Dear Mr. Samuel:

The National Indian Gaming Commission (NIGC) has reviewed the Development Agreement ("Agreement"), dated December 29, 2004, between the Buena Vista Rancheria of Me-Wuk Indians (Tribe) and Buena Vista Development LLC, (Developer) to determine whether the Agreement is a management contract or collateral agreement to a management contract and therefore subject to our review and approval under the Indian Gaming Regulatory Act. We have determined that the Agreement is not a management contract, and, therefore does not require approval by the Chairman of the NIGC pursuant to the Indian Gaming Regulatory Act (IGRA).

Authority

The authority of the NIGC to review and approve gaming related contracts is limited by the IGRA to management contracts and collateral agreements to management contracts. 25 U.S.C. § 2711. The authority of the Secretary of the Interior to approve such agreements under 25 U.S.C. § 81 was transferred to the NIGC pursuant to the IGRA. 25 U.S.C. § 2711(h).

Management Contracts

The NIGC has defined the term "management contract" to mean "any contract, subcontract, or collateral agreement between an Indian tribe and a contractor or between a contractor and a subcontractor if such contract or agreement provides for the management of all or part of a gaming operation." 25 C.F.R. § 502.15. The NIGC has defined "collateral agreement" to mean "any contract, whether or not in writing, that is related either directly or indirectly, to a management contract, or to any rights, duties or obligations created between a tribe (or any of its members, entities, organizations) and a
management contractor or subcontractor (or any person or entity related to a management contractor or subcontractor).” 25 C.F.R. § 502.5.

Management encompasses activities such as planning, organizing, directing, coordinating, and controlling. See NIGC Bulletin No. 94-5. In the view of the NIGC, the performance of any one of these activities with respect to all or part of a gaming operation constitutes management for the purpose of determining whether an agreement for the performance of such activities is a management contract requiring NIGC approval.

Proprietary Interest

When we are presented with contracts, such as this one, where the developer is receiving a high level of compensation for a long period of time, we are compelled to examine whether or not the agreement gives the Developer a proprietary interest in the gaming operation. In our analysis we look to factors such as the risk to the developer, the ability of the Tribe to acquire other financing, and what services, if any, the Tribe is receiving in return for agreeing to the terms of the contract.

In this case, it is our opinion that the risk to the Developer is significant.

Finally, when the contract was signed, the identity of tribal members and leadership were in dispute. There existed litigation to stop any development on sacred burial grounds within the Rancheria and only a limited number of slot machine licenses were available from the State of California.

Considering these factors, it is our opinion that the risk involved justifies the rate of compensation provided under the agreement and that it does not grant the developer a proprietary interest.

Determination

After careful review, we have determined that the Agreement does not constitute a management contract and therefore does not require the approval of the Chairman.
We will forward a copy of this Agreement to the Bureau of Indian Affairs for its review. If you have any questions, please contact John Hay at (202) 632-7003.

Sincerely,

Penny J. Coleman
Acting General Counsel

cc: Director, Indian Gaming Management Staff w/ incoming