



LDF Business Development Corporation
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Who We Are

The LDF Business Development Corporation was created by the Lac du Flambeau Band of Lake Superior Chippewa Indians in August 2012. The Tribe developed the LDF BDC to mirror other successful Tribes, create jobs, and generate revenue outside of the gaming industry.

As an economic arm of the Tribe, the BDC and businesses under its umbrella are designed to contribute to the general fund, and maintain investment capital for future projects and business ventures.

Our Mission

Our mission is to diversify the Lac du Flambeau Tribe's non-gaming revenue sources and create career opportunities for our community.

Our Vision

Our vision is to build sustainable, profitable businesses that provide career paths for citizens of the Lac du Flambeau Tribal community, embodying Tribal goals and objectives, while respecting the Tribe's cultural values.

By developing business opportunities and creating strategic partnerships, we will positively impact economic growth and career opportunities. Our holistic approach to economic development will build a strong, healthy nation as we shepherd progress for the seventh generation.

Our Values

We place the highest value on integrity, respect, honesty and ethics. We practice these values in deed and word while working for and serving the best interest of the Waaswaaganing Ojibwe Nation.

Our Story

The foundations for the LDF BDC were laid in 2011, when the Tribal Council created the Business Development Department. The Department was staffed by one individual, the Director of Business Development, who was tasked with finding capital to create non-gaming, Tribally owned businesses, to generate income for the Tribe and create jobs for Tribal members.

During the first year, the Director's research on various models for Tribal economic development found that the most successful non-gaming economic development businesses were separate from the Tribal government. The Director formed an Economic Development Advisory Committee consisting of Tribal Citizens and Tribal Council Members to make recommendations related to non-gaming economic development. The Advisory Committee recommended the Tribal Government establish a separate and independent legal entity to pursue the Tribe's economic development goals. The Tribal Council likewise recognized the need to separate political influence from business decisions.

In August of 2012, the Tribal Council passed Resolution 370(12), creating the Lac du Flambeau Business Development Corporation for the purpose of promoting the Tribe's non-gaming economic development through investment and development of various business opportunities. The Tribal Council also appointed a Board of Directors for the LDF BDC, consisting of Tribal Members with at least 10 years of business experience and not holding an elected office. The Director of Business Development transitioned into the LDF BDC's Chief Operating Officer, and was tasked with growing the Tribe's economic footprint and capital investments.

The LDF BDC developed a due diligence process for vetting potential business opportunities. The LDF BDC explored over 200 business plans and evaluated each in accordance with the due diligence process. One of the first business opportunities pursued was a joint venture with an office supply distribution company, with the goal to become the premier supplier of office products within Indian County. At the same time, we pursued the Small Business Administration 8A Certification to expand and grow a lucrative business. However, the LDF BDC lacked the capital necessary for the 8A Certification application as well as entry into the office supply distribution market. The LDF BDC also explored other business opportunities, such as manufacturing and skilled trades, welding fabrication, engineering and architecture, broadband implementation and delivery, private utility distribution and more, but again, lacked the necessary capital.

The LDF BDC continued to seek opportunities, and found one such opportunity available in online consumer financial services. This was a particularly unique opportunity for Tribes because the Dodd-Frank Wall Street Reform and Consumer Protection Act defines Tribes as states and sets the framework for Tribes to establish regulatory bodies within their jurisdiction to regulate Tribally owned lending entities operating within that Tribe's jurisdiction.

In an exercise of Tribal sovereignty, the right to make its own laws and be governed by them, the Tribe enacted the Lac du Flambeau Tribal Consumer Financial Services Regulatory Ordinance, which authorized the delivery of online consumer financial services within the Tribe's jurisdiction. The ordinance authorized financial services licensees – businesses wholly owned by the Tribe – to engage in consumer financial services and established the Tribal Consumer Financial Services Regulatory Authority.

Once the foundation was established, the Tribal Council created LDF Holdings, LLC., a wholly owned subsidiary of LDF BDC, for the purpose of engaging in the consumer financial services business through the creation and operation of subsidiaries. At the same time, the Tribal Council created five Tribal Lending Entities (TLEs) as wholly owned subsidiaries

of LDF Holdings for the purpose of operating consumer financial services businesses. The businesses proved to be successful and provided the income needed for the LDF BDC to hire its first employees: Melissa Doud as Call Center Manager and Bill Beson as Chief Executive Officer.



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In 2013, Tribal Council created LDF Construction, LLC, as another subsidiary of LDF BDC, in order to engage in the operation of a construction business. LDF Construction has completed several projects for the Tribe, the BDC, surrounding community, and other Indian Tribes. A project of note is the construction of the Tribe's community based rehabilitation facility (CBRF), which is now operational and serving Tribal Members and Native Americans from the Midwest, providing programs and services to overcome alcohol and substance abuse dependency.



Indian Bowl

Most recently, and most visible in the Lac du Flambeau community, is LDF Construction's completion of the Waaswaaganing Indian Bowl in July 2017.

By the end of 2014, the LDF BDC created another two wholly owned subsidiaries - LDF Financial Services, LLC., and Ishkodance, LLC. LDF Financial Services was created to engage in insurance sales and other financial services products. To date, LDF Financial Services offers Aflac insurance products and merchant services. Ishkodance, was created by the Tribal Council for the purpose of selling fuel. Both businesses are continuing to see success.

By the end of 2015, the LDF BDC engaged in a joint venture called LDF-CCI Construction, LLC, which increase our opportunities to secure larger projects and become able to secure necessary bonding. Two Worlds, LLC. is the majority owner of the Tribal Business Journal (TBJ), a national publication that focuses on economic development across Indian Country in both the United States and Canada. We are especially proud of the Tribal Business Journal's ability to share the struggles and successes of Native and Tribally owned businesses so that for others may learn and grow.

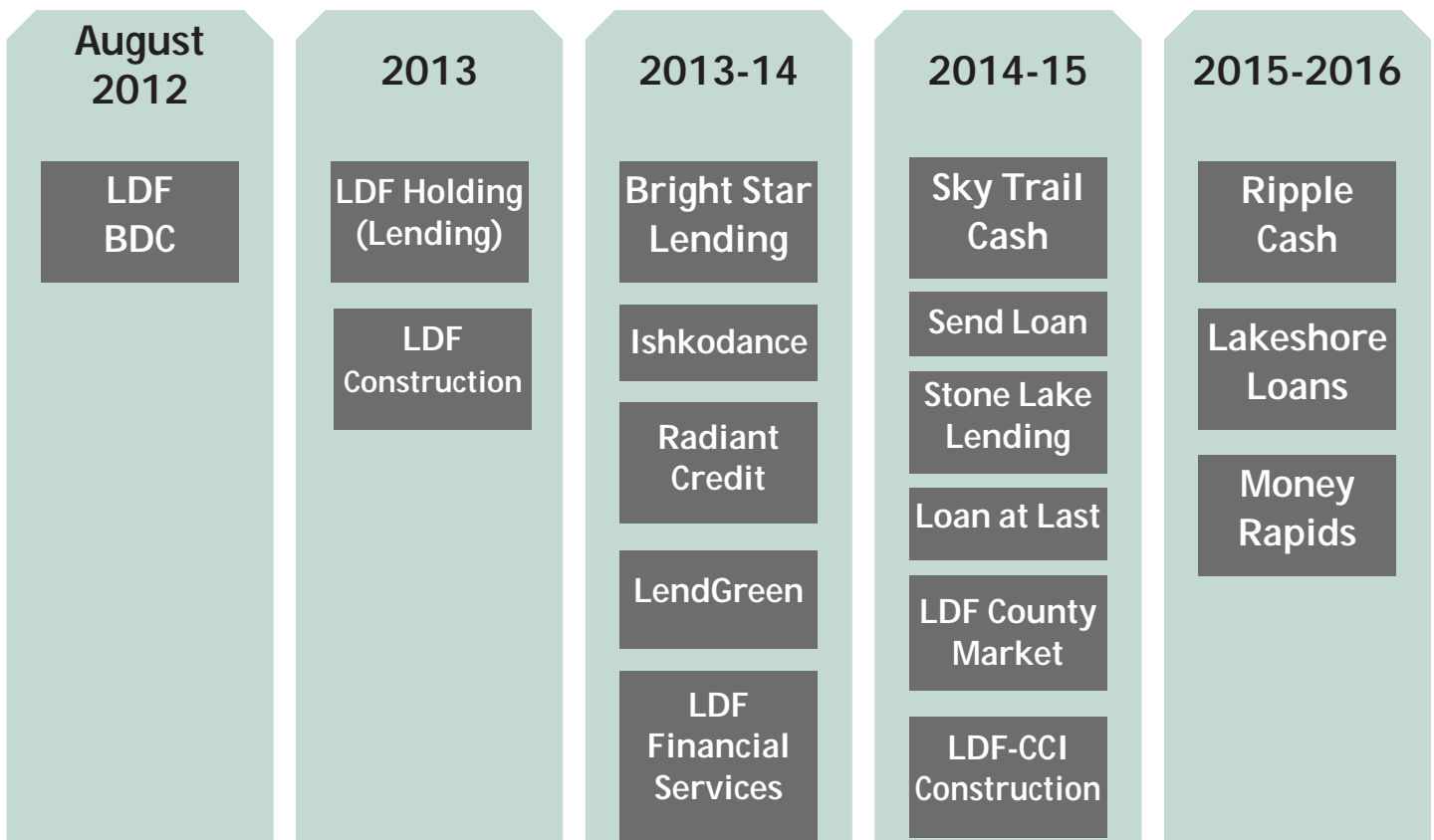
We ended 2015 with the opening of LDF Country Market on December 1st. This put into motion the consolidation of the former LDF Smoke Shop, Ojibwe Market and Tribal Gas. Tribal Gas was owned and

operated by the Lac du Flambeau Tribal Government. Once the sale of inventory and the land lease agreement was completed, the redevelopment of the Market and Gas properties was set into motion, and construction is expected to begin in the spring of 2018.

As of today, LDF BDC has several wholly owned subsidiaries. One of our subsidiaries, LDF Holdings, has 19 wholly owned subsidiaries that currently operate in the online consumer financial services space.

Despite early challenges, the LDF BDC has experienced much success in a short period of time. We are operating profitably, contributing to the Tribe's general fund, and we look forward to continued strong growth.

LDF BDC Timeline



ALLOCATIONS TO THE GENERAL FUND

To insure the LDF BDC is positively contributing to our community, we are bound by our bylaws to give back a percentage of our profits to the Lac du Flambeau Tribe's general fund.

LDF BDC Distribution Requirements

For the third and fourth years of operation (2015 and 2016), the BDC was required to make a distribution of 20% of net income.

This increases to 30% for 2017 and 2018, and will further increase to 40% in 2019 and beyond.

LDF BDC net income includes the consolidation of all subsidiary business revenue except LDF Country Market, which has its own distribution requirements. Included are Construction, Holdings, Ishkodance and Financial Services.

Article 6 - Distribution Requirements of the BDC's bylaws (summarized) –

- At the end of the third year of operation, the BDC is to make a distribution not to exceed 20% of the accumulated net profits earned during the third year and for each year thereafter (2015 was the third year, so in 2015 and 2016 the distribution is 20%).
- At the end of the fifth year of operation, the BDC is to make distributions not to exceed 30% of the accumulated net profits earned during the fifth year and for each year thereafter (2017 will be the fifth year, so in 2017 and 2018 the distribution is 30%).
- At the end of the seventh year of operation, the BDC is to make distributions not to exceed 40% of the accumulated net profits earned during the seventh year and for each year thereafter (2019 will be the seventh year, so in 2019 and thereon the distribution is 40%).

LDF Country Market – Distribution Requirements

The LDF Country Market has separate distribution requirements from the LDF BDC. From 2016 to 2018, the LDF Country Market distributes 75% of net income less any capital expenditures, to the Tribe. The distribution will then increase to 80% in 2019 and beyond.

Fiscal Year 2015 Distributions

The LDF BDC board decided to transfer an additional distribution in addition to the 20% of the net

profit. This additional \$52,123 brought the total distribution by the LDF BDC in FY 2015 to \$195,387.

The Country Market did not fall under the LDF BDC until December FY 2016, so there was no distribution.

FY 2015 Audited Net Income = \$716,320

Required transfer of 20% = \$143,264

Actual Transfer for

FY 2015 made in FY2016 = \$195,387

Excess Transfer of \$52,123

Fiscal Year 2016 Distributions

The Fiscal Year 2016 ended on September 30, 2016. The Fiscal Year 2016 audit was completed in June of 2017. The allocations to the Tribe's general fund was \$460,933. The Fiscal Year 2017 audit is underway and the BDC will report on that in March of 2018.

To date we have capital investments in 2016 of new fuel pumps, fuel management system upgrade and completely new point of sale and inventory management, mobile pricing and labeling technology.

FY 2016 BDC Budgeted Transfer = \$50,000

FY2016 BDC Audited Net Income = \$999,806

FY2016 BDC Actual Transfer = \$200,000

FY 2016 LDF Country Market Budgeted Transfer = \$410,000

FY 2016 Country Market Audited Net Income = \$590,573

FY 2016 Adjusted Net Income and Distribution to General Fund = \$590,573 x 75% = \$442,930

Less: Approved Capital Outlay for fuel management and point of sale system = \$181,997

FY2016 Country Market Actual Transfer = \$260,933

Fiscal Year 2017 Distributions

The budgeted amount from the LDF BDC and the LDF Country Market in Fiscal Year 2017 is \$943,104. This includes \$694,156 from the LDF BDC and \$248,948 from the LDF Country Market. We also anticipate that we will exceed the budgeted transfer for the LDF Country Market, as we have not incurred the expected loan interest expense.

Job Growth

At the end of fiscal 2013, we had 13 employees. At the end of 2014, we had 21 employees. At the end of 2015, we had 68 employees, and at the end of 2016, we had 72 employees. As of November 30, 2017, we had 96 employees.



Message from the Interim CEO

I have been blessed to be involved with the development of the LDF Business Development Corporation since its inception five short years ago. I am humbled to help give you a glimpse into the ever-growing operations that result from the hard work and dedication of nearly 100 associates I have the distinct pleasure in working with.

Whether it's our support departments facilitating needed processes, our talented deli team putting the finishing touches on your freshly made order, or our call center handling thousands of transactions a day, we all come together in this moment to share the results of our efforts with our stakeholders.

As I come near the end of my role as Interim CEO, I can share that if not for this excerpt of our teams' vision statement, "This holistic approach to economic development will build a strong, healthy nation as we shepherd progress into the seventh generation, we would not have a true understanding or full honor regarding today's decisions and their ultimate effects."

As our leadership becomes permanently situated, it's exciting to introduce Darold Londo, our new Chief Executive Officer. Darold will be joining us in early December. All of us maintain diligence on the application of the talents and processes needed daily to continue the high level of performance you read about here and expect from our corporation in the coming years.

I feel the need to remind us that laying the foundation for ongoing growth and Seventh generation security will lie in a "we" versus "me" approach, adhering to our guiding values, our goals and our objectives.

I thank you for the opportunity to serve our community and for the distinct pleasures in working to securing our tomorrows. Fueling the next "right" decision should always be managed against our mission and vision statements. But most importantly, honesty, transparency and forthright communication must work in tandem with our guiding principles and official code of conduct.

If you have any questions, or if you would like to discuss anything you read in our first Annual Report over a cup of coffee, I welcome that.

Randy Soulier

Introduction to the Board

President: Nicole Chapman-Reynolds. Nicole is a Lac du Flambeau Tribal Member born in Flambeau and raised in Philadelphia and Ventura County, CA. Graduating high school early, she spent two years in college before enlisting in the Navy being trained as a Hospital Corpsman specializing in pharmacy and later FMF to deploy with Marine Corps units. Upon



returning to Lac du Flambeau, she worked for the Chippewa Housing Authority and quickly mastered both the Rural Development and LIHTC programs. She was responsible for all 112 units utilizing both programs. She was integral to development of a LIHTC and later awarded over \$4.5 million in credits.

Nicole and her colleagues created the first Native Community Development Financial Institution (CDFI) in Wisconsin, now known as the Wisconsin Native Loan Fund, Inc. She sat on the board as Secretary for many years. Together she and the Director operated the area's only Volunteer Income Tax Assistance (VITA) site for nearly 10 years, preparing over 400 free returns each year between them. She continues to provide low cost tax assistance for the community. She also serves as the Chairman of the LDF Police Commission and the Chairman of the LDF Judicial Committee. Today, she works for the Tribal Roads Department and is very familiar with the transportation industry and every project and contract the department takes on. She holds BS degrees in Psychology and General Science from the University of Maryland University College. She is completing her Masters in Management, her MBA and a MA at the University of Minnesota-Duluth in the Tribal Administration & Governance Cohort.

Vice President – Edmund Peterson. Edmund joined the board, in his own words, “for the betterment of the community.” He brings his 30 years of experience working for a large company in Chicago as a mechanical engineer. After retiring, he moved to the Lac du Flambeau community and utilized his talents for the Tribe. He’s worked with youth, taught at Lac Courte Oreilles Ojibwa

Community College, and is currently the Human Resources Director for the Tribe.

Treasurer – Chris Soulier. Chris joined the Lac du Flambeau Business Development Corporation in 2014 as a Board Member. He assists LDF Financial Services with new business development opportunities, and facilitates relationship development between the company, its strategic partners, service teams and the Tribal Insurance

Initiative. Chris brings 15 years of business experience, a commitment to empowering Indian Country through economic development, leadership, and an extensive network of relationships in the business community. Chris is the proud owner of Access Unlimited, LLC, a small consulting group operating on a national level through strategic partnerships to offer enhanced benefits and services for any size business. He enjoys being active in his community through coaching youth baseball, softball and cross-country skiing at all age levels. Chris is the proud father of Samantha (14) and Braden (12) and has been married to his wife Dawn for 19 years. He is a Member of the Lac du Flambeau Band of Lake Superior Chippewa Indians and currently residing in Waunakee, WI.

Secretary - Patricia Marquez. Patricia has been a cash operations manager at the Lake of the Torches Casino, and brings to the Board a desire to make a difference on the reservation. Patricia’s goal is to expand, diversify, bring more capital and give opportunities to the people of the community. Patricia is also the President of the Health and

Wellness Board, and describes herself as “a Tribal Member who wants to see good things happen in our community.” She feels the LDF BDC Board is going to be taking steps to make sure our community can survive, not only on the casino revenues, but with other businesses and opportunities. Patricia wants to continue to foster the education opportunities for our community to allow people to grow and provide the steps for them to become a manager, director or CEO if they choose to be.

Board Member At Large: Phillip Chapman, Jr. - Phillip is a Lac du Flambeau Tribal Member who has worked more than 30 years in the construction industry, many of those years spent with Kuckkahn Construction, Inc. He has assisted his brother with his successful, family-owned masonry and carpentry business for over 15 years. With his

extensive experience in the construction industry, he felt that he his vast business knowledge would be beneficial to the LDF BDC. Phillips has served as the Tribal Roads Committee Chairman, and has worked for the Lac du Flambeau Tribal Roads Department. He is honored to serve his Tribe on the LDF BDC Board of Directors, and looks forward to the work the Board has ahead, which includes increased transparency for the Membership and ensuring ethical best business practices are being conducted with each and every business entity operating under the LDF BDC.

Ex-Officios: Joseph Wildcat, Sr., Lac Du Flambeau Tribal Council President, and Beverly La Barge, LDF Tribal Secretary also serve on the LDF BDC Board as Ex-Officio Members.



Projects and Objectives

LDF Country Market, Smoke Shop and Gas Station

We anticipate construction to begin in late spring of 2018 on the \$2.8 million development of the LDF Country Market. The new store will be located in the current location, and will transform the existing Smoke Shop, the Market and Tribal Gas Station into one, larger retail entity. The project will be in excess of 18,000 square feet, with one-stop shopping and the full integration of technology.

Workforce Training & Development Center

We are exploring a \$2.5 million development of LDF

Business Development Corporation's administrative offices, technology center and training facility on Thorofare Road.

Expanded Facilities

We are seeking a permanent home for LDF Holdings, LLC. We will establish a site and construction a new call center housing 150 agents and personnel. This will be adjacent to the corporate office and Workforce Training & Development Center in the business park.

Our strategic planning process will be completed by end of January 2018. Our objectives will develop from this process and collaboration, and guide us in our future developments.

ORGANIZATIONAL CHART

Lac du Flambeau Tribal Council

LDF BDC Board of Directors

Chief Executive Officer

Chief Operating Officer

Chief Financial Officer

Corporate Support Team Accounting - HR
Compliance and Administrative Assistants



- General Manager
- Operations Manager
- Assistant Manager
- Department Managers
- Supervisors

Field Crew



- General Manager
- Operations Manager
- Assistant Manager
- Department Managers
- Supervisors

Team Members



- Vice President of Lending
- Vendor Relations Manager
- Director of Lending Operations
- Compliance Specialist
- Training Supervisor

Call Center
Associates

