

Change direction to adjust for the changing winds



DJ HOFFMAN
DIRECTOR, UNIT I

In the past month the tribe has addressed many challenges, and more are looming upon the horizon.

POLICY

It has been noted that I have upset some from a demand of accountability and adherence to board adopted policy. Regardless of who is involved, "friend or proverbial foe," all must be held accountable for actions or inactions. Those who believe that they are immune from policy or accountability do not serve the tribe, they serve themselves.

CASINOS

In my September 2014 unit report I wrote the following:

Our casinos are the driving

force behind the majority of our non-grant tribal operations revenues. Currently, the revenues generated from our casinos are in a state of decline. Some are quick to attribute this decline to market saturation, as well as the economy, to account for this decrease in revenues. While this generalized excuse would be rational if not for the performance figures when the economy was actually in the proverbial tank during the US Financial Crisis of 2007-10. One of the simple truths that many do not wish to admit is that the political push to "pay off" casino debt within 3.65 years, as well as the lack of accountability at the managerial level, has been one of the primary causes of our revenue declines. The current plan to pay off the existing \$21 million in casino debt is strangling the operational resources of the casino and decreasing the available cash flow. While revenues are in decline, due to our bank covenant ratios, the amount of cap ex (capital improvement) dollars proportionally declines.

I will be proposing that the tribe attempt to extend the terms of its current debt from 3.65 years to up to 7 years to increase available cash flow, and capital ex to ensure that our

properties can remain sustainable and competitive.

Since that time, the casinos have broken their financial covenant requirements on multiple occasions. As a result, the tribe is currently pursuing options to restructure our current casino debt. The options currently offered by the current note holder include an increase in the interest rate of the current note and a reduction in the tribe's annual distribution (reduction in funds available for services).

This is the entire problem with how the tribe operates. As a tribe, we do not plan ahead, nor change direction to adjust to the changing winds. We plow forward until forced to make decisions, or have them made for us. I am extremely concerned with our operations and the planning (both short and long term) necessary for their continued stability.

We need a detailed written plan and roadmap for the current and future operations of the casinos, as well as our tribe as a whole. I will be proposing that no annual budget be approved for any area (tribal or enterprise) lacking a DETAILED, WRITTEN PLAN.

ECONOMIC DEVELOPMENT

The economic development

director position is now posted. It is my hope that a highly qualified and experienced applicant will be selected that will be able to move our businesses forward in a more profitable manner, as well as lead the charge towards new business planning, development, and diversification. I am also hopeful that our corporate charter, approved by the BIA, will one day be utilized. This will afford our tribe with the opportunity to develop and maintain businesses free from the meddling of politics. Thus ensuring that they have a chance to be successful and provide revenues to tribal services.

Part of the position summary is:

"The Economic Development Director performs advanced professional work leading and promoting the business and economic development interest for the Sault Ste. Marie Tribe of Chippewa Indians. This will include supervision of all enterprises with the exception of the casino operations. This position will be responsible to develop strategies to enhance, create, and build the tribe's economic development and revenue diversification activities, including the complex analysis of data related to planning, financing, tax incentive packaging, market-

ing and business assistance programming. This position would be responsible to develop long and short term economic and community development goals."

I am hopeful that this position will be filled by September 2015.

JKL BAHWETING SCHOOL

I have written for the past several months regarding the schools need for a new, larger gymnasium to accommodate the children. I am pleased to announce that an RFP has been issued for a design build new gymnasium. I look forward to looking at the proposals and securing this much-needed resource for our tribal and community children.

I will continue to push forward with members of the board that wish to be progressive.

I will also continue to work with members of the board to ensure that we become innovative in our approach to economic diversification, membership services, and stepping out of the non-progressive box that we appear to be confined to.

Sincerely,

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