

Appendix B (Articles of Operation)

ARTICLES OF OPERATION for (Name of LLC)

A TMBCI Limited Liability Company

These Articles of Operation are adopted by the Tribal Council of the TMBCI Tribe ("TMBCI") as of _____ (date)_____.

RECITALS

The Tribal Council acknowledges the following:

1. The Tribal Council, on behalf of the TMBCI, desires to form a TMBCI limited liability company for the purpose of carrying on a for-profit __ (type) __ business.
2. The Tribal Council acting for the TMBCI desires to set forth in writing the terms by which the Company will be organized and operated.

ARTICLE I

DEFINITIONS, NAME AND TERM

1.1. Definitions. In addition to the terms defined elsewhere in these Articles the following definitions shall apply:

- a. "Act" means the TMBCI *Limited Liability Company Act* (29.1100 *et seq.*), as amended from time to time, and any successor to such statute.
- b. "Articles" mean these Articles of Organization of the _____ LLC dated as of _____, as amended from time to time.
- c. "Articles of Organization" mean the Articles of Organization of the Company filed with the Tribe's Secretary/Treasurer, as amended from time to time.
- d. "Board" means the Board of Managers of the Company acting pursuant to the authority conferred upon them by these Articles.
- e. "Cash Flow" means all cash receipts of the Company during any year, other than capital contributions of the TMBCI, less the sum payments of principal and interest on indebtedness of the Company (including working capital loans), all cash expenditures made in connection with the Company's business including, without limitation, capital expenditures, and all payments to Reserves to the extent such payments and expenditures are made from such cash receipts. Cash Flow shall be determined separately for each fiscal year.
- f. "Chairman" means the duly elected Chairman of the Turtle Mountain Band of Chippewa Indians.
- g. "Company" means the _____ LLC, a TMBCI limited liability company.
- h. "Fiscal Year" means the Company's fiscal year, which shall be July 1 to June 30.
- i. "Tribal Council" means the Tribal Council of the TMBCI Tribe.
- j. "Manager(s)" means one or more of the persons appointed to manage the Company under Article III.
- l. "Member" means the TMBCI as the sole Member of the Company.
- m. "TMBCI" means the Turtle Mountain Band of Chippewa Indians.

o. "Profits and Losses" mean the income or loss of the Company determined in accordance with Generally Accepted Accounting Principles.

p. "Reserves" mean, with respect to any fiscal year, any funds set aside or amount allocated during such year to reserves for Company expenses, both ordinary and capital, liabilities and operations, subject to the approval of the Tribal Council if the amount set aside in such reserves exceeds \$100,000 during any fiscal year of the Company.

1.2. Formation. Effective _____, pursuant to TMBC Resolution _____, _____(name)_____ organized the Company by executing and filing the Articles of Organization with the Tribe's Secretary/Treasurer pursuant to the TMBCI's *Limited Liability Company Act*.

1.3. Name and Principal Place of Business. The name of the Company is the _____ LLC. The principal place of business of the Company is _____ or such other place as the Board designates from time to time.

1.4. Registered Office and Registered Agent. The Company's registered office is _____ and its registered agent at such address is the TMBCI's Chief Executive Officer or the Director. The Company may change its registered office and/or registered agent from time to time as provided under the Title.

1.5. Term. The term of the Company shall be perpetual, or until the Company is dissolved or merged in accordance with the provisions of these Articles and/or the Title.

ARTICLE II BUSINESS OF THE COMPANY

2.1. The business of the Company shall be:

- a. To (i) provide all manner and form of _____ services, (ii) undertake and carry out _____, and similar management and supervision, and (iii) dealing in _____;
- b. To accomplish any lawful purpose which shall at any time appear conducive or expedient for the protection or benefit of the Company and its assets;
- c. To exercise all the powers necessary to or reasonably connected with the Company's business, which may be legally exercised by limited liability companies under the Title; and
- d. To engage in all activities necessary, customary, convenient, or incident to any of the foregoing.

ARTICLE III MANAGERS

3.1. Authority of Managers. Except as otherwise provided in these Articles and subject to the consent or approval of the Tribal Council with respect to those matters requiring such consent or approval under the terms of these Articles, the management of the Company shall be vested in the Board of Managers appointed in accordance with Section 3.5. The Managers shall exercise their management authority over the Company as provided in these Articles.

3.2. Roles of Individual Managers.

- a. In addition to their collective management responsibility, which shall be exercised as described in Section 3.3 of these Articles, each Manager shall possess the particular authority and discharge the specific responsibilities as the Board may delegate to the individual Manager.
- b. The authority and responsibility delegated among the Managers may include: (i) developing strategic plans; (ii) developing business plans and projections; (iii) formulating marketing programs; (iv) scheduling and supervision of the Company's work crews; (v) purchasing materials and supplies required to perform the Company's contracts; (vi) bidding individual work projects for the Company; (vii) keeping all financial and business records of the Company; (viii) making any and all filings and registrations required by jurisdictions outside of the TMBCI in which the Company operates; (ix) preparing reports and other communications with the TMBCI; and (x) taking such other administrative action as shall be required to operate the Company.
- c. The Board shall choose a Chairperson and Chief Executive from among the Managers. The Chairperson shall have voting authority over all matters coming before the Board.
- d. The Managers may delegate their responsibilities to officers or other personnel of the Company, but shall continue to be responsible for the discharge of the delegated authority. The Managers may serve as officers in addition to their positions as Managers.

3.3. Manager Meetings. The Managers shall meet at least monthly, and at the request of any of them, to (i) discuss their individual activities and responsibilities; (ii) by majority vote, to authorize major business actions, subject to Legislative consent or approval where specifically required by these Articles; (iii) adopt projections and business plans; and (iv) review and monitor achievement of goals and objectives described in the Company's business plans and projections.

3.4. Business Plans and Projections.

- a. At least sixty (60) days before the commencement of each fiscal year of the Company, the Managers shall submit to the Chairman and the Tribal Council's Development Committee, (i) a three (3) year strategic business plan; (ii) an operating business plan for the coming fiscal year; and (iii) financial projections for the coming fiscal year. After considering any comments on the proposed business plans and projections from the Chairman and the Development Committee, the business plans and projections will be finalized and shall be a guide and measure of Company performance for the following fiscal year. The Managers shall provide a quarterly report to the Chairman and Development Committee within thirty (30) days of the close of each fiscal quarter of the Company comparing actual and projected results of operations, analyzing the performance of the business plan, and stating reasons for any material variance between actual and projected performance.
- b. At least each fiscal quarter, the Board shall meet with the Chief Executive Officer or Director, if he or she is not on the Board, and such other Executive Directors of the TMBCI as the Chairman shall designate to discuss the Company's operations and other matters of mutual interest and concern.

1.5. Appointment and Replacement of Managers. The Managers of the Company shall be appointed by the Tribal Council, following consultation on such appointments with the Chairman of the TMBCI. The Chief Executive Officer or Director shall receive

consideration for appointment as a Manager to coordinate the functions and operations of the Company with the Tribe, but shall not be required to be appointed a Manager. Any Manager may be removed at any time by the Tribal Council, with or without cause, provided that a successor to such manager is appointed in accordance with this Section. Managers shall not serve for s specified term, and shall remain in office until they resign or are replaced. The initial number of Managers of the Company shall be three (3). Only such persons who have the experience and background to effectively manage the business and the affairs of the Company shall be appointed to the Board. The initial Managers of the Company are:

ARTICLE IV CAPITAL

4.1. Initial Contributions to Capital by Members. On the date hereof, the TMBCI has contributed \$ _____ in cash and property to the Company. The property transferred is listed on an inventory, which has been approved by the Tribal Council and accepted by the Board of Managers acting on behalf of the Company.

4.2. No Further Liability. The TMBCI shall not be required to make any additional capital contributions, and the TMBCI shall have no liability to creditors of the Company.

4.3. Working Capital Contributions and Loans. It is intended that the Company will operate separately from the TMBCI and will not require continuing financial support from the TMBCI. However, it may be necessary to obtain funding for working capital and/or capital acquisitions by the Company. If independent financing facilities are not available to the Company, the TMBCI may provide such funding through loans or capital contributions on such terms and conditions as shall be agreed between the Managers on behalf of the Company and Tribal Council on behalf of the TMBCI.

ARTICLE V PROFITS AND LOSSES, DISTRIBUTIONS, CAPITAL ACCOUNTS

5.1. Profits and Losses. All Profits and Losses shall be allocated to the TMBCI as the sole Member.

5.2. Distributions Prior to Dissolution. All Cash Flow shall be distributed to the TMBCI, at least quarterly unless otherwise approved by the Tribal Council.

5.3. Distribution upon Dissolution and Winding Up. Upon dissolution and winding up of the Company, the assets of the Company after payment of the debts and obligations of the Company and the funding of any Reserves shall be distributed to the TMBCI.

ARTICLE VI COMPENSATION TO MANAGERS, EMPLOYMENT POLICIES AND BENEFITS

6.1. Generally. Managers shall be entitled to reasonable and competitive compensation for services rendered to the Company, but only to the extent approved in advance by the Tribal Council.

6.2. Reimbursement of Expenses. The Company shall reimburse the Managers and other employees for all out-of-pocket expenses they incur or have incurred on behalf of the Company or in connection with the business of the Company pursuant to policies approved in advance by the Tribal Council.

6.3. Employment Policies and Benefits. The Company shall operate in accordance with such personnel policies and procedures and employee compensation and benefit plans as may be formulated by the managers and approved by the Tribal Council, as the same may be amended from time to time.

ARTICLE VII MANAGEMENT

7.1. Management.

- a. The business and affairs of the Company shall be managed by its Managers acting as set forth in this Article and in Article III subject to approval and consent of the Tribal Council on those matters specified herein. Decisions relating to the business and affairs of the Company, other than those that are clearly routine or incidental to the day-to-day conduct of the Company's business, shall be made by majority vote of the Managers. The Managers are hereby authorized to take any action and make any decision with their areas of authority delegated to them by the Board pursuant to Section 3.2 that is clearly routine or incidental to the day-to-day conduct of the Company's business. The following types of actions and decisions are not incidental to the day-to-day conduct of the Company's business and require the consent or approval of the Tribal Council: (i) selling, disposing of, or leasing the non-inventory assets of the Company having an aggregate value in excess of \$50,000; (ii) acquiring any real or personal property with a value in excess of \$50,000 other than building materials and supplies obtained in the ordinary course of the Company's business; (iii) incurring debt in excess of \$100,000; (iv) making any distributions other than ordinary quarterly distributions to the TMBCI; (v) mortgaging, pledging, or otherwise encumbering any assets of the Company; (vi) amending the Articles of Organization; (vii) taking or authorizing any act on behalf of the Company that contravenes these Articles; (viii) taking or authorizing any such act which would make it impossible to carry on the ordinary business of the Company; or (ix) taking or authorizing any other action or making any other decision requiring the consent or approval of the Tribal Council as set forth in these Articles.
- b. The Managers shall manage and control the business of the Company in accordance with generally accepted business standards and the provisions of Article III of these Articles, and shall devote such time to the Company's business as shall be reasonably necessary.
- c. The Managers shall not be liable, responsible, or accountable in damages or otherwise to the Company for any acts performed or omitted by them in good faith except for acts or omissions which constitute gross negligence or willful misconduct. The Managers shall

be indemnified and held harmless by the Company, to the extent of the assets, against obligations and liabilities arising or resulting from or incidental to the management of the Company's affairs, provided that no Manager shall be entitled to indemnification hereunder for acts or omissions constituting gross negligence or willful misconduct. Any such indemnification shall only be from the assets of the Company.

7.2. Restrictions on Powers of Managers. No Manager, attorney-in-fact, employee, or agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit, to make distributions, or to render it pecuniary liable for any purpose unless authorized to act with respect to such matter in accordance with this Article and Article III.

7.3. Meetings. No annual meeting of the Member is required by these Articles. Special meetings of the sole Member, for any purpose or purposes, unless otherwise prescribed by the Act, may be called at any time by the Tribal Council.

7.4. Informal Action. The Managers may take any and all actions which they are required or permitted to take concerning the conduct of the business of the Company without a meeting if the action is evidenced by one or more written consents describing the action take and signed by all of the managers.

7.5. Administrative and Professional Services. As an entity separate from the TMBCI, the Company shall either contract with independent professionals for accounting, legal, and other services which the Company may require; or may contract with the TMBCI to obtain such services from the TMBCI's Departments, including but not limited to Accounting, Management Information Systems, and other departments on such terms as shall be agreed between the Managers on behalf of the Company and Tribal Council on behalf of the TMBCI.

ARTICLE VIII ACCOUNTING AND BANK ACCOUNTS

8.1. Books. The Company shall maintain books and records which shall be kept at the principal office of the Company or such other place designated by the Tribal Council. The TMBCI as sole Member shall have access to and the right to inspect and copy such books and records at any time.

8.2. Accounting and Reports. Within sixty (60) days after the end of each fiscal year, the Managers shall deliver to the TMBCI, (i) an audited balance sheet as of the end of such fiscal year and (ii) an audited statement of income for such fiscal year, both of which shall be prepared in accordance with Generally Accepted Accounting Principles.

8.3. Bank Accounts. The Company shall open and maintain bank accounts in which only funds of the Company shall be deposited. The funds in such accounts shall be disbursed solely for the business of the Company. Withdrawals from any Company bank account shall be made only upon the signature of such person or persons as the Managers may designate from time to time.

8.4. Method of Accounting. The books and records of the Company shall be maintained on the accrual method of accounting in accordance with Generally Accepted Accounting Principles.

ARTICLE IX DISSOLUTION AND WINDING UP

9.1. Dissolution. The Company shall dissolve on the happening of any of the following events:

- a. Written direction of the Tribal Council to dissolve the Company; or
- b. By decree of judicial dissolution of the TMBCI Tribal Court pursuant to Title 29.1100 et seq.

9.2. Procedure for Dissolution and Winding Up. Upon the dissolution of the Company, a balance sheet shall be prepared by the Company's accountant and furnished to the TMBCI within a reasonable time after dissolution. The Managers shall proceed with reasonable promptness to wind up the business of the Company. If the Managers are directed by the Tribal Council to sell Company assets, they shall not be required to do so promptly but shall have discretion to determine the time and manner in which the sale shall be made, giving due regard to general financial and economic conditions.

9.3. Articles of Dissolution. Upon completion of winding up, liquidation, and distribution of assets, the Managers shall file Articles of Dissolution and thereafter the Company shall cease to exist.

ARTICLE X MISCELLANEOUS

10.1. Notices. All notices shall be in writing and deemed given when deposited in the United States Mail, first class postage paid, addressed to the party at his/her then recorded address reflected in the records of the Company.

10.2. Entire Operating Document. These Articles contain the entire statement of the terms and conditions upon which the Company shall be organized and operated and supersedes any prior acts or statements with respect thereto.

10.3. Variations and Pronouns. Each pronoun shall include any gender or number thereof as the identity of its antecedent may require.

10.4. Successors in Interest. Except as otherwise provided, all provisions of these Articles shall be binding upon, inure to the benefit of and be enforceable by and against the respective heirs, executors, administrators, personal representatives, successors, and assigns of any of the parties affected.

10.5. Execution of Additional Documents. The Managers are authorized to execute and deliver such instruments necessary to comply with any laws, rules, or regulations relating to the formation of the Company or the conduct of business by the Company in any jurisdiction outside of the TMBCI.

10.6. Jurisdiction. The Tribal Court of the TMBCI shall possess exclusive jurisdiction over all matters and controversies regarding the interpretation and implementation of these Articles which may arise.

10.7. Counterparts. These Articles may be executed in several counterparts by the Chairman/Vice Chairman of the Tribe and each executed counterpart shall be considered an original of these Articles.

10.8. Captions. The captions at the beginning of the several articles, sections, and subsections of these Articles are not part of the context, but are merely labels to assist in the locating and reading of those sections and subsections and shall be ignored in construing these Articles.

10.9. Governing Law. These Articles shall be governed exclusively by its terms and by the laws of the TMBCI and specifically the Title.

10.10. Severability. If any provision of these Articles shall be invalid, illegal, or unenforceable, the remainder of these Articles shall be enforceable to the fullest extent permitted by law. In

addition, any provision of these Articles, which is construed to cause the Company to be taxed as a corporation under the federal tax law shall be repealed, limited, or construed in a manner which will allow the Company to qualify as an entity which is not treated as separate from its owner, the TMBCI, for federal tax purposes.

10.11. Creditors. None of the provisions of these Articles shall be for the benefit of or enforceable by any creditors of the Company.

ARTICLE XI AMENDMENTS

11.1. Amendment. These Articles may be amended only by the written action of the Tribal Council.

APPROVED: _____
(Chairman/Vice Chairman)

State of North Dakota

County of Rolette

These Articles were signed and sworn before me in Belcourt on _____.

(Notary Public)
My commission expires on _____.