

**COUNCIL OF THE CHEROKEE NATION  
EXECUTIVE & FINANCE COMMITTEE REPORT**

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

**Group Leader:** Callie Catcher      **Phone:** 207-3902      **E-mail:** [callie-catcher@cherokee.org](mailto:callie-catcher@cherokee.org)

**I. Budget Highlights – through September**

- a.) Financial Resources – 91% spent
- b.) Treasurer – 82% spent
- c.) IIM – 92% spent
- d.) Acquisition Management – 73% spent
- e.) Records Management – 49% spent
- f.) Support Services – 86% 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 08/31/10.

**b.) Accomplishments**

- 1. Lawson Position Control Implementation continues
- 2. September 8 – 10 FY2011 Budget Hearings
- 3. September 14 – Lawson Navigation/GL/AC Training
- 4. September 21 – Lawson Navigation/GL/AC Training
- 5. September 20 – FY10 Audit Planning Session
- 6. September 23-30 - Inventory counts beginning for year-end closing
- 7. September 30 – everything received by the warehouse was delivered to the programs

**c.) Future Plans/New Initiatives**

- 1. October 1 - Begin closing processes for FY10 Audit purposes
- 2. October 20-22 – Attend Intertribal Monitoring Association for Tribal Trust Funds

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<b>Cherokee Nation Acquisition Management Year-To- Date Report Over \$5,000 Transactions October 1, 2009 through June 30, 2010</b>		<b>% of sub-total - TERO vendor submitted Bid</b>
Award to TERO Vendor	\$ 22,496,031.58	88.04%
Award to non-TERO Vendor	\$ 3,054,679.04	11.96%
<b>Sub-total bids with a TERO vendor participating</b>	<b>\$ 25,550,710.62</b>	<b>100.0%</b>
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 - August 2010 results**

- a. Consolidated Monthly Net Income for all entities of \$7.2M compared to budget of \$10.2M. Consolidated Net Income was less than last month by \$3.0M or 29% decrease.
- b. FY10 Year-to-date Consolidated Capex is \$79.0M for all entities.

**II. Operating Highlights**

- a. Utilizing \$18.0M of BOA Loan Facility for all entities as of August 31, 2010 and remaining at \$18.0M as of September 30, 2010.

**Month/Year of Report: August 2010**

**Group: CNE**

**Group Leader: David Stewart**

**Phone: 384-7878**

**I. Budget Highlights - August 2010 results**

- a. Total CNE revenue of \$39.1M in August improved slightly, 1.0%, compared to prior year, but was 11.6% below budget.
  - i. Most properties drove higher revenue in August 2010 compared to August 2009:
    - 1. West Siloam Springs: +9.3%
    - 2. Tahlequah/Fort Gibson: +11.8%
    - 3. Roland/Sallisaw: +7.3%
    - 4. Catoosa: -15.3%
    - 5. Will Rogers Downs: +11.6%
    - 6. Ramona (Not open in 2009)
  - ii. Highway construction continues to impact revenue at Catoosa
- b. Operating expense for the month was \$29.4M, which was favorable to budget by \$1.6M, or 5.2%. CNE continues to focus on reducing operating costs throughout the company in order to improve profitability.
- c. CNE August net income totaled \$6.8M, compared to \$6.1M in August FY09. Net income was 34.0% below CNE's budget of \$10.3M.

**II. Operating Highlights – As of September 20, 2010**

- a. Expansions
  - i. Catoosa – The Joint construction is complete. Two test events have been conducted in preparation for the grand opening scheduled for September 30. The new pool is open and an accompanying outdoor stage is nearly complete. The casino 3 remodel began the first week of August with expected completion the beginning of October.
  - ii. West Siloam Springs – The hotel has been full on recent weekends and drove an overall occupancy of 89.5% during the month of August. 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 property continues to outperform initial forecasts.

b. Employment

i. CNE employs 3,564 people as of August 31, 2010

1. Catoosa (including corporate staff): 1,780

2. West Siloam Springs: 821

3. Tahlequah/Fort Gibson: 236

4. Roland/Sallisaw: 442

5. Will Rogers Downs: 191

6. Ramona: 94

ii. 46.7% Cherokee citizen employment

iii. 69.5% 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.

**Month/Year of Report: August 2010**

**Group: CNI**

**Group Leader: Brian Collins**

**Phone: 575-4400**

**I. Budget Highlights – August 2010 results**

- a. CNI's August net income totaled \$406k, compared to a \$20k profit in August FY09. August net income exceeded Budget by \$497k.
- b. August revenue totaled \$10.4M, an increase of \$2.8M or 37.3% compared to prior year, \$2.0M or 23.8% above Budget. Distribution Services (Telecommunications) accounted for the majority of the revenue increase due to strong demand for AT&T product compared to prior year and Budget.
- c. Total operating expense for the month of \$10.0M exceeded prior year by \$2.5M or 33.1%, and exceeded Budget by \$1.6M or 20%. Increase in expense was consistent with the revenue increase, but lower as a percent of revenue compared to both prior year and Budget.
- d. For the eleven months ended August 31, 2010, CNI has net income of \$2.0M which is favorable to prior year by \$3.3M, and favorable to Budget by \$3.5M. Manufacturing, Professional Services and Distribution Services account for the increase in profitability compared to both prior year and Budget.

**II. Operating Highlights**

**a. Accomplishments**

- i. 71.8% Cherokee citizen employment
- ii. 81.0% Native American employment
- iii. Red Wing received 8(a) contract for Bell Crank first article and small production run for capability qualification.
- iv. Added secondary NAICS Codes for Red Wing to be able to participate in 8(a) staffing services.

**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)

### 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. Submitted 8a Application for CNHS
- iii. Develop past performance in new areas of service

**Month/Year of Report: August 2010**

**Group: CSG/CNT/CNTS**

**Group Leader: Steven Bilby**

**Phone: 384-7897**

## **I. Budget Highlights - August 2010 results**

- a. August revenue of \$2.4M exceeds July total of \$2.3M.
  - i. Current contract backlog approximately \$28.0M with \$24.0M of proposals submitted in the month
  - ii. Awarded DOI contract worth \$24.0M to begin 10-1
- b. August net income totaled \$116k, compared to \$122k in the prior month and below the budget of \$143k. High cost medical claims contributed to the monthly shortfall. Year to date net income of \$1.18M is \$828k or 41% below a budget of \$2.0M.

## **II. Operating Highlights**

- a. Current Month
  - i. Focused on maintaining a high contract renewal percentage
  - ii. CSG awarded contracts on: IRS, Dept of Interior and Seaport-E (subcontract)
  - iii. 7.0% Cherokee citizens with 9.4% Native American out of 233 total employees
    - 1. 25 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 4<sup>th</sup> Qtr opportunities
    - 5. Expanded sales and proposal writing core
    - 6. Strategic acquisition opportunities



**Month/Year of Report: August 2010**

**Group: Other Companies**

**Group Leader: Philip Reedy**

**Phone: 384-5907**

**I. Budget Highlights - August 2010 results**

- a. CNSS showed a profit in August 2010 of \$15k due to the shared service agreement with CNE. Operating expenses continued to run under budget in August 2010.
- b. APSE's August 2010 net income was \$25k. This is (\$52k) under budget. YTD net income was \$342k for August 2010. This is (\$471k) under budget.
- c. CCRC's net profit for August 2010 was \$644k. This is above budgeted net income by \$621k. Revenue was \$3.8M compared to the budget of \$874k.

**II. Operating Highlights**

- a. CNSS is currently developing investment cases on two primary candidates in the security integration and the protective service market.
- b. APSE continues to experience lower than expected general sales.
- c. APSE is experiencing a pick-up in KC-135 activity in San Antonio, which should assist in reversing the downward trend in parts sales to Boeing.
- d. CCRC work on the Gulf Coast oil spill has now ended. These activities generated \$1.5M in revenue.
- e. CCRC is partnering with CH2MHill as a subcontractor on a Design-Build project for a Native American School in Anadarko as part of a Department of Interior MATOC contract.

Group: Commerce

Month/Year of Report: September 2010

Group Leader: Anna Knight

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**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	<b>Commercial: \$1,415,331.87</b> <i>Approved Loans Pending Closing</i> <ul style="list-style-type: none"><li>• None Pending</li><li><i>Pending approval</i></li><li>• None Pending</li></ul> <b>Consumer: \$323,412.26</b>
Investment in Economy	Tourism Dollars		
	a) Community Tourism	a) \$50,000	a) \$21,960 (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	109
	Percentage Cherokee (or Cherokee Family) Employed	90%	78%
Effective Business Training	# Attendees and % Indicating usefulness	500/95%	892/100%
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

1. **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), Artist (1 job), Artist (2 jobs), Retail (3 jobs), Food Manufacturing (9 jobs); **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 (1 job), Day Care (7 jobs); **Chouteau** – Lawn Care (4 Jobs), Lawn Care (7 jobs); **Langley-Ketchum** – Restaurant (6 jobs); **Grove** – Tourism (2 jobs); **Kansas** – Ag Operation (1 job);
2. **Charged Off Loans** – Commercial: Monthly Total – 2/\$91,559.36, Year to Date Total – 2/\$91,559.36  
Consumer: Monthly Total – 8/\$7,282.62, Year to Date Total – 12/\$9,105.31
3. **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.**
4. 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. **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.
6. **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.**
4. **Youth Entrepreneurship Day** is scheduled for November 18 at Sequoyah High School. Participants have been invited from all 14 counties in Cherokee Nation's jurisdiction.

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

▪ IRP:	\$251,368.31	▪ ICDBG Adult:	\$381,564.83
▪ Commercial:	\$200,633.48	▪ ICDBG Youth:	\$154,766.21
▪ CDFI:	\$676,333.92	▪ Consumer Lending:	\$296,159.03

<b>Business/Entrepreneur Workshops</b>			
<b>Date</b>	<b>Location</b>	<b>Time</b>	<b>Workshop</b>
5-Oct-10	Claremore	TBD	CORE Four – Session 1
7-Oct-10	Kansas	6:00 PM	Indianpreneurship
12-Oct-10	Claremore	TBD	CORE Four – Session 2
14-Oct-10	Kansas	6:00 PM	Indianpreneurship
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
28-Oct-10	Kansas	6:00 PM	Indianpreneurship
4-Nov-10	Kansas	6:00 PM	Indianpreneurship
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

**COUNCIL OF THE CHEROKEE NATION**  
**EXECUTIVE & FINANCE COMMITTEE REPORT**

**Group:** Cherokee National  
Historical Society

**Month/Year of Report:** July - September / 2010

**Executive  
Director:** Carey Tilley

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**Cherokee National Historical Society**  
**Written Report to the Executive Finance Committee of the CN Council**  
**Thru September 30, 2010**

***Mission: To preserve, promote, and teach Cherokee History and Culture.***

September marks the end of the third quarter of our fiscal year at the Heritage Center. This quarter is by far our busiest time of the year and we saw extremely high numbers this summer which have resulted in very positive visitation growth for the year to date. The total number of groups visiting is up 36% from last year and the total number of group visitors is up 58%. Our CN Holiday event saw a five-year high of 11,151 and represented an increase of 26% over 2009. Ancient Cherokee Days, a special event designed for school groups held at the end of September, saw an all-time high of 1,300 students (up 37% from 2009). The total number of participants in on-site programming is up 26% while our total on-site visitation this year is up 22%. Only the Cultural Outreach program has seen a decline in 2010 (down 49%) as we have shifted focus to smaller hands-on programming while our partners at CN Education have taken on many of the larger storytelling events. Despite this drop, the total number served in 2010 is up modestly by 4%. While this increase may seem small it continues a growth trend which is up by 66% since this time in 2006 – the first full year of the Memorandum of Agreement with the Cherokee Nation. On site visitation alone is up 39% from that year from 27,510 to 33,547 visitors.

Your support is certainly making a difference in the numbers. We have also made significant improvement in funding from other sources over these years. However, the Cherokee Heritage Center is about much more than numbers and your support is making an even bigger difference in more qualitative areas. Our Outreach program led by Gina Burnett continues to reach thousands of school children with hands-on programming. Last month, we were honored to receive a National Merit Award from the American Association of State and Local History at their National conference in Oklahoma City. We were the only museum in Oklahoma to receive the award. Our Ancient Village was in better shape than ever this year. During our busiest month (July), the village was populated with 37 villagers including our anchor full-time staff which includes two Cherokee National Treasures, eight seasonal villagers, two grant specialists, and a host of work experience, summer youth, and day workers. Together they worked diligently to teach the visitors about Cherokee history, demonstrate traditional craftsmanship, and keep the village looking better than it has in a long time. This year we were able to create and implement special language tours featuring immersion and introductory language tours thanks to a grant from the Institute of Library and Museum Services. The program was well-received and created a model for future efforts. Currently, we are seeking funding to continue this concept. We also were able to work significantly on the pilot summer and winter house for the new village. The summer house is completed while the winter house is awaiting the final roofing material expected next week. The pilot houses have helped us finalize construction drawings for the first phase of the project which should include site preparation, recreation of the historic landscape, and the construction of two additional house pairs. This project will be exciting and I encourage you to come out and watch its progress.

## **COUNCIL OF THE CHEROKEE NATION**

### **EXECUTIVE & FINANCE COMMITTEE REPORT**

The Cherokee Homecoming Art Show in August and September was a huge success with a record number of entries. This show, which features only Cherokee artists, is a great opportunity to perpetuate the Cherokee artistic tradition. In addition, the continued strong sales help make it practical for the artists to devote time to their art. This year our art shows have put over \$75,000 into the hands of artists through sales and cash awards. The National Treasures Exhibit, currently "previewing" at the Heritage Center honors the established artists who have made an impact in preserving Cherokee culture through their art. The full exhibition will open February 1, 2011.

Behind the scenes, we continue to make progress in the care of our collections and archives. To help in this process, we have added Mary Grayson to our team. She has been working diligently to monitor our collections, identify and address challenges, and complete our data base. We also are in the final stages of moving the archival material to a more secure part of the building. While the material has never sustained any significant damage from flooding in their old location, the new location remains dry even in the most extreme circumstances and virtually eliminates any conceivable water threat as we work towards eventual construction of a new facility that meets the highest industry standards.

I want to personally thank the council for your continued support through the Memorandum of Agreement as well as your recent support through the Dinner honoring Jay Hannah. It is making a difference. I work for the Cherokee people at the Cherokee Heritage Center because I believe that what we do there is important. During its forty-three year history, the Cherokee Heritage Center has provided an opportunity to learn about Cherokee history and culture to over one million people in a way that they would not have found anywhere else. I am excited about the recent resurgence that we are currently experiencing. I am privileged to work with a staff of dedicated individuals who share my commitment to our mission. I truly appreciate the faith that you have shown in us. I encourage you to come out and spend some time with the staff and see some of the great things that are going on.

Sincerely,

*(submitted electronically)*

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