



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

**A Resolution entitled: “2008 TWIN BUTTES SCHOOL LOAN – Approval of a General Obligation Tax Exempt Loan to Provide Funds to the Twin Buttes School District for the Construction of a new School Facility, an assignment of Trust Fund Interest as Security for the Loan, Authorization to Withdraw Interest from Trust Fund, Acknowledgement of Risks and Related Transactions”**

**WHEREAS,** The Constitution of the Three Affiliated Tribes (the “Tribe”) 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 Tribe and of the enrolled members thereof; and

**WHEREAS,** Article VI, Section 5(c) of the Constitution of the Tribe specifically authorizes and empowers the Tribal Business Council of the Tribe to administer the funds within the exclusive control of the Tribe and to make expenditures from available tribal funds for public purposes of the Tribe; and

**WHEREAS,** The Twin Buttes Public School District existing under the laws of the State of North Dakota (the “Twin Buttes School District”), operates within the Fort Berthold Reservation certain educational facilities in or around Twin Buttes, North Dakota, and provides educational opportunities to tribal members and others; and

**WHEREAS,** The Tribe and the Twin Buttes School District successfully received a Congressional appropriation in the amount of \$3,944,000 in September 6, 2006 (the “Prior Federal Grant”) under the Tribal School Construction Demonstration Program for the construction of a new elementary school in Twin Buttes, North Dakota (the “New School”) as set out in Public Law 108-447, Consolidated Appropriations Act of 2004; and

**WHEREAS,** The Secretary of Interior, acting through the Bureau of Indian Affairs, terminated the Prior Federal Grant agreement on March 28, 2007; and

**WHEREAS,** The Tribe appealed the termination of the Prior Federal Grant to the Civilian Board of Contract Appeals and reached an agreement in principle with the Bureau of Indian Affairs to renew the Prior Federal Grant; and

**WHEREAS,** The Tribe has formalized such agreement by entering into a Settlement Agreement dated as of December 21, 2007 (the “Settlement Agreement”) with the Bureau of Indian Affairs to renew the Prior Federal Grant; and





**WHEREAS,** Under the terms of the Settlement Agreement the Tribe is be entitled to receive a \$3,944,000 grant (the “Federal Grant”) for the construction of the New School

**WHEREAS,** Pursuant to Public Law 108-108, which established the Tribal School Construction Demonstration Program, the Tribe is required to commit a tribal match of 50 percent of the costs of construction of the New School; and

**WHEREAS,** The Tribal Business Council has determined that it is in the best interest of the Tribe and its members to commit to providing the matching funds for the Twin Buttes School District by obtaining a loan for approximately \$4,500,000 (the “Loan”) from Marshall Financial Group, LLC, a Delaware limited liability company, or its successors, assigns, affiliates or participants (the “Lender”); and

**WHEREAS,** Public Law 102-575, entitled “Three Affiliated Tribes and Standing Rock Sioux Tribe Equitable Compensation Act,” as amended (the “Act”), established the “Three Affiliated Tribes Economic Trust Fund” (the “Trust Fund”) in the United States Treasury; under the Act, the United States Secretary of the Interior (the “Secretary”) is required to deposit the interest that accrues on deposits to the Trust Fund (“Trust Interest”) in a separate account in the United States Treasury (the “Trust Interest Account”); and such interest is declared to be available, without fiscal year limitation, for use by the Secretary to make payments to the Tribe for educational, social welfare, economic development, and other programs, subject to the approval of the Secretary; provided that no part of the principal of the Trust Fund is available for making such payments, and no part of any moneys in the Trust Fund may be distributed to any member of the Tribe on a per capita basis; the Office of the Special Trustee for American Indians within the federal Department of the Interior (“OST”) is charged with overseeing the Trust Fund, and the Office of Trust Fund Management (“OTFM”) is charged with investing amounts in the Trust Fund and the Trust Interest Account; and

**WHEREAS,** The Tribal Business Council has determined that providing matching funds with respect to the Federal Grant to fund costs associated with the New School is a use of Trust Interest permitted by the Act;

**WHEREAS,** The Tribal Business Council has determined that it would be in the best interests of the Tribe to obtain the Loan from the Lender to (i) finance capital costs to be incurred by the Twin Buttes School District in connection with the New School, (iii) fund the Reserve Account discussed below, and (iv) pay costs associated with such loan; and

**WHEREAS,** The Tribal Business Council has determined that to the extent legally permitted, and consistent with the intended uses of the Loan proceeds, the Tribe should borrow in a manner permitting the interest on the Loan to be excluded from gross





income for federal income tax purposes in order to reduce the borrowing costs of the Tribe; and

**WHEREAS,** The Loan is proposed be structured approximately as follows, the definitive terms to be set forth or incorporated into a loan agreement between the Tribe and the Lender (the "Loan Agreement"):

(i) interest would accrue at a variable rate equal to the greater of 5.25% or 75% of the prime rate as reported by the Wall Street Journal, adjusted annually; and

(ii) a servicing fee would be payable to the Lender in an amount equal to .10% of the outstanding balance of the Loan, that will be in addition to the interest payable on the Loan; and

(iii) the payment obligations of the Tribe with respect to the Loan would be evidenced by a promissory note of the Tribe payable to the Lender (the "Note"); and

(iv) interest only would be payable for the first 12 months, based on a fixed rate, and thereafter principal and interest on the Loan would be payable over approximately 72 months, based on a principal amortization schedule of approximately 180 months, with a final lump sum payment ("Balloon Payment") due in 2015; and

(v) the Loan would be secured by a pledge of the Tribe's full faith and credit, except that enforcement of the Loan as against certain Protected Assets would not be permitted; "Protected Assets" means (i) the Tribe's casino facilities as defined in a certain Depository Agreement dated as of May 28, 2002, between the Tribe, First National Bank & Trust Co. of Williston, together with all real or personal property used in connection with any other gaming business of the Tribe or any commercial business of the Tribe directly related to or supportive of that gaming business, (ii) all revenues received by the Tribe from the foregoing, (iii) all lands held in trust by the United States for the Tribe or any landlord of the Tribe, and (iv) any money or other property of the Tribe not permitted to be applied to the payment of amounts due in respect of the Loan because of federal or state law; and

(vi) at the option of the Tribe, the Note may be prepaid in whole or in part without penalty; and

**WHEREAS,** The Tribal Business Council has determined that to further reduce borrowing costs, the Loan be secured by a pledge of Trust Interest and with a grant of authorization to the Lender to apply to the OST or OTFM, as applicable, for





payment of principal and interest on the Loan, but only in an amount each year that does not exceed the scheduled principal and interest due; subject to the following terms:

(i) as further security for the Loan, the Lender would be a “Reserve Secured Lender” and the loan would be created as a “Reserve Secured Obligation” as such terms are defined in a certain Collection and Reserve Account Agreement dated June 27, 2003, as amended by a First Amendment to Collection and Reserve Account Agreement dated as of April 9, 2004, entered into by Marshall Investments Corporation, the Tribe and First National Bank and Trust Co. of Williston, acting as the “Lenders’ Agent” (as supplemented, amended, restated or replaced from time to time, including by a certain supplement to be entered into in connection with the Loan between the Lender, Tribe and Lenders’ Agent, the “Reserve Agreement”);

(ii) pursuant to the Reserve Agreement:

(A) a reserve account would be established with the Lender’s Agent to secure only the Loan (the “Reserve Account”) funded by a portion of the proceeds of the Loan in an amount equal to the “Reserve Account Requirement” therein defined (twice the largest scheduled monthly payment of principal and interest on the Loan assuming a constant interest rate equal to the initial interest rate on the loan, but exclusive of amounts due at maturity); the Reserve Account Requirement is presently expected to be approximately \$73,202.60;

(B) no later than the 15 calendar days before the end of each calendar month, the Lender would be required to deliver to the Lenders’ Agent and the Chairman and Chief Financial Officer of the Tribe (which may occur by telephonic facsimile) a written notice setting forth the scheduled monthly debt service or maturity amount next due and payable, including servicing fees;

(C) on the 5th calendar day before each monthly payment date, the Tribe would be required to pay to the Lenders’ Agent by wire transfer the scheduled monthly debt service or the maturity amount, as applicable, due on such payment date with respect to the Loan, with each such payment being credited to a “Collection Account” created by the Lender’s Agent with respect to the Loan; for purposes of computing interest due on the principal balance of the Loan, no such payment to the Lenders’ Agent would be deemed to have paid the Loan until the applicable payment date; provided that if





Lenders' Agent does not receive a wire transfer of immediately available funds for any scheduled monthly debt service or a maturity amount (for which the Lender has provided notice in accordance herewith) by the end of the 4th calendar day preceding the applicable monthly payment date, the Lenders' Agent would be required to immediately give notice to Tribe and the Lender by telephone or telephonic facsimile, confirmed by mailed written notice; and

(D) on the monthly payment date, the Lender's Agent would be required to wire transfer amounts in the Collection Account to the Lender; provided that if amounts in the Collection Account are insufficient to pay scheduled monthly debt service, the Lenders' Agent would be required to withdraw amounts from the Reserve Account to fund such deficiency to remit to the Lender; at maturity, the Lender's Agent would remit to the Lender all amounts in the Reserve Account to pay amounts due on the Loan; and

(E) in accordance with a Supplement to the Collection and Reserve Account Agreement to be executed in connection with the Loan, on each date that a withdrawal from the Reserve Account occurs, the Lenders' Agent would be required to submit to the Tribe a written notice by overnight or next business day delivery stating that if the Tribe does not restore the amount withdrawn within 5 days, the Lender's Agent will request such restoration to be funded from Assigned Trust Interest (defined below); and

(F) the Tribe would also enter into an assignment agreement between the Tribe, Lender and Lender's Agent (the "Assignment Agreement"), pursuant to which (A) the Tribe would agree to secure its obligation to restore the withdrawal from the Reserve by pledging and assigning Trust Interest received by the OST from amounts in the Trust Fund after receipt of the related Reserve Restoration Request from ("Assigned Trust Interest"); provided, however, the Assigned Interest will not secure the payment of the Balloon Payment and in no event shall Trust Interest withdrawn in any year ever exceed the scheduled annual principal and interest payments due on the Loan in such year; and (B) if amounts in the Reserve Account for the Loan are withdrawn to pay any scheduled monthly debt service due on the Loan, the Lender's Agent will be irrevocably authorized to request the OST to pay to Lender's Agent an amount of Assigned Trust Interest sufficient to restore the withdrawal (a "Restoration Payment Request"); and





(iii) pursuant to the Assignment Agreement, the OST would consent to the transfer of Assigned Interest to the extent necessary to restore amounts drawn from the Reserve Account upon receiving a certain written request from Lenders' Agent, and to further ensure the foregoing assignment of Assigned Trust Interest and implement the authorization to Lenders' Agent to request withdrawals of Assigned Trust Interest to restore withdrawals from the Reserve Account, the Tribe would enter into an agreement with the OST (the "Instructions and Agreement for Payments"), pursuant to which the Tribe would irrevocably instruct the OST to comply with Restoration Payment Requests submitted by Lenders' Agent, regardless of any change in the membership of the Tribal Business Council or any law of the Tribe; and

(iv) the Tribe would also agree to complete, execute and submit to the BIA and the OST such instruments or documents required for irrevocably effectuating all withdrawals of Assigned Trust Interest requested pursuant to a Restoration Payment Request, including federal form 1034 (the "Withdrawal Documents"); and

(viii) the Balloon Payment would not be secured by the Assigned Trust Interest; however, the Tribe would agree that any debt issued to refinance the Balloon Payment would be permitted to be secured by an assignment of Trust Interest so long as monthly debt service on the refinancing debt is no greater than the debt service on the Loan; and the Tribe would covenant to issue such refinancing debt if required to pay the Balloon Payment; provided further, that if the Balloon Payment is not paid when due at the maturity of the Loan, the loan would continue to be secured by the Reserve Account, which could be drawn upon on monthly basis for monthly debt service payments equal to the largest monthly debt service payment due prior to the date of the Balloon Payment, with Trust Interest continued to be assigned to restore amounts drawn from the Reserve Account; and

**WHEREAS,** The Tribe has been advised that the Trust Interest Account is a "tribal trust account" as defined in Title 25 of the Code of Federal Regulations (CFR), Part 115 and is therefore subject to the regulations found in Part 115; and

**WHEREAS,** The regulations of Part 115 require, in 25 CFR Section 115.813, that in the event trust funds, including Trust Interest, are completely or partially invested in securities or a security that have not matured, and the Tribe wishes to withdraw Trust Interest from the "tribal trust account" that may require the sale of a security or securities that have not matured, a resolution of the Tribe must be in place in order for funds to be withdrawn, with said resolution to state that the Tribe understands and acknowledges that if the funds it wishes to withdraw are taken from the "tribal trust account"; (1) the Tribe may incur a penalty when the





security is sold; and (2) that the security may lose value if it is sold prior to maturity; and

**WHEREAS,** The Tribe understands that the word “penalty” as used in the regulations and as used above may mean, among other things, an amount of interest already accrued may not be received by the Tribe if a certificate of deposit is sold before maturity; and that the words “may lose value” may mean, among other things, the actual amount received for the security at the time of sale may be less than the face value of the security (the value of the security at maturity); and

**WHEREAS,** The Tribe also understands that in the event of the necessity of a sale of any security held in the Trust Interest Account before maturity, the OST will consult with the Tribe with the goal of ensuring that there is a minimum of loss of income resulting from such sale; and

**WHEREAS,** The Tribe has been advised by the OST that such an event described by Section 115.813 of Part 115 of Title 25 of the Code of Federal Regulations could occur in relation to the Loan if a Reserve Restoration Request is honored; and

**WHEREAS,** The Tribe desires to replace and supersede Resolution No. 07-224-VJB with this Resolution;

**NOW, THEREFORE, BE IT RESOLVED,** by the Tribal Business Council of the Three Affiliated Tribes as follows:

Section I. Approval and Authorizations

- 1.1 The Tribal Business Council hereby determines that the foregoing proposed actions are in the public interest and promote the welfare of the Tribe.
- 1.2 The Tribal Business Council hereby approves the terms of the Loan substantially as described above, the application of the proceeds of the Loan to match funds granted to the Twin Buttes School District pursuant to the Federal Grant, the entering into any agreement or understanding with the Twin Buttes School District for repayment of one-half of the Loan and the Tribe’s execution, delivery and performance of the Loan Agreement, the Note, the Assignment Agreement, a supplement to the Reserve Agreement providing for the Lender’s Agent to give additional notice to the Tribe before seeking to withdraw amounts from the Trust Interest Account, the Instructions and Agreement for Payments and any related documents reasonably necessary to effect the Loan (the “Loan Documents”), all in such forms as are approved by the an Authorized Representative (defined below) and legal counsel for the Tribe, which approvals shall be deemed to have been conclusively given upon the execution of the Loan Document by an Authorized Representative.





- 1.3 The Chairman, Secretary, and Treasurer of the Tribe, together with any other person who under the laws of the Tribe are permitted to act on behalf of the Tribe in the event of the absence or incapacity of the Chairman, Secretary or Treasurer (each, an “Authorized Representative”) are hereby authorized to execute the Loan Documents and all Withdrawal Documents and such other related documents and to take such other actions as are required or desirable to effect the purposes of this Resolution.
- 1.4 The withdrawal of amounts from the Trust Interest Account in accordance with the terms of the Loan Document is hereby irrevocably approved, even if such withdrawal requires a sale of securities credited to the account, with the Tribal Business Council acknowledging that if any such security is sold (1) the Tribe may incur a penalty when the security is sold; and (2) the security may lose value if it is sold prior to maturity (but with the understanding that the OST will consult with the Tribe with the goal of ensuring that there is a minimum of loss of income resulting from such sale).

Section 2. Limited Waiver of Sovereign Immunity; Jurisdiction and Arbitration. Provisions in the Loan Documents relating to the following matters are hereby expressly authorized, approved and adopted as the law of the Tribe with respect to the Loan; so long such provisions substantially comply with the terms set forth in Exhibit A attached hereto:

- 2.1 The choice of governing laws, the limited waivers of sovereign immunity, the consents to jurisdiction and waivers of the doctrines of abstention and exhaustion of tribal remedies; and
- 2.2 The obligation to resolve disputes related to the Loan by binding arbitration.

Section 3. Miscellaneous Matters.

- 3.1 Any resolutions or other actions of the Tribal Business Council or of the Tribal Executive Committee, including any prior resolutions regarding the Loan that are in conflict with or inconsistent with the terms of this Resolution are hereby to such extent repealed and annulled. This Resolution shall supersede any prior or currently existing resolutions or other actions of the Tribal Business Council or Tribal Executive Committee that are contrary to the actions authorized or contemplated herein or in a Loan Document.
- 3.2 If any provision of this Resolution or the application of any provision of this Resolution is held to be invalid, the remainder of the Resolution shall not be affected.
- 3.3.1 None of Tribe or any agency, instrumentality, component, enterprise or entity owned or controlled, directly or indirectly, by the Tribe, (each, together with the successors and assigns of each, a “Tribal Party”) shall ever be permitted to adopt or take any resolutions





EXHIBIT A  
CERTAIN LEGAL PROVISIONS

**0.1. Governing Law and Construction.** The Loan Documents shall be governed by, and construed in accordance with the laws of the Tribe, provided that in the absence of applicable Tribal law, the substantive laws of the State of North Dakota and applicable federal law shall govern. Whenever possible, each provision of the Loan Documents and any other statement, instrument or transaction contemplated hereby or thereby or relating hereto or thereto shall be interpreted in such manner as to be effective and valid under such applicable law, but, if any provision of the Loan Documents or any other statement, instrument or transaction contemplated hereby or thereby or relating hereto or thereto shall be held to be prohibited or invalid under such applicable law, such provision shall be ineffective only of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of the Loan Documents or any other statement, instrument or transaction contemplated hereby or thereby or relating hereto or thereto. The parties shall endeavor in good-faith negotiations to replace any invalid, illegal or unenforceable provisions with a valid provision the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provision. The provisions of this Section are irrevocable and may not be rescinded, revoked or amended without the prior written consent of the Lender. The Tribe acknowledges the Lender has relied upon them in entering into the Loan Documents.

**0.2. Limited Waiver of Sovereign Immunity.** Nothing in this Loan Agreement shall be deemed to be a waiver of the Tribe's sovereign immunity from suit, except to the extent that the Tribe hereby provides a limited waiver of its sovereign immunity and consents to be sued should an action be commenced to determine and enforce the obligations of the parties under any Loan Document; and provided further that the Tribe's consent to suit is only as to arbitration and to court action initiated consistent with the Loan Documents, and provided further, provided that no recourse for the enforcement of remedies for a breach of the Note or this Loan Agreement shall be available as against Protected Assets. The Tribe expressly submits to and consents to the court jurisdictions as described in the Arbitration Section of the Loan Agreement, including as provided in such Section the jurisdiction of the Tribal Court of The Three Affiliated Tribes of the Fort Berthold Reservation in the first instance and, after seeking relief in such Tribal Court, to the United States District Court for the District of North Dakota, or any other court of competent jurisdiction, in connection with any injunctive relief sought prior to arbitration, or to give effect to any relief ordered or award obtained in any arbitration proceeding.

**0.3. Arbitration.** Any dispute, claim or controversy arising out of or relating to this Loan Agreement or any Loan Document, or the breach thereof, or the making of this Loan Agreement or any Loan Document, including claims of fraud in the inducement (hereinafter referred to as the "Financing Disputes"), shall be settled by arbitration under the rules of commercial arbitration of the American Arbitration Association (the "AAA") and Title 9 of the U.S. Code, as modified by this Section.





or other action that has the effect of impairing any contractual rights of any third party under any of the Loan Documents or any agreements, documents or certificates related to the Loan Documents or the Withdrawal Documents (collectively, the "Financing Documents"), and any such resolution or action to the contrary shall be void and of no effect; and if any future Tribal Party should ever allow any such resolution or other action, Tribal Business Council recognizes that such impairment may result in an event of default under the Financing Documents. Upon execution and delivery of any Financing Document to which the Tribe is a party as herein authorized, the Financing Document shall become a valid and binding obligation of the Tribe, enforceable in accordance with its terms, and the provisions thereof shall constitute the law of the Tribe.

**BE IT FURTHER RESOLVED THAT**, the Tribal Business Council of the Three Affiliated Tribes replaces and supersedes Resolution No. 07-224-VJB in its entirety with this Resolution.

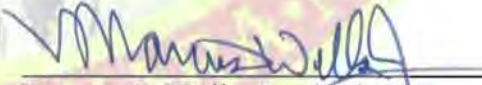
**CERTIFICATION**

I, the undersigned, as Secretary of the Tribal Business Council of the Three Affiliated Tribes of the Fort Berthold Reservation, hereby certify that the Executive Committee of the Tribal Business Council is composed of 7 members of whom 5 constitute a quorum, 7 were present at a REGULAR Meeting thereof duly called, noticed, convened, and held on the 14<sup>th</sup> day of February, 2008; that the foregoing Resolution was duly adopted at such Meeting by the affirmative vote of 7 members, 0 members opposed, 0 members abstained, 0 not voting, and that said Resolution has not been rescinded or amended in any way.

Dated this 14<sup>th</sup> day of February, 2008.

Chairman [  ] Voting. [  ] Not Voting

  
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V. Judy Brugh, Secretary  
Tribal Business Council  
Three Affiliated Tribes

  
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Marcus D. Wells, Jr., Chairman  
Tribal Business Council  
Three Affiliated Tribes