

**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 Three Affiliated Tribes has chartered the Lumber Construction Manufacturing Corporation (LCM), wholly owned by the Three Affiliated Tribes; and

**WHEREAS,** The LCM has been a debtor in possession in a Chapter 11 Bankruptcy since June, 1994; and

**WHEREAS,** LCM is indebted to the Bureau of Indian Affairs (BIA) in the total amount of more than \$1.5 million, secured by all assets of LCM, including leases, which were acquired prior to the filing of its Chapter 11 Bankruptcy in June, 1994; and is also indebted to the Internal Revenue Service (IRS) in an amount more than \$160,000; and

**WHEREAS,** In 1992, LCM entered into a 10 year lease with the Three Affiliated Tribes Dialysis Project, wholly owned by the Three Affiliated Tribes for a building it constructed, which provided that the building would become the property of the Three Affiliated Tribes at the end of the 10 year lease for the price of one dollar (\$1.00); and

**WHEREAS,** The Dialysis Project received approval from its funding agency, the Indian Health Service (IHS), for lease of an additional 2424 square feet of the building in November, 1994, following the filing of its petition in bankruptcy, at a rate of \$12.00 per square foot annually; and

**WHEREAS,** The effect of the approval of the additional square footage following the filing of the petition in bankruptcy by LCM is that the asset is not considered to be an asset encumbered by the after acquired clauses of the security agreements with the BIA executed previously between LCM and the BIA, and therefore is available to all creditors in the bankruptcy; and

**WHEREAS,** LCM and the Three Affiliated Tribes have been advised by assigned staff that it will be better for LCM to be liquidated in the Chapter 11 bankruptcy, as it has almost no assets available for unsecured creditors, which also means that the portion of the lease agreement between LCM and the Dialysis Project entered into post-petition must be offered for sale; and

**WHEREAS,** Although the portion of the lease subject to acquisition by creditors has a future total value of \$174,528, based on the six (6) years remaining on the lease, when sold, the lease will be discounted by a discount rate as high as 7%, making the cost of purchase of the lease approximately \$116,295; and

**WHEREAS,** Any income from the lease will be due to LCM will only be available for the benefit of Three Affiliated Tribes if the lease is purchased in the bankruptcy by the Three Affiliated Tribes; and

**WHEREAS,** The purchase money for the lease will be used in the bankruptcy primarily to pay off the IRS and several other priority creditors, for which the former officers of LCM, and possibly the Tribes as owner of LCM, would be liable if not paid off in bankruptcy;

**NOW THEREFORE BE IT RESOLVED** that the Three Affiliated Tribes, acting through its duly elected Tribal Business Council, does authorize the purchase of that portion of the lease between LCM and the Three Affiliated Tribes dialysis project that must be sold in bankruptcy at its discounted value as may be established in the Bankruptcy Court for the District of North Dakota; and

**THEREFORE BE IT FURTHER RESOLVED** that the Tribal Business Council hereby authorizes the Chairman, Vice-Chairman *of and* Treasurer of the Tribes to execute any documents necessary to make such purchase. *msb*

#### 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, 5 were present at a

Regular Meeting thereof duly called, noticed, convened, and held on the 9<sup>th</sup> day of November, 1995; that the foregoing Resolution was duly adopted at such Meeting by the affirmative vote of 5 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 9<sup>th</sup> day of November, 1995.

Austin Dierker  
Acting Secretary, Tribal Business Council

ATTEST:

[Signature]  
Chairman, Tribal Business Council