

COUNCIL OF THE CHEROKEE NATION
EXECUTIVE & FINANCE COMMITTEE REPORT

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

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

I. Budget Highlights – through May

- a.) Financial Resources – 60% spent
- b.) Treasurer – 53% spent
- c.) IIM – 62% spent
- d.) Acquisition Management – 48% spent
- e.) Support Services – 47% 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 04/30/10.

b.) Accomplishments

- 1. Lawson 9.0 Applications Upgrade completed May 30
- 2. 2009 Single Audit underway
- 3. 2011 Budget Cycle budgets due to Budgets Office by May 14th
- 4. Emergency Management Public Assistance Conference May 25- & 26 in Catoosa
- 5. Office of the Special Trustee Review May 25-27

c.) Future Plans/New Initiatives

- 1. Lawson 9.0 Applications Upgrade review of project
- 2. 2009 Single Audit underway
- 3. 2011 Budget Cycle budgets review & compilation by Budgets Office
- 4. SAS 2010 Internal Audit begins June 14

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Cherokee Nation Acquisition Management Year-To- Date Report Over \$5,000 Transactions October 1, 2009 through April 30, 2010		% of sub-total - TERO vendor submitted Bid
Award to TERO Vendor	\$17,790,379.57	85.73%
Award to non-TERO Vendor	\$ 2,960,736.57	14.27%
Sub-total bids with a TERO vendor participating	\$20,751,116.14	100.0%
Bid - no bids submitted by TERO Vendors	\$ 5,084,622.71	

Group: CNB and subsidiaries

Month/Year of Report: June 2010

Group Leader: David Stewart Phone: 384-7878 E-mail: david.stewart@cnet.com

I. Budget Highlights - April 2010 results

Group: Consolidated CNB

- a. Consolidated Monthly Net Income for all entities of \$6.5M compared to budget of \$8.2M. Consolidated Net Income was below last month by \$3.8M or 37% decrease.
- b. FY10 Year-to-date Consolidated Capex is \$54.3M for all entities.

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

- a. Total CNE revenue of \$39.6M in April improved 5.2% compared to prior year, but was 7.9% below budget.
 - i. Several properties drove higher revenue in April 2010 compared to April 2009:
 - 1. Tahlequah/Fort Gibson +10.9%
 - 2. Roland/Sallisaw +10.2%
 - 3. West Siloam Springs: +5.74%
 - 4. Catoosa -3.9%
 - 5. Will Rogers Downs -9.0%
 - ii. Highway construction continues to impact revenue at Catoosa
- b. Operating expense for the month was \$30.4M, which was favorable to budget by \$1.6M, or 5.0%. CNE continues to focus on reducing operating costs throughout the company in order to improve profitability.
- c. CNE April 2010 net income totaled \$6.5M, compared to \$7.5M in April 2009. Net income was 20.6% below CNE's budget of \$8.2M.

Group: CNI Group Leader: Bryan Collins Phone: 575-4400

- a. April revenue totaled \$10.4M, an increase of \$3M or 4% compared to prior year, \$343k or 3.2% below budget.
 - i. Aerospace and Defense, and Distribution Services represents all of the revenue increase compared to prior year.
- b. Operating expense for the month of \$10.2M was favorable to budget by \$300k, or 3.2%.
- c. CNI April 2010 net income totaled \$70k, compared to a \$330k loss in April 2009. Net income was 7.7% above CNI's budget of \$65k.

Group: CSG/CNT Group Leader: Steven Bilby Phone: 384-7897

- a. April revenue of \$2.43M exceeded March total of \$2.29M.
 - i. 2nd highest monthly revenue in company's 8 month history since acquiring ITX (an IT services government contractor)
 - ii. Current contract backlog over \$30M with \$48M of proposals submitted in the month
 - iii. Two new contracts commencing in March with first full month of new NOAA contract in April
- b. CSG/CNT April net income totaled \$94K, compared to \$156K in the prior month and below monthly averages of \$134K. High cost medical claims and reserves contributed significantly to the monthly shortfall. Year to date net income of \$942K represents 91% of the original business case amount related to the acquisition of ITX.

Group: Other Companies

- a. CN Security and Safety - experienced a (\$137k) loss for April. YTD adjustments in April to revenue contributed to the loss. Operating expenses were under budget by \$3.6k. All CNSS activity is related to contract with CNE.
- b. APSE's April 2010 Net Income was \$32k. This is (\$42k) under budget and (\$15k) less than April 2009. YTD net income was \$284k for April 2010. This is (\$225k) under budget and (\$190k) less than April 2009.
- c. CCRC's net income for April was \$120,543. Budgeted net income was a profit of \$182k. The budgeted amount includes \$405k and \$540k in revenue estimated to be generated by the Picatinny and the Dover AFB contracts, respectively. The Picatinny contract actually generated \$468k in revenues in March while the Dover Contract generated only \$174k.

II. Operating Highlights – As of June 2, 2010

Group: Consolidated CNB

- a. Utilizing \$33M of BOA Loan Facility for all entities as of April 30, 2010 and \$31M as of May 27, 2010.

Group: CNE

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 property successfully opened its new coffee shop, The Perfect Cup, on Friday, May 28, 2010.
- ii. West Siloam Springs – A partial opening of the hotel (80 rooms) was executed over Memorial Day Weekend and went smoothly. All 140 rooms will be completed by June 4th. The property also successfully opened its new coffee shop, The Perfect Cup, May 22, 2010.
- iii. Ramona – The new casino opened on Friday, May 28th. The opening went well and is exceeding initial revenue forecasts. The property has generated \$1.1M to \$1.4M in daily eGames volume through its first 4 days of operation. During that time frame, volume at the Ramona casino exceeded the Tahlequah, Fort Gibson, Sallisaw, and Will Rogers Downs casinos.

b. Accomplishments

- i. 46.3% Cherokee citizen employment
- ii. 68.9% 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

a. Accomplishments

- i. CNI received 2009 Lockheed Supplier Award
- ii. DCAA approved CND's financial system
- iii. CND warehouse realigned and layout completed
- iv. Professional Services awarded \$2.6M FAA/CAMI contract
- v. 70.4% Cherokee citizen employment
- vi. 80.9% Native American employment

b. Future Plans/New Initiatives

Aerospace and Defense

- i. Execute Rapid Response Army Contract
- ii. Expand Huntsville Strategic Relationships
- iii. Add New 8a Contracts with Military (Market our Current Contract)
 - SAMD , R&R Logistics Services
 - Bell Crank Manufacturing Center of Excellence
 - TACOM, Navy

Distribution Services

- i. Implement Warehouse Management System
- ii. Increase space through lease or acquisition
- iii. Diversify customer base and enter government sector

Professional Services

- i. Submit 8a Application for CNHS
- ii. Populate Red Wing with secondary NAICS Codes for Staffing
- iii. Develop past performance in new areas of service

c. Other

- i. CNTS transferred to CSG management

Group: CSG/CNT

- a. Current Month
 - i. CNT – Submitted SBA 8(a) application and awaiting approval
 - ii. Transitioned CNTS, a new IT 8(a) company, from CNI to CNB's IT portfolio
 - iii. 7.2% Cherokee citizens with 9.4% Native American out of 222 total employees
 - 1. 24 employees in OK with 67% Cherokee citizens and 87% Native American
- b. Future Plans/New Initiatives
 - i. Continue to strategically stand up new profitable IT companies by leveraging:
 - 1. Advantages offered through the SBA 8(a) program
 - 2. Cherokee Nation's reputation, network/affiliates, financial strength and current IT infrastructure
 - ii. Focusing acquisition efforts on IT companies that are:
 - 1. Graduating or recently graduated the 8(a) program
 - 2. Profitable, stable along with solid growth potential
 - 3. Positioned to create new jobs and capacity within the Nation
 - 4. Successfully servicing high growth departments specifically DOD, DOI, FAA
 - 5. Successfully servicing other agencies within federal departments CSG is not currently operating in (DOE and USDA).

Group: Other Companies

- a. CNSS completed the 8(a) status application for certification. Finalized the acquisition strategic plan for the company.
- b. CCRC submitted the bid proposal for the design-build contract for Dover AFB on May 5, 2010. This project has potential to generate \$12M-\$13M in revenue over a 2 yr performance period. CCRC is preparing to negotiate the final contract with the Philadelphia Corps of Engineers. This project is not included in CCRC's current budget.

Group: Career Services-
Employment Month/Year of Report: May, 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	April	YTD	Goal	% of Goal
Training Completions	53	331	650	51%
Employment Completions	25	390	400	98%
Unsubsidized Placement	76	374	400	94%
Retention	36	327	200	164%
WorkKey Credentialing	28	256	450	57%
Job Bank	119	894	2000	45%
Community Service	24	89	60	148%

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

b. Accomplishments

1. Eighteen Day Work participants attained unsubsidized employment.
2. Various trainings for Fire Dancers were held with a total of 34 individuals.
3. TERO assisted in EPA, RRP Cert Training for 30 on May 17 – 21, 2010
4. Three people attended Flagger Training.

Initiatives

1. June 16th- CPR and First Aid Training for Fire Dancers.
2. Future Flagging training- date to be determined.
3. Haz-Mat Training for 60 at TLJC on June 7 – 11, 2010
4. SYEP will begin in June.

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

Month/Year of Report: June 2010

Program Highlights

a. Balanced Scorecard Measures

Objective	Metric	2010 Goal	Year to Date Achievement Notes/Comments
Effective Business Workshop Training	# Certified Indian-Owned Business Attendees and % indicating usefulness	500/100%	392/100%
Increase Certified Indian-Owned Business Procurement Awards	% Certified Indian-Owned Business Procurement Awards	75%	61.39% Business Entities eligible procurement \$'s awarded to Certified Indian Owned vendors <ul style="list-style-type: none"> • CNE 60.44% • CN Government 68.86% • Health Entities 68.67% • CNI 30.62%
Increase Cherokee Citizens employed	% Cherokee Citizens (verified)	Entity CNE – CNB – CN – 82.9% Health – CNI – CRC – Aerospace -	Business Entities <ul style="list-style-type: none"> • CNE (CNE, CHL, WRD, CNSS) 46.33% • CNB (CNB, CNT, CSG) 17.23% • CN Government 79.61% (does not include IPA/MOA) • Health Entities 51.05% • CNI 71.26% (does not include service contract employees) • CRC (not wholly owned by CN) 18.92% • Aerospace 0%
Increase Indian-Owned Business Certifications	# Newly Certified Indian-Owned Businesses	80	111
Effective One on One Training for Certified Indian Owned-Businesses	# of businesses receiving assistance/% finding useful	300/95%	132/100%
Certified Indian-Owned Business Receiving Financial Assistance	% Certified Indian-Owned Business Loans in Portfolio	75%	20%
Effective Usage of Fees Collected	# Trained	100	60
Effective Monitor of Work Sites – Construction and Housing	# Monitoring Visits	90%	100% - 1,610 sites monitored
Effective Monitor of Bid Openings	# and % Bid Openings Attended	100%	95 bid openings attended
Effective Resolution of Complaints – TERO and EEOC	% Complaints Resolved	100%	TERO: 83.33% Resolved: 6 complaints filed and 5 resolved EEOC: 0% Resolved: 2 complaints filed and 0 resolved Career Service completed its investigation of 2 complaints and forwarded the information to Oklahoma EEOC for final resolution

b. Notable accomplishments:

1. **Commerce Entrepreneurial Development Manager named Oklahoma Small Business Advocate of the Year for Oklahoma** by the Minority Business Development Council. She is automatically nominated for the Regional award, which will be decided in June.
2. **Three of the four SBA Oklahoma Business Champions of the Year were TERO Certified Indian-owned Businesses!** Delaware Resource Group (Phil Busey) was Business of the Year;

York Electronic Systems (Jennifer Jezek) was Family-owned Business of the Year; and Cherokee Data Solutions (Pamela Huddleston-Bickford) was Minority Business of the Year

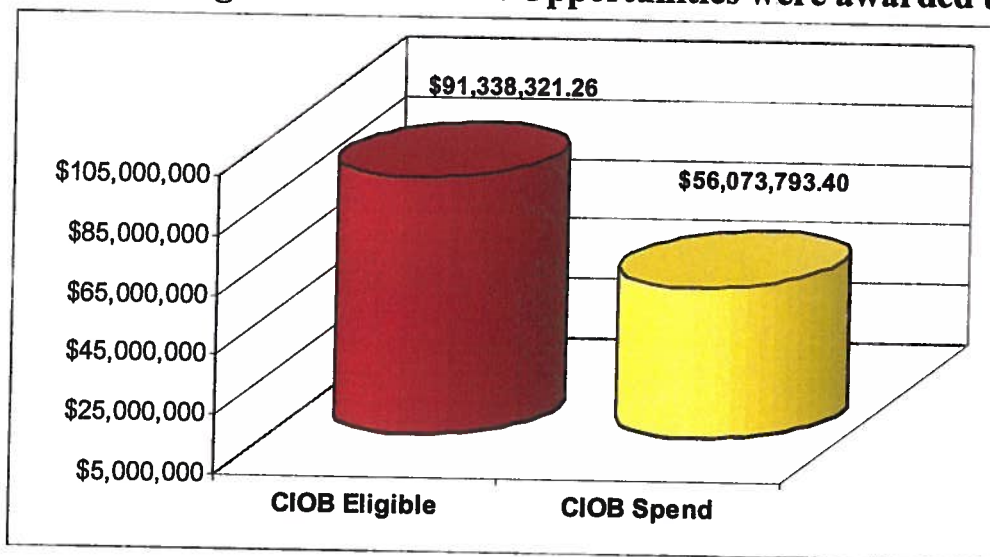
3. Created **Certified Indian-owned Business website**, to provide exposure for CIOB on the internet and to maintain an up to date listing of certified businesses. Website will be unveiled in April 2010.
4. Finalizing **policy and procedural changes for TERO and all procurement departments** regarding policy and procedure changes in order to conform to Executive Order 12-10-CS. **Internal training** to begin in June. **External training** with vendors to begin in July.

c. Future plans/new initiatives:

1. Cherokee **citizen employment goals** set by business entities.
2. **Electronic notification to all CIOB when a procurement opportunity they qualify for posts** from CN Government. Notification will be through email and text messaging.
3. Comprehensive certification program to aid Certified Indian Owned Businesses with **other city, state, and federal minority certifications**.
4. **CIOB benefits brochure** highlighting the benefits of becoming a certified Indian-owned business, including a listing of all other area governments and purchasers that accept CN certification without the business applying for additional minority certifications.

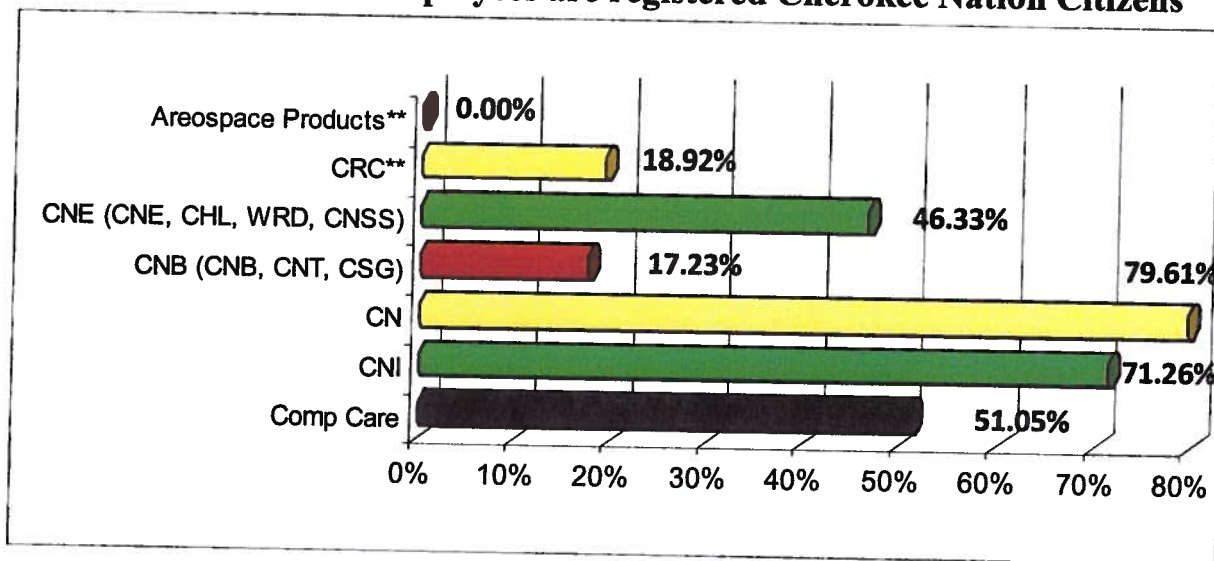
Business/Entrepreneur Workshops			
Date	Location	Time	Workshop
3-Jun-10	Tahlequah	5:30 p.m.	CORE Four – Session 1
4-Jun-10	Tahlequah	9 - noon	Business Taxes (OTC)
8-Jun-10	Claremore	6:00 – 7:30	How to do Business w/CN (Procurement)
10-Jun-10	Tahlequah	5:30 p.m.	CORE Four – Session 2
12-Jun-10	Tahlequah	ALL DAY	Art of Living
15-Jun-10	Tahlequah	6:00 – 7:30	How to do Business w/CN (Procurement)
17-Jun-10	Tahlequah	5:30 p.m.	CORE Four – Session 3
24-Jun-10	Tahlequah	5:30 p.m.	CORE Four – Session 4
July 21	Muskogee	4-Oct-10	TERO Vendor Fair
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

61.39% of CIOB Eligible Procurement Opportunities were awarded to CIOBs



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

60.36% of Employees are registered Cherokee Nation Citizens



**Companies majority, not wholly, owned

Group: Commerce

Month/Year of Report: June 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: \$978,824 <i>Approved Loans Pending Closing</i> <ul style="list-style-type: none">Lawn Care, Chouteau, \$25,000 4 ftEquine Training, Tahlequah, \$25,000 2ftDonuts, Langley-Ketchum, \$3,500 6ft <i>Pending approval</i> <ul style="list-style-type: none">Tahlequah/Refinance, \$195,000 8ft retainedGrove, \$25,000 2ft
Investment in Economy	Tourism Dollars		Consumer: \$226,449.05
	a) Community Tourism	a) \$50,000	a) \$16,690 (income to artists/communities through tourism activities)
	b) Tourism Business Development	b) \$100,000	b) \$145,000 (financing tourism related businesses)
Job Creation	# Small Business Jobs Created/Maintained	100	64
	Percentage Cherokee (or Cherokee Family) Employed	90%	75%
Effective Business Training	# Attendees and % Indicating usefulness	500/95%	524/100%
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 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);
- 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
- “Tahlequah - The Art of Living”** will be held in **downtown Tahlequah June 12th**. This year’s event will include more activities by NSU on the North end of Main Street and additional entertainment, including music, on the Cherokee Capitol Square.
- 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.**

5. 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.
6. **Four trainers**, including three artists, are certified to teach the **Artists as Entrepreneurs curriculum**. This curriculum focuses on building artists' capacity to manage their finances, build their markets, and market their products.
7. **Seventy youth submitted 38 business plans for the Adair County Youth Entrepreneurship Day** that was held April 28, 2010. Youth Adair, Delaware, Sequoyah, and Cherokee Counties participated. Cherokee County Youth Entrepreneur Day was held last fall with 40 youth attending and 20 business plans entered in the competition.

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. **Bridge to Success Business Mentorship Program** will kick off later this summer. We expect to train mentors in June and begin matching successful business mentors with struggling or new businesses in July and August.
3. **Certified Indian-owned Business Vendor Fair set for November 9, 2010 at Hard Rock Casino. Muskogee Vendor Fair set for July 21 at Three Rivers Health Clinic.**

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

▪ IRP:	\$235,366.97	▪ ICDBG Adult:	\$503,397.81
▪ Commercial:	\$131,298.51	▪ ICDBG Youth:	\$156,342.66
▪ CDFI:	\$731,548.68	▪ Consumer Lending:	\$260,703.75

*May Bank Statements unavailable at time of reporting

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Traditional Native Games – Cherokee National Holiday		
Date	Location	Time
22-May-10	Kenwood School	Starts at 10:00 AM
12-Jun-10	Muskogee, 3 Rivers Clinic	Starts at 10:00 AM
17-Jul-10	Sallisaw City Park	Starts at 10:00 AM
7-Aug-10	Bell Powwow	Starts at 10:00 AM
5-Sept-10	Play-offs, Tahlequah, West of Complex	Starts at 10:00 AM