

Indian nation's sovereignty has pluses, minuses for development

By HAL PHILLIPS

Golf course development on Indian reservation land may seem too good, or too easy, to be true. But it's not without pitfalls.

The flip side to sovereign nation status is this: If the Native American group pulls the plug, investors cannot seek legal recourse. Put simply, you can't sue where U.S. laws don't apply.

"It's a totally different situation here," said Dr. Thomas Climo, economic development director for the Paiute Nation, a Nevada tribe developing 72 holes near Las Vegas with Landmark Golf. "You're operating on federal trust land, so an Indian tribe cannot deliver a title to an investor.

"Because of this, we have limited access to capital markets. Mr. Winn [Steve, owner of the Mirage Hotel and developer of Shadow Creek Golf Club] can go out on the stock exchange and get \$144 million at the drop of a hat. But because we can't deliver a title, banks are scared away."

Landmark Principal Brian Curley and Climo noted that developers can seek an "impairment of contract" document. Once this agreement has been signed by all parties, the investor can seek recourse from a sovereign nation. But if an investor sues, it has to be adjudicated in Tribal Court.

"This is also a problem," Climo explained. "People think Tribal Court is a kangaroo court. Our constitution is only seven pages long, but it's a Nevada state judge interpreting Paiute law. And I think people would find Paiute law to be extremely fair with regard to development."

How did the Paiutes generate their capital?

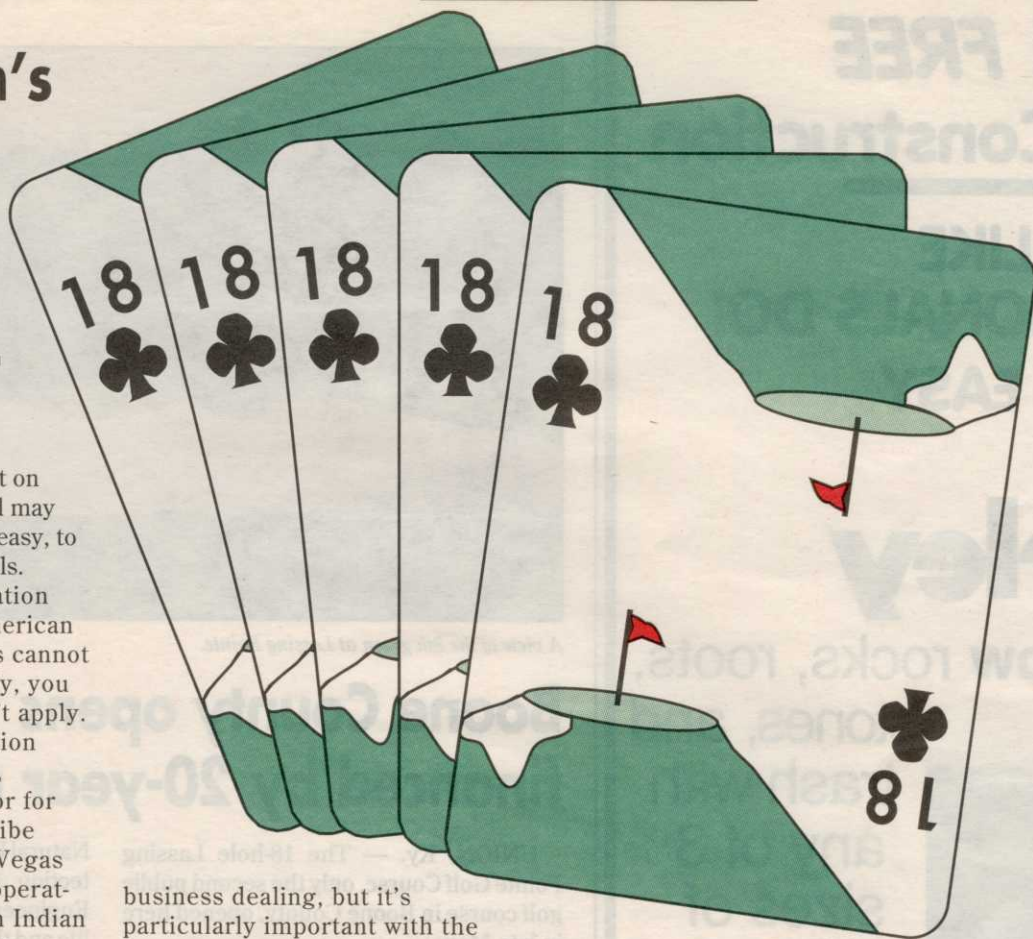
"We're still trying," said Climo. "We just happen to be an affluent tribe and we've done it ourselves, so far. As time goes on, we're pretty optimistic we will get the funding."

While city, county and state laws do not apply on tribal land, any development there does require Department of Interior approval. Climo explained this can be cumbersome and political, but the Paiutes accept no federal money.

"When we go to Washington, they have a hard time telling us no," he said. "But a different tribe that accepts those funds may have more trouble gaining approval."

John Harvey — an architect with Robert Trent Jones Sr., the firm handling one of two proposed golf courses at the Foxwoods resort in Ledyard, Conn. — believes creating and keeping trust is central to any dealings with American Indian tribes. Curley and Climo agreed.

"Trust is always important in any



business dealing, but it's particularly important with the Indians," said Curley. "Over the years, Indians in general have had people take advantage of them. From Day One, we've made a big effort to make them comfortable with us, confident in our ability. We've made it clear we're in it for the long haul and not looking for the next deal."

Climo emphasized honesty and going the extra mile as the keys to generating trust among Native American business partners.

"If somebody wants to know how to generate trust, ask Ernie Vossler," said Climo of Landmark's head partner. "We had Ernie out on our land... Then I learned he was separately bringing Brian [Curley] out to do research. He brought his water man one time. He brought Pete Dye down — all this with his own money!

"From that point to today, he has never asked for a dime from the tribe. He has confidence in the project. Now we have Pete Dye under contract and we're paying him.

"But for 18 months, Ernie did everything on his own dime. That's the best way to gain trust.

"And he's been totally honest with us. Little white lies are not acceptable to the Indian."

Wampanoags eye site with golf course

NEW BEDFORD, Mass. — Players at the municipal golf course here are worried they may be forced to relocate if the Wampanoag Indians of Gay Head choose to develop the area.

The land is the leading site for the proposed Wampanoag development scheduled to include a casino, hotel, amusement park and a nine-hole golf course.

The city council here unanimously voted to instruct city planners to determine the location of available city land to replace the golf course if necessary.

Prime time on Indian land

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Mashantucket Pequot tribe — is planning a \$142 million expansion in neighboring North Stonington that will include two 18-hole golf courses: one designed by Robert Trent Jones Sr., the other by Rees Jones.

- Outside Las Vegas, Landmark Golf has teamed with the Paiute Indians to develop a 72-hole golf complex. Snow Mountain Resort, located on 3,800 acres of tribal land, is scheduled to open all four courses by late 1996. Landmark will manage the four finished courses, all of which will be designed by Pete Dye.

- In Fort Thompson, S.D., the Crow Creek Sioux tribe has just opened the first of three casinos in partnership with management company Yellowhammer Ltd. Partners of Appleton, Wis. In two years, the Crow Creek Sioux plan to open another casino — complete with hotel and golf course — on Lake Sharpe, 23 miles east of Pierre.

"I would bet, in years to come, a lot of these destination resorts will be built on Indian land," said Brian Curley, principal at

Gold Ranch adds course to expansion

VERDI, Nev. — Native American Indian tribes are not alone in efforts to combine casinos with golf courses.

The Gold Ranch Casino will expand to include a nine-hole, par-3 golf course and a 50-tee practice driving range.

The development will start this year and include a 135-space recreational vehicle park, 6,000-square-foot casino expansion and service station enlargement.

The course, designed by Genoa Lakes course architects, is scheduled to open by fall of 1995.

Landmark. "We've had contacts with other Indian groups. These types of deals will become more and more common.

"Any property owner with sovereign-nation rights is going to make things much easier, less political [but not without risk — see related story]. One of the main benefits to sovereign-nation status is that Indians are subject only to federal approvals. City, county or state approvals are not necessary," said Curley.

"We're doing this huge project — planning, design and construction — with a fraction of the difficulty we would experience normally."

This factor applies anywhere construction occurs on a federal reservation. However, the Paiutes have gone to great lengths to protect the desert tortoise, an endangered species. Architect John Harvey of Robert Trent Jones Sr. said the Mashantucket Pequots set for themselves very high environmental standards.

"The tribe is very conscientious environmentally," said Harvey. "Tribal members want to be comfortable that no environmental impact takes place at the site... We, as a design company, had to make sure to abide by their idea of development."

Harvey explained the North Stonington site is "pretty rough," completely tree-covered, with rock and rubble strewn about. But the tribe also has access to mineral deposits, including sand and gravel, on reservation land. Because of this special access, Jones Sr. plans to lay a veneer of sand as a seed bed, wall to wall.

The Mashantucket Pequots needn't worry about acquiring water rights. An adequate subsurface aquifer will supply all the necessary irrigation, said Harvey, at no cost to the tribe.

Out West, where the water situation is more dire, the Paiutes have reaped sizable benefits.

"We won't pay for water — just pumping costs," said Curley. "If we had to pay for water, it would run us \$400,000 to \$500,000 a year, and that's right now. Who knows how much it will be in 10 years?"

"We've seen the writing on the wall. Especially in California, water is a real issue. The water is always available, but it's an allocation-use issue, which gets very political. With your own water, you really have competing facilities over a barrel. And, of course, you don't have any debt service on the land."

This much has been proven by past endeavors: People will travel great distances — far into the wilderness, even — to gamble. Landmark is designing another golf course for a tribe in Loughlin, Nev. Developed by Jim Temple, the Mojave Valley Resort will feature gambling, golf and entertainment in the middle of nowhere: on the Colorado River where California, Nevada and Arizona come together.

"Anybody can do gambling in Nevada," noted Curley. "Vegas itself is becoming more of a destination resort, rather than a place to gamble. Any developer out here is looking for a diversified income source. Golf is just a starter. Theme parks are probably next."

Dr. Thomas Climo, economic development director for the Paiute Tribe, agreed that destination resorts will soon be commonplace on Indian reservations.

"We have a lot of patience. We're going to be here forever," said Climo. "By 1998, we think the golf situation will stabilize. Then we will attract some hoteliers and, ultimately, build a theme park.

"We've showed our master plan to the people at Foxwoods, and they look at us and say, 'We wish we had done something like that.'"