



THE MILLE LACS BAND OF
OJIBWE INDIANS

Legislative Branch of Tribal Government

Resolution 08-01-116-98

**A RESOLUTION ADOPTING A NET REVENUE ALLOCATION
SCHEDULE FOR BUSINESSES OF THE CORPORATE
COMMISSION PURSUANT TO 16 MLBSA §108**

WHEREAS, 16 MLBSA § 108 states that the Band Assembly shall by resolution adopt a Net Revenue Allocation Schedule to provide for the allocation of the net revenues from any business conducted by the Corporate Commission or any wholly owned subsidiary of the Corporate Commission.

WHEREAS, The Corporate Commission, on behalf of the Band, owns and operates the Grand Casino Mille Lacs and the Grand Casino Hinckley and several other businesses; and

WHEREAS, The success of the Corporate Commission, through owning, operating, and participating in businesses, business development, and other Corporate Commission activities promotes the overall success of the Band by creating jobs that offer career opportunities for Band members and hope and inspiration for our children; a stable economy that contributes enormously to a stable community; and by contributing to the health of the overall regional economy thus helping to build and strengthen relations between the Band and our non-Indian neighbors; and by generating resources that the Band badly needs to fulfill Band governmental responsibilities to Band members and Band communities; and in many other ways serving the public interests of the Band; and

WHEREAS, Mille Lacs Band Statute 16 MLBSA §1101 provides that any revenue from a Corporate Body Politic shall inure to the benefit of the Band to be allocated by the Band Assembly as it determines is in the best interest of the Band; and

WHEREAS, Because the success of the Corporate Commission is essential to and integrally linked with the success of the Band, the Band Assembly desires to assure that the Corporate Commission receives adequate resources for its activities.

NOW THEREFORE BE IT RESOLVED, that the Band Assembly hereby adopts the following Net Revenue Allocation Schedule for net revenues derived from Grand Casino Mille Lacs, Grand Casino Hinckley and all other businesses of the Corporate Commission of the Mille Lacs Band.

Section 1. Allocation Schedule; Net Revenue Definition.

DISTRICT I

HCR 67, Box 194 • Onamia, MN 56359
(320) 532-4181 • Fax (320) 532-4209

DISTRICT II

Route 2 • Box 58 • McGregor, MN 55760
(218) 768-3311 • Fax (218) 768-3903

DISTRICT III

Route 2 • Box 233-N • Sandstone, MN 55072
(320) 384-6240 • Fax (320) 384-6190

- (a) **Allocation.** From the General Fund of the Band, where 100% of the income of the Corporate Commission is deposited, the Band Assembly allocates the Net Revenues of the Grand Casino Mille Lacs and the Grand Casino Hinckley and all other businesses owned by the Corporate Commission beginning April 3, 1998 as follows;
- (i) 40% of the Net Revenue from Grand Casino Mille Lacs and all other businesses owned by the Corporate Commission (except all net revenue from Grand Casino Hinckley) shall be allocated to a dedicated fund known as the Corporate Commission Business and Economic Development Fund, on behalf of the Corporate Commission for purposes specified in section 2 of this resolution; and
 - (ii) all other Net Revenues (including all net revenue from Grand Casino Hinckley) shall remain in the General Fund of the Band to be allocated through the Band's appropriation processes.
- (b) **Timing of Allocation.** At the direction of the Corporate Commission, the Grand Casino Mille Lacs following the expiration of the management agreement with Grand Casinos Inc, and all other businesses owned by the Corporate Commission (except Grand Casino Hinckley) shall calculate their Net Revenues for the fiscal month no later than the 10th day of the month. The allocation shall occur as provided in sub-section (a) above on the next business day following the calculation of net revenues.
- (c) **Duration of Allocation.** The duration of the allocation shall be until the expiration of this resolution or until modified by a Band Assembly resolution.
- (d) **Net Revenue Definition.** For purposes of this resolution "Net Revenue" shall mean 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, to assure 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. Such reasonable operating expenses may include, but not be limited to, (1) repayment of principal and interest for any debt acquired to maintain and improve the facilities in such a manner that will help them remain premiere destination entertainment 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; interest on installment contract purchases by the facilities; (8) insurance and bonding; (9) advertising and marketing expenses; (10) professional fee; (11)

security costs; (12) costs associated with gaming regulatory compliance; (13) equipment; (14) trash removal; (15) snow removal (16) cost of goods sold; (17) a reasonable operating reserve fund for expenditures that may arise periodically but not in a regular reoccurring manner; (18) other expenses, consistent with industry standards, reasonably deemed, by the Corporate Commission, to be operating expenses; (19) reasonable reserve and replacement fund, consistent with industry standards or required by any future debt instruments.

Section 2. Permissible Uses by the Corporate Commission of the Corporate Commission Business and Economic Development Fund.

(a) **Permissible Uses of Funds.** Monies in the Corporate Commission Business and Economic Development Fund may be expended by the Corporate Commission for the following purposes;

- (1) administration of the Corporate Commission, including;
 - (i) salaries of the Corporate Commission personnel;
 - (ii) incentive bonuses to staff if paid in accord with commercially reasonable policies and procedures adopted by the Corporate Commission;
 - (iii) fees paid for professional services provided that there is a valid and binding contract between the Corporate Commission and the professional service provider;
 - (iv) rent for the Corporate Commission office space, storage space, and any other uses the Corporate Commission may have for building space;
 - (v) supplies and equipment;
 - (vi) utilities;
 - (vii) reasonable meeting expenses;
 - (viii) reasonable travel expenses if disbursed in full accord with travel policies and procedures of the Corporate Commission;
 - (ix) any other administrative expense customarily and usually spent which is reasonably necessary for the effective and efficient operation and performance of the duties of the Corporate Commission.

(2) Corporate Commission business and economic development projects, including:

- (i) start-up or acquisition of Corporate Commission businesses;
- (ii) expansion of existing Corporate Commission businesses including the addition or improvement of amenities consistent with those businesses;
- (iii) establish and operate loan and grant funds to assist Band members, and perhaps others, who desire to start, acquire or expand their own businesses;
- (iv) purchase, in whole or in part, any ownership interest be it 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.
- (v) any other use of funds reasonably designed to further the Corporate Commission objectives of generating resources for itself and the Band and helping to build and strengthen the Band economy.

(3) Concomitant with the authority to expend funds for the purposes set forth in this section, the Corporate Commission and the Commissioner of Corporate Affairs, as authorized by the Corporate Commission, is fully authorized to execute and enter into any contract, agreement, or any other document or instrument necessary to complete any activity or transaction the Corporate Commission elects to engage in under the terms and conditions of this resolution.

(b) **Corporate Commission Budget.** At least one month prior to the beginning of each fiscal year the Corporate Commission, by majority vote of its Board of Directors, shall submit a written budget for the fiscal year to the Band Assembly. 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 reasonably discern the proposed actions and expenditures for the Corporate Commission for the current fiscal year; provided that it shall consist of two main component parts Administration and Projects, The Administrative component part shall be presented at the specific activity level by line item and the Projects component part shall contain a list of projected projects and approximate cost of each. The budget shall also include a statement showing the project revenues and expenditures of the Corporate Commission Business and Economic Development Fund and the projected balance at the end of the fiscal year. In the event that the projected fund balance is insufficient to cover the proposed Corporate Commission budget including Administrative and Project functions, and the Corporate Commission is requesting of the Band

Assembly the appropriation of supplemental funds from the General Fund of the Band. Any such request for a supplemental appropriation shall contain a budget that specifies and amount and proposed usage for any such funds.

(c) Approval of Corporate Commission Budgets. The annual administrative budget of the Corporate Commission and a budget setting forth the amount of money targeted for and a preliminary list of projected Corporate Commission projects shall be approved by a majority vote of the Board of Directors of the Corporate Commission at a regular or special meeting of the Board where a quorum is present. The Board of Directors of the Corporate Commission must also approve any modification to the previously approved Corporate Commission administrative budget that involves a change of ten percent (10%) in any given line item within the applicable budget.

(d) Corporate Board Approval of Individual Projects; Notice.

Prior to expending money from the Corporate Commission Business and Economic Development Fund on any Corporate Commission project or projects, the Board of Directors of the Corporate Commission shall approve of any such expenditure by a majority vote at a regular or special meeting of the Board where a quorum is present. Upon approval of any Corporate Commission Project, the Corporate Commission shall provide timely notice to the Band Assembly of the approval of the project. The Board of Directors may approve of any project whether or not that project is listed among the projected Corporate Commission projects. If the Board of Directors approves of a project not included on the list of projected projects contained in the originally approved projects budget, the notice to the Band Assembly of such an approval shall also contain an explanation as to why the approved project was not included in the list of projected projects.

(e) Spending Limitation on a Single Project

The Corporate Commission may not expend more than fifty percent (50%) of the total amount money allocated for Corporate Commission Projects in any given year on any single project without the prior authorization of the Band Assembly. Such Band Assembly authorization shall be in the form of a spending waiver enacted by a resolution of the Band Assembly.

(f) Prohibited Projects

No funds of the Corporate Commission shall be used in any business activity or venture whose activities are illegal, or wholly inconsistent with the vision, goals or values of the Band.

(g) Unused Funds

Any funds remaining in the Corporate Commission Business and Economic Development Fund at the end of the fiscal year shall remain in that fund for use by the Corporate Commission, as provided herein, for the next fiscal year.

(h) Budget Amendment. The Corporate Commission may not expend any money from the Corporate Commission Business and Economic Development Fund for any purpose that is not authorized as permissible under this resolution or exceeds the dollar amounts or limitation contained in section 2(e) for the projects budget without first receiving prior authorization in the form of a budget amendment or spending waiver for such spending adopted by a resolution of the Band Assembly.

Section 3. Reporting Requirements.

The Corporate Commission shall make frequent and informative reports to the Band Assembly concerning their participation in businesses and other activities.

(a) Reporting on Business Participation. The form of the required reporting shall be congruous with the Corporate Commission's ownership interest in the business and shall be tailored as the Band Assembly desires to maximize the value of the information contained therein. At minimum, unless inconsistent with the nature of the Corporate Commission ownership interest in a business, the Corporate Commission shall report or cause to be reported to the Band Assembly the following information concerning the business:


- (i) Quarterly profit and loss statements of the business;
- (ii) Annual audited financial statements of the business;
- (iii) Unless waived by the Band Assembly, the Commissioner of Corporate Affairs shall appear before the Band Assembly no fewer than four times a year for the purpose of reporting on the condition and operations of each of the Corporate Commission wholly owned businesses or subsidiaries;
- (iv) Band Assembly may at any time, following reasonable notice, call a meeting with the Commissioner of Corporate Affairs, or his/her designee to discuss any matter concerning any Corporate Commission wholly owned businesses or subsidiary.

(b) Other Matters. The Corporate Commission shall regularly report to the Band Assembly on all other activities other the ownership and participation in businesses in a manner which is informational, beneficial, and acceptable in form by the Band Assembly.

NOW BE IT FURTHER RESOLVED, that commencing on May 15, 1999 revenues from the Grand Casino Hinckley shall be added to the allocation contained in section 1(a) hereof on the same terms and conditions as revenue from the Grand Casino Mille Lacs is allocated and expended under this resolution.

WE DO HEREBY CERTIFY, that the foregoing resolution was duly concurred with and adopted at a special session of the Band Assembly in Legislative Council assembled, a quorum of Legislators being present held on the 1st day of July, 1998 at Vineland Minnesota by a vote of 3 For 0 Against 0 Silent.

IN WITNESS WHEREOF, we the Band Assembly hereunto cause to have set the hand of the Speaker of the Assembly to be affixed to this resolution.


David Matrious, Speaker of the Assembly.

IN CONCURRENCE, with the action of the Speaker of the Assembly, we, the Administrative Policy Board hereunto recommend to set the hand of the Chief Executive to this resolution.


Marge Anderson, Chief Executive

OFFICIAL SEAL OF THE BAND