



MILLE LACS BAND OF CHIPPEWA INDIANS

Legislative Branch of Tribal Government

RESOLUTION 07-01-87-98

A RESOLUTION TO BIND THE MILLE LACS BAND OF OJIBWE INDIANS TO: (A) THE COMMITMENTS REQUESTED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM IN CONNECTION WITH THE APPLICATION OF MILLE LACS BANCSHARES, INC. AND THEREBY, INDIRECTLY, FIRST STATE BANK OF ONAMIA; AND TO (B) THE COMMITMENTS REQUESTED BY THE OFFICE OF THE COMPTROLLER OF THE CURRENCY IN CONNECTION WITH THE CONVERSION OF FIRST STATE BANK OF ONAMIA TO A NATIONAL CHARTER; AND TO (C) APPROPRIATE MONEY IN THE FORM OF AN EQUITY INVESTMENT AND A LOAN FOR THE BANK ACQUISITION

- WHEREAS, the Mille Lacs Band Assembly is the duly elected governing body of the Mille Lacs Band of Ojibwe Indians; and,
- WHEREAS, the Mille Lacs Band of Ojibwe Indians is a federally recognized Indian tribe; and,
- WHEREAS, on June 15, 1995, the Corporate Commission entered into a Stock Purchase Agreement (the "Agreement") to acquire the issued and outstanding stock of Mille Lacs Bancshares, Inc. ("Old HC) and its subsidiary bank, First State Bank of Onamia, Onamia, Minnesota (the "Bank"); and,
- WHEREAS, the Corporate Commission of the Mille Lacs band assigned, under an Assignment Agreement delivered and executed in August of 1995, its rights and obligations to acquire Old HC and the Bank to a wholly owned subsidiary of the Band, Mille Lacs Bancorporation, Inc. ("New HC"); and,
- WHEREAS, pursuant to the provisions of the Bank Holding Company Act (the "Act"), in June of 1995 New HC filed an application with the Federal Reserve Bank of Minneapolis ("Reserve Bank") to acquire Old HC and the Bank, which application ("HC Application") was subsequently transferred for review and approval to the Board of Governors of the Federal Reserve System (the "FRB"); and,
- WHEREAS, simultaneously with New HC's filing of its application with the Reserve Bank, the Band and the Corporate Commission caused the Bank to file an application with the Office of the Comptroller of the Currency ("OCC") to convert the Bank from a state to a national charter (the "Charter Application"); and,
- WHEREAS, New HC, its officers, and counsel for New HC and the Corporate Commission have engaged in extensive negotiations with the FRB and the OCC regarding various commitments which they required that the Band make in connection with the HC Application and the Charter Application; and,
- WHEREAS, after extensive negotiations regarding the form of these commitments, the FRB and OCC respectively have submitted proposed commitments which they have set forth as a condition precedent to consummation of the charter conversion and New HC's acquisition of Old HC and the Bank; and,

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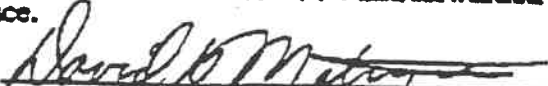
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- WHEREAS,** the Band Assembly has reviewed in detail the FRB's and the OCC's commitments, relying upon various representations made by those agencies through correspondence and directly through counsel, including, without limitation, a letter dated February 26, 1996 from the Associate General Counsel to the Board, Scott G. Alvarez, in which Mr. Alvarez states that the attached commitments, "among other things will ensure that the Board and other appropriate agencies are able to fulfill their statutory responsibilities of enforcing the banking laws following the proposed acquisition by Mille Lacs and the Band of First State Bank of Onamia, Onamia, Minnesota. In general, these commitments will enable the Board to ensure that Mille Lacs and its subsidiaries will operate in a safe and sound manner, assure the Board and the other agencies will have access to information, and provide the courts and agencies jurisdiction to enforcing the banking laws. These commitments are generally consistent with the Board's decisions in previous cases considered under the Bank Holding Company Act, ..";
- NOW, THEREFORE, BE IT RESOLVED,** that the Mille Lacs Band Assembly, on behalf of the Band as an institutional affiliated party of New HC and the Bank, do hereby accept and agree to be bound by the terms and conditions of the commitments as they are set forth in the FRB Commitment Letter, a copy of which is attached hereto as Exhibit A and was delivered in connection with the FRB's approval Notice of New HC's application dated February 28, 1996, which such commitments without limitation: (i) provide for the submission and consent of the Band to the personal jurisdiction of a federal court and any federal banking authority; (ii) waive sovereign immunity of the Band to the extent it exists; and (iii) waive the jurisdiction of the tribal courts with respect to same, all as relating to matters set forth and contained in the Commitment Letter;
- BE IT FURTHER RESOLVED,** that the Chief Executive of the Mille Lacs Band is hereby authorized to execute and deliver the FRB Commitment Letter on behalf of the Band; and,
- BE IT FURTHER RESOLVED,** that the proposed commitments contained in the preliminary letter of approval of the OCC, dated February 27, 1996, a copy of which is attached hereto as Exhibit B, are hereby approved, and the Band hereby agrees to accept the terms and conditions as contained therein; and,
- BE IT FURTHER RESOLVED,** that the Chief Executive of the Mille Lacs Band is hereby authorized to execute and deliver the OCC commitments to the OCC; and,
- BE IT FURTHER RESOLVED,** that the Chief Executive of the Mille Lacs Band is hereby authorized to take any and all necessary action of the Band to fulfill the commitments the Band has made to New HC in connection with the acquisition of the Old HC and the Bank, including without limitation the Band's Agreement to provide financing of up to One Million, Seven Hundred Fifty Thousand and No/100 Dollars (\$1,750,000.00) and additional cash investments as may be necessary to fully fund the purchase price of the Old HC Bank. Such additional cash investments shall not exceed One Million, Eight Hundred Fifty Thousand and No/100 Dollars (\$1,850,000.00). Such sums of money, for both the loan portion and equity investment portion, are hereby appropriated for the purposes stated in this Resolution.


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WE DO HEREBY CERTIFY, that the foregoing resolution was duly concurred with and adopted at a regular session of the Band Assembly in Legislative Council assembled, a quorum of legislators being present held on the 19th day of March, 1996 at Vineland, Minnesota by a vote of 2 FOR, 0 AGAINST, 0 SILENT.

IN WITNESS WHEREOF, we, the Band Assembly hereunto cause to have set the signature of the Speaker of Assembly to be affixed to this resolution and forwarded to the Chief Executive for concurrence.


David Matrious, Speaker of Assembly

IN CONCURRENCE, with the action of the Speaker of Assembly, I, the Chief Executive have set my hand to this resolution.


Marge Anderson, Chief Executive

OFFICIAL SEAL OF THE BAND