

COLVILLE INDIAN RESERVATION

GREEN ENERGY BUSINESS DEVELOPMENT



GREETINGS

On behalf of the Colville Confederated Tribes, I am pleased to introduce you to our community and offer industrial development opportunities on the Colville Indian Reservation in the city of Omak, Washington. On the following pages, you will learn about our people, Tribal history, and our strong commitment to environmentally sound, economic development. We look forward to meeting with you and learning about your organization and future plans. We would welcome the opportunity to explore the possibilities of long-term business relationships.

Sincerely,

Michael O. Finley

Michael O. Finley, Chairman
Colville Confederated Tribes

Joseph Pakootas

Joseph Pakootas, CEO
Colville Tribal Federal Corporation



ADVANTAGES

- Business-oriented Tribes; history of successful business endeavors
- Inexpensive power, attractive service rate of \$.0375/kWh, and ability to power business with green hydroelectric energy from nearby dams
- High quality of life
- Skilled labor force available
- Established infrastructure
- Significant tax advantages
- Rail with access to major ports in the northwest
- Employment credits
- Wired with redundancy
- Accelerated capitol depreciation

WELCOME TO THE COLVILLE INDIAN RESERVATION

THE SOLUTION FOR GROWTH

INTRODUCTION

The Colville Indian Reservation is looking for businesses to diversify the economy and provide much needed jobs and income to the area. Working within the Colville Reservation offers a wide variety of benefits including an education system that can be customized, strong needs for employment, abundance of recreation and other business related advantages.

We are pleased to present this overview of business opportunities in the city of Omak, WA, located on the northwest corner of the Reservation where land has been set aside and zoned for industrial use. Two electrical cooperatives and public utility districts provide electricity to the area at extremely attractive rates. Currently, the Okanogan Public Utility District (PUD) provides a primary industrial service rate of \$.0375/kWh for all energy usage.

With the newly adopted Universal Commercial Code, the Colville Tribes are able to offer business land leases to accommodate nearly every commercial and industrial need. Sitting on 1.4 million acres, the Colville Reservation has ample land to fit the needs of your company.

Permitting and zoning within the Reservation is less tedious than other jurisdictions. The process of obtaining permits is streamlined in a way that is beneficial to your company and requires less time and money to reach the overall goals of your business. Whereas approval for construction may take years through other municipalities, often times the Tribe's streamlined process could have you ready to build in months.

Building win-win relationships is the wave of the future on the Colville Indian Reservation. This brochure illustrates how our Reservation is the right place to locate your business.

ARTS & RECREATION

Arts and culture are a major element of everyday life on the Reservation. Throughout the year, there are several powwows that offer a unique cultural experience to anyone wanting to enrich their lives with the culture of other people. Many artists will have displays both during the powwow itself or other events that happen on or near the reservation.

Recreation opportunities are available within and nearby the Reservation. From fishing to skiing, and arts festivals to camping, there is something for everyone within a couple hours drive. Camping, birding, and fishing are abundant on the reservation. Whether you desire lake fishing or stream fishing, the Colville Reservation hosts every type of freshwater fishing. Just a couple hour drive gets you to Loup Loup ski resort. Located on highway 20 between Okanogan and Twisp, the Loup Loup offers 10 runs that will challenge every level of skier. Finally, if art is your craving, the towns within and surrounding the Colville Reservation offer plenty to feed your artistic hunger.



Figure 1: Location map

INFRASTRUCTURE AND SITE ACCESS

POWER

The Grand Coulee Dam, located on the southern border of the reservation (see figure 2), is managed by the U.S. Bureau of Reclamation, and at a generating capacity of 6,480 megawatts (MW), it is the largest producer of hydroelectric power in the United States. The Colville Confederated Tribes hold an ownership stake in both the Grand Coulee and Wells Dams which serves to provide a unique readily available source of cheap, reliable, renewable power. There are six transmission lines crossing onto the Reservation which carry this power, four 115 kilovolts (kV), and two 230 kV (See Figure 3).

TRANSPORTATION

Two State Highways and one rail line provide excellent access to the city of Omak, essential for getting products to market. Highway 155 runs from Omak on the northwest corner of the Reservation, south through the Reservation and through the Grand Coulee Dam area providing a direct route to nearby Spokane. Highway 97 and the rail line run north/south and parallel the western border of the Reservation. To the south, Highway 97 intersects with I-90, the east/west artery of the entire northwest, allowing access to the major port cities of Seattle, Tacoma, Portland, and Vancouver.

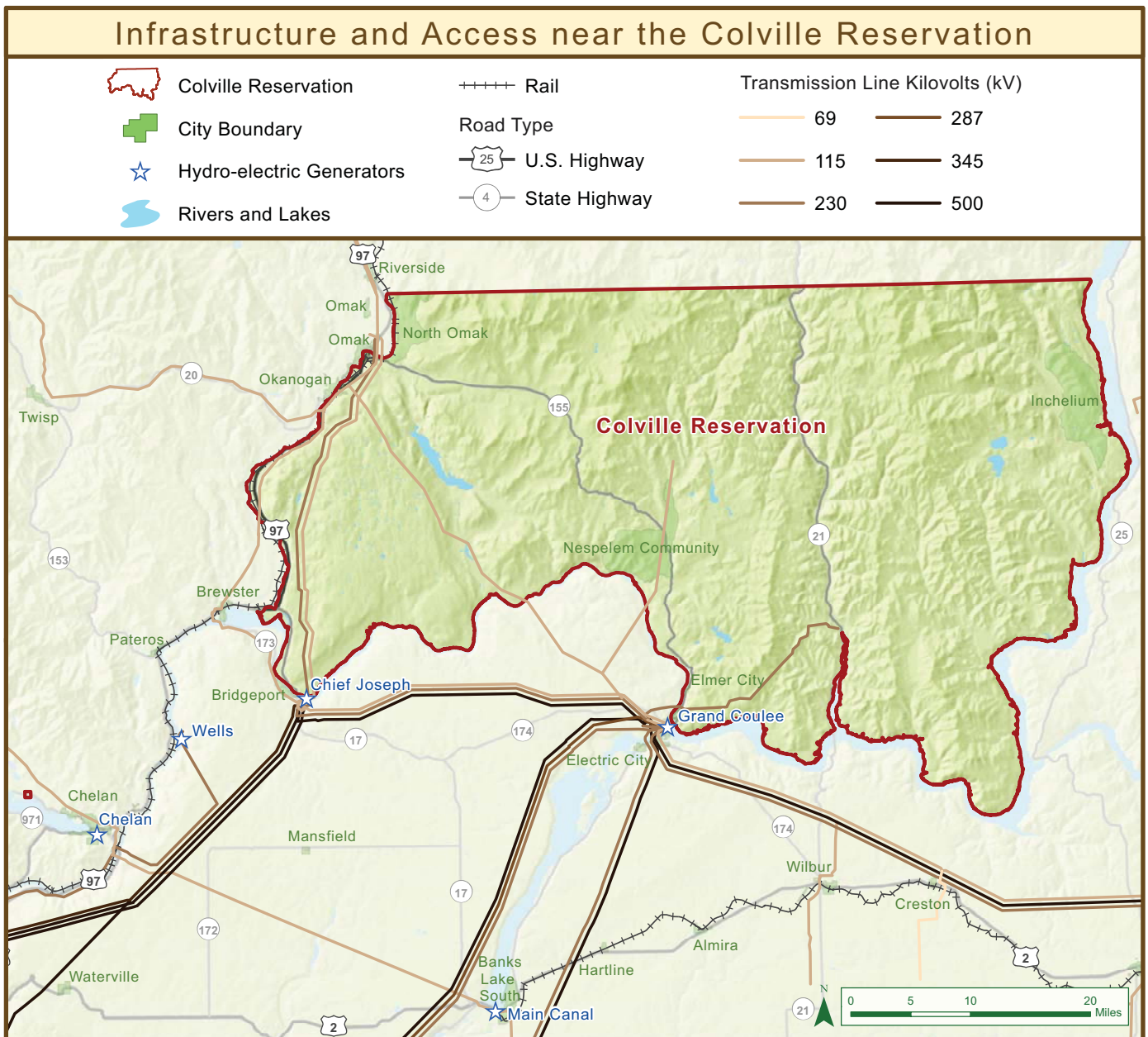
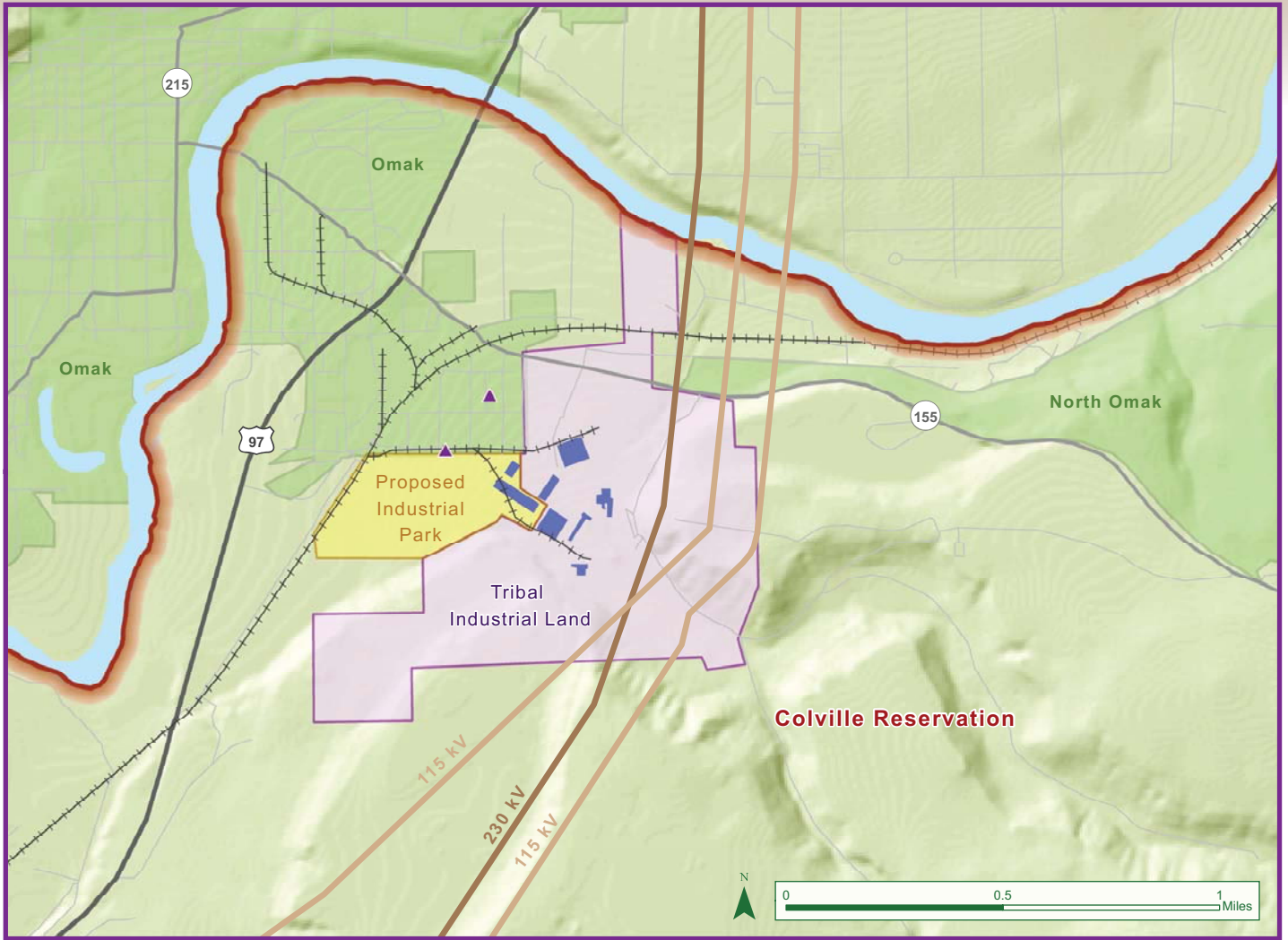


Figure 2: Infrastructure and access map

Tribally Zoned Areas for Industrial Use



Northwest Corner of Colville Reservation

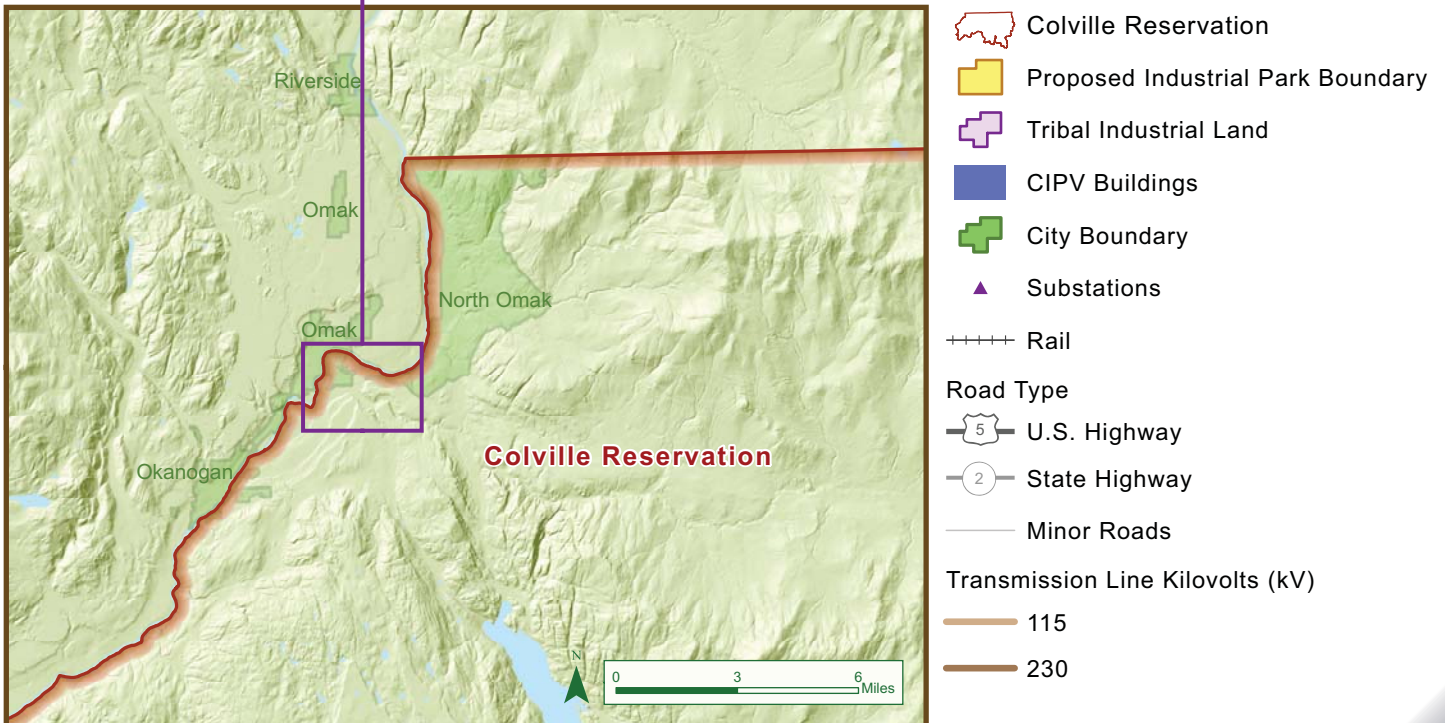


Figure 3: Tribally zoned areas for industrial use

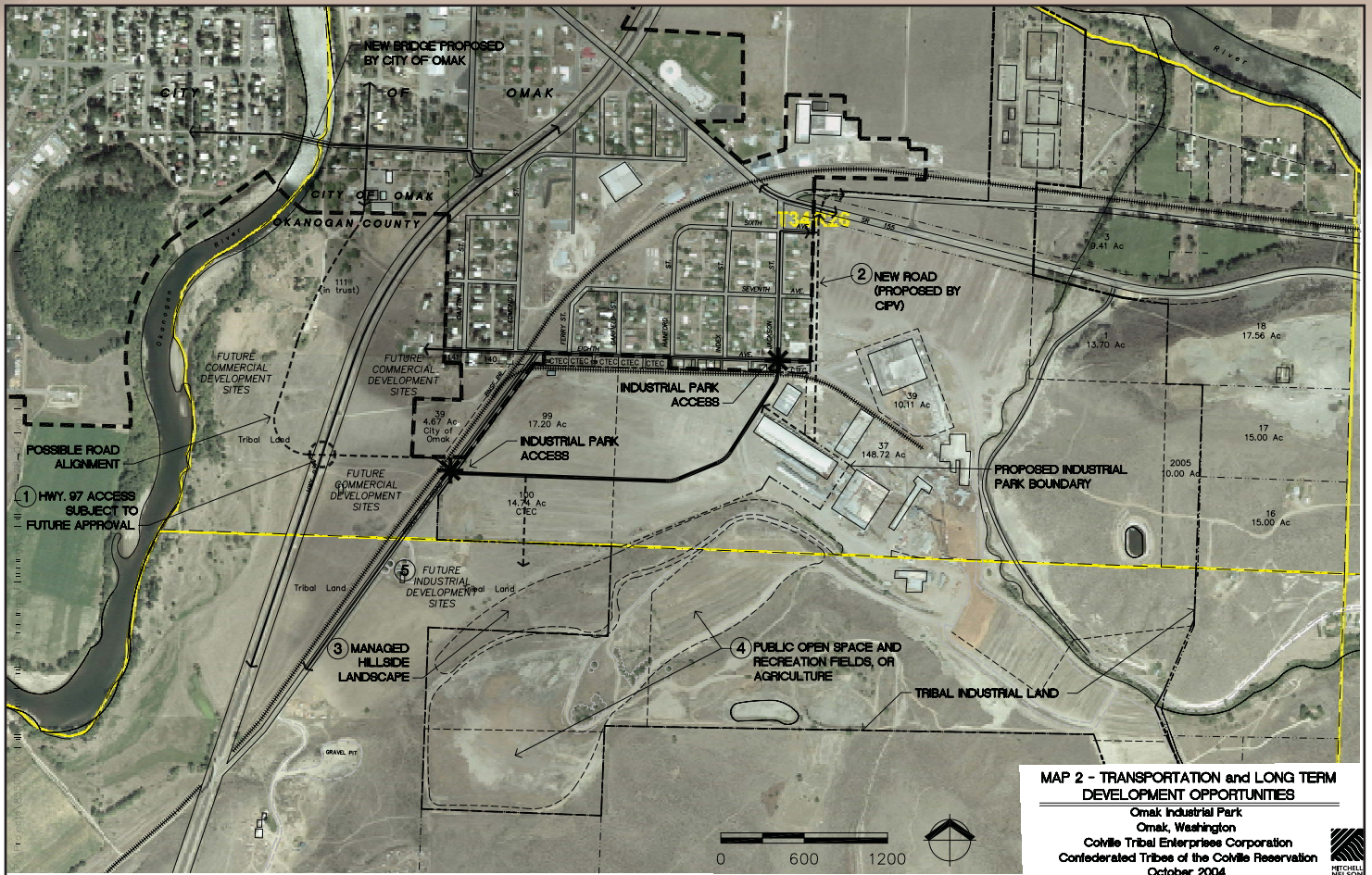


Figure 4: Transportation and long-term development opportunities

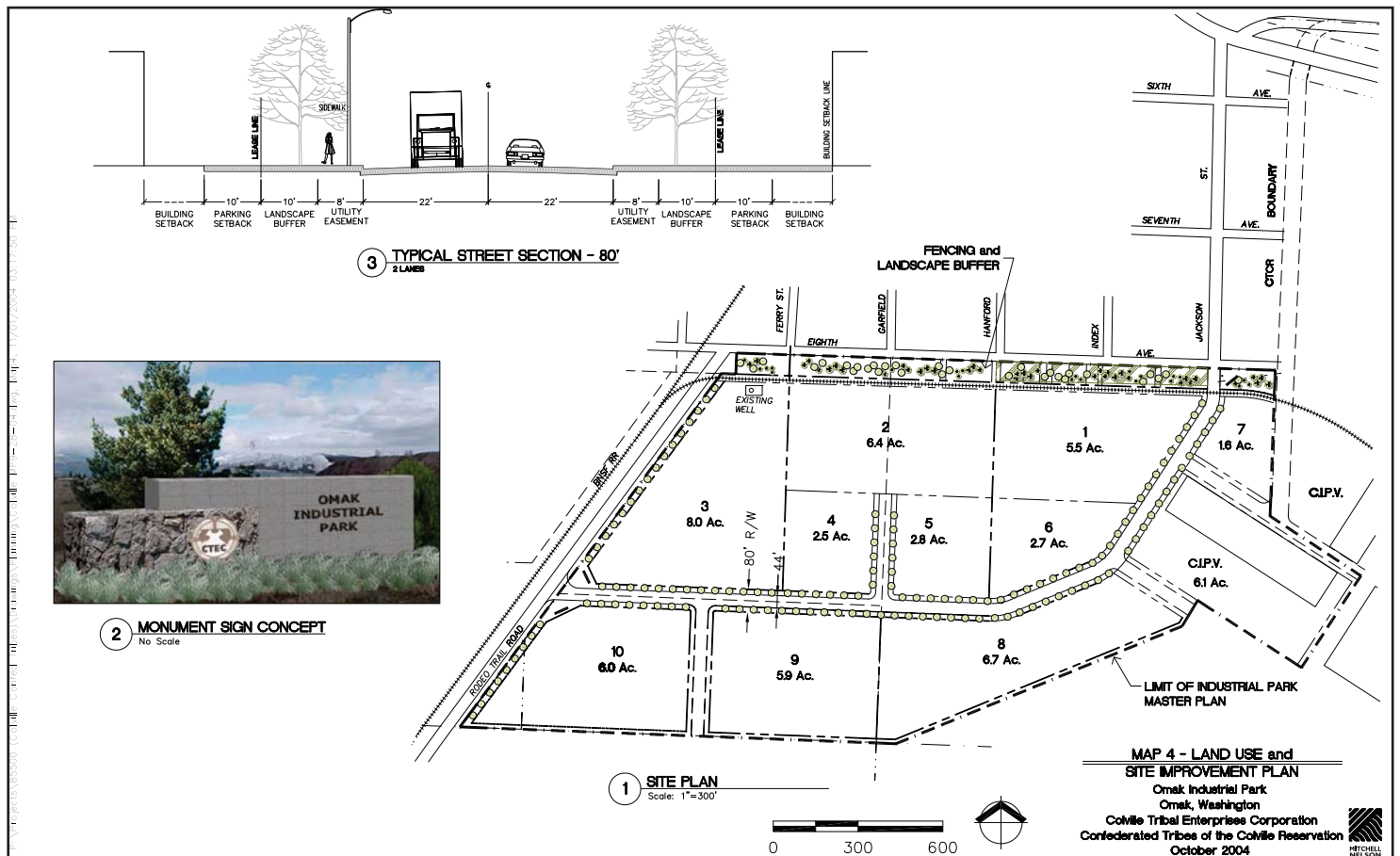


Figure 5: Land use and site improvement plan

COLVILLE TRIBAL FEDERAL CORPORATION

The Colville Tribal Federal Corporation (CTFC) is headquartered in Coulee Dam, WA. The corporation has grown to become the largest, most diverse Native American business in northeastern Washington. The company currently manages 13 enterprises that include gaming, recreation and tourism, retail, construction and wood products. CTFC continues to be an economic leader in the region. The corporation employs over 800 people and generates over \$120 million in revenues each year. CTFC's goal is to provide revenue for the Tribes, and employment and training opportunities for Tribal members.

COLVILLE INDIAN POWER AND VENEER

Colville Indian Power and Veneer (CIPV) was the former occupant of the 386 acres of land directly adjacent to the proposed Industrial Park. CIPV began its operation in 2002, updating the site's critical infrastructure, including standard utility services and community water and sewer. In 2008, CIPV discontinued operations leaving the site and all associated infrastructure intact and ready for use.

During operations, the CIPV plant was powered by a 12 megawatt woody biomass generation facility, also located on the site. In 2003 CIPV, in conjunction with the Okanagan Public Utility District (PUD), completed the construction of a substation which is connected to an existing 115kV transmission line that crosses the former CIPV property. The

substation facilitates the transfer of up to 15.6 megawatts of "green" energy to PUD customers and provides optimum voltage regulation for the proposed zoned industrial site.

Currently, the Colville Tribes are in the feasibility stage of developing a new and upgraded 20 megawatt biomass generation facility on the old CIPV location, which may provide not only electricity but also district heating services in the future.



CIPV Biomass Generation Facility. File Photo.



Feedstock Storage Yard. File Photo.



Bottom Left and Right: Installation of Substation. File Photos.

BUSINESS ADVANTAGES

HUBZONE STATUS

A Small Business Administration program known as Historically Underutilized Business Zones, or HUBZones, provides contracting assistance to small businesses located in economically distressed communities. The goal is to promote job growth, capital investment and economic development in these areas, including all federally recognized Indian reservations.

The Federal government plans to award three percent of all dollars for Federal prime contracts to HUBZone-certified companies.

ACCELERATED DEPRECIATION

Businesses located on reservation property may be eligible to depreciate assets quicker than is allowed outside the reservation. This can result in tax advantages if applicable.

Regardless of whether or not this provision is incorporated into current tax law, the Colville Tribes have the ability to pass on these tax savings to non-Indian owners when they are involved in a joint venture entity with the Tribes.

The advantages of locating a business within tribal jurisdiction depend on the type of business and corporate structure. Consult your tax professional to help determine the actual benefits available to your organization.

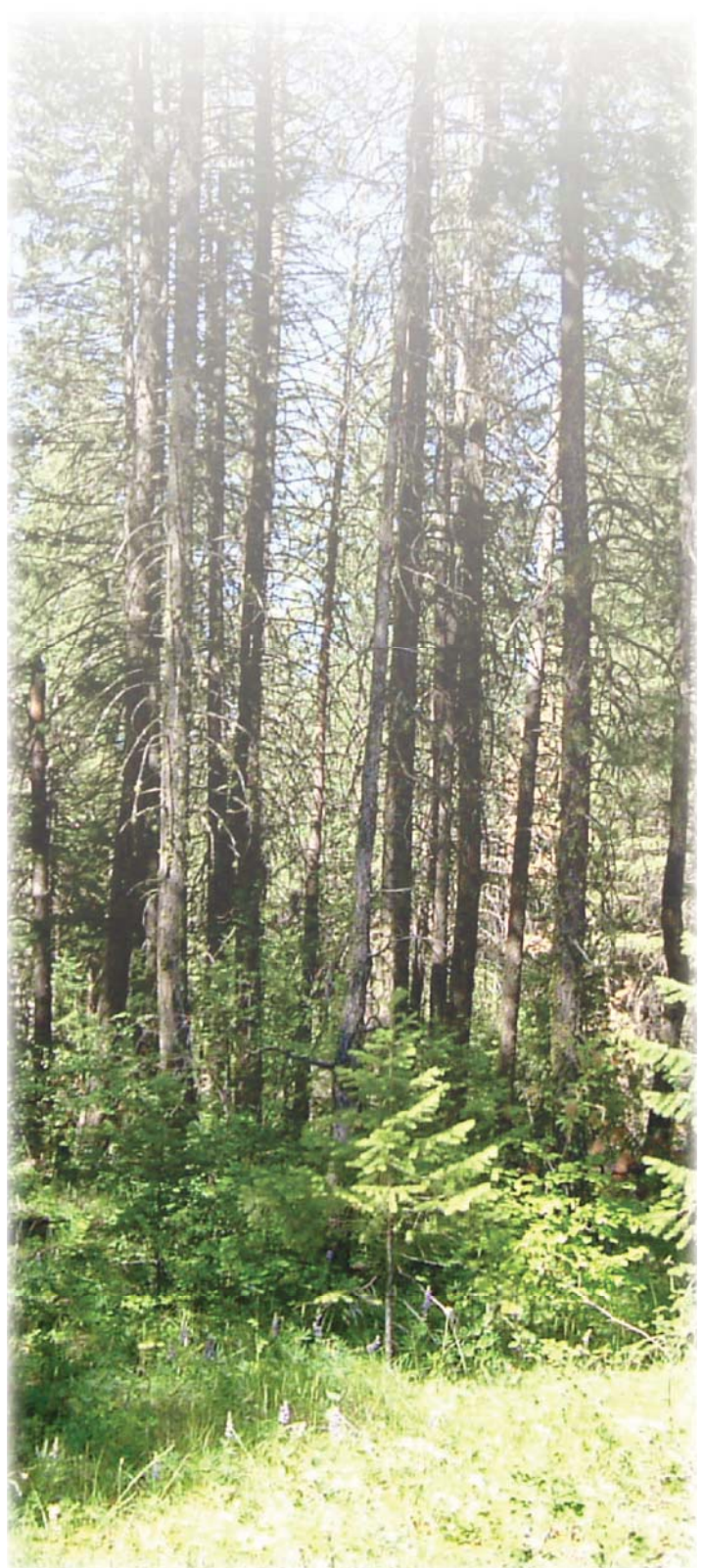
TAXATION

There are numerous tax advantages to businesses operating on Tribal Trust lands. Property and sales taxes are not applicable on Trust lands, under certain conditions, and depending on the form of business ownership, exemptions from Federal, state, and local taxes could also occur. Accelerated depreciation schedules also serve to decrease taxation for firms with a tax appetite.

POSSIBLE BUSINESS ARRANGEMENTS

The Colville Tribes and CTFC are interested in various business arrangements, which may include but not be limited to:

- Lease of property to developer
- Joint venture or co-development



THE PEOPLE

The Colville Confederated Tribes include 12 tribal groups - the Colville, Wenatchi, Entiat, Chelan, Methow, Okanogan, Nespelem, San Poil, Lakes, Moses Columbia, Palus and Chief Joseph Nez Perce bands. Traditional communities were often located near waterways, including the Columbia, San Poil, Okanogan, Snake, and Wallowa rivers. Their history is steeped in rich hunting, gathering, trading and fishing traditions following the seasons and what nature has provided through their lands.

Today the Tribes are governed by the Colville Business Council established in 1938. Tribal members elect 14 business council members to staggered, two year terms. The council includes a chairman, vice-chairman, and secretary, and they are elected to one-year terms from within the council body.

With an eye to the future, the Tribes are wisely balancing social and economic development while encouraging members to seek higher education in natural resource management, law, business and health policy.

DEMOGRAPHICS

The Colville Indian Reservation is like many reservations when diving further into demographics and socioeconomic characteristics. Poverty and unemployment rates are higher than most areas, yet so is the need for family-wage jobs. With the Tribes unable to be the end-all answer to their various needs, they seek to diversify by bringing a combination of businesses and ventures that compliment and supplement current businesses and shortfalls. The overall objective is to increase the socioeconomic characteristics and quality of life while helping companies prosper via the talent, customized education options and ease of doing business on the Reservation.

Understanding the Colville Indian Reservation, which is split between two counties, it is necessary to know the similarities and

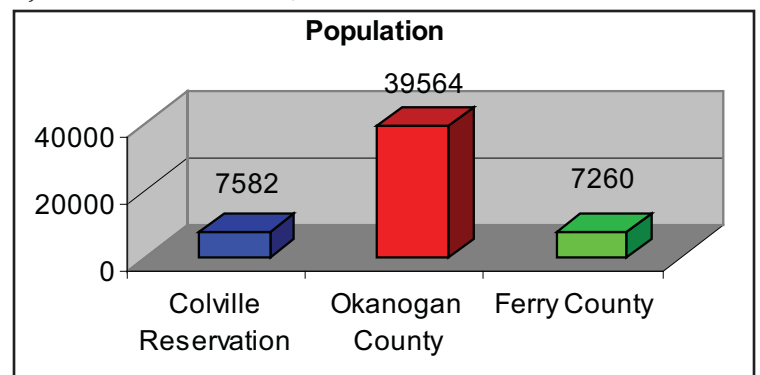
differences of the two counties to understand the advantages of working on the Reservation. Thus, each demographic will not only describe the Reservation, but also include data about Ferry & Okanogan Counties as well as Washington State.

Ferry County has 2,204 sq. miles in land area and a population density of 3.4 per square mile. In the last three decades of the 1900s its population grew by 98.6%. On the 2000 census form, 96.5% of the population reported only one race, with 0.2% of these reporting African-American. The population of this county is 2.8% Hispanic (of any race). The average household size is 2.49 persons compared to an average family size of 2.95 persons.

In 2004 public administration was the largest of 20 major sectors. It had an average wage per job of \$36,484. Per capita income grew by 7.3% between 1993 and 2003 (adjusted for inflation).

Okanogan County has 5,268.1 sq. miles in land area and a population density of 7.5 per square mile. In the last three decades of the 1900s its population grew by 53.0%. On the 2000 census form, 97.2% of the population reported only one race, with 0.3% of these reporting African-American. The population of this county is 14.4% Hispanic (of any race). The average household size is 2.58 persons compared to an average family size of 3.04 persons.

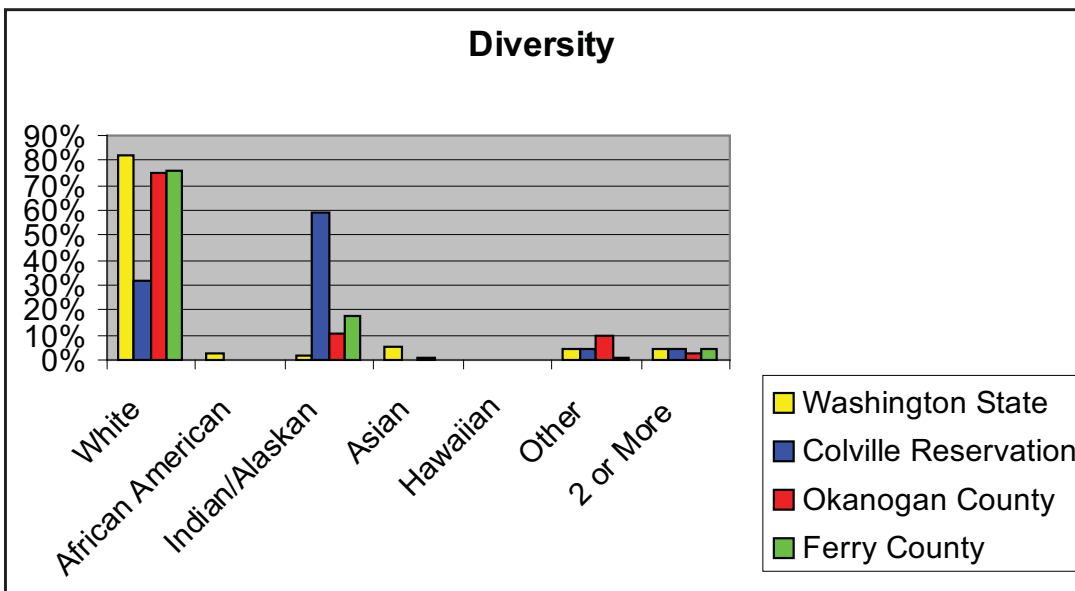
In 2004 agriculture, forestry and fishing was the largest of 20 major sectors. It had an average wage per job of \$13,358. Per capita income declined by 0.6% between 1993 and 2003 (adjusted for inflation).



With an overall Washington State population of 5,894,121, here is how the Colville Reservation and the two counties stack up. With land abundant and relatively low population, a company can take advantage of less congestion than would typically accompany an urban or suburban area. This large land mass with less people than typical urban areas also produces less pollutants that can have an effect over a person's body with constant exposure. The overarching fact is with less people there is less stress, less pollutants, more nature, more trees, plants and animals than you would get in the city.

“Success always comes when preparation meets opportunity.”
-Henry Hartman

The world is changing. The way to make this transition smooth is to incorporate diversity into your business today. Working within the borders of the Colville Indian Reservation gives you that opportunity to draw from a diverse field.



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