

Grantee: KEWEENAW BAY INDIAN COMMUNITY

Grant: R-U1-1M-II-0049

April 1, 2013 thru September 30, 2013 Performance



Grant Number:

R-U1-1M-II-0049

Obligation Date:**Award Date:****Grantee Name:**

KEWEENAW BAY INDIAN

Contract End Date:**Review by HUD:**

Reviewed and Approved

LOCCS Authorized Amount:

\$800,000.00

Grant Status:

Active

QPR Contact:

Greg nominelli

Estimated PI/RL Funds:**Total Budget:**

\$800,000.00

Disasters:**Declaration Number**

No Disasters Found

Narratives**1. Capacity of the Applicant and Relevant Organizational Experience:**

KBIC is a Federally-recognized Indian Tribe, organized pursuant to the provisions of the Indian Reorganization Act of 1934, with a Constitution and bylaws adopted and approved by the Secretary of Interior in December of 1936. It has twelve elected Tribal Council members who govern Tribal policies and regulations. The KBIC Tribal Council provides leadership, determines goals, sets priorities, implements programs, and develops codes, laws, and regulations that support community goals. Tribal Council oversees the CEO, Larry Denomie, who is responsible for the administrative branch of KBIC government. He has served in this capacity for four years. All employees are ultimately responsible to the CEO through their respective program directors.

Tribal government headquarters is located on the L'Anse Indian Reservation in Baraga County, Michigan. It is from this centralized government affairs complex that oversight is provided for Tribal legal and judicial affairs, law enforcement, enrollment and licensing, accounting, education, healthcare, child and elder care, social services, realty, roads, infrastructure, historic preservation, conservation, natural resources, planning, and development.

The Program Manager for this project is the KBIC Assistant CEO, Sarah (Smith) Maki, who is also the HUD project point-of-contact responsible for coordinating budgetary oversight and grant management to ensure regulatory compliance. Ms. Maki will work with KBIC project manager, and economic developer, Gregg Nominelli, to complete project evaluation and financial reports required by HUD throughout the implementation process. Working with KBIC's legal, and accounting departments, she has successfully performed these duties for the last six years.

KBIC has demonstrated the capacity to develop, manage, and administer economic development and grant funded projects. This includes nine HUD funded grants within a five year period. In fact, approximately fifty grants and contracts from federal, state and foundation sources are currently being administered by the certified Tribal management system, amounting to approximately \$8.1 million.

Our Economic Developer, Gregg Nominelli, J.D. has been with us for four years now. His previous professional experience includes: Economic Development Specialist 2006-2008, Vice President of Economic Growth 2001-2004, County Commissioner 1999-2000, and Manager, State Regulatory Affairs, 1992-1996.

The Keweenaw Bay Tribal Council has the authority to allocate funds, develop Tribal policies, ordinances and regulations, and negotiate with State and Federal agencies, Indian organizations, individual and private entities. In keeping with established policies our CFO, Francis LaPointe, who has been with the Tribe for over 25 years, along with the CEO have the authority to administer HUD funds as approved by the KBIC Tribal Council in keeping with grant requirements.

Each entity involved in the financial management process outlined above will ensure expenses meet applicable requirements of 24 CFR 85 as outlined in 24 CFR 1003. The KBIC's current audit doesn't contain any serious or significant findings related to its financial management system. All findings have been addressed and appropriate actions were taken. Furthermore, annual audits continue to be conducted in co

1. Capacity of the Applicant and Relevant Organizational Experience:

compliance with OMB Circular A-133 and its supplements and will continue to be submitted as required.

The CEO will be responsible for facilitating effective management of purchases and contracts by providing oversight in the implementation of KBIC's adopted Procurement and Contract Management Policy. The CEO will ensure the provisions and requirements of this policy are strictly adhered to in the administration of all Tribal and grant fund expenditures--this policy is consistent with 24 CFR 85 and 24 CFR 1003. Staff is familiar with the administrative program requirements after being involved with nine HUD-funded projects over the



last five years. The Tribes current audit does not contain any serious or significant findings related to its procurement and contract management system. The above information has demonstrated that we have the organization, the staff, and the financial resources in place to implement the specific steps required to successfully carry out the proposed project. Currently administration also manages a workforce composed of full-time, part-time, temporary, and on-call staff of 657 employees. In addition, the Tribe currently owns and operates two casinos, a motel, gas station/convenience center, campground, marina, pow-wow grounds, industrial park, fish hatchery, two radio stations, and a bingo hall. The Tribe also charters a community college.

2. Need and Extent of the Problem:

The L'Anse Indian Reservation is the land base of the Keweenaw Bay Indian Community, and the total land area of the reservation is 92.132 sq. mi. It is located primarily in two non-contiguous sections on either side of the Keweenaw Bay in Baraga County in the Upper Peninsula of Michigan. The entire reservation encompasses nearly one third of the area of Baraga County (project service area). According to our Enrollment Office, there are 3,530 total KBIC members, 1080 of which reside in Baraga County.

The L'Anse Indian Reservation is nearly 500 miles from Lansing, Michigan's capital, and almost 400 miles from Minneapolis, the closest metropolitan area. Access to services common in those areas, participation in supportive organizations, and training opportunities are not readily available here.

Industries that provide employment in Baraga County include: Gaming, Education, Health, Social Services, Manufacturing, Arts, Recreation, Accommodation and Food Services, Retail, and Public Administration. There are only six gas stations/convenience stores, two grocery stores, and four full-service restaurants for the entire service area.

The 2000 Census reported 565 out of 806 tribal member households on the reservation in Baraga County were at or below 80% of area median income; 70% of tribal households with low incomes has undoubtedly increased since 2000 as Michigan's economy has been engaged in a free fall with no end in sight. The Census also reported a per capita income on the L'Anse Indian Reservation at (\$15,656), Baraga County at (\$15,860) Michigan at (\$22,168) and the USA at (\$21,587).

According to data submitted for the 2009 Bureau of Indian Affairs Labor Force Report survey, 31% of KBIC members were living at or below the poverty level. This is 2.35 times the national rate of 13.2% (3007,006,550) 2.15 times the state rate of 14.4% (9,969,727), and 1.93 times the county rate of 16.1% (8,604) as reported by the most recently available U.S. Census data at the time of application.

Similarly, the local unemployment rate for Keweenaw Bay Indian Community Members is three times greater than the national rate. According to the U.S. Department of Labor statistics, the national average rate in 2009 was 9.38%. During that same period, data submitted for the Bureau of Indian Affairs Labor Force Report indicates the unemployment rate of the KBIC is 28%.

Based upon past experience in comparing our Tribal member unemployment rates with State statistics the rate is normally about double for Tribal members than the rate is for the State of Michigan as a whole. The chronic unemployment problem the area continues to experience is higher than state and national levels.

Recent closings in the region, layoffs, delays in investment projects, staff reductions, and low levels of business start ups are clear benchmarks of economic distress.

The Tribal Employment Rights Office (TERO) Workforce Coordinator reports that their job skills bank consists of 100+ Tribal Members looking for work (training and/or better work), and the KBIC Community Assistance Program reports that approximately \$500,000 in aid was given to needy Tribal families in 2010. Similarly, the State of Michigan Department of Human Services in December of 2010 reported that 2,086 unduplicated recipients in Baraga County received assistance from their office; consideri

2. Need and Extent of the Problem:

ng the population in Baraga County, according to the U.S. Census was 8,604 this data shows that 24% of residents had received some sort of assistance from the State.

During 2009, the KBIC Tribal Police Department responded to 1,174 calls; 26 were Domestic Violence calls, one of which resulted in a homicide. Three sexual assault calls on children were turned over to the FBI. During these calls five officers were assaulted as well. Tribal Police also reported considerable increases: Assaults by 35%, Drug Abuse - Possession 65%, DWI 5%, Burglaries 110%, and Disorderly Conduct by 120%. It is unknown how many of these calls were a direct result of economic distress, but it does seem to be a major contributing factor to crime rates throughout the country.

The KBIC, a federally recognized Indian Tribe, is located on the L'Anse Indian Reservation which is a non-urban area with a Tribal Member population residing on the reservation of 1080.

The proposed project will serve several areas categorized as having "Demographics of Distress; the build of the community's population primarily resides in and around the Villages of Baraga (population 1,285) and L'Anse (population 2,107. These villages are far removed from any urban area. In fact, the nearest city with a 2000 Census population in excess of 20,000 is Green Bay, Wisconsin, which is nearly 180 miles south of the reservation.

Furthermore, the entire population of Baraga County, where the reservation is located, is only 8,604 and is not located in a Metropolitan Statistical Area. Therefore, the area is clearly consistent with the definition of "Eligible Rural Area." These populations will be served by all of the innovative economic development activities outlined in this application. HUD mapping tool "KBIC Rural Fund 2010-Distressed-Criteria.pdf" has been submitted as Attachment D of our application.

3. Soundness of Approach:

To properly meet our identified needs, the following four broad goals were developed: decrease the poverty rate; lower the unemployment rate; increase the number of jobs and training; and increase the number of businesses on the Reservation. Additionally we will strive to better utilize the resources we have readily available to us such as, fresh water, forests, beachfront, winter outdoor activity location, tax advantages, etc. with the hopes of bringing outside dollars into the



local economy, and improve the quality of life for our people.

We will begin by creating a corporation separate from government to create and operate businesses including access to skills training and partnerships with community-based organizations to benefit low-income Tribal members. In addition to job creation, and training, other spillover effects expected of this project will include less people needing assistance from state and tribal programs, improved self esteem and possible education attainments.

Overall, it would be difficult to not meet the low-income threshold for the awarding of contracts and hiring of employees. The jobs descriptions created by this project will be aimed at low-income Tribal Members. The approximate number of low-income Tribal Members targeted for assistance by this project is 100+. Meeting these goals will require a project that will address economic conditions from a variety of directions in such a synergistic manner so that the program may remain sustainable, as outlined in the Work Plan Spreadsheet in Attachment F of the application.

The activities that will be carried out with the Rural Fund grants are a) approve the Articles of Incorporation; b) recruit and appoint Board members; c) hire CEO; d) capitalize Corporation; e) acquire existing Tribal businesses; f) set up office for the CEO; g) order supplies and equipment; h) develop implementation plan; i) hire manager for subsidiary #1; j) conduct Board meetings; k) begin training Tribal members; l) prepare quarterly and final reports; and m) travel as needed. All activities for this project will be completed within one year. We have reached out to other Tribal programs, and outside agencies to help us achieve success, and to carry out the Rural fund activities for this Category 2 Economic Development project.

Aanikoosing, Inc. will be a corporation wholly owned by the Keweenaw Bay Indian Community, and will be chartered under Tribal law. The purpose of this project is to provide highly targeted and innovative activities that will concentrate on, and have a substantial impact in addressing community poverty in our project area. The Council has already adopted the "Keweenaw Bay Indian Community Business Corporation Code."

The Company will have a set of principles governing its interaction with the Tribe. The Company will be allocated a yearly amount of investment capital by the Tribe (to be determined), and then the company will be allowed to reinvest its profits for an agreed upon time before it is required to pay any dividends back to the Tribe. This will ensure that this project has the potential to be self-sustaining, and to decrease its dependence on outside dollars.

The company will manage its own operations separate and distinct from the Tribe. The Tribe will allow, to the greatest extent feasible, tribal departments to assist the Co

3. Soundness of Approach:

Company with functions like grant writing, IT, and maintenance of facilities during the first year of the project. The roles and responsibilities of each contributor will be as follows:

Tribal Council: a) formulation and approval of the implementation plan for the Company; b) adopt Articles of Incorporation; c) advertise for and appoint the Board of Directors; d) approve annual operation plans; and e) ensure the investment capital is allocated to the Company.

Board of Directors: a) selection and oversight of the CEO; b) reporting to Tribal Council, including: an annual operation plan, including budgets and an annual funding request; annual audit statements; an annual report describing progress against corporate goals in the past year; quarterly corporate balance sheets and profit and loss statements; c) in conjunction with the CEO, develop the annual operation plan; d) oversight authority over the CEO; and e) rule and policy making for the corporation.

Chief Executive Officer: a) day-to-day business management; b) hiring corporate staff; c) development and implementation of operating policies and procedures; d) development of the annual plan of operation (including, budgets, sales estimates, and expenses and revenue projections); e) accounting for corporate funds; f) develop and monitor the operations of the subsidiary corporations; g) selection of subsidiary management personnel; h) development planning; and i) seek out and initiate planning for new business development.

Subsidiary Manager: responsible for operation of the individual enterprise, and is authorized to make operating decisions consistent with the overall corporate operation plan.

The final aspect of the proposed economic development project is a training program for potential low-income employees, interns, and business students. The training program will be offered through the TERO office, and will include preparations for the following positions: administrative staff, business managers, sales people, accountants, laborers, truck drivers, and any other duty necessary to keep a business running.

Other trainings that will be utilized are workforce training to help with customer service, sales, overall customer courtesy, work skills training to teach potential employees what it takes to have and keep a job, professionalism, and how to develop a desirable work ethic. The TERO officer will also assist with resume building, interview training, and job application assistance.

In addition, the Tribe has a Community College that would allow potential employees to attend computer program training and accounting courses, and Michigan Tech University has numerous business courses and academic possibilities, including an MBA.

4. Leveraging Resources:

We have obtained leveraging in the form of a letter of firm commitment from the President of the Keweenaw Bay Indian Community for \$200,000 in cash, and \$600,000 HUD ICDBG funds. This letter is in accordance with the definition of "firm commitment," as defined in Section I.B.9. of the NOFA at 100 percent of requested HUD Rural Fund grant funds. Our audit is included as Attachment G of our application.

5. Achieving Results, Program Evaluation and HUD's Policy Priorities:

a. Achieving Results and Program Evaluation

We believe our project demonstrates a high level of ingenuity and innovation, and that we have developed a comprehensive and coordinated proposal that will utilize a broad range of funds and in-kind services from HUD, TERO, (EEOC funded), Keweenaw Economic Development Alliance, Michigan Tech University (MTD), Ojibwa Community College, and Tribal resources to carry out program activities. All beneficiaries of this project will have economic development opportunities for



category 2 funded activities.

We ensure, to the greatest extent feasible, that training, employment, and contracting will be directed to low-and very-low income persons, particularly those who are recipients of government assistance for housing, and to business concerns that provide economic opportunities to low-and very low-income persons in the area in which this project will be aimed at providing opportunity for low-income persons to obtain employment and meet employment qualifications. As always we adhere to section 7(b) of the Indian Self-Determination and Education Assistance Act, which provides Indian preference in hiring and contracting. We also demonstrate that our activities will continue to serve populations, even after the project ends, including existing residents that are in need.

There will be measurable outputs and outcomes for each year of this project as outlined in form HUD-96010 (Logic Model). During our one year project, the project's ultimate goal will be the creation of a Tribal corporation. The outputs and outcomes expected as a result of this project for our low-income Tribal members are as follows:

- (1) Anticipated output measures for our project include: number of jobs created (16 FTE equivalent); number of participants trained (100+); number of new businesses created (1); and number of existing businesses assisted (unknown, to be determined by Council at end of project).
- (2) Anticipated outcomes measures include: (a) number of jobs to be created; (b) projected percentage change in unemployment rate as a result of employment for participants; (c) number of participants to be trained; (d) percent of participants to be trained who have or eventually will find a job; (e) number of new businesses to be created; (f) number of existing businesses to be assisted; (g) dollars leveraged; (h) number of participants that received career services, and have identified a career path to improve their wages/education; (i) number of persons that received services, and could retain their jobs for at least 90 days; and (j) number of persons that received services, and could retain their jobs for at least 180 days.

The Company will conduct an annual meeting with the Tribal Council. At the annual meeting, the Company will present audited financial statements, an annual plan, and an annual report. The annual report will be made available to all Tribal members.

Tools for management will include bank accounts, outcome scales, agency database, number of business licenses distributed, employment records, quarterly and annual reports, computer spreadsheets, and statistical databases. Further information regarding program evaluation is submitted on the Logic Model (HUD_96010) submitted as Attachment E of our application.

The attaining of these outputs and outcomes will be closely monitored.

5. Achieving Results, Program Evaluation and HUD's Policy Priorities:

at least quarterly, with most outputs/outcomes monitored monthly. If benchmarks are not on track, the CEO will call a special meeting with the Board to develop solutions. In order to monitor benchmarks, tracking systems will be put into place utilizing current systems, which are familiar and successful, as much as possible.

b. HUD's Policy Priorities

Our application addresses the goals of Job Creation/Employment, as described in Section I.B.1., and 2. of the General Section NOFA. We propose to undertake activities that will create jobs and further local economic development particularly targeted to low-income populations. This includes increasing access to job training, career services, coordination with Tribal and local entities.

The projects Council has considered and need further evaluation with this project include a new gas station and convenience store, tobacco manufacturing, fuel distribution, solid waste transfer station, fish oil processing, correctional facility, wind power, stamp sand recycling and manufacturing.

As mentioned in section three we will be working with the TERO office for job training, career services, or work that will be made available to low-and moderate-income persons in the community. Training and jobs needed in these places of work would include administrative staff, business managers, sales people, accountants, laborers, truck drivers, and any other duties necessary to keep a business running.

A lot of the training that our people need are workforce training to help with customer service, sales and overall customer courtesy, work skills training would also be provided to teach potential employees what it takes to have and keep a job, professionalism, and how to develop a desirable work ethic. Commercial Drivers license training can be offered to help workers become more qualified for operating machinery and trucks, construction safety courses can be offered as well to qualify a potential workforce in the skilled trades industry.

According to the TERO Workforce Coordinator, the duration of the workforce and work skills trainings would last approximately four, 10-hour days. This will allow the potential workers see what a full day of work is like along with identifying what workers are committed to finding a job. The CDL trainings would consist of a four week course with 98 hour days, Monday through Friday. Any potential safety courses would last from 10-40 hours, depending on what job you are being trained for. The Tero office will continue these activities throughout, and beyond this project.

The Aanikoosing, Inc. project will provide highly targeted and innovative activities that will concentrate on, and have a substantial impact in addressing community poverty in our project area. It will be an economic development program that creates jobs through business development, and expansion, to demonstrate a measurable improvement in the quality of life within the community.

In addition, since Aanikoosing, Inc. system can be leveraged in so many ways, it is thought that many new grant-funding opportunities will present themselves. Grants will be sought to both expand and enhance the Corporation, and its subsidiaries will continue to seek out additional funding alternatives from state, local and private sources.

Furthermore, the pr

5. Achieving Results, Program Evaluation and HUD's Policy Priorities:

ogram has teh support of other organizations doing economic development work as evidenced by the letters of commitment and support from the Tribal President's office, the Keweenaw Economic Development Alliance, and Michigan Tech University which can be found in Attachment C of our application.

Not to mention that the Taylor Policy Group (provides economic and public policy research to Native governments,



corporations, and consortia) at the SEcond Annual Great Lakes 2007 Tribal Economic Development Symposium stated that Nation owned enterprises that are insulated from political interference are about four times as likely to be profitable as those that are not. New jobs, new types of jobs, job skills, and new businesses derived from using Aanikoosing, Inc. as a resource would be the best evidence the project has to succeed.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$1,600,000.00
Total Budget	\$0.00	\$800,000.00
Total Obligated	\$0.00	\$376,698.00
Total Funds Drawdown	\$100,000.00	\$100,000.00
Program Funds Drawdown	\$100,000.00	\$100,000.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$124,855.40	\$124,855.40
Match Contributed	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$0.00	\$0.00
Limit on Admin/Planning	\$80,000.00	\$0.00
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Activity Type	Target	Actual
RIF - Administration	\$80,000.00	\$80,000.00
RIF - Technical Assistance	\$40,000.00	\$0.00

Progress Toward National Objective Targets

Overall Progress Narrative:

The project has been progressing steadily. During this past 6 month period, the corporation became more established, as the members of the Board of Directors began implementing activities to accomplish the goals of the grant and Tribal Council. The board hired a consulting firm to conduct a market and design study to determine the optimum size for the facility. This is due to the fact that the location for the facility has changed since the grant was approved. The first site in Baraga County was found to contain a wetland during the environmental assessment. The second site in Marquette County, adjacent to our existing casino had much lower traffic volume than the final site upon which we are currently developing. This site was recommended as a preferred building site by petroleum industry representatives. The Tribal Council purchased this property for the gas



station. However, as this site has over five times the average daily traffic volume passing on the adjacent highway, the board determined that the facility would need to be larger than initially planned. As the board desired a professional determination of the optimum size, a consulting firm was hired to provide a recommendation. The firm recommended a 7,500 square foot convenience store with 12 multiple-point dispensers (gas and fuel pumps) for the site. This would be with the land in Trust for the benefit of the Keweenaw Bay Indian Community. Complicating this project is opposition to the Tribal Corporation's new gas station from local existing gas station owners who are trying to limit competition. The gas station owners created a business association and contacted the Governor of the State of Michigan. Governor Snyder joined the gas station owners in public opposition to the Tribal Corporation's development of a gas station. In consulting with the Bureau of Indian Affairs and learning that there have been many FOI requests, we are concerned that the opposition could challenge and, therefore, delay the transfer of the land to Trust. As the gas station must be constructed within the timelines required under two grants from HUD, an ICDBG (which ends on January 11, 2014) and this RIF (ending December 19, 2014), the board decided to first build the gas station and determine at a later date whether or not to apply to place the land into Trust, which would likely be done through the Tribal government as it owns the underlying land. Due to this opposition from existing station owners and the Governor of Michigan, the board decided to build the gas station prior seeking Trust status to ensure it could continue to work diligently toward accomplishing its tasks prior to the ending of the grants. However, prior to building the gas station without the land being in Trust, an additional evaluation was required. The market and design study that recommended the development of a 7,500 square foot convenience store with 12 multiple-point dispensers was based upon the land being placed in Trust. Projections based upon land in Trust are similar to the Keweenaw Bay Indian Community's existing gas station on the Reservation, The Pines Convenience Center. Because the Keweenaw Bay Indian Community has no tax agreement with the State of Michigan, the Pines Convenience Center does not pay, assess or collect State of Michigan taxes on most products. This affects the enterprise's revenues. Without the new gas station's land being in Trust, an addendum was required to the market and design study to determine the revenue projections and cash flow for a gas station that is not in Trust. Due to a significant reduction in projected revenues and cash flow, the Board of Directors determined it would build a smaller gas station and convenience center, with the potential to expand if the facility is later placed in Trust. The board met with numerous petroleum company representatives to consider the benefits of branding, franchising or being independent. They also evaluated size and cost estimates. Ultimately, the Board of Directors decided to build the facility in two stages, the first being the installation of the petroleum equipment in 2013, using the HUD ICDBG funds, and the second stage being the construction of the convenience store in 2014, using the HUD RIF and/or other funding sources. The petroleum equipment was finalized to include 6 multi-point dispensers, 1 20,000 gallon underground tank for regular unleaded gasoline, and a split 15,000 gallon tank for premium gasoline and diesel fuel. Those tanks were ordered by the Board of Directors, as there is a projected 4 week delay from the time of order until they may be delivered. The Board also prepared a Request for Proposals that was publicly posted and sent to petroleum equipment installers, including native american equipment installers, to solicit bids. Concurrently, the Board is working with an engineering firm to get a site plan approved to install the petroleum equipment in 2013. The timelines are to have a contract in place with a petroleum equipment installer in October of 2013, receive approval for the site plan in November of 2013 and begin the installation of the petroleum equipment, with completion of the petroleum equipment installation to occur on or before December 31, 2013 to close out the HUD ICDBG. Construction of the convenience store is targeted to begin in May or June of 2014. Completion of the facility is desired by the holiday travel season for Independence Day of 2014, but must be completed prior to the end date for the HUD RIF, which is December 19, 2014.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
Project #1, Establish Corporation	\$100,000.00	\$376,698.00	\$100,000.00



Project #2, Construct gas station	\$0.00	\$342,936.00	\$0.00
Project #3, Operation and Expansion	\$0.00	\$80,366.00	\$0.00



Activities

Project # / Title: Project #1 / Establish Corporation

Grantee Activity Number: Activity #1A
Activity Title: Establish Corporation

Activity Category:

RIF - Planning and Capacity Building

Project Number:

Project #1

Projected Start Date:

01/01/2012

Benefit Type:

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National Objective:

RIF

Activity Status:

Under Way

Project Title:

Establish Corporation

Projected End Date:

07/31/2012

Completed Activity Actual End Date:

09/14/2012

Responsible Organization:

Keweenaw Bay Indian Community

Overall	Apr 1 thru Sep 30, 2013	To Date
Total Projected Budget from All Sources	N/A	\$0.00
Total Budget	\$0.00	\$0.00
Total Obligated	\$0.00	\$0.00
Total Funds Drawdown	\$0.00	\$0.00
Program Funds Drawdown	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$0.00
Keweenaw Bay Indian Community1	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Activity Description:

Council adopted the articles of incorporation for Aanikoosing Inc. on April 14, 2012. Council is preparing to advertise for candidates to apply to serve on the corporate board of directors. Two board members shall be appointed from our Tribal Council, three shall be appointed from within the business community, preferably with prior business experience. The Tribal Economic Development Committee has prepared a draft implementation plan, which will be presented by the Board of Directors to Tribal Council to outline the roles and responsibilities of all parties.

Location Description:

Council adopted the articles of incorporation by action at Tribal Council in the Tribal Council Chambers. Appointment to board shall be made by Council at a future meeting. Draft implementation plan to be reviewed by all parties and approved at Council meeting in Council Chambers.

Activity Progress Narrative:



The corporation was established by the Tribal Council previously. The board of directors for the corporation was appointed and meets regularly.

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Businesses	1	4/1
# of Non-business Organizations	0	3/1
\$ of Leverage Funds- Private	0	0/0
\$ of Leverage Funds- Government	0	0/0
# of Leverage Partners Participating	0	0/0
\$ of Leverage Funds- Tribal	0	0/0

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

Address	City	County	State	Zip	Status / Accept
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Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	



Grantee Activity Number:	Activity #1B
Activity Title:	Hire CEO, set-up office

Activity Category:

RIF - Financial and Technical Assistance to Business

Activity Status:

Planned

Project Number:

Project #1

Project Title:

Establish Corporation

Projected Start Date:

07/01/2012

Projected End Date:

09/30/2012

Benefit Type:

()

Completed Activity Actual End Date:

National Objective:

RIF

Responsible Organization:

Keweenaw Bay Indian Community

Overall	Apr 1 thru Sep 30, 2013	To Date
Total Projected Budget from All Sources	N/A	\$67,889.00
Total Budget	\$0.00	\$67,889.00
Total Obligated	\$0.00	\$67,889.00
Total Funds Drawdown	\$3,000.00	\$3,000.00
Program Funds Drawdown	\$3,000.00	\$3,000.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$0.00
Keweenaw Bay Indian Community1	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Activity Description:

Board to conduct search for qualified CEO with past business success or ability to be trained to be successful. CEO to order office furniture, equipment and supplies.

Location Description:

Corporate board to hire Chief Executive Officer (CEO) to manage corporation from corporate headquarters.

Activity Progress Narrative:

The Board of Directors appointed Gregg Nominelli, KBIC Economic Developer, as the Interim CEO to oversee the first phase of the project, the installation of the petroleum equipment. Gregg has experience working on with the HUD grants, is known by Tribal Council and has worked on this project since its inception. To hire a new CEO and move the project along to meet the impending deadlines would be difficult. The Board also secured a facility to serve as corporate headquarters. The KBIC Tribal Council approved a lease of the former Tribal Maintenance building to Aanikoosing Inc. The facility needs renovation and office equipment and furniture to be used as corporate headquarters.

Accomplishments Performance Measures

This Report Period	Cumulative Actual Total / Expected
Total	Total



\$ of Leverage Funds- Private	0	0/0
\$ of Leverage Funds- Government	0	0/0
# of Leverage Partners Participating	0	0/0
\$ of Leverage Funds- Tribal	0	0/0

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Permanent Jobs Created	0	0	0	0/0	0/0	0/1	0

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number:	Activity #1C
Activity Title:	Training of employees

Activity Category:

RIF - Job Training and Education for Economic and Business

Project Number:

Project #1

Projected Start Date:

07/01/2012

Benefit Type:

()

National Objective:

RIF

Activity Status:

Planned

Project Title:

Establish Corporation

Projected End Date:

04/30/2013

Completed Activity Actual End Date:

Responsible Organization:

Keweenaw Bay Indian Community

Overall	Apr 1 thru Sep 30, 2013	To Date
Total Projected Budget from All Sources	N/A	\$12,000.00
Total Budget	\$0.00	\$12,000.00
Total Obligated	\$0.00	\$12,000.00
Total Funds Drawdown	\$0.00	\$0.00
Program Funds Drawdown	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$0.00
Keweenaw Bay Indian Community1	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Activity Description:

The corporate board shall determine training requirements for the CEO, and the CEO and board will determine training requirements for the gas station manager and employees. In addition, the CEO and board will use funds allocated for training, travel, the capitalized corporate account or revenue generated from the gas station to train employees for new businesses to be created in the future. Therefore, while these initial funds shall be used primarily to train the CEO and gas station employees, the corporate funds and gas station profits will be leveraged to train more employees in the future. However, at this time, the number of those to be trained is unknown.

Location Description:

From corporate headquarters, the corporate board and shall determine how to best train the CEO, if necessary, and subsidiary manager, from funds for travel, which anticipates required travel for training. Other training for employees is anticipated to be conducted locally, not requiring travel. Outside firms may be used to conduct the training, and it may be coordinated with the Tribal Employment Relations Office. On-the-job training may also occur at the gas station.

Activity Progress Narrative:

While the board has not yet begun the training of employees, they have met with a number of franchise and branded convenience stores to determine the benefits of their training programs. The goal of the Board is to maximize in-store sales and the Board is evaluating whether training of employees provided by a franchise may provide value. The other option is to remain independent as the existing KBIC Pines Convenience Center. The Board appears to prefer a formalized training program for employees, and does like some provided by franchise companies. However, issues to be considered include the



length of any contract with a franchise along with the cost and total package of benefits provided. Once the petroleum equipment is installed, the Board will finalize plans to either establish a franchise or be independent and determine training plans for employees prior to opening and operating the station.

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
\$ of Leverage Funds- Private	0	0/0
\$ of Leverage Funds- Government	0	0/0

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Persons Participating in On-	0	0	0	0/2	0/2	0/6	0
# of Persons Who Received	0	0	0	0/2	0/2	0/6	0

Activity Locations

Address	City	County	State	Zip	Status / Accept
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Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	



Grantee Activity Number:	Activity #1D
Activity Title:	Capitalizing parent and creating subsidiary corp.

Activity Category:

RIF - Financial and Technical Assistance to Business

Project Number:

Project #1

Projected Start Date:

06/01/2012

Benefit Type:

()

National Objective:

RIF

Activity Status:

Planned

Project Title:

Establish Corporation

Projected End Date:

09/30/2013

Completed Activity Actual End Date:

Responsible Organization:

Keweenaw Bay Indian Community

Overall	Apr 1 thru Sep 30, 2013	To Date
Total Projected Budget from All Sources	N/A	\$216,809.00
Total Budget	\$0.00	\$216,809.00
Total Obligated	\$0.00	\$216,809.00
Total Funds Drawdown	\$97,000.00	\$97,000.00
Program Funds Drawdown	\$97,000.00	\$97,000.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$72,735.20	\$72,735.20
Keweenaw Bay Indian Community1	\$72,735.20	\$72,735.20
Match Contributed	\$0.00	\$0.00

Activity Description:

Concept envisions the main, wholly-owned Tribal parent corporation creating subsidiary corporations under its umbrella. The first will be the gas station and convenience center, which is wholly-owned by the parent corporation, and therefore, wholly owned by the Tribe. However, the subsidiary structure allows KBIC to partner with non-KBIC partners in the future, with the expectation being that KBIC will always own a majority (i.e. 51% plus) interest in any subsidiary company formed. Corporation to determine how to best utilize funds to accomplish multiple goals: 1) set up corporation, 2) build gas station, 3) train employees, 4) evaluate and develop future businesses.

Location Description:

From corporate headquarters, the corporate board and CEO shall determine how to best fund and finance the gas station and convenience center. This includes a cost/benefit analysis for the amount of capital to commit to the new gas station and convenience center proposed for expanding the Tribe's existing operations and using some of the profits for sustainable job and business creation and training of Tribal Members for jobs. Corporate board to create and adopt articles of incorporation for first subsidiary corporation (gas station and convenience center). BOD reports all activities to KBIC Tribal Council in Council Chambers. The site for the new gas station is to be placed into trust for the benefit of KBIC by the BIA prior to beginning operation (and, potentially, prior to beginning construction).

Activity Progress Narrative:



The board has established bank accounts, hired a consultant to evaluate the market and design for the gas station, paid stipends and mileage to board member to attend meetings, engaged the services of law and accounting firms, and begun the development of subsidiary businesses under Aanikoosing Inc. The corporation will install the petroleum equipment in the last quarter of 2013 with ICDBG funds and utilize RIF funds for any expenses exceeding the ICDBG funds. Construction of the convenience store will begin in the spring and summer of 2014 with completion targeted for as early as possible in the summer. Funds for the construction of the convenience center will come from the RIF capitalization account and/or bank financing.

Accomplishments Performance Measures

	This Report Period		Cumulative Actual Total / Expected	
	Total		Total	
# of Existing Businesses Assisted	1		1/2	
# of New Businesses Established	1		1/1	
\$ of Leverage Funds- Private	0		0/0	
\$ of Leverage Funds- Government	0		0/0	
# of Leverage Partners Participating	0		0/0	
\$ of Leverage Funds- Tribal	0		0/0	

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Permanent Jobs Created	0	0	0	0/4	0/4	0/16	0

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	



Grantee Activity Number:	Activity #1E
Activity Title:	Administration of grant - Indirect costs

Activity Category:

RIF - Administration

Project Number:

Project #1

Projected Start Date:

12/20/2011

Benefit Type:

()

National Objective:

RIF

Activity Status:

Under Way

Project Title:

Establish Corporation

Projected End Date:

03/31/2014

Completed Activity Actual End Date:

Responsible Organization:

Keweenaw Bay Indian Community

Overall	Apr 1 thru Sep 30, 2013	To Date
Total Projected Budget from All Sources	N/A	\$80,000.00
Total Budget	\$0.00	\$80,000.00
Total Obligated	\$0.00	\$80,000.00
Total Funds Drawdown	\$0.00	\$0.00
Program Funds Drawdown	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$0.00
Keweenaw Bay Indian Community1	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Activity Description:

Indirect costs for administration, accounting, and grant management.

Location Description:

CEO's office, accounting department, economic development office.

Activity Progress Narrative:

These funds may be re-allocated to the capitalization account as the Tribal Corporation and not the Tribal government is overseeing most of the administrative functions. We will need to discuss this further.

Accomplishments Performance Measures

No Accomplishments Performance Measures found.



Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

Address	City	County	State	Zip	Status / Accept
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Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Project # / Title: Project #2 / Construct gas station

Grantee Activity Number:	Activity #2A
Activity Title:	Design and construct gas station/convenience store

Activity Category:

RIF - Commercial or Retail Construction/ Reconstruction

Project Number:

Project #2

Projected Start Date:

06/01/2012

Benefit Type:

()

National Objective:

RIF

Activity Status:

Planned

Project Title:

Construct gas station

Projected End Date:

09/30/2013

Completed Activity Actual End Date:

Responsible Organization:

Keweenaw Bay Indian Community

Overall

	Apr 1 thru Sep 30, 2013	To Date
Total Projected Budget from All Sources	N/A	\$342,936.00
Total Budget	\$0.00	\$342,936.00
Total Obligated	\$0.00	\$0.00
Total Funds Drawdown	\$0.00	\$0.00
Program Funds Drawdown	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$52,120.20	\$52,120.20



Keweenaw Bay Indian Community2

\$52,120.20

\$52,120.20

Match Contributed

\$0.00

\$0.00

Activity Description:

Hire consultants to determine the most beneficial size of the facility, based upon traffic, population, and market factors. The design (size) of the facility will correspond directly to the creation of a business plan to determine employment requirements, maximize profits and prepare to order inventory. The preliminary design and business plan will be developed by a consultant. With this information, the board will hire architectural and engineering firm(s) to design and develop the site, and conduct all pre-construction activity. It should be noted that KBIC will coordinate these activities with our Tribal Council and HUD to utilize both the RIF and ICDBG funds for pre-construction and construction of the gas station. Gas station may be financed in whole or in part through loans, preferably with loan guarantees. Hire manager for gas station and convenience center.

Location Description:

Marquette Township, Michigan, at the site of the former Los Tres Amigo's Restaurant on U.S. Highway 41.

Activity Progress Narrative:

The design for the gas station and convenience store in Marquette Township has been started. Preliminary design work was reviewed and the Board finalized the number of pumps and tanks for the petroleum installation. Test pits were dug, soil borings were taken, the site plan was prepared. Underground storage tanks were ordered. The board was unable to request funds for these activities from HUD due to the federal government shut-down. The board requested assistance from the KBIC Tribal Council to purchase the tanks and used funds within the capitalization account to cover costs to continue to move toward completion of the project as required under the grants. Costs for continued design and engineering will be paid through the ICDBG or RIF grants.

Accomplishments Performance Measures

	This Report Period		Cumulative Actual Total / Expected	
	Total		Total	
# of Existing Businesses Assisted	1		1/2	
# of New Businesses Established	1		1/1	
# of Non-Residential Buildings	0		0/1	
# of Non-Residential Buildings	0		0/0	
\$ of Leverage Funds- Private	0		0/0	
\$ of Leverage Funds- Government	0		0/600000	
# of Leverage Partners Participating	0		0/2	
\$ of Leverage Funds- Tribal	0		0/200000	
# of Mixed-Use Buildings Constructed	0		0/0	

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Construction Jobs Created	0	0	0	0/5	0/5	0/25	0
# of Green Building or Energy Jobs	0	0	0	0/0	0/0	0/0	0
# of Micro-Enterprises Established	0	0	0	0/0	0/0	0/0	0



Activity Locations

Address	City	County	State	Zip	Status / Accept
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Other Funding Sources Budgeted - Detail

Match Sources	Amount
HUD ICDBG	\$600,000.00
Keweenaw Bay Indian Community	\$200,000.00
Subtotal Match Sources	

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Project # / Title: Project #3 / Operation and Expansion

Grantee Activity Number:	Activity #3A
Activity Title:	Operate gas station and develop other businesses

Activity Category:

RIF - Planning and Capacity Building

Project Number:

Project #3

Projected Start Date:

10/01/2012

Benefit Type:

()

National Objective:

RIF

Activity Status:

Planned

Project Title:

Operation and Expansion

Projected End Date:

09/30/2013

Completed Activity Actual End Date:

Responsible Organization:

Keweenaw Bay Indian Community

Overall

Total Projected Budget from All Sources

Apr 1 thru Sep 30, 2013

To Date

N/A

\$80,366.00

Total Budget

\$0.00

\$80,366.00

Total Obligated

\$0.00

\$0.00

Total Funds Drawdown

\$0.00

\$0.00

Program Funds Drawdown

\$0.00

\$0.00



Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$0.00
Keweenaw Bay Indian Community2	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Activity Description:

Operate gas station and convenience center. Maximize profits. Use portion of profits and any funds retained in capital account to evaluate and develop additional business opportunities, such as fuel distribution, fish oil processing, correctional facility, alternative energy manufacturing, stamp sand recycling, etc. Budget is second half of year's wages and benefits for CEO and gas station manager.

Location Description:

Manage gas station and convenience center in Marquette Township from corporate headquarters.

Activity Progress Narrative:

The Board of Directors of Aanikoosing Inc. has met with representatives of franchise and branded gas station and convenience centers. They have also contacted the manager of the Keweenaw Bay Indian Community enterprise gas station, The Pines Convenience Center. The board believes it must maximize in-store sales, especially without the facility being in Trust. To accomplish this, they seek assistance from professionals with a demonstrated track record of success. Other factors include the length of a contract required for a branded facility or franchise. As some require contracts of 7 to 10 years, and the Board seeks a contract term of 5 years or less, this may affect which, if any, brands may be considered. Other issues are the training of employees and assistance in guiding the interior design and flow of the convenience center.

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

Address	City	County	State	Zip	Status / Accept
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Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

