionals program to Indian Country. This program will offer Native Americans the chance to become certified experts in energy efficiency in homes and the latest construction technologies. Owens Corning will train instructors from every tribal college not only on housing technology and energy efficiency but on the best methods for teaching their students in these areas.

The Program also will feature ongoing mentoring of the tribal college instructors. Each instructor will maintain access to the most cutting edge research being performed by Owens Corning at its Science and Technology Center. This will keep the tribal colleges and their students up-to-date on the latest innovations in the field for years to come.

B. **Local Deliverables**

Local deliverables focused on Pine Ridge and South Dakota include:

1) Pine Ridge Partnership

HUD and the Oglala Sioux Tribe have worked together to expand homeownership opportunities for Tribal members. This partnership – initially funded by a $2 million grant from HUD – has created the Oglala Sioux Tribe Partnership for Housing. This new not-for-profit will:

- Provide potential homebuyers with housing and credit counseling;
- Serve as a conduit for homebuyers to find lenders with attractive loan packages;
- Provide gap financing; and
- Act as a developer on Pine Ridge.

To help ensure the success of this venture, HUD is funding two years of technical assistance to the new not-for-profit by PricewaterhouseCoopers. The assistance will include developing appropriate loan products, providing counseling, conducting homebuyer fairs, and providing outreach to traditional capital markets.

This partnership already is producing concrete results. A total **of 19 new houses will be constructed on Pine Ridge this Summer** and 50 more will be completed over the next year. The partners to this effort cleared significant hurdles to complete these homes. Infrastructure – including basic water and sewer services as well as roads – had to be constructed and improved as part of the project. Critical support for this construction project has been provided by the Department of Agriculture, the Department of Defense, the Bureau of Indian Affairs and the Indian Health Service completing the comprehensive government-to-government partnership with the Oglala Sioux.

HUD's award-winning web site with ease.

This will be the first HUD Next Door Kiosk in Indian Country. The new consumer-oriented kiosks have been placed in 46 cities across the nation. Information available will be specially tailored for Native Americans. It will include up-to-date information of HUD's Native American Programs as well as the latest on affordable rental housing, job training, economic development assistance, Federal Housing Administration mortgages, locations of homeless shelters and the full range of HUD programs available in the community. Kiosks are also loaded with practical tips for consumers on ways to make their homes safer and ways to avoid housing fraud and scams. HUD frequently updates the information on the web-based kiosks.

DRAFT – 06/25/99

Deliverables for Pine Ridge

The following descriptions reflect the information that HUD has received to date from sister agencies. Projects of which we are aware include:

Commerce Department

Commerce will issue a report regarding technology and infrastructure on reservations. For example, the report demonstrates the low levels of phone penetration in Indian Country.

Department of Interior

The Bureau of Indian Affairs has received authorization from OMB to provide $12.3 million for Y2K remediation by tribal governments. The value of technical assistance and equipment for Plains tribes is approximately $534,000. The BIA will schedule a meeting in South Dakota in August 1999 to provide technical assistance and computer equipment to tribes in South Dakota, Montana and North Dakota. The Oglala Sioux need 60 to 90 computers fixed or replaced and could receive their new computers during the Summit on 7/6.

Department of Interior

The White River Visitor Center on the Southern Unit of Badlands National Park will be expanded to accommodate and attract more visitors. The new Center would serve as a link between Mount Rushmore and Wind Cave National Park. The project also will bring revenue directly to Pine Ridge because the new visitor center will contract for its concessions services with the Oglala Sioux Tribe.

Departments of Labor, Defense, Transportation and Interior

These Departments are partnering to build and repair the roads leading to the new White River Visitor Center. Road repair work will include gravel resurfacing and may also include paving roads if there is anticipated increased traffic. Currently, the gravel resurfacing is planned for FY 2002, but the Tribe may re-prioritize the project to this year. DoD may donate some of the labor for the road project. In addition, these agencies are looking into providing job training to the Oglala Sioux Tribe in construction related to the roads and visitor center as well as to build skills for the long term.

Department of Agriculture

May hold the signing ceremony for the Pine Ridge EZ and the 9 ECs on reservations during the Pine Ridge Summit. The Pine Ridge EZ already has planned 2 water projects on the reservation.

Department of Agriculture

Has two projects for water and sewer facilities on Pine Ridge. The first project consists of a loan of $71,250 and a grant of $213,750 to the Lakota Fund allowing utility hookups for a 30 unit housing subdivision. The second project consists of a loan of $148,750 and a grant of $446,250 to the Oglala Sioux Tribe to help connect 43 homes and home sites to the necessary water utilities. The Oglala Sioux Tribe homes are being built with HUD's assistance.

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White House

Fannie Mae has proposed a variety of initiatives and we are collecting more details.

White House and HUD

Have discussed PMI Mortgage Insurance Company's proposal to increase its commitment to provide mortgage insurance to Native Americans to $55 million. Currently, PMI is insuring mortgages for the Choctaw Nation, Chickasaw Nation, Citizen Potawatomi and Cherokee Nation. PMI also is negotiating agreements with the Navajo, Acoma Pueblo and Isleta Pueblo.

Small Business Administration

The SBA has a success story in the Long Creek Store in Wanblee, SD (Pine Ridge). The owners, Elsie Meeks and Dondee Krolikowski, are members of Oglala Sioux Tribe. Although there was no initial equity, the Small Business Development Center assisted in writing business plan to secure a guaranteed loan from the SBA through First National Bank. The Long Creek Store is now a successful small business that is impressive with its abundance and variety of products - from groceries to pharmaceuticals. Meeks is the Executive Director of the Lakota Fund, a non-profit microlender. She was named SBA's Minority Small Business Advocate in 1994.

White House and Senator Daschle

Have been discussing the possibility of Gateway providing data processing training to Native Americans in South Dakota.

National Economic Council

The NEC is trying to get America on Line to give e-commerce support including technical assistance to small businesses in Pine Ridge.

Federal Communications Commission

Has been discussing with Western Wireless the possibility of providing wireless phone services in Indian Country.

Federal Communications Commission

May change certain rules to open the rural market to further telecommunications services.

Senator Daschle

Has had discussions with Golden West regarding possible announceables.

Treasury Department/CDFI Fund

Will conduct a study on lending to Native Americans and develop an action plan to address the study's findings.

DRAFT -- 06/25/99

Department of Energy

Reviewing opportunities for announcements of its *Wind Powering America* Initiative. They are, at a minimum, ready to announce the winners of a $1.8 million solicitation to put renewables on Indian lands.

From the Desk of...
Jacquie Lawing

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Jon K

Fax

To: Gene Sperling

Fax: (202) 456-2878 Pages:

Phone: (202) 456-2620 Date: 6/29/99

Re: Pine Ridge Delliverables

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*** Comments:

Draft -- 06/28/99 9:32 PM

INDIAN COUNTRY AND LOCAL DELIVERABLES

A. Major Deliverables for All of Indian Country:

1) The Native American Homeownership Initiative

- The Mortgage Bankers Association and HUD will team with Countrywide, Norwest and other mortgage lenders to **more than double the number of home mortgages in Indian Country for each of the next three years.**
- This Initiative will mean 1,000 additional Native American homeowners.

2) HUD, Private Industry Partner to Increase Lending in Indian Country by $1.5 Billion

- HUD will expand Ginnie Mae's successful Targeted Lending Initiative (currently available only in Empowerment Zones and Enterprise Communities) to Indian Country.
- Targeted Lending **attracts mortgage lenders** by cutting the fees they pay to place their loans in Ginnie Mae securities by up to 50%.
- BancOne Capital Markets and George K. Baum & Company have committed to **underwrite $300 million in bonds per year for the next five years** to raise funds to be lent to tribes, tribal housing authorities and individual Native American homebuyers.
- This new initiative will also result in **lower interest rates on mortgages** in Indian Country.

3) Mortgage Insurance Companies of America's Five Year Alliance with Tribes

The seven members of the Mortgage Insurance Companies of America (MICA) will each enter into a **five year alliance with a Native American Tribe** to:

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- Develop innovative lending criteria and new home financing mechanisms tailored to the specific needs of Native Americans.

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- The Department of Commerce will **issue a report regarding technology and infrastructure on reservations.**

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- Once it begins operations in late July, the plant will **employ approximately 300 new workers**. Champion is actively recruiting members of the Gila River Tribe to fill those jobs.
- The plant will revert to the Tribe once the lease term ends.

B. Major Local Deliverables:

1) **Pine Ridge Partnership**

- HUD has **established the Oglala Sioux Tribe Partnership for Housing** through a $2 million grant.
- HUD will work with the partnership to **build a total of 69 homes on Pine Ridge over the next year** and to fund two years of technical assistance to the new not-for-profit by PricewaterhouseCoopers.

2) **Water 2000**

- Department of Agriculture's Water 2000 program will fund 12 water and sewer projects for Native American Tribes in 8 states
- Part of Water 2000 will be **two basic infrastructure projects on Pine Ridge scheduled for this summer.** One project will allow utility hookups for a 30 unit housing subdivision and the second will help connect 43 homes and home sites to water utilities.

3) **Rural Empowerment Zone and Enterprise Communities**

- The Department of Agriculture has designated an Empowerment Zone on Pine Ridge and 9 Enterprise Communities in Indian Country.
- The signing ceremony for the Empowerment Zone and Enterprise Communities will occur during the Pine Ridge Summit.

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- The new visitor center will contract with the Oglala Sioux Tribe for concessions services.
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- These agencies will also providing job training to the Oglala Sioux Tribe in road and facility construction techniques.

C. Other Indian Country Deliverables:

1. Increasing Homeownership

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- HUD has awarded 28 grants totaling $8 Million to Native American run non-profits and tribes.
- The grants will go toward projects such as new housing, utilities, water and sewer lines, as well as economic development projects such as a revolving loan fund and partnership for economic development.

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- PMI Mortgage Insurance Company's will increase its commitment to provide mortgage insurance to Native Americans to $55 million.
- GE Capital will start a pilot program to insure $2 million in mortgage loans in Indian Country.

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- The Treasury Department/CDFI Fund will study lending to Native Americans and develop an action plan to address the study's findings.

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- The companies will also facilitate business relationships between other private companies in the construction industry (including manufacturers, tool companies, fastener companies, home builders, panelizers and others) and Native American economic development organizations.

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- The Department of Energy also will announce the winner of their $1.8 million contract to put renewables on Indian lands.

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Federal Home Loan Bank of Des Moines Gives $1.3 Million for Tribal Homeownership and Economic Development

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- The Native American Advocacy Project will make 29 homes accessible to their disabled owners.

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- The Small Business Administration's Small Business Development Center **helped the Long Creek Store in Wanblee, SD (Pine Ridge) write their initial business plan** that allowed them to secure a **guaranteed loan from the SBA** through First National Bank.
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From the Desk of…
Jacquie Lawing

U.S. Department of Housing and Urban Development
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Room 10226
Washington, DC 20410
(202) 708-2236 Phone
(203) 708-4087 Fax

Fax

To: Lisa Green

Fax: 456-2223 Pages:

Phone: Date: 6/28/99

Re: Pine Ridge Deliverables

◆ Urgent ◆ For Review ◆ Please Comment ◆ Please Reply ◆ Please Recycle

*** Comments:

Draft -- 06/28/99 9:32 PM

INDIAN COUNTRY AND LOCAL DELIVERABLES

A. Major Deliverables for All of Indian Country:

1) The Native American Homeownership Initiative

- The Mortgage Bankers Association and HUD will team with Countrywide, Norwest and other mortgage lenders to **more than double the number of home mortgages in Indian Country for each of the next three years.**
- This Initiative will mean 1,000 additional Native American homeowners.

2) HUD, Private Industry Partner to Increase Lending in Indian Country by $1.5 Billion

- HUD will expand Ginnie Mae's successful Targeted Lending Initiative (currently available only in Empowerment Zones and Enterprise Communities) to Indian Country.
- Targeted Lending **attracts mortgage lenders** by cutting the fees they pay to place their loans in Ginnie Mae securities by up to 50%.
- BancOne Capital Markets and George K. Baum & Company have committed to **underwrite $300 million in bonds per year for the next five years** to raise funds to be lent to tribes, tribal housing authorities and individual Native American homebuyers.
- This new initiative will also result in **lower interest rates on mortgages** in Indian Country.

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From the Desk of...
Jacquie Lawing

U.S. Department of Housing and Urban Development
451 7th Street, S.W.
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Washington, DC 20410
(202) 708-2236 Phone
(203) 708-4087 Fax

Fax

To: Lisa Green

Fax: 456-2223 **Pages:** 6

Phone: **Date:** 6/28/99

Re:

♦ Urgent ♦ For Review ♦ Please Comment ♦ Please Reply ♦ Please Recycle

*** **Comments:**

MEMORANDUM

FROM: **Jacquie Lawing**
(202) 708-0270
(202) 708-4087 (fax)
Jacquie_M._Lawing@HUD.Gov

Max Stier
(202) 708-1781
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Max_I._Stier@HUD.Gov

Karen Hinton
(202) 708-1240
(203) 401-8855
Karen_Hinton@HUD.Gov

SUBJECT: **Possible Event Sites for Pine Ridge**

DATE: **June 28, 1999**

As requested, we have prepared the following memo regarding event sites and proposals for the President's New Markets visit to the Pine Ridge Indian Reservation to supplement our prior memo providing background for the President's visit. Our understanding is that Secretaries Cuomo, Glickman and Babbitt will all be at Pine Ridge and could participate at the various events.

Note: **As this is an Indian Reservation, many of the sites do not have traditional street addresses. We will provide more detail as it becomes available.**

SITE/EVENT – LANDING STRIP

A very brief (5-10 minutes) arrival ceremony – consisting of the Tribal President and perhaps all of or a subset of the 23 families (owners of new HUD-sponsored housing) greeting President Clinton and his delegation at the Marine One landing site.

SITE/EVENT – TOUR OF OLD AND NEW HOUSING

THE STORY:

There are 23 Native American families who will have qualified as first time homeowners by the end of August. **This is a significant achievement considering the realities of the Pine Ridge economy.** These families are able to afford homeownership due to an innovative combination of financing programs, including HUD guaranteed loans with secondary financing by the South Dakota Housing Finance Agency. This is an important first step in realizing the Administration's goal of building 300 homes on the Pine Ridge Indian Reservation alone.

THE SITES:

Existing, Sub-standard Housing/Meeting with Families

The President and his delegation can begin their tour at the current (old) home of one of the 23 families. The sub-standard housing that the President will see is common throughout the reservation. It deserves reiteration that this area is extremely impoverished, although the homes that could be visited are better maintained than their neighbors (the new owners understandably have put more energy into the upkeep of their current housing than is the norm). Both of the following options are located close to the New Hospital site (within 5 minute drive).

Option 1: Vocu Residence

Lucy Vocu, and her two children, have occupied her present, two bedroom, low rent duplex since 1993. It is located in an area called "Old Crazy Horse Housing." The duplex is clean but shabby and the neighborhood is not good. The family is very excited about their new home as all three will have their own bedroom (and much more room) - which means privacy - something they have not know in their current home. Even though the Vocus live in rental housing, it has not deterred them from doing the best they could with the housing stock they have.

Option 2: Linehan Residence

Barbara Jo Linehan and her daughter, Shelby Black Feather, have lived on the Pine Ridge Indian Reservation most of their lives. They live in a low rent duplex in an area called "East Ridge," located in Pine Ridge village. Like Ms. Vocu, Ms. Linehan lives in a poor neighborhood in poor housing stock.

HUD staff is in the process of identifying additional options.

Home Site/Meeting With Families

The President can accompany a family or families (this event provides the option of the President recognizing all 23 families) to their new home site. This site, known as the "New Hospital site," is currently under construction. At the time of the President's visit, the site infrastructure will be complete including a road, water, sewer and five homes in the development. It is a typical construction site, with no landscaping. Again, home and family/families TBD.

Activities could include a traditional home dedication, presentation of plaques from the President or planting a tree with some soil brought from the White House.

SITE/EVENT – ADDRESS TO THE SHARED VISIONS CONFERENCE

THE STORY:

From July 6 through 8, 1999, HUD will sponsor its first housing and economic development conference on a reservation – The Native American Homeownership and Economic Development Summit II. Tribal leaders, corporate representatives, homebuilders, lenders, architects, planners, and others will attend this important conference as an opportunity to exchange successful economic development experiences and explore new opportunities for investing in Indian communities.

THE SITE:

New Hospital Site/Speech

This is a big open field adjacent to where the new homes are being built. There will be seats for 550 people. Hold will most likely be an RV parked near by. Tents will be available to provide shade for elders, etc. (Temperature could be in the 90s).

The backdrop on stage for the President's speech will be a cross section of a home provided by PATH. The stage would include demonstrations of straw bale walls, structural insulated panels, insulated concrete form systems, solar shingles, light-weight bricks and more. The PATH backdrop will create a nice visual and help amplify the President's message about economic development through homeownership. PATH stands for Partnership for Advancing Technology in Housing and it was introduced by President Clinton on May 4, 1998.

At this speech, the President will have the option of announcing deliverables (potential theme: infrastructure is the foundation for economic development). They fit into three categories:

1. Those relating to homeownership opportunities in Indian country.
2. Those relating to economic development in Indian country, such as the Commerce Department's report on technological investment or Agriculture's water announcements.
3. Those relating to Pine Ridge specifically, such as USDA's Empowerment Zone designation and HUD's Pine Ridge Building Summit.

(Note: A ceremonial signing of the Empowerment Zone could easily be incorporated into the event)

This speech/event also offers the opportunity for the President and his delegation to see and experience some traditional activities. Because this is an opening address, the program can include traditional prayer, dance, song, a horse processional, etc.

Another option to be explored is whether the site and event are amenable to opening the event to the larger Pine Ridge community.

Other options for the speech site include Pine Ridge High School's football field or gymnasium (our rain site) as well as the Pow Wow grounds, a large area very close to the high school where the tribe holds their traditional gatherings.

SITE/EVENT – MEETINGS WITH CEOs AND TRIBAL LEADERS

There are several locations where the President could have meetings (open or closed press) with CEOs and Tribal Leaders.

Pine Ridge High School --Thope Road; PO Box 1202; Pine Ridge, SD 57770

The high school may also be the best place to set up a filing room for the press. Currently FEMA's tornado response is headquartered out of the high school. It is also the site where the Shared Visions conference will continue after the President's speech. However the school is big enough to accommodate all of these activities.

Tribal College (across from Pow Wow grounds – Whiteclay Rd.)

This is a satellite campus for the tribal college that also may be appropriate for a separate event (see below).

The Red Cloud Indian School; Holy Rosary Mission; Hwy 18; 100 Mission Drive
Pine Ridge, SD 57770; 605-867-5491/605-867-1105

This is a Catholic school on the Reservation. It is the site for the evening events of the Shared Visions conference. As above, it could also serve as a filing center.

Option for both Pine Ridge High School and Red Cloud: We could possibly arrange to have arts and crafts tables set up at either location. The President could visit those tables as an OTR; we could notify the larger Pine Ridge community that the President would be there; they could "line the street" so the President could work a rope line.

This might also be an option with a local store, but it is unclear whether an adequate store for this type of stop exists. Will know more by the close of business Monday.

SITE/EVENT – TRIBAL COLLEGE

The President and his delegation could tour the facility, meet and greet students, or participate in a high-tech link up (distance learning is an important aspect of their education; could highlight the need for investment and infrastructure, etc.).

SITE/EVENT – PRESIDENT'S DEPARTURE

Landing Strip

If it is not viable to include the Pine Ridge community at large in the day's events, we could invite the community to the departure, similar to the White House staff sending the President off from the South Lawn. The President would have the opportunity to work a rope line; could even set up a standing microphone for informal remarks.

On JULY 6-8, 1999 you are cordially invited to attend the first major HUD conference held on an Indian reservation:

Shared Visions: The Native American Homeownership and Economic Development Summit II

Hopefully you have received the Save the Date notice and plan to join us for this important event! If you have not registered for the conference or made your hotel reservations, please do so immediately! Hotel space is running out quickly and we need your conference registration in order to plan for your attendance at the many special conference events and cultural functions. Attached you will find a registration form and summary agenda.

Below are some alternatives to explore for hotel accommodations. But, you must contact the hotels directly to determine room availability. ***When making your hotel reservations, remember to state that you are attending the "HUD Native American Summit."***

HOTEL NAME	PHONE NUMBERS
Ramkota Hotel	(605) 343-8550
Quality Inn – Downtown Rapid City	(605) 342-3322
Tip Top Inn	(605) 343-3901
Super 8 Lodge	(605) 342-4911
Knights Inn	(605) 348-1453
Lamplighter	(605) 342-3385
Mt. Rushmore Travelodge	(605) 343-4700
South Dakota Rose Inn	(605) 343-8232
Quality Inn – Exit 59 on Interstate	(605) 348-1230
Western Thrifty	(605) 348-8890

Discount airline fares may be available. Please call 1-888-386-5868 to learn more about these discount airfares. The special fares will be allocated to participants who call on a first-come, first-served basis.

For more information about the Summit, please call 1-888-386-5868 or see the website at www.hud.gov/sharedvisions.html

PLEASE REGISTER TODAY!

Shared Visions: The Native American Homeownership and Eco
Development Summit II July 6-8, 1999
SUMMARY AGENDA

Tuesday, July 6 – *A Day of Consulting*
Rapid City, Rushmore Plaza Civic Center

10:00 –10:15 a.m.	*Welcoming remarks*
10:15–4:00 p.m.	*Consulting sessions on Indian housing issues*
4:30-7:00 p.m.	*New Markets reception and official opening ceremony*

Wednesday, July 7 – *Starting a New Legacy*
Pine Ridge Indian Reservation

6:00 a.m.	*Depart from Rapid City via bus*
8:00–8:30 a.m.	*Buses arrive at Pine Ridge*
8:30–4:30 p.m.	*Discussions and Presentations*
4:30-6:30 p.m.	*Evening dinner and cultural events*
6:30 p.m.	*Buses begin to depart for Rapid City*

Thursday, July 8 – *A Course For Action*
Rapid City, Rushmore Plaza Civic Center

8:30 – 9:00 a.m.	*Cultural opening ceremony*
9:00–10:15 a.m.	*Analyzing the issues and barriers to success in key issue a* Tribal lands Housing Creating economic opportunities Access to capital
10:30–12:00 noon	*Discussion of solutions, successes and recommendations*
12:00 –1:00 p.m.	*Luncheon*
1:00 – 2:15 p.m.	*Presentation of working group recommendations*
2:15 – 2:30 p.m.	*Closing remarks and prayer*

Facsimile Cover Sheet:

Please deliver to:

Date: 6/28/99

To: Jay Dunn

Company: The White House

Phone: 202 456 7702

Fax: 202 456 6218

From: Elyse Kalmans
Community Relations Dept.

Company: Enron
Telephone Number: (713) 853 0565
Fax: (713) 646-3612

Pages being faxed, including this page: 4

Information regarding the Houston Economic Opportunity Fund as well as Enron's American Indian affairs.

Please call upon receipt.

If you do not get all the pages being faxed, please contact Zulie Flores 713 853-3908.

Thank you.

Houston Economic Opportunity Fund

In early 1998, Enron recognized that the existing efforts to create sustainable wealth for ethnic minorities, and within economically disadvantaged communities in Houston were incomplete. Public sector organizations offer debt and debt-guaranty vehicles, or pure grants. Private sector firms also offer a wide variety of debt vehicles. Unfortunately, these organizations are highly regulated, and therefore, must subject their clients to fairly severe underwriting criteria. At the end of the day, many individuals and entities were left feeling frustrated by efforts which seemed to be at best, inadequate, and at worst, discriminatory.

What was required was a private entity that could take more underwriting risk, and thereby create greater access to capital. Enron considered the option of increasing its charitable donations, however this avenue is only a short-term fix—not a long-term cure. The concept of a for-profit community development venture capital fund was born out of a need to provide support in a manner that would evolve into self-sustaining wealth creation. Enron created the Houston Economic Opportunity Fund ("HEOF" or "the Fund") to fill that need; and committed $20 million. By providing equity, the dollars come back, and can then be reinvested, creating a multiplier effect. It's a win-win solution where Enron proves that investing in historically under-served populations and/or areas makes good business sense. Additionally, Enron's market-based investment template makes a case for the private sector taking a more pro-active role in community development and women and minority-owned business investment.

HEOF has enhanced Enron's partnership with the public sector by including a community partner within the Fund. This increases the Fund's overall effectiveness by utilizing existing efforts as a foundation for seeking out investment opportunities. In this manner, the public and private sector work together to leverage their respective comparative advantages. The result is a synergistic effect where one plus one equals much more than two.

To date HEOF has funded an aggregate of $5.7 million in equity capital to the following three businesses:

Houston Community Call Center ("the Call Center"), in partnership with the Association for the Advancement of Mexican-Americans Community Development Corporation—the largest Hispanic community based organization in Houston—and the Fifth Ward Community Redevelopment Corporation, plans to open a customer call center in Downtown Houston this fall. This Call Center will focus on providing account management and telemarketing services on behalf of Fortune 500 companies, targeting the Hispanic marketplace. This venture is expected to create up to 400 living wage jobs for bilingual operators, and include such benefits as subsidized childcare and transportation. There is also significant welfare-to-work opportunity.

International eCommerce, Inc., a subsidiary of MFR Group Inc., was formed in 1998 to provide affordable Internet access and electronic commerce to businesses and consumers, particularly in the Hispanic community. IeC markets simple computer switch boxes that can be attached to a telephone and television to access the Internet, at a fraction of the cost to acquire computer hardware. The target market is the cost-conscious consumer in the U.S. and Latin America who desire Internet access without incurring the full expense of owning a computer. International eCommerce, Inc. plans to expand its business into Latin America and will deliver international voice and data long-distance services utilizing Internet telephony technology.

MFR Group Inc., a Hispanic-owned technology and financial consulting firm, will use the capital to expand its operations and develop Spanish language education software products to provide schools with various technology tools to manage and distribute information among school administrators, teachers and parents through the Internet.

Enron American Indian Affairs

Enron is one of the world's leading integrated electricity and natural gas companies. Enron owns approximately $30 billion in energy related assets, produces electricity and natural gas, develops, constructs and operates energy facilities worldwide and delivers physical commodities and risk management and financial services to customers around the world.

Enron is consistently recognized as a leader in the energy industry not only measured by financial and physical assets, but by our vast intellectual resources. Our intellectual resources create new and emerging markets, products and technologies that consistently create positive global impacts. In North America, one market that Enron is very actively engaged in is American Indian tribes and reservations. To promote this market, Enron's organization includes a distinct commercial business unit: Enron American Indian Affairs

In fact, Enron has a long history of responsibly working with many American Indian Tribes Our involvement began many years ago when Enron was largely a gas transmission company with pipelines crossing many miles of Indian lands and involved numerous amicable negotiated settlements of rights of way and permits. From this friendly and mutually respectful relationship with several tribes, Enron's involvement in Indian Country has evolved to the current independent proactive business unit that is joining Enron with Indian Country as multifaceted partners in energy projects.

We value our Tribal relationships and are working toward enhancing the Tribal capacity in order to build strong and equal energy partnerships. For example, to assist in developing strong Tribal energy partners, Enron embarked on an energy education program throughout Indian Country, sponsoring energy conferences among regional groups of Tribes, as well as for individual Tribes. These conferences include not only presentations by Enron and other energy companies, but facilitated work sessions exclusively for Tribal leadership, where Tribal participants map out self-determined energy strategies, positioning the Tribe to partner equally with corporate America. Enron continues to sponsor this conferencing effort, and we believe that when Tribes have determined their energy strategies, Enron will prove itself to be the best energy partner of choice for Indian Country.

In fact, throughout North America today, Enron American Indian Affairs is already working as energy partners with several Tribes to develop electric, gas and now, water projects. The Enron-Indian Country partnership is built on mutual respect and admiration for the collective strengths that each entity brings to create a greater whole than either entity possess individually. We recognize that the strengths of Indian Country lie in its growing market and customer bases, vast natural and renewable resources, regulatory and tax advantages based on the Tribal political status. As to Enron's part of the partnership, Enron brings financing, market risk management and technical and operational expertise and experience

In pursuing energy opportunities with tribes, Enron's approach is fairly simple: we seek Tribal partners that are equally motivated in seeking 'for-profit' energy projects that are culturally, environmentally and economically sound. The valuation and feasibility process begins with a comprehensive energy assessment performed by Enron, at Enron's expense, of a Tribe's resources, physical infrastructure, and location to markets and general willingness to become proactively engaged in the energy industry. In exchange for this assessment, the Tribe agrees to make Enron its preferred energy partner through mechanisms such as giving Enron a right of first refusal to pursue projects arising from the energy assessment. Today, we are currently pursuing assessments with large and small tribes, aggregations of more than one tribe, as well as entities such as BIA schools. By way of specific example, we are currently working with the Chemawa Indian School in Oregon and the Santa Fe Indian School in New Mexico. This partnership will bring both significant savings to each school's energy bills, as well as improve the quality of their respective utility uses and educational environments, including bringing highly improved lighting to the classrooms. In commercially developing tribes, including gaming tribes , we are establishing partnerships with tribes whereby Enron assumes responsibility for all utility management within the tribe's facilities, and in exchange, guarantees tribes a specific percentage reduction in their utility costs. Overall, all assessments and transactions are custom designed for the specific tribal entity or entities. While our previous focus has been on gas and electricity, we are now including in these assessments any potential opportunity existing with a tribe's water resources, as well as wastewater treatment and water management.

Overall, we are excited by the progress and successes both Enron and Indian Country are enjoying in building these "win-win" energy partnerships, and look forward to continuing to build on these. Enron and Indian Country----Partners in energy.

Ted Waitt
Chairman of the Board
Chief Executive Officer

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June 30, 1999

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I'm sorry that I'm unable to join you in South Dakota during your visit to Pine Ridge next week, but Gateway will certainly be there in spirit.

As the largest employer in the state, we're proud to play a role in your New Markets Initiative. Through the good work of Senator Daschle and his staff, we have been involved in discussions with the Ogalala Tribal College and know of their ambitious plans involving their Computer Technician degree program in which students study systems administration and related work. We're particularly interested in the college's ability, through its distance learning program, to provide this education to other tribal colleges across the Northern Great Plains.

In that light, I'm proud to inform you that the Gateway Foundation has agreed to make a contribution of $50,000 in the form of computers and related equipment to the Ogalalla Tribal College when it gets its new data processing course underway next year.

I wish you every success in your New Markets Initiative and know that your visit to South Dakota will be a rewarding one.

Sincerely,

Ted Waitt
Chairman and CEO

HUD'S INDIAN COUNTRY DELIVERABLES

For the past six months, HUD has worked extensively with the private sector and its own institutions to compile a comprehensive package of initiatives to increase homeownership, expand affordable housing and promote economic self-sufficiency for Native Americans across the country. The comprehensive package of new housing and economic development initiatives contained here responds to the magnitude of the untapped markets in Indian Country, the core needs of Native Americans around the nation and the expertise and economic strength available in corporate America to meet those needs. This package is in addition to the effort launched nine months ago that is the subject of the proposed Presidential site visit at Pine Ridge. That major initiative [further described in section B.1 – Local Deliverables] includes the creation of a new not-for-profit housing entity at Pine Ridge that is serving as a model for all of Indian Country and the construction of 69 new homes over the next year.

These initiatives will put billions of dollars in new funds to work in Indian Country and, perhaps more importantly, will forge a lasting and constructive working relationship between corporate America, Native American tribes and the Federal Government. We believe this effort serves as a model of the best use of private sector-public sector partnerships to tap new markets and ensure that no one is left behind.

These initiatives are set out in two categories. The first category includes the new initiatives that will benefit all of Indian Country. The second category includes new local initiatives that will benefit the Pine Ridge reservation, Oglala Sioux tribe or the state of South Dakota.

A. **Indian Country**

1) The Native American Homeownership Initiative

The Mortgage Bankers Association and HUD will team with Countrywide, Norwest and other mortgage lenders to more than double the number of home mortgages in Indian Country for each of the next three years. Last year there were only 200 mortgage loans made in all of Indian Country. This Initiative will mean 1,000 additional Native American homeowners. In order to make this goal a reality, HUD will sponsor training sessions for MBA members and tribes allowing them to access the variety of government programs designed to facilitate homeownership on reservations. HUD will connect the MBA and its members with tribes and follow-up on the progress of the Initiative. HUD also will help reduce the interest rates Native Americans pay on these loans when lenders put them into Ginnie Mae's mortgage-backed securities.

To help achieve this goal, the Mortgage Bankers Association pledges to:

1) Provide training to tribally sponsored not-for-profit entities to increase their capacity to originate mortgage loans;
2) Encourage MBA members to participate in the Initiative; and

3) Advise members of HUD sponsored training sessions through MBA's newsletters and notices.

The mortgage lending company partners in the Initiative will:

1) Increase loan origination production by 1,000 mortgage loans in Indian Country over 3 years;
2) Run homeownership counseling programs; and
3) Track the number of new loans closed in Indian Country.

2) Ginnie Mae's Native American Targeted Lending Initiative

HUD will bring its successful Targeted Lending Initiative, which dramatically reduces the costs of mortgages, to Indian Country. Currently available only for Empowerment Zones and Enterprise Communities, Targeted Lending cuts the fees mortgage lenders pay to place their loans in Ginnie Mae securities by up to 50%. The program provides a strong incentive for mortgage lenders to do business in Indian Country and for the first time will give Native Americans access to mainstream mortgage capital markets.

Targeted Lending will also mean lower interest rates on mortgages in Indian Country. Ginnie Mae is the only mortgage-backed security that is guaranteed by the full faith and credit of the United States. Investors in the Mortgage Capital Markets recognize the value of that guarantee and therefore mortgage lenders are able to make loans at lower interest rates.

Ginnie Mae already has shown that Targeted Lending can increase mortgages in underserved areas. Mortgage lenders have used the program to make 75,714 loans in Empowerment Zones and Enterprise Communities resulting in mortgage-backed securities of $6.9 billion in just over two years of Targeted Lending. A total of 91 lenders already have participated in the program.

Ginnie Mae and FHA also are partnering with Tribes and the state of South Dakota to extend homeownership opportunities. Ginnie Mae and FHA will make commitments to extend their mortgage business in South Dakota and Pine Ridge. Details of these commitments will be forthcoming. HUD also will work with the tribal college at Pine Ridge to set up a Community Outreach Partnership. These grants promote forums, training and other programs to aid community development and outreach.

3) Mortgage Insurance Companies of America Forms Five Year Alliance with Tribes

The seven members of the Mortgage Insurance Companies of America (MICA) will each enter into a five year alliance with a Native American Tribe. They will:

- Endow a full-time Director of Homeownership counseling for their partner tribes;
- Create homeowner education courses for the tribal colleges; and

- Develop innovative lending criteria and new home financing mechanisms tailored to the specific needs of Native Americans.

These three steps systematically address the greatest barriers to homeownership faced by Native Americans. Knowledge and information barriers still prevent many Native Americans from accessing the mortgage lending programs they need to buy their first homes. Plus, given the rate of poverty on reservations and the complex legal issues related to tribal lands, many Native Americans mortgage products that are different than traditional offerings. These five year alliances will close the information gap and customize loan vehicles to get Native Americans into their own homes.

Individual MICA companies are making financial commitments to Indian Country over and above their five year alliances. The PMI Group is increasing its Native American mortgage insurance initiative to $55 million nationwide. PMI already is insuring home mortgages for the Choctaw Nation of Oklahoma, Chickasaw Nation, Citizen Potawatomi and Cherokee Nation. GE Capital will implement a pilot program with its mortgage lender partners to insure $2 million in mortgage loans in Indian Country. GE Capital also is working with the National Association of Indian American Housing Councils to develop an underwriting seminar to inform and help the conventional market meet the needs of Native Americans. Plus, as further detailed below, the Republic Mortgage Insurance Company will launch the "Financial Independence" pilot project with the Oglala Sioux Tribe on Pine Ridge. This in-depth program of financial training will be rolled out to tribal colleges throughout the nation following the successful conclusion of the pilot in Pine Ridge.

4) <u>New $7 Million Manufacturing Facility</u>

Champion Enterprises has partnered with the Gila River Indian Tribe to open a new $7-10 million manufactured housing facility on the Gila River Reservation in Arizona. Champion and the Tribe have worked together on the construction of the plant – which will use Tribe-owned utility companies for phone and electrical service. The Tribe also will gain ownership of the facility and regain the land once Champion's fifty year lease expires.

Champion recognizes the value of the untapped labor and consumer markets in Indian Country and has demonstrated its optimism concerning the potential for these markets through its $7-10 million investment. Once it begins operations in late July, the plant will employ from 200 to 250 new workers. Champion is actively recruiting members of the Gila River Tribe to fill those jobs.

5) <u>$1.5 Billion Dedicated to Giving Indian Country Access to Capital Markets</u>

Two of the nation's largest municipal securities underwriters have committed to underwrite $300 million in bonds per year for the next five years to create a market for Indian Country mortgages. These bonds, underwritten by BancOne Capital Markets and George K. Baum & Company, will raise funds to be lent to tribes, tribal housing authorities and individual

Native American homebuyers. These commitments mean that more funds will be available for lending in Indian Country.

Recognizing the vast untapped market, BancOne and Baum are the largest firms to commit to do business in Indian Country. These bond offerings are frequently used by states and cities around the country to fund new housing and development projects, but until now these tools have been largely unavailable to Native Americans. If fully utilized, the $1.5 billion would greatly expand the amount of capital lent for housing in Indian Country.

These two companies have the knowledge of Indian Country to make this work. Baum already has discussed four project with Tribes. These include: A $2 million deal with the Indian Housing Authority of Central California to construct 20 single family homes; a $7.5 million deal with Cook Inlet Housing Authority in Alaska to construct up to 50 single family homes; a $10 million deal with the New Mexico Pueblos to construct 100 homes; and a deal with the Cherokee Nation that could total $8 million or more.

Plus, the qualifying mortgages lent with these funds may be placed in Ginnie Mae securities. This will improve the credit rating of the bonds and, as a result, lower the interest rates that Native Americans will pay on their mortgages. Now, Native Americans will get more loans at better rates than they have ever had.

6) <u>State of the Art Construction Certification Program for Tribal Colleges</u>

Owens Corning and all of the nation's tribal colleges will work together to bring the Certified Energy Professionals program to Indian Country. This program will offer Native Americans the chance to become certified experts in energy efficiency in homes and the latest construction technologies. Owens Corning will train instructors from every tribal college not only on housing technology and energy efficiency but on the best methods for teaching their students in these areas.

The Program also will feature ongoing mentoring of the tribal college instructors. Each instructor will maintain access to the most cutting edge research being performed by Owens Corning at its Science and Technology Center. This will keep the tribal colleges and their students up-to-date on the latest innovations in the field for years to come.

B. **Local Deliverables**

Local deliverables focused on Pine Ridge and South Dakota include:

1) <u>Pine Ridge Partnership</u>

HUD and the Oglala Sioux Tribe have worked together to expand homeownership opportunities for Tribal members. This partnership – initially funded by a $2 million grant from HUD – has created the Oglala Sioux Tribe Partnership for Housing. This new not-for-profit will:

- Provide potential homebuyers with housing and credit counseling;
- Serve as a conduit for homebuyers to find lenders with attractive loan packages;
- Provide gap financing; and
- Act as a developer on Pine Ridge.

To help ensure the success of this venture, HUD is funding two years of technical assistance to the new not-for-profit by PricewaterhouseCoopers. The assistance will include developing appropriate loan products, providing counseling, conducting homebuyer fairs, and providing outreach to traditional capital markets.

This partnership already is producing concrete results. A total **of 19 new houses will be constructed on Pine Ridge this Summer** and 50 more will be completed over the next year. The partners to this effort cleared significant hurdles to complete these homes. Infrastructure – including basic water and sewer services as well as roads – had to be constructed and improved as part of the project. Critical support for this construction project has been provided by the Department of Agriculture, the Department of Defense, the Bureau of Indian Affairs and the Indian Health Service completing the comprehensive government-to-government partnership with the Oglala Sioux.

2) Federal Home Loan Bank of Des Moines Gives $1.3 Million for Tribal Homeownership and Economic Development

The Federal Home Loan Bank of Des Moines will award $1.3 million in grants to the Oglala Sioux Tribe Partnership for Housing, the Rosebud Housing Authority and the Native American Advocacy Project. The grants are part of the Des Moines Bank's Affordable Housing Program which awards competitive grants twice a year for housing projects benefiting low income families. The Des Moines Bank sets aside 10% of its annual net income for the Affordable Housing Program.

The Oglala Sioux will use their grant of $499,000 to build 45 new single-family homes in Pine Ridge. These new homes will provide a strong boost to the Oglala Sioux's efforts to increase homeownership among its members.

The Rosebud Housing Authority will expand its Rental Rehabilitation Program with its grant of $490,000. With these funds they will be able to complete vital repairs and improvements on 49 single family rental properties on the Rosebud Sioux Reservation.

The Native American Advocacy Project will make 29 homes accessible to their disabled owners. Through use of $299,831 in grant funds, the Project will target these basic and necessary modifications to very low income individuals who make less than 50% of the median income in their area.

3) The Native American "Financial Independence" Pilot Project

The Republic Mortgage Insurance Company (RMIC) has created the Native American "Financial Independence" Pilot Project. The Project will begin by giving 2,000 Pine Ridge students each year the financial knowledge and tools they need to achieve their financial independence. These intensive courses will be offered at the ninth grade and community college levels. RMIC will give $100,000 over five years to make this Project a reality. Once this Project proves successful at Pine Ridge, RMIC will partner with local sponsors to expand the Project to reservations across the nation.

Each instructor for these courses will undergo rigorous training provided by RMIC. In addition, RMIC will supply all of the textbooks and materials that the students will need to take full advantage of this unique opportunity. The courses will give students the information they need to manage their financial affairs for a lifetime and cover such topics as setting and attaining financial goals, buying and financing big ticket items such as homes and cars, wisely using credit, protecting financial well-being with insurance, and the fundamentals of money management. These courses have achieved great success with students in Louisiana, Colorado, Arizona, Florida, North Carolina, Texas, Florida, Virginia and California.

4) HUD Awards $1.6 Million for Housing on Reservations

HUD will award five rural housing grants totaling $1.6 million to Native American run non-profits and Tribes in South Dakota. These grants will provide vital housing and economic development services in the state. For example, the $211,764 grant to Cangleska, Inc. will fund a new office to serve homeless women in Pine Ridge that have been battered. The new office will help women get into affordable and safe housing. Grant money will be used to hire personnel, develop a comprehensive service plan, formalize training and technical assistance activities, assess needs, and establish a site for the new office.

The Lakota Fund will use its $538,266 grant to complete the Eagle Nest homes project on the Pine Ridge Reservation. Eagle Nest consists of 30 single-family homes that will be available for lease/purchase opportunities.

The Rosebud Sioux Tribe will use $500,000 to help meet the pressing need for affordable housing on its reservation. The Rosebud Sioux will work with the Air Force and the Operation Walking Shield Housing Relocation Program to update and reuse vacant military housing. As a result, they will secure 24 units for low and moderate income families on the reservation.

The Rosebud Sioux will use a second grant of $196,800 to establish the Rosebud Economic Development Corporation. The new EDC will work to create job opportunities and enhance the economic and social welfare of the Rosebud Sioux. Grant funds will cover costs of hiring and training professional staff and acquiring the necessary office space, equipment and supplies to make the EDC work.

Oti-Kaga, Inc. will receive $188,796 to expand its program of providing affordable housing opportunities to low and moderate income residents of the Cheyenne River Sioux community. This program has included activities such as providing assistance to loan applicants and renovating older housing projects. Oti-Kaga has a proven record of success in providing housing opportunities. In fact, Oti-Kaga received a Certificate of Recognition from HUD for its model project developing a 20 unit multi-family apartment to serve very low income families.

5) The HUD Information Superhighway Comes to Pine Ridge

HUD will link Pine Ridge to HUD's information superhighway through a new computer on the reservation. The kiosk will give Pine Ridge the easiest, most direct way to get information on the full range of HUD programs. Kiosk users can find houses available in their own communities as well as find out how to use Federal Housing Administration loans to buy one of the houses. For example, using the interactive HUD Kiosks, people simply touch the screen to indicate their interests and walk away with a print-out of HUD-approved lenders in their community or a list of local housing counseling agencies that can advise them on their housing options. Because HUD kiosks are linked to the internet, the information is kept current for Pine Ridge users. The kiosks allow even first-time computer users to access the information on HUD's award-winning web site with ease.

This will be the first HUD Next Door Kiosk in Indian Country. The new consumer-oriented kiosks have been placed in 46 cities across the nation. Information available will be specially tailored for Native Americans. It will include up-to-date information of HUD's Native American Programs as well as the latest on affordable rental housing, job training, economic development assistance, Federal Housing Administration mortgages, locations of homeless shelters and the full range of HUD programs available in the community. Kiosks are also loaded with practical tips for consumers on ways to make their homes safer and ways to avoid housing fraud and scams. HUD frequently updates the information on the web-based kiosks.