The attached Trust Land Leasing Act of 2013, submitted by the Ak-Chin Indian Community, prepared in accordance with the Helping Expedite and Advance Responsible Tribal Home Ownership Act of 2012, the HEARTH Act of 2012, consisting of 15 pages and adopted by the Ak-Chin Indian Community Council on August 7, 2013, is hereby approved.

Dated: 11/10/13

Kevin K. Washburn
Assistant Secretary – Indian Affairs
United States Department of the Interior

Pursuant to the authority delegated by 209 DM 8
SECTION:

1.1 Authority and Delegation. This Act is enacted by the Ak-Chin Indian Community Council ("Community Council") pursuant to the powers vested to it under Article VIII, Section 1 (a), (b), (c), (d), and (m) of the Articles of Association of the Ak-Chin Indian Community of Arizona, adopted December 20, 1961, as may be amended from time to time. The Community Council or its designee shall have the power and authority to lease any real property of the Community or leases of space within existing facilities on Community trust land that is not already leased in accordance with federal law and this Act.

1.2 Scope. The scope of application of this Act shall apply to all Leases approved pursuant to 25 U.S.C. §415, as amended by P.L. 112-151, on July 30, 2012, governing leases on Indian trust or restricted lands, and to all actions and decisions taken in connection with those leases. Nothing herein shall be construed to affect the terms and conditions of existing leases.

1.3 Purpose. The purposes of this Act are to:

   (a) Recognize the authority of the Ak-Chin Indian Community, to issue, review, approve, and enforce leases and establish streamlined procedures for environmental review;

   (b) Promote self-determination, encourage economic self-sufficiency, and increase business activity and employment on lands of the Ak-Chin Indian Community Reservation of Arizona; and

   (c) Implement the Helping Expedite and Advance Responsible Community Home Ownership Act of 2012, P.L. 112-151, July 30, 2012 and this Act.

1.4 Short Title. This Act shall be known and cited as the "Trust Land Leasing Act of 2013."
SECTION:

2.1 Definitions. As used in this Act, the capitalized terms set forth below shall have the following meanings:

(a) "Act" means the Ak-Chin Indian Community Trust Land Leasing Act of 2013.

(b) "Amendment" means modification of a Lease.

(c) "Assignment" means an agreement between a Lessee and an assignee whereby the assignee acquires all or some of the Lessee's rights and assumes all or some the Lessee's obligations under a Lease.

(d) "Authority" means the Ak-Chin Community Council which is the governmental entity, or its designee, that has the authority to perform the duties and responsibilities of the Community, and to approve or disapprove leasing transactions, which include but are not limited to: lease issuance, lease amendment or modification, subleasing, lease assignment or transfer, and lease terminations. The Authority has the statutory authority to give final approval for all Leases and has authority to delegate some or all of its statutory authority to Community agencies on behalf of the Community.

(e) "Best Interest of the Community" means the balancing of interests in order to attain the highest economic income, provide incentives to increase economic development, preserve and enhance the value of Community Trust Land, increase employment and jobs on the Community Trust Land, and preserve the sovereignty of the Community.

(f) "BIA" means the Bureau of Indian Affairs, United States Department of the Interior.

(g) "Community" means the Ak-Chin Indian Community.

(h) "Community Council" means the duly elected governing body of the Community pursuant to its Articles of Association.

(i) "Community Court" means the court of the Ak-Chin Indian Community.

(j) "Community Trust Land" means all lands of the Community within the limits of the Community's Reservation or land over which the Community exercises governmental power and that is held in trust by the United States for the benefit of the Community.
(k) "Development Period" means the time period from when a lease is executed to when improvements are expected to be substantially completed.

(l) "Environmental Review Process" means the process for conducting Community environmental review to assess whether a proposed development or project as defined under applicable Community law or regulations will have a positive, negative, or no significant environmental impact.

(m) "Environmental Reviewer" means a person from the Community's Environmental Protection Department or other person/entity as otherwise approved by the Community.

(n) "Executing Official" means the Chairman of the Community Council or his authorized designee, who shall execute all Leases of the Community, including subleases, amendments, modifications, assignments and cancellations of leases.

(o) "Fair Lease Value" means the most probable dollar amount, as determined under Section 3, that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the Lessee and Lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from Lessor to Lessee under conditions whereby:

(i) Lessee and Lessor are typically motivated;

(ii) Both parties are well-informed or well-advised, and acting in what they consider their best interests;

(iii) A reasonable time is allowed for exposure in the open market;

(iv) The rent payment is made in terms of cash in United States dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract; and

(v) The rental amount represents the normal consideration for the property leased.

(p) "Holdover" means circumstances in which a lessee remains in possession of the leased premises after the lease term expires.

(q) "Interested Party" means a Community member whose interest is directly and adversely affected by the Authority’s approval of a Lease.

(r) "Lease" means any written agreement or contract between the Lessor and a Lessee which the Lessee is granted a right to possess Community Trust Land for a specified purpose and duration in return for specified rent or other valuable consideration.
"Leasehold Mortgage" means a written instrument that creates an encumbrance on a lease as security for the payment of a specified debt.

"Leasing Decision" in the context of the Environmental Review Process means the following type of lease transactions that will be acted on by the Authority: lease issuance, lease amendment or modification, subleasing, or lease assignment.

"Lessee" means a person or entity who has acquired a legal right to possess Community Trust Land by a lease pursuant to this Act.

"Lessor" means the Authority acting on behalf of the Community, who holds a legal and beneficial interest in Community Trust land and conveys the right to use and occupy the property under a lease agreement.

"Project" means any development activity pursuant to a Lease under this Act.

"Significant Effect on the Environment" means a substantial, or potentially substantial, adverse change in the environment, including land, air, water, minerals, flora, fauna, ambient noise, cultural areas and objects of historic or cultural significance.

"Space Lease" means a lease of space within commercial facilities or buildings on Community trust land.

"Sublease" means a written agreement by which the Lessee grants to an individual or entity a right to possession no greater than that held by the Lessee under a Lease.

"Surety" means one who guarantees the performance of another.

CHAPTER THREE
LEASE REQUIREMENTS

SECTION:

3.1 Terms and Conditions. Leases shall be governed by the standard terms and conditions set forth in Lease agreement or equivalent document. The standard terms and conditions may be modified only with the approval of the Authority. The Lessee is responsible for understanding these terms and conditions.

3.2 Duration and Renewal. The term shall not be more than twenty-five (25) years except that any such lease may include an option to renew for up to two additional terms, each of which may not exceed twenty-five (25) years. The Lessee shall notify the Authority of the intent to renew, at least one (1) year before such lease is due to expire.
3.3 **Obtaining a Lease.** Information on obtaining a Lease shall be available from the Authority.

3.4 **Lease Application Requirements.** All applicants for a Lease shall submit the following documents to the Authority:

(i) Financial statement, if applicable;

(ii) Site survey and legal description, if applicable;

(iii) Evidence that the Environmental Review Process has been completed according to Section 7.3 of this Act; and

(iv) Any other documents as may be required by the Authority pursuant to its Leasing procedures.

3.5 **Lease Requirements.** All Leases shall contain, at a minimum, the following provisions:

(i) The Tribal tract, location, legal description, parcel, or space of the land being leased;

(ii) The purpose of the lease and authorized uses of the leased premises;

(iii) The parties to the lease;

(iv) The term of the lease;

(v) Identification of the responsible party for constructing, owning, operating, and maintaining any improvements to the leased premises;

(vi) Indemnification of United States and Lessor;

(vii) Payment requirements and late payments, including interest and penalties; and

(viii) Due diligence, insurance and bonding requirements as provided in this Section.

3.6 **Recordkeeping.**

(a) Records provided to the United States pursuant to this Act are the property of the United States. Records compiled, developed, received, or submitted by the Authority are confidential and proprietary property of the Community.
(b) The Authority is responsible for maintaining all records of all Leases and for disseminating recorded lease documents to the Community Council Secretary and other appropriate Community departments.

3.7 **Recordation.** The Authority shall provide the BIA Agency having jurisdiction over the land with any leases, subleases, assignments, amendments, encumbrances, renewals, modifications and cancellations approved under this Act for recordation with the BIA Land Titles and Records Office having jurisdiction over the land.

3.8 **Indian Preference.** Unless the Lease states otherwise, a Lease may include, consistent with Community law, a provision to give Indian preference in hiring for employment purposes.

3.9 **Space Leases.** Space leases may be reviewed and approved pursuant to this Act.

3.10 **Land Descriptions.** Leases shall contain adequate site surveys and/or legal descriptions based on metes and bounds, rectangular or lot and block systems, referred to as a Tribal tract. Space leases shall reference the Community land tract and contain adequate descriptions of the location within the Tribal tract and the square footage of the space being leased and may include renderings, architectural drawings or other schematics to illustrate the location of the space.

3.11 **Appraisal; Local Studies.**

(a) The Fair Lease Value shall be determined by an appraisal or equivalent procedure performed by the Authority utilizing the following data: improvement cost, replacement cost, earning capacity, sales and lease data of comparable sites or by similar methodology as approved by the Authority and deemed to be in the best interest of the Community. An appraisal log reporting the methods of appraisal and value of trust land shall be included in the records of the Authority. The Authority’s appraisal, analysis, and other information are confidential and proprietary to the Lessor.

(b) Alternatively, the fair lease value shall be determined by an appraisal performed by a licensed appraiser utilizing the Uniform Standards of Professional Appraisal Practice or commonly accepted method of appraisal. An appraisal log describing the method of appraisal and value of trust and shall be included in the records of the Authority.

3.12 **Fair Lease Value.**

(a) No lease shall be approved for less than the present Fair Lease Value as set forth in the appraisal, except as follows:

(i) The lease is in the Development Period;

(ii) The Authority is providing an incentive for business to locate on Community Trust Lands, and must provide lease concessions, lease improvement credits, and lease abatements to attract such businesses; or
(iii) The Authority determines such action is in the Best Interest of the Community.

(b) A lease may be structured at a flat lease rate, percentage of gross receipts, or combination thereof.

3.13 Lease Payments.

(a) A lease must specify the dates on which all payments are due.

(b) A lease must specify that the Lessee shall make payments directly to the Authority.

(c) The lease may provide for periodic review and such review may give consideration to the economic conditions, exclusive of improvement or development required by the contract or the contribution value of such improvements.

(d) Leases may be structured to allow for lease rate adjustments. The lease shall specify how adjustments will be made, who will make such adjustments, when adjustments will go into effect, and how disputes shall be resolved.

(e) Leases may be amended to allow for lease rate adjustments.

3.14 Insurance.

(a) A Lessee shall provide insurance necessary to protect the interests of the Lessor and in amounts sufficient to protect all insurable improvements on the premises.

(b) The insurance may include, but is not limited to, property, liability or casualty insurance or other insurance as specified in the Lease.

(c) The Lessor and the United States must be identified as additional insured parties.

(d) The Authority may waive this requirement if the Waiver is in the Best Interest of the Community. The Waiver may be revoked at any time if the Waiver ceases to be in the Best Interest of the Community.

3.15 Performance Bond.

(a) Unless waived in writing by the Authority in accordance with this Act, the Lessee shall obtain a satisfactory performance bond in an amount sufficient to secure the contractual obligations of the Lease. Such bond shall be for the purpose of securing the Lessee's contractual obligations under the Lease and may guarantee:
(i) The annual lease payment;
(ii) The estimated development cost of improvements; and
(iii) Any additional amount necessary to ensure compliance with the lease.

(b) The Authority may waive the bond requirement, or reduce the amount, if doing so is in the Best Interest of the Community. The Authority shall maintain written records of waivers and reductions.

(c) The performance bond may be in one of the following forms:

(i) Certificates of deposit issued by a federally insured financial institution authorized to do business in the United States;
(ii) Irrevocable letters of credit issued by a federally insured financial institution authorized to do business in the United States;
(iii) Negotiable Treasury securities; or
(iv) Surety bond issued by a company approved by the U.S. Department of the Treasury.

3.16 Improvements. All Leases shall require the Lessee to exercise due diligence and best efforts to complete construction of any improvements within the schedule specified in the Lease.

(a) Lessee, at Lessee's expense or as otherwise provided in the Lease, may construct improvements under a Lease if the lease specifies, or provides for the development of:

(i) A plan that describes the type and location of any improvements to be built by the Lessee; and
(ii) A general schedule for construction of the improvements.

(b) Lessee shall provide the Authority written justification as to the nature of any delay, the anticipated date of construction of the improvements, and evidence of progress toward commencement of construction.

(c) When requested by the Authority or otherwise required in the Lease, Lessee shall further provide the Authority, in writing, an updated schedule for construction.

(d) Failure of the Lessee to comply with these requirements will be deemed a violation of the Lease and may lead to cancellation of the lease pursuant to Chapter 5 of this Act.
(e) Improvements to the premises shall become the property of the Community unless otherwise provided for in the Lease. If improvements will be removed, the Lease may specify the maximum time allowed for such removal.

(f) A Lessee may develop equity value in the improvements, and sell its interest in the Lease based on the equity value. The Community has a right of first refusal to purchase the interest.

(g) The Lease may provide that at expiration, cancellation or termination of the Lease, the Lessor shall purchase improvements to the premises at fair market value.

(h) Improvements may be subject to taxation by the Community.

3.17 Subleases, Assignments, Amendments and Encumbrances.

(a) Subleases, assignments, amendments or encumbrances of any Lease shall be by written agreement of the Authority and Lessee, unless otherwise provided herein.

(b) Notwithstanding Section 3.17(a), the Lease may authorize subleases and assignments, in whole or in part, without separate approval from the Authority and execution from the Executing Official, provided a copy of the sublease or assignment is provided to the Authority and the following conditions, where applicable, are met and stated in the Lease:

(i) There is no event of default under the Lease or this Act;

(ii) Any restrictions and use limitations on the use of the premises shall continue to apply to any subtenant or assignee;

(iii) The proposed assignee or sublessee submits a current financial statement showing financial adequacy; and

(iv) The Lessee shall not be relieved or released from any of its obligations under the Lease.

(h) This Section 3.17(b) in no way relieves the parties to a Lease from carrying out their duties under the Lease, which may contain additional restrictions and conditions.

(d) The lease may authorize encumbrances to the leasehold interest for the purpose of financing to develop and improve the premises subject to approval by the Authority and execution from the Executing Official.

(e) If a sale or foreclosure of the Lessee's business or assets occurs and the encumbrancer is also the purchaser, the encumbrancer may assign the lease without approval of the Authority, provided the assignee agrees in writing to be bound by all the terms and conditions of the lease.
CHAPTER FOUR
LEASE MANAGEMENT

SECTION:

4.1 Management.

(a) Except where required otherwise by agreement or applicable law, the Authority shall manage all Leases pursuant to this Act.

(b) The Authority shall institute a leasing management plan or policy that employs real estate management practices, addresses accounting, collections, monitoring, enforcement, relief and remedies.

4.2 Administrative Fees. The Authority may charge administrative fees for costs associated with issuing a lease, sublease, assignment, amendment, mortgage or other administrative transaction.

CHAPTER FIVE
ENFORCEMENT

SECTION:

5.1 Generally. The Authority shall have all powers necessary and proper to enforce the lease terms, laws, ordinances, regulations, rules, policies, and covenants. This includes the power to enter the premises at a reasonable time, with notice, or without notice if exigent circumstances or suspicious activity exist, and assess penalties, and assess a charge for late payments.

5.2 Defaults.

(a) If the Authority determines the Lessee is in default, the Authority shall promptly serve the Lessee a notice of default.

(b) The notice of default may be provided by certified mail, return receipt requested or by personal service.

(b) Within ten (10) days of the service of the notice of default, the Lessee shall:

(i) Cure the default and notify the Authority in writing that the default has been cured.

(ii) Dispute the Authority's determination that the lease is in default and explain why the lease should not be canceled; or

(iii) Request additional reasonable time to cure the default.
5.3 Remedies.

(a) If the Lessee fails to cure the default within the prescribed period, the Authority may:

(i) Cancel the lease pursuant to this Act and/or subsequent regulations;

(ii) Grant an extension of time to cure the default;

(iii) Pursue other remedies, including execution on bonds or collection of insurance proceeds;

(iv) Any combination of remedies listed above; or

(v) Any other remedy set forth in the Lease.

(b) If the Authority cancels a Lease, the Authority shall serve the Lessee a cancellation letter within a reasonable time period. The cancellation letter may be served by personal service or to the Lessee by certified mail, return receipt requested. The cancellation letter shall:

(i) Explain the grounds for cancellation;

(ii) Notify the Lessee of unpaid amounts, interest charges or late payment penalties due under the lease;

(iii) Notify the Lessee of its right to appeal; and

(iv) Order the Lessee to vacate the premises within thirty (30) days of the service of the cancellation letter, if an appeal is not filed by that time.

(c) A cancellation shall become effective thirty-one (31) days after service. The filing of an appeal shall not change the effective date of the cancellation. Pending the outcome of an appeal, the Lessee shall make all requisite payments, as well as comply with the terms of the lease.

(d) If the Authority decides to grant an extension of time to cure a default, the Lessee shall proceed diligently to perform and complete the corrective actions within the prescribed time period.

5.4 Penalties. The lease shall specify the rate of interest to be charged if the Lessee fails to make payments in a timely manner. The lease shall identify additional late payment penalties. Unless the lease provides otherwise, interest charges and late payment penalties shall apply in the absence of any specific notice to the Lessee from the Authority, and the failure to pay such amount shall be treated as a breach of the lease.
5.5 **Harmful or Threatening Activities.** If a Lessee or other party causes or threatens to cause immediate and significant harm to the premises, or undertakes criminal activity thereon, the Authority may take appropriate emergency action.

5.6 **Holdover.** If a Lessee remains in possession after the expiration or cancellation of a lease, the Authority shall treat such occupation as a trespass. The Authority shall take action to recover possession and pursue additional remedies. Recovery may be pursuant to Community laws, or alternatively, the Authority may make a written request sent by certified mail to the BIA for resolution under any applicable federal laws.

5.7 **Trespass.** If a person occupies the premises without the Authority's approval, the Authority may pursue appropriate remedies, including the filing of a trespass action to recover damages under Community law.

**CHAPTER SIX**
**APPEALS**

**SECTION:**

6.1 **Appeals.**

(a) The Lessee or Interested Party may appeal a determination of the Authority, within ten (10) days of the determination. Appeals may be filed with the Community Court or other hearing body as set forth in the management plan or policy.

(b) Such appeals shall be effectuated by filing the appeal with the Authority and the Community Court/appeal entity which shall include: (1) a written notice setting forth the basis for the appeal; (2) a short statement indicating the nature and circumstances of the appeal; and (3) a short statement indicating the remedy being sought.

6.2 **Scope of Review.** The Community Court or other hearing body shall review whether the determination was arbitrary, capricious, or an abuse of discretion; not supported by substantial evidence in the record; or otherwise, not in accordance with this Act. The decision of the Community Court or other hearing body shall be final and not appealable.

**CHAPTER SEVEN**
**ENVIRONMENTAL REVIEW PROCESS**

**SECTION:**

7.1 **Generally.** Unless exempt under this Chapter, the Authority shall not approve a Lease until the proposed Lease has completed the Environmental Review Process pursuant to this Chapter and other applicable Community regulations. Leases approved and executed without compliance with this Chapter shall be null and void.

7.2 **Threshold Determination.**
(a) Leasing Decision Not Subject to Environmental Review Process: If the Environmental Reviewer determines that the Leasing Decision by its nature would not affect the biological and cultural resources of the Community, the Environmental Reviewer shall issue a written finding that such Leasing Decision is exempt from additional requirements of the Environmental Review Process, subject to the environmental record requirements of any applicable Community environmental regulations.

(b) Leasing Decision Subject to Environmental Review Process: If the Environmental Reviewer determines that the Leasing Decision might be expected to: (i) impact, (ii) alter, (iii) disturb, or (iv) otherwise cause physical disturbances to the biological or natural resources of the Community, the Lessee must fulfill the requirements of the Environmental Review Process. The physical disturbances must be direct, such as land clearing, new building construction, or discharge of emission or effluent associated with the Project.

7.3 Action on Leasing Decision Subject to Completion of Environmental Review Process. If the Environmental Reviewer determines that the Leasing Decision is subject to the Environmental Review Process, the Authority may not consider the Leasing Decision until the Environmental Reviewer completes the Environmental Review Process.

7.4 Environmental Review Process.

(a) Unless an exemption applies or a lease is otherwise not subject to the Environmental Review Process, then, before the execution of any Lease, the Authority shall cause to be prepared a comprehensive and adequate Community Environmental Impact Report ("CEIR"), analyzing the potentially significant effects of the proposed action on the environment; provided, however, that information or data which is relevant to such a CEIR and is a matter of public record or is generally available to the public need not be repeated in its entirety in the CEIR, but may be specifically cited as the source for conclusions stated therein; and provided further that such information or data shall be briefly described, that its relationship to the CEIR shall be indicated, and that the source thereof shall be reasonably available for inspection at a public place or public building. The CEIR shall provide detailed information about the Significant Effect(s) on the Environment which the Lease is likely to have, and shall include a detailed statement setting forth all of the following:

(i) A description of the physical environmental conditions in the vicinity of the Project (the environmental setting and existing baseline conditions), as they exist at the time the notice of preparation is issued;

(ii) All Significant Effects on the Environment of the proposed Lease;

(iii) Any Significant Effect on the Environment that cannot be avoided if the Lease is executed;
(iv) Any Significant Effect on the Environment that would be irreversible if the lease is executed.

(v) Any proposed or recommended mitigation measures.

(b) In addition to the information required pursuant to subsection (a), the CEIR shall also contain a statement indicating the reasons for determining that various effects of the Lease are not significant and, consequently, have not been discussed in detail in the CEIR. In the CEIR, the direct and indirect Significant Effects on the Environment shall be clearly identified and described, giving due consideration to both the short-term and long-term effects.

7.5 Notice of Availability of the Draft CEIR.

(a) Within no less than thirty (30) days following the completion of the draft CEIR, the Authority shall post a notice of availability of the draft CEIR with the Community and other Interested Parties. The Notice of Availability shall include all of the following information:

(i) A brief description of the Project;

(ii) The proposed location of the Project;

(iii) An address where copies of the draft CEIR are available; and

(iv) Notice of a period of thirty (30) days during which the Community will receive comments on the draft CEIR.

(b) The Authority will provide notice to the Community and other Interested Parties by at least one of the procedures specified below:

(i) Posting of the Notice of Availability in the Community's newspaper to comment on any Significant Effect on the Environment of the proposed action.

(ii) Posting of the Notice of Availability in the offices of the Community to comment on any Significant Effect on the Environment of the proposed action.

7.5 Response to Public Comments. After the thirty (30) day comment period has ended, the Authority will review all comments received from the Community and other Interested Parties. Prior to the approval and execution of the Lease, the Authority will provide responses to relevant and substantive comments on any Significant Effect on the Environment arising as a result of the proposed project and proposed or recommended mitigation measures addressing any such impacts, as part of the final CEIR.
7.6 **Final CEIR.** The final CEIR shall be submitted with the Lease application and maintained with the Lease records of the Authority.

**CHAPTER EIGHT**  
**SOVEREIGN IMMUNITY**

**SECTION:**

**8.1** Nothing in this Act shall be deemed to waive the sovereign immunity of the Community or any of its enterprises, authorities, officials, officers, agents, or employees.

**CHAPTER NINE**  
**EFFECTIVE DATE; AMENDMENT**

**SECTION:**

**9.1** This Act shall take effect upon its adoption by the Community Council and approval by the Secretary of the Interior.

**9.2** This Act may be amended by a majority vote of the Community Council at a duly called Community Council meeting at which a quorum is present. All substantive amendments to this Act must be submitted to and approved by the Secretary of the Interior.

**CERTIFICATION**

Pursuant to authority contained under Article VIII, Section 1(a), (b), (c), (d), (m), and (n) of the Articles of Association of the Ak-Chin Indian Community, approved by the Secretary of Interior, December 20, 1961, by a quorum of 5 members present at a Council meeting held on this 7th day of August, at the Ak-Chin Indian Reservation, Arizona, by a vote of 5 for, 0 against, 0 not voting, and 0 absent; the foregoing Resolution was adopted.

**Louis J. Manuel Jr., Chairman**  
Ak-Chin Indian Community

**ATTEST:**

Victoria A. Smith, Council Secretary  
Ak-Chin Indian Community

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