



Oneida Nation
Oneida Business Committee
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April 23, 2019

RE: Status of Oneida Golf Enterprise and 2017-2019 Thornberry Creek LPGA Classic

Oneida Nation Citizen:

In September 2015, the General Tribal Council (*GTC*) approved issuance of a loan to support a three-year tournament with the Ladies Professional Golf Association (*LPGA*) from 2017 to 2019. There have been changes in the expectations regarding the tournament since that September 2015 approval. A comprehensive review occurred in March 2018 at a GTC meeting that extended to the May 21, 2018 reconvened meeting. You requested another comprehensive review at the March 25, 2019 GTC meeting.

Attached to this cover memo is a report regarding the 2017-2019 LPGA tournament and the Oneida Golf Enterprise (*OGE*). We have tried to cover all the questions that have been raised and tried to anticipate some that have not. During our development of this report we found that much of the information was already presented during a GTC or Oneida Business Committee (*OBC*) meeting and on-line through GTC and OBC meeting packets, minutes and resolutions. However, there was some information which we received that contains confidential proprietary information from vendors we, or OGE, has contracted with. We have tried to provide that information through excerpts or summaries where possible.

In summary, we confirmed our findings during this review that the LPGA tournament failed to meet financial expectations and that OGE has possibilities, but we need to get it back on track. This is why we have taken the following steps.

1. Through OGE, engaged Kemper Sports Management to manage the golf course to determine if OGE can be a profitable business.
2. Appointed a temporary OGE Agent and posted for a permanent position to carry out these duties, the Business Compliance Analyst to provide oversight regarding the business financial and marketing decisions.
3. Directed the temporary OGE Agent to reduce expenses and increase sponsor opportunities regarding the tournament.

We hope that you find this report helpful and informative.

Respectfully,

Oneida Business Committee

Oneida Golf Enterprise

Review of 3 Year LPGA Tournament 2017 to 2019

By Oneida Business Committee

With assistance from:

Chad Fuss, OGE Agent

Jo Anne House, Chief Counsel

Larry Barton, Chief Financial Officer

Troy Parr, Division Director, Community and Economic Development Division

Information for this report came from the following documents and reports:

- ✓ Special General Tribal Council Meeting, September 21, 2015 – materials and minutes
- ✓ Special General Tribal Council Meeting, March 19, 2018, May 12, 2018 and July 1, 2018 – materials and minutes
- ✓ LPGA.com website
- ✓ Oneida Business Committee – February 8, 2018 minutes
- ✓ OGE Annual Audits for 2016 and 2017

Confidential Documents:

- ✓ RFP # ED18-029 Request for Proposal for Professional Management Services
- ✓ Report – Alternative Structures for Oneida Golf Enterprise, dated January 26, 2018
- ✓ Report – JKeegan – Review of OGE and Golf Course
- ✓ 2013 Internal Audit regarding Complementary Items at OGE
- ✓ 2018 KSM regarding Credit Card Use at OGE

You have requested a report on Oneida Golf Enterprise (*OGE*) and the 2017-2019 Ladies Professional Golf Association (*LPGA*) tournament.

Amendment to the main motion...to direct the Treasurer to bring back a report on the entirety of the LPGA including: total funded amount; debt obligation; net/gross profit; initial action presentation to compare what was promised/discussed vs. the results; and that this report be mailed to GTC in 30 days of this date. *GTC Meeting, March 25, 2019*

The information provided in this report is based on reports submitted to the General Tribal Council (*GTC*), confidential documents submitted by OGE, IMG, and LPGA to the Oneida Business Committee (*OBC*), and minutes/resolutions from both the GTC and the OBC. Our desire is to continue to be as transparent as possible recognizing the successes and failures of the three-year business opportunity hosting an LPGA tournament in the years 2017, 2018, and 2019. In doing so, we are providing confidential information from materials we received in Executive Session and reminding members that this information should be maintained in a confidential manner and not released in accordance with resolution # GTC-03-17-2019, *Reconfirming the Declaration of Confidentiality of General Tribal Council Meetings*.

This report is broken into major activities occurring between September 2015 and the date of this report. The back-up material for the information below is accessible on the Oneida Nation's website under the Oneida Business Committee meetings or GTC meetings. However, we are unable to provide the IMG and LPGA reports as those documents contain proprietary information. To the best of our ability, we have included necessary information from those reports.

NOTE: This report will also be included in the July 2019 Semi-Annual meeting reports, tentatively scheduled for July 29, 2019. If there are updates, we will provide them at the meeting.

2015 Presentation and Assumptions – September 21, 2015 GTC Meeting¹

On Monday, September 21, 2015, the GTC met regarding the Fiscal Year 2016 budget, an opportunity to host a LPGA tournament, and other issues. A summary memo by the OBC, a presentation, and a resolution authorizing a loan were sent to the membership. The presentation at the GTC meeting involved greater detail. Discussion regarding the request was held and ultimately resolution # GTC-09-21-2015-A was adopted.

The proposal requested the Oneida Nation to sponsor the Thornberry Creek LPGA Classic for a three-year period. The tournament would be held by OGE on the Thornberry Creek at Oneida golf course. The total cost of the three-year contract was reported at an estimated \$16 million. The presentation requested that the GTC approve a \$8.65 million loan for the tournament. It was projected that the remainder of the needed funding would come from sponsorships, ticket sales and merchandise sales.

The presentation identified the following goals and/or benefits would occur leading up to and during the three years the tournament was held.

Opportunities for Members to Participate

- Provide significant giveback to Tribal Membership through experiences regarding the event

¹ Reference - excerpt of meeting materials, minutes, and resolution for September 21, 2015.

- All GTC has the opportunity to get involved
- All GTC Members have complimentary access to the event
- All GTC Members have access to Oneida Nation Hospitality tent
- LPGA will host clinic for Oneida Juniors

National and International Exposure Through Media

- Gain nationwide recognition regarding the Oneida Nation as a brand and destination
- Charitably give back to Oneida Nation endeavors, estimated at \$250,000
- 40,000 spectators expected to visit the area annually
- 750 volunteers needed
- Best players in the world would attend
- Oneida would be featured globally on NBC's The Golf Channel and on Social Media
- Broadcast in nearly 75% of the countries around the world
- Broadcast reaches 257 million households
- 54 National ad units on The Golf Channel
- Total impressions through all outlets would exceed 1 billion on an annual basis
- Offers the Nation to be known on a Global Scale

Economic Impacts

- Economic impact would range from \$8M - \$15M
- Reduce hard cost to the ownership by 66% through key sponsorships, pro-am entries and event attendance
- Eliminate final hard cost of 34% by driving traffic into revenue outlets through innovative marketing
- Generate profit through gaming, hotel nights, retail, tourism, future destination bookings at Thornberry Creek at Oneida and any other opportunities presented within the Nation's outlets
- Advertising value alone is worth \$11.6M
- Radisson and Wingate would be filled at peak rates leading up to and during event week
- Using ticket promotions, we can drive traffic to our One Stops and retail outlets
- Gaming can use tickets and hospitality to entice players to play more
- Thornberry would see an influx of rounds surrounding the event
- Seek out Tribally owned businesses for products pertaining to the event.
- Potential: Sponsorship sales = \$2.7M
- Potential: Radisson, Wingate, Gaming revenues would exceed \$1.9M
- Potential: Pro-am, tickets, program, merchandise and F&B would exceed \$1.2M
- 3 Years = \$13.5M to host the Oneida LPGA Classic at Thornberry Creek as Tournament Owner
- 3 Years = \$2.5M in renovations including parking lot expansion, practice tee renovation and equipment
- 3 Years = Estimated Revenues: Sponsorship sales = \$8.7M
- 3 Years = Radisson, Wingate, Gaming revenues exceeding \$6.2M
- 3 Years = Pro-am, tickets, program, merchandise and F&B sales exceeding \$3.9M
- 3 Years = Total Cost = \$16M; Total Revenues = \$18.8M
- 15-year payback with payments being made as soon as sponsorship dollars come in

After discussion regarding the presentation and options, the following motion was adopted by the GTC.²

Motion by Nancy Skenandore to adopt GTC resolution 09-21-15-A Approving Authority to Loan Funds to Oneida Golf Enterprise Corporation (pages 9-10 of meeting packet). Seconded by Mary Adams. Motion carried by hand count: 1090 support, 151 opposed, 57 abstained.

For the remainder of 2015 through the tournament in July 2017, OGE finalized improvements to the course and the clubhouse required to meet LPGA standards. In addition, the development of sponsorships and identification of charitable donation and fundraising opportunities were made. OGE also contracted with the firm IMG to manage the tournament leaving OGE personnel available to manage the golf course. IMG was also responsible for identifying and engaging

² The quorum for this meeting at 6:15 p.m. was 1633 members.

sponsors, excluding those vendors that the Oneida Nation already had a working relationship. Those vendors would be contacted by OGE for potential sponsorship.

Improvements to the course and clubhouse included finishing the ground floor areas which involved creating a locker room space and finishing the dining and bar area. Other improvements involved meeting code requirements to allow the space to be used by the public. OGE increased the parking lot area by purchasing the two residential lots that hid the entrance. This allowed better identification of the golf course and the clubhouse from the road. The practice tees were moved and increased in size, and areas of the course itself were improved to meet LPGA standards. Finally, outdated course maintenance equipment was replaced.

OGE also sponsored a competition for members to create the tournament trophy which was advertised in the November 17, 2016 edition of the Kalihwisaks. The submissions were delivered to the board of directors of Woodland Indian Arts, Inc. for selection of the winner. Oneida artist Scott Hill's submission was chosen from among eight creative proposals. The Sky Woman trophy brings together the Oneida Nation's culture, history and proudly represents the LPGA golfers and the Thornberry Creek LPGA Classic tournament champion.

Finally, the course itself was prepared for the tournament in the month leading up to July 2017. This included creating grandstands at the conjunctions of the 1st and 18th holes, 3rd and 17th holes, and the 9th, 10th, 14th and 15th holes for ticket holders to watch. This also included setting up lines and direction markers for traffic on the golf course for viewers, setting up the Oneida Welcome Center, and installing the cameras and microphones used during the tournament broadcast.

Sponsors for the first tournament included Green Bay Convention and Visitors Bureau, Dean Distribution, WPS/WEC, Prevea, Prudential, US Oil, Water Joe/Nicolet, Nicolet National Bank, Festival Foods, Nike and Staples. In addition, Oneida related sponsors included Oneida Casino and Bay Bank. However, during the initial drive for sponsorships, it was identified that vendors of the Oneida Nation are also likely vendors related to federal grant funds. As a result, under federal regulations and the Super Circular regarding grant expenditures, the Oneida Nation was unable to release the names of its vendors. This resulted in OGE being unable to use Oneida Nation representatives to contact vendors resulting in the much more difficult 'cold calling' options.

July 2017 – First Tournament; September 2017 – Tournament Close-out Report

The Thornberry Creek at Oneida Golf Course was closed for about two weeks during July to host the Thornberry Creek LPGA Classic and the Pro-Am tournaments. During these two weeks, the course was visited by 62,000 visitors, exceeding the estimate of 40,000 visitors. Of those watching the tournament, 2,800 were Oneida members.

LPGA research identified that a significant percentage of LPGA fans were likely to follow tournaments in person. Further, that those same LPGA fans were also likely to visit the Oneida Casino facilities. Both of these factors impacted Oneida Nation enterprises such as the Radisson and Wingate for overnight stays, Oneida Retail for fuel purchases, and Oneida Casino for gaming opportunities.

What attendance, ticket sales and our enterprise revenues showed us was a clearer picture of who attended the tournament. Advance sales of the tickets, about 49% of the total sales, came from within Wisconsin – about 91%. Half of those Wisconsin tickets came from within a 40-mile radius of Thornberry Creek at Oneida. The remainder of the advance sales primarily came from Minnesota, Michigan and Florida.

Over 50% of all ticket sales came from on-site purchases. Saturday and Sunday had the highest attendance at 15,000 and 12,500 spectators each.

How did this translate to revenue generation in our enterprises? In comparison with previous years:

- Radisson room revenue grew 32% over the prior year, estimated at \$32,244.³
- Wingate room revenue grew 14% over the prior year, estimated at \$27,315.⁴
- Oneida Casino revenue had an additional bottom line profit of \$76,000.⁵
- Oneida Retail fuel purchases increased by 11%.⁶

What did this mean overall? Our expectation that ticket sales would lead to greater room stays was not realized since 91% of the advance ticket sales came from within Wisconsin. In addition, our ticket sales goal of \$100,000 was not met, with only \$94,000 in ticket sales.

All these visitors did translate into other revenue opportunities. Merchandise estimates of \$50,000 was exceeded by the actual sales of \$84,000. Concessions on the course also exceeded expectations with actual sales of \$75,000 and in the clubhouse additional sales of \$35,000.

Did OGE reach its goal in engaging sponsors for this event? No, because of the restrictions on use of the Oneida Nation's vendors, OGE was unable to leverage our relationships to obtain meetings with area vendors. The sponsorship goal for the 2017 tournament was \$1.6 million, the actual amount of financial sponsorships was \$458,000 and in-kind sponsorships was \$440,000.⁷ The result of this failure to meet sponsorship goals impacted two areas – repayment of the loan and meeting long-term financial expectations.

The \$8.65 million loan for the 2017-2019 tournament was set up to begin repayment through the revenue generated through the sponsorship contracts. These sponsorship funds would reduce the need for reliance on the loan. However, by failing to meet the goal for the 2017 tournament, no interest payments have ever been made. OGE was in default on the loan thirty days after the first

³ Reference – September 21, 2015, Presentation – Radisson was projected at \$360,000 based on \$199 room rate using only 260 rooms. The figures for the 2017 tournament were presented in the May 12, 2018 GTC meeting materials.

⁴ Reference – September 21, 2015, Presentation – Wingate was projected at \$59,000 based on \$169 room rate using only 50 rooms. The figures for the 2017 tournament were presented in the May 12, 2018 GTC meeting materials.

⁵ Reference – September 21, 2015, Presentation – Oneida Casino was projected at \$1.5 million in revenue with a bottom line profit of \$120,000. The figures for the 2017 tournament were presented in the May 12, 2018 GTC meeting materials.

⁶ Reference – May 12, 2018, Special GTC meeting minutes – note, that fuel volume purchased remained the same, the cost of fuel cost increased, the profits from fuel remained consistent.

⁷ Reference – March 19, 2018, Special GTC meeting minutes. In-kind sponsorships include goods or services such as the Prevea medical service.

sponsorship was received. The Finance Department, Law Office and OBC continued to monitor the loan and it appeared very early on, and confirmed by the 2018 tournament close-out report, that the likelihood of repayment of the loan was very low.

However, OGE did meet media projections. The report from LPGA regarding media coverage shows where advertising and viewers of the tournament were located. For newspaper and articles written – the two highest days of coverage was July 9th with 708 articles and July 6th with 750 articles. The tournament appeared in media places around the world – 2342 placements in the United States, 307 in Canada, 96 in India, 55 in the United Kingdom, and 45 in China – through more than 120 credentialed media representatives. There were over 4 million page clicks on the LPGA websites, 214,000 social media clicks, including 2,975 tweets and 31,000 Instagram posts. A summary of the value of the media coverage is in the following table.

Item	Key Details	Impressions	Estimated Value
Press/Media	<ul style="list-style-type: none"> Local and national media coverage (print, TV, online) Media coverage	4.8 billion	\$4.8 million
Television	<ul style="list-style-type: none"> Golf Channel and International distribution Leaderboard graphics, audio mentions, signage, etc. 	466 million	\$7.6 million
On-Site	<ul style="list-style-type: none"> Signage at tournament 	67 million	\$1.2 million
Digital (Web, Mobile, Social)	<ul style="list-style-type: none"> LPGA.com, mobile sites Social media (Twitter, Facebook) 	4.8 million	\$92,000
Total Impressions & Estimated Value		5.4 million	\$13.7 million

The tournament also provided charitable giving and funding opportunities, of which there were three major actions – a clinic, dinner, and concessions. Overall, over \$40,000 in charitable funding was raised.

First, WPS provided a donation to the Oneida Nation through the Oneida Youth Leadership Fund. For the 2017 tournament, \$10,000 of these funds were used to host a Junior Clinic. The golf clinic was opened for registration for Oneida Nation members until 40-50 positions were filled and then opened to the public. Of the 100 spots, almost 60% were filled by members. The clinic was a two-hour opportunity to learn the fundamentals of golf. “The clinic features instruction and exhibitions by LPGA Tour players and LPGA and PGA teaching professionals.”⁸

The second opportunity was the Parks & Recreation Department of the Governmental Services Division held the Indigenous Games Dinner.⁹ The purpose was two-fold – to introduce our Indigenous Games athletes at the dinner and to the LPGA golf professionals attending, and to raise funds for the 2020 Indigenous Games. This dinner raised \$23,800 which was deposited with the Oneida Youth Leadership Institute to manage on behalf of the Indigenous Games Wisconsin athletes. Sponsors included Comcast/Spectrum, HVS Productions, Microsoft, Ignace Health Center, Native Health, American Indian Chamber of Commerce, Margaritas, as well as Oneida Casino.

⁸ Reference – see description at LPGA.com.

⁹ The Parks & Recreation Department of the Governmental Services Division is the lead contact regarding the Indigenous Games – Team Wisconsin and more specifically Team Oneida athletes. The funding raising was specifically for Team Oneida athletes.

Finally, during the tournament, community organizations were encouraged to manage food and beverage stations on the course. Each community organization received a percentage of the sales based on the hours worked.¹⁰ This opportunity had four community organizations, with a total of 118 volunteers, that generated \$8,144 in funding. This funding was placed with the Oneida Youth Leadership Institute on behalf of each community organization.

In summary, the 2017 Thornberry Creek LPGA Classic was an expected one-year financial loss. Unfortunately, it was a greater loss than was anticipated which was likely to affect the three-year projections regarding the business proposal. The tournament infused \$7.2 million into the Oneida and surrounding communities, there was an estimated \$13 million in media value, and more than \$40,000 in charitable fundraising.¹¹

It became clear to the OBC that OGE, IMG, and the LPGA needed to improve the amount and type of sponsorships, increase ticket, merchandise and concessions sales, and lower expenses for the three-year financial projections to be realized. The OBC began requiring reports at every Executive Session of the OBC meetings which included financial reporting to try to correct the revenues and expenses so that the three-year projection could break-even. The OBC determined it was unlikely that there would be a profit over the entire tournament series as initially projected.

December 2017 – Notice of Agent Mismanagement

The OBC had approved the Finance Department's management of the loan for the tournament which required documentation of expenses. As a part of this process, concerns were raised regarding some of the expenses requesting reimbursement. The OBC then received notice of misuse of credit cards by OGE representatives.

The initial information regarding expenses was reviewed and the OBC determined that the credit card abuse had occurred at both OGE and the Oneida Airport Hotel Corporation. On January 15, 2018 the OBC terminated the OGE Agent appointment and contract and the appointment to the Oneida Airport Hotel Corporation Board of Directors. The OBC also directed the Audit Committee to obtain a forensic audit from an external firm. The forensic audit was conducted by RSM and the final report was received July 26, 2018.

The RSM report identified that OGE lacked necessary checks and balances regarding the use of credit cards and managing expenses. The report also identified that the misappropriated funds through credit card use and cash advances amounted to approximately \$5000 was repaid prior to the conclusion of the audit. No other outstanding expenses were identified. The OBC accepted the audit report which allows members to schedule time with the Internal Audit Department to view the report.¹²

¹⁰ Reference – Report from Chairman's Office – the volunteers for the 2017 tournament concessions were associated with – Oneida Community Lacrosse Program, Tetwanhatenyas (Rights of Passage), Wise Women Gathering Place and Team Wisconsin Box Lacrosse.

¹¹ Reference – March 19, 2018 GTC meeting presentation – this information is from the March 19, 2018 report to the GTC and is based on LPGA impact information. The financial impact is to Oneida Nation and non-Oneida Nation businesses.

¹² Because the funds had been recovered, no criminal complaint could be filed.

In addition to the above, a Standard Operating Procedure was developed by OGE which details how credit cards and expenses are managed. Further, the OBC discussed with the Chief Operating Officer and General Manager about appropriate expenses related to the tournament. Finally, they were reminded about the appropriate documentation of the use of complimentary expenses and the 2013 audit of OGE.¹³

January 2018 – OBC Requests/Receives Opinion Regarding Continuing or Discontinuing Tournament – Costs

The OBC received the results of the 2017 tournament. As identified above, the close-out report showed that sponsorship goals were not reached because of being unable to access vendor contacts and visitors proved to be more local than overnight stays. OGE presented an estimate of the potential need for funding the 2018 tournament. The Chief Financial Officer, in December 2017, expressed concerns regarding the three-year projections for the tournament and that it was highly unlikely that the sponsor projections could be met. This was repeated in January 2018 after the Chief Financial Officer was able to review the 2017 close-out report and the 2018 projections.

The OBC requested a review of the LPGA and IMG contracts to determine if OGE could terminate the contracts and the financial impact of that action. Based on a review of the contracts, it was identified that if the tournament not held, OGE would still be responsible for approximately \$5 million in contract costs. In addition, the potential negative impact on the Oneida Nation or OGE for canceling the tournament and the sponsorships received would increase that cost. Further, the close-out report identifies that there was positive impact on the awareness of the Oneida Nation and golf course.

February 2018 – OBC Converts \$2.84 Million to Capital Contribution and Increases Loan by \$2.2 Million¹⁴

In 2015, the GTC adopted a resolution which provided a loan of \$8.65 million to OGE. There were two key presumptions in not authorizing a loan for the full cost of the three-year tournaments – the vendor list of the Oneida Nation would be available with representatives assisting in making contact and out of town visitors would be predominant. Neither of these presumptions turned out to be true.

As a result, OGE required additional financial assistance. The OBC reviewed the request and made two determinations. First, that OGE would present a report on its status at a GTC meeting. This would ensure that there was ongoing transparency regarding the LPGA tournament.

The second action involved the original \$8.65 million loan. Of the total loan, \$2.84 million involved improvements to the facilities and grounds. This type of improvement is generally a capital improvement and identified as equity and not a loan. The OBC requested Larry Barton, Chief Financial Officer to confirm that converting this portion of the loan into equity in OGE would be consistent with FASB and GAAP accounting processes. We received confirmation of that action through RSM, our auditing firm.

¹³ Reference – Internal Audit Report of OGE was issued June 13, 2013 and covered FY2009 – FY2012. The report is available for members to view by contacting the Internal Audit Department.

¹⁴ Reference – OBC minutes February 8, 2018; May 21, 2018 GTC meeting materials and minutes.

A special OBC meeting was scheduled on February 8, 2018 to finalize decisions regarding funding and reporting to the GTC. There were two motions made at that meeting.

Motion...to convert \$2,841,664 regarding the capital improvements from GTC-9-21-15-A OGE loan to capital contribution[.]

Motion...to increase the GTC-9-21-15-A OGE Loan by \$2.2 million to cover the financial gap noticed to General Tribal Council at the September 21, 2015, meeting[.]

March 19, 2018 – GTC Meeting – Overview of Tournament and Need for Additional Funding¹⁵

A special GTC meeting was called for March 19, 2018 to review various items, one of which was to provide a report on the OGE 2017 LPGA tournament. This meeting was opened on March 19, 2018, recessed to May 12, 2018, and recessed until July 1, 2018, when the meeting was adjourned. The Treasurer introduced the agenda item and Josh Doxtator, OGE COO who then presented the report.

The presentation reviewed the financial status of OGE and the LPGA tournament. Highlights of expenses, revenues and sponsorship revenues. The presentation identified that OGE failed to meet sponsorship goals because of the inability to utilize contacts with Oneida Nation vendors. In addition, the presentation identified the intangible benefits (increased media coverage and increased name recognition) resulting from the 2017 tournament.¹⁶

At the conclusion of the presentation, discussion began with questions about the financial needs of OGE and property taxes. A motion to accept the report and recess the meeting was made and a call for the question made soon thereafter.

Motion by Madelyn Genskow to accept the Treasurer's report regarding financial position, status, and needs of Oneida Golf Enterprise; to recess this special GTC meeting for sixty (60) days; and to continue where we left off, second by Linn Cornelius. Motion carried by hand count: 1070 support, 261 opposed, 43 abstained.

A point of order was raised regarding the financial needs of OGE being met if the motion to accept the report and recess was adopted. The Chairman ruled the question out of order stating, "it's just a report to General Tribal Council. There is no action items for them to approve, just a report[.]" *GTC Meeting, March 19, 2018*. The vote on the motion carried and the meeting was recessed until May 12, 2018.

On May 12, 2018, the special GTC meeting was reconvened. At the opening of the meeting the Chair began to open discussion on the next item on the agenda. After much discussion, a motion was made to revisit the two reports under New Business regarding the Oneida Airport Hotel Corporation and OGE. Discussion regarding these two corporations was opened again responding to the list of questions Tina Danforth had presented at the March 19, 2018 meeting. The short answers to these questions were mailed out, along with the agenda for the May 12, 2018 meeting. No supplemental presentation was given.

¹⁵ Reference –March 19, 2018 special GTC meeting materials and minutes.

¹⁶ Reference – March 19, 2018 special GTC meeting presentation regarding the 2017 tournament estimated the value of media coverage at \$13 million.

Discussion covered multiple topics, including:

- Motions to terminate or remove Josh Doxtator as the OGE Agent.¹⁷
- Concerns regarding the sale/distribution of alcohol during the event.
- Clarifying vendor contacts through the Oneida Nation were not accessible.
- Clarifying this was a three-year business plan with many of the expenses being in year one.
- Potential co-sponsor of the trophy no longer being feasible because of resignation of tribal chair and tribal elections.
- Historical business losses of the Oneida Nation.
- Positive results of increase in the number of golfers and stay-and-play golfers.

After it was identified that the answer to one of the questions regarding OGE was in error, a main motion was made requesting back-up documentation to the answers to the questions be made available. The main motion was amended to request a report on malfeasance by the prior OGE Agent. The amendment was adopted. However, prior to acting on the main motion, a second amendment was made tabling the item.

Amendment to the main motion by Kerry Cornelius to table this item until the documentation can be verified to ensure accuracy and can be trusted by the GTC. Second by Sherrole Benton.

Motion carried by show of hands.

The Chair recognized the motion to table as being in order because some information was missing from the March 19th and May 12th materials and the information needed to clarify or correct the May 12th materials was not immediately available. The Chair identified that if the GTC does not take the item off the table at the reconvened meeting the matter would be concluded.

There was no further action taken on the tabled item when called back to order on July 1, 2018. The agenda of the special GTC meeting was finished and the motion died when the meeting was adjourned.

May 2018 – Allowable Business Expenses - Reminder

Because the Finance Department had required invoices and documentation of expenses, they were able to identify expenditures that fell outside of the Oneida Nation's expense policy. This was brought to the attention of the OBC and reviewed based on the type of activity and contracts to determine appropriateness of the expense. Primarily this involved travel, meals, alcohol and tobacco expenses and appeared to occur during the sponsorship development meetings by both IMG and OGE.

A review of the contract with IMG identified that the expenses were properly submitted and were within IMGs expense policy. On the other hand, it was clear that the discussion that occurred regarding the prior OGE Agent was not being properly carried out. Although expense reimbursement is a lagging measure or activity, it was clear to the OBC that little change was made in the month following the January 18th action terminating the OGE Agent.

¹⁷ Both of these motions were called out of order as piercing the corporate veil and not being noticed on the agenda.

The OBC directed the liaisons (Chairman Hill, Treasurer King, and Secretary Summers) to meet with the Chief Operating Officer and the General Manager to clarify the requirements regarding allowable business expenses. This was documented through a letter hand delivered on May 9, 2018. This letter clearly identifies acceptable expenses and required OGE to clearly identify this to its staff and amend its policies to require specific documentation of the purpose of the expense, who was present at the meeting, among other information.

July 2018 – Second Tournament; December 2018 – Tournament Close-out Report

The Thornberry Creek at Oneida Golf Course was once again closed for about two weeks during July to host the Thornberry Creek LPGA Classic and the Pro-Am tournaments. During these two weeks, the course was visited by 64,000 visitors, an increase in 2,000 visitors over 2017. There were 144 LPGA golfers in the tournament. The economic impact to the local area was estimated at \$7.4 million. The overall budget for expenses was \$4.9 million, and actual expenses were \$4.5 million.

The majority of ticket sales were on-line, with 88% of those sales from within Wisconsin. Of those tickets, 31% were sold to fans in Brown County, and 12% were sold to fans in Outagamie County. Of the total number of visitors, 33,700 were day trippers, and 30,300 were overnight guests. Admissions sales were estimated at \$100,000 and actual sales were \$80,000.¹⁸

OGE estimated sponsors would raise \$1 million. Actual sales reached \$772,000. Although much of this was from returning sponsors, OGE was still unable to rely on the Oneida Nation to initiate contact with vendors. This resulted in a lower than projected sponsor sales. However, some in-kind sponsors were able to lower the expenses of the tournament, such as the Yamaha sponsor of golf carts which reduced expenses by \$40,000.

Based on confidential information from the LPGA, media exposure through television, Facebook, Twitter, Instagram, among others, had an estimated \$12 million. There were 9433 people live-streaming the event. Viewer statistics were similar to 2017, however the final rounds of golf did have fewer viewers.

The financial impact to Oneida enterprises was slightly higher. OGE, and the tournament management company IMG, placed greater insistence on media, security, and other tournament related personnel staying at either the Radisson or the Wingate. The total revenue from both facilities was estimated at \$28,000 with special events revenue estimated at \$66,000. Retail estimated a 42% increase in fuel sales or a 14% increase in fuel volume sold, and an impact of \$223,000.

However, OGE was unable to make projected revenues. This resulted in expenses exceeding revenues, even with increased revenues and decreased expenses compared to 2017. The three-year tournament continued to be a financial loss regarding the revenues and expenses, but the intangible benefits continued to maintain similar value.

¹⁸ Two factors may explain the reduced on-site ticket sales. First, the weather during this week was extremely warm, often exceeding 90° F. Second, Sei Young Kim, the 2018 Tournament Champion, was significantly leading during the end of the tournament.

Once again, the tournament also provided opportunities for charitable giving and fundraising opportunities. A second junior golf clinic was sponsored by WPS. The total amount of charitable events and fundraising opportunities exceeded \$30,000.

The Parks & Recreation Department of the Governmental Services Division held the 2nd Annual Indigenous Games Dinner. The athletes were introduced to those attending and were given opportunities to meet and talk with LPGA golfers. The sponsors for this dinner included UWGB Pheonix, DiTronics, Karma Group, HVS Productions, and Oneida Nation gaming and corporate entities. The dinner raised \$12,300, and the silent auction and raffle raised an additional \$1200. This was deposited with Oneida Youth Leadership Fund.

The concession sales at the 2018 tournament were also managed through volunteers who received a percentage of sales and tips based on the hours volunteered. There were eight community groups volunteering the concessions stands with a total of 1340 hours volunteered. The fundraising amount distributed to the eight community groups totaled \$7,000.

In summary, the 2018 tournament was also a financial loss, fundraising generated slightly less revenue, and intangible revenues remained somewhat consistent. It is likely that the visitor demographics remained consistent, although though most tickets were sold on-line to persons living in Brown and Outagamie Counties. Hotel stays may have remained consistent because of tournament staff staying at the Radisson or Wingate. The higher number of visitors should have resulted in higher concession revenues. However, it is believed that the number of days with high heat and the early lead taken by the tournament champion led to fewer visitors the last days of the tournament.

February 2019 – Management Company

There were three drivers regarding the OBC's decision to engage a management company for OGE. The first involved the change from a board of directors to an Agent because of the inability of the board to work together in 2016 and then termination of the Agent's appointment arising out of mis-use of the corporate credit card in 2018. The second reason involved the mis-use of corporate funds on business related expenses. In May 2018, the OBC notified the Chief Operating Officer as inappropriately charging meals, alcohol and tobacco products regarding sponsor negotiations after having received notice January 2018 about those practices. Finally, in August 2018, while the OBC felt that OGE could be profitable, the continuing failure of OGE to meet the tournament budget caused additional concern.

The OBC requested a report on options for management of the golf course, bringing the course in-house as a gaming or hotel amenity, and cancelling the remaining year of the tournament. The report was submitted in January of 2018. The report provided information regarding alternative structures for OGE – internal enterprise; combined with Oneida Airport Hotel Corporation as a subsidiary or through dissolution of OGE and transfer of assets; maintain current operations without an Agent; agreement to manage property; agreement to lease property. The Oneida Business Committee determined that a management agreement would provide the necessary corrections to OGE policy, procedures and provide the clearest financial picture at the end of the five-year management contract.

The OBC entered into a contract with JJKeegan to create the request for proposals (*RFP*) and assist in the interview and selection of a management company. Mr. Keegan, working with Troy Parr, Director, Community and Economic Development Division, developed the RFP that was presented to seven pre-qualified firms on October 16, 2018.¹⁹

A review of the RFP responses identified that six of the seven proposals met the RFP criteria and those management firms were invited to be interviewed.²⁰ At the end of the interviews, Kemper Sports Management (*KSM*) was selected by the 9-member selection committee. The contract negotiations were concluded by late January 2019 and presented to the OBC for review.²¹ OGE entered into the contract through its new Agent Chad Fuss, and implementation began on February 15, 2019.²²

KSM is expected to overhaul the operations of OGE but will not participate in management of the 2019 PGA tournament. However, soon after conclusion after the third year of the tournament, KSM is expected to report on the viability of continuing the tournament or taking on other special events as revenue producing activities. While it is clear that the 2017 – 2019 PGA tournament was financially unsuccessful, it may be possible that with some changes the tournament could be successful. The OBC does not anticipate that KSM will make a recommendation to continue the tournament at the end of the contract. Ultimately, the goal of the OBC in deciding that a management contract was needed is to determine whether the golf course can sustain itself without tribal contribution, even if that simply means the course breaks even financially.²³

July 2019 – Third Tournament

The 2019 tournament is scheduled to be held July 2-7, 2019. The tournament budget project \$812,000 in sponsorships with a total of \$954,500 in tournament revenues. Excluding the 2019 purse of \$2 million, the expenses related to the tournament are expected to be \$2.8 million, leaving a \$1.9 million shortfall. The April report from OGE on the 2019 PGA tournament

¹⁹ The team creating the RFP included JJ Keegan, (leader) Troy Parr, Division Director, Larry Barton, Chief Financial Officer, and Jo Anne House, Chief Counsel.

²⁰ The OBC reviewed the responsive bids and based on qualifications, price and prior managed courses determined that six of the seven respondents would be interviewed.

²¹ The contract negotiation team consisted of (leader) Jo Anne House, Chief Counsel, Troy Parr Division Director and Larry Barton, Chief Financial Officer.

²² Reference – February 8, 2019 and March 27, 2019 OBC meeting minutes – Chad Fuss was appointed as an interim Agent for OGE while the OBC developed the job description for a business compliance analyst position to serve in this capacity on the Nation's small business entities. The job description # 03029 for this part time position was posted on April 23, 2019. The primary purpose of this position is analysis of business plans and financials to ensure compliance with corporate goals.

²³ The 2016 and 2017 by WIPFLI annual audits identify that OGE is a 'going concern,' but that status is reliant upon ongoing receipt of tribal contributions. "Going concern" means that the business is likely to continue in operation. An audit will note that a business is in financial distress by indicating that there is "substantial doubt about an entity's ability to continue as a going concern for a reasonable period of time," generally considered as one year. The audits of OGE contain the following statement in Note 2 of the 2017 annual audit – "OGE's ability to continue in the future is dependent upon continued financial support or alternative sources of financing. Subsequent to year-end, the Oneida Nation provided a capital contribution to OGE in February 2018 [transition of debt to equity]. ... In addition to the capital contribution received, management believes it will continue to be financially viable through 2018 since cash balances and availability on the advance from other fund with the Oneida Nation will provide necessary liquidity."

states that ticket sales are at \$10,720 (slightly behind 2018's sales at this same time), there are 251 volunteers signed up, and \$522,000 in sponsorships received.

The new OGE Agent has revised the IMG contract to delete the list of restricted vendors, IMG would receive a commission for bringing sponsorships from those vendors of the Oneida Nation. This should allow IMG to be more aggressive in reaching out to these vendors to be sponsors. It appears this may be having a positive effect, but it remains too early to tell. In addition, review of charitable contributions from OGE to outside entities to promote the 2019 LPGA tournament are being reviewed for return on investment. At the time of this report, at least two activities appeared to be questionable and may not be funded, significant changes in activity costs such as the pairing party, and an opportunity for another tribe to co-sponsor the tournament.²⁴ The LPGA estimates the media value to remain consistent as in prior years. This continues the \$12 million intangible benefit.

OGE is opening the club house to the public, which includes the restaurant and Pro Shop, to increase food and beverage and merchandise sales. In addition, the ticket options have been revised to reduce the options available consistent with use and interest in prior tournaments.

All of the above changes to increase revenues and manage expenses are likely to change the budget projections. It is hoped that this will be a smaller financial loss. In addition, with two prior years understanding of the local revenue impact, around \$7.2 million, the goal is to drive a larger portion of that revenue to Oneida enterprises.

Conclusion – Future of Oneida Golf Enterprise

The OBC has taken several steps to create a positive future for OGE and Thornberry Creek at Oneida Golf Course. It remains to be seen if this will result in a positive financial future for OGE. The OBC will continue to monitor KSM, the management company, and its actions to create positive financial statements for OGE during the term of the contract. If it appears that there is no turning point, the OBC has committed to review whether OGE should be dissolved and the golf course transferred to Oneida Casino or the Oneida Airport Hotel Corporation as an amenity or simply closed.

²⁴ The tribal government is not being identified as negotiations are on-going.