UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS

APPROVAL OF

MOHEGAN INDIAN TRIBE OF CONNECTICUT
BUSINESS LEASE ORDINANCE

The attached Business Lease Ordinance, submitted by the Mohegan Indian Tribe of Connecticut, and prepared in accordance with the Helping Expedite and Advance Responsible Tribal Home Ownership Act of 2012, the HEARTH Act of 2012, consisting of 17 pages and adopted by the Tribal Council of the Mohegan Tribe of Indians of Connecticut on December 23, 2013, is hereby approved.

Dated: 4/8/14

Assistant Secretary – Indian Affairs
United States Department of the Interior

Pursuant to the authority delegated by 209 DM 8
Sec. 7.250. General Provisions.

(a) Authority and Delegation. This ordinance is enacted by the Tribal Council pursuant to the powers vested to it under Article IX, Section 2(j), (n), (p) and (t) of the Constitution of the Mohegan Tribe of Indians of Connecticut ("Constitution").

(b) Scope and Exemptions. The scope of application of this Article shall be limited to Business Leases as defined in Section 7-251(d), and to all actions and decisions taken in connection with those Business Leases. Nothing herein shall be construed to affect the terms and conditions of any existing Business Lease approved under Part 162 of Title 25 of the Code of Federal Regulations and any Sublease now existing or hereafter executed without further approval as provided in such existing Business Lease. This Article does not apply to any leasing for Agricultural, Residential or Wind or Solar Resource purposes; unless an ordinance is adopted by the Tribal Council and approved by the BIA as required by federal law, those forms of leases will be subject to BIA approval under Part 162 of Title 25 of the Code of Federal Regulations.

(c) Purpose. The purposes of this Article are to:

(1) Recognize the authority of the Tribe to issue, review, approve, and enforce Business Leases;

(2) Promote self-determination, encourage economic development and self-sufficiency, and increase business activity and employment on Tribal Trust Lands; and


(d) Short Title. This Article shall be known and cited as the "Business Lease Ordinance."
Sec. 7-251. Definitions As used in this Article, the capitalized terms set forth below shall have the following meanings:

(a) "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 Business Lease.

(b) "Authority" means the Mohegan Tribal Gaming Authority, a governmental instrumentality of the Tribe, or a successor Tribal entity, agency or instrumentality of the Tribe.

(c) "BIA" means the Secretary of the Interior or the Bureau of Indian Affairs within the United States Department of the Interior.

(d) "Business Lease" means a Lease governed by this Article and includes both ground leases (undeveloped land) and leases of developed land (together with the permanent improvements thereon) on Tribal Trust Lands. Business Leases include (i) leases for residential purposes (other than for single-family residences containing 1 to 4 units, mobile homes, trailers or housing for public purposes), (ii) leases for religious, educational, cultural, or other public purpose, and (iii) commercial or industrial leases for hotel, retail, office, manufacturing, storage, biomass, waste-to-energy, or other business purposes. A Business Lease may authorize the construction of a single-purpose or mixed-use Project designed for the use by any number of Lessees or occupants.

(e) "Compact" means the tribal-state compact entered into between the Tribe and the State of Connecticut and approved by the BIA as published in the Federal Register, Volume 59, Number 241 (Friday, December 16, 1994), governing the conduct of class III gaming activities by the Tribe pursuant to the Indian Gaming Regulatory Act.

(f) "Development Period" means the time period from when a Business Lease is executed to when improvements are expected to be substantially completed.

(g) "Environmental Review" means a review of the anticipated environmental effects of a proposed leasing transaction to assess whether a proposed development or Project will have a positive or negative environmental impact.
(h) "Environmental Reviewer" means an official designated by the Tribal Council to conduct the Environmental Review.

(i) "Fair Market Rent" means the amount of rental income that a leased tract of Tribal land would most probably command in an open and competitive market, or as determined by competitive bidding.

(j) "Holdover" means circumstances in which a Lessee remains in possession of the leased premises after the Lease term expires.

(k) "Lease" means a written agreement between the Lessor and a Lessee whereby the Lessee is granted a right to possess Tribal Trust Land for a specified purpose and duration. The Lessee's right to possess will limit the Lessor's right to possess the leased premises only to the extent provided in the Lease.

(l) "Leasing Decision" for purposes of the Environmental Review in Section 7-256 means the following type of lease transactions that will be acted on by the Tribe: execution of a Lease, lease amendment or modification, Sublease if such Sublease requires consent of the Tribe under Section 7-252(k) of this Article, and lease assignment if such lease assignment requires consent of the Tribe under Section 7-252(k) of this Article.

(m) "Lessee" means a person or entity who has acquired a legal right to possess Tribal Trust Land by a Business Lease pursuant to this Article.

(n) "Lessor" means the Tribe, who holds beneficial title to Tribal Trust Land and conveys the right to use and occupy property under a Business Lease pursuant to this Article.

(o) "Mohegan Court System" means the Mohegan Tribal Court or the Gaming Disputes Court, as applicable, as described in the Mohegan Code of Laws, Part II, Chapter 1, Article I.

(p) "Project" means any economic development activity occurring on Tribal Trust Land which includes the gaming activities or gaming operations as those are contemplated in the Compact.

(q) "Public" means adult members of the Tribe.
(r) "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, cultural or aesthetic significance.

(s) "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 Business Lease.

(t) "Tribe" means the Mohegan Tribe of Indians of Connecticut.

(u) "Tribal Council" means the duly elected governing body of the Tribe pursuant to the Constitution.

(v) "Tribal Trust Land" means all lands held in trust by the United States for the benefit of the Tribe and over which the Tribe exercises governmental power.

Sec. 7-252. Business Lease Requirements.

(a) Terms and Conditions. Business Leases shall be governed by the terms and conditions set forth in the Business Lease, subject to the requirements of this Article. The terms and conditions of a Business Lease may be modified only with the written approval of the Lessee and the Tribe.

(b) Duration and Renewal. The maximum term of a Business Lease shall not exceed 25 years, except that such Business Lease may include an option to renew for up to two additional terms, each of which may not exceed 25 years. If the Business Lease provides for an option to renew, the Lease must specify the time and manner (including any additional consideration due upon exercise of the option to renew or upon start of the renewal term) in which the option must be exercised or that it automatically renews.

(c) Obtaining a Business Lease. Information on obtaining a Business Lease shall be available from the Tribe.

(1) All applicants for a Business Lease shall submit the following documents to the Tribe:

(A) Financial statement;
(B) Site survey and legal description, if applicable;

(C) Environmental Review, where required by this Article; and

(D) Other documents as may be required by the Tribe.

(2) All Business Leases shall contain, at a minimum, the following provisions:

(A) The tract, location, or parcel of the land being leased;

(B) The purpose of the Lease and authorized uses of the leased premises;

(C) The parties to the Lease;

(D) The term of the Lease;

(E) The ownership of permanent improvements and the responsibility for constructing, operating and maintaining any permanent improvements to the leased premises;

(F) Indemnification of the United States and Lessor for Lessee's use and occupancy of the leased premises to the extent permitted by law;

(G) Payment requirements and late payment charges, including interest; and

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

(3) The Tribe shall record Business Leases, Assignments, amendments, encumbrances, renewals, modifications and terminations with the land titles and records office having jurisdiction over the land.

(4) Records of activities taken pursuant to this Article are the property of the Tribe. Records compiled, developed, or received by the Secretary pursuant to subsection (3) above are the property of the Secretary.
(5) Unless the Business Lease states otherwise, a Lease may include, consistent with tribal law, a provision to give Indian preference in hiring for employment purposes.

(6) The Tribe shall have all powers necessary and proper to enforce all applicable laws, ordinances and regulations, subject to the terms of the Business Lease.

(d) Subleases. Subleases of Business Leases shall be reviewed and approved pursuant to this Article unless approved by the Business Lease. A Business Lease may provide that the Lessee may enter into Subleases without approval of the Tribe.

(e) Land Descriptions. Business Leases shall contain adequate site surveys and legal descriptions based on metes and bounds, rectangular or lot and block systems. Subleases shall contain adequate legal descriptions of the land on which they are located and descriptions of the location and square footage of the space being subleased within any building and may include renderings, architectural drawings or other schematics to illustrate the location of the space.

(f) Appraisal; Market Analysis.

(1) The Fair Market Rent shall be determined by an appraisal, market analysis or other appropriate valuation method performed by the Tribe 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 Tribe.

(2) Alternatively, the Fair Market Rent 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.

(g) Fair Market Rent.

(1) No Business Lease shall be approved for less than the present Fair Market Rent as set forth in the appraisal, market analysis or other method set forth in Section 7-251 of this Article, except as follows:
(A) The Lease is in the Development Period;

(B) The Tribe is providing an incentive for business to locate on Tribal Trust Lands, and must provide lease concessions, lease improvement credits, and lease abatements to attract such businesses;

(C) The Tribal Council determines the Lease is in the best interest of the Tribe; or

(D) The Lessee is the Authority, another instrumentality of the Tribe or a business entity of the Tribe, the Authority or such other instrumentality.

(2) Rent under a Business Lease may be structured as a fixed amount, as a fixed amount plus a percentage of gross receipts (e.g. if the Lessee is a business located in a shopping center or mall), or as a percentage of gross receipts or based on a market indicator.

(3) A Business Lease must specify the dates on which all payments are due.

(4) A Business Lease must specify that the Lessee shall make payments directly to the Tribe.

(5) Unless otherwise provided in the Business Lease, payments may not be made or accepted more than one year in advance of the due date.

(6) A Business Lease may be structured to allow for rental rate adjustments. The Business 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.

(7) A Business Lease may be amended to allow for rental rate adjustments.

(h) Environmental Review. Unless exempted from this requirement by this Article, an Environmental Review shall be completed under Section 7-256 of this Article with respect to each Business Lease before the Tribe approves such Business Lease.

(i) Insurance.
(1) 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.

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

(3) The Lessee and the United States shall be identified as additional insured parties.

(4) The Tribe may waive this requirement if the waiver is in the best interest of the Tribe. The waiver may be revoked at any time if the waiver ceases to be in the Tribe's best interest.

(j) Performance Bond.

(1) Unless exempted from this requirement by the Business Lease, or waived in writing pursuant to subsection (2) of this Section 7-252(i), the Lessee shall obtain a satisfactory performance bond in an amount sufficient to secure the contractual obligations of the Business Lease. Such bond shall be for the purpose of securing the Lessee's contractual obligations under the Business Lease and may guarantee:

(A) The annual rental payment;

(B) The estimated development cost of improvements; and

(C) Any additional amount necessary to ensure compliance with the Lease.

(2) The Tribal Council may waive the bond requirement, or reduce the amount, if doing so is in the best interest of the Tribe.

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

(A) Certificates of deposit issued by a federally insured financial institution authorized to do business in the United States;
(B) Irrevocable letters of credit issued by a federally insured financial institution authorized to do business in the United States;

(C) Negotiable Treasury securities; or

(D) Surety bond issued by a company approved by the U.S. Department of the Treasury.

(k) Improvements. A Business Lease shall require the Lessee to exercise due diligence and no less than reasonable good faith efforts to complete construction of any improvements within the schedule specified in the Business Lease.

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

(A) A plan that describes the type and location of any improvements to be constructed by the Lessee; and

(B) A general schedule for construction of the improvements, including dates for commencement and completion of construction.

(2) Lessee shall provide the Tribe 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.

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

(4) Improvements to the premises shall become the property of the Tribe unless otherwise provided in the Business Lease. If improvements will be removed, the Business Lease may specify the maximum time allowed for such removal.

(5) A Lessee may develop equity value in the improvements and sell its interest in the Business Lease based on the equity value.
(6) Improvements may be subject to taxation by the Tribe, subject to limitations provided in the Business Lease.

(I) Subleases, Assignments, Amendments and Encumbrances.

(1) Subleases, Assignments, amendments or encumbrances of any Business Lease shall require written consent of the Tribe and Lessee, unless otherwise provided herein or in the Business Lease.

(2) The Business Lease may authorize Assignments, in whole or in part, without approval from the Tribe, provided a copy of the Assignment is promptly provided to the Tribe and the following conditions, where applicable, are met and stated in the Business Lease:

(A) There is no existing event of default by Lessee under the Business Lease or violation of this Article;

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

(C) The proposed assignee submits a current financial statement showing financial adequacy. Upon any assignment, the assignor shall not be released of any future obligations under the Business Lease unless otherwise provided in the Business Lease.

This Section in no way relieves the parties from carrying out their duties under the Business Lease, which may contain additional restrictions and conditions.

(3) The Business Lease may authorize, subject to limitations, the Lessee to grant a leasehold mortgage for the purpose of financing to develop and improve the leased premises.

(4) If a sale or foreclosure of the Lessee's leasehold interest occurs, the leasehold mortgagee may assign the Business Lease with approval of the Tribe, provided the assignee agrees in writing to be bound by all the terms and conditions of the Business Lease. The Business Lease may authorize such Assignment, in whole or in part, without approval from the Tribe, provided that the requirements of Section 7-252(I)(2) are met.
(5) The Business Lease may authorize Subleases without approval from the Tribe, provided that the Sublease does not relieve the Lessee (sublessor) of liability to the Lessor.

Sec. 7-253. Business Lease Management.

(a) Management. The Tribal Council may hereafter designate one or more Tribal government employees, agencies, or departments to carry out some or all of the provisions and purposes of this Article.

Sec. 7-254. Enforcement

(a) Generally. The Tribe shall have all powers necessary and proper to enforce the terms of the Business Lease, subject to the terms of the Business Lease. These include the power to enter the leased premises at a reasonable time with reasonable notice (or no notice in the event of an emergency) and subject to the terms of the Business Lease, to determine compliance with the terms of the Business Lease and this Article.

(b) Defaults.

(1) The Business Lease may include negotiated events of default and remedies in the event of a lease violation, including but not limited to the power to terminate the Business Lease, and the manner in which remedies may be exercised.

(2) Unless otherwise provided in the Business Lease, if the Tribe determines the Lessee is in default, the Tribe shall send the Lessee a notice of default. The notice of default may be provided by certified mail, return receipt requested, or by personal delivery to the leased premises.

(3) Unless otherwise provided in the Business Lease, within 30 days after the giving of notice of default (or 15 days if the default is for failure to pay rent, taxes or other monetary default), the Lessee shall:

(A) Cure the default and notify the Tribe in writing that the default has been cured;
(B) Dispute the Tribe’s determination that the Lease is in default and explain why the Lease should not be terminated; or

(C) Request additional time to cure the default (which may or may not be granted).

(c) Remedies.

(1) If the Lessee fails to cure the default within the prescribed period, subject to the provisions of the Business Lease, the Tribe may:

(A) Terminate the Lease pursuant to this Article;

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

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

(D) Any combination of remedies listed above; or

(E) Any other remedy set forth in the Business Lease.

(2) If the Tribe terminates a Business Lease, the Tribe shall send the Lessee a termination letter within a reasonable time period or as provided in the Business Lease. The termination letter may be sent to the Lessee by certified mail, return receipt requested, or by personal delivery to the leased premises. The termination letter shall:

(A) Explain the grounds for termination;

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

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

(D) Order the Lessee to vacate the premises within 30 days after delivery, or mailing if receipt is rejected, of the termination letter or such other period set forth in the Business Lease, if an appeal is not filed by that time.
(3) A termination shall become effective 31 days after delivery or mailing if receipt is rejected or such other date as set forth in the Business Lease. The filing of an appeal shall not change the effective date of the termination. Pending the outcome of an appeal, the Lessee shall make all requisite payments, as well as comply with the terms of the Business Lease.

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

(d) Late Charges. The Business Lease shall specify the rate of interest to be charged if the Lessee fails to make payments in a timely manner. The Business Lease shall identify additional late payment charges. Unless the Business Lease provides otherwise, interest charges and late payment charges shall apply in the absence of any specific notice to the Lessee from the Tribe, and the failure to pay such amount shall be treated as a breach of the Business Lease.

(e) 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 Tribe may take appropriate emergency action, including, without limitation, immediate termination of the Business Lease.

(f) Abandonment. If a Lessee abandons the premises under a Business Lease, the Tribe may treat such abandonment as a termination of the Business Lease, provided that the Tribe may pursue such remedies available under the Business Lease or this Article, including damages for rental payments through the remaining term (as if abandonment and termination had not occurred) of the Business Lease.

(g) Holdover. If a Lessee remains in possession after the expiration or termination of a Business Lease, the Tribe may treat such occupation as a trespass. The Tribe may take action to recover possession and pursue additional remedies. Such action shall be pursuant to Tribal laws.

(h) Trespass. If a person occupies the premises without the Tribe's approval, the Tribe may pursue appropriate remedies.
Sec. 7-255. Appeal Procedure.

(a) Appeals. The Lessee or interested party may appeal a determination of the Tribe within thirty (30) days of the determination. Appeals may be filed in the Mohegan Court System pursuant to the rules of the Mohegan Court System.

(b) Scope of Review. The Mohegan Tribal Court or Gaming Disputes Court, as applicable, 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 the law.

(c) BIA Review. Only upon exhaustion of tribal remedies as provided in this Section 7-255 may a Lessee or interested party seek BIA review of an appeal pursuant to this Section 7-255 regarding the Tribe’s compliance with this Article in accordance with 25 U.S.C. §415(h)(8).

Sec. 7-256. Environmental Review.

(a) Generally. Unless exempt under this Section, the Tribe shall not approve a Business Lease until the proposed Business Lease has completed the Environmental Review pursuant to this Section. A Business Lease approved and executed without compliance with this Section shall be null and void.

(b) Threshold Determination.

(1) Business Lease Not Subject to Environmental Review: If the Environmental Reviewer determines that the Leasing Decision by its nature would not affect the environment, the Leasing Decision is exempt from additional requirements of the Environmental Review.

(2) Business Lease Subject to Environmental Review. 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 environment, the Lessee must fulfill the requirements of Environmental Review. The physical disturbances must be direct, such as land clearing, new building construction, or discharge of emission or effluent associated with the Project.
(3) Exemption for Federal Environmental Review. Leasing Decisions involving a Business Lease proposing use of premises that is the subject of a completed federal environmental review under federal law (including without limitation for the Mohegan Destination Resort as described in the Final Environmental Assessment Mohegan Destination Resort dated September 11, 1995) shall be exempt from the Environmental Review, and the Tribe shall not be required to prepare a tribal environmental impact report under Section 7-256(d).

(c) Action on Leasing Decision Subject to Completion of Environmental Review. If the Environmental Reviewer determines that the Leasing Decision is subject to Environmental Review, the Tribe may not consider the Leasing Decision until the Environmental Reviewer completes the Environmental Review in accordance with this Section.

(d) Environmental Review.

(1) Unless an exemption applies or a Business Lease is otherwise not subject to the Environmental Review, then, before the execution of any Business Lease, the Tribe shall cause to be prepared a comprehensive and adequate tribal environmental impact report (“TEIR”), analyzing the potentially significant effects of the proposed action on the environment; provided, however, that information or data which is relevant to such a TEIR and is a matter of public record or is generally available to the public need not be repeated in its entirety in the TEIR, 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 TEIR shall be indicated, and that the source thereof shall be reasonably available for inspection at a public place or public building. The TEIR shall provide detailed information about the Significant Effect(s) on the Environment which the proposed Business Lease is likely to have, and shall include a detailed statement setting forth all of the following:

(A) 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;

(B) All Significant Effects on the Environment of the proposed Lease;
(C) In a separate section:

(i) Any Significant Effect on the Environment that cannot be avoided if the Lease is executed; and

(ii) Any Significant Effect on the Environment that would be irreversible if the Lease is executed.

(iii) Any mitigation measures proposed, recommended, or required.

(2) In addition to the information required pursuant to subdivision (a), the TEIR shall also contain a statement indicating the reasons for determining that various effects of the Business Lease on the off-reservation environment are not significant and consequently have not been discussed in detail in the TEIR. In the TEIR, 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.

Sec. 7-257. Notice of Completion of Draft TEIR.

(a) Within no less than thirty (30) days following the completion of the draft TEIR, the Tribe shall post the Notice of Completion and a copy of the draft TEIR on its website. The Notice of Completion shall include all of the following information:

(1) A brief description of the Project;

(2) The proposed location of the Project;

(3) An address where copies of the draft TEIR are available; and

(4) Notice of a period of thirty (30) days during which the Tribe will receive comments on the draft TEIR.

(b) To satisfy the requirement for public notice and opportunity to comment under 25 U.S.C. §415, the Tribe will provide public notice by at least one of the procedures specified below:
(1) Publication of the Tribe’s draft TEIR in a newspaper of general circulation in the area affected by the proposed Business Lease, with notice to the public of the opportunity to comment on any Significant Effect on the Environment of the proposed action.

(2) Posting of the Tribe's draft TEIR in the offices of the Tribe with notice to the public of the opportunity to comment on any Significant Effect on the Environment of the proposed action.

(c) Response to Public Comments. After the thirty (30) day comment period has ended, the Tribe will review all comments received from the public. Prior to the approval and execution of the Business Lease, the Tribe will provide responses to relevant and substantive public 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.

SEC. 7-258. Sovereign Immunity

(a) Nothing in this Article shall be deemed to waive the sovereign immunity of the Tribe or any of its enterprises, authorities, officers, agents, or employees.

Sec. 7-259. Effective Date; Amendment.

(a) This Article shall take effect upon its adoption by the Tribal Council and approved by the BIA pursuant to the HEARTH Act. This Article constitutes tribal regulations of the Tribe for purposes of the HEARTH Act.

(b) This Article may be amended by a majority vote of the Tribal Council at a duly called Tribal Council meeting at which a quorum is present. All substantive amendments to this Article must be submitted to and approved by the BIA.