Memo to: Qualla 2020 Committee Members

From: John Weiser

Ben Sherman

Date: June 18, 2014

Re: **Notes from May 21st Meeting**

This memo presents the notes from the May 21st meeting of the Qualla 2020 Committee.

Meeting Attendees:

The meeting was attended by the following individuals from the Qualla 2020 Committee:

Chief Michell Hicks

Jim Bigwitch

James Caldwell

Tonya Carroll

Kevin Cornelius

Missy Crowe

Michelle Evans

Mary Jane Ferguson

Lynn Harlan

Robert Harris

Hope Huskey

Tammy Jackson

Carla Jamison

Glenda Junaluska

Marie Junaluska

Amy Kaloneheskie

Jason Lambert

Wanda Lawless

Lisa Leatherman

Christy Long

Krystal Luttrell

Adele Madden

Skooter McCoy

Steve Morse

Paxton Myers

Charlene Owle

Amy Parker

Forrest Parker

Paisley Raby

Ray Rose

Jacob Reed

Ryan Sherby

Russ Seagle

Perry Shell

Hannah Smith

John Tissue

Angie Votaw

Juanita Wilson

Paula Brown Wojtkowski

David Wyatt

Qualla 2020 overview

This was the fourth of six meetings for the Qualla 2020 Project. The committee reviewed the purpose and timing of the Qualla 2020.

The purpose of the Qualla 2020 Project is to diversify the Cherokee economy and reduce its risks so that it can better ensure the well-being of the Cherokee population into the future.  In order to do this, the Qualla 2020 Project will seek to mitigate the dependence of the economy on gaming revenues, and to develop and expand businesses in ways that uphold the core values of the Cherokee people.

There will be two additional Committee meetings:

* Friday, June 27, 9:00 am – 3:00 pm
* Tuesday, July 15, 9:00 am – 3:00 pm

Task teams will meet by phone between Committee meetings to develop detailed action plans for Committee review. At the final meeting in July, the Committee will choose action plans to recommend to EBCI Administration, EBCI Tribal Council and Cherokee Preservation Foundation.

Presentation on Trust Land Law and Regulation

John Weiser and Hannah Smith presented information on trust land law and regulation. To download the PowerPoint for this meeting, including these presentations, please click [here](https://www.dropbox.com/s/7e3mkzx5rmamb5p/Qualla%202020%20May%2021%20-%20final.pptx).

Key points that they reviewed:

* *Individual Possessory Holdings* 
  + The EBCI Attorney General holds that because of the specific way in which EBCI land is held in trust, individual possessory holdings are governed by EBCI statute, not by federal law.
  + The way that the law is currently written involves the BIA in leasing, but this law can be changed by Tribal Council without the BIA’s involvement or consent.
* *Leasing of Tribal Land*
  + HEARTH Act *(Helping Expedite and Advance Responsible Tribal Home Ownership Act of 2012)* establishes new framework for leasing tribal trust lands
  + The HEARTH Act allows all tribes to opt-out of the secretarial approval requirement when leasing their own lands for the first time in the history of federal Indian law. In effect, the HEARTH Act restores tribes’ inherent authority over the use and development of their own lands.
* *Compacting of Real Estate Functions*
  + Tribes have the authority to take over a part (contracting) or all (compacting) of the administrative functions performed by the BIA, the HIS, and other government entities.
    - EBCI has already compacted the administration of the Cherokee Indian Hospital from the HIS
    - More than 100 tribes have compacted one or more functions
  + Tribe may apply to take over the entire Reality Function that otherwise would be provided as part of the activities of the BIA. This may include Realty Services and Title Plant
    - Tribe may redesign programs and activities
    - Tribe must have appropriate data and management system, such as BIA Trust Asset and Accounting Management System

Real Estate Action Plans

Hannah Smith presented the outline for an Action Plan for developing a new legal framework for individual possessory holdings:

* Goal:
  + Fund the legal work required to conduct research on how/whether other tribes have changed statutes regarding individual possessory interests, and to develop draft statutes and regulations that would simplifying the process for leases and sales of individual possessory interests
* Activities:
  + Engage outside expert counsel
  + Survey relevant tribal experience
  + Review existing EBCI statutes, regulations and case law
  + Develop initial draft of new proposed statutes and review with Executive and Tribal Council leadership
    - Public comment and community engagement
  + Prepare final draft of new proposed statutes for submission to Council
  + Develop regulations and procedures required to fully implement new statutes
* Resources required: approximately $40,000 for research, legal drafting and community engagement

TheCommittee thought that this Action Plan had merit, and should continue to be developed in more detail.

David Wyatt presented an outline of the Action Plan for compacting the BIA Realty function:

* Goal: create an implementation plan for compacting the BIA Realty function
* Activities:
  + Assessment of current Tribal Land Records documents management by BIA
  + Analysis of Realty Services workflow and procedures
  + Recommendations and modifications to Land Records Management database schema
  + Estimate of the initial startup implementation cost
  + Estimate of the long-term operating cost
* Organizational leadership – Commerce Department
* Organizational participants in addition to Commerce
  + Tribal Housing Program - Paulette Cox
  + EBCI Courts – Hannah Smith and her staff
  + Chief’s Office - Paxton Myers
  + Finance – Corey Blankenship or his designee
  + GIS Office – David Wyatt
* Total cost of implementation plan development: $50,000

The Committee thought that this Action Plan also had merit, and should continue to be developed in more detail.

Attracting Knowledge Industries

Ryan Sherby presented the outline of an Action Plan for a marketing plan to attract knowledge industry businesses:

* Goal: identify and attract small-midsize knowledge businesses to Boundary and 7 counties of Western NC
* Activities:
  + Inventory and quantify the key assets of Mountain West Alliance region make it uniquely attractive to small, growing, entrepreneurial knowledge industry businesses
  + Conduct market research to develop clear profiles of target market segments/customers who would find the assets of Mountain West Alliance locations attractive.
  + Develop “market offering”: sites, information, incentives to share with potentially interested companies.
  + Develop and launch marketing campaign
* Organizational home: Southwest Commission
* Potential Partners: EBCI Commerce, Economic Development Depts of 7 Western Counties, Duke Energy, Drake Software
* Resources: TBD
* Potential funding in cash and in kind
  + Drake Software?
  + Special assessment from 7 counties?
  + EBCI? Cherokee Preservation Foundation?

Committee members suggested that it would be useful to connect this work with the work that is being done by Dr. Steven Morse and others at Western Carolina regarding the assets of the western NC region, and how these can best be positioned to help attract entrepreneurial businesses.

Jason Lambert noted that the Tribe is considering the potential for a Tribally-owned data center. The data center would likely not generate much in the way of jobs – these businesses are capital-intensive, but not labor-intensive. The current locations under study are not on the Boundary, so would not generate levy. The primary way that a data center might create financial benefits for the Tribe would be through profits generated by a Tribally-owned data center. This subject is still under study, and it’s not clear if and when the Tribe will move forward.

John Weiser presented the outline of an Action Plan to conduct a feasibility study for a fiber-enabled building and co-working space:

* Goal: determine whether sufficient demand exists at specific rental price points to support cost of fiber-enabled office building/co-work space (similar to Mojo in Asheville)
* Activities:
  + Develop profile of potential users
  + Conduct individual interviews and online survey of tech and home-based entrepreneurs businesses within a 30-mile radius/located in Jackson or Swain County
  + Develop estimate of potential demand for office and co-working space and a suite of services at particular price points
* Organizational leadership: Sequoyah Fund and Southwestern Commission
* Potential Partners: Chamber of Commerce, EBCI Commerce Department, WCU Small Business Technical Development Center, Haywood Committee College Entrepreneurial Program and the TERO Office.

The participants noted that Mojo in Asheville, which is a similar concept, has been very successful. Replicating that in Cherokee would be attractive. Mojo offers reciprocal memberships with co-working spaces in a number of other cities, and is potentially interested in franchising opportunities.

Participants also noted their concerns that Cherokee is smaller than Asheville, and so might not be able to support something similar to Mojo. Conducting a market study is the right next step to determine whether this approach might work in Cherokee.

Small Business Environment

Ray Rose presented an outline for a plan to improve the environment for small business development:

OPTIMAL SMALL BUSINESS BASELINE

Identify Target Clusters (examples)

* Art
* Technology
* Tourism
* Agriculture
* Nature/Outdoors
* Education

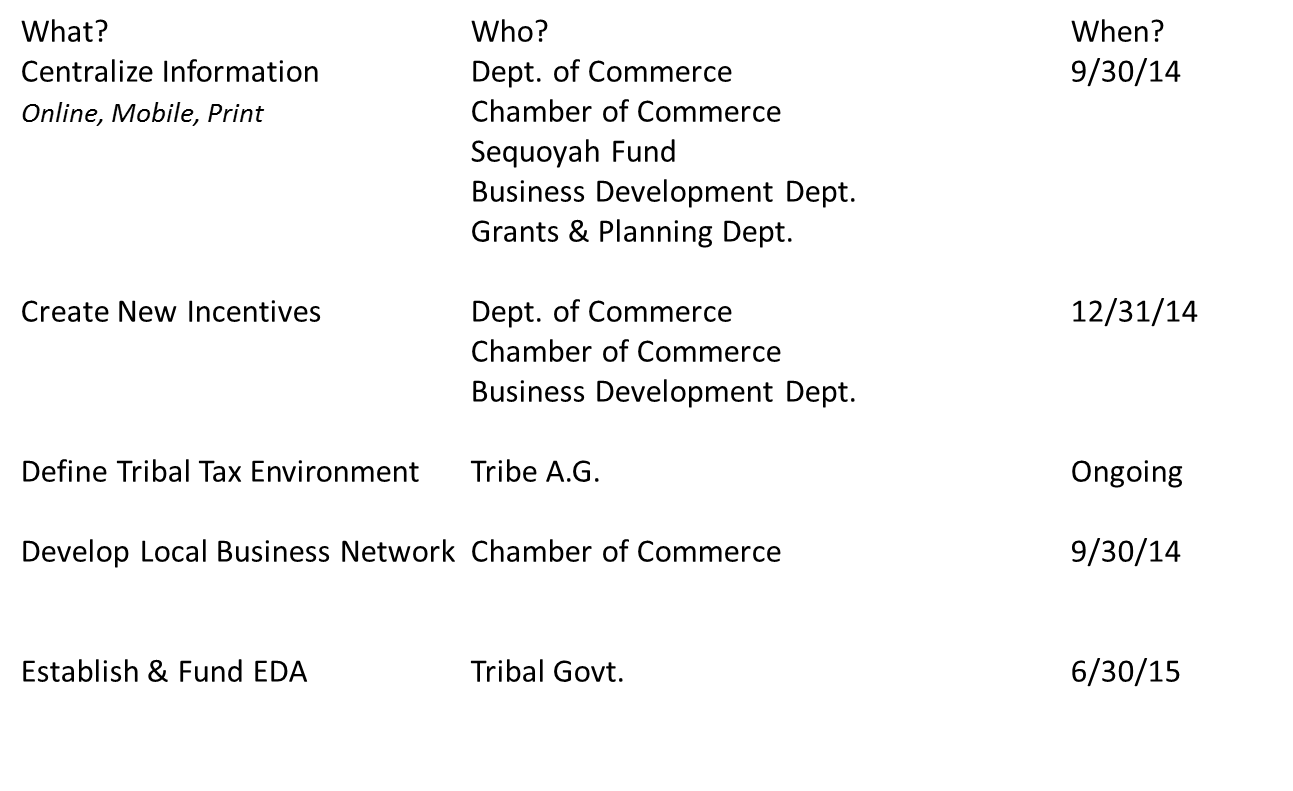
Provide Incentives (Tribal, Local & Federal)

* Tax Incentives (R&D, Job Creation, Special Incentives TBD)
* Access to Capital

Provide Information ( Centrally Located, Succinct, Accurate)

* Demographic
* Rules, Regulations & Approval Processes
* Workforce
* Housing
* Transportation
* Networking & Business Support

ACTION ITEMS



The participants discussed the environment for business in Asheville versus Cherokee. They noted that to compete with Asheville, it will be important to address the needs and the model requirements for the businesses that Cherokee is seeking to attract. Franchise businesses in particular typically have a set formula for the population, workforce and buying power that they want to see within the specific distance from their stores. One of the challenges that Cherokee faces is that its population, workforce and buying power typically fall below that the level required by the franchise business models.

The Commerce Department and the Chamber of Commerce might address this by working together to conduct a regional analysis of small businesses. This would start by looking at similarly-sized communities that have successfully expanded their economy, particularly their small businesses. Staff would look in detail at the retail and services businesses that have grown successfully in those communities, and note which businesses have successfully grown in those communities that are absent from the Boundary. This would give clues as to which businesses might be attracted to Cherokee and be successful on the Boundary. It would also provide a basis for Cherokee to develop its own model of effective buying power in the region, based on the companies, products and services that have been supported by other communities similar to Cherokee.

Participants also discussed the potential for Cherokee to attract and develop the “creative class” in the region. The term “creative class” was coined by Richard Florida, and refers to individuals who use knowledge as a primary asset in their work, and whose work includes creating new consumer goods and services. Florida’s thesis is that the creative class will be one of the main drivers of economic growth in US cities in the 21st century. Asheville provides an example of a city whose economy has been enhanced by its ability to attract young, talented members of the “creative class”.

The creative class can be attracted to Cherokee by the following assets:

* Outdoor adventure and greenways
* Diverse atmosphere and tourism
* Sense of community
* Clean and beautiful environment
* Native American culture and heritage
* One-stop shopping to set up business

The Boundary will, however, need to expand its restaurant and entertainment options to compete successfully with Asheville. It does not yet have a high enough level of these amenities to be seen as a very attractive area for the creative class.

Participants noted that the creative class can be developed among Cherokee residents (in addition to being attracted to Cherokee). The following approaches can be used to help develop the creative class:

* Education and training programs to support Knowledge Entrepreneurship
* Help with reaching external markets
* Access to expensive tools (example: Fab Lab)

Participants also noted the possibility of using tax incentives to encourage businesses to locate in Cherokee. This could include a tax moratorium on specific projects for a certain number of years. Businesses that locate on the Boundary can also take advantage of accelerated depreciation. Finally, the Tribal Council could create Business Improvement Districts, in which the government and businesses agree that any taxes paid by businesses over a baseline amount (the “tax increment”) will be used to fund projects in that community. This lets business and government go to the market together to get financing for projects in the community.

Support for 8(a) Businesses

Each year, the Federal government purchases $500 billion in goods and services. The 8(a) program provides opportunities for Native American Tribes and individuals to be able to participate in in these procurement opportunities.

The EBCI is currently considering the creation of a Tribal Enterprise Structure, which would be the entity that would hold the Tribal 8(a) license for the EBCI. Since this is already underway, there is no need for an additional action plan for the Tribal 8(a) certification. Instead, Qualla 2020 will focus on an action plan for assisting individual tribal members to apply for 8(a) certification.

Jim Bigwitch provided information on individual 8(a) certification. He owned and operated a business that received an 8(a) certification, and would be happy to provide detailed information to other Tribal members. There are many nearby opportunities for 8(a) contracts, including military bases and the Oak Ridge National Lab. Jim noted that forming a mentor/protégé relationship can be advantageous to the protégé, because the protégé can act with the characteristics of the mentor, which enables it to more easily meet bonding and experience requirements. He also noted that the Procurement Technical Assistance Centers (PTACs) can be very useful resources for individuals seeking to obtain 8(a) certification. The USET will be operating a PTAC for USET tribes.

Participants described a range of other programs that can be useful in addition to the 8(a) program:

* Hub Zone
* Indian preference at BIA and HIS
* 5% DOD preference for Native American contractors

Potential steps to assist individuals interested in 8(a) and other programs:

* Provide training required for 8(a) application
* Provide support for application costs
* Facilitate mentor/protégé relationships
* Provide training required for Hub Zone application
* Connect business owners to SBTDC procurement specialists and to PTACs

Next steps: Jim Bigwitch, Jason Lambert, Jacob Reed, and Paxton Meyers will meet and figure out an appropriate strategy for supporting individual business owners who are interested in 8(a) certification. They also will explore how to mitigate competition between the Tribal 8(a) corporation and businesses owned by individual Tribal members.

Tribal Enterprise Structure

Jason Lambert presented an update on the development of a Tribal Enterprise Structure. The Commerce Department is working on the development of this Structure. It is exploring the enterprise structures used by other Tribes, and developing an analysis of the pros and cons of different structures. The staff have developed a set of questions for Tribal Council, and are preparing a package for Tribal Council review. This will include a discussion of potential legal frameworks, including the possibility of creating a Section 17 corporation. The Commerce Department staff is also planning on discussing the Tribal Enterprise Structure with community members, to make them aware of the potential and to seek their input. The Commerce Department staff is seeking to complete the work by the end of this fiscal year.

Action Plan: Expand Sales of Cherokee Artwork

Russ Seagle updated the Qualla 2020 committee members on the Sequoyah Fund’s multi-part Action Plan to help expand the sales of by Cherokee artists (both traditional and contemporary) of their work. There are three elements to the Action Plan:

* Create and manage a web site that would enable the artists to sell their work on line. Currently, although the Qualla Coop has an excellent web site, it does not allow objects to be purchased on line. It also is limited to traditional art. The web site would be branded as authentic Cherokee art. The art that is sold through the web site would have some way of providing a demonstration of authenticity (perhaps a logo, a seal, or a document). The web site would be moderated by an artist’s council, which would eventually take over the running of the web site.
* Serve as middleman for Cherokee artists by purchasing their work and then selling it on consignment in stores off the Boundary. One potentially attractive location for sales is Colonial Williamsburg. The store there has indicated an interest in stocking Cherokee art in the past, but the Cherokee art community wasn’t able to guarantee the level of production that Colonial Williamsburg wanted.
* Provide micro-loans to finance the expenses that are associated with starting up an artist’s participation in live events off the Boundary.

This three-part proposal is complemented by the training for artists’ businesses provided by Onaben.

Russ and Vicki Cruz have talked, and Vicki is supportive of this effort. Vicki does not want to take on Internet sales at the Qualla Coop.

Action Plan: Strengthen the Chamber of Commerce

As noted at the last meeting, the Chamber is struggling financially. The membership is too small to support the Chamber on member dues alone. The Chamber will need the support of the Tribe to be financially sustainable in the long run. There may be a need to educate the public and business on the role of the Chamber – and the value that it creates for both public and business. Participants felt that it was important for the business community, the Chamber, and the EBCI Commerce Department to work together closely and to build the case for the Chamber. One potential approach would be to have the Chamber funded through the incremental increase in levy and privilege tax on all non-Casino businesses. If the Chamber helps small business on the Boundary to grow, and thereby and increase the levy and the privilege tax, it will gain a long-term source of support. The participants also discussed analyzing the return on investment (ROI) to increased support for the Chamber and the Fishing program.

The Chamber focuses on serving its members, and helping them to access markets. At the moment, the primary focus is on tourism businesses, which are the majority of the Chamber members. The Chamber will be expanding services for non-tourism businesses in the future.

The Chamber web site is one of the primary tools for supporting members. The web site provides visitors with a full range of information about attractions, events, lodging, restaurants and shops. Visitors can link to the web sites of all of these directly from the Chamber web site. The Chamber web site also has promotions for members, including discount coupons, special offers, and time-limited events and activities.

Participants discussed the following set of activities that the Chamber might take to strengthen its finances in the long run:

* Develop a business case for supporting the Chamber from levy and privilege taxes on Cherokee businesses
* Work with EBCI Finance to develop potential formulas for obtaining funding from levy and privilege taxes
* Seek sources of ongoing funding from levy and privilege taxes through EBCI Administration and Tribal Council
* In parallel with the above, create a plan for expanding business assets in Cherokee
* Develop and provide a complete array of small business services to Cherokee
* Collaborate with surrounding Chambers and economic development agencies to seek small business growth
* Serve as one-stop shop for information needed to start and expand businesses on the Boundary
* Host quarterly meetings between business and Tribal leadership to surface and resolve challenges to business growth
* Coordinate closely with the Destination Marketing Office to ensure maximum impact from marketing and promotion efforts

Amy Parker agreed to work on a first draft of the business case for supporting the Chamber.

Action Plan: Create Economic Development Coalition

Participants reviewed the action plan for creating an economic coalition to support small business attraction, development and growth. This idea is based on the experience of the Asheville Chamber of Commerce, and its positive relationship with the Asheville-Buncombe County Economic Development Coalition. Potential members of the coalition include:

* Cherokee Chamber of Commerce – Amy Parker
* EBCI Commerce – Jason Lambert
* Sequoyah Fund – Russ Seagle
* Destination Marketing – Skooter McCoy
* Swain, Jackson and Haywood Counties
* Smoky Mountain Host
* WCU – Steve Morse
* CPF – Mary Jane Ferguson

This would be similar to the Economic Development Coalition of Asheville-Buncombe Counties.

Specific activities that the Coalition would undertake:

* Develop a coordinated strategy to create new jobs in all sectors of existing businesses through expansion and growth
* Create and implement a coordinated plan to attract businesses to locate in Cherokee and the surrounding three counties
* Develop a strategy that encourages entrepreneurial efforts to start businesses in targeted fields
* Coordinate and integrate the efforts of economic development on the Boundary with neighboring interests, including economic development agencies and Chambers in Swain, Jackson and Haywood Counties

Action Plan: Build a More Vibrant Entrepreneurial Culture

Participants discussed the need to build a more entrepreneurial culture on the Boundary. As compared to other parts of the US, individuals on the Boundary are more likely to pursue a stable job with a salary and benefits than to strike out on their own to start a businesses. This action plan links to the discussion above on the environment for small businesses.

Specific activities that may be included in an Action Plan:

* Establish a baseline description of a desirable/optimal small business environment
* Complete research necessary to map the small business environment in Cherokee
* Identify gaps/constraints between Cherokee environment and baseline
* Prioritize the challenges and attack the problem
* Create incentives to come to Cherokee
* Develop the resources and avenues to connect with potential small businesses locally, regionally and beyond
* Offer Indianpreneurship training
* Start, gain momentum, and sustain the effort

Options for Increasing Tourism

Skooter McCoy, Director of Destination Marketing for the EBCI, presented an update on his department’s work in developing and sharing a vision for the development of a coherent set of districts in Cherokee:

* The CHA Board voted in favor of moving the Oconaluftee Indian Village down to 441.
* The Fly Fishing Museum is exploring the potential for a partnership with the Tennessee Aquarium.
* The Commerce Department is exploring potential sources of funding for feasibility studies.
* The Chamber and Destination Marketing are working together to build business coalitions by location across the Boundary.
* Skooter is seeking opportunities to engage with the Tribal Council to develop a deeper understanding of the plan, and to understand any concerns that they might have. He is planning on starting the discussions at the next Planning Board session (June). He is also seeking to have a work session with the Tribal Council, and has found work sessions to be an effective way of engaging the Council members.
* It is important to engage community members in discussion and input, although this can at times feel overwhelming. Helpful tools for reaching the community include community clubs, Smoky Mountain News, the One Feather and Channel 28.