

Exhibit 1

AGREEMENT

IT IS HEREBY AGREED between the parties that the various outstanding unresolved issues extant between them shall be finally settled in accordance with the terms of this Agreement (hereafter referred to as the "Agreement") and upon its approval by the United States Congress. For the purpose of this Agreement, the parties shall be named and defined, as follows:

The Mohegan Tribe of Indians of Connecticut (hereafter referred to as the "Mohegan Tribe") is recognized by the United States, pursuant to 25 C.F.R. § 83, and by the State of Connecticut, pursuant to Conn. Gen. Stat. § 47-59a(b), and is an American Indian tribe with a written Constitution and Bylaws and has existed as an Indian tribe in Connecticut from time immemorial. The Mohegan Tribe approves this Agreement through its duly recognized and authorized Tribal Council and its approval of this Agreement will bind the Mohegan Tribe and any predecessor or successor in interest and all members thereof.

The State of Connecticut, through its chief executive officer, approves this Agreement and its approval shall bind the State of Connecticut its agencies, political subdivisions,

constitutional officers and officials of its agencies and subdivisions.

The term "lands or natural resources," as used in this Agreement, shall mean any real property or natural resources, or any interest in or right involving any real property or natural resource, including but not limited to minerals and mineral rights, timber and timber rights, water and water rights, and rights to hunt and fish.

WITNESSETH:

WHEREAS, the parties recognize that a resolution of the Tribe's land claim against the state could not have been reached without an extinguishment of any and all outstanding or potential claims the Mohegan Tribe might have against the State of Connecticut, which may have arisen at any time prior to the effective date of this Agreement; and

WHEREAS, the parties further recognize that implementation of this settlement will require action by the United States Congress; and

WHEREAS, it is the intent of this Agreement to resolve all outstanding land disputes and differences between the State of Connecticut and the Mohegan Tribe, and in particular, to extinguish all claims of the Mohegan Tribe presently in existence or arising out of any previous actions, inactions, or duties of the State of Connecticut, as well as to satisfy the need of the Mohegan Tribe for tribal lands, so that the future relations between the State of Connecticut, its citizens and the Mohegan

Tribe will be one of harmony, cooperation, friendship and peace,
and

WHEREAS, the parties also desire to avoid litigation concerning the existence and scope of the State's present obligation pursuant to the Indian Gaming Regulatory Act to negotiate with the Tribe in good faith to enter into a Tribal-State compact governing the conduct of gaming activities on the Tribe's lands, and concerning the scope of executive authority to enter into such a compact; and

WHEREAS, the parties recognize that a settlement of all disputes concerning the application to the Tribe of the Indian Gaming Regulatory Act is essential to permit a comprehensive settlement of the disputes between the parties including resolution of the Tribe's land claims; and

WHEREAS, the parties anticipate that if not promptly resolved by compromise such disputes would lead to litigation and would likely result in submission of the matter to binding mediation in accordance with the Indian Gaming Regulatory Act, at which time the State would be prepared to propose a Tribal-State gaming compact identical to the Proposal of the State of Connecticut for a Tribal-State compact between the Mashantucket Pequot Tribe and the State of Connecticut as submitted by the Attorney General on behalf of the State of Connecticut to Henry J. Naruk, Mediator, in Civil Action No. H89-717, United States District Court for the District of Connecticut, as modified at the request of the State as set forth in the Final Mashantucket Pequot Gaming Procedures, 56 Fed.Reg. 24996 (May 31, 1991), and the Tribe would be prepared

to propose a Tribal-State gaming compact on terms substantially different from such State proposal (including but not limited to an unqualified right to operate electronic gaming devices); and

WHEREAS, the Tribe is presently prepared to accept the State's proposal for a Tribal-State gaming compact as so defined in order to expeditiously settle all controversies regarding the application to the Tribe of the Indian Gaming Regulatory Act and the State is presently prepared to execute such a compact with the Tribe in order to settle such controversies and avoid the risks of litigation and mediation of such matters.

NOW, THEREFORE, THE MOHEGAN TRIBE AND THE STATE OF CONNECTICUT AGREE, AS FOLLOWS:

1. Commitments of the Mohegan Tribe. The Mohegan Tribe agrees:

a. To the extinguishment of any right, title, interest, or claim the Mohegan Tribe may now possess in any public or private lands or natural resources in Connecticut, other than certain "excepted interests" consisting of: (1) any lands conveyed to the United States in trust for the Mohegan Tribe as part of its initial Indian Reservation, as set forth in Exhibit B, pursuant to this agreement and (2) Fort Shantok State Park, as set forth in Exhibit A.

The rights, titles, interests and claims outside the "excepted interests" which are being extinguished or waived by the Mohegan Tribe, include:

(i) any and all claims the Mohegan Tribe might have to any

public or private lands or natural resources in Connecticut which are based upon claims of aboriginal title;

(ii) any and all other claims the Mohegan Tribe might have to any public or private lands or natural resources in Connecticut, such as claims or rights based on recognized title, including but not limited to: (1) any claim the Mohegan Tribe might have to the tribal sequestered lands bounded out to the Tribe in 1684, consisting of some 20,480 acres lying between the Thames River, New London bounds, Norwich bounds and Colchester bounds; (2) any claim the Mohegan Tribe might have based on a survey under the authority of the Connecticut General Assembly in 1736 of lands reserved and sequestered by the General Assembly for the sole use and improvement of the Mohegan Indian Tribe; (3) any claim the Mohegan Tribe might have based on any action by the State in 1860, 1861 or otherwise to allot, re-allot, and/or confirm any lands of the Mohegan Tribe to individual Indians or other persons.

b. To the extinguishment of any and all other claims, without regard to the "excepted interests" specified above in paragraph 1a:

(i) arising out of any alleged breach of fiduciary relationship between the Mohegan Tribe and the State of Connecticut, acting in a capacity as Trustee for the Mohegan Tribe, arising out of any actions or inactions by the State of Connecticut, prior to the date this Agreement is executed by the parties;

(ii) for trespass damages or use and occupancy of any lands or natural resources in the State of Connecticut occurring prior

to the date this Agreement is executed by the parties. The Mohegan Tribe also agrees to waive any and all claims arising between the execution and the effective date of this Agreement for trespass or use and occupancy of any lands or natural resources.

(iii) that might have been brought by the Mohegan Tribe against the State of Connecticut related to any of the matters listed in this paragraph 1, or arising out of any actions or inactions whatsoever by the State of Connecticut, including but not limited to tort, tax, contract or constitutional claims prior to the date this Agreement is executed by the parties.

c. To limit the location of any tribal Gaming operations as defined in section 2(k) of the compact referred to in subsection 2b below, to a single site not to exceed 700 acres.

d. To submit all gaming-related development, including but not limited to design, construction, renovation and demolition of any improvements and appurtenances to real property, buildings, plants, structures, systems, machinery, equipment, roads, sidewalks, streets, paths and ramps, to the regulation of the State Traffic Commission. Further, to adopt, enforce and amend from time to time, as to such gaming-related development, a Health and Safety Code and Fire and Building Code identical to or more stringent than the respective codes adopted by the State of Connecticut as they may be amended from time to time.

e. Upon enactment of federal legislation approving this Agreement and satisfaction of the State's commitments thereunder, to tender to the State of Connecticut, for filing with the United States District Court for the District of Connecticut, the

withdrawal of the Tribe's land claim against the State, Mohegan Tribe of Indians of Connecticut v. State of Connecticut, Civil Action No. H77-434, presently pending in the United States District Court for the District of Connecticut.

f. To make payments in lieu of taxes as described below. The Tribe will be purchasing, through its own resources, several tracts of land, including those parcels of land identified in Exhibit B, to comprise its initial Indian Reservation. The parties anticipate that the tribal land will be conveyed to the United States to hold in trust on the Tribe's behalf, thereby removing such lands from State and local taxation. The Tribe agrees that except for the Fort Shantok property and the initial Indian Reservation, which is to include the site of the Tribal Gaming operations, all additional tribal trust land shall be subject to tribal payments as follows:

The Tribe shall make payments in lieu of taxes on real property it acquires in an amount equal to the tax that would be paid on such property were the same not exempt from taxation, unless agreement is reached with a municipality for a lesser amount. The Tribe shall have the same right of appeal from any assessment made on real property as any person. In the event the Tribe acquires any real property, the Tribe may succeed to the interests of a predecessor in title in any agreement concerning the abatement of tax on the property.

g. The Mohegan Tribe of Indians agrees to and consents to the assumption by the State of Connecticut of criminal

jurisdiction over the Mohegan tribal members and all Indians on land or other natural resources presently owned by the Tribe, or which are included in any federal legislation relating to Mohegan tribe land claims, or any annexation thereto and any other land that may now or hereafter be owned by or held in trust for said Tribe or its members. Such criminal jurisdiction shall extend to the criminal laws of the State of Connecticut and to the criminal jurisdiction of the courts of the State of Connecticut to the same extent as such criminal law jurisdiction and criminal court jurisdiction which empower the State with respect to any other person or lands or other natural resources within and subject to the jurisdiction of the State of Connecticut.

h. The Mohegan Tribe of Indians agrees to and consents to the assumption of jurisdiction by the State of Connecticut State Traffic Commission over all gaming-related traffic control matters to the same extent as the State Traffic Commission has jurisdiction over traffic control within the State of Connecticut as set out in Chapter 249 of the Connecticut General Statutes, § 14-297 to § 14-314C.

2. Commitments of the State of Connecticut. The State of Connecticut agrees:

a. To use its best efforts to support and to obtain state legislation to grant to the United States of America in trust for the Mohegan Tribe certain lands under the control of the State of Connecticut, as more particularly described in Exhibit A [Fort Shantok], and to support the application of the Mohegan Tribe

that title to those lands and to the lands, as set forth in Exhibit B, independently acquired by the Tribe be taken by the United States in trust for the Mohegan Tribe as part of its initial Indian Reservation and proclaimed as Indian Reservation lands under 25 U.S.C. § 461 et seq. The Initial Indian Reservation shall consist of Fort Shantok State Park, as set forth at Exhibit A and the 700 acres as set forth at Exhibit B.

b. To enter into a gaming compact, attached hereto as Exhibit C with the Mohegan Tribe pursuant to 25 U.S.C. § 2710, to support the Tribe's submission of the gaming compact to the United States Secretary of the Interior for approval and to use its best efforts to assist the Tribe in securing that approval.

c. To resolve with the Mohegan Tribe the matter reserved in Section 15(a) of the gaming compact referred to in subparagraph b above.

d. To pay the Mohegan Tribe the sum of \$1 (one dollar) and other valuable consideration.

e. To waive any rights it might have to appeal the Final Determination of the Assistant Secretary of the United States Department of the Interior acknowledging the existence of the Mohegan Tribe (59 Fed. Reg. 12140, March 15, 1994).

f. To waive any and all claims for offsets, including but not limited to tort or contract claims, which were or could have been asserted against the Mohegan Tribe by the State of Connecticut prior to the date of this Agreement is executed by the parties.

3. Cooperation of Parties. The parties agree to cooperate

fully in requesting and supporting passage by the United States Congress of the statute described in paragraph 4 and in implementing the executive action described in that paragraph.

The parties also agree that further proceedings in the Tribe's pending land claim against the State shall be stayed while such legislation is pending; provided, however, that this stay shall terminate on December 31, 1994, unless extended by agreement of the parties, or earlier if the Court, upon motion by either party, determines that favorable action by Congress within a reasonable time does not seem likely.

4. Effective Date. Subsections 1(c), 1(d), 2(b), 2(c), 2(e) and 3 shall be effective upon execution of this Agreement. The remaining provisions shall not become final and shall be without any binding force or effect until the later of:

a. The United States Congress enacts appropriate legislation, which approves this Agreement, including provisions that: (1) approve the conveyances to be made by or recognized by the Mohegan Tribe pursuant to this Agreement; (2) provide for the extinguishment of the claims of the Mohegan Tribe to lands or natural resources in Connecticut, as specified in this Agreement; (3) provide that the Mohegan Reservation, including all lands to be acquired by the United States in trust for the Mohegan Tribe pursuant to this Agreement is declared to be Indian country and subject to the Tribe's governmental authority, (4) include language materially identical to that contained in Section 8 of the draft legislation attached as Exhibit D to this agreement. A draft of this proposed federal legislation, which reflects the

intention of the parties, is attached hereto as Exhibit D.

b. The Governor of the State of Connecticut: enters into a compact with the Mohegan Tribe providing for the operation of tribal Gaming operations pursuant to 25 U.S.C. § 2710, and the compact has received all the federal approvals required to be fully effective.

c. The parties resolve the matter reserved in Section 15(a) of the Tribe's gaming compact with the State of Connecticut.

DONE AND EXECUTED as of the first date written below.

STATE OF CONNECTICUT



LOWELL P. WEICKER, JR.
GOVERNOR

5/17/94
(DATE)

MOHEGAN TRIBE OF INDIANS
OF CONNECTICUT



RALPH W. STURGES
CHIEF G'TINE'MONG

May 17, 1994
(DATE)

EXHIBIT A

FORT SHANTOK STATE PARK

EXHIBIT B

Mohegan Tribe -- Initial Indian Reservation

700 Acres, more or less, to include the following parcels:

Parcel 1: UNC Tract -- 244 acres, Montville, Connecticut

Parcel 2: Trading Cove -- 27 acres, Norwich, Connecticut

Parcel 3: Mohegan Church -- .400 acre, Montville, Connecticut

Such additional tracts as the Tribe acquires.