

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 Une 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; and
- WHEREAS, Article VI, Section 5(a) of the Constitution of the Three Affiliated Tribes specifically authorizes and empowers the Tribal Business Council to manage all economic affairs and enterprises of the Three Affiliated Tribes; and
- WHEREAS, the Three Affiliated Tribes has been offered the opportunity to participate in the purchase of Dallas Cap and Emblem Company, Dallas, Texas; and
- WHEREAS, an informed decision as to whether or not to purchase such Company requires a detailed analysis of the financial condition of such company and an appraisal of the equipment of such company; and
- WHEREAS, the Indian Finance Act of 1974, as Amended, provides for Technical Assistance funds to Indian Tribes for the purposes of feasibility analysis of such projects; and
- WHEREAS, the Three Affiliated Tribes does not have the necessary expertise; namely, a Corporate/Business Attorney to review/conduct a detailed analysis of the proposed corporate structure for the development of Fort Berthold Holding Company as proposed by Dallas Cap and Emblem Company; and
- WHEREAS, the Three Affiliated Tribes does not have the necessary technical expertise to perform a certified appraisal of the Company's equipment and machinery being transferred to Fort Berthold Holding Company; and
- WHEREAS, the Council of Energy Resource Tribes has agreed to supply the necessary expertise to perform the following technical analyses of such Company:
- (1) Review and comment upon proposed stock purchase, loan payoff and management agreement.  
Deliver a report emphasizing potential areas of concern to the Three Affiliated Tribes with respect to investment and participation in management.

## NARRATIVE

The Three Affiliated Tribes of the Fort Berthold Indian Reservation and the Oglala Sioux Tribe of the Pine Ridge Indian Reservation have been presented with a manufacturing plant proposal presented by Harvey Greenwald an individual representing Dallas Cap and Emblem Company of Dallas, Texas.

According to this proposal three manufacturing plants would be constructed. Two on the Pine Ridge Indian Reservation and one on the Fort Berthold Indian Reservation.

Their product line is embroidered items, caps, and jackets.

Under the terms of this proposal, two (2) holding companies would be created to own these plants: the Fort Berthold Holding Company and the Oglala Holding Company. Ownership of each of these two holding companies is to be distributed as follows:

- 30% Tribal Ownership
- 25% Comprised of five (5) tribal members
- 45% Owned by Private Sector, Inc., which is a corporation owned 50% by Harvey Greenwald and 50% by Marvin Gardner, Chairman of the Board of Active Generation, a subsidiary of Dallas Cap and Emblem Company.

Management of these enterprises will be carried out by the management agreement between the two (2) holding companies and Active Management, Inc., which is 100% owned by Marvin Gardner.

Under this agreement, a legal entity, Active Generation Unlimited (AGU) will be formed as a joint operation entity. This entity will be responsible for construction, leasing, or purchasing the physical facilities employed on the two Indian reservations.

Day-to-day operations of these reservation plant sites will be supervised and managed by Active Management, Inc. Profits from operations will be shared jointly by the two (2) Holding Companies with two-thirds (2/3) going to Oglala Holding Company and one-third (1/3) to Fort Berthold Holding Company. Active Management, Inc., will receive \$60,000.00 a year as a Management Fee from Active Generation Unlimited (AGU).

The Management Agreement will be for a minimum of twenty (20) years and provides for an automatic renewal for successive terms of twenty (20) years each unless written notice of termination is given six (6) months prior to expiration of current agreement.

NARRATIVE - 2

The proposed financing of this venture is set forth in detail as an exhibit to the work plan submitted to all concerned parties by Marvin Gardner, Chairman of the Board, Active Generation. In summary form, financing is carried out as follows:

- ° The Bureau of Indian Affairs will put of \$12,000,000.00. \$8,000,000.00 goes to the Oglala Holding Company and \$4,000,000.00 to the Fort Berthold Holding Company.
- ° Proceeds of the Bureau of Indian Affairs guaranteed loan will be used to retire all bank indebtedness owed by Dallas Cap and Emblem Company and Active Generation. This amount approximates 6.2 million dollars. The remaining 5.8 million will be utilized as follows:
  - Down payment on the Dallas Plant and Active Generation Inc. stock for \$1,000,000.00. This will be shared by Oglala Holding Company (\$666,666.66) and Fort Berthold Holding Company (\$333,333.33).
  - The two (2) Holding Companies will also issue promissory notes in the amount of 4.3 million dollars at 10% interest to be amortized over a 10 year term.
  - The two (2) Holding Companies will also assume \$700,000.00 indebtedness owed by Dallas Cap and Emblem Company to its shareholders.

Three Affiliated Tribes/Oglala Sioux Tribe  
BIA Technical Assistance Grant Request

Work Plan

January 3, 1985:

Employ the necessary consultant(s) to perform in the following technical areas in behalf of the Three Affiliated Tribes and Oglala Sioux Tribe:

- 1) Employ a corporate attorney to review and conduct a detailed analysis of the proposed corporate structure for the development of the Fort Berthold and Oglala Holding Companies as proposed by Dallas Cap and Emblem Company.
- 2) Secure the necessary outside experts to perform a certified appraisal of the Company's equipment and machinery being transferred to the two Holding Companies.
- 3) Review and analyze the proposed stock purchase, loan payoff and management agreement.

Deliver a report emphasizing potential areas of concern to the Three Affiliated Tribes with respect to investment and participation in management.

- 4) Review Dallas Cap and Emblem Company's unaudited finance statements beginning October 31, 1979, through October 31, 1984.

Deliver a comprehensive review of these financial statements which will emphasize the strengths and weaknesses of Dallas Cap and Emblem Company in financial areas.

- 5) Review of Fair Market Value Appraisal of Dallas Cap and Emblem Company's Assets and Liabilities that will be transferred to the proposed Holding Companies.

Secure an outside party's verification of this Company's estimated value of assets and provide Three Affiliated Tribes with Certified appraisal of Dallas Cap and Emblem Company's assets being transferred to the two Holding Companies.

- 6) Compare Dallas Cap and Emblem Company financial statistics with other comparable companies for purpose of obtaining industry benchmarks.

Provide an Industry Financial Statistics Overview Report.

Three Affiliated Tribes/Oglala Sioux Tribe  
BIA Technical Assistance Grant Request

Work Plan

- 7) Review alternatives to proposed agreement developed by Dallas Cap and Emblem Company that will make agreement more favorable and attractive to the two Holding Companies.

Provide a report recommending Management Service Contract concept wherein Three Affiliated Tribes and Oglala Sioux Tribe would have full management control and Dallas Cap and Emblem Company would provide needed management services which the Indian Tribes would pay for; and provide recommended changes to current Management Agreement to make the two Holding Companies contract with Dallas Cap and Emblem Company more beneficial to the Indian Tribes' interest.

Three Affiliated Tribes/Oglala Sioux Tribe  
BIA Technical Assistance Grant Request

Budget Justification

Consultant Fees: 50 person days x \$450.00 per day	\$22,500.00
Five (5) Round Trips @ \$550.00 per trip	2,250.00
Ground Transportation (5 trips x \$100/per trip)	500.00
Per Diem: 40 days x \$60/per day	2,400.00
Printing and Report Materials	2,350.00
Total Technical Assistance Funds Requested.	<u>\$30,000.00</u>



THREE AFFILIATED TRIBES • FORT BERTHOLD RESERVATION

*Mandan, Hidatsa, and Arikara Tribes*

TRIBAL BUSINESS COUNCIL

P.O. Box 220 • New Town, North Dakota 58763 • (701) 627-4781

January 7, 1984

Mr. Leo Brockie, Superintendent  
Fort Berthold Indian Agency  
Bureau of Indian Affairs  
New Town, North Dakota 58763

Re: Tribal Request for BIA Technical Assistance Funds  
to Perform Feasibility Analysis of Economic Development  
Project for the Three Affiliated Tribes and Oglala  
Sioux Tribe.

Dear Mr. Brockie:

This letter follows-up our January 4 meeting in Rapid  
City with BIA representatives Mr. Reginald Arnold, Loan  
Specialist, Washington, and Mr. Chuck Van Pelt, Loan  
Specialist, Aberdeen Area Office.

As agreed by all parties at the Rapid City meeting this  
is considered to be an appropriate and prudent use of the  
BIA's Technical Assistance funds available under the  
amended Indian Finance Act.

Enclosed you will find the necessary documents that are  
required to secure the funds needed to perform the subject  
feasibility analysis of the Dallas Cap and Emblem Company  
and their proposed corporate structuring of the Fort  
Berthold and Oglala Holding Companies.

Your expeditious handling of this Tribal request is  
appreciated.

Sincerely,

Alyce Spotted Bear, Chairperson  
Tribal Business Council

cc: Mr. Chuck Van Pelt, BIA/AAO  
Mr. Reginald Arnold, BIA/AAO  
Mr. Carl Janis, Oglala Sioux Tribe

**Alyce Spotted Bear**  
*Tribal Chairman*

**Gordon Blake**  
*Vice-Chairman*  
*West Segment*

**John Charging**  
*Secretary*  
*North Segment*

**Dennis Huber**  
*Treasurer*  
*South Segment*

**Paul Good Iron**  
*West Segment*

**Pete Coffey**  
*East Segment*

**Donald Malnourie**  
*East Segment*

**Tillie Walker**  
*West Segment*

**Ernest Stone**  
*South Segment*

**Edmund White Bear**  
*East Segment*

**Marie D. Wells**  
*Northeast Segment*

- (2) Review Dallas Cap and Emblem Company's unaudited finance statements beginning October 31, 1979 through October 31, 1984.

Deliver a comprehensive review of these financial statements which will emphasize the strengths and weakness of Dallas Cap and Emblem in financial areas.

- (3) Review of Fair Market Value Appraisal of Dallas Cap & Emblem Company's Assets and Liabilities that will be transferred to the proposed Fort Berthold Holding Company.

Secure an outside party's verification of this Company's estimated value of assets and provide Three Affiliated Tribes with Certified appraisal of Dallas Cap & Emblem Company's assets, being transferred to Fort Berthold Holding Company.

- (4) Compare Dallas Cap and Emblem Company financial statistics with other comparable companies for purpose of obtaining industry benchmarks.

Provide Three Affiliated Tribes with Industry Financial Statistics Overview Report.

- (5) Review alternatives to proposed agreement developed by Dallas Cap and Emblem Company that will make agreement more favorable and attractive to Three Affiliated Tribes.

Provide a report recommending Management Service Contract Concept wherein Three Affiliated Tribes would have full management control and Dallas Cap and Emblem Company would provide needed management services which the Three Affiliated Tribes would pay for; and, provide recommended changes to current Management Agreement to make Fort Berthold Holding Company's contract with Dallas Cap and Emblem Company more beneficial to the Three Affiliated Tribes' interest.

NOW THEREFORE BE IT RESOLVED, that the Bureau of Indian Affairs provide to the Three Affiliated Tribes technical assistance funds necessary to perform the feasibility analysis of purchase of Dallas Cap and Emblem Company and the development of the Fort Berthold Holding Company and also reimburse the Council of Energy Resource Tribes for their financial assistance.

THEREFORE BE IT FURTHER RESOLVED, that the Department of Economic and Employment Development (DEED) in full coordination and cooperation with the Department of Tribal Planning of the Oglala Sioux Tribe will administer this technical assistance aspect of this proposed economic development project and assist in the preparation of the aforementioned feasibility analysis outlined above.

THEREFORE BE IT FURTHER RESOLVED, that the requested Technical funds will be \$30,000.00 as outlined in the attached budget justification and work plan.



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 11 members, of whom 7 constitutes a quorum, 11 were present at a SPECIAL Meeting thereof duly called, noticed, convened and held on the 7<sup>th</sup> day of January, 1985; that the foregoing Resolution was duly adopted at such meeting by the affirmative vote of 11 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 [Signature] (Voting) (Not Voting)

Dated this 7<sup>th</sup> day of January, 1985.

[Signature]  
Secretary, Tribal Business Council

ATTEST:

[Signature]  
Chairman, Tribal Business Council