



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

A Resolution entitled, "Approval of equity investment in hotel to be located on the property of United Tribes Technical College in Bismarck, North Dakota"

- WHEREAS,** This Nation having accepted the Indian Reorganization Act of June 18, 1934, and the authority under said Act; and
- WHEREAS,** The Three Affiliated Tribes Constitution authorizes and empowers the Mandan, Hidatsa & Arikara Tribal Business Council to engage in activity on behalf of and in the interest of the welfare and benefit of the Tribes and of the enrolled members thereof; and
- WHEREAS,** pursuant to Article III, Section 1 of the Constitution and By-Laws of the Three Affiliated Tribes, the Tribal Business Council is the governing body of the Tribes; and
- WHEREAS,** the Three Affiliated Tribes is a founding member of the Board of Directors of United Tribes Technical College (United Tribes) in Bismarck, North Dakota, a Board of Directors which includes the Chairman and one other Tribal representative from each of the five federally recognized Tribes with a presence in North Dakota; and
- WHEREAS,** United Tribes has engaged All Nations Development, LLC; along with Mortensen Development and Thor Construction, Inc., to provide a turnkey hotel development including development, design, construction and structuring financing for a hotel to be located on the northwest corner of the land owned in fee simple by United Tribes on an approximately 10 acre parcel immediately adjacent to the Bismarck Municipal Airport; and
- WHEREAS,** United Tribes has commissioned feasibility studies which show that the hotel will be profitable in its first year of operation due to the demand that has grown substantially over the past five years, and due to its unique location adjacent to the airport in Bismarck; and
- WHEREAS,** the hotel, as designed, would be 160 rooms, approximately six stories, and would feature 10,000 sq. ft. of meeting space, a full service dining facility, and a pool, among other amenities; and
- WHEREAS,** United Tribes has submitted a franchise application, along with the requisite fee of \$64,000, for a "Hyatt Place" hotel, an upscale hotel that would be a part of the Hyatt Hotel chain, and which would be the first Hyatt Hotel in the Bismarck area; and



- WHEREAS,** the hotel would be operated by a Hyatt-qualified hotel management firm, in accordance with a management agreement that is yet to be negotiated; and
- WHEREAS,** the entire cost of the hotel project is approximately \$31.3 million, including development costs; and
- WHEREAS,** Dougherty Financial Group of Minneapolis has conducted financing options for the hotel, with the express goal of minimizing the cost of capital and seeking to retain inter-tribal ownership of the hotel; and
- WHEREAS,** in order to maintain ownership of the hotel with the Tribes who control United Tribes, and in order to minimize total development costs, including securing a low interest rate for a construction loan, Dougherty has determined that equity financing by the Tribes that control United Tribes Technical College is necessary in an amount equal to approximately 30% of the total cost of the project, or about \$9.1 million; and
- WHEREAS,** in addition to the equity contribution, each Tribe contributing to the hotel would have to agree to guarantee the construction loan of approximately \$22 million in proportion to the Tribe's equity contribution to the hotel; and
- WHEREAS,** equity contributions and associated debt guarantees from the member Tribes of United Tribes would assist in lowering annual interest costs for the construction loan to between 5 and 7 percent, minimize the equity requirement and maximize the profitability potential of the hotel; and
- WHEREAS,** as a result of the equity contribution and loan guarantee, each Tribe contributing equity would have a share of ownership proportionate to its share of the equity contribution necessary to finance the hotel, subject to certain conditions that will benefit United Tribes: for example, if a Tribe contributed \$3 million of the \$9 million needed, the Tribe would have a one-third ownership interest in the hotel, to be represented by stock in the hotel or some other equity agreement reached between the contributing Tribes and United Tribes and any other equity partners, with the understanding that when the hotel is completed, an equity contribution of one-third of the total equity required would be worth one-third the value of the hotel; and
- WHEREAS,** the equity investment of the Tribe can be structured in whole or in part as unsecured loan to the hotel ownership entity; and



WHEREAS, as a part of the loan guarantee, each Tribe providing equity to the hotel would be required to provide financial statements and/or other relevant information showing the creditworthiness of the support for the guarantee to the entity or entities providing the construction loan; and

WHEREAS, as owners of the hotel, the Tribes contributing equity and providing a loan guarantee in proportion to their equity contribution would be in a position to negotiate a franchise and management agreement for the hotel that would allow

the hotel to be designed in a manner consistent with the design desired by the Tribes contributing to the, subject to certain conditions that will benefit United Tribes and consistent with the Hyatt prototype and brand standards; and

WHEREAS, repayment of the equity contribution could be done through a profit sharing agreement or such other agreement as may be made between the contributing Tribes and United Tribes, with profits to be shared of course coming after repayment of the construction loans for the hotel, but repayment of the equity through profit sharing would not diminish the share of ownership of the hotel by a Tribe contributing equity; and

WHEREAS, any equity contribution the Tribe makes will be conditioned on acceptance of the following requirements, to be contained in the appropriate documents between the various parties executed prior to approval by the Tribal Business Council of final agreements for construction and operation of the hotel:

- 1) The Tribe agrees that it will permit United Tribes to buy out a portion of investment not to exceed 20% of the equity investment made by the tribe within one year of the date of passage of this resolution in accordance with a market premium rate in the hotel and assume the associated debt service guarantee, in a manner that will give United Tribes an increased ownership interest in the hotel with such an arrangement being subject to lender review and approval;
- 2) The Tribe agrees that it will work to allow United Tribes to provide hotel management and culinary arts programs in connection with management of the hotel, regardless of what firm or individual is selected to provide hotel management;
- 3) The Tribe agrees that it will work to provide United Tribes a preference in reserving room and meeting space within the hotel to meet the needs of United Tribes, with the understanding that United Tribes will be expected to pay the normal and customary charges associated with the use of such rooms and meeting spaces;



4) The Tribe agrees that it will approve the development agreement between Mortensen Development, Thor Construction, All Nations Development and United Tribes;

5) The Tribe agrees that from its equity contribution, or in proportion to the equity contribution of any other Tribe making such a contribution, it will repay all of the development costs for the hotel project as United Tribes may identify that are included in the “pro forma” for the hotel as developed by Mortensen and United Tribes, including, but not limited to, the franchise fee; the portion of consulting contract between United Tribes and All Nations Development, LLC attributable to the hotel project, including travel; and subsequent efforts made by All Nations Development, LLC prior to the start of actual construction of the hotel; preliminary architectural fees; preliminary attorney fees; the cost of the initial hotel feasibility study; the costs associated with pre-development as identified in the “Engagement Letter” referred to above; and any other pre-development costs as identified by United Tribes as may be mentioned in the “pro form” for the hotel project;.

6) The Tribe agrees that once approval of the hotel franchise is given by Hyatt Hotels to the corporation created by United Tribes for ownership and management of the hotel, a portion of its equity contribution in the amount of \$750,000.00 into an escrow account and the remainder shall be deposited into the escrow account subject to an approved draw schedule up to \$8,350,000.00 with an appropriate bank or Title Company to be used for necessary development expenses that occur after approval of its equity contribution, including, but not limited to, the engagement of architectural and engineering firms to develop the schematic plans for the hotel and to perform associated development tasks (soil borings, surveys, zoning requests, building permits, etc.) and legal fees necessary to allow the project to begin construction as soon as project financing has closed; and;

WHEREAS, the unique opportunity to invest in a mid to upper range hotel in Bismarck is limited in terms of time, because other groups may also be applying to Hyatt Hotel Corporation for similar franchises, and there are few other national hotel chains with the brand quality of Hyatt Hotels available for placement in the Bismarck area; and

WHEREAS, being a principal owner of a hotel in the Bismarck area will provide great benefit to the Tribe and its citizens and will be a significant showing that the Tribe is contributing to the state of North Dakota and the region as a whole.



NOW THEREFORE BE IT RESOLVED that the Tribal Business Council does hereby approve the contribution of 9.1 million dollars to the equity needed to develop a hotel, as described above, on land owned by United Tribes Technical College in partnership with the Three Affiliated Tribes and a lease agreement to be approved by both parties, of which the Three Affiliated Tribes is a member and represents two of the ten members on the Board of Directors, and does accept the conditions stated above for making such an equity contribution, subject to final approval by the Tribal Business Council of an equity and ownership agreement between the Tribe, United Tribes and an appropriate set of agreements for operation and construction of the hotel, and subject to the proviso that once a Hyatt hotel franchise is secured by United Tribes, certain funds shall be made available from the equity contributions authorized by this resolution for the purposes of accomplishing the development tasks needed as stated above; and

NOW THEREFORE BE IT FURTHER RESOLVED that the Tribal Business Council understands that its equity contribution will give the Tribe ownership interest along with the United Tribes Technical College in the hotel in proportion to the percentage of its contribution to the total amount of equity required for the aforementioned hotel project, and will also require that the Tribe guarantee the construction loan required for the project in proportion to the percentage of its equity contribution of the total equity required; and

NOW THEREFORE BE IT FURTHER RESOLVED that the Tribal Business Council does hereby authorize its Chairman or such other persons as the Chairman may appoint to negotiate as expeditiously as practicable any and all agreements necessary to complete the equity investment and the loan guarantee to the aforementioned hotel project, and to bring such completed financial and ownership agreements back to the Tribal Business Council for final consideration and approval at a later date; and



CERTIFICATION

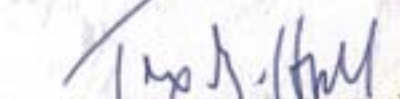
I, the undersigned, as Secretary of the Tribal Business Council of the Three Affiliated Tribes of the Fort Berthold Indian Reservation hereby certify that the tribal Business Council is composed of seven (7) members of whom five (5) constitute a quorum, 5 were present at a Regular Meeting thereof duly called, noticed, convened and held on the 14th day of March, 2013, that the foregoing Resolution was duly adopted at such meeting by the affirmative vote of 5 members, 0 members opposed, 0 members abstained, 0 members not voting, and that said Resolution has not been rescinded or amended in any way.

Chairman Voting. Not Voting.

Dated this 14th day of March, 2013.

ATTEST:


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


Tribal Chairman, Tex G. Hall
Tribal Business Council
Three Affiliated Tribes



October 9, 2012

Mr. Mark Sweet
Chief Managing Director
All Nations Development Alliance
8381 Townsend Drive
Eden Prairie, MN 55344

RE: Engagement Letter - UTTC Hotel & Student Housing Development

Dear Mark:

Mortenson Development, Inc. ("MDI") and Thor Construction ("Thor") are pleased to join United Tribes Technical College ("UTTC") and All Nations Development Alliance ("ANDA") as part of the team for the development of a hotel and student housing on the campus of United Tribes Technical College in Bismarck, North Dakota. Based on the previously agreed upon organizational structure as outlined in Exhibit A, MDI will serve as co-developer along with ANDA and Thor. We are committed to making this project a success and have prepared the following letter as an outline of next steps.

MDI, in conjunction with ANDA and Thor, will provide the following services:

Phase 1 - Initial Feasibility Assessment

- Commission a third-party hotel market feasibility study to validate assumptions that sufficient demand exists to justify a hotel on the subject site and recommend appropriate hotel product, size, programming, etc.
- Negotiate co-development agreement
- Negotiate architectural contract
- Assess optimal hotel brand(s), room count, room mix, public space and facility configuration
- Collaborate with UTTC/ANDA on educational facility requirements as part of hotel development
- Collaborate with UTTC/ANDA on space needs for Phase 1 student housing component
- Understand jurisdictional access restrictions to site
- Develop site plan to determine optimal site configuration for hotel and student housing
- Develop concept design in conjunction with Leo A. Daly for hotel and student housing
- Provide preliminary development cost budget (inclusive of land, construction, design, FF&E/OS&E, financing costs, etc.) for hotel and student housing
- Complete development and construction schedule
- Present financing options to UTTC Board
- Obtain UTTC Board approval to proceed with mutually agreed upon financing approach

It is acknowledged by MDI, Thor and ANDA that the target completion date for all Phase 1 activities is no later than 75 days after execution of this Engagement Letter. Upon receiving UTTC Board approval to proceed with an agreed-upon financing approach, MDI, Thor and ANDA will immediately commence the Phase II activities, outlined below.

Phase 2 -- Finalize Financing Structure & Due Diligence

- Commission geotechnical investigation
- Commission Phase 1 Environmental Site Assessment
- Perform archeological survey
- Commission site survey
- Meet with governing authorities and key stakeholders to review concept design and garner feedback
- Submit re-zoning application, if applicable
- Submit PUD amendment, if applicable
- Submit development application to City of Bismarck
- Obtain plat approval
- Obtain Planning & Zoning Commission approval
- Identify and interview potential candidates for hotel management
- Establish design criteria narrative
- LEED verification and checklist (if desired)
- Provide a total development cost budget and operating pro forma for hotel
- Provide a total development cost budget for student housing
- Create operating pro forma collaboratively with UTTC for student housing
- Create a financial prospectus as required for financing
- Identify and secure financing commitments

Phase 3 - Implementation

- Advance conceptual design into working drawings
- Secure City Approvals and Permits
- Negotiate final terms and finalize documentation for financing and closing:
 - Turnkey Development Agreement
 - Design Build Agreement
 - Franchise Agreement
 - Management Agreement

Fee Structure:

- All parties agree to carry their own costs for personnel and time expended through Phase 1. Architect fees and hotel feasibility study costs incurred in Phase 1 to be shared amongst MDI and Thor as co-developers. These costs are at risk of being lost if the financing cannot be completed as contemplated.
- Should the project progress to Phase 2, MDI and Thor agree to share all third party costs (e.g., Architectural fees, Engineering Fees, Consultant Fees, etc), but only if the project does not proceed into construction. If the project does proceed into construction, all third party hard costs expended will be included in the total development costs.
- Assuming the project proceeds into Phase 3, the MDI development fee, inclusive of guaranteed maximum price and delivery will be 2% of the total project cost, excluding expenses for time and travel which are not to exceed 1% of total project cost. The Thor development fee is to be separately negotiated with UTTC-ANDA.



This engagement letter sets forth the present intentions of the parties but is not intended to and does not create any legal binding obligations except as follows:

- MDI, in conjunction with Thor and ANDA, as the representative of UTTC, shall have the exclusive development rights with respect to the UTTC hotel and student housing development until such time as either MDI, Thor or ANDA terminates this engagement letter or otherwise terminates this relationship.
- If UTTC/ANDA terminates this Engagement Letter for any reason other than bad faith or willful misconduct by MDI or Thor, and if UTTC/ANDA proceeds, within two (2) years after termination of this Engagement Letter, with efforts to develop the hotel and/or student housing projects, UTTC/ANDA shall also pay MDI and Thor a fee on account of services, work product, internal expenses and lost opportunity in the amount of \$100,000. Upon payment of this \$100,000 fee, MDI and Thor would turn over any and all work product generated in the Phase I activities.

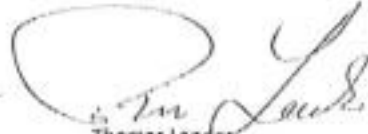
Both parties acknowledge that this Engagement Letter is intended to form the basis of agreement upon which a binding Co-Development Agreement will be negotiated and executed by the parties.

We, at Mortenson and Thor, are excited about the opportunity to assist in the development and construction of your newest campus facilities. Please acknowledge this engagement by executing a copy of this letter and returning it to our attention.

Sincerely,



Ravi Norman
Chief Executive Officer
Thor Construction

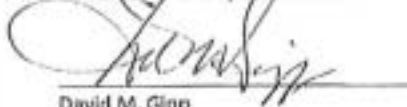


Thomas Lander
Vice President & General Manager
Mortenson Development, Inc.

Acceptance:



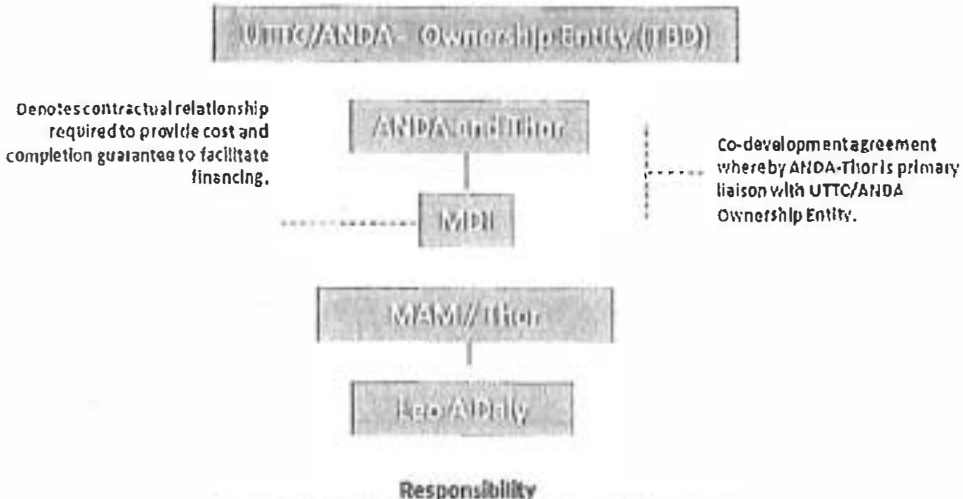
Mark Sweet
Chief Managing Director
All Nations Development Alliance



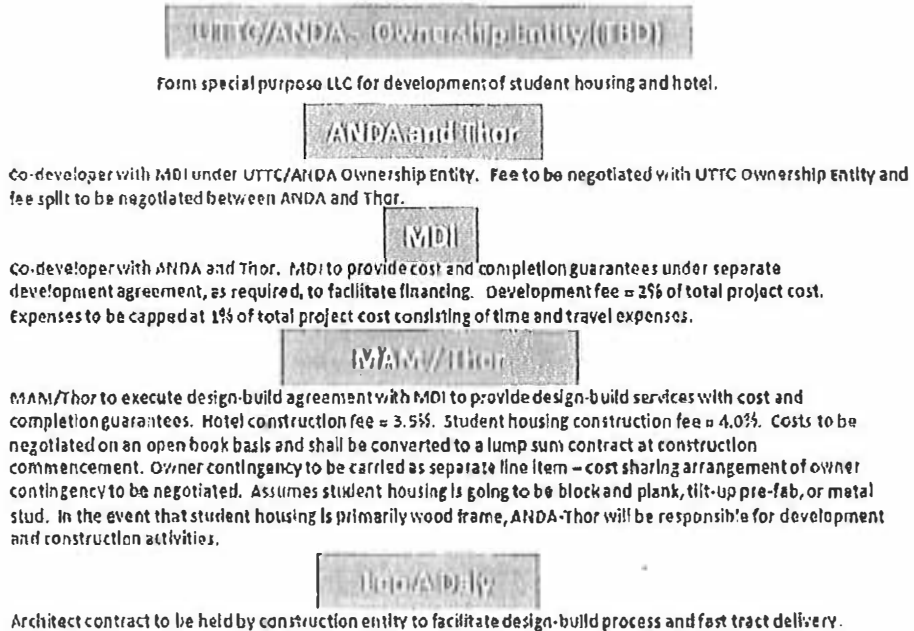
David M. Glipp
President
United Tribes Technical College

EXHIBIT A

UTTC Organizational Structure



Responsibility



Handwritten initials/signature:
A
76
CSP