



CORPORATE COMMISSION
of the Mille Lacs Band of Ojibwe Indians

CORPORATE ORDER #0913-01
OF
THE CORPORATE COMMISSION OF THE
MILLE LACS BAND OF OJIBWE INDIANS

The undersigned, as Commissioner of Corporate Affairs of the Corporate Commission of the Mille Lacs Band of Ojibwe Indians, a Corporate Body Politic (the "Commission"), hereby adopts the following Commissioner Order effective this 19th day of September, 2013.

WHEREAS, pursuant to 16 MLBSA § 6 the Commissioner of Corporate Affairs is authorized to issue regulations and other directives in the form of Commissioner Orders to accomplish the Commissioner's corporate duties and responsibilities; and

WHEREAS, the Commission wishes maintain a standardized process for the approval and execution of all contracts, leases and agreements; and,

WHEREAS, the Commission also wishes to maintain and allow for the efficient operation of our Corporate Commission businesses and to avoid unnecessary impediments to its operations; and,

WHEREAS, the Commission, in order to clarify the existing policy, wishes to amend policy #35.005 - "Purchasing Contracts" as follows:

- Part V Process-
 - Insert the following subheading:

"A. Purchase order contracts may be used for transactions involving solely the purchase of goods."
 - Insert in Subheading B, formerly Subheading A, the following:

"B. All other Contracts must be routed through Laserfische for the following approvals:"
- The balance of policy #35.005 to remain unchanged.

NOW THEREFORE BE IT ORDERED, that until or unless superseded or amended, Policy #35.005 is hereby amended.

IT IS SO ORDERED,

A handwritten signature in black ink, appearing to read "Joseph S. Nayquonabe", is written over a horizontal line.

Joseph S. Nayquonabe
Commissioner of Corporate Affairs

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I. Purpose

To provide a standardized process for the approval and execution of all contracts, leases and agreements; and ensure the interests of the Mille Lacs Band of Ojibwe Indians, the Corporate Commission, the Commissioner of Corporate Affairs, Officers, Directors, and associates are adequately protected.

II. Policy

An individual may be asked to sign various documents while arranging for goods and services to be provided to the company; these may be legal and binding contracts. Even a simple sales agreement may be a contract, and contracts are legal documents that obligate the company. Therefore, any time an authorized representative of the company is required to enter into a contract or lease agreement on behalf of the company, such contract or lease **MUST** be submitted, in accordance with the practice below, for review and approval *prior to* execution. Regardless of dollar value, a contract (a purchase order or written contract as specified below) must be prepared for any product or service when there are specific considerations for warranty, liability, cancellation, dispute resolution or worker's compensation insurance. The definition of a contract and contract types are provided in Section III, below.

III. Definitions

- A. **Contract.** A contract is a mutually binding legal relationship obligating one party to furnish supplies or services and another party promises to pay for them. A contract is formed when an offer is made by one party and that offer is then accepted by the other party. Contracts should clearly define the expectations of the parties, in specific terms.

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- B. Contracting Officer. The Company designated associate (specifically referenced in a contract) responsible for working directly, including management of business relationships, with contracted vendors. This associate is responsible for determining specific deliverables, initiating contracts, ensuring contracts are signed by both parties, and contracts are performed by both parties as agreed upon (for example the Company only pays the amount stated in a contract, the vendor meets expectations stated in the contract, the vendor provides the required insurance certificates, etc.). Managing business relationships includes addressing vendor performance issues and initiating resolution of contract disputes as mandated by this policy.

- C. Offer. A promise to do something specific in the future, based upon certain terms and conditions.

- D. Acceptance. Agreement to terms of an offer so that a binding contract is formed.

- E. Material breach of contract. A substantial violation of a contractual obligation, i.e. failure to perform a promise specifically stated in a contract.

- F. Contract Types (this list is not exhaustive)
 - 1. Purchase Order Contract. A purchase order contract is the standard form that is system generated and used to procure any standard, commercially available product or service.

 - 2. Agreement:
 - a. A document that specifically defines the product or service being purchased and the related price; this includes the scope of work, commitments, and compensation for any work that directly engages the time and effort of a vendor.

 - b. This document also includes all related terms and conditions that govern the business relationship.

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- c. A purchase order must accompany all written contracts for payment processing.

- 3. Change Order/Amendment. A document that formalizes any change to a contract. For example, a change in the scope of work or compensation. A change order or contract amendment must be created in order to document any change in expectation stated in a contract.

- 4. Lease. An agreement to convey possession, but not ownership, of land, space, or equipment in exchange for payment. A lease must clearly define all terms and conditions of possession (for example restricted uses, insurance requirements, late fees, damage deposit, etc.).

- 5. Confidentiality Agreement/Non-disclosure Agreement. An agreement to restrict the dissemination of confidential and proprietary information, to provide protection of this information, and define how the information is to be used (for example financial information, marketing strategies, etc.).

- E. Emergency Purchases. An item or service that is necessary to replace or repair a piece of equipment, a building component, or asset that:
 - 1. is unexpectedly non-functional and could not have been foreseen or anticipated; and
 - 2. is vital to business operations; and
 - 3. is authorized by management to ensure compliance with all licensing and/or regulatory agency rules and regulations (see article IV, section J).

IV. Practice

- A. A written contract and a purchase order must be used for the following:
 - 1. All construction projects;

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2. Any firm, business, or individual that buy goods or services on our behalf, i.e. media buyers;
 3. Gaming equipment, i.e. slot machines;
 4. All consulting or professional services, i.e. legal services, feasibility studies, etc.;
 5. Entertainment services;
 6. Maintenance;
 7. Leases of equipment, land, or space;
 8. Wherever the Contracting Officer, in consultation with their Department Head, determine that the complexity of the transaction, and/or the risk involved, warrants a written contract;
 9. All other vendors or individuals not already listed above that provide goods or services to the Company if the one-time cost to the Commission exceeds \$10,000 or the yearly aggregate purchase price, calculated on a rolling 12 month basis, exceeds \$30,000.
- B. All Purchasing policies and procedures must be adhered to for any contract or lease agreement.
- C. In order to avoid conflicts of interest and to comply with policy # 20.010, all contracts (including subcontractors/subcontracts), regardless of dollar value, where there is a conflict of interest or a recommended award to a relative of the contracting officer or the person with signature authority, must be forwarded for approval to the staff member with the next highest level of authority.
- D. The Corporate Legal Department must review and approve all contracts.
- E. Previously executed contracts will not be automatically renewed. Contract renewals must be converted to a new contract and processed accordingly:

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1. Prior to expiration, the Contracting Officer must contact the Purchasing Department to begin the appropriate RFP process.
 2. Upon expiration, a new contract can only be awarded after completion of the RFP process.
 3. All bid requirements must be followed. (See policy # 35.006, Bidding/Negotiating Purchases)
- F. Any changes or alterations recommended by the Corporate Legal Department must be incorporated into the contract or lease before approval will be granted.
- G. The General Manager or Finance Department Head can authorize an emergency purchase in order to maintain operations, even if the dollar amount exceeds his/her authorization level. The Commissioner of Corporate Affairs and the GRA must be notified immediately if a contract does not exist.
- H. Upon full execution of a contract, it is the respective department leader and contracting officer's responsibility to ensure that the contract is performed as defined. This responsibility includes determining that the scope of work is completed, all product and services are received, and payment requests comply with the contract amounts and terms.
- I. If the Company wants to terminate a contract, the contracting officer must notify the Corporate Legal Department to assess any risk to the Company and seek advice on termination. Furthermore, the Corporate Legal Department must advise regarding material breaches of contracts or any other significant contract disputes.
- J. Violation of this policy may result in disciplinary action up to and including termination.

V. Process for Approvals (Contract routing)

- A. Purchase order contracts may be used for transactions involving solely the purchase of goods.

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A.B. All other Contracts must be routed through Laserfische for the following approvals:

1. Department Director(s), Manager(s), or VP(s).
2. Director of Purchasing-Reviews for licensing, IERO and compliance with the bidding requirements of purchasing policy # 35.006.
3. Finance Department Head(s)-Reviews for budgetary issues
4. General Manager(s) (Casino contracts only)-General Review.
5. ~~Corporate VP of Gaming~~
6. Legal Department-Review for legal issues.
7. Vendor for signature, prior to Company execution.
8. Legal Department.
9. Commissioner of Corporate Affairs.

B.C. Laserfische Contract Approval Routing Guide.

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	GCML	GCHK	CC	Non-Gaming Businesses
Department Director (s)/ Managers(s)/ VP(s)	X	X	X	X
CFO (s)	X	X		
Director of Finance and Non-Gaming Operations			X	X
GM (s)	X	X		
Corporate VP of Gaming	X	X		
Legal	X	X	X	X
Commissioner	X	X	X	X

VI. Contract Authorization Levels (Signing authority)

- A. Contracts may be authorized only after all approvals, as required above, have been obtained. Only the Commissioner of Corporate Affairs or the designee of the Commissioner of Corporate Affairs is authorized to sign contracts on behalf of the Company. The Commissioner of Corporate Affairs is the only position that is allowed to delegate this authority.
- B. No contract or lease may be separated in order to avert the approval process dollar threshold.

VII. Change Orders/Amendments.

- A. The Company's contracting officer is only authorized to negotiate changes to a contract that meet all criteria of this article VII, sections B (1),(2), and (3). All changes must be formalized in writing by change order or contract amendment. Upon negotiation of a contract change, the contracting officer must notify the casino Chief Financial Officer and

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General Manager for casino projects, or the Corporate Chief Financial Officer for non-casino projects.

- B. The casino Chief Financial Officer and General Manager for casino projects, or the Corporate Chief Financial Officer for non-casino projects, can authorize change orders or amendments that:
1. Do not exceed 10% of the initial contract value; and
 2. Do not exceed the budget appropriated for the specific project (cannot utilize monies budgeted for other projects); and
 3. Do not exceed \$10,000.
- C. All change orders and amendments must be reviewed and approved by the Corporate Legal Department.
- D. If a change to a contract's general scope will exceed 10% of the initial contract, the budget appropriation for the project, or exceeds \$10,000, the change order or amendment MUST be submitted and approved through the applicable approval process PRIOR to work being performed. It is the contracting officer's responsibility that the change order or amendment is routed and approved in a timely manner (for example walking the document through the approval process).
- E. Change orders and amendments cannot be used to avert the contract approval or bid processes.

VIII. Bonding

Industry standards for bonding requirements are required for all construction contracts for \$50,000 or more (for new construction or facility improvements).

This requirement can be waived by the Commissioner for Band member owned businesses (51% ownership interest or greater) that meet the following criteria:

- A. Excellent performance record with the company as evidenced by records produced by the Department that selected the contractor.

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- B. Schedule Payments to the contractor only occur after work has been completed and inspected by appropriate personnel and lien waivers have been tendered from all subs working on the project.

IX. Environmental Standards

Contracts in excess of \$10,000 must require the recipient of the contract to comply with all applicable standards, orders, or regulations issued regarding Environmental Protection. Violations shall be reported to the Bureau of Indian Affairs and the Regional Office of the Environmental Protection Agency or other appropriate agencies.

Only the Commissioner of Corporate Affairs may make an exception to this policy.