

*NEEDS  
A MENDING*

*GARY BEAUDRY*

Resolution #02- 118

*5-0-1*

**RESOLUTION OF THE GOVERNING BODY OF  
THE THREE AFFILIATED TRIBES OF THE  
FORT BERTHOLD RESERVATION**

- WHEREAS,** This Nation having accepted the Indian Reorganization Act of June 18, 1934, and the authority under said Act; and
- WHEREAS,** The Constitution of the Three Affiliated Tribes generally authorizes and empowers the Tribal Business Council to engage in activities on behalf of and in the interest of the welfare and benefit of the Tribes and of the enrolled members thereof; and
- WHEREAS,** The Tribal Business Council has previously chartered Fort Berthold Development Corporation (FBDC) as a fully Tribally owned corporation whose primary business is building construction and modification, primarily on the Fort Berthold Reservation; and
- WHEREAS,** FBDC has received certification as a Tribally owned minority business eligible for the benefits of being treated as an Section 8(a) eligible small business from the Small Business Administration; and
- WHEREAS,** FBDC is in need of an additional line of credit in an amount of not less than \$500,000 with a lending institution to be guaranteed by the Tribe in order to allow immediate debt relief, to repay immediately due obligations, including debt owing on its previously obtained lines of credit and debt consolidation to go forward and to allow work in progress and other contracts it is likely to obtain as an 8(a) business; and
- WHEREAS,** Without the aforementioned line of credit, FBDC will likely not be able to continue as a viable Tribally owned corporate status and therefore will lose its 8(a) status; and
- WHEREAS,** Given its present 8(a) status, FBDC is likely to obtain additional contracts from the Federal government in a new round of project contracting, and FBDC is also the likely contractor for: 1) The new detention facility being built by the Tribe; 2) new homes to be built with the \$25 million bond issue the first phase of which will be available soon; and 3) new homes other than those constructed by the bond issue to be constructed by Twin Buttes Custom Homes; but without the line of credit mentioned above, FBDC will not be able to meet its debt servicing requirements and will not be able to participate in all of the above projects; and
- WHEREAS,** Given the financial status of FBDC, the line of credit must be guaranteed by the Tribe with some kind of Certificate of Deposit or other hard assets; and
- WHEREAS,** The Council believes and understands that FBDC will be in a position to repay the line of credit needed from contracts and projects it has in hand or will receive in the near future; and
- WHEREAS,** The Tribe understands that except as mentioned above, the advances or loans made to FBDC pursuant to this Resolution will generally not be made unless FBDC has in hand

*after*

written contracts assuring FBDC of a source of repayment of the funds advanced, but no assignment of FBDC's right to receive funds under any contract it has executed or which it anticipates executing should be required to receive any advance it may be able to make from the line of credit authorized by this Resolution.

**NOW, THEREFORE, BE IT RESOLVED,** that the Tribal Business Council hereby authorizes the establishment of a line of credit on behalf of Fort Berthold Development Corporation or loan to Fort Berthold Corporation in the amount of not less than \$500,000 to be obtained from a well-established financial institution, preferably an institution whose services the Tribe has previously used;

**NOW, THEREFORE BE IT FURTHER RESOLVED,** that the Tribal Business Council hereby authorizes the use of such funds as may be necessary from the general funds of the Tribe or such other funds as the Tribe may obtain for this purpose as security for the line of credit or loan mentioned above in an amount of not less than \$500,000; and

**NOW, THEREFORE BE IT FINALLY RESOLVED,** that the Tribal Business Council hereby authorizes the Chairman or the Vice-Chairman to execute such documents as may be necessary to obtain the line of credit or loan on behalf of Fort Berthold Development Corporation and which will provide the Tribe's pledge of the security needed for the line of credit or loan to FBDC.

#### C E R T I F I C A T I O N

I, the undersigned, as Secretary of the Tribal Business Council of the Three Affiliated Tribes of the Fort Berthold Reservation, hereby certify that the Tribal Business Council is composed of 7 members of whom 5 constitute a quorum, \_\_\_\_\_ were present at a \_\_\_\_\_ Meeting thereof duly called, noticed, convened, and held on the \_\_\_\_\_ day of \_\_\_\_\_, 2002; that the foregoing Resolution was duly adopted at such Meeting by the affirmative vote of \_\_\_\_\_ members, \_\_\_\_\_ members opposed, \_\_\_\_\_ members abstained, \_\_\_\_\_ members not voting, and that said Resolution has not been rescinded or amended in any way.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2002.

\_\_\_\_\_  
Marcus Wells, Jr.  
Secretary, Tribal Business Council

ATTEST:

\_\_\_\_\_  
Tex G. Hall  
Chairman, Tribal Business Council

**Fort Berthold Development Corporation****Balance Sheet****May 20, 2002**

## Assets

Cash	1000
Accounts Receivable	57,000
Parshall Detox	6334
16,034 - 9,700 to complete	
Inventory	50000
Current Assets	114334
Vehicles	35000
Equipment	324240
Buildings	200000
WDS tools & Equipment	35000
Buildings \$ Equipment	594240
Total Assets	708574

## Liabilities

Accounts Payable	276448
Interest Payable 3700+3306	5000
Note Payable-Dakota West Credit Union	65000
Note Payable-Community First National B	247865
Note Payable-Gas Station Purchase	8300
Payroll Taxes Payable	410183
Employee Deductions	6083

Total Current Liabilities 1018879

## Long-term Liabilities

Note Payable-Dakota West Credit Union 187201

Total Liabilities 1206080

## Stockholder's Equity

Common Stock (TAT contributions) 358395

Retained Earnings (accumulated losses) -855901

Total Liabilities and Stockholders Equity 708574

05/20 Vendor	Item	Amount	Interest	Total
California Contractors	Supplies	\$ 1,511.30		\$ 1,511.30
Cellular One	Cell Phone	\$ 114.44		\$ 114.44
Cenex	Tank Rental	\$ 200.00		\$ 200.00
Central Door & Hardware	Doors	\$ 19,610.35	\$ 3,840.12	\$ 23,450.47
Construction Supply	Overhead Door	\$ 824.00		\$ 824.00
Dakota Gypsum	Sheetrock	\$ 4,421.13		\$ 4,421.13
Dakota West Credit Union	Excavator Payment	\$ 17,530.92		\$ 17,530.92
Dakota West Credit Union	Backhoe	\$ 3,346.08		\$ 3,346.08
Dakota West Credit Union	1-Ton Dually	\$ 1,823.37		\$ 1,823.37
DJ Consulting	Cumputer Work	\$ 320.53		\$ 320.53
Duane Johnson	Sheetrock & Painting	\$ 14,617.00		\$ 14,617.00
Dunn & Bradstreet	Monitoring	\$ 109.00		\$ 109.00
Ferrellgas	Tank Rental	\$ 1.00		\$ 1.00
Four Bears Casino	Sponsorship	\$ 500.00		\$ 500.00
g-Neil	Project Posters	\$ 122.28		\$ 122.28
Government Data Pub	Subscription	\$ 354.00		\$ 354.00
I. W. I., Inc.	Lights	\$ 790.64		\$ 790.64
Independent Consulting	Consulting	\$ 1,720.31		\$ 1,720.31
Iver's Plumbing	Plumbing	\$ 1,626.32		\$ 1,626.32
KB Construction	Flooring	\$ 380.00		\$ 380.00
KDSR	Advertizing	\$ 145.00		\$ 145.00
Keller Paving	Asphalt Patching	\$ 1,662.50		\$ 1,662.50
KEYZ Radio	Advertizing	\$ 50.00		\$ 50.00
KMHA	Sponsorship	\$ 100.00		\$ 100.00
Krider Equipment	Repairs	\$ 1,326.68		\$ 1,326.68
Kroll Construction	Concrete work	\$ 7,455.00		\$ 7,455.00
Material Testing	Testing	\$ 5,306.20	\$ 3,264.93	\$ 8,571.13
MCI	Telephone	\$ 5.67		\$ 5.67
Metis Enterprises	Consulting	\$ 750.00		\$ 750.00
Minot Builders Supply	Materials	\$ 8,755.89	\$ 682.41	\$ 9,438.30
Mountrail Williams Electric	Electric Bill	\$ 157.00		\$ 157.00
NAPA Auto Parts	Parts	\$ 268.88		\$ 268.88
New Town News	Supplies	\$ 103.55		\$ 103.55
New Town True Value	Supplies	\$ 1,096.35		\$ 1,096.35
Northwest Industrail Supply	Equipment	\$ 20,036.69		\$ 20,036.69
OSHA	Book	\$ 33.95		\$ 33.95
Pitney Bowes	Postage	\$ 53.24		\$ 53.24
Power Port	Tools	\$ 398.50		\$ 398.50
Praxair	Cylinders	\$ 108.00		\$ 108.00
Purchase Power	Postage	\$ 194.87		\$ 194.87
Reservation Telephone	Contract	\$ 3,413.15		\$ 3,413.15
S & S Floral	Flowers	\$ 40.00		\$ 40.00
Satermo's Hardware	Supplies	\$ 6.18		\$ 6.18
School Products	Bleachers	\$ 16,349.00	\$ 9,323.85	\$ 25,672.85
Shane Fladeland	Mechanical	\$ 4,778.67		\$ 4,778.67
Super Value	Supplies	\$ 165.76		\$ 165.76
Thorsrud Supply	Doors	\$ 247.42		\$ 247.42
Tramps Repair	Repairs	\$ 50.00		\$ 50.00
Verizon	Cell Phones	\$ 1,318.29		\$ 1,318.29
Vest Dakota Inn	Lodging	\$ 2,650.00		\$ 2,650.00
Villiston Woodworks	Casework	\$ 10,940.86	\$ 502.55	\$ 11,443.41
Volfs Septic Service	Toilets	\$ 560.00		\$ 560.00
Xerox	Copier	\$ 2,170.58		\$ 2,170.58
	<b>Sub-Totals</b>	<b>\$ 160,620.55</b>	<b>\$ 17,613.86</b>	<b>\$ 178,234.41</b>

## West Dakota Service

BHG, Inc.	\$	318.67	\$	318.67
D J Consulting	\$	65.00	\$	65.00
EMC Insurance	\$	1,590.00	\$	1,590.00
Ferrellgas	\$	65,600.00	\$	65,600.00
Four Bears Casino	\$	500.00	\$	500.00
Independent Farmers Oil	\$	32,351.26	\$	32,351.26
Interstate Battery	\$	416.54	\$	416.54
Manns Automotive Supply	\$	245.82	\$	245.82
Midwest Tire & Muffler	\$	3,125.63	\$	3,125.63
Minot Daily News	\$	39.75	\$	39.75
Mountrail Williams Electric	\$	158.83	\$	158.83
NAPA Auto Parts	\$	2,683.64	\$	2,683.64
New Town True Value	\$	18.09	\$	18.09
Rensch Chevrolet	\$	644.18	\$	644.18
Reservation Telephone	\$	275.29	\$	275.29
Schatz Truckroads	\$	641.87	\$	641.87
Note Payable - West Dakota Service	\$	8,300.00	\$	8,300.00
<b>Sub-Totals</b>		<b>116974.57</b>		<b>116974.57</b>
Community 1st Interest	\$	3,646.97	\$	3,646.97
Workmans Comp	\$	43,369.25	\$	43,369.25
N. Dak Job Service	\$	16,329.17	\$	16,329.17
N. Dak State Income Tax	\$	833.17	\$	833.17
IRS 941	\$	380,753.45	\$	380,753.45
<b>Grand Totals</b>	\$	<b>740,140.99</b>	\$	<b>740,140.99</b>

# FT. BERTHOLD DEVELOPMENT CORPORATION

MHA CONSTRUCTION/MHA LUMBER & SUPPLY

P.O. Box 867 - West Main Street

New Town, North Dakota 58763

Telephone (701) 627-4828

Fax (701) 627-3211

## FINANCIAL STATEMENT

AS OF March 1, 2002

If space for detail in schedules inadequate, record additional items on separate list(s) and attach.

1 Cash	\$ 102,165.50	10 Notes Payable	\$
2 Deposits with Bids		a. To Banks Regular	\$ 237,500.00
3 Accounts Receivable -		b. To Banks for Certified Checks	
Completed Contracts	\$ 125,842.50	c. To Material Men	
Earned Estimate and Retainage on		d. Monthly Notes (Equipment)	\$ 7,507.00
Uncompleted Contracts shown by		11 Accounts Payable	
Engineers' or Architects' Estimates	\$ 104,442.00	a. Sub-Contractors and Material Men	\$ 62,340.52
4 Other Accounts Receivable	\$ 25,653.60	b. Sub-Contractors - Retained	
5 Stocks and Bonds	\$ 4,134.00	Percentage	\$ -
6 Notes Receivable		c. Others	\$ 24,713.33
7 Materials		Accrued Payrolls	\$ 5,000.00
Life Insurance—Cash Value		Federal Income Taxes	
Other Current Assets (Explain)		Other Accrued Taxes, Interest, etc.	
(Monthly Rental Income Due)	\$ 7,300.00	8 Encumbrance on Equipment	
		Other Current Liabilities (Explain)	
(West Dakota Service AR)	\$ 139,840.26		
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 509,377.86</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 337,060.85</b>
Equipment & Vehicles at Book Value	\$ 463,200.00	9 Encumbrance on Real Estate	
Real Estate	\$ 90,000.00	All Other Liabilities (Explain)	
All Other Assets (Explain)		(Workmans Comp)	\$ 6,250.00
Buildings	\$ 350,000.00	Reserves (Specify)	
Misc. Equip. & Vehicles	\$ 115,000.00		
Construction Tools	\$ 55,000.00	Capital Stock (Paid Up)	
Computer & Office Equipment	\$ 40,000.00	Surplus and Undivided Profit or Net Worth	
Inventory	\$ 75,000.00		
<b>TOTAL ASSETS</b>	<b>\$ 1,697,577.86</b>	<b>TOTAL LIABILITIES</b>	<b>\$ 343,310.85</b>

### CONTINGENT LIABILITIES (Affirmative answers to be explained fully)

Are there any judgments, suits or claims pending Against You?	NO
Have any of your notes or accounts receivable or retained percentages been assigned, pledged, sold or discounted?	NO
Are you acting as surety or bondsman for others or as endorser on their notes or accounts?	NO
Are there any liens for labor or materials filed on any of your work anywhere?	NO
Are you having any controversy with anyone over any contract or payment of labor or materials on any contract?	NO
Have you any other contingent liabilities?	NO

PREPARED BY: K. J. Swinson 3/12/02

## **Fort Berthold Development Corporation Loan Request**

Fort Berthold Development requests the assistance of the Tribal Council in obtaining a loan in the amount of \$500,000 from a local bank. We request the use of a Certificate of Deposit in the amount of \$500,000 be used to secure the operating loan.

The new FBDC Board of Directors has accessed the financial condition of the company and found it to be very different than the report given to the Tribal Council in March 2002. We have included a copy of the March Balance sheet and a Current Balance Sheet.

We have included a list of delinquent payables for both the FBDC construction division and West Dakota Service totaling \$740,140.99 which includes 1 judgment in the amount of \$65,000. We also have additional threats of judgments and liens being placed by several other creditors including the Internal Revenue Service for delinquent Payroll Taxes for the years 2000 through 2002. We suggest the Tribal Council obtain security interests on all FBDC owned property and equipment to protect its interest in the company from outside creditors.

We expect to repay the loan over the next 2.5 years with income received with 8(a) partnership outside of the Fort Berthold area. A projection of net income received from this work is attached.

We would like to amend our reporting requirements to the Tribal Council to include Quarterly Financial Statements to the Tribal Council and an annual Accountant Prepared Financial Statement beginning with the year ended December 31, 2002. We would also provide the council a detailed accounting of the use of the new \$500,000 loan proceeds.

**Fort Berthold Development Corporation  
Repayment Ability**

FBDC proposes to repay the loan in the amount of \$500,000 with proceeds received from profits of 8(a) work completed with the FAME Group. Profits for the next three years are expected to be as follows:

	2002	2003	2004
Gross Income	\$2,000,000	\$5,000,000	\$10,000,000
FBDC net profit 5 %	\$ 100,000	\$ 250,000	\$ 500,000
TAT Loan Payment	\$ 60,000	\$ 150,000	\$ 300,000
TAT Loan Balance	\$ 440,000	\$ 290,000	\$ 0

The above amount of Gross Income is a conservative estimate based upon information received in cooperation with the FAME Group. We have identified additional projects for the 8(a) department to complete and gross income is expected to be much greater in 2003 and 2004.



**Fort Berthold Development Corporation**  
**- Accountability Requirements**

FBDC proposes the following increased reporting requirements to the Tribal Council:

-Quarterly Financial Statements including a Balance Sheet, Income Statement, and Statement of Cash Flows prepared in accordance with Generally Accepted Accounting Principles given to the Tribal Council 30 days after the end of each quarter beginning September 20, 2002.

-Annual Financial Statements prepared by an independent accountant given to the Tribal Council within 120 days of year end beginning December 31, 2002.

-Use of loan proceeds verified by Steve Salveson at time of each advance for this \$500,000 to insure proceeds are used to repay this existing debt.

## **Fort Berthold Development Corporation**

The following debts of Fort Berthold Development Corporation would become the responsibility of the Three Affiliated Tribes in the event of the failure or other default the of Fort Berthold Development Corporation:

Payroll Taxes	\$ 410,000
Note Payable – Community First	\$ 250,000
Letter of Credit – Community First	
Maximum amount	\$ 100,000
The Note and LOC are secured with TAT CD's for \$350,000	
Notes Payable – Dakota West Credit Union	\$ 252,201
Note is Guaranteed by TAT	
Total	\$1,012,201