



# Council of the Cherokee Nation

## Agenda - Final

Cherokee Nation Complex  
17675 S. Muskogee Ave.  
Tahlequah, OK 74464

### EXECUTIVE AND FINANCE COMMITTEE

*Jodie FISHINGHAWK, Chair*

*Recording Secretary, Shelli BRITAIN*  
*Phone: 1-800-995-9465,*  
*E-mail: council-public@cherokee.org*

**POSTED**  
1/16/15  
83

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Thursday, January 29, 2015

3:00 PM

Tribal Council Offices

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CALL TO ORDER

INVOCATION

ROLL CALL

APPROVAL OF MINUTES

*December 15, 2014 - Regular session*

REPORTS:

Cherokee Nation Businesses - Shawn Slaton

Financial Report/Treasurer Report - Lacey Horn

Career Services/Employment - Diane Kelley

Commerce - Anna Knight

CONSENT ITEMS:

T.E.R.O. CERTIFICATIONS

CEMETERY RESTORATION ASSISTANCE APPLICATIONS

COMMUNITY ASSISTANCE

LAW ENFORCEMENT REQUESTS

ROADS

SPORTS TEAMS APPLICATIONS

LIVESTOCK PREMIUM SHOW APPLICATIONS

OLD BUSINESS

*None pending.*

NEW BUSINESS

1. [15-011](#) A RESOLUTION AUTHORIZING CHEROKEE NATION WAREHOUSE TO DONATE SURPLUS OFFICE EQUIPMENT TO TRI-COMMUNITY W.E.B. IN CHEROKEE COUNTY  
**Sponsors:** Joe Byrd
2. [15-012](#) A RESOLUTION AUTHORIZING CHEROKEE NATION WAREHOUSE TO DONATE SURPLUS OFFICE EQUIPMENT TO INDIAN CAPITAL TECHNOLOGY CENTER'S CRIMINAL JUSTICE PROGRAM IN CHEROKEE COUNTY  
**Sponsors:** Tina Glory Jordan
3. [15-013](#) A RESOLUTION AUTHORIZING CHEROKEE NATION WAREHOUSE TO DONATE SURPLUS OFFICE EQUIPMENT TO HULBERT SCHOOL IN CHEROKEE COUNTY  
**Sponsors:** Tina Glory Jordan
4. [15-014](#) A RESOLUTION AUTHORIZING CHEROKEE NATION WAREHOUSE TO DONATE SURPLUS OFFICE EQUIPMENT TO GREASY COMMUNITY BUILDING IN ADAIR COUNTY  
**Sponsors:** Frankie Hargis
5. [15-015](#) A RESOLUTION AUTHORIZING CHEROKEE NATION WAREHOUSE TO DONATE SURPLUS OFFICE EQUIPMENT TO CHEWEY NEIGHBORHOOD ASSOCIATION IN ADAIR COUNTY  
**Sponsors:** Frankie Hargis
6. [15-016](#) A RESOLUTION AUTHORIZING CHEROKEE NATION WAREHOUSE TO DONATE SURPLUS OFFICE EQUIPMENT TO CHELSEA BOYS & GIRLS CLUB IN ROGERS COUNTY  
**Sponsors:** Cara Cowan Watts
7. [15-017](#) A RESOLUTION AUTHORIZING CHEROKEE NATION WAREHOUSE TO DONATE SURPLUS OFFICE EQUIPMENT TO SAFENET SERVICES ORG. IN ROGERS COUNTY  
**Sponsors:** Cara Cowan Watts
8. [15-018](#) A RESOLUTION AUTHORIZING CHEROKEE NATION WAREHOUSE TO DONATE SURPLUS OFFICE EQUIPMENT TO FRIENDS OF THE LIBRARY IN DELAWARE COUNTY  
**Sponsors:** Mr. Harley Buzzard

9. 15-019 A RESOLUTION AUTHORIZING CHEROKEE NATION WAREHOUSE TO DONATE SURPLUS OFFICE EQUIPMENT TO DELAWARE COUNTY FAIR BOARD IN DELAWARE COUNTY  
**Sponsors:** Mr. Harley Buzzard
10. 15-020 A RESOLUTION AUTHORIZING CHEROKEE NATION WAREHOUSE TO DONATE SURPLUS OFFICE EQUIPMENT TO BOYS & GIRLS CLUB IN DELAWARE COUNTY  
**Sponsors:** Mr. Harley Buzzard
11. 15-021 AN ACT AMENDING LEGISLATIVE ACT #25-14 AUTHORIZING THE COMPREHENSIVE OPERATING BUDGET FOR FISCAL YEAR 2015 - MOD. 5; AND DECLARING AN EMERGENCY  
**Sponsors:** Jodie Fishinghawk and Janees Taylor

ANNOUNCEMENTS

*The next meeting is tentatively scheduled for Thursday, February 26th at 3:00 p.m.*

ADJOURNMENT



# Council of the Cherokee Nation

Cherokee Nation Complex  
17675 S. Muskogee Ave.  
Tahlequah, OK 74464

## Meeting Minutes - Draft EXECUTIVE AND FINANCE COMMITTEE

*Jodie Fishinghawk, Chair*

*Recording Secretary, Shelli Brittain  
Phone: 1-800-995-9465,  
E-mail: council-public@cherokee.org*

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Monday, December 15, 2014

10:00 AM

Tribal Council Offices

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### CALL TO ORDER

Co-Chair Taylor called the meeting to order at 10:07 a.m.

### INVOCATION

Councilor Vazquez gave the invocation.

### ROLL CALL

**Present** 13 - Cara Cowan Watts; Julia Coates; Janelle Fullbright; Lee Keener Jr.; Dick Lay; Jack D. Baker; Harley Buzzard; Joe Byrd; Don Garvin; Frankie Hargis ; Janees Taylor; David Thornton, Sr. and Victoria Vazquez

**Absent** 3 - Jodie Fishinghawk; David Walkingstick and Curtis Snell

**Late Arrival** 1 - Tina Glory Jordan

### APPROVAL OF MINUTES

Councilor Baker moved to approve the November 13th regular session minutes. Councilor Hargis seconded the motion. The motion carried.

### REPORTS:

Cherokee Nation Businesses - Shawn Slaton

*Mr. Slaton gave an update on all of the current projects and an overview of the report provided.*

Financial Report/Treasurer Report - Lacey Horn

*Ms. Horn gave an update from the report provided and announced a list of surplus items at the warehouse has been provided. She gave an overview of the process for requested items on the surplus list.*



Career Services/Employment - Diane Kelley

*Ms. Kelley provided an update on the information she has acquired on the Simmons Poultry plant closing in Jay. She announced a health job fair for the clinic will be held in Ochelata on January 7th. They will meet Wednesday with the Tulsa Area Chamber of Commerce regarding Macy's. She reported on their efforts for job recruitment in Sequoyah County and Vinita. She requested prayers for her employee John Smith. Councilor Buzzard inquired about a transit route in Jay to areas where jobs are available to be able to assist those losing their jobs due to the closing of the poultry plant. Councilor Taylor requested clarification on the GDNEG grant and the GED testing site in Pryor. Councilor Buzzard voiced concern for the TERO database phone numbers being up to date. He inquired about everyone sharing the same database to allow everyone to have the most current information. Discussion was held regarding issues of one data base.*

Commerce - Anna Knight

*Ms. Knight offered to answer questions from the report provided. She announced they have a new social media coach to help businesses access and expand their markets. She gave an update on the Kawi Café. Councilor Buzzard requested a report showing the dollars loaned in Delaware County.*

Historical Society - Candessa Tehee

*Dr. Tehee provided an update on the Heritage Center. She brought with her the President of their Board, Susan Chapman Plumb. Dr. Tehee gave everyone on of their Annual Giving medallions and gave an overview of their campaign. She announced she has been selected as one of eight international museum partners for a Museum at the Crossroads Workshop. She gave an update on their outreach programs. Councilor Vazquez gave appreciation for the space provided to the National Treasurers to teach their classes. Ms. Plumb gave appreciation to Dr. Tehee and the Council. She gave an update on the board and their reorganization efforts currently underway. She commented they are also discussing have an advisory board made up of Council members.*

CONSENT ITEMS:

T.E.R.O. CERTIFICATIONS

**Councilor Vazquez moved to approve. Councilor Hargis seconded the motion. Mr. Overacker requested the Big League and Landscape be included in the approval list. Councilor Baker offered a friendly amendment for Big League to be included in the list for approval. The friendly was accepted. The motion carried.**

CEMETERY RESTORATION ASSISTANCE APPLICATIONS

*Mr. Reece announced no additions have been submitted.*

COMMUNITY ASSISTANCE

*Mr. Reece announced there have been additions for \$1,000 to Marble City School and \$500 to Connor State College. Chair Taylor requested the Pryor Junior High*

amount be changed to \$180. Councilor Glory Jordan requested to split equally between herself and Councilors Byrd and Walkingstick \$500 to Tri Community Organization and \$500 to the DD Etcherson Church. Councilor Hargis moved to approve as amended. Councilor Baker seconded the motion. The motion carried.

LAW ENFORCEMENT REQUESTS

*No new additions.*

ROADS

*No new additions.*

SPORTS TEAMS APPLICATIONS

*No new additions.*

LIVESTOCK PREMIUM SHOW APPLICATIONS

*No new additions.*

OLD BUSINESS

*None pending.*

NEW BUSINESS

1. 14-117 AN ACT AMENDING LEGISLATIVE ACT #24-14 AUTHORIZING THE COMPREHENSIVE CAPITAL BUDGET FOR FISCAL YEAR 2015 - MOD. 1; AND DECLARING AN EMERGENCY  
**Councilor Glory Jordan moved to approve. Councilor Baker seconded the motion. Mr. Reece gave an overview of the request. Councilors Lay, Hargis and Glory Jordan requested to be added as sponsors. The motion carried to forward to Full Council this evening.**
  
2. 14-118 AN ACT AMENDING LEGISLATIVE ACT #25-14 AUTHORIZING THE COMPREHENSIVE OPERATING BUDGET FOR FISCAL YEAR 2015 - MOD. 4; AND DECLARING AN EMERGENCY  
**Councilor Hargis moved to approve. Councilor Lay seconded the motion. Mr. Reece gave an overview of the request. Councilors Hargis, Glory Jordan, Fullbright and Lay requested to be added as sponsors. The motion carried with a request to be forward to Council this evening.**

ANNOUNCEMENTS

ADJOURNMENT

**Councilor Vazquez moved to adjourn. Councilor Baker seconded the motion. The motion carried at 11:10 a.m.**

STAFF PRESENT:

*Jody Reece  
Elizabeth Odell  
Bruce Davis  
Anna Knight  
Jon Overacker  
Stephanie Issacs*

*Canaan Duncan  
Lacey Horn  
Jamie Cole  
Shay Smith  
Diane Kelley*

*Chuck Hoskin Jr.  
Connie Chandler  
Ami Sams  
Penny Noiseworthy  
Todd Hembree*

VISITORS PRESENT:

*Shawn Slaton  
Susan Plumb*

*Gina Olaya  
Candessa Tehee*

*Teddy Snell  
Dianne Barker Harrold*

COUNCIL OF THE CHEROKEE NATION  
EXECUTIVE & FINANCE COMMITTEE REPORT

**Group:** Financial Resources

**Month/Year of Report:** December 2014

**Treasurer:** Lacey Horn

**Phone:** 207-3902

**E-mail:** [lacey-horn@cherokee.org](mailto:lacey-horn@cherokee.org)

- I. Budget Highlights – through November
  - a.) Financial Resources – 15% spent
  - b.) Treasurer – 10% spent
  - c.) IIM – 23% spent
  - d.) Acquisition Management – 18% spent
  - e.) Records Management – 16% spent
  - f.) Support Services – 18% spent
  - g.) Employee Performance Incentive – 23% spent
- II. Program Highlights
  - a.) Balance Scorecard Measures
    1. Complete FY14 Audit – 0% Complete
    2. Obtain Unqualified Audit Opinion – 0% complete
    3. No Material Weaknesses on Single Audit – 0% complete
    4. Obtain GFOA Award for FY13 CAFR – 100% complete
    5. Reports completed & submitted by due dates – 100% complete for reports due by 12/31/2014
  - b.) Accomplishments
    1. SAS Audit underway
    2. Staff attended FEMA Grant Training Webinar
    3. Staff attended Using Census Data to Your Advantage Webinar
    4. Staff attended Department of Labor Tribal Consultation Webinar
  - c.) Upcoming Events
    1. FY 2014 year end close continues

COUNCIL OF THE CHEROKEE NATION  
EXECUTIVE & FINANCE COMMITTEE REPORT

<b>Cherokee Nation Acquisition Management Year-To-Date Report Over \$5,000 Transactions October 1, 2014 through September 30, 2015</b>		<b>% of sub-total TERO vendor submitted Bid</b>
Award to TERO Vendor	\$ 5,781,881.06	89.58%
Award to non-TERO Vendor	\$ 672,911.67	10.42%
<b>Sub-total bids with a TERO vendor participating</b>	<b>\$ 6,454,792.73</b>	<b>100.0%</b>
Bid - no bids submitted by TERO Vendors	\$ 589,602.49	
October 1, 2014 through November 30, 2014		



**Group:** Career Services-Employment      **Month/Year of Report:** December, 2014

**Executive Director:** Diane Kelley      **Phone:** 453-5628      **Email:** dkelley@cherokee.org

**I. Budget Highlights – Please refer to Monthly Financial Report**

None

**II. Program Highlights**

**a. Balanced Scorecard Measures**

	<i>November</i>	<i>YTD</i>	<i>Goal</i>	<i>% of Goal</i>
<i>GED Completions</i> – includes individuals completing and receiving a GED or High School Diploma from Talking Leaves Job Corps and Career Literacy.	12	26	250	10.4%
<i>Training Completions</i> – includes individuals receiving a nationally-recognized certification, credential, or degree while enrolled in one of 11 different vocational training programs.	46	83	450	18.4%
<i>Employment Completions</i> – includes individuals who completed a Work Experience or TERO OJT assignment.	27	54	300	18.0%
<i>Unsubsidized Placement</i> – includes all individuals who entered unsubsidized employment (they got a job!) while enrolled in one of 15 different programs, both employment and vocational.	101	182	500	36.4%
<i>Retention</i> – includes individuals who were retained in their unsubsidized employment through assistance from a Career Services Program.	38	59	200	29.5%
<i>Job Readiness Training</i> – includes individuals who completed the Life/Employment Skills Training.	49	110	250	44.0%
<i>WorkKey Credentialing</i> – includes individuals who received a bronze, silver, gold, or platinum WorkKeys credential.	25	43	500	8.6%
<i>Job Bank</i> – includes the number of new individuals entering the TERO Job Bank.	54	75	500	15.0%
<i>Indian Owned Businesses</i> – includes the number of businesses newly certified as an Indian Owned	11	27	100	27.0%

Business.				
<i>Job Fairs</i> – includes the number of Job Fairs held by Career Services.	3	11	15	73.3%
<i>Community Service Projects</i> – this is the number of Community Service Projects completed by youth, both through the Summer Youth Employment Program and Talking Leaves Job Corps.	7	12	50	24.0%

**b. Accomplishments**

1. Twenty-four Day Training participants entered unsubsidized employment; 10 with Cherokee Nation, six with CNB/CNI, and eight outside Cherokee Nation.
2. TERO held three Construction Fairs: Ramona, Jay and Stilwell.
3. JD-NEG Director, Brenda Fitzgerald, was interviewed by the Cherokee Phoenix for an article regarding the JD NEG grant program.
4. Tonya Hudson, Life Skills Instructor, presented Basic Components of Interviewing to 24 freshmen at Sequoyah High School.

**c. Initiatives**

1. Staff are planning for additional Job Fairs.
2. Staff are contacting potential employers for On-the-Job Training contracts.
3. JD-NEG, TED and VR staff (Job Developers) to participate in a meeting with Macy's in January.

**Group: Certified Indian Owned Businesses (Career and Commerce Services)**

Month/Year of Report: January 2015 (October 2014 Numbers – FY 2015)

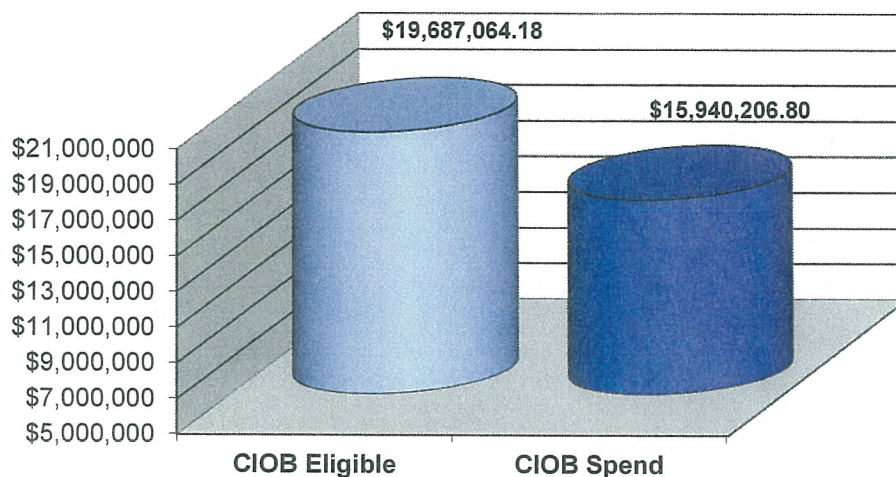
**Program Highlights**

a. Balanced Scorecard Measures

Objective	Metric	2014 Goal	Year to Date Achievement Notes/Comments
Effective Business Workshop Training	# Certified Indian-Owned Business Attendees and % indicating usefulness	300/100%	10 /100%
Increase Certified Indian-Owned Business Procurement Awards	% Certified Indian-Owned Business Procurement Awards	80%	80.97% Business Entities eligible procurement \$'s awarded to Certified Indian Owned vendors <ul style="list-style-type: none"> <li>• CNE – 78.93%</li> <li>• CN Government - 89.58%</li> <li>• Health Entities – 100%</li> <li>• CNI –26.47%</li> <li>• Waste Management - 0%</li> </ul>
Increase Cherokee Citizens employed	% Cherokee Citizens (verified)	Entity CNE – CNB - CN – 82.9% Health - CNI – CRC – Aerospace -	Business Entities - 75.62% <ul style="list-style-type: none"> <li>• CNE (CNE, CHL, WRD, CNSS) 73.17%</li> <li>• CNB (CNB, CNT, CSG) 69.39% (does not include service contract employees)</li> <li>• CN Government 82.68% (does not include IPA/MOA)</li> <li>• Health Entities 47.51%</li> <li>• CNI 76.90% (does not include service contract employees)</li> <li>• CRC 18.92% (not wholly owned by CN)</li> <li>• Aerospace 0% (not wholly owned by CN)</li> <li>• Waste Management 100%</li> </ul>
Increase Indian-Owned Business Certifications	# Newly Certified Indian-Owned Businesses	150	27
Effective One on One Training for Certified Indian Owned-Businesses	# of businesses receiving assistance/% finding useful	200/95%	6 /100%
Certified Indian-Owned Business Receiving Financial Assistance	% Certified Indian-Owned Business Loans in Portfolio	85%	0.00%- based on \$'s loaned 0.00%- based on number of loans made
Effective Usage of Fees Collected	# Trained	100	Information not available
Effective Monitor of Work Sites – Construction and Housing	# Monitoring Visits	90%	100% 210 sites monitored
Effective Monitor of Bid Openings	# and % Bid Openings Attended	100%	88% - 21 out of 24
Effective Resolution of Complaints – TERO and EEOC	% Complaints Resolved	100%	TERO: 0 complaints filed; 0 resolved, 2 pending EEOC: 0 complaint filed; 0 resolved, 0 pending

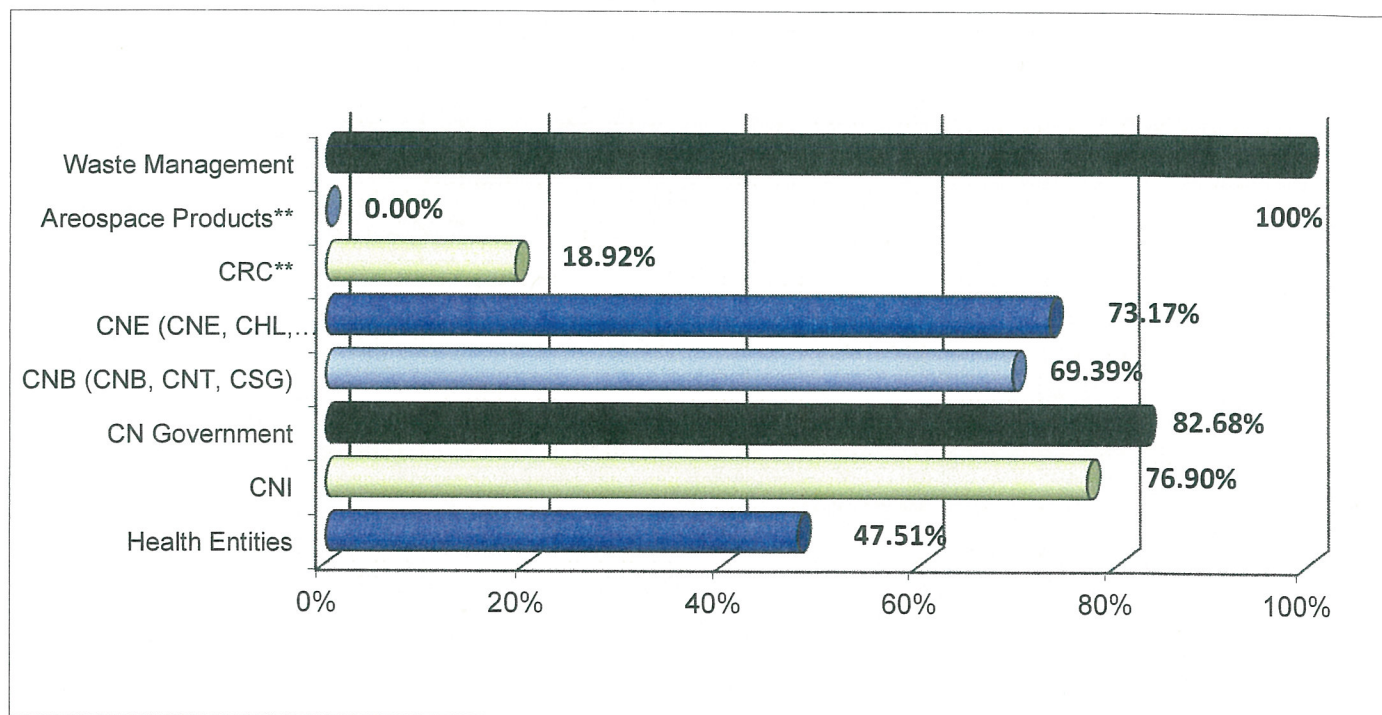


### 80.97% of CIOB Eligible Procurement Opportunities were awarded to CIOBs



\*\*Includes CN Government, CNE, CNI, and Health Entities

### 75.62% of Employees are registered Cherokee Nation Citizens



\*\*Companies majority, not wholly, owned

# Commerce Group

*Securing and enhancing the financial well-being of the Cherokee people, businesses and communities*

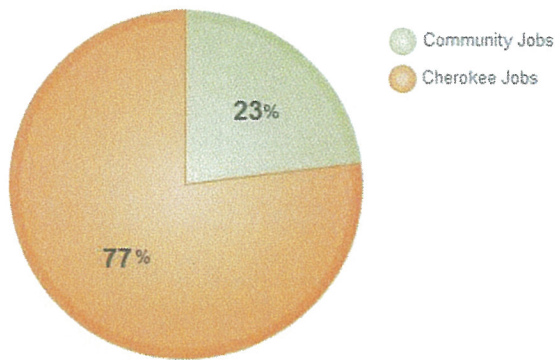
Anna Knight, Executive Director  
 918-453-5532  
 anna-knight@cherokee.org

## Economic Impact

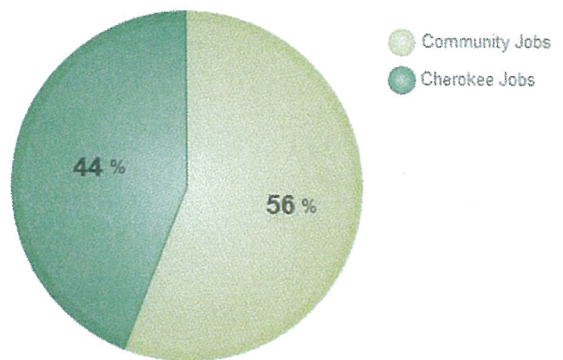
### Jobs Created or Retained in Local Communities

*Private sector jobs created or retained through small business lending*

**Community Jobs Created or Retained**  
 Five Year Period 2010-2015 - 710 Total Jobs



**Community Jobs Created or Retained**  
 Current Year to Date - 70 Total Jobs



### Economic Investment in Local Communities

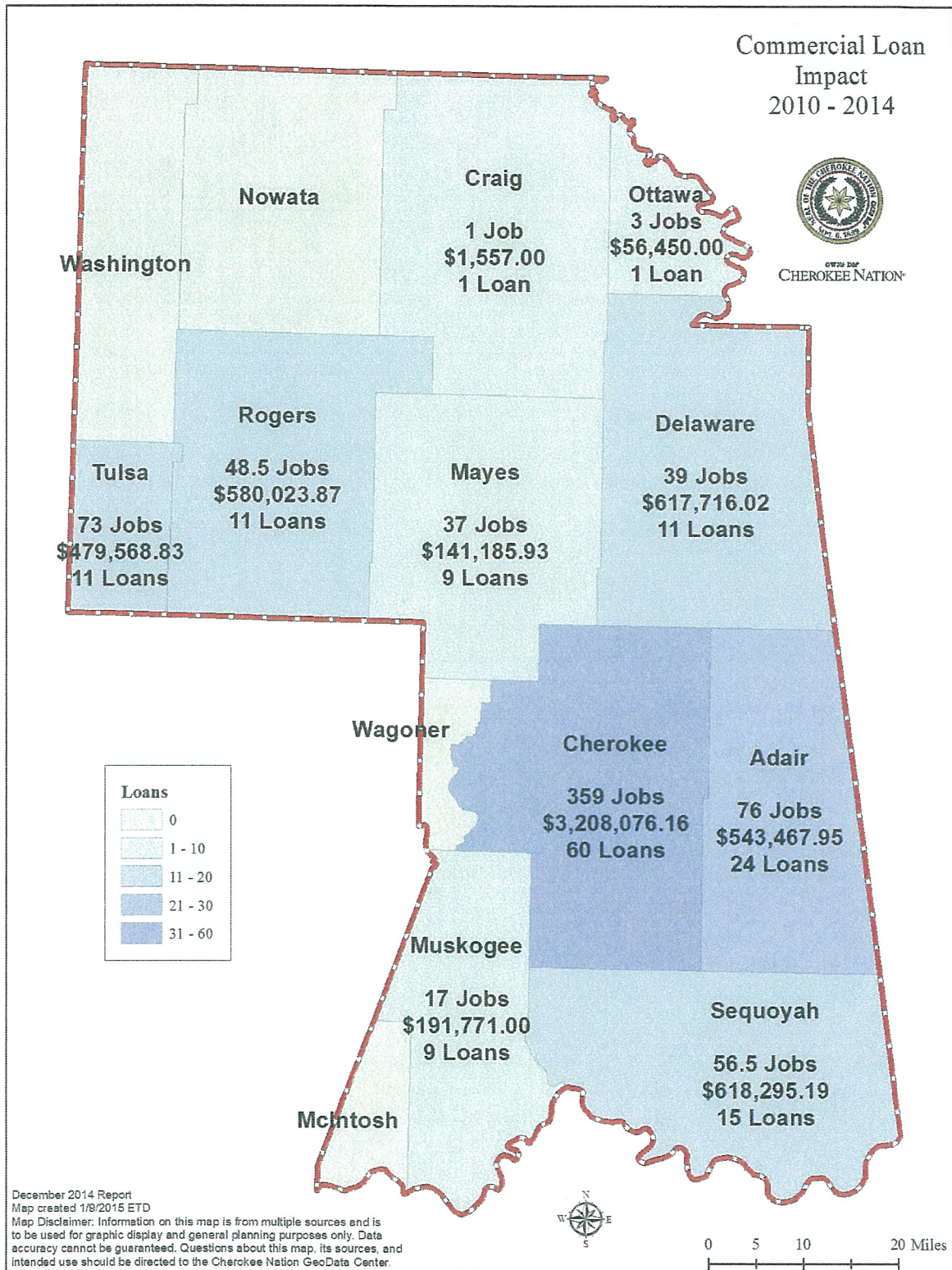
*Business loans made for startup or expanding businesses*





## Commercial Lending Impact, by County, 2010 through December 2014

This map will be reported by district in the next two months.





### Commercial Collateral loans closed December 2014

No commercial Loans were closed in December 2014. We have \$273,000 pending CNEDTA approval.

### Available Lending Capital

(Loans pending approval and/or closing are not included in totals)

▪ IRP:	\$420,177.12	▪ CDFI:	\$1,002,112.93
▪ Commercial:	\$164,798.51	▪ Consumer Lending:	\$45,007.83

Based on Bank Statements ending December 31, 2014

Note: we have received award notifications for \$500,000 in small business fund from USDA and \$400,000 in low income micro-enterprise funds from HUD, which have not yet been drawn down.

Business/Entrepreneur Workshops			
Date	Location	Time	Workshop
No classes or workshops are scheduled at this time other than IRS webinars providing to clients. Schedule to be set in February or March for coming year.			

### NOTEWORTHY

*"I'm excited that I get to be a part of a CN grant program. I think it will be very beneficial to me in learning the commercial food industry. I will also receive help in writing my business plan, and that will give me the foundation I need to be a success. I've enjoyed my time here and look forward to learning more from this experience!" - Participant: Valerie Fjeseth*

Year to date, over **entrepreneurial development and business workshops** have been attended by **1,582 people**; 100 percent of whom found the training useful to building the capacity of their businesses.

### Artists and Community Tourism – Economic Development

*Increasing the business capacity of our Artists and tourism capacity of our communities*

Cherokee Arts Center		
Registration is necessary and all classes are fee based, paid directly to artists		
Date	Time	Class
Every Thursday	6:30 pm	Silversmithing Class
Every Tuesday	6:00 pm	Silversmithing Class
Every Tuesday	1:00 pm	Cartooning with Story Telling
Every Friday	6:00 pm	Live Drawing
Every Saturday	10:00 am	Basic Assemblage
Every Saturday	1:00 pm	Loom Weaving
Every Week – Friday and Saturday	7:00 pm	Dip N Sip Parties
Every - Heritage Center	January 9	Brushstrokes
Thursdays January 15 and 22	6:00 pm	Brushstrokes
Fridays January 23 and 30	6:00 pm	Life Drawing Class

## NOTEWORTHY

The Cherokee Arts Center provides teaching space and specialized equipment for artists to increase their revenues. Year to date, **112 people have attended 21 artist taught classes** and the equipment has been used 245 times.

Year to date, **1,540 people** have taken advantage of the **Cherokee Arts Center** this includes **946 visitors to the Spider Gallery**.

The **Spider Gallery currently represents 76 artists**. The Gallery has participated in 9 events giving Cherokee artists exposure to over 1,000. Total Spider Gallery Sales are \$15,437.07 for year to date.

**Artists have earned \$10,279.25** through Cherokee Arts Center and Spider Gallery activities. Tourism related small business and artist loans total \$357,405 year to date.

We are working on plans for a **Spider Gallery Annex** in which to showcase lower cost items made by Cherokee citizens and some of our own product lines. This will increase sales and revenue for the Gallery and increase foot traffic into the Cort Mall.

*"The Cherokee Arts Center and Spider Gallery have been a huge asset for me and my art career. I have steady sales and get great exposure from the Spider Gallery. The staff is friendly and helpful and they represent the artists well. The gallery itself is an attractive space and a good central location. I appreciate it very much!" – Lisa Rutherford- Cherokee Artist*



**CHEROKEE NATION™**  
**Businesses**

**Executive and Finance Report**  
**Consolidated Financial Information**  
**November 2014**



# Cherokee Nation Businesses

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## Executive and Finance Report

November 2014

### Budget Highlights

- November 2014 CNB consolidated net income of \$8.5 million was \$177,000 above budget and \$817,000 higher than prior year.
- CNE EBITDA of \$14.9 million was consistent to budget. Higher revenue was driven by a mix of gaming, food and beverage and retail revenue at the Hard Rock, Roland and West Siloam Springs properties.
- Technology Portfolio EBITDA of \$820,000 was \$185,000 above budget. November revenue was favorable to budget by \$1.0 million. The positive variances in both revenue and EBITDA at the Technology Portfolio are primarily due to the start of new contracts that were won in September 2014.
- CNI EBITDA loss of \$775,000 was below budget due to lower than anticipated revenue of \$1.2 million in the Distribution segment coming primarily from lower sales in Telecom.
- The CNB Parent Company EBITDA was \$346,000 favorable to budget, which was driven by higher than anticipated employee costs.
- Combined, EBITDA at all other entities were consistent to budget.

### Capital Expenditures

November YTD capital expenditures were \$15.1 million for all entities.

- CNE: \$9.1 million
  - Expansion: \$6.2 million – South Coffeyville and Roland properties
  - Strategic: \$1.9 million – Cherokee Tower Renovation, WRD Advantage, Catoosa Access Control, and WRD Surveillance System
  - Maintenance - \$1.1 million
- CPM: \$5.3 million – Health clinic construction / expansion.
- CNB: \$609,000 – IT Maintenance.
- CNCS: \$20,000 – Purchase new vehicles.
- CNI: \$26,000 – Maintenance.

### Financing

- CNB has no outstanding borrowings as of November 30, 2014.



# Cherokee Nation Entertainment

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## Executive and Finance Report

November 2014

### Budget Highlights

#### CNE

<i>thousands (000's)</i>	<u>Period</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
• Revenue	Month -	\$47,682	\$47,353	\$329	1%
• Operating Expenses	Month -	\$32,769	\$32,436	(\$333)	1%
• EBITDA	Month -	\$14,913	\$14,917	(\$4)	0%

### Operating Highlights

- CNE EBITDA of \$14.9 million in November was consistent with budget.
- Total revenue of \$47.6 million was \$310,000 above budget due to higher than anticipated gaming and food and beverage revenue at the Hard Rock property.
- Total operating expense of \$32.7 million was \$314,000 unfavorable to budget. The primary driver was higher costs of goods sold and gaming costs associated with higher revenue.
- Groundbreaking for the South Coffeyville casino took place on August 27<sup>th</sup>. The 17,000 square foot facility will offer 300 games and will take approximately 6 months to finish.
- CNB has agreed to lease property adjacent to the Hard Rock casino to Woodmont Outlets, which plans to invest \$80 million into premium outlet shops to be called "Cherokee Outlets." The Outlets, along with a new Entertainment area, called "The District," is expected to be completed in 2016.
- CNB also announced plans for the Cherokee Springs Plaza, which will include retail, restaurants, auto sales lots, office space, convention space, two hotels, and a casino adjacent to the Cherokee Springs golf course in Tahlequah.
- The Roland property held a groundbreaking event on April 29, 2014 for a new casino and hotel. The target date to open the casino is late May 2015, with the hotel scheduled to open later in the year.
- The Catoosa property has completed the renovation of the Cherokee hotel tower, which began on June 1<sup>st</sup>.
- The Creek casino in Tulsa is planning a \$335 million expansion including a 500 room hotel tower, new casino and restaurant, pool bar, theater and event center, with an expected completion date of 2016.

### Capital Expenditure Highlights – Year to Date

- Expansion related costs for Tahlequah, South Coffeyville, Roland, Catoosa, and West Siloam Springs – \$6.2 million
- Cherokee Tower Renovation - \$1.1 million
- Catoosa Access Control – \$349,000
- WRD Surveillance System - \$167,000
- WSS Water Tower - \$155,000
- Catoosa Digital Radio Conversion - \$126,000

# Cherokee Nation Industries

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## Executive and Finance Report

November 2014

### Budget Highlights

CNI

*thousands (000's)*

	<u>Period</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
• Revenue	Month -	\$3,058	\$4,295	(\$1,237)	-29%
• Operating Expenses	Month -	\$3,833	\$4,886	\$1,052	-22%
• EBITDA	Month -	(\$775)	(\$590)	(\$185)	-31%

### Operating Highlights

- EBITDA loss of \$775,000 was \$185,000 unfavorable to budget. The negative variance was primarily due to lower than anticipated profitability in the Distribution segment of \$157,000.
- CNI's revenue totaled \$3.1 million, which was \$1.2 million below budget. This was driven by lower than budgeted revenue in the Distribution segment of \$1.1 million. This was primarily driven by lower parts sales to AT&T.
- Total operating expenses of \$3.8 million were \$1.1 million lower than budget, primarily driven by lower cost of goods sold associated with lower revenue.

# Technology Portfolio

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## Executive and Finance Report

### November 2014

#### Budget Highlights

##### Tech

<i>thousands (000's)</i>	<u>Period</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
• <b>Revenue</b>	Month -	\$10,869	\$9,851	\$1,019	10%
• <b>Operating Expenses</b>	Month -	\$10,049	\$9,215	(\$834)	9%
• <b>EBITDA</b>	Month -	\$820	\$635	\$185	29%

#### Operating Highlights

- The IT Portfolio generated revenue of \$10.9 million compared to a budget of \$9.9 million.
- November EBITDA was \$820,000 compared to a budgeted EBITDA of \$635,000. The positive variances in both revenue and EBITDA are primarily due to the start of new contracts won in September 2014 that were higher than anticipated.
- CSG and CNT revenue of \$3.3 million was favorable to a budget by \$780,000, and exceeded prior year by \$883,000. The positive budget variance was due to the start of new contracts won in September 2014.
- CNGS, CNTS, and CNMC revenue was \$6.9 million in November. Revenue was consistent with budget and prior year.
- Cherokee Nation Assurance (CNA) revenue of \$513,000 was favorable to budget by \$191,000. The favorable variance to budget was attributable to the start of new contracts won at the end of FY14.

# Other Diversified Businesses

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## Executive and Finance Report

November 2014

### EBITDA Budget Highlights

#### Other Diversified

	<u>Period</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>%</u>
• <b>CNSD</b>	Month -	\$55	\$33	\$22	65%
• <b>Construction</b>	Month -	(\$147)	\$10	(\$157)	-1538%
• <b>CMS / CNHS</b>	Month -	\$19	\$5	\$15	327%
• <b>Aerospace Products S.E.*</b>	Month -	(\$9)	\$93	(\$102)	-110%
• <b>CCRC*</b>	Month -	(\$71)	\$50	(\$121)	-242%

*APSE and CCRC are reported on net income instead of EBITDA as they are partially owned subsidiaries*

### Operating Highlights

- **CNSD** EBITDA of \$55,000 was \$22,000 favorable to budget. The favorable variance to budget was due to increased profitability on the Fort Benning, Robbins AFB and TSA security contracts.
- **Construction** EBITDA loss was \$157,000 unfavorable to budget. This was primarily due to the unfavorable performance of CN3S which was a result of a one-time adjustment to correct the timing of revenue recognition on a new project that began in October.
- **CMS / CNHS** resulted in an EBITDA of \$19,000 which was favorable to budget by \$15,000. The favorable budget variance was due to the loss of Navy contracts with negative profit margins.
- **APSE** net income of \$7,000 was \$22,000 below budget. This was driven by lower revenue of \$165,000. Employee costs and costs of goods sold were also below budget.
- **CCRC** net income of \$444,000 was favorable to budget by \$478,000 due to higher than anticipated profitability on two construction projects. Revenue was above budget due projects starting earlier than expected.