

OTC Special
August 25, 1978
Mae Leary

MEMORANDUM

To: Board of Trustees, Oneida Tribal Development Corporation
Officers, Oneida Tribal Development Corporation
Oneida Tribal Business Committee

From: Oneida Tribal Development Corporation, President

Subj: Progress of the Corporation, August 25, 1978

This report represents the condition of the Oneida Tribal Development Corporation, here-in-after referred to as the Corporation or OTDC. The report contains the most pertinent parts of our efforts to stabilize the organization as well as to initiate new projects and programs.

Generally, OTDC is well on its way toward a recovery since the unfortunate condition of the corporation prior to the reorganization of OTDC in December of 1977. At that time I was made President of the organization and began efforts to evaluate the condition of OTDC, cope with its immediate problems, and begin to formulate the ingredients for a sound business plan.

In summary the approach I have proposed has been supported by the Board and Officers of the corporation. Although our efforts to develop a business plan have gone slower than we had projected, our first assessment of the task has remained the same. An overview of our work reveals the following elements:

- An initial management review was completed by a third party management consultant.
- The President of the Corporation presented an action plan, including the development of a long range business plan, which was subsequently reviewed and approved by the Business Committee after approval by the Board of Trustees of OTDC.
- A Certified Public Audit was requested to be performed by Harry T. Merriman, CPA.

- An effort was made to stabilize the day-to-day operations of OTDC.
- The four Officers of the Corporation assumed the direction of operations, thereby constituting an effective executive committee which conducted the business of OTDC, meeting once each week until recently.
- A management and financial reporting system was strengthened with the Oneida Tribal Business Committee directed by the Officers.
- A specific engineering review of the Nursing Home Project was undertaken through a third party engineering consultant, J. J. Rouman & Associates of Appleton, which has since been completed.
- New projects have been developed in cooperation with other tribal organizations, OTDC adopting a role of a developer rather than a general contractor.

The accomplishment of some of our original purposes has been slow, primarily because of the extreme nature of many of the projects which were underway, thereby making surgery and survival a priority. Additionally, the audit took longer than the CPA anticipated. Specifically, there had been no previous audit which made the work more difficult. Business planning has proceeded, but needs further outside assistance in management, accounting, contract administration, construction estimating, and wage-salary administration. Outside third party assistance is most desirable. We need to be placed in a priority position for tribal technical assistance requests for the future. Our immediate specific need is:

- Financial and accounting assistance particularly in cost control, budget, project cost accounting, billing, and cash flow analysis require a minimum 25-30 days of technical assistance.

The corporation has received assistance on two separate occasions; once for management and once for engineering. Both reports were very satisfactory and helpful, particularly since it provided OTDC and the Tribe outside objective views.

While we presently plan to serve as a general contractor of record on occasion, we plan to sub-contract substantially rather than to accomplish the work ourselves. Our role as a developer and supervisor of tribal development projects depends of course, on the willingness of the tribe to permit O.T.D.C. to be designated as a developer of tribal projects.

It should be emphasized that O.T.D.C. is one of the few tribal corporations that is not "funded". In other words it must operate under "profit and loss". Other tribal organizations observe a program budget and secure annual refunding. O.T.D.C. must profit or become a serious loss to the Tribe. That it has been able to maintain itself and stay even after a loss of approximately 140 thousand dollars on one project is amazing. The status of the corporation would be in more serious condition were it not for the present management and administration. As an illustration, may I point out that by October 1, 1978, O.T.D.C. will have made up for a 97 thousand dollar loan requirement needed only nine months ago! Subsequently, 77 thousand dollars was borrowed from the bank and O.T.D.C. will have paid off the loan shortly. O.T.D.C. has been able to live up to its obligations by imposing a 50% administration cut while maintaining its work responsibilities.

Whatever else can be said it is obvious that in a hard downward slide it is difficult if not impossible to recover without adequate management and tight fiscal controls.

Some of the progress toward sound business and project management are described below.

Corporate Organization

The most significant change in O.T.D.C. in the last year has been the assumption of management control by the Officers of the Corporation last December. Since then this Executive Committee has assumed control and directed the Corporation. The Officers have met once a week until recently. They now meet twice a month with the General Manager and accounting staff.

In review of its organization the O.T.D.C. Board of Trustees has met with the Officers of the Corporation and voted to request the Oneida Tribal Business Committee to grant us permission to reconstitute the organization to provide for a seven member Board of Directors. The seven member board would be elected by the General Council and after the election the seven members would elect their own officers; the President thereafter, acting as the Chief Executive Officer. The details of the process have not been formalized, but we are now prepared to request such a change from the Business Committee.

Nursing Home Project

As of the date of this report we are contemplating the completion of work approximately as scheduled. The attitude of O.T.D.C. is to complete the work as agreed to by Jeff Nichols, Robert Larson, Bill Brownson and myself at a meeting held immediately after the last special meeting with the Business Committee regarding the Nursing Home Closing.

I have communicated with Mr. Pigeon of Kelloggs Bank to assure him that the closing will be accomplished prior to the termination of the note due on September 15. I took further pains to assure him that the completion of the closing process was our first priority.

It should be emphasized that all parties, particularly Jeff Nichols have been most cooperative in attempting to reach a mutually satisfactory conclusion of the project. The Nursing Home Commission and staff have also done their utmost to assist us by completing punch list items with their own personnel.

We have had a few major problems which has made the task more difficult, but these seem to be on the brink of solution.

They are:

1. The cabinet doors have been held by Endurall Products because their local vendor failed to pay them. O.T.D.C. had previously paid that vendor. It became necessary to initiate legal action through Mr. Hinkfuss to recover our property from the manufacturer. We are presently negotiating out of court with Endurall's attorney to recover the doors. Tentatively we expect to pick up the cabinet doors in Milwaukee by truck and proceed immediately with installation.
2. As per discussion and verbal agreement between all parties we decided to fill all cores of the projecting block walls at the bathrooms with spray type foam insulation. Unfortunately we have discovered that two types of block were used in construction; consequently the cores do not line up, thereby negating the effective use of the spray foam approach. As of this writing we have requested the architect to define a different approach at which time we will proceed as directed.

The architect has completed at his own cost, corrective insulation work around the outer perimeter of the building which will form a seal between the top of the walls and the roof boards thereby correcting a detail fault and insuring an elimination of any possible cold passage from the block to the attic area. Mr. Nichols has borne the cost at his firm's expense against the opposition

As a concluding remark on this subject I would like to say that any further discussion by me relating to architectural/engineering defects will not be forthcoming. First of all, there have been more than adequate statements both verbally and in written form from our Corporation relating to problems with what we considered faults and irregularities. Our comments, including recommendations are well documented and include those of third party engineering and management consultants. Secondly, our presumption of the Tribes interests has slowed the closing of the project. I am now satisfied that we have stated the case specifically and at length. In the future I suggest that we defer to the owner, ie., the Oneida Tribal Business Committee on all matters relating to further problems which should be out of the scope of our responsibility.

I am convinced that we have done our best and should concentrate on successfully closing the general contractors responsibilities.

10-5 Housing Project

The Wisconsin 10-5 Housing Project to date is approximately 75 - 80% complete.

The last two phases are presently under construction with phase 6 (60-65%) complete. Included in this phase are six homes and the addition to the Site #11 Community Building. Due to the weather our subcontractor, Roland Murphy, requested the closing be rescheduled from August 24, 1978 to that of September 6, 1978. The subcontractor on the Site 11 Building has the building framed up and is presently started installing the floors and the painting of the building. We feel this should be completed in its entirety within the next three weeks.

Phase VI consisting of 8 homes and the paving of the Rolling Hills Road is approximately 10% complete at this time. Five of the basements are poured and two houses framed. At this time I would have to state that we will not complete the project by the September 15, 1978 deadline as is set forth in our contract. Our subcontractor has claims that this delay is too caused by the amount of rain we have had at this time. All subcontractors that we have on the site work that are ready to complete their work by the deadline of September 15, 1978 and are only being delayed by Mr. Murphys firm. Thus he will be responsible for any and all penalties for our failure to comply with the deadline.

Certified Audit

Enclosed for your consideration is the audit completed by Harry T. Merriman, Certified Public Accountant of Green Bay. The examination of the financial statements are as of December 31, 1977. For our current status I recommend to you the corporation's financial statements and meeting minutes which are submitted to the Business Committee monthly.

illustrated by a one line statement by Mr. William Dunsmoor of Seymour Lumber Company, our main supplier. I have enclosed his communication for reference.

We have met with the auditor and have agreed with him to install the necessary changes contained in his covering letter which is also enclosed.

As a result of the audit we plan now to consider changing our fiscal year to coincide with that of the Tribe's. Article VII of the By Laws of the Corporation provide that the fiscal year of the Corporation "shall begin on July 1st and end on June 30th of each year." We are now prepared to amend our By-Laws in whatever manner the Tribe shall direct. Further financial changes will be directed by the C.P.A. and the Officers of the Corporation.

In reviewing the financial status to date O.T.D.C. has:

- Achieved a Certified Public Audit
- Established a Bookkeeper/Office Manager position
- Established a Bookkeeper/Accountant/C.P.A. relationship on a permanent basis
- Established a firm credit base
- Completed Corporate Officer orientation of accounting standards and principles by a Certified Public Accountant.
- Continued to improve its financial operations consistent with generally accepted accounting principles.

O.T.D.C. has found it necessary to employ our accountant Mark Lallensack, on a five day a month basis. We would like to retain him on that same basis. However, it creates a hardship for him since he has no other employment. I personally feel that Mark has matured much as an accountant and would recommend him to the Tribe. Possibly, he would be used on a part time basis by other parts of the Tribe since he is very familiar with the peculiar characteristics and demands of handling public accounts. We look forward to the development of tribal members in the accounting field. In the meantime I feel that we should make provisions for non-Indians who serve us well. In the end Mark can leave the Tribe knowing that he has contributed and has been treated well in return.

It should be emphasized that the Oneida Tribal Development

recommend that all tribal organizations consider using a C.P.A. auditing system. Many people believe that a certified public accountant is some sort of investigator. Actually, a C.P.A. is the ultimate protector of public and tribal funds. The audit is the ultimate protection for elected officials and employed managers alike. O.T.D.C. has set a good example. I recommend that

- * The Oneida Tribe adopt a certified public auditing system for all departments - such audits to be paid for through the budgets of each funding source.
- * That the Tribe's remaining operations including administration be audited and included in the cost of administration. The master audit would take into consideration all completed program and project audits.
- * That a third party accountant familiar with tribal management and systems be called in to recommend whether or not such a system should be installed.

Management Training

O.T.D.C. requested two management trainees from the C.E.T.A. program. These trainees have not received their first evaluation yet, but it is rather clear that Barbara Skenandore, our bookkeeper/office manager trainee has quickly established herself as an indispensable part of the organization. The other trainee, Mike King is employed under the General Manager as a Construction expeditor management trainee. I have had no chance to personally evaluate his work since he works under the direct supervision of the General Manager.

It is recommended that other parts of the Tribe consider some similar method of providing for much needed Indian managers. Further details in the training process need to be worked out prior to any specific assessment of the success of this innovation.

Indian Action Team

Scattered Housing Project

O.T.D.C. is presently preparing for the development and construction of three houses to be constructed on scattered sites utilizing the Indian Action Team personnel and tradesmen instructors. This project has been advertised in the tribal newspaper requesting applications by September 1. There are already ten identifiable applicants. Present plans call for a committee of construction

architect. The trainees will be closely supervised by journeymen tradesmen. The goal of the project is to construct first class homes at a substantial discount of 25 to 40 per cent off cost. O.T.D.C. and the Indian Action Team are finalizing details and the Tribe will be updated on progress as the project proceeds.

The trainees will be an integral part of the team and are participating in the planning for the project. The President of O.T.D.C. has met with them to receive their input and assure them that trainee needs and goals will constitute a primary building block to the proposed project.

Proposed Projects

Future projects can be applied for as the opportunity arises, but in order to provide a basis for planning O.T.D.C. should report some of its ideas for the consideration of the Business Committee and its planning department. Briefly, these are some of the ideas worth considering:

A central supply warehouse to supply all contractors and private builders on the reservation.

A continued development of ways to construct scattered housing projects including new methods to finance homes that have superior heating and insulating designs at a low cost.

A possible commercial site along County E at some point. This area represents a buildup and sooner or later a commercial center will be built. I suggest that the Tribe plan for it now.

Request For Developer Designation

The aforementioned memorandum contains the highlights of some of the Oneida Tribal Development Corporation's activities. The most important request that we would like to make at this time is that the Oneida Tribal Business Committee consider O.T.D.C. as the prime developer of tribal projects in the future, two projects which immediately come to mind is block grant funds for construction activity and a project such as the proposed maintenance facility on H and Ranch Road.

Specifically the proposal is as follows:

That the Oneida Tribal Business Committee designate O.T.D.C. as the prime administrator of

supervise projects except for
those specifically required to
be bid.

Further business with the Business Committee can be
submitted during regularly scheduled Business Committee and
General Council meetings as well as through monthly reports.

Respectfully Submitted,



Ernest L. Stevens, Sr.