

**BUSINESS**

# Financial Powerhouse: How Colorado's Southern Utes Took Control of Their Economic Destiny

Raymond A. Baker was recently appointed to lead the Southern Ute Growth Fund, a model for tribal economic success

Kristin Butler • February 16, 2017

A tribe in southwest Colorado has leveraged one of the most sophisticated and aggressive financial plans among Native American tribes.

The tribe's resource-rich lands in the San Juan Basin, coupled with its off-reservation investments, have enabled the Southern Utes to provide crucial services to its community, as well as annual dividend payments to its approximately 1,450 members. State-of-the-art infrastructure dots tribal lands across the reservation's 1,059 square miles in three counties: La Plata, Archuleta and Montezuma. Tribal members receive health insurance and are promised a college education.

The tribe runs its numerous businesses through an economic arm wholly owned by the tribe, the Southern Ute Growth Fund, a multi-billion-dollar conglomerate. Formalized in 2000, today the Growth Fund counts operations and assets in energy, real estate, construction, and private equity, spread across 14 states and the Gulf of Mexico.

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“Part of the deep vision from tribal leadership was a recognition that only with doing that effectively was the tribe going to be able to preserve its culture,” said Tom Shipps, senior partner at the Durango, Colorado-based law firm of Maynes, Bradford, Shipps & Sheftel, LLP, which has served as the general legal counsel for the Southern Ute Indian Tribe for more than 40 years.

The tribe formed Red Willow Production Company, its oil and natural gas company, in 1992. Three years later it acquired ownership interest in a large pipeline gathering system on the reservation. The Southern Ute Indian Tribe ultimately became the majority owner of Red Cedar Gathering Company.

It was awareness of the reservation’s finite resources that led the tribe to look for ways to expand beyond reservation borders. The tribe developed the Growth Fund in 2000, while it was still generating funds in excess of expenses. In 2002, Aka Energy Group was established to operate in a similar fashion to Red Cedar, as an off-reservation natural gas gathering and treating company across six states.

Today, roughly 80 percent of the Growth Fund’s revenue stems from outside investments.

Meanwhile, Houston-based Red Willow Offshore LLC, and its parent, Colorado-based Red Willow Production Co., are invested in more than 1,600 wells across four states. The tribe counts more oil and natural-gas wells than it has members, *Bloomberg News* pointed out.

Red Willow is most active in the Delaware Basin in Texas, the Green River Basin in Wyoming and the Gulf of Mexico. The tribe began funding the exploration of oil wells in 2004. That same year it became a partner in the \$2 billion deep-water production facility: the Delta House project — a 296-foot-tall, floating oil and natural-gas production system, in the Mississippi Canyon off the coast of Louisiana.

With the recent price drop in oil and natural gas, the Growth Fund has taken a more conservative stance, and it’s moving at a slower pace today, said Raymond A. Baker, a Southern Ute Tribal member and distinguished U.S. Navy veteran, who started his new role as executive director of the Southern Ute Growth Fund on February 6.

“But with the national economy stabilizing, our plan is to still move forward in our current enterprises,” Baker said. “The Growth Fund has the ability to pull from our other enterprises and will continue to make forward movement down the road. I believe our portfolio is put together very well, but as the economics change at a national and international scale, we must be able to react when the time comes. Having diversity is key.”

Prior to his executive director appointment, Baker worked within the Growth Fund’s Safety and Environmental Compliance Management Group, a position he assumed after retiring from the United States Navy. He served with distinction during a career that spanned three decades, most recently as Officer-in-Charge of Specialized Research Diving Detachment, among other roles such as Junior Enlisted Sailor to a Commissioned Naval Commanding Officer. Upon completion of his honorable naval service he received personal Letters of Appreciation from Presidents Barack Obama, George W. Bush, Bill Clinton, George H.W. Bush, Ronald Regan Presidential Library, and Jimmy Carter, and Governors from the states of Florida, Connecticut, Washington and Colorado. His personal awards earned reflect his leadership and character: Legion of Merit Medal, Meritorious Service Medal (3), Presidential Unit Citation, and various other unit citations and personal awards.

Baker returns to his Southern Ute homeland with fresh perspective and a wealth of valuable experience. “I have been away for a very long time and have seen more of the world than most will see in a lifetime,” Baker said. “I have been in the presence of remarkable mentors and leaders worldwide, also having served as steward and ambassador for the Southern Ute Indian Tribe and Native Americans at large. Now is the time to give back and provide a different prospective/vision for Indian country and my people.”

While on active duty in the Navy, on numerous occasions, Baker met with Bob Zahradnik, the former operating director of the Growth Fund from its 2000 inception until his retirement in spring 2016. (Upon his departure, Zahradnik’s roles and responsibilities were ultimately divided between Albert Brown, Growth Fund operating director of energy, and Patrick Vaughn, Growth Fund operating director of non-energy. Baker’s executive director appointment within the Growth Fund succeeds Bruce Valdez, a Southern Ute member who worked for Arco before joining the tribal business in 2005.)

Baker described his meetings with Zahradnik as lengthy and broad, covering Zahradnik’s personal philosophy of management, leadership and the history of the Growth Fund. Discussions often centered around establishing good communications within and between the Growth Fund, Southern Ute Indian Tribe Council and tribal membership. “Having served for over 30 years in the military, there is a point where in management, leadership and administration all come down to a few vital points: good communication, trust, accountability and integrity,” Baker said.

To sustain its financial strength, the Growth Fund diversified beyond energy — namely, purchasing valuable land and buildings throughout the southwest.

GF Properties Group, LLC, the tribe’s real estate division, owns and develops properties nationwide and counts \$800 million in holdings. Among its largest projects include the SpringHill Suites Marriott San Diego Oceanside, as well as five city blocks of mixed-use development land in San Diego within a stone’s throw of the Pacific Ocean. The Fund is responsible for the 681-acre Three Springs master-planned community in Durango, Colorado, as well as a 700-plus-acre community in the Denver suburb of Arvada. GF Properties also owns multiple apartment complexes in several Texas cities, including Houston, Dallas, Austin and Plano. GF Properties Group additionally holds office or industrial buildings in Colorado, Missouri, Kentucky, Maryland, California, Texas and Illinois.

“The Southern Ute Indian Tribe has made some very wise choices in the past and has truly stepped out of the box. It has been for the good of our elders and the membership too,” Baker said. “It has opened our eyes to see what is beyond the land we call home. We have grown smarter in working off of the reservation and will continue to strive forward to provide the best opportunities for the Growth Fund and the Southern Ute Indian Tribe.”

While the Growth Fund is focused on diversifying, energy remains the tribe’s core business sector. Baker’s background in safety and environmental compliance with the Growth Fund informs his environmentally conscious leadership in the energy arena. The Growth Fund is vigilant about both personnel safety and environmental stewardship — from monitoring air and water quality, to land assessment prior to establishing a work site, including archeologist review, taking soil samples, and performing environmental surveys.

“Being an active care provider of Mother Earth is a priority one mission of the Growth Fund. ...This is a subject matter we do hold close to our heart,” Baker said.

The tribe has achieved its success despite institutional obstacles, Shipps underscored. Chief among those challenges has been access to capital. “Part of the way the tribe overcame those challenges was to develop good relationships with commercial partners. They were critical to the tribe being able to participate in some of its early investments,” Shipps said.

Federal regulatory oversight has also been a thorn in the tribe’s side. The Southern Ute Indian Tribe has been one of the tribes on the leading edge of advocating for tribal rights to exercise control over their own lands, resources and economic destiny. Since 2012, the tribe has spent \$1.6 million lobbying D.C. to ease the process of obtaining energy permits, reported Bloomberg News.

With a Trump presidency, Shipps acknowledged concerns across Indian country. Yet he’s optimism about federal respect for Indian sovereignty. “I do think that, with respect to the Trump Administration, that there’s going to be a willingness to look at those proposals and potentially to remove some of those obstacles to Indian decision-making, particularly in a context to regulating, developing and overseeing management of their lands,” Shipps said.

In late October 2016, Southern Ute tribal representatives, joined by representatives of the Navajo Nation, and the Alaska Native-owned Arctic Slope Regional Corp., met with U.S. lawmakers in Santa Fe, New Mexico, to push for streamlined permitting on Indian lands and looser control of tribal drilling operations.

“Without a prolonged effort to take control of our natural resources, the Southern Ute Indian Tribe would not be the economic powerhouse it is today,” Tribal Council treasurer James Olguin told lawmakers in the congressional hearing in October. “We are the best protectors of our own resources and the best stewards of our own destiny.”