

Planning needed to gauge tribe's needs, goals



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In my last report, I concluded that there have been signs of positive and productive movement and that I was cautiously hopeful changes would be forthcoming in the coming months. Unfortunately, making changes without proper planning in place can lead to consequences more detrimental to the long-term success of the tribe and its enterprises.

PLANNING

Our tribe needs to develop, and adopt, both short term and long term plans within our governmental structure, as well as our enterprise structure. Without proper planning, there is no reasonable manner with which to gauge our tribe's needs, successes, failures, goals and objectives. Within the confines of several of the topics within this report, the essential nature of proper planning:

"IF YOU FAIL TO PLAN, YOU ARE PLANNING TO FAIL!"

BUDGETS

Over the past month, the tribal board has been meeting in budget workshops to review the

various FY2014 governmental budgets. These budgets primarily are generated from historical departments financial operational needs. A primary element missing from a majority of these budgetary discussions is the individual plans involved for each budget has been a detailed program plan. The tribe needs to require planning as a part of the budgetary process and it is my intent to work on legislation ensuring this requirement.

CASINOS

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. This basically means we have less money to maintain our casinos. Instead of the projected \$5

million for this year's Cap Ex, we have a little over \$2 million available for five locations.

Many consumers who have been to our facilities notice the aging building (Sault), and older machines and equipment, amongst other things. This lack of upkeep is a direct result of poor fiscal planning. We are "squeezing the life out of the tree" that provides for us just so a few politicians can claim we will have our debt paid off in 3.65 years. Then what? Congratulations, you have no debt but now need to borrow \$20 million to repair/replace your facility!

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.

DIVERSIFICATION

In each and every report that I write I will continue to list diversification as a major emphasis. I have, and will continue to stress the need, to diversify economically. To ensure that we are able to diversify we must adopt plans, and embrace opportunities outside of the realm of casinos. In addition, the tribe needs to ensure that its business approaches are separated from its tribal politics. The following is a recent example:

Our Midjim Convenience Store and Gas Station (St. Ignace) has had much needed parking lot improvements, as well as Tank Repair/Replacements. Instead of addressing the conditions within the parking lot and testing the Tanks, several elected officials took it upon themselves to push for the development of a NEW

facility, constructed upon a new site. Please keep in mind that the budget to repair the parking conditions has been approved for some time, and the actions of these individuals were based upon consensus and not official action of any tribal body. The board was then presented with a resolution to fund a "projected" \$1.1 million new Midjim Gas Station at the Sept. 2, 2014, meeting. Fortunately, the agenda item was tabled. Here are some of the facts regarding the proposed NEW MIDJIM:

- There is no identified parcel of land for this project.

- Midjim has a lease with the Tribe for the current site.

- There is no feasibility study, economic study, traffic study, or environmental study for this proposed project.

- There is no detailed plan or timeline for the development or implementation of this project.

- The existing property will be abandoned with no plans for future use.

- Housing holds a lease on the former casino site (5.5 acres).

- The current tanks will have to be removed (an expense either way)

- There is no identified source of funding for the \$1.1 million to construct this proposed facility

While I continue to stress diversification, I will also stress accountability. The tribal board, as well as our managers, must be accountable. I have not listed this example to disparage any one group, it is merely noted as yet another area that the tribe needs to address to ensure its long term financial health and prosperity.

PRIORITIES

As a board member it is my goal to move our tribe forward. It is not my goal to get involved in petty squabbles because of personal likes and dislikes. The common theme should always be to approach each topic, each vote based on the betterment of the tribe as a whole. I prefer documentation and research to assertion and opinion. I am not always right, however, I believe we as board members have a responsibility to do more than just show up.

PERSONAL

I prefer to keep personal statements and issues outside of unit reports; however, I wanted to recognize two individuals who have greatly impacted my life. Over the course of the past week, both have passed away, but definitely left their mark upon this world.

To my good friend Cecil, I will miss your friendship, and your jokes. I will never forget my childhood friend.

To my uncle Herm, no words can describe the void that your departure will have. He was a loving father, grandfather, brother, uncle, and friend. He was, as someone correctly stated, "an individual that would give you the shirt off his back." He was also an individual that always "had my back."

Life is precious, and short. Make the most of it while you can, and cherish those who you call friends and family.

Sincerely,

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