

**EXECUTIVE & FINANCE COMMITTEE
LEGISLATIVE CONFERENCE ROOM
November 29, 2007
3:12 P.M.**

STANDING COMMITTEE: Executive & Finance

COMMITTEE PRESIDED BY: Jack D. Baker, Chair

COMMITTEE MEMBERS PRESENT:

Jack D. Baker	Buel Anglen	Bill John Baker
Curtis Snell*	Tina Glory-Jordan	Meredith Frailey*
Chuck Hoskin, Jr.	Brad Cobb	Julia Coates
Joe Crittenden	Chris Soap	Jodie Fishinghawk
Harley Buzzard	David Thornton, Sr.*	Cara Cowan Watts*
Janelle Fullbright*	Don Garvin*	

COMMITTEE MEMBERS ABSENT:

None

STAFF PRESENT:

Callie Catcher	Diane Kelley	Melissa Gower
Jokay Dowell	Doug Evans	Ginger Brown
Anna Knight	Melanie Knight	Marvin Jones
Todd Enlow		

VISITORS:

Dennis McLemore	Carey Tilley	Todd Hembree
Raymond Vann	Emily Bushyhead	Bryan Collins
Charles Dry	Brad Carson	Jack Crittenden
Emily Bushyhead	Donald Bass	

QUORUM ESTABLISHED: Yes

LEGISLATION: Yes

MINUTES: See Attached

**EXECUTIVE & FINANCE COMMITTEE
LEGISLATIVE CONFERENCE ROOM**

November 29, 2007

3:12 P.M.

CALL TO ORDER:

Chair Jack Baker called the meeting to order at 3:12 p.m. Councilman Cobb gave the invocation. Roll was called and a quorum was established.

APPROVAL OF MINUTES:

Councilor Anglen moved for the approval of the minutes of the October 25th regular session. Councilor Cobb seconded the motion. Motion carried.

REPORTS:

Financial Report/Treasurer Report: Callie Catcher provided a written report. They continue to work on their year end closing. The audit will begin on January 2, 2008. They anticipate meeting the deadline for March 31 for their 2007 audit.

Cherokee Nation Enterprise: Donald Bass stated they had a good month. The revenue was down a little bit but was made up on the expense side of the Profit and Loss. He stated they are in the middle of their audit. The employment figures are 58% Cherokee with 72% Native American. The Catoosa and West Siloam projects are still on schedule. Councilor Cobb inquired if the marquee messaging for the Catoosa Casino is reserved for certain messaging. Mr. Bass stated Molly Jarvis in the Marketing Department would be able to answer his questions.

Cherokee Nation Industries: Dennis McLemore reported at the end of September, they had \$10.2 million in cash, \$11.4 in A/R, \$11.2 in A/P, and \$13.8 million in debt in which \$13.3 million is a loan from CNB; \$400,000.00 is for the AEC loan. At the end of September the net worth was \$10.4 million. He stated they are also in their audit period. The sales for the fifteen month period are \$137 million. They closed with a profit of almost \$1.9 million dollars.

Cherokee Nation Business: Brad Carson stated the report on cash and on borrowing. He stated they are still negotiating the fine points of the agreement. An agreement between a commercial bank and an Indian Nation of this size takes time. They hope to have the agreement completed and pending board approval within the next few weeks. At the moment the consolidated enterprises; CNI, CNE, CNB, Cherokee Services Group, Cherokee CRC and a whole host of companies owned by those amenities stand with about \$88ml in available cash with \$116ml in the bank some of which is not readily available due to restrictions required by compacts. In Fiscal year 2007 the consolidated entities did about \$565 million in revenue with a net income of about \$111 million. The available technical cash flow or free cash is \$88 million. They have completed the projection for the upcoming years. The predictions for FY2008 are \$144 million in cash flow. Because of the tremendous capitol expenditures going on from CNI and CNE that money will be spent and then some and we

will be on our credit line of probably \$70 to \$80ml by mid point of FY2008. He stated this is where we stand as far as income, cash flow, and some of the projections. As of today the consolidated entities have \$360ml in assets on the balance sheet. We are the proud custodians of some very profitable and very sizable enterprises. Councilor Buzzard inquired if a decision had been made on the hotel for West Siloam Springs. Mr. Carson stated they have a board meeting tomorrow in which the final approval will be made.

Cherokee National Historical Society: Carey Tilley reported they had 34,000 people visit this year compared to 26,000 last year. The dollar value is up for about \$9,000. The art show is doing well. The state funding is behind what it was last year. The earned income is up about 21% from last year. They are moving into the slower portion of the season. They paid \$10,000.00 in long term debt in October. The long term debt has been reduced to \$71,000.00. He stated they plan to continue to make progress just not as large payments as through the summer. They are in the process of working on their master planning. They are also in the process of launching their year end fund raising drive.

Career Services/Employment: Diane Kelley announced they turned away vendors at the job fair in Catoosa yesterday due to the lack of space. Today they are working with the Commerce Department on a vendor fair. They will be working with the Tahlequah Chamber and the City of Tahlequah to do a job fair here in March. They plan to do a job fair in the West Siloam Springs area in the Spring. She announced they hosted the Eastern Chapter of the American Indian Chamber of Commerce today. She stated they were notified in writing from the U.S. Department of Labor that the job corps will be looked at as a five year contractor non profit entity. They were pleased to receive the letter. This letter means they will not have to compete with other contractors but they do have to meet the thresholds required. They have to have their 5 year plan in by January 29th. Next year will mark the 30 year anniversary for Talking Leaves Job Corp. The 65th Annual Indian Congress was held in Denver a couple of weeks ago. The Cherokee Nation was very successful in getting a resolution passed on the floor where they received a lot of support from other tribes on the freedman issue. She announced Deputy Chief Joe Grayson was re elected as the area vice president for the North East area. Flintco has been working very closely with the TERO office. They are requiring all of their contractors to have a minimum of 15% Native Americans on their crews. Mr. Jon Overacker is very commendable to Flintco's efforts. Ms. Kelley stated they are working with National Steak and Poultry a new business in Rogers County. Owasso is requesting Native American workers to work in their processing plant. They have staff working with the Mayes County Prosperity Project. Vocational Rehab is relocating to the opposite side of the building. Rita Wickliffe will be in the Bartlesville vocational rehab office. She announced one of their building trade's students was hired by Cherokee Nation. Two of the business tech students have been hired one of which is here in the Council House. Councilor Soap requested assistance with a job fair for Thunderbird Youth Academy in Pryor.

Commerce: Anna Knight provided a written report.

COMMUNITY ASSISTANCE:

Additions to report:	Town of Spavinaw	\$500	Councilor Frailey
	New Hope Baptist Church	\$600	Councilors B. Baker/Glory-Jordan
	Town of Kansas	\$200	Councilors Buzzard/Snell

Councilor Anglen moved for approval of all community assistance for the month of November. Councilor Buzzard seconded the motion. Motion carried.

Councilor Garvin inquired about unused legal fees moving into the community assistance funds. Ms. Callie Catcher stated unless there are any outstanding invoices for legal fees they should be able to come up with a good number. Chair Jack Baker requested an update on these amounts next month.

Councilor Snell inquired if he had learned anything regarding Delaware County Head start. Mr. Evans stated it was discussed at length during budget hearings. He stated in research of the budget he didn't find an amendment to the comprehensive budget. Ms. Catcher stated it was her understanding the Education committee was to address and bring forward a request for funds if there was a need. She stated she would review the request.

LAW ENFORCEMENT:

Mr. Evans stated there are no requests this month.

T.E.R.O CERTIFICATIONS:

Councilor Garvin moved for the approval as reported. Councilor Crittenden seconded the motion. Motion carried with one abstention from Councilor Bill John Baker. His brother is listed on the certifications.

CEMETERY RESTORATION ASSISTANCE APPLICATIONS:

Councilor Soap moved to add and approve Lynch Prairie cemetery for \$500 to District 1. Councilor Bill John Baker seconded the motion. Motion carried with one abstention from Councilor Garvin.

Councilor Fullbright moved to approve the cemetery requests for District 3. Councilor Thornton seconded the motion. Motion carried.

Councilor Crittenden made a motion to approve the cemetery requests for District 2. Councilor Bill John Baker seconded the motion. Motion carried.

OLD BUSINESS:

1. Discussion and Possible Action for Funding of a Cemetery Assistance Program Employee. Councilor Cowan Watts withdrew this item stating it is no longer needed.

NEW BUSINESS:

1. An Act Amending Legislative act #37-07 Authorizing the Comprehensive Budget for Fiscal Year 2008 – Mod 2; and Declaring an Emergency Councilor Glory-Jordan disclosed to the committee that her husband is an employee of the Cherokee Nation Housing Authority. Upon her election he submitted his resignation which was refused. She stated she doesn't feel his position creates conflict that would prevent her from debate or voting on this budget item. She stated she is just disclosing pursuant to LA 34-07. Mr. Doug Evans provided an update on the grants received in

November. Mr. Evans stated Mod 2 has 31 budgets totaling \$10.7ml. On the cash match for grants he recommended this item be funded from the \$500,000. earmarked for these purposes instead of being appropriated on top. He noted the Markoma Property request should be included in the capital expansion plan along with other long term capital type expenditures and not funded by discretionary general fund dollars as requested. Ms. Catcher said this was to be financed by the remaining bond proceeds from the 2003 capital expansion plan. He stated what needs to be done to fix this is to add the revenue source of proceeds from long term debt therefore it frees of that \$1ml and puts it back in the balance available for appropriations. Councilor Baker made a motion to change this language. Councilor Fishinhawk seconded the motion. Councilor Glory-Jordan requested a friendly amendment for the correction to be made as requested by Mr. Evans regarding cash match for grants. Chair Jack Baker stated the motion as being under item 10 we remove the \$87,098 from the cash match and take it out of the \$500,000 already appropriated and change the language on item 11 regarding the Markoma property. Councilor Baker accepted the friendly amendment. Motion carried. Councilor Garvin offered a friendly amendment to change non pell to Cherokee Nation scholarships. Chair Baker stated a motion hasn't been made for approval. Councilor Garvin made a motion to change non pell eligible to Cherokee Nation scholarships. Councilor Cobb seconded the motion. Motion carried. Mr. Evans stated the indirect cost pool has the housing administration budget coming in and increasing the capacity on the support functions of the Nation in financial resources, management resources, and human resources. He noted there are no accounting units tied to this budget. Ms. Catcher stated these are positions that would be coming in to support the new activities. Councilor Glory-Jordan inquired if this is approved how many employees will be brought over. Ms. Catcher stated the total anticipated in this budget is around 24 with a possible adjustment up or down. She stated during the discussions the intent is to transition as many Housing Authority employees as possible to the Cherokee Nation. These 24 include administration, information systems, human resources, and purchasing. Mr. Evan gave clarification of one of his notes regarding the indirect cost recovery technical correction. He stated Ms. Catcher is in agreement and suggested to the committee this correction of an increase in IDC recovery of \$826,009 in this mod. Councilor Frailey inquired as to how it is known the amount requested for these 24 positions is actually needed. She commented the jobs, titles, or salaries are not provided. Ms. Catcher stated they have been working on information that is a couple of years old and these numbers were based on that for the administrative function. Councilor Bill John Baker made a motion for the adjustment of \$829,009. Councilor Cobb seconded the motion. Motion carried. Councilor Glory-Jordan inquired if we could budget better if we knew the exact positions. Mr. Evans agreed. He stated there are items that are typically submitted in a request like this that haven't been submitted this time. Ms. Catcher stated part of the reason for this budget and the Council's approval of this budget is to endorse and approve the transition plan that has been laid before you for the Housing Authority. If we wait that delays the start of the transition plan. They have taken the best information possible and determined the best estimate of numbers to begin with. This gives us the authority to start moving forward with the transition. Councilor Hoskin Jr. commented if we are being asked to endorse this transition by way of this budget modification then we should not, absent a comprehensive discussion of the transition and a detailed analysis of what is going to happen to every employee of the housing authority. Honestly he doesn't feel this committee should endorse this

plan without a detailed analysis and data. Councilor Bill John Baker made a motion to increase the total ending to \$1,017,700 for the intermediary relending program. Councilor Crittenden seconded the motion. Motion carried. Mr. Evans made a recommendation that the JOM conference – special registration be reduced by \$2456. to be the actual carry over. Councilor Cowan Watts made the motion for this adjustment. Councilor Anglen seconded the motion. Motion carried.

Mr. Evans provided as recap as follows: item 10 removed the cash match out of the \$500,000., included loan proceeds revenue source for the \$1ml Markoma property capital renovation, increased the recovery of the indirect cost pool to offset, changed the name of the HIP program to remove the Housing Authority, changed the non pell eligible to the Cherokee Nation scholarship, increased the intermediary relending program to authorize all of its funds, and adjusted the carry over on the JOM item. Councilor Cowan Watts made a motion to approve budget modification 2. Councilor Garvin seconded the motion.

Councilor Glory-Jordan inquired if the Group Leader for the housing program had been hired. Ms. Melanie Knight stated they have extended an offer to David Southerland. Councilor Glory-Jordan inquired if we could give him a month to identify these positions so we know for sure what kind of salary expense is needed. She stated 99% of the employees at the Housing Authority are Cherokee and we owe it to them to tell them what the plan is. She stated we didn't even have the decency to notify the employees before the press release. Ms. Knight stated the importance of this budget and approving this action is giving us the authority to move forward with more detailed planning and the transition. Without a decision to embark on a transition we are unable to perform any of the intermediate moves to get there. This provides leadership on board to assist in the decision making process. Councilor Glory-Jordan stated as the executive branch they have the ability and the duty to develop the plan fully even before it is presented to this body to obtain funds. We don't have a plan, we don't have specifics we are just being told to approve this \$4ml on blind faith. Ms. Knight stated we value those employees and are relying on those employees in order to make housing services a success at the Nation. We are relying on them to work with our staff more closely to provide more integrated services. She stated there are parameters out there we are not going on blind faith, we do know what programs are there and how we intend to operate them. Councilor Hoskin Jr. stated there are unknowns that are important considerations, but he doesn't see a legal or practical road block that would prevent the administration from coming up with a comprehensive detailed plan to address everything then come to the Council for endorsement. He stated he is uncomfortable in endorsement with this many unknowns. He stated we owe it to the employees to give them at least a month. He requested Ms. Knight to identify what legal or practical obstruction there is to you for us to table this. Ms. Knight gave appreciation for wanting to know every detail before implementation. She stated as far as she knows there isn't any legal impediment. Practically they would like to identify leadership for the housing group and enable them to develop the plan with administration. She stated without a budget and the authorization they are unable to do this. Councilor Hoskin stated he would like to see the administration try to implement for a least a month before passing this budget. If they try and are unable to succeed then he would be more acceptable in approving this budget. Councilor Hoskin Jr. moved to table. Councilor Glory-Jordan seconded the motion. Councilor Frailey inquired if the motion was to table the whole budget.

Councilor Hoskin Jr. stated any portion of this as it related to administrations transition. Roll call is as follows:

Buel Anglen	<u>Nay</u>	Bill John Baker	<u>Yea</u>
Jack D. Baker	<u>Nay</u>	Harley Buzzard	<u>Nay</u>
Julia Coates	<u>Nay</u>	Bradley Cobb	<u>Nay</u>
Joe Crittenden	<u>Yea</u>	Jodie Fishinghawk	<u>Yea</u>
Meredith Frailey	<u>Nay</u>	Janelle Fullbright	<u>Nay</u>
Don Garvin	<u>Nay</u>	Chuck Hoskin Jr.	<u>Yea</u>
Tina Glory-Jordan	<u>Yea</u>	Curtis Snell	<u>Nay</u>
Chris Soap	<u>Nay</u>	David Thornton Sr.	<u>Yea</u>
Cara Cowan Watts	<u>Nay</u>		

The motion to table the Housing Authority portion of the budget mod failed with six (6) yeas, eleven (11) nays, and no abstentions.

Councilor Cowan Watts voiced concerns for stalemating the budget for the administration to take action. She stated she had concerns about the Council getting too detailed in a transition plan because it would put us in the position of hiring people. It is not the Council's place to hire staff that the administration would be responsible for. Councilor Soap inquired as to what number this body would be comfortable allocating. Councilor Hoskin stated this question is best posed to Ms. Knight. He asked if the administration need \$4ml to answer these unknowns or is there a smaller number that would allow the move forward. Ms. Knight stated the total budget won't change, what will change will depend on the exact date the employees move. The amount that we contract out and flow through the housing authority versus the amount we directly spend may shift. Councilor Hoskin Jr. inquired if the administration plans to shut down any facility or offices. Ms. Knight stated they plan to use the existing facilities. The intention is to keep services in the field. Councilor Hoskin Jr. stated his district is proposed new housing and inquired the administration plan to look at the housing authority's plans and keep those on the table. Mr. Marvin Jones stated it is possible all employees will transfer over. The good activities that have been developed will continue they will just be performed by the Cherokee Nation. He stated the only activities the Cherokee Nation will not have control over are the ones the housing authority had their own funding for. All projects anticipated will move to the Cherokee Nation and continue in place. He stated they have been speaking to Mr. Southerland. Councilor Glory-Jordan inquired why Mr. Southerland isn't present. Ms. Knight stated he is attending a directors meeting with his staff and felt it was important to attend. Councilor Glory-Jordan stated it is important for her to have Mr. Southerland's input before a decision is made. Councilor Thornton stated his biggest problem is the people we are here to serve. We have a responsibility to each one of them. He doesn't want the employees to loose money by transferring. Mr. Jones stated equally important is the service to the people not just the employees. He stated there must be a balance. Councilor Garvin called for the question. Chair Jack Baker stated after those already recognized. Councilor Hoskin Jr. inquired if all area directors would move over to the Cherokee Nation. Mr. Jones stated in this particular case this budget is the bottom line dollar amount. They did their best effort to estimate the salaries and take information form the Housing Authority to determine ideally the number of employees to operate the programs efficiently. They anticipated on the information available that the Housing Authority

is over staffed. There are 139 employees at this time. The determination will be made by David Southerland, Anna Knight, and Norma Merriman. Anticipating that there are no area directors but the services will continue. These current area directors are anticipated to become directors of programs rather than areas. Councilor Crittenden voiced concern for the employees and people receiving services. The Housing Authority has provided many years of great service to our people. Seven or Eight years ago we were the number one housing authority. He stated we took something that wasn't broke and we fixed it. He referred to the emergency housing program that was at the Housing Authority and now is at the complex is now receiving less services. He doesn't feel we can better serve our people with this option. Chair Jack Baker and stated the motion on the floor is to approve the entire budget. Roll call is as follows:

Buel Anglen	<u>Yea</u>	Bill John Baker	<u>Nay</u>
Jack D. Baker	<u>Yea</u>	Harley Buzzard	<u>Yea</u>
Julia Coates	<u>Yea</u>	Bradley Cobb	<u>Yea</u>
Joe Crittenden	<u>Nay</u>	Jodie Fishinhawk	<u>Nay</u>
Meredith Frailey	<u>Yea</u>	Janelle Fullbright	<u>Yea</u>
Don Garvin	<u>Yea</u>	Chuck Hoskin Jr.	<u>Nay</u>
Tina Glory-Jordan	<u>Nay</u>	Curtis Snell	<u>Yea</u>
Chris Soap	<u>Yea</u>	David Thornton Sr.	<u>Absent</u>
Cara Cowan Watts	<u>Yea</u>		

The motion to approve the entire budget mod passed with eleven (11) yeas, five (5) nays, and no abstentions.

2. A Resolution Authorizing a Loan From Cherokee Nation Businesses, L.L.C., to the Cherokee Nation Comprehensive Care Agency Councilor Cowan Watts moved to approve. Councilor Anglen seconded the motion. Motion carried.

ANNOUNCEMENTS:

Chair Jack Baker inquired if the Council would be interested in drawing names for Christmas with the staff. Chair Jack Baker asked for those in favor, no opposition was given. Councilor Glory-Jordan made a motion to not exceed \$25.00. Councilor Hoskin Jr. seconded the motion. Motion carried with opposition. Councilor Coates offered a friendly amendment for those to opt out that wish to do so.

Councilor Bill John Baker announced the Council is invited to CNE's Christmas party for the Tahlequah casino at the Tahlequah Municipal Armory from 6:30 to 10:00 p.m. on the 10th of December.

ADJOURNMENT:

Councilor Anglen moved for adjournment. Councilor Coates seconded the motion. Motion carried at 4:52 p.m.

APPROVAL / DISTRIBUTION:

Minutes submitted by: Shelli Brittain, Legal & Legislative Coordinator

Motion to approve minutes made by: Cara Cowan Watts

Minutes attested and concurred by: Jack Baker

Date: 12/20/07