

Ordinance 44-12

An Ordinance for the Corporate Commission of the Mille Lacs Band to continue operations for the period beginning October 1, 2011 and ending September 30, 2012.

The District I Representative introduced the following Bill on the 5th day of January, 2012.

Preamble

It is enacted by the Band Assembly of the Mille Lacs Band of Ojibwe for the purpose of appropriating funds to and authorizing expenditures for the Corporate Commission, for purposes of Operations, Economic Development Projects (“Projects”), Grand Casino Hinckley, and Grand Casino Mille Lacs for the period beginning October 1, 2011 and ending September 30, 2012.

Section 1: Operations, Economic Development Projects, Grand Casino Hinckley and Grand Casino Mille Lacs. The Band Assembly hereby appropriates and authorizes expenditures not inconsistent with this Act or other applicable Band law for the Corporate Commission of the Mille Lacs Band for the period beginning October 1, 2011 and ending September 30, 2012 for the purposes of Operations, Economic Development Projects, Grand Casino Hinckley and Grand Casino Mille Lacs.

Section 2. Net Revenues.

(a) **Where deposited, defined.** One hundred percent (100%) of the net revenue shall be deposited in the General Fund of the Mille Lacs Band. Net Revenue is defined as the gross revenue from any and all departments, units, and all other sources of the integrated casino-hotel-entertainment facilities known as the Grand Casino Mille Lacs and the Grand Casino Hinckley, and the gross revenues from all other businesses owned by the Corporate Commission less reasonable and proper operating expenses for those facilities, and businesses, including a reasonable capital reserve, consistent with industry standards as defined by the Band governing body, to ensure the continuous up keep and maintenance of the facilities and the continued improvement of the facilities necessary to assure that they remain premier destination entertainment facilities.

(1) Grand Casino Mille Lacs and Grand Casino Hinckley shall calculate and remit their net revenues for a fiscal month not later than the 20th day of the following month to the General Fund of the Band.

(2) All other businesses owned by the Corporate Commission shall calculate and remit their net revenue annually not later than November 30th to the General Fund of the Band.

(b) For purposes of this Act reasonable operating expenses may include but not be limited to:

(1) repayment of principal and interest for debt acquired to maintain and improve the gaming facilities;

- (2) payment of wages, salaries, benefits, training and educational programs for employees of those facilities;
 - (3) prizes;
 - (4) materials and supplies for those facilities;
 - (5) utilities;
 - (6) repairs and maintenance of the facilities;
 - (7) interest on installment contract purchases by the facilities;
 - (8) insurance and bonding;
 - (9) advertising and marketing expenses;
 - (10) professional fees not to exceed the approved annual budget;
 - (11) security costs;
 - (12) costs associated with gaming regulatory compliance;
 - (13) equipment;
 - (14) trash removal;
 - (15) snow removal;
 - (16) cost of goods purchased;
 - (17) a reasonable operating reserve fund for expenditures that may arise periodically but not in a regular reoccurring manner; and
 - (18) a reasonable reserve and replacement fund, consistent with industry standards, as defined by the Band governing body, or required by any future debt instruments and as provided for in the annual budget.
- (c) Eight percent (8%) of the Net Revenue from all revenues of the Corporate Commission, or any partially or wholly-owned Corporate Commission entity, shall be deposited in the Business and Economic Development Fund and shall be held in an interest bearing account under the direction of the Office of Management and Budget from which expenditures shall not be made until expressly authorized by formal appropriation of the Band Assembly.

- (d) The Commissioner of Finance shall transfer appropriate funds to the Business and Economic Development Fund within 30 days of the end of the month.

Section 3. Corporate Commission Budget.

(a) **Corporate Commission Budget, timing, form.** The Corporate Commission shall submit a budget to the Band Assembly for the next fiscal year by August 1. The budget shall be in such form and contain such supporting detail in accord with general custom and usage for similar types of business budgets and shall be specific in detail to allow the Band Assembly to reasonably discern the proposed actions and expenditures of the Corporate Commission. The proposed budget shall consist of four component parts: Operations, Projects, Grand Casino Hinckley, and Grand Casino Mille Lacs. The Operations and Casino components shall be in a form approved by the Band Assembly and contain proposed activity levels by Department. The Projects Component shall contain a list of current and proposed projects with the approximate cost of each as proposed for the next fiscal year and four (4) years thereafter.

(b) **Unused Funds.** Any and all funds previously appropriated and remaining in the Corporate Commission Business and Economic Development Fund and the cash on hand at the end of fiscal year 2012, shall be deposited in the Business and Economic Development Fund held by the Mille Lacs Band of Ojibwe Government, within **sixty (60)** days after the end of 2012. The Corporate Commission and Grand Casinos Hinckley and Mille Lacs shall report to the Band Assembly on a quarterly basis the amount of cash on hand needed to run each property and justification for such funds.

Section 4. Operations Budget. Operations of the Corporate Commission are subject to a limit of \$5,800,000.00 for fiscal year 2012.

(a) **Permissible Uses of Operations Funds.** Monies in the Corporate Commission Business and Economic Development Fund, to the limit stated above for operations in this fiscal year, may be expended by the Corporate Commission for any of the following purposes and within a reasonable range as determined by the Band governing body:

- (1) salaries of Corporate Commission personnel;
- (2) incentive programs to front line staff if paid in accordance with reasonable policies and procedures expressly adopted by formal action of the Corporation Commission Board of Directors;
- (3) fees paid for professional services provided that there is a valid and binding contract between the Corporate Commission and the professional service provider;
- (4) rent for Corporate Commission office space, storage space, and any other uses the Corporate Commission may have for building space;
- (5) supplies and equipment;

- (6) utilities;
- (7) costs for meeting expenses;
- (8) travel expenses if disbursed in full accord with travel policies and procedures adopted by formal action of the Corporate Commission; and
- (9) administrative expenses spent which are necessary for the effective and efficient operation and performance of the duties of the Corporate Commission, provided that any promotional items including, but not limited to, all tickets to all events which are not directly given or sold to patrons or vendors by the Corporate Commission, Grant Casino Hinckley, and Mille Lacs, or its agents shall be equally distributed to elected officials for purchase and distribution.
- (10) Reasonable operating expenses as defined in section 2(b).

(b) **Modification of Operations Budget.** Any line item modification which is paid as a single payment, or as a cumulative payment, totaling one hundred thousand dollars (\$100,000) or more, must be approved by the Corporate Board of Directors. The Corporate Commissioner shall notify the Secretary/Treasurer of the Mille Lacs Band of the change in writing within five (5) consecutive days of the Corporate Board action.

Section 5. Economic Development Projects Budget.

(a) **Permissible Uses of Funds.** Permissible uses of Projects Budget funds include the following:

- (1) start-up costs or the acquisition of businesses;
- (2) purchase of real estate;
- (3) expansion of existing Corporate Commission businesses, including the addition or improvement of amenities consistent with the purpose of those businesses;
- (4) to establish and operate loan and grant programs to assist Band members and others when appropriate who desire to start, acquire, or expand their own businesses; and
- (5) the purchase, in whole or in part, any ownership interest, including shares of stock, partnership interest, joint venture interest, membership in a Limited Liability Company or similar entity, or any other business ownership where money invested in that business has a reasonable chance to produce a return on the investment.

(b) **Projects equal to or less than \$250,000.** At least ten (10) consecutive days before expending money on a project equal to or exceeding \$25,000 or less than \$250,001, the Corporate Commission shall provide written notice to the Band Assembly. If the Band Assembly fails to stay the project within ten (10) consecutive days after receiving notice, then the Corporate Commission may expend money on the Project.

(c) **Projects in excess of \$250,000.** The Corporate Commission may not expend more than \$250,000 on any single project without prior authorization from the Band Assembly. Such authorization of such single project cost shall be in the form of a Resolution adopted by the Band Assembly. In addition, the Corporate Commission must notify the Band Assembly of any payment to a vendor exceeding \$250,000, which is paid as either a single payment or in a cumulative amount to the same vendor within the fiscal year.

(d) **Prohibited Projects.** The Corporate Commission shall not use funds for any business activity or venture which is illegal, or inconsistent with the values of the Mille Lacs Band.

Section 6. Reporting Requirements. The Corporate Commission shall make quarterly reports to the Chief Executive, Speaker of the Assembly, and District Representatives at official quarterly meetings and at other times as requested.

(a) **Reporting on Business Participation.** The required form of reporting shall be consistent with the Corporate Commission's ownership interest in the business and which is acceptable to the Band Assembly to maximize the value of the information contained therein. The Band Assembly may at any time, following reasonable notice, call to meet with the Commissioner of Corporate Affairs to discuss any and all matters concerning any Corporate Commission owned businesses, subsidiary or investment. At a minimum, the Corporate Commission shall report or cause to be reported to the Band Assembly the following information concerning the businesses:

- (1) quarterly balance sheet, income or profit and loss, and cash flow statements of the businesses;
- (2) annual audited financial statements of the business within 120 days of the end of the fiscal year;
- (3) all other activities the Corporate Commission is engaged in including, but not limited to, business regulation;
- (4) any business record, statement, or other document in the possession or control of the Corporate Commission, subsidiary, or investment and, at Band Assembly's request, delivered not later than ten (10) consecutive days from the date of the request; and
- (5) a monthly written summary of all Corporate Commission and Casino vendor contracts which have been submitted to the Corporate Attorney for review. The

contracts shall be submitted within five (5) business days of the end of each month. The summary shall include:

- (a) Name of the goods and/or services provider;
- (b) Amount of the contract; and
- (c) Goods and/or services to be provided.
- (d) The Corporate Commission or Casino department for which the goods or services are to be provided and the department employee who authorized the contract.

Section 7. Corporate Commission Loans and Other Credit.

The Corporate Commission of the Mille Lacs Band shall not borrow, lend or enter into any loan agreement or establish any line of credit, which individually, or in sum, are in excess of \$250,000 without the prior approval by the Band Assembly.

Section 8. Tax Revenue.

All tax revenue collected by the Corporate Commission or an entity thereof on behalf of the Mille Lacs Band shall not be distributed or used for any purpose other than that expressly provided for by appropriation of the Band Assembly.

Section 9. Corporate Commission and Grand Casinos Hinckley and Mille Lacs Capital Budget and Capital Improvement.

The Corporate Commission shall establish a five (5) year Capital Projects Plan (the "Plan") and present the same to the Commissioner of Finance no later than August 1st of each year. The Corporate Commission Plan shall include all managed businesses as well as the ML Wastewater Management, Inc. The Plan should also include any proposed projects as well as the proposed start and completion date. This Plan shall not be binding on the Corporate Commission, but will be used by the Band Assembly as a tool to project future capital project outlays to facilitate the annual budget process. Each capital project must be approved by the Band Assembly prior to initiation of same.

Each casino shall participate with the Corporate Commission in the creation of a five (5) year Casino Capital Projects Plan (the "Casino Plan") and submit the same to the Commissioner of Corporate Affairs no later than July 15th of each year. The Commissioner of Corporate Affairs shall include the Casino Plan with the Corporate Commission Plan and present as a complete package to the Commissioner of Finance no later than August 1st of each year. The Plans shall include detailed reports which describe capital improvements completed during the previous fiscal year as well as those planned for the next fiscal year and four (4) years thereafter. This Plan shall not be binding on the Grand Casinos Hinckley and Mille Lacs, but will be used by the Band Assembly as a tool to project future capital project outlays to facilitate the annual budget process. Each capital project must be approved by the Band Assembly prior to initiation of same.

At the end of fiscal year 2012, the Corporate Commission shall submit a report detailing the fiscal year's capital expenditures and funds expended to complete projects. Any funds

previously appropriated and remaining at the end of fiscal year 2012, excluding obligated funds¹ in any casino capital improvement line item at the end of fiscal year 2012 shall be deposited in the Mille Lacs Band General Fund within sixty (60) days after the end of the 2012 fiscal year.

Section 10. Corporate Commission and Grand Casinos Hinckley and Mille Lacs Employment Information.

The Corporate Commission and Grand Casinos Hinckley and Mille Lacs shall submit a report to the Band Assembly detailing the specific budgeted dollar amount for each position, vacant or filled, in each business entity by March 1st of the fiscal year.

¹ Note: Obligated funds means all “projects in process” as identified in the fiscal year recap summary provided by the Corporate Commission through the end of the fiscal year. If the funds identified as “projects in process” are not paid for the identified capital projects by December 31st, the funds will be returned to the Mille Lacs Band of Ojibwe government general fund by January 31st of the following year.

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Introduced to the Band Assembly on this
fifth day of January in the year
Two thousand twelve.

Passed by the Band Assembly on this
fifth day of January in the year
Two thousand twelve.



Curt Kalk, Speaker of the Assembly

APPROVED

Date: 1/9/12



Marge Anderson, Chief Executive

OFFICIAL SEAL OF THE BAND