

STEDCO COMMISSION MINUTES

get from this will be valuable. Curt stated that they will have a preliminary report done soon and their contract is for 15 days, which will be completed by the end of August. Bud stated that we should probably wait to see the report, then find a way to answer any other questions. Curt stated that he feels that this report could have recommendations on options the tribe could pursue.

Salmon Update:

Curt stated that Mike Freels resigned effective 7/24/90 and since then we have contacted a broker that has worked with us in the Evergreen and that they are putting together a publicity brochure for the Salmon Enterprise. Tim asked if we were locked in with these brokers. Curt stated that we are not. Tim stated that he does not feel comfortable with the Salmon Enterprise running without a Manager in charge and would like to see a Manager overseeing this department. Curt stated that he feels we should wait to see if the marketing strategy is successful. Dan feels he would like to see this new marketing strategy tested through the brokering and if in the process we want to look for a Manager, then this could be a possibility. Bud stated that this position should start to be advertised for, with no exact closing date and this position's job description should be updated. Curt stated the salmon department has added 6 employees. These positions are for training only and will be available for production if the marketing efforts succeed.

Property Management:

Curt stated that the review proposal to Housing is on the 8-plex. Curt stated that we currently losing money on the 8-plex and that it is very difficult to manage that property from STEDCO, there is no one here assigned to that task. Curt stated that we are faced with about a \$20,000.00 rebuild job to fix these units. Curt stated that he has approached Manuel Rilatos to see if they were interested in possibly a HUD deal,

for a low income, elderly/handicapped conversion. Curt stated that this is in need. Curt stated that Manuel is going to take this to the Tribal Council to see if they want to look into this. Curt stated that the way this would work would be through a grant to purchase the property from STEDCO. Tim asked why we weren't making any money on the property. Curt stated that there is on one to pay attention to this property. Dan stated that he feels this would be a good idea. Curt stated that this is just at the discussion stage and there hasn't been anything done on this yet.

Industrial Site Property:

Curt stated that the property was closed on the Industrial Site on August 7, 1990. STEDCO is now the owner of this property. Mike Dowsett is working on getting the water rights on this. Curt stated that we have submitted a conditional use application to the County for this property. Curt stated that our hearing on this is on September 24th. Curt asked if anyone had any questions on this property. Curt stated that we would like to start cleaning this property up. Bud stated that he has looked at the trailer and suggested that the forestry at STEDCO could move their office into this, which is would give us someone on site.

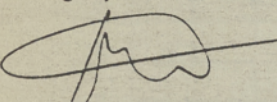
Evergreen:

Curt stated that we have signed a contract with Royal Excavating for the shearing of the Christmas Trees at Chemawa. Curt presented the Commission with an Evergreen report. Curt stated that we are open on salal, but closed on fern. Curt stated we have a warehouse full of cascara on inventory and we are now shut down on cascara. Curt stated that we have purchased the inventory for baled moss for the next spring. Curt stated that the moss storage in the bags is a different situation. Curt stated that we, at the present, have no market and we are exploring other possibilities, but we are not having much success. Tim stated that he would like to explore the conversion costs of these bags into bales and compare this to the cost of the bags being purchased as is. Bud stated he sees 3 different alternatives; 1) go back to original order for this purchase 2) converting these bags into bales 3) put into our own bags. Bud asked if we have a market for our own bags. Curt stated that we do. Dan stated that he would like more information on how this came about, bagging in another company's bag and check out to see if there was a contract for doing this. Wreaths: Curt stated that we have arranged with Mike Darcy, at the school, to use the old gymnasium as an alternative site for doing this. Bud asked what month production is started. Curt stated that this starts in the month of October. Curt stated also that the market for this is unstable at this time. Evergreen employment: Laid off salal production personnel has been called back to work and one part-time person was hired to help catch up on salal.

Bud stated that he would like to see at the next meeting a written report from all Managers and also have Managers present at the meeting. Bud also requested an agenda prior to the meetings, he feels this would speed up the process of the meetings.

STEDCO meetings will be scheduled for the 2nd Saturday of the month. Curt stated that he would like to have the next meeting on August 25th and schedule another for the second weekend in September.

Meeting adjourned at 11:30 a.m.



Dan Van Otten, Secretary

STEDCO COMMISSION MEETING AUGUST 25, 1990

MEETING: STEDCO Commission Meeting
DATE: August 25, 1990
TIME: 9:00 a.m.
PLACE: STEDCO Conference Room

STEDCO COMMISSIONERS PRESENT:

Bud Shoemaker, Chairman (9:00)	Dan Van Otten, Secretary (9:00)	John Miller (9:00)
Lillie Butler (9:00)	Tim Viles (9:45)	Pat Morrell (10:00)

OTHERS PRESENT:

Curt Mader, Gene Russell, Gloria Durbin, Tami Miner, Jay Christensen, Manuel Rilatos, Frank Simmons, Monte Kentta, Steve Brann and John Averi

Meeting was called to order at 9:45 a.m. and a quorum was established with 5 members present and member absent.

Salmon:

Curt Mader introduced Steve Brann & John Averi. Curt Mader stated they have currently been looking into the Salmon Enterprise. Steve Brann stated they were asked about a month ago by Curt Mader to review the Salmon Enterprise. Averi & Brann presented the Commission with a report on the Salmon Enterprise, which is assessing the enterprise in the past, present, and future. The report presented to the commission included an Income statement for the period of 3/1/90 through 5/31/90, a proposed budget for 7/1 through

9/30/90, a proposed budget from Averi & Brann for 9/1/90 through 11/30/90, a sales forecast based on Averi & Brann research, outlined pricing goals, and a smoked fish cost analysis. Steve Brann stated that they have secured an order from Roth's IGA for approximately 15,000# per year. Steve Brann stated that they have contacted Pacific Seafood and they want our product and would like to start negotiating contracts around the 4th of September when their head buyer gets back. Summary of Averi & Brann Proposal: 1) Current production must be increased to allow for profitability of Siletz Seafoods. 2) Production manager must be hired who is able to effectively motivate employees to full capabilities. 3) Production manager must allow sales to dictate labor and product needs. 4) All increases in fixed costs will directly relate to loss in profit margin by Siletz Seafoods, as current markets will not absorb cost. 5) Some cost of fish increases, due to market, can be passed onto Buyer only if justified. Steve Brann asked for any comments the Commission has. Tim asked if the income statement for March through May was labor utilized. John Averi stated that it was not. Tim stated that another question he has is that originally they had mentioned that they wanted the business as a build to order rather than build to stock, how would the orders come in. Steve Brann stated they would be based on a monthly volume. Tim questioned if they would not commit past the month. Steve Brann stated that it depends how your contract reads with them. Tim questioned if they want the flexibility to back out of an order at any time. Steve Brann stated that yes they would. Tim questioned that this would mean they would not commit long term. Steve Brann stated that no they would not. Tim questioned why we have not seen the orders yet. Steve Brann stated that they have just recently started contacting these people. Steve Brann stated they will have some ideas on orders by Mid September. John asked if they had an order from Roth's. Steve Brann stated that they have an order from Roth's for approximately 15,000# a year. Monte asked if there will be a problem if the salmon is going to be endangered. Steve Brann stated that he is not anticipating a problem. Tim asked about fish storage with the purchase of fish. Steve Brann stated that this could be worked out with the people the fish is bought from. Dan asked if we were to commit to the purchase of fish and we don't receive the orders, will we be able to get rid of this fish. Steve Brann stated that yes you will. Steve Brann stated that the technologist is not needed on a full time basis, but a production supervisor is needed full time. Bud asked what kind of percentage Averi & Brann make. John Averi stated that they make 10%, but shipping comes out of this. John Averi stated that they usually make 5%. Bud requested information from Averi & Brann on what they have done in the past. Tim asked if they are currently representing other fish products. Steve Brann stated they are not. Dan asked about the raw product availability in the future. Steve Brann stated he does not project a problem. Dan asked how Curt felt about this. Curt stated he feels it is quite a change from the way we have been running this for the past five months. He feels it is a different way for putting out a lot of volume of fish. Curt stated there are some problems in the production crew. Bud asked if our building is adequate. Steve Brann stated it is for the equipment being presented. Dan stated his main concern is with the labor end of it.

Commission Discussion: Bud asked if the advertisement for the Salmon Manager been done. Curt stated it has not. Tim stated he feels with a lack of a person accountable for the salmon department, we should not take the big step that Averi & Brann presented. Discussion on production problems. Tim stated he feels that this is a management problem. Bud stated that at the last meeting we said that we would go ahead and advertise for the Seafood Director position and that we are no where closer to that two weeks later than we were then. Bud stated that things are heating up and we are going to have to make some major decisions. Bud asked what the Commission would like to see done. Pat stated she would like to see their resume to check Averi & Brann out before a decision is made on them. Pat stated that it is clear to her that the production costs needs to be looked at. Pat stated that employing Tribal members is a goal, but we have to make a profit first. Pat stated she feels we need to be cautious on making a decision to go for this proposal until we receive some background information on them. Dan asked what kind of turn over is there in the sales we currently have and what is the current volume. Curt asked Tami what this is and Tami stated she has not done any of the sales for over a month, that Bob Simmons does this. Bud asked who was responsible for tracking accounts. Curt stated that Bob Simmons is. Tim asked what Bob's title is. Curt stated that he is assistant manager. Manuel stated that he thought Bob was a JTPA participant. Curt stated that he is. Manuel asked if then did this other title come on. Curt stated that this is what he is hired as. Manuel asked then is he definitely on permanent hire. Curt stated no. Manuel stated that then he is still a JTPA participant. Lillie stated she feels that there are probably a lot of Tribal members that would like to see it go and feels that the Manager of the fish is the most important part of the business. Lillie stated she feels that if the Salmon is going to go, then it is the Commissions part to re-organize it. John stated he feels that a handle on the labor and the management needs to be done, then look at equipment and then we need to make a commitment and he feels it can work. Dan stated he feels that if we commit for the fish we would not be out any and feels that this needs to be done before Averi & Brann can find markets. Dan stated that the Manager position needs to be advertised and would like to see this done immediately, which has to happen before this thing can go. Dan stated he feels there are three options that can be done. 1) put a hold on fish to get this under control so we can at least proceed with negotiations 2) try and pull this together ourselves 3) close down permanently. Tim stated he feels there are two alternatives at this point. 1) support the fish enterprise and then allow it to succeed or to say the fish enterprise is not an endeavor we want to pursue and feels that if we elect to pursue the fish enterprise and support it, then the Commission needs to take some responsibility in making this turn around 2) if they are not going to support it, then close it down. Curt stated he feels that shutting this down would not be a popular decision with Tribal members. Curt stated we have now a semi-trained work force and feels pretty comfortable with this. Curt stated he feels that in order to sell this fish we have to do some things differently. Curt stated that he agrees that a Manager is definitely needed. Bud stated he personally would like to have the Salmon Enterprise work, this is something our people can work in and he feels that if we hire the right manager it is all possible. Dan asked Curt if his recommendation is not to go with the brokering of Averi & Brann. Curt stated that yes it is. Curt stated that if the Commission wants to see this work, then he would hire a manager to be responsible for this project and to write a business plan. Dan asked Curt if his implied second part is to shut the business down. Curt stated that he thinks this has to be part of it.

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John stated that it looks to him that we have to make a decision on the fish. Curt stated that the decision needs to be whether or not we want to be in the business or not and if you vote yes on that, then hire the manager. Lillie stated that another thing needed is a back up person for the manager in order to keep things going. Bud stated that what he would like to see done is start small and get a manager in here to start building this up on success. Curt asked if there is any possibility to get an order from Costco along with the order from Roth's at this time to be able to keep in production. Bud stated he would not like to get so locked in with these brokers that we could not chase markets on our own. Dan stated that there is no contractual relationship with Averi & Brann, exclusively. Dan asked if we can go directly to Costco. Curt stated that we can go directly to Costco and that we do not need Averi & Brann to work on that. Curt stated that we have a better connection with Costco. Curt stated that he can get introduced to the Chief Executive Officer of Costco. Dan stated that going this way that Curt would have to be plant supervisor and make some decisions about staff and the technician would have to be cut down in time and used just to come in for quality control. Lillie asked how long the training positions is on for. Curt stated 30 days. Lillie asked if they were about up. Curt stated that they are about up. Tim stated that he is dissatisfied that the operation & production manual is not in place. Bud stated that it is expected to have the training manual in place at the end of September from the consultant. Dan stated that hopefully Curt will make it clear to Steve that we expect those documents by the time he finishes his contract. Curt stated that he pretty much has those documents done. Bud stated that perhaps we should hold his last check or something until we have received these documents. Dan stated that it is part of his contract that we receive these documents. Tim asked if there was any more current information on the salmon enterprise. Curt stated that July we did better.

MOTION #1 - Dan Van Otten moved that STEDCO immediately advertise for a Manager for the Salmon Enterprise and that between now and the time the Manager comes on that Curt Mader be designated Interim Manager for the responsibility of the project day to day operations and profit & loss. Seconded by Pat Morrell. Motion approved 6 - yes, 0 - no, 0 - abstain.