

Ordinance 08-14

An Ordinance for the Corporate Commission, a corporate body politic of the Mille Lacs Band, for the period beginning October 1, 2013 and ending September 30, 2014.

The District I Representative introduced the following Bill on the 26th day of November, 2013.

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 and its Economic Development Projects (“Projects”), and for Operations of Grand Casino Hinckley, Grand Casino Mille Lacs and any non-gaming business managed or operated by the Corporate Commission, except the St. Paul Hotel Properties and Sweet Grass Media, for the period beginning October 1, 2013 and ending September 30, 2014.

Section 1: General Appropriation. 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, 2013 and ending September 30, 2014 for its operating expenses, capital projects and economic development projects, subject to and in accordance with the terms of this Bill.

- (a) No later than August 1, 2014, the Corporate Commission shall submit a budget to the Band Assembly for the 2015 fiscal year. The FY2015 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 these component parts: existing and proposed economic development projects, operations of Grand Casino Hinckley and Grand Casino Mille Lacs and non-gaming businesses managed or operated by the Corporate Commission, with the exception of the St. Paul Hotel properties and Sweet Grass Media.
- (b) Unless otherwise approved by Band Assembly Resolution, 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 2014 shall not be carried over into the next fiscal year, but must be deposited into the Business and Economic Development Fund of the Mille Lacs Band Government within sixty (60) calendar days after the start of FY2015, but no later than November 30, 2014.
- (c) The Corporate Commission and Grand Casino Hinckley/Grand Casino Mille Lacs shall report to the Band Assembly on a quarterly basis, and as otherwise requested by the Band Assembly, as to the amount of cash on hand needed to run each property and be able to justify the use of such funds.

Section 2. Revenue.

(a) One hundred percent (100%) of the net gaming revenue shall be deposited monthly 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 Grand Casino Hinckley less reasonable and proper operating expenses for those facilities, and businesses, including a 5.5% gross revenue capital reserve consistent with industry standards as defined by the Band governing body, to ensure the continuous upkeep and maintenance of the facilities and the continued improvement of the facilities necessary to assure that the facilities remain premier entertainment destinations.

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

(b) For purposes of computing net revenue, reasonable and proper operating expenses may include but is not limited to:

- (1) payment of wages, salaries, benefits, training and educational programs for employees;
- (2) payment of principal and interest for debt acquired to maintain and improve assets;
- (3) prizes;
- (4) materials and supplies;
- (5) administrative fees;
- (6) utilities;
- (7) repairs and maintenance;
- (8) interest on installment contract purchases;
- (9) insurance and bonding;
- (10) advertising and marketing expenses;
- (11) professional fees;
- (12) security costs;
- (13) costs associated with regulatory compliance;

- (14) equipment;
 - (15) trash removal;
 - (16) snow removal;
 - (17) costs of goods purchased;
 - (18) a reasonable operating reserve fund for expenditures that may arise periodically but not in a regular reoccurring manner; and
 - (19) a reasonable reserve and replacement fund, consistent with industry standards or as defined by the Band governing body, or as required by any future debt instruments in excess of the capital reserve described at Subsection 2(a) above, if any.
- (c) All non-gaming businesses managed or operated by the Corporate Commission shall calculate and remit their net revenue not less than quarterly to the General Fund of the Band. However, net revenue of the printing business known as Sweet Grass Media and the two St. Paul Hotel properties shall be remitted to the existing Non-Gaming Economic Development fund as approved by the Band Assembly on July 2, 2013.
- (d) Eight percent (8%) of the Net Revenue from the total gaming revenues of the Corporate Commission shall be deposited in the existing Business and Economic Development Fund and held in an interest bearing account under the direction of the Commissioner of Finance, Office of Management and Budget. Expenditures shall be made from said Business and Economic Development Fund only as expressly authorized by formal appropriation of the Band Assembly.
- (e) The Commissioner of Finance shall transfer funds to be deposited in accordance with Subsection 2(c) to the Business and Economic Development Fund no less than annually.

Section 3. Corporate Commission Operations Budget. Operations of the Corporate Commission are subject to a limit of Five million four hundred thousand dollars and no cents (\$5,400,000.00) for fiscal year 2014. This budgeted amount does not include funding for capital projects. Any funding requests for capital projects totaling in excess of \$100,000.00 must be submitted to the Band Assembly for pre-approval.

- (a) Permissible Uses. The Operations Subaccount of the Business and Economic Development Fund may be expended by the Corporate Commission for any of the following purposes as determined by the Band Assembly, but in all instances shall not exceed the appropriated amount:
- (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 Corporate Commission Board of Directors;
- (3) Fees paid for professional services provided that there is a valid binding contract between the Corporate Commission and the professional service provider;
- (4) Rent for Corporate Commission office space, storage space, and any other uses that 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 accordance with travel policies and procedures adopted by formal action of the Corporate Commission;
- (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, Grand Casino Hinckley, Grand Casino Mille Lacs or its agents, shall be equally distributed to elected officials for purchase and distribution; and
- (10) Reasonable operating expenses as defined in section 2(b) hereinabove.

(b) Modification. Any line item modification which is paid as a single payment, or as a cumulative payment, totaling one hundred thousand dollars (\$100,000.00) or more, must be approved by the Corporate Commission Board of Directors. The Commissioner of Corporate Affairs shall notify the Secretary/Treasurer of the Mille Lacs Band of the change in writing within five (5) calendar days of the Corporate Board action.

Section 4. Economic Development Projects Budget.

- (a) Permissible Uses. Permissible uses of projects budget funds include the following:
- (1) start-up costs of new businesses or the acquisition of existing businesses;
 - (2) purchase of real estate;
 - (3) expansion of existing non-gaming Corporate Commission businesses, including the addition or improvement of amenities consistent with the purpose of those businesses when the expenses are not permitted expenditures from Capital Reserves or exceed available funds from Capital Reserves; and
 - (4) the purchase, in whole or in part, any ownership interest, including shares of stock, ownership 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) calendar days before expending money on a project equal to or exceeding \$25,000 and less than \$250,000 by the Corporate Commission, 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, Hotel/Casino Properties or Subsidiaries 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, Hotel/Casino Properties or Subsidiaries 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 5. Capital Projects Budget.

(a) 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 Plan shall include all currently managed businesses including the ML Wastewater Management, Inc. Any proposed projects should also be included showing the projected start and completion dates. 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.

(b) 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 Grand Casino 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. Upon receipt of the Corporate Commission Plan and the Casino Plan, the Commissioner of Finance shall meet with the Band Assembly to discuss the details of each Plan. The Band Assembly reserves all authority to approve any capital projects plan.

- (c) At the end of fiscal year 2014, the Corporate Commission shall submit a report detailing the FY2014 fiscal year's capital expenditures and funds expended to complete projects. Except as otherwise approved by Band Assembly Resolution, any funds previously appropriated and remaining at the end of fiscal year 2014, excluding obligated funds in any casino capital improvement line item at the end of fiscal year 2014 shall be deposited in the Mille Lacs Band General Fund within sixty (60) calendar days.

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;
 - (c) Goods and/or services to be provided; and
 - (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. Miscellaneous Provisions.

- (a) **Corporate Commission Loans and Other Credit.** The Corporate Commission, Hotel/Casino Properties or Subsidiaries 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.
- (b) **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.
- (c) **Employment Information.** The Corporate Commission and Grand Casino Hinckley/Grand Casino Mille Lacs shall submit a report to the Band Assembly detailing the specific budgeted dollar amount for the top fifty (50) positions, vacant or filled, of every business entity and shall report a dollar range for each other position by no later than March 1, 2014.


Ordinance 08-14

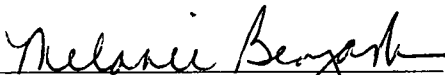
Introduced to the Band Assembly on this
Twenty sixth day of November in the year
Two thousand thirteen.

Passed by the Band Assembly on this
Third day of April in the year
Two thousand fourteen.

APPROVED

Date: 4-3-14


Curt Kalk, Speaker of the Assembly


Melanie Benjamin, Chief Executive

OFFICIAL SEAL OF THE BAND