

RESCINDED
DATE

03-03-97

NEW RES#

97-051-DSB

Resolution #96- 213-DSB

**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 (the Tribe) owns the Four Bears Casino and Lodge (also referred to herein as the Tribal gaming enterprise) in which casino style gaming and other gaming activities are being conducted under a Tribal-state compact between the Tribe and the State of North Dakota as approved by the Secretary of Interior pursuant to the Indian Gaming Regulatory Act; and
- WHEREAS,** Since July, 1993, the Four Bears Casino and Lodge has been managed by the Bruce H. Lien Co. pursuant to a disputed management agreement; and
- WHEREAS,** Bruce H. Lien Co. and the Tribe have now concluded settlement negotiations and entered into a settlement agreement which would allow the Tribe to buy out the interest of Bruce H. Lien Co. in the disputed management agreement; and
- WHEREAS,** The Tribe is now seeking financing of the total buyout amount, and will need to demonstrate, as a part of the financial package, that it is capable of managing its Tribal gaming enterprise in a way that will assure repayment of the amount to be financed; and
- WHEREAS,** At this time, and pursuant to the settlement agreement of the parties, the Tribe and Bruce H. Lien Co. have established a "Transition Team" and a "Shadow Management Team" which are working to allow the Tribe to be prepared to assume management of the Tribal gaming enterprise at the time of closing of the settlement agreement; and
- WHEREAS,** The Tribal Business Council recognizes that management of the Tribal gaming enterprise requires management expertise and a sound management structure, which should include a Board of Directors to be responsible for overall management of the gaming enterprise, composed of qualified individuals with sound business management experience and answerable to the Tribal Business Council; and
- WHEREAS,** It is desirable that the Board of Directors of the Tribal gaming enterprise be as free from political influence as possible in their management of the gaming enterprise; and
- WHEREAS,** It is important that the Board of Directors of the Tribal gaming enterprise be allowed to begin its duties as soon as possible, so as to allow the Tribe to be fully prepared to begin management of the gaming enterprise at the time of closing of the settlement agreement; and

WHEREAS, The Tribe has been actively recruiting and is now ready to hire a general manager to oversee and manage the Tribal gaming enterprise, who will be answerable to the Board of Directors of the gaming enterprise;

NOW, THEREFORE, BE IT RESOLVED, That the Tribal Business Council of the Three Affiliated Tribes hereby creates a Board of Directors to have management authority over the Tribal gaming enterprise as follows:

1. Name.

The name of the Board of Directors shall be the Three Affiliated Tribes Gaming Enterprise Board.

2. Composition.

The Board of Directors shall be composed of five (5) individuals, who shall not be members of the Tribal Business Council and who may or may not be Tribal members. Each member shall be selected by the Tribal Business Council. Tribal members will be preferred. The Chairman of the Tribal Business Council or his or her designee, who shall also be a member of the Tribal Business Council, shall serve as an ex officio, non-voting member of the Board of Directors.

3. Qualifications. Each member of the Board of Directors shall:

- (1) Have significant business or gaming management experience, significant education in the area of business or gaming management, or both;
- (2) Shall possess a reputation for sound business judgment, and be someone whose prior activities, criminal record, if any, reputation, habits and associations do not pose a threat to the public interest or effective regulation of the Tribal gaming enterprise, and whose presence will not create or enhance the dangers of unsuitable, unfair, or illegal practices, methods and activities in the conduct of gaming at the Tribal gaming enterprise;
- (3) Shall be able to withstand a background investigation similar to that required of primary management officials (as that term is used in the Indian Gaming Regulatory Act, 25 U.S.C. Section 2701 et seq.) of the Tribal gaming enterprise;
- (4) Shall be willing to accept the responsibility of overall management of the Tribal gaming enterprise and exercise such responsibility without regard for political or tribal affiliation or influence;
- (5) Shall have the necessary time to devote several hours per week to the duties of being a member of the Three Affiliated Tribes Gaming Enterprise Board and be

compensated for such efforts in an amount to be established by the Tribal Business Council;

4. Duties and Powers

- (1) Overall responsibility for the management of the Tribal gaming enterprise;
- (2) Shall review and approve all changes in status of primary management officials, as those terms are used by the Tribal Gaming Commission, and officials who manage non-gaming activities, such as the lodge; such changes in status to include, but not be limited to, termination, lay-off, transfer, demotion, probation or promotion;
- (3) Shall review and approve all operations manuals, including those developed for accounting, personnel, internal controls, general operations, security, maintenance, table games, gaming devices, and any other manual of general application to a department or departments within the gaming enterprise;
- (4) Shall review and approve all departmental budgets of the Tribal gaming enterprise, including any budgets prepared for new or improved facilities or gaming activities, and shall ensure that budgets are followed within reasonable limits;
- (5) Shall be responsible for insuring the installation of generally accepted accounting procedures ("GAAP") which will adequately protect the interests of the Three Affiliated Tribes in the operation of the Tribal gaming enterprise;
- (6) With the assistance of the Tribal Business Council, shall be responsible for the conduct and submission to the appropriate authorities of any audit of the Tribal gaming enterprise required by the Tribal-state gaming compact, the Indian Gaming Regulatory Act, or other applicable Federal, state or Tribal law or regulation;
- (7) With the assistance of the Tribal Business Council, shall provide overall direction and guidance to the design, development and implementation of major improvements and additions to the Tribal gaming facilities;
- (8) Shall assist in the process of developing a sound organizational structure;
- (9) Shall assist in ensuring the enforcement of all Federal, state and Tribal laws and regulations applicable to the Tribal gaming enterprise, including, but not limited to, the Tribal Gaming Code and the Tribal Employment Rights Ordinance, and shall assist and cooperate as needed and appropriate with all regulatory agencies or other entities, including, but not limited to, the State Attorney General's office, the National Indian Gaming Commission, the Tribal Gaming Commission, the Tribal Employment Rights Commission, and the Tribal Business Council;

(10) Shall assist primary management officials in encouraging and training all employees to foster a friendly but professional relationship with all patrons of the gaming and related establishments;

(11) Shall have the power to employ such consultants and other personnel as may be necessary to assist the Board of Directors in carrying out its duties, consistent with an overall budget approved by the Tribal Business Council;

(12) Shall have the right and responsibility to be informed as to major legislative initiatives affecting the gaming industry, major trends in the gaming industry and other matters affecting overall management of the Tribal gaming enterprise;

(13) Shall provide detailed and timely reports, no less than monthly, to the Tribal Business Council as to all aspects of the Tribal gaming enterprise, including, but not limited to, financial statements summarizing the cash position of the gaming enterprise, net profits or losses, and all significant financial transactions of the gaming enterprise;

(14) Shall consider appeals from personnel decisions made under the authority and with the approval of the general manager according to such policies and procedures as the Board of Directors may develop;

(15) Shall consult as necessary with Tribal legal counsel on matters requiring legal review; and

(16) Shall perform such other duties and responsibilities as may be conferred upon the Board by the Tribal Business Council.

5. Term of Office.

Each director appointed shall serve a three year term, except for those persons appointed to the initial Board of Directors. Of the five members appointed to the initial Board of Directors, one shall serve a one year term, two shall serve a two year term, and two shall serve a three year term. Such terms shall be determined among the initial Board of Directors by the Tribal Business Council at the time of appointment. Each person appointed may serve no more than two three year terms in succession.

6. Removal, Resignation and Replacement of Directors.

(1) Removal. No director shall be involuntarily removed except by the Tribal Business Council for cause, following reasonable notice for an opportunity to be heard before the Tribal Business Council by the director subject to removal. A two-thirds majority of the entire Tribal Business Council shall be necessary for removal. Cause shall include, but not be limited to: failure or inability to perform the duties of

a director, actions which threaten or compromise the security, integrity or profitability of the Tribal gaming enterprise, disruptive behavior acting in his or her capacity as a director, or results of a background investigation which show that the director fails to meet the standards of the National Indian Gaming Commission, the Tribal Gaming Commission, or the State of North Dakota for primary management officials.

(2) Resignation, Replacement and Completion of Term. Any director who submits a resignation, becomes incapacitated or is otherwise unable to perform the duties as a director, or whose term has expired shall be replaced by the Tribal Business Council as soon as practicable or at the next regularly scheduled meeting of the Tribal Business Council, whichever is sooner. Should the Tribal Business Council fail to appoint a new director as needed to fill a vacancy at any regularly scheduled meeting of the Council following the occurrence of a vacancy, the Tribal Chairman shall have the right to fill the vacancy, and the director so appointed shall serve on the Board of Directors subject to the approval of the Tribal Business Council at the next regularly scheduled meeting.

7. Organization.

(1) No person appointed to the Board of Directors shall be expected to exercise his or her duties as a Board member unless and until the Tribal Business Council has provided liability insurance in an amount acceptable in the gaming industry to cover the activities of each Board member in his or her official capacity (Directors & Officers and Errors & Omissions coverage).

(2) The initial Board of Directors as appointed by the Tribal Business Council shall meet to organize itself within 30 days of their appointment, and shall meet no less than monthly thereafter, and at such other times as may be needed.

(3) The Board of Directors shall elect a Chairman and such other officers as the Board deems necessary.

(4) The meetings of the Board of Directors shall be closed. It shall be the responsibility of the Tribal Business Council, with the advice of the Board of Directors and the general manager of the Tribal gaming enterprise, to determine what information about the Tribal gaming enterprise shall be made available to Tribal members or the public.

(5) In no event shall information about the Tribal gaming enterprise be released to Tribal members or to the public by the Board of Directors or the Tribal Business Council which would compromise the security, integrity and profitability of the Tribal gaming enterprise. Information about the Tribal gaming enterprise obtained

by members of the Board of Directors not otherwise available to the public is to be treated as strictly confidential. Unauthorized release of confidential information about the Tribal gaming enterprise by any member of the Board of Directors shall be cause for immediate removal.

BE IT FURTHER RESOLVED, that this resolution may not be amended, rescinded, revoked, or otherwise be made ineffective in whole or in part by any action of the Tribal Business Council or any individual member thereof except upon approval of two-thirds of the entire Council.

BE IT FURTHER RESOLVED, that should this resolution be amended, rescinded, revoked or otherwise be made ineffective in whole or in part by any action of the Tribal Business Council or any individual member thereof taken with approval of less than two-thirds of the entire Council, any member of the Board of Directors of the Tribal Gaming Enterprise, or any other Tribal member, may immediately bring an action in the Tribal District Court to obtain a preliminary injunction against any such action taking effect.


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 Tribal Business Council is composed of 7 members of whom 5 constitute a quorum, 6 were present at a Special Meeting thereof duly called, noticed, convened, and held on the 31st day of October, 1996; that the foregoing Resolution was duly adopted at such Meeting by the affirmative vote of 5 members, 1 members opposed, 0 members abstained, 0 members not voting, and that said Resolution has not been rescinded or amended in any way.

Dated this 31st day of October, 1996.

Daylon Spotted Bear
Secretary, Tribal Business Council

ATTEST:



Chairman, Tribal Business Council

Three Affiliated Tribes
Mandan, Hidatsa, and Arikara Nation

LEGAL DEPARTMENT

Tribal Administration Building
HC3 Box 2
New Town, North Dakota 58763
Tel. (701) 627-3621
Fax. (701) 627-3626

October 31, 1996

Tribal Business Council
Three Affiliated Tribes
HC 3, Box 2
New Town, ND 58763

Re: Recommendation of Transition Team to Employ Roy
Galyean as General Manager of Four Bears Casino and
Lodge

Dear Council Member:

The Transition Team, composed of John Danks, Chairman, David Brendsel and Tom Disselhorst, legal counsel, has searched diligently for a suitable candidate to replace Gene Christensen as General Manager of the Four Bears Casino and Lodge. While there were not a large number of candidates from whom to choose, the transition team believes that it has found a person who meets the qualifications for a general manager that the Transition Team had established: That person is Roy Galyean, of Las Vegas, Nevada.

Mr. Galyean's background includes more than seventeen years with the Union Plaza Hotel and Casino at the foot of Fremont Street (the so-called "Glitter Gulch" of Las Vegas), first in the accounting department and then more than six years as General Manager, a post he occupied until early 1993. More recently, Mr. Galyean set up and managed for about a year the Blue Water Casino owned and operated by the Colorado River Tribes in Parker, Arizona. The Blue Water Casino has become very successful, largely due to Roy Galyean's efforts, and like our casino, is located in a rural area.

Thus, Mr. Galyean has both extensive gaming and hotel experience and experience in the area of Indian gaming. In his interviews with us, he impressed us as a steady, dependable person with broad gaming experience and solid ideas for improvements for Four Bears Casino and Lodge which would add significantly to the bottom line. Because of his experience, he is the kind of general manager who could occupy virtually any position in the casino or the lodge, and thus should be easily respected by all of the employees he will manage. Moreover, he understands that much of the responsibility of his position will be working with Tribal member employees and he does not come across as arrogant or condescending.

Letter to Tribal Business Council
October 31, 1996
Page 2 of 2

We strongly urge that the Tribal Business Council employ Mr. Galyean as soon as possible. If his contract is signed today, he will be able to start as a member of the Shadow Management Team as early as November 8, 1996.

Sincerely,



Tom Disselhorst



David Brendsel



John Danks

EMPLOYMENT AGREEMENT
GENERAL MANAGER and CHIEF EXECUTIVE OFFICER
FOUR BEARS CASINO AND LODGE

RECITALS

This agreement, an employment contract, is made and entered into between Roy Galyean, of Las Vegas, Nevada, hereinafter referred to as the "Employee", and the Three Affiliated Tribes, a Federally recognized Indian Tribe organized under Section 17 of the Indian Reorganization Act whose principal Tribal offices are in New Town, North Dakota, hereinafter referred to as the "Tribe".

It is understood by the parties that pursuant to the Indian Gaming Regulatory Act, the Federal law governing Indian gaming, (Title 25 United States Code §2701 et seq.), the Tribe has entered into a Tribal-state gaming compact with the State of North Dakota allowing Class III, or casino style gaming, which has been approved by the Secretary of the Interior on December 11, 1992 and which is valid for a period of 10 years from that date.

It is further understood by the parties that pursuant to the Tribal-state gaming compact, the Tribe established gaming facilities which opened on July 15, 1993, and which have been managed since that date and at the time of execution of this Employment Agreement by Bruce H. Lien Co. of Rapid City, South Dakota.

It is further understood by the parties that the Tribe is in the process of financing a complete purchase of all rights to the management and operation of the gaming facilities pursuant to a settlement agreement between the Tribe and Bruce H. Lien Co.

It is further understood by the parties that the period of time between the execution of the settlement agreement and the closing of the purchase of such rights to manage and operate the gaming facilities as Bruce H. Lien Co. may possess is known as an "Interim Period", during which time the Tribe may select up to four persons known as a "Shadow Management Team" which will have the right to observe and participate in the day-to-day management and operation of the gaming facilities and which will include the Employee as its principal member.

It is further understood by the parties that in addition to the Shadow Management Team, there is also a three member "Transition Team" that is monitoring and assisting the present management company in the overall transition between management by the Bruce H. Lien Co.

It is further understood by the parties that initially, during the Interim Period, the Employee will be directly supervised by the Transition Team, and later by a Board of Directors of the gaming facilities, appointed by the Tribal Business Council of the Tribe, which may not be fully in place and operational at the time this Employment Agreement is executed.

1.0 Position and Duties.

The Employee hereby agrees and contracts to perform the duties of General Manager and Chief Executive Office of the facilities collectively known as the Four Bears Casino and Lodge, located near New Town, North Dakota, as owned by the Three Affiliated Tribes. These facilities include, in addition to a facility containing various Class III games of chance, a convenience store, recreation vehicle park, bingo hall and other Tribal Class II gaming facilities, restaurant, bar and 40 room hotel (the "gaming facilities").

In such capacity as General Manager and Chief Executive Officer, the Employee shall provide the following services for the Tribe in relation to the existing gaming facilities and gaming operations located and being conducted on the Fort Berthold Indian Reservation:

1. Be the principal member of the Shadow Management Team for the Interim Period, as those terms are used and defined in the Settlement Agreement between Bruce H. Lien Co. and the Tribe executed on September 27, 1996.
2. Chief administrator of the gaming facilities of the Tribe.
3. Develop, as necessary, and administer policies of the gaming facilities in accordance with those as may be approved by the Board of Directors of the gaming facilities and the Tribal Business Council.
4. Develop, as necessary, and administer operating objectives, policies and procedures in accordance with sound gaming industry practices and in compliance with all applicable Federal and Tribal law, the Tribal-state gaming compact; and regulations and orders of the Tribal Gaming Commission and of the Tribal Employment Rights Ordinance (TERO) Commission.
5. Oversee all departments of the gaming facilities, including such areas as security, surveillance, accounting, personnel, table games, slot machines, food and beverage, marketing, hotel, convenience store, R/V park, and maintenance, and coordinate plans to ensure an effective flow of work and information as may be needed between departments.
6. Under the general direction of the Board of Directors, be responsible for the making and implementation of all necessary and prudent business and financial decisions relating to the gaming facilities, including, but not limited to, hiring, firing, transfer, promotion and lay-off of all employees; types and arrangement

of games conducted in the gaming facilities; pricing policies for all goods and services of the gaming facilities, purchase of services, management of all financial accounts; supplies and equipment for the gaming facilities; establishment and modification of wage and salary schedules, except those of the Employee; and such other business matters as the Employee is directed to engage in for the benefit of the gaming facilities by the Board of Directors.

7. Have overall responsibility for the conduct of all gaming activities within the gaming facilities.
8. Have overall responsibility for financial integrity of gaming operation.
9. Determine currently unmet needs of casino and gaming enterprises of the gaming facilities, including, but not limited to, personnel, surveillance, security, administration, physical facilities, gaming operations, hotel and other facilities, and, where appropriate and cost effective make such improvements as are necessary, and where appropriate, make recommendations to the Board of Directors to implement such suggested improvements and implement such improvements as directed by the Board of Directors.
10. Make recommendations to the Board of Directors for major capital improvements to the gaming facilities, and implement such recommendations as directed by the Board of Directors.
11. Provide regular and timely reports to the Board of Directors regarding all aspects of the status and operation of the gaming facilities, financial and otherwise, and provide such other reports as may be requested by the Board of Directors.
12. Consult as may be necessary with legal counsel for the Tribe regarding all matters which may require legal attention.

2.0 Term of Employment.

The term of this contract shall be one year from the date the Employee begins his duties, which date, unless otherwise agreed upon in writing by the parties, shall be November 8, 1996.

2.1 Probationary Period and Review.

Both parties agree that during the Interim Period, as discussed above, either party may terminate this agreement, with or without cause, and without liability being assumed by

either party for any uncompleted part of this agreement other than salary owed for work performed. No later than six months after the initial date of employment of the Employee, a review of the performance of the Employee will be conducted by Board of Directors and such report provided to the Tribal Business Council and reviewed with the Employee.

2.2 Renewal of Employment.

It is agreed by the Tribe and the Employee that unless the Employee provides at least 60 days notice to the Tribe that he does not intend to renew this Agreement with the Tribe, the Employee has the exclusive first right to engage in negotiations to renew this agreement to provide similar services to the Tribe for a period of time and for such remuneration as may be agreed upon by the parties.

3.0 Compensation.

The Tribe agrees to pay the Employee an annual salary of \$90,000, payable bi-weekly for employment services rendered commencing on the starting date stated above.

3.1 Benefits.

The Employee will receive the following employee benefits:

1. One extended four day weekend per month to be used for the personal purposes of the Employee, and one other day off each week, at which time Employee does not need to be available in a management capacity. It is understood by the parties that the Employee will be on duty or on call at all other times.
2. Moving costs in the amount of \$5,000, payable immediately following the date of execution of this agreement by the Employee and the Tribe.
3. Payment of an amount not greater than \$180 per month for the Employee to use towards his present health care insurance. It is understood that for the term of this contract the Employee will retain his present health insurance plan.
5. While employed by the Tribe, payment of all lodging expenses.
6. While employed by the Tribe, use of a vehicle as owned or leased by the Four Bears Casino and Lodge or the Tribe.

4.0 Agreement not Terminable Except for Good Cause.

The Tribe and Employee understand and agree that except where specified herein, this Agreement is not terminable except for good cause attributable to the Employee. Good cause includes, but is not limited to, misconduct or malfeasance of the Employee which prevents or substantially hinders the performance of the services to be provided under this agreement; the failure by the Employee to substantially perform the services to be provided under this agreement, provided such failure to substantially perform is entirely the fault of the Employee; or substantial violation of any other terms of this Agreement. A determination of good cause for termination of the Employee shall be made in the first instance by the Board of Directors of the gaming facilities, which shall make an appropriate recommendation to the Tribal Business Council. Should good cause be determined to exist, the Employee shall have the right to appear on his own behalf before the Board of Directors of the gaming facilities as he can be heard, and may further appeal such determination to the Tribal Business Council.

5.0 Supervision of the Employee.

The Employee shall be under the direct supervision and direction of the Board of Directors of the gaming facilities, and during the Interim Period, before the appointment of the Board of Directors, the Transition Team, as discussed above.

6.0 Background Investigation of Key Employee.

The Employee understands that he will be considered a "primary management official" of the gaming operation as that term is used by the Tribe, in the Tribal-state gaming compact, in the existing Tribal Gaming Code and existing Federal regulations and statutes applicable to Indian gaming enterprises. As such, the Employee agrees to supply the Tribe or to any regulatory body which may be authorized to perform such a background investigation with all information needed to complete such an investigation or continue such an investigation as may be needed from time to time. Should any investigation conducted reveal information that would make the Employee ineligible to be employed pursuant to the Tribal gaming code, the Tribal-state gaming compact, or Federal regulations or statutes, this Agreement may be subject to termination, any provisions in this Agreement to the contrary notwithstanding.

It is also understood that the Employee will pay one half of the costs of the background investigation up to the amount of \$2,500.

7.0 Modification of the Contract.

This written Agreement represents the entire agreement between the parties. No modification to this Agreement shall be made except by mutual agreement in writing signed by both parties to the Agreement.

Executed this _____ day of _____, 1996.

THREE AFFILIATED TRIBES

By:

Russell D. Mason, Sr.
Tribal Chairman

Roy Galyean