



Council of the Cherokee Nation

Meeting Minutes Executive and Finance Committee

Thursday, February 26, 2009

3:00 PM

Legislative Conference Room

CALL TO ORDER

Chair Jack Baker called the meeting to order at 3:25 p.m.

INVOCATION

Councilor Bill John Baker gave the invocation.

ROLL CALL

Present 16 - Bill John Baker; S. Joe Crittenden; David Thornton Sr. ; Don Garvin; Meredith Frailey; Cara Cowan Watts; Jack D. Baker; Tina Glory Jordan; Jodie Fishinghawk; Janelle Fullbright; Harley Buzzard; Curtis Snell; Chris Soap; Bradley Cobb; Chuck Hoskin, Jr. and Julia Coates

Late Arrival 1 - Buel Anglen

APPROVAL OF MINUTES

Councilor Bill John Baker made a motion to approve the January 12, 2009 sub committee and the February 5, 2009 regular session minutes. Councilor Snell seconded the motion. Motion carried.

REPORTS:

Financial Report/Treasurer Report - Callie Catcher

Ms. Catcher offered to answer questions from her written report. She announced they received notification yesterday of the affirmation of their Triple B- rating and the outlook is stable. She stated it reflects strong financial operations of the health system providing ample debt service. She stated they were pleased with the update.

Cherokee Nation Enterprises - David Stewart

Mr. Stewart reported CNE had a good month in January. He stated so far February is tracking to be better than last year. They are behind budget but still hope to catch it up. They have worked with Ms. Catcher to change the dividend estimate. NIGC has approved the Hard Rock brand. They are in the process of working toward transition. They plan to open as Hard Rock on June 1st with the grand opening in July. All construction projects are on schedule. They may be a bit over the original estimate of the West Siloam hotel. They have rebid to attempt to bring down the prices. The project is formally on hold until the next board meeting. He handed out a copy of a report they provided a cultural tourism report to the board. It is a bullet point summary of what is happening.

Cherokee Nation Businesses - David Stewart

Mr. Stewart announced they have a final draft copy of the audit report for the consolidated group of businesses entities. The audit is clean and will be provided for the Council to review. The reported net operating income combined of \$109ml. They have a few meetings with all of the CEO's of the subsidiaries to work of getting all of the shared services out to them that CNB offers. The new market tax credit opportunity. He introduced Marguriete McKinney who is in charge of the program at CNB. She has made numerous visits in the communities. There is a map of where these funds can be used. This is a very legal and technical program. He provided a handout of information pertaining to the program and gave a brief overview. Ms. McKinney announced the program was established during the Clinton administration as an economic development tool. The program is in it's sixth round issued through the Department of Treasury. Typically they have issued these allocations of tax credits to urban areas that needed to have a revitalization in economic development. This particular round took a rural emphasis and focus. This is a great opportunity for the Cherokee Nation to state why we need economic development within the fourteen counties of the Cherokee Nation. They gave an allocation of authority in the amount of \$60ml which means CNB has the authority to allocate \$60ml in tax credits. She stated they would bring in capitol to qualified businesses located in qualified census tracts who need the equity to complete the business transaction. Councilor Hoskin Jr. inquired as to who determines which tracts are eligible. Ms. McKinney stated the Census Bureau. Mr. Stewart stated from a CNB perspective their goal is to generate jobs for Cherokees and operate profitable businesses. He stated they would provide a report each month providing an update on the program. Mr. Stewart stated they are considering do a presentation at the Catoosa casino to give an overview of the program with invitation to all Chambers of Commerce and Mayors within the jurisdiction. Councilor Buzzard inquired if tribes are eligible to access these funds to develop a business. Mr. Stewart stated the tax credits can not be used for our own deals it has to be for third parties. This is why the strategy is to use the credits in ways that will encourage jobs in the fourteen counties.

Cherokee Nation Industries - Robert Drvostep

Mr. Drvostep announced revenue for the month of January totaled \$6,434,000 versus budgeted revenues of \$11,301,000. The actual pre tax loss for the month was \$233,000 versus a budgeted profit of \$28,000. Of this negative variance of \$261,000 the construction segment alone accounted for \$263,000 of this amount. He stated this is the biggest impairment to come close to the budget for the month. Councilor Snell stated a loss of \$158,000 was reported for last month and this month is \$233,000. He questioned when it would turn around. Mr. Drvostep stated construction had the lionshare of profitability in their budget. They are struggling to acquire construction projects that are profitable when they take into account the cost of bonding. The economy in general has really had an adverse effect on the Telcomm segment which also had profits in their budget. Revenue through January is a \$1.7ml less than last year however the loss is almost the same. They are making improvements but unless the revenue base increases they will not get to a break even point near term. Councilor Snell inquired if the bonding is secured. Mr. Drvostep stated they have a bonding solution but the cost of a bond since it has to be fully collateralized is approximately 2% a year. Mr. Bryan Collins stated typically most construction companies when bonded will have anywhere from 10 to 1 or 20 to 1 relationship where they have 100%. A lot of this is due to being a new company, being a tribal company, and not having full sovereignty. It will take time, execution and performance to not have to be 100% collateralized.

Career Services/Employment - Diane Kelley

Ms. Kelley announced they had a couple of meetings in Adair County and one yesterday in Sequoyah County with Ms. McKinney regarding the tax credits. The meetings have had an overwhelming turnout. Chair Jack Baker requested the Councilors be notified when meetings take place in their districts. Ms. Kelley announced a coal company would be coming to Sallisaw. They will begin summer youth recruitment on March 9th through the month of May. They will begin placing the youth in June and go through July 31st. To date the additional Summer Youth Program funding allocation of \$500,000 with the students going through fall to now they have a remaining balance of \$371,402. If they go up to summer they will go over the funds remaining. She stated they have a total of 100 students that are on the tribal summer youth program and they will not be adding anymore. They will be receiving economic stimulus funds to enable them to have another 250 students on 102477 which would mean they will have barriers. She provided policies for the federal leadership program and the tribal program. Councilor Glory-Jordan questioned the difference in participation numbers from last year to this year. Ms. Kelley stated they will have to see how many of the 100 on tribal funds will continue. Ms. Callie Catcher stated they would be bringing a proposal to the next E&F meeting for supplemental funding once they determine the numbers. Ms. Kelley stated they would have a better grasp on the numbers at the Education & Culture meeting.

Commerce - Anna Knight

Ms. Knight provided copies of a business letter and a news letter they are sending out. She offered to send them out electronically monthly upon request. Councilor Soap inquired if numbers are being kept on the mortgage program to determine the success rate. Ms. Knight stated they do monitor them and on the monthly report provided under families housed the State default rate is 2.13% and the mortgage assistance program is 3.3%. The newsletter is an attempt to maintain an open line of communication with MAP clients. The MAP clients are called every 6 months for the first 2 years.

CONSENT ITEMS:

T.E.R.O. CERTIFICATIONS

Councilor Glory-Jordan made a motion to approve as submitted. Councilor Snell seconded the motion. Motion carried.

CEMETERY RESTORATION ASSISTANCE APPLICATIONS

Mr. Evans announced in addition to the list provided in the packet there is Cherokee McCoy in Sequoyah County, Raven, Downing and Barber in Cherokee County.

Councilor Glory-Jordan made a motion to approve with the 4 additions. Councilor Bill John Baker seconded the motion. Motion carried.

LAW ENFORCEMENT REQUESTS

Mr. Evans announced this is the first month we have brought in law enforcement assistance since the funding became available. This month there are requests in Craig County, Nowata County and Choteau Police Department. Additions are: Mayes County Sheriff's Office in the amount of \$10,000 for vests and the Town of Strang in the amount of \$5,000 for emergency equipment.

Councilor Bill John Baker moved for approval. Councilor Thornton seconded

the motion. Motion carried.

COMMUNITY ASSISTANCE

Mr. Evans requested clarification that a previously approved Hulbert in Cherokee County item has been rescinded. Councilor Bill John Baker agreed. Mr. Evans stated in addition to the list provided there are the following requests:

- *Jack Robbins Cemetery - \$746 - Councilor Frailey*
- *Grove Public Schools - \$1,000 – split between Councilors Snell and Buzzard*
- *Fairland School - \$500 – Councilor Buzzard*
- *Afton School - \$500 – Councilor Buzzard*
- *Oak Grove Baptist Church - \$500 – Councilor Garvin*
- *Cherokee County Jr. Livestock Show - \$5,000 – split between Councilors Bill John Baker and Glory-Jordan*
- *Stilwell High School - \$1,000 – split between Councilors Crittenden and Fishinghawk*
- *Cave Springs High School - \$1,000 – split between Councilors Crittenden and Fishinghawk*
- *Watts High School - \$1,000 – split between Councilors Crittenden and Fishinghawk*
- *Westville High School - \$1,000 – split between Councilors Crittenden and Fishinghawk*
- *Vinita Public Schools - \$2,000 – Councilor Hoskin Jr.*

Councilor Bill John Baker announced a letter had been provided from the Tribal Youth Council in which they are requesting \$850 for a pow wow. Councilor Bill John Baker asked if each Councilor would give \$50 of their community assistance funds to help. All Councilors present agreed to give \$50 of their funds. Chair Jack Baker requested Councilors Cowan Watts and Coates be contacted to see if they too would like to participate. Chief Chad Smith asked if he too could get \$50 since the Council is doling out money or just give him a public assistance account where he can give out checks. He stated it just isn't fair.

Councilor Garvin made a motion to approve the community assistance requests. Councilor Thornton seconded the motion. Motion carried.

ROADS

Mr. Evans stated there aren't any road requests this month however there are two access projects. One in Sequoyah County for Watts Wild Life Refuge Road from Councilor Thornton in the amount of \$1,003 and Delaware County District 2 from Councilor Buzzard in the amount of \$2,501. He stated the motor vehicle allocations apportionments are on the reports this month. They yielded slightly over \$96,000 Councilor.

Councilor Buzzard moved for approval. Councilor Crittenden seconded the motion. Motion carried.

OLD BUSINESS

Councilor Soap questioned the donation to Oklahoma Academy that didn't have a designation listed in Mr. Evans report. Mr. Evans stated there was no documentation provided in the budget mod. Ms. Catcher said she could get the information.

1. DISCUSSION PERTAINING TO DONATIONS MADE BY CHEROKEE NATION BUSINESS ENTITIES

Mr. Mike Miller announced he was asked to address this from Mr. Stewart. Mr. Miller stated the policy has been approved but he doesn't have it available today. The policy states the Council will be notified of all donations above \$10,000 from the fund once a decision has been made but before the check is sent out.

Councilor Glory-Jordan made a motion to table to March to actually see and review the policy. Councilor Hoskin Jr. seconded the motion. Motion carried.

NEW BUSINESS

1. AN ACT AMENDING LEGISLATIVE ACT #19-08 AUTHORIZING THE COMPREHENSIVE BUDGET FOR FISCAL YEAR 2009 - MOD 5; AND DECLARING AN EMERGENCY

Sponsors: Councilor Jack D. Baker and Councilor Cara Cowan Watts

Mr. Evans stated the only issue is the one item pointed out by Councilor Soap pertaining to no documentation for one of the charitable contributions. He added they are taking a quarter of a million more into the cash match for grants program due to the child enforcement grant being disallowed a significant amount of their in-kind contribution requirement from last fiscal year. They need to supplement the program by \$150,000 due to the issue that in-kind contribution. By doing this they are replenishing the cash match for grants pool back up to the \$500,000 level for future grant matches. Mr. Evans gave a brief review of the other portions of the mod. Councilor Hoskin Jr. questioned the Oklahoma Academy donation request. Mr. Evans stated it is a donation the Administration is requesting. Ms. Catcher stated the Administration is requesting to add it to the donations budget. Mr. Gregg Simmons stated it is for high school youth leadership program. Councilor Thornton inquired if the donation would be for Cherokee students. Mr. Simmons stated it is a donation to the program. The program serves at risk students at public schools but isn't Cherokee specific.

Councilor Bill John Baker made a motion to approve. Councilor Fullbright seconded the motion. Councilor Fishinghawk inquired if the organization is 51%. Mr. Simmons stated he is unsure. Councilor Glory-Jordan offered a friendly amendment to table #1 of the charitable contributions for the Oklahoma Academy for a month to obtain additional information. Councilors Bill John Baker and Fullbright accepted the friendly amendment. Motion carried.

ANNOUNCEMENTS

Mr. Todd Hembree with the pleasure of the committee he would like to take issue with the impromptu comments made by the Principal Chief here concerning our community assistance program. The community assistance has worked since 1999 and has matured over the years. Last year the Chief wanted every item approved by the committee and but into the budget and this has been done. For the Chief to make comments that this is a program that doles out cash, it is not true. Mr. Hembree took issue with his statement. He felt the comments were due to losing the line item veto case. Councilor Bill John Baker stated today he made a call to Administration to help the FFA and 4H kids which they have done for years only to learn Cherokee First has change their policy and they are not doing this. He stated if they didn't have community assistance he would have been extremely upset. Councilor Thornton stated the FFA and 4H program is an excellent program and they are not given funds they work very hard for everything they get.

Councilor Buzzard requested assistance with painting at the Jay Clinic on the 25th of April.

ADJOURNMENT

Councilor Anglen made a motion to adjourn. Councilor Bill John Baker seconded the motion. Motion carried at 4:35 p.m.

STAFF PRESENT:

*Callie Catcher
Emma Gibson
Todd Enlow*

*Doug Evans
Anna Knight
Gregg Simmons*

*Kristi Girdner
Diane Kelley
Chief Chad Smith*

VISITORS PRESENT:

*Bryan Collins
David Stewart
Gina Olaya*

*Robert Drvostep
Todd Hembree
Marguerite McKinney*

*Mike Miller
Shawn Slaton*

APPROVAL / DISTRIBUTION

Minutes submitted by: Shelli Brittain, Legal & Legislative Coordinator

Motion to approve minutes made by: _____

Minutes attested and concurred by: _____

Date: _____