

COUNCIL OF THE CHEROKEE NATION
EXECUTIVE & FINANCE COMMITTEE REPORT

Group: Financial Resources **Month/Year of Report:** August 2010

Group Leader: Callie Catcher **Phone:** 207-3902 **E-mail:** callie-catcher@cherokee.org

I. Budget Highlights – through July

- a.) Financial Resources – 80% spent
- b.) Treasurer – 70% spent
- c.) IIM – 80% spent
- d.) Acquisition Management – 60% spent
- e.) Records Management – 40% spent
- f.) Support Services – 70% spent

II. Program Highlights

a.) Balanced Scorecard Measures

- 1. Complete 09 Audit - 100% complete
- 2. Obtain Unqualified Audit Opinion – 100% complete
- 3. No Reportable Conditions on Single Audit – 0% complete
- 4. Implementation of SAS 112 audit requirements – 100% complete
- 5. Obtain GFOA Award for FY08 CAFR – 100% complete
- 6. Reports Completed & Submitted by Due Dates – 98% Complete for reports due by 07/31/10.

b.) Accomplishments

- 1. Lawson Position Control/Security Implementations continue
- 2. Travel Training, July 6
- 3. Office of Management & Budget Circular Training, July 14
- 4. Financial Resources Overview Trainings, July 19-22
- 5. Lawson Smart Reconciliation Implementation July 19-22
- 6. Lawson Southwest User Group Conference, July 21-23
- 7. Closed \$24,000,000 loan for Vinita Clinic July 30th

c.) Future Plans/New Initiatives

- 1. Lawson Position Control/Security Implementations continue
- 2. August 19 – Financial Resources to host All Employee Luncheon
- 3. Staff to attend Crystal Reports Training August 19 & 20

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Cherokee Nation Acquisition Management Year-To-Date Report Over \$5,000 Transactions October 1, 2009 through May 31, 2010		% of sub-total - TERO vendor submitted Bid
Award to TERO Vendor	\$ 22,496,031.58	88.04%
Award to non-TERO Vendor	\$ 3,054,679.04	11.96%
Sub-total bids with a TERO vendor participating	\$ 25,550,710.62	100.0%
Bid - no bids submitted by TERO Vendors	\$ 5,917,611.93	

Month/Year of Report: August 2010

Group: CNB Group Leader: David Stewart Phone: 384-7878

I. Budget Highlights - June 2010 results

- a. Consolidated Monthly Net Income for all entities of \$6.9M compared to budget of \$8.8M. Consolidated Net Income was below last month by \$171k or 2% decrease.
- b. FY10 Year-to-date Consolidated Capex is \$66M for all entities.

II. Operating Highlights

- a. Utilizing \$26M of BOA Loan Facility for all entities as of June 30, 2010 and \$22M as of August 4, 2010.

Group: CNE Group Leader: David Stewart Phone: 384-7878

I. Budget Highlights - June 2010 results

- a. Total CNE revenue of \$37.7M in June improved 8.7% compared to prior year, but was 10.4% below budget.
 - i. Several properties drove higher revenue in June 2010 compared to June 2009:
 - 1. West Siloam Springs: +13.3%
 - 2. Tahlequah/Fort Gibson +8.8%
 - 3. Roland/Sallisaw +6.6%
 - 4. Catoosa -1.0%
 - 5. Will Rogers Downs -5.3%
 - 6. Ramona (Not open in 2009)
 - ii. Highway construction continues to impact revenue at Catoosa
- b. Operating expense for the month was \$28.1M, which was favorable to budget by \$2.2M, or 7.3%. CNE continues to focus on reducing operating costs throughout the company in order to improve profitability.
- c. CNE June net income totaled \$6.5M, compared to \$4.7M in June FY09. Net income was 27.8% below CNE's budget of \$9.0M.

II. Operating Highlights – As of July 27, 2010

a. Expansions

- i. Catoosa – Construction continues on the Hard Rock event center. CNE expects to have the event center in operation by September 2010. The new pool is open and an accompanying outdoor stage is nearly complete.
- ii. West Siloam Springs – The entire 140 room hotel is now open and fully operational. The hotel has been full on recent weekends and has driven an overall occupancy of 60.8% in the first 26 days of July. The property is currently reviewing plans to move its poker room to a new location and add a high limit slot area.
- iii. Ramona – The new casino opened on Friday, May 28th. The property continues to outperform initial forecasts.

b. Employment

- i. CNE employs 3,573 people as of June 2, 2010
 1. Catoosa (including corporate staff): 1,747
 2. West Siloam Springs: 775
 3. Tahlequah/Fort Gibson: 299
 4. Roland/Sallisaw: 448
 5. Will Rogers Downs: 207
 6. Ramona: 97
- ii. 46.8% Cherokee citizen employment
- iii. 65.6% Native American employment

c. Future Plans/New Initiatives

- i. Continue to manage expansion progress.
- ii. Continue to enforce tighter hiring controls and expense reduction measures to gain efficiencies.

Group: CNI

Group Leader: Bryan Collins

Phone: 575-4400

I. Budget Highlights - June 2010 results

- a. CNI's June net income totaled \$248k, compared to a \$293k profit in June FY09. June's net income exceeded budget by \$304k.
- b. June revenue totaled \$10.8M, an increase of \$1.7M or 19.1% compared to prior year, \$1.9M or 20.6% above budget. Distribution Services (Telecommunications) accounted for the majority of the revenue increase compared to prior year and budget.
- c. Total expenses for the month of \$10.4M exceeded prior year by \$1.6M or 18.8% and exceeded budget by \$1.5M or 16.6%.
- d. For the nine months ended June 30, 2010, CNI has a net income of \$1.1M which is favorable to prior year by \$2.4M and favorable to budget by \$2.6M. Aerospace and Defense and Professional Services account for the increase in profitability compared to both prior year and budget.

II. Operating Highlights

- a. Accomplishments
 - ✓ i. 71.1% Cherokee citizen employment
 - ✓ ii. 81.2% Native American employment
- b. Future Plans/New Initiatives
 - i. Aerospace and Defense
 - 1. Execute Rapid Response Army Contract
 - 2. Expand Huntsville Strategic Relationships
 - 3. Add New 8a Contracts with Military (Market our Current Contract)
 - a. SAMD, R&R Logistics Services
 - b. Bell Crank Manufacturing Center of Excellence
 - c. TACOM, Navy
 - ii. Distribution Services
 - 1. Implement Warehouse Management System
 - 2. Increase space through lease or acquisition
 - 3. Diversify customer base and enter government sector
 - iii. Professional Services
 - 1. Submitted 8a Application for CNHS
 - 2. Added secondary Staffing NAICS Codes for Red Wing
 - 3. Develop past performance in new areas of service

Group: CSG/CNT/CNTS

Group Leader: Steven Bilby

Phone: 384-7897

I. Budget Highlights - June 2010 results

- a. June 2010 revenue of \$2.37M exceeds May 2010 total of \$2.14M.
 - i. Current contract backlog over \$30M with \$15M of proposals submitted in the month of June
 - ii. Awarded new IRS contract \$3.5M
 - iii. Transitioned CNTS operations from CNI to CNB
- b. June net income totaled \$129k, compared to \$104k in the prior month and below budget of \$143k. High cost medical claims contributed to the monthly shortfall. Year to date net income of \$945k is \$155k or 14% below a budget of \$1.1M.

II. Operating Highlights

- a. Current Month
 - i. Focused on maintaining high contract renewal percentage
 - ii. CNT awarded SBA 8(a) certification during the month
 - iii. 7.0% Cherokee citizens with 9.4% Native American out of 228 total employees
 - 1. 24 employees in OK with 67% Cherokee citizens and 87% Native American
- b. Future Plans/New Initiatives
 - i. Continue to strategically grow revenue by leveraging:
 - 1. Several new partner relationships developed in the DC area
 - 2. Advantages of the SBA 8(a) and HubZone programs
 - 3. Cherokee Nation's reputation, network/affiliates, financial strength and current IT infrastructure
 - 4. Aggressive marketing of Federal 4th Qtr opportunities
 - 5. Expanded sales and proposal writing core
 - 6. Strategic acquisition opportunities

Group: Other Companies

Group Leader: Philip Reedy

Phone: 384-5907

I. Budget Highlights - June 2010 results

- a. CNSS showed a profit in June 2010 of \$6k due to the shared service agreement with CNE. Operating expenses continued to run under budget in June 2010 by \$18k.
- b. APSE's June 2010 Net Income was \$14k. This is (\$62k) under budget and \$90k above June 2009. YTD net income was \$321k for June 2010. This is (\$339k) under budget and (\$68k) less than June 2009.
- c. CCRC's net profit for June 2010 was \$319k. This is above budgeted net income by \$182k. Revenue was \$2.9M compared to the budget of \$1.2M.

II. Operating Highlights

- a. CNSS is currently developing investment cases on four companies as potential acquisitions to be presented to the CNB executive committee.
- b. APSE is continuing to see stronger activity from Boeing resulting in improved earnings during June.
- c. CCRC has been able to increase the work at the Gulf with a total of 29 employees of which 52% are Cherokee. Safety Monitors are being provided for the cleanup workers through a subcontract with another company. This will add a significant boost to the environmental division this year and possibly next year.
- d. CCRC has identified an acquisition target of another environmental company that will complement current work and allow expansion into new areas. CCRC is currently teaming with them at the gulf.
- e. CCRC was awarded several new and completed several task orders at Picatinny Arsenal and have multiple proposals in contracting awaiting award.
- f. Cherokee CRC was recognized as the FAA Small Disadvantaged Business of the Year.

Group: Career Services-
Employment Month/Year of Report: July 2010

Group Leader: 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**

Activity	June	YTD	Goal	% of Goal
Training Completions	144	567	650	87%
Employment Completions	41	452	400	113%
Unsubsidized Placement	82	546	400	137%
Retention	14	365	200	183%
WorkKey Credentialing	53	419	450	93%
Job Bank	31	1,204	2,000	60%
Community Service	7	119	60	198%

Balanced Scorecard measures for the previous month will be available the 15th of each month.

b. **Accomplishments**

1. Vocational Rehabilitation hosted Dine' training July 14-16. Our Voc Rehab Program won the Director's Award for "Modeling the Way".
2. Talking Leaves Job Corps' performance has landed them on the second page of the performance report, which has been a major undertaking for the group due to all the changes that have hit with the new administration. There are 12 performance ratings that are weighed monthly, and after dropping off the chart in July 2009, Talking Leaves soared. Ramona Holt in academics has turned the program around in the classroom with the Learning Styles concept of teaching.
3. Talking Leaves staff Ramona Holt – Academic Manager, David Gourd – Math Teacher, and Tracy Adams – Reading Teacher attended the National Learning Styles Conference in New York. They have been asked to be presenters at next year's conference based on their work with Learning Styles Concept Classrooms at Talking Leaves Job Corps.

4. Brenda Fitzgerald, Vocational Rehabilitation Manager was successful in obtaining an Employment and Training Specialist position to be added to her grant. She is currently serving on the State Board of Vocational Rehabilitation.
5. George Roach, Adult Education Manager and all of his teachers are to be commended for a job well done this past summer with the Basic Skills Program. Basic Skills students attended the Cultural/Career Day at TLJC.
6. We have a new remodeled office in Jay that houses the Cherokee Nation Tag Office like our office in Sallisaw. We have collaborated with Sharon Swepston and her program services twice now, and I will have to say it has been very positive for our programs.
7. July 27th SYEP awards- 13 students nominated.
8. July 30th- Intern Banquet @ the Echota House.
9. This past month we were very successful in being named one of the grantees to operate the OJT NEG Grant, along with the State of Oklahoma and the Seminole Nation. We were one of three Native American Grantees designated to obtain this grant. We will get 850,000, which is more than the state of Oklahoma will receive. It was announced yesterday that the State would use the Eastern, North East, Tulsa, and Central areas for their money to go into. Three of those sit within the Cherokee Nation. We agreed to collaborate with the state to ensure the resources go farther.

c. **Initiatives** (*Brief on future plans/any new initiatives – briefing on any issues of interest to leadership, if applicable. List with bullets, not narrative*).

1. Kim Carroll, Brenda Fitzgerald, and Diane Kelley will be in Washington, DC early in August to meet with the Assistant Secretary on the OJT NEG program. The meeting will be to roll out the way they expect grantees to carry out the program. We have been asked by the state of Oklahoma to be present in Oklahoma City the following week to give an overview as to how we plan to carry out the program. The state has not been in the OJT business for several years, whereas Cherokee Nation actually never stopped doing OJT.
2. Plans are underway to officially open the Cherokee Nation Career Services Learning Center during the month of August.
3. All summer temporary staff will be leaving Friday, July 30. A reception is being planned to let them know how much we appreciated their help for the summer. For some, this is their 4th or 5th summer with us. Several have teaching jobs that they will be returning to in the fall. It has been a very busy summer. Even though we had less youth to work with, the paper work is still time consuming.
4. Talking Leaves will graduate 240 students Friday, August 6, 2010 at 10:00 a.m. Dr. Don Betz, President of NSU is the keynote speaker. Ramona Holt, Academic Manager, and her instructors will host the event, which will be held in the gym of the Talking Leaves Job Corps.

CERTIFIED INDIAN OWNED BUSINESS REPORT

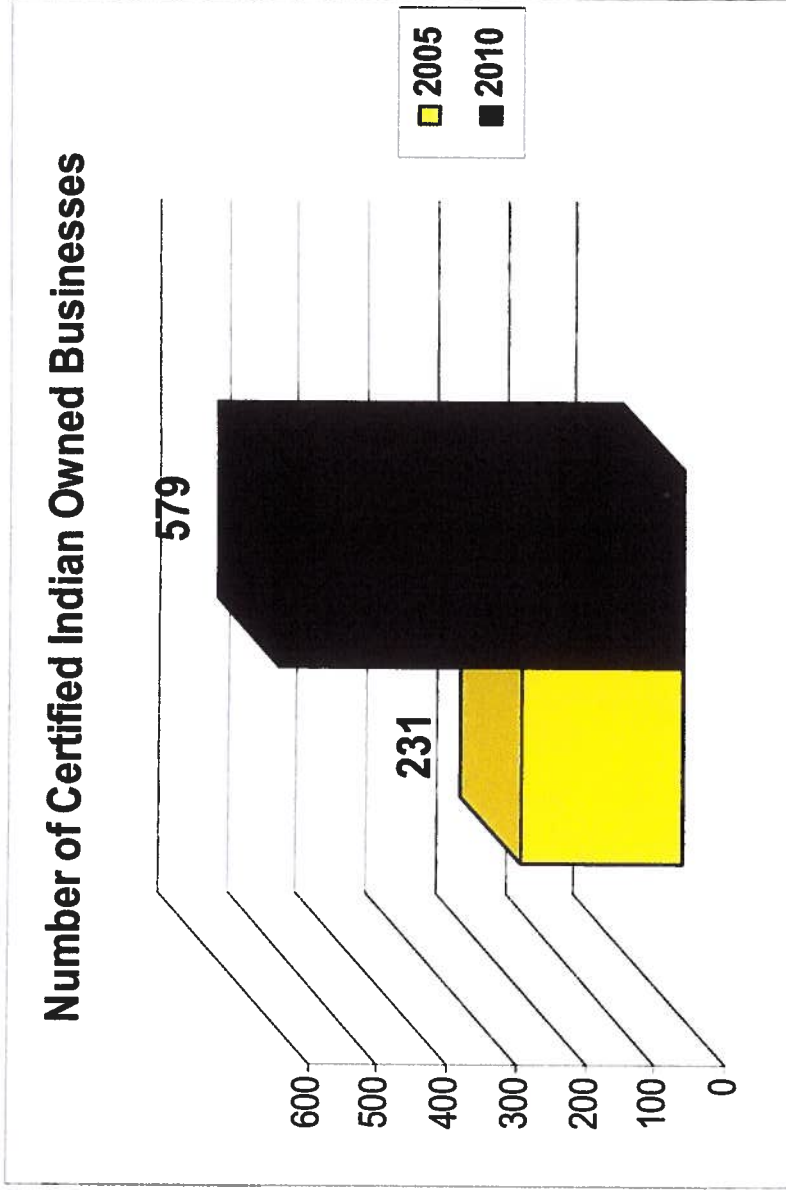
3rd Quarter 2010

June 2010 Quarterly Report

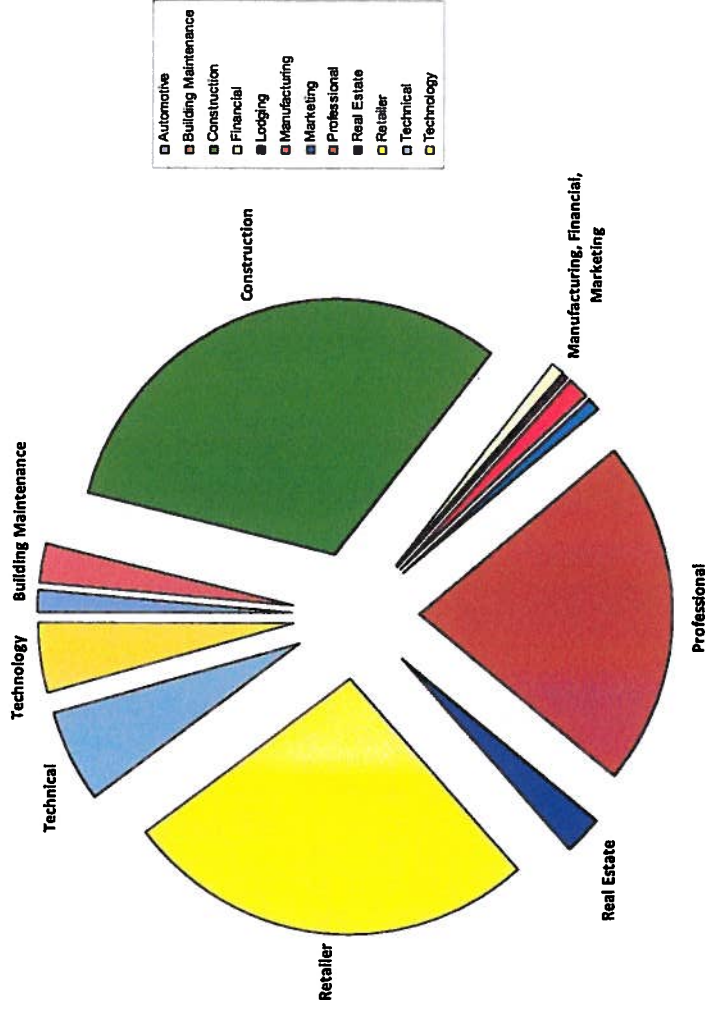
1

Increased Number of Certified Indian Owned Businesses

Aggressive marketing and Indian business recruitment has dramatically increased the number of certified businesses

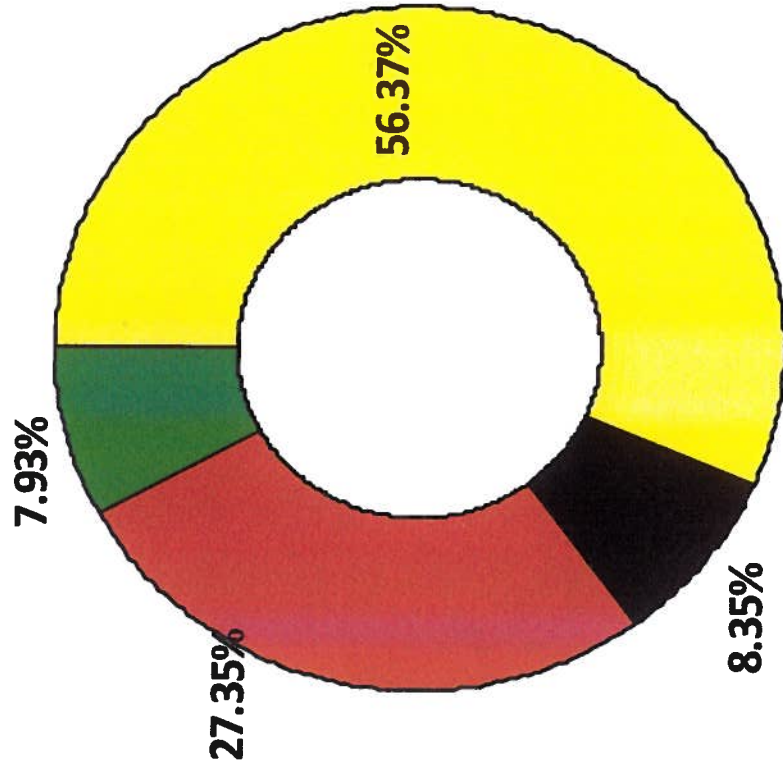


CIOB by Industry



Certified businesses exist in many areas. This information, when compared to CN purchasing by industry, will help identify areas to target for Indian business ownership

CIOB Ownership



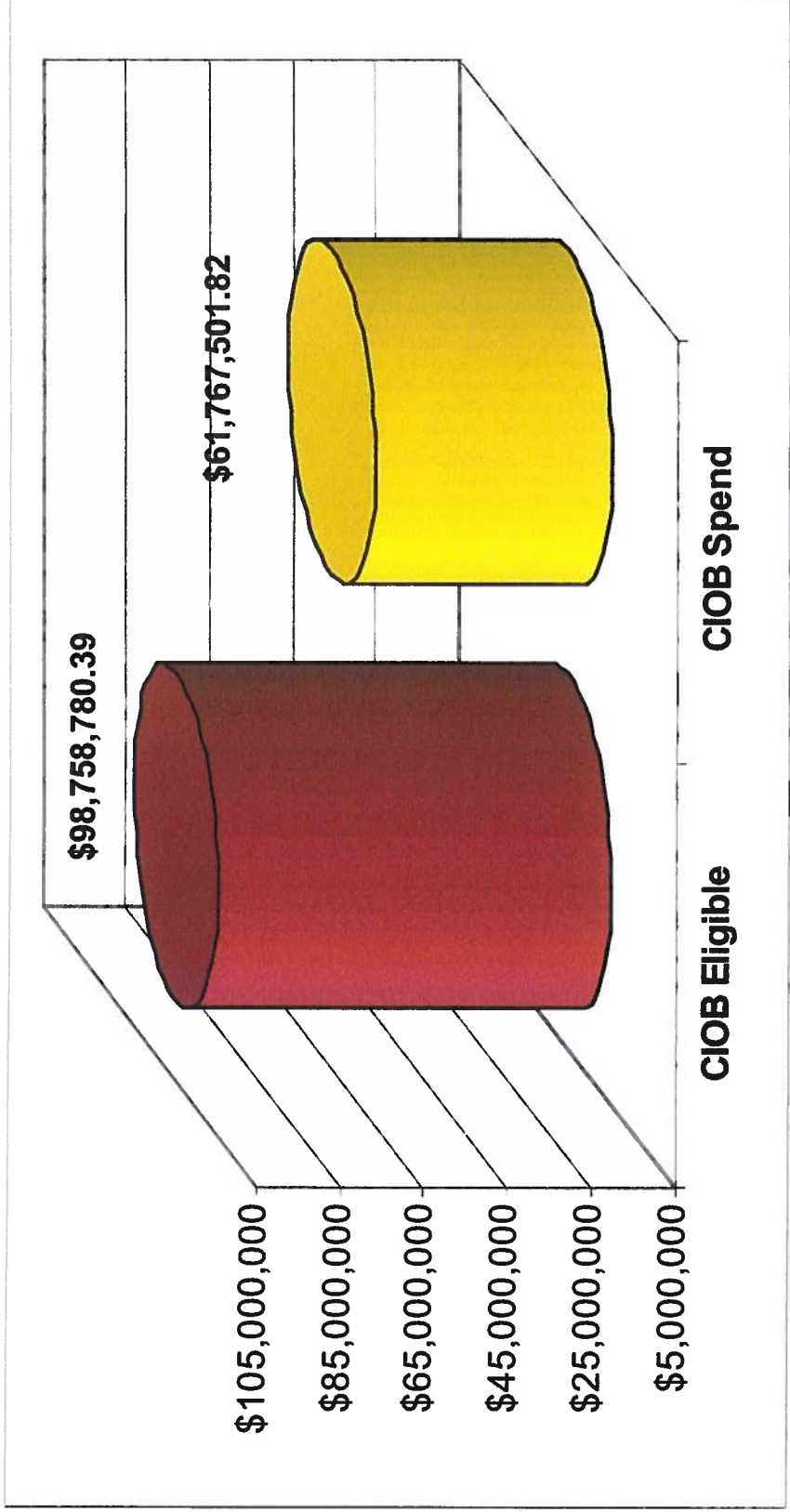
100% Cherokee Ownership

100% Inidan Ownership, not Cherokee

Majority (51%+) Cherokee Ownership

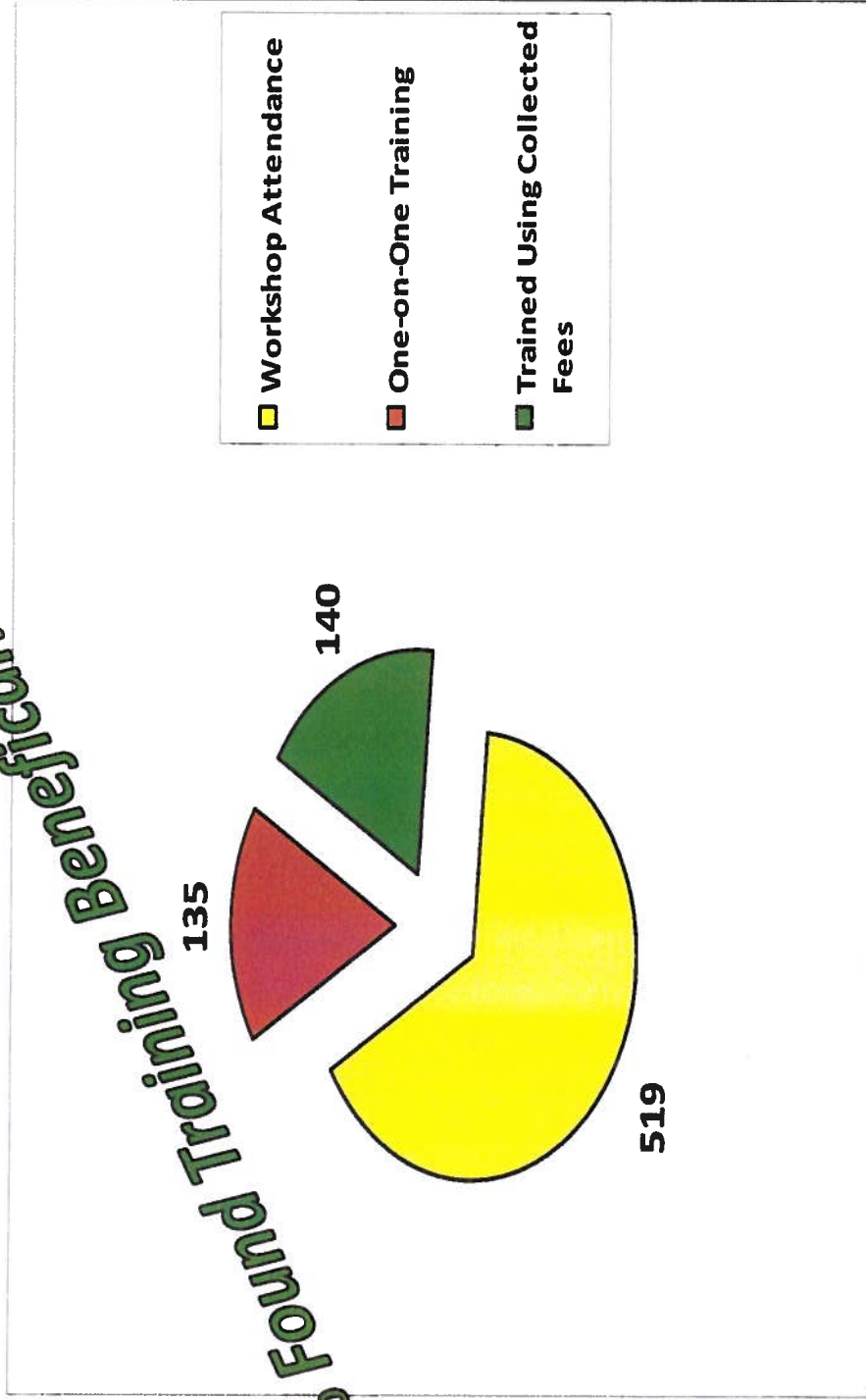
Majority (51%+) Indian Ownership, not Cherokee

62.54 Percent of Eligible Purchases were Awarded to CIOB

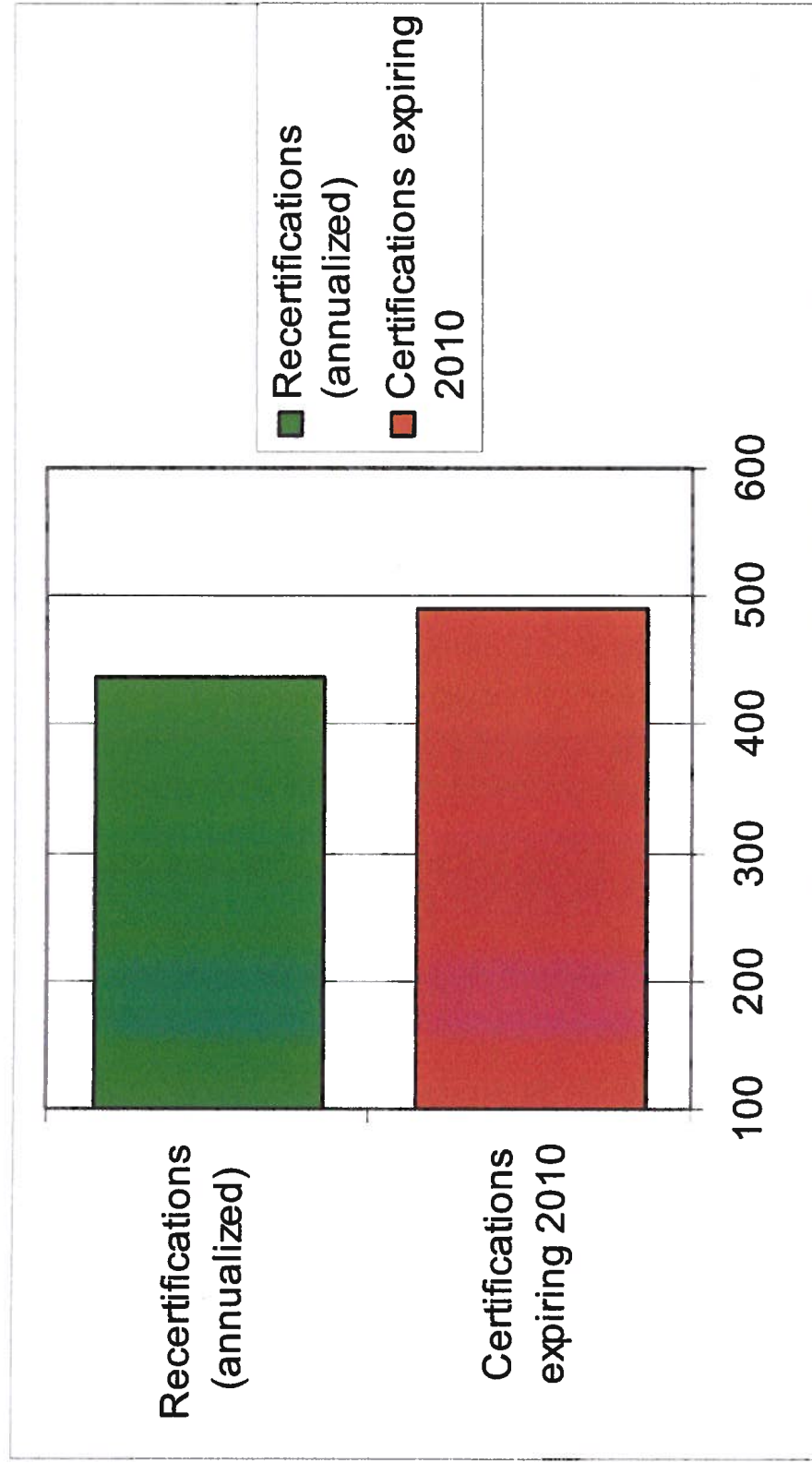


794 Indian Business Owners have Received Business Training

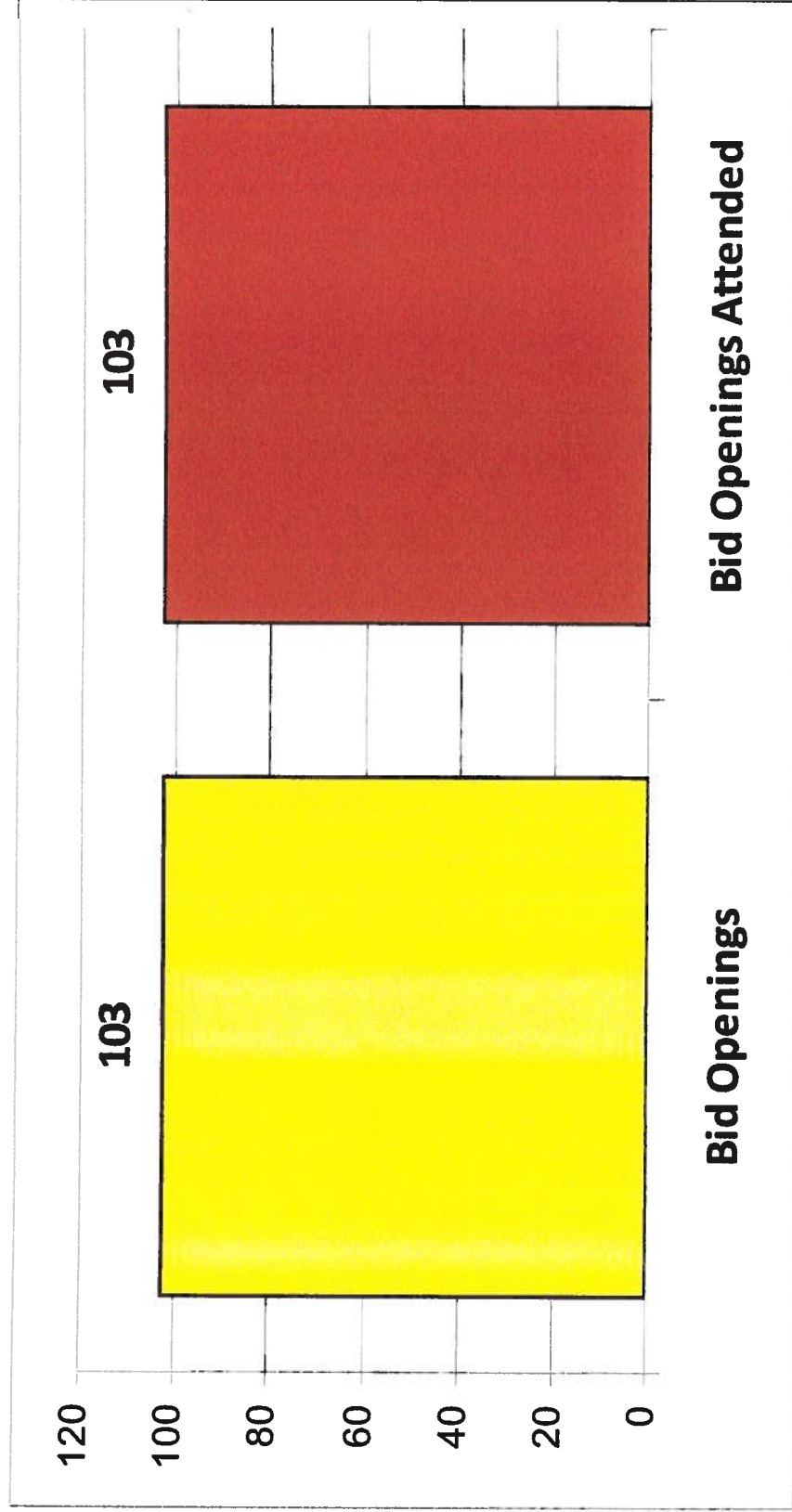
100% Found Training Beneficial!



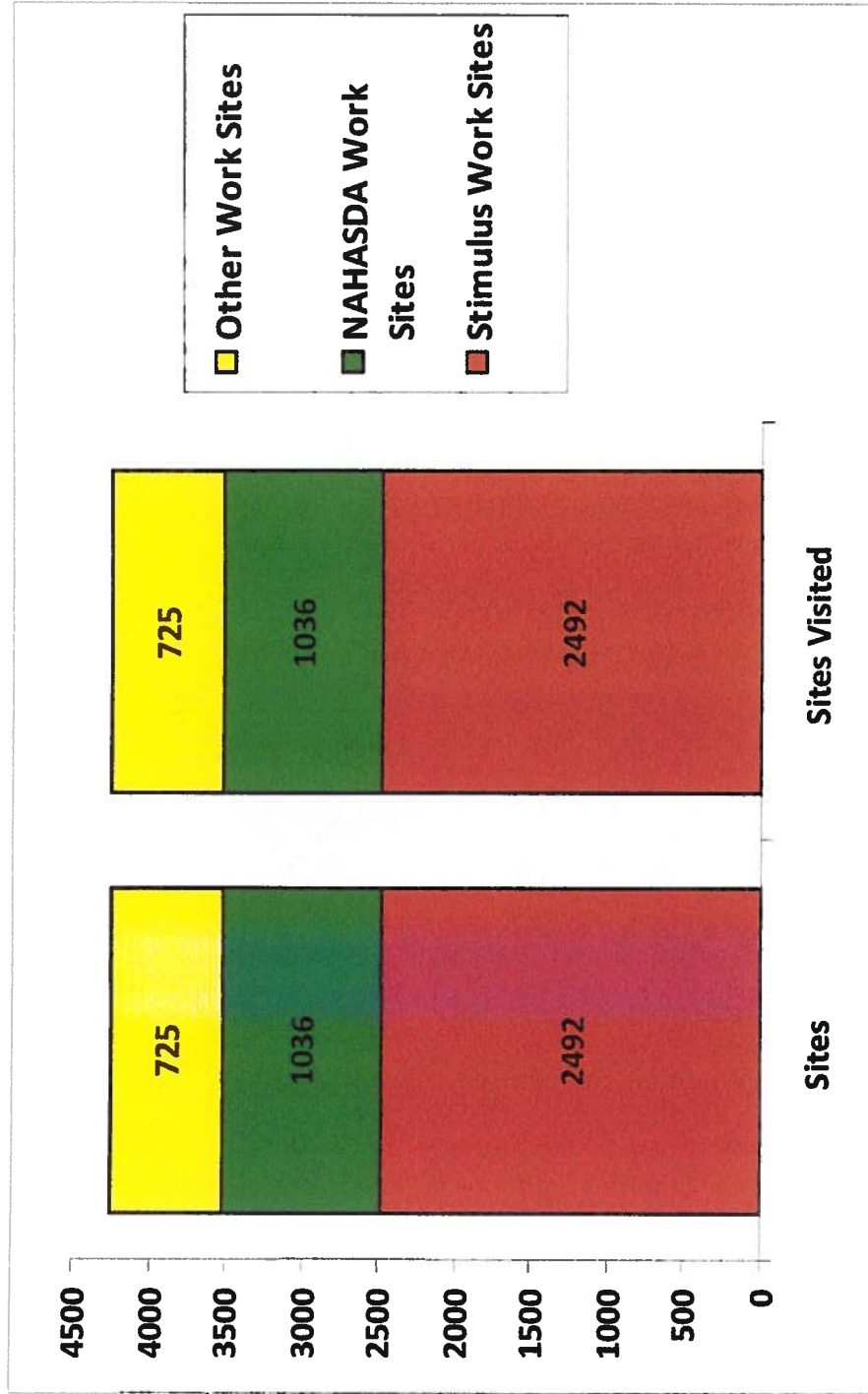
90% of CIOB Projected to Recertify



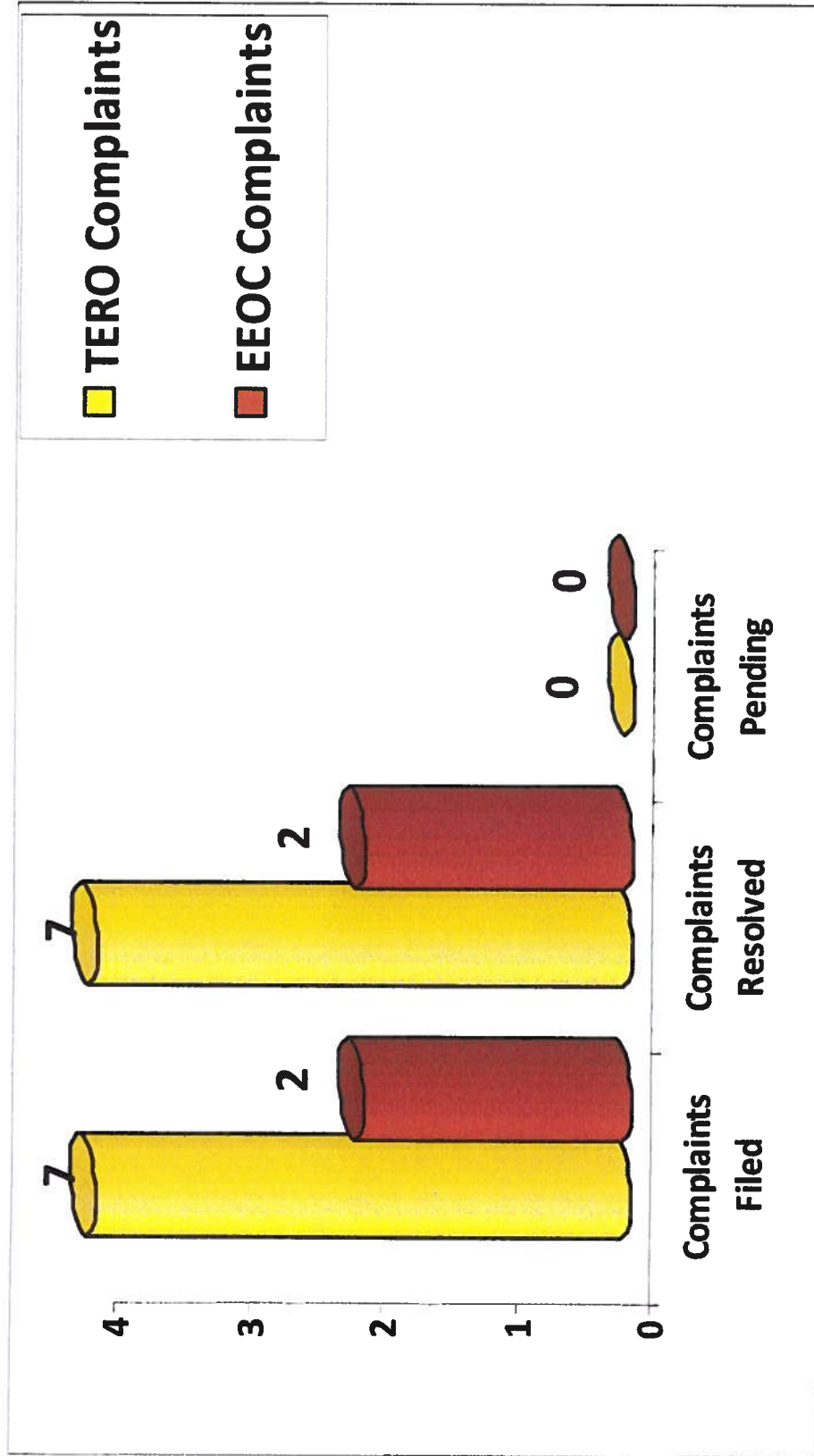
100% of Bid Openings Were Monitored by TERO Staff



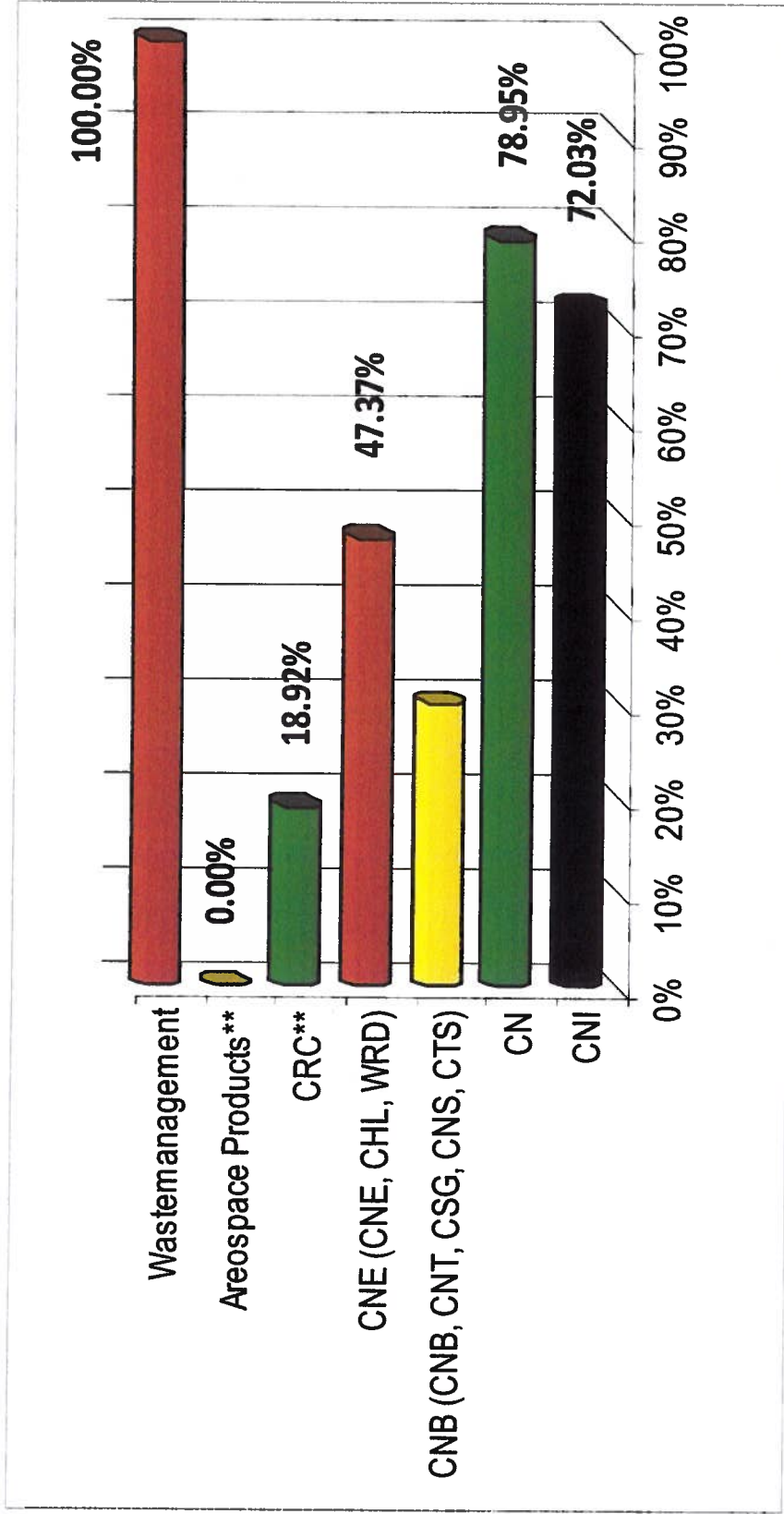
100% of Work Sites Were Monitored



Complaint Resolution



59.95 Percent of all Cherokee Nation Employees are Cherokee Nation Citizens



Initiatives

- **Comprehensive TERO compliance and www.cherokeebids.org training** for CNE and CNI staff has been completed with 465 purchasing decision makers attending
- **Comprehensive TERO compliance and www.cherokeebids.org training** for CN staff will begin in 4th quarter
- **Referral system** development – if CIOB not meeting program or bid expectations, program managers will contact the One Stop Business Center or TERO for one-on-one business coaching – *will be formalized and fully implemented by October 2010*
- **Inclusion of procurement opportunities under \$5,000** in reporting - *future*

Initiatives

- **Electronic Notification of Procurement Opportunities to CIOB** – *processes underway and implementation future*
- www.cherokeetero.com **website** – this site lists Certified Indian Owned Businesses for public reference, markets CIOB through internet searches, and provides CIOB opportunity for webpage development - *implemented*
- **CIOB Vendor Fairs** – vendor fair in Muskogee held in July with 20 vendors participating and 100 visitors. Annual vendor fair and awards dinner November 9.

SAVE the Date

**2010 Certified
Indian Awards
Dinner and
Vendor Fair**

**Hard Rock
Casino**

November 9, 2010

**More External Businesses Seeking
Minority Suppliers**

**Networking Sessions for CIOB
interested in Partnering**

Awards Presentations

Community Leadership Award

Customer Service Award

Consultant Business

Construction Company

Retail Business

Woman Owned Business

Small Business

Large Business

**Flintco Construction Management
Scholarship Award**

One Stop Business Center Calendar

Business/Entrepreneur Workshops			
Date	Location	Time	Workshop
3-Aug-10	Tahlequah	5:30-8:30	Indianpreneurship
5-Aug-10	Tahlequah	6:00-8:00	Financial Workshop
10-Aug-10	Tahlequah	6:00-8:00	How to do Business w/CN (Procurement)
11-Aug-10	Tahlequah	6:00-8:00	Financial Workshop
17-Aug-10	Broken Arrow	8:30-3:00	Minority Business Summit
24-Aug-10	Claremore	6:00-8:00	How to do Business w/CN (Procurement)
14-Sep-10	Claremore	6:00 -- 7:30	How to do Business w/CN (Procurement)
21-Sep-10	Tahlequah	6:00 -- 7:30	How to do Business w/CN (Procurement)
5-Oct-10	Claremore	TBD	CORE Four -- Session 1
12-Oct-10	Claremore	TBD	CORE Four -- Session 2
19-Oct-10	Claremore	TBD	CORE Four -- Session 3
19-Oct-10	Tahlequah	TBD	Oklahoma Tax Commission
26-Oct-10	Claremore	5:30 p.m.	CORE Four -- Session 4
9-Nov-10	Hard Rock - Catoosa	10:00-4:00	Certified Indian-Owned Business Fair

Group: Commerce

Month/Year of Report: August 2010

Group Leader: Anna Knight

Phone: 453-5532

Email: aknight@cherokee.org

Budget Highlights

None

Program Highlights

a. Balanced Scorecard Measures

Objective	Metric	2010 Goal	Year to Date Achievement Notes/Comments
Investment in Economy	Loan Dollars	\$1,000,000	Commercial: \$1,147,313.89 <i>Approved Loans Pending Closing</i> <ul style="list-style-type: none"> Tahlequah/Refinance, \$195,000 8ft retained <i>Pending approval</i> <ul style="list-style-type: none"> Artist, Tahlequah, \$8,500 1 ft Artist, Tahlequah, \$25,000 2 ft Consumer: \$277,879.56
Investment in Economy	Tourism Dollars		
	a) Community Tourism	a) \$50,000	a) \$16,690 (income to artists/communities through tourism activities)
	b) Tourism Business Development	b) \$100,000	b) \$195,510 (financing tourism related businesses)
Job Creation	# Small Business Jobs Created/Maintained	100	88
	Percentage Cherokee (or Cherokee Family) Employed	90%	90%
Effective Business Training	# Attendees and % Indicating usefulness	500/95%	717/100%
CN Holiday	1. % Increase Sponsorships	a) 5%	Report Due in Summer/Fall 2010
	2. % Increase in Community Games Participation/Holiday Cultural Events	b) 5%	

b. Notable accomplishments

- Commercial Loans Closed –YTD – Tahlequah** - Outdoor Gear Retail (1 job), Flower Shop (4 jobs), Tanning Salon (6 jobs), Ag Operation (2 jobs), Artist (5 jobs), Beauty Shop (1 job), Ag Operation (1 job); Oologah – Retail (1 job); Muldrow – Diner (3 jobs); Collinsville – Manufacturing (5 jobs); Claremore – Lawn Care (4 jobs), Landscape/nursery (20 jobs); Stilwell – Ag Operation (2 jobs), Retail (2 jobs); Briggs – Salvage (6 jobs); Hulbert – Ag Operation (2 jobs); Rose – Ag Operation (1 job); Jay – Pilot Car Service (2 jobs), Day Care (8 jobs); Chouteau – Lawn Care (4 Jobs); Langley-Ketchum – Restaurant (6 jobs); Grove – Tourism (2 jobs);
- Charged Off Loans** – Commercial: Monthly Total – 0/\$0, Year to Date Total – 0/\$0 Consumer: Monthly Total – 0/\$0, Year to Date Total –4/\$1,822.69
- 2010 Northeast Oklahoma Regional Summit** will be held in Tahlequah October 26 and 27. The summit region has been expanded to include all rural counties in the Cherokee Nation and Okmulgee County. At this year’s summit the goal is for **regional adoption of an economic growth plan.**
- Collaborating with local partners to complete an **ODOC Work Ready Community certification** process for CN rural counties – anticipated completion date 2010. The area has met the high school graduation rates, which is the hurdle we were most concerned about.

5. **A Certified Indian-owned Business Vendor Fair** was held at the Three Rivers Health Clinic in Muskogee on July 21. Twenty CIOB vendors marketed themselves to over 100 attendees.
6. **Bridge to Success Business Mentorship Program** 4 initial mentors have been selected and trained. Mentees to be assigned this fall. Initial mentees will be selected from new or struggling SBAC loan clients.
7. **Youth Entrepreneur Days** in Cherokee and Adair Counties resulted in **110 youth attending and 57 youth business plans** submitted. A recent longitudinal survey of youth showed that early exposure to self-employment increases individuals' engagement in self employment during their early and mid-career years.

c. Future plans/new initiatives

1. **Market Place Entrepreneur Program** to increase competitiveness of Cherokee owned market place businesses and create strategy to increase market place opportunities (including e-commerce)
2. Funding sought for the **Cherokee Creativity Center** (artist incubator). Business plan is complete and we expect to write for grant funding in the next couple of months. Center will include affordable artist space, shared equipment, gallery space, retail sales, entrepreneurship classes, and art classes.
3. **Certified Indian-owned Business Vendor Fair set for November 9, 2010 at Hard Rock Casino.**

Lending \$'s Available (pending and approved/pending applications not considered)

▪ IRP:	\$319,054.97	▪ ICDBG Adult:	\$450,937.54
▪ Commercial:	\$152,829.63	▪ ICDBG Youth:	\$158,859.55
▪ CDFI:	\$771,724.87	▪ Consumer Lending:	\$282,007.51

Business/Entrepreneur Workshops			
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19-Oct-10	Claremore	TBD	CORE Four – Session 3
19-Oct-10	Tahlequah	TBD	Oklahoma Tax Commission
26-Oct-10	Claremore	5:30 p.m.	CORE Four – Session 4
9-Nov-10	Hard Rock - Catoosa	10:00-4:00	Certified Indian-Owned Business Fair
18-Nov-10	SHS	10:00-1:00	Youth Entrepreneur Day