



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

A resolution entitled “Approval of financing arrangement for Lake Sakakawea Casino Project and other matters pertaining to said Project”

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, Article VI, Section 3 of the Constitution of the Three Affiliated Tribes specifically grants to the Tribal Business Council all necessary sovereign authority for the purpose of exercising the jurisdiction granted by the people of the Three Affiliated Tribes in Article 1 of the Constitution; and

WHEREAS, Pursuant to a Participating Lease dated as of December 9, 2002, between the Tribe and Dale Little Soldier d/b/a Lake Sakakawea & Associates (“Lessor”), approved by the United States Department of Interior on January 9, 2003, and recorded in the Land Title and Records Office of the Bureau of Indian Affairs (the “Participating Lease”), Lessor has leased to the Tribe certain “Site I Premises” described therein that are held in trust for the benefit of the Lessor, all located within the boundaries of the Fort Berthold Reservation of the Three Affiliated Tribes; and

WHEREAS, By Resolution No. 05-138, the Tribal Business Council reaffirmed the Tribe’s commitment to a plan for development of a casino and other amenities (the “Project”) on the Premises, as defined in the Lease; and

WHEREAS, Lessor, pursuant to the authorization extended by the Tribal Business Council, and pursuant to the terms of the Lease, proposes to construct gaming and related facilities on the Premises, within the Site I Premises being leased to the Tribe for operation of a gaming business in accordance with both the Indian Gaming Regulatory Act (IGRA), Title 25 United States Code, Sections 2701 et seq. and in accordance with the Tribal-State Gaming Compact between the State of North Dakota and the Three Affiliated Tribes approved by the Secretary of Interior in November, 1999; and

WHEREAS, Pursuant to the terms of the Lease, Lessor has now developed plans for the construction of the gaming facilities and related amenities on the Site I

Premises to be operated by the Tribe, and has provided a copy of those plans to the Tribal Business Council for approval; and

WHEREAS, The Lessor has also engaged Marshall Financial Group LLC, of Minneapolis, Minnesota (together, with successors or assigns, including any participants, the “Lender”), to arrange financing for LSA & Associates, LLC, a Minnesota limited liability company owned by Lessor (the “Borrower”), to borrow funds to pay for the costs of constructing the gaming facilities (the “Financing”), with anticipated participation in the Financing from Wells Fargo Bank and Herbst Gaming Inc., and is seeking the preliminary approval of the Tribal Business Council for the basic terms of the Financing set forth below, with the continued understanding that the Tribe is not borrower under the Financing, and that the Financing will be repaid from revenues of the gaming facilities to be operated on the Site I Premises; and

WHEREAS, The Lessor, through the Borrower, will be constructing that gaming facilities as provided in the Lease, but is not at this time constructing an attached or adjacent hotel; and

WHEREAS, The Lessor has sought the Financing with the explicit understanding that because hotel construction is to be deferred pending additional financing and Tribal Business Council authorization, the buy-out agreement previously approved by the Tribe in Three Affiliated Tribes Resolution No. 06-107, which included a buyout of a hotel to be attached to the casino that was part of an earlier financing effort, is no longer in effect or valid, and therefore must be rescinded by the Tribal Business Council; and

WHEREAS, Significant terms of the Financing include the following:

1) An approximately \$13,000,000.00 term loan (“Loan”) that will have a term of approximately seven (7) years with the first year involving payments of interest only, and subsequent payments being of principle and interest. Interest will be at prime rate plus 1.75%, inclusive of service fee; and

2) Proceeds of the Loan above will be applied to costs related to the Project, including those related to:

- a) planning, designing, constructing, and furnishing the Project;
- b) survey and site work;

- c) opening and start-up operating expenses; and
 - d) transaction costs; and
- 3) Herbst Gaming, Inc. will provide, service replace and update up to 500 Class III gaming devices for approximately seven (7) years and, subject to a minimum daily payment per machine of \$17, receive payment of twenty percent (20%) of the daily net win up to \$125.00 for each gaming device, fifteen percent (15%) of the daily net win from \$125.01 to \$150.00 for each gaming device, along with ten percent (10%) of the daily net win of \$150.01 or more per gaming device. At the end of the term of the gaming device lease, the Tribe may purchase each gaming device in service for a nominal payment; and

WHEREAS, The Financing Arrangements being presented for consideration are consistent with the Participating Lease and, except as to matters specifically addressed within this Resolution, are consistent with previous Resolutions enacted by the Tribal Business Council that are related to the Project.

WHEREAS, As with financing arrangements previously discussed with the Tribal Business Council, the only Tribal revenue to be at risk will be that generated from the Project, and the Tribe's only financial obligations under the terms of the Financing will be to cause the gross revenues from the Project, prior to payment of any expenses, including lease payments for the gaming machines, to be deposited with a financial institution for application to various purposes, including payment of amounts due on the Loan, the Equipment Agreement and the Lease; and

WHEREAS, It is understood by the Tribe that Lessor or Borrower has received, or are expected to receive, in relation to the Project, all necessary permits, easements, rights-of-way or other permissions as may be required from all relevant agencies, whether Tribal, state, local or federal for completion of the Project, with the understanding that if any required permit or permission requires execution or application by the Tribe, the Tribe will cooperate in an expeditious manner in providing the execution or application for such permit; and

WHEREAS, It is understood that the financial arrangements are subject to approval and possible recommendation of modification by the Bureau of Indian Affairs and that certain terms may be subject to modification, and with the further understanding that the final financial terms are subject to approval by the Tribal Business Council; and

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MEMORANDUM

To: Chairman Marcus V. Wells, Jr.; Secretary V. Judy Brugh
Three Affiliated Tribes


From: Tom Disselhorst, counsel

Date: August 13, 2007

Subject: Dale Little Soldier Resolution

I have reviewed the attached original resolution on the Dale Little Soldier matter.

The resolution is slightly different than what was presented to you this morning, but the differences are not differences in substance, the changes were made to conform the resolution to the requirements of the final loan documents for the benefit of Marshall Group, the principal financing agent.


Tom Disselhorst

This one takes place of the one on Monday

NOW THEREFORE BE IT RESOLVED, That the Tribal Business Council of the Three Affiliated Tribes hereby approves the plans for the construction of the Project, as required by the terms of the Lease, subject to any necessary modifications made after construction begins, and subject to any approval necessary for such modifications; and

NOW THEREFORE BE IT FURTHER RESOLVED, That the Tribal Business Council hereby approves the Financing terms as provided herein, and further directs Lessor and Borrower to move forward to obtain all necessary documents that will allow the transaction to be completed so that construction of the Project can begin as quickly as possible; and

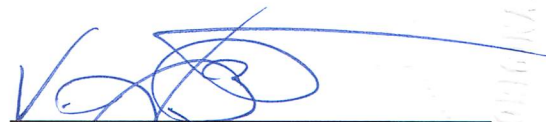
NOW THEREFORE BE IT FURTHER RESOLVED, that the Tribal Business Council hereby authorizes the appropriate officers of the Tribe, including its Chairman, Vice-Chairman, Secretary or Treasurer, to execute any and all necessary documents associated with the Project and the financing arrangements as described in this Resolution, consistent with the Lease, with all such documents subject to legal review by counsel for the Tribe, and subject to final approval by the Tribal Business Council, and, subject to review and modification by the Bureau of Indian Affairs and other recommendation of appropriate Federal or other agencies.

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

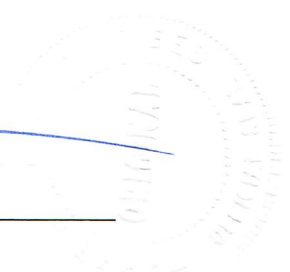
I, the undersigned, as Secretary of the Tribal Business Council of the Three Affiliated Tribes of the Fort Berthold Reservation, hereby certify that the Tribal Business Council is composed of 7 members of whom 5 constitute a quorum, 7 were present at a Meeting thereof duly called, noticed, convened, and held on the 13 day of August, 2007; that the foregoing Resolution was duly adopted at such Meeting by the affirmative vote of 6 members, 0 members opposed, ___ members abstained, ___ not voting, and that said Resolution has not been rescinded or amended in any way.

Chairman [] Voting. [X] Not Voting.


Dated this 13 day of August, 2007.



Secretary, V. Judy Brugh
Tribal Business Council



ATTEST:



Chairman, Marcus D. Wells, Jr.
Tribal Business Council