

Little River Band of Ottawa Indians
PO Box 314
Manistee, MI 49660-0314



Resolution No. #96-1208-03

WHEREAS, the Tribe's status as a federally-recognized Indian tribe was reaffirmed and restored by Congress pursuant to Public Law 103-324, 108 Stat. 2156 (25 U.S.C. §1300k et seq.) (hereinafter "Little River Act"; and

WHEREAS, the Tribe has determined that the establishment and operation of a tribal gaming enterprise under the IGRA will assist the Tribe generate the revenues needed to establish an effective tribal government, provide necessary employment opportunities services for tribal members and promote tribal self-sufficiency; and

WHEREAS, the Tribe does not presently possess sufficient technical and financial expertise to develop and manage a Tribal Gaming Enterprise and has determined that employment of a firm with the necessary management and development expertise will assist the Tribe in meeting the above goals; and

WHEREAS, the Tribal Council, pursuant to Article VII, Section 1. (f) of the Constitution and Bylaws of the Little River Band of Ottawa Indians ("Tribal Constitution"), is authorized to manage the economic affairs of the Tribe; and

WHEREAS, the Tribal Chairman, pursuant to Article IV, Section 11 (f) (2) of the Tribal Constitution, is authorized to represent the Tribe in its relations with other organizations, in a manner consistent with the Tribal Constitution;

WHEREAS, the Tribal Council, pursuant to Tribal Council Resolution No. #95-1205-01, authorized Tribal Chairman Robert Guenthardt to negotiate a Letter of Intent with representatives of North American Gaming, which letter will define the parties' respective obligations concerning the completion of tasks necessary to establishing a Tribal Class III gaming facility; and

WHEREAS, the Letter of Intent contemplates the negotiation of a Pre-Development Loan between North American Gaming and the Tribe by which North American Gaming will loan the Tribe funds to cover certain expenses incurred by the Tribe in connection with the development of a Tribal gaming facility; and

WHEREAS, the Tribe has required, and North American Gaming has provided, an Interim Loan in the amount of \$100,000.00 to cover a portion of those expenses which will be reimbursable from funds

loaned to the Tribe under the Pre-Development Loan contemplated by the Letter of Intent; and

WHEREAS, the effectuation and protection of the parties' respective rights and obligations under the "Interim Loan" provided by North American Gaming requires the execution of a promissory note; and

WHEREAS, the Little River Band of Ottawa Indians, as a federally recognized Indian Tribe, is immune from suit for damages in federal, state or tribal courts; and

WHEREAS, Article XII of the Little River Band of Ottawa Indians' Constitution provides that the Tribal Council shall not waive or limit the right of the Little River Band to be immune from suit, except as authorized by tribal ordinance or resolution or in furtherance of tribal business enterprises; and

WHEREAS, the Tribal Council understands that the "Interim Loan" will be a component of and will be re-paid to North American from funds to be advanced under the Pre-Development Loan, to be made in accordance with the Letter of Intent and Development and Construction Agreement; and

WHEREAS, the Tribal Council understands that, in the event the Tribe defaults on repayment of the "Interim Loan", the amount due may be recovered only if the Tribe completes and opens for operation a gaming facility and that North American Gaming may only seek enforcement and collection of such amounts to be repaid from revenues received by the tribe from gaming operations and assets of the gaming facility; and

WHEREAS, the Tribal Council further understands that the Tribe would be agreeing to waive its sovereign immunity from suit in federal, state or Tribal courts for purposes of enforcement and/or interpretation of the terms of the Note, the Development and Construction Agreement and the Letter of Intent and that the Tribe would agree to have those documents construed and enforced in accordance with the laws of the State of Michigan; and

WHEREAS, the Tribal Council has determined that the specific waiver of sovereign immunity requested by North American Gaming in the Note, for the specific purpose of enforcement and/or interpretation of the Note, the Development and Construction Agreement or the Letter of Intent, is in furtherance of important Tribal purposes and tribal business enterprises; and

WHEREAS, the Tribal Chairman, pursuant to Article IV, Section 11 (f) (2) of the Tribal Constitution, is authorized to represent the Tribe in its relations with other organizations, in a manner

consistent with the Tribal Constitution;

NOW THEREFORE IT IS RESOLVED THAT the Tribal Council of the Little River Band of Ottawa Indians hereby authorizes Chairman Robert Guenthardt to execute the Note to allow performance and payment by North American Gaming of the "Interim Loan";

IT IS FURTHER RESOLVED THAT the Tribal Council, by authorizing the Tribal Chairman to execute such documents, expressly agrees to waive its sovereign immunity from suit for the sole purpose of enforcement and/or interpretation of the terms of the Note. Provided, However That any subsequent agreements, including the Pre-Development Loan, which require the Tribal Government to waive its sovereign immunity will not be effective until the same are specifically authorized by subsequent Tribal Council Resolution.

Certificate of Adoption

This resolution was adopted by the Tribal Council of the Little River Band of Ottawa Indians at its regular meeting held on December 8, 1996 by a vote of 16 in favor, 0 opposed, 1 absent and 0 abstentions. A quorum of the Tribal Council being present for such vote.

Date: 12/8/96

Kathy Berentsen
Kathy Berentsen, Vice-Chair

Margaret Chandler
, Acting Secretary

THOMPSON
&
O'NEIL

December 9, 1996

Tom Celani & Mike Malik
North American Gaming Company
35601 Veronica Street
Livonia, MI 48150

RE: Little River Project - Interim Loan.

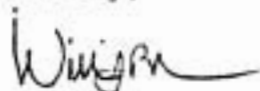
Dear Tom and Mike:

On behalf of the Tribe, I want to thank you again for forwarding the Interim Loan funds. Per Mark Jarboe's letter of November 27, 1996, I enclose the following documents for your records:

1. Promissory Note for \$100,000.00 Interim Loan, which was Executed by Bob Guenthardt on behalf of the Tribe.
2. Certified Tribal Council Resolution authorizing Bob to execute the Note on behalf of the Tribe.
3. Opinion letter from myself, as General Counsel for the Tribe, that the Note is properly authorized, executed and delivered by the Tribe and, subject to the assumptions referenced therein, is a valid, binding and enforceable obligation of the Tribe.

If you have questions regarding the same, please feel free to give me a call. I'll look forward to seeing you both in early January to discuss the licensing procedures and Management Agreement.

Sincerely,



William J. Brooks

WJB:slg
enclosures
cc: Mark Jarboe

PROMISSORY NOTE

\$100,000.00

December 8, 1996

FOR VALUE RECEIVED, the undersigned, LITTLE RIVER BAND OF OTTAWA INDIANS (the "Maker"), a federally recognized Indian tribe, hereby promises to pay to the order of NORTH AMERICAN GAMING COMPANY (the "Payee," which term includes any subsequent holder hereof) at Payee's offices in Livonia, Michigan, or at such other place as the Payee may from time to time hereafter designate to the Maker in writing the principal sum of ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00).

The unpaid principal balance hereof from time to time outstanding shall bear interest at a floating rate per annum equal to the "Prime Rate" (however the same may be from time to time defined, whether as the "prime rate," the "reference rate" or any other term) of Comerica Bank, Detroit, Michigan. In the event of any changes in the Prime Rate, the rate applicable hereto shall change effective as of such change in the Prime Rate.

Upon the happening of any Event of Default, this Note, at the option of the Payee, shall bear interest until paid in full at a rate per annum equal to the rate of interest applicable immediately prior to such Event of Default plus 2.00%.

The principal hereof is payable on the earlier of (a) the date on which the Pre-Development Loan, as defined in the Development and Construction Agreement, dated November 10, 1996 (the "Development Agreement"), between the Maker and the Payee, is funded, or (b) December 1, 1997. Interest shall be computed on the basis of actual days elapsed and a year of 360 days. Accrued and unpaid interest shall accrete to and become part of the unpaid principal balance evidenced hereby on a quarterly basis, with the first such accretion to occur on March 1, 1997, and thereafter on the first day of June, September and December, 1997 or at the earlier maturity hereof. Prior to accretion of accrued and unpaid interest to principal, no interest shall accrue on accrued and unpaid interest hereunder.

It is the expectation of the Maker and the Payee that the principal and accreted interest of this Note will be refinanced out of the proceeds of the Pre-Development Loan. However, the funding of the Pre-Development Loan is not a condition precedent to the maker's obligation to pay the principal of and interest on this Note when due.

This Note may be prepaid by the Maker at any time in whole or from time to time in part without premium or penalty. Any partial prepayment shall be applied first against accrued and unpaid interest and the balance shall be applied against principal.

The occurrence of any one or more of the following events shall constitute an Event of Default, and upon the occurrence of any Event of Default the Payee may declare this Note to be, and the same shall forthwith become, immediately due and payable and the Payee may exercise all rights and remedies as may be allowed by law:

- (1) The Maker shall fail to make any payment of principal or interest hereon when due.
- (2) The Maker shall become insolvent or shall generally not pay its debts as they mature or shall apply for, shall consent to, or shall acquiesce in the appointment of a custodian, trustee or receiver for the Maker or for a substantial part of the property thereof or, in the absence of such application, consent or acquiescence, a custodian, trustee or receiver shall be appointed for the maker or for a substantial part of the property thereof; or any bankruptcy, reorganization, debt arrangement or other proceedings under any bankruptcy or insolvency law shall be instituted by or against the Maker.
- (3) An Event of Default shall occur Section 7.1(b) of the Development Agreement and shall continue for more than one period of grace, if any, applicable thereto.
- (4) Any of the events described in Section 6.2(a) or 6.2(b) of the Development Agreement shall occur.
- (5) The maturity of any material indebtedness of the Maker (other than the indebtedness on this Note) shall be accelerated or the Maker shall fail to pay any such material indebtedness when due or, in the case of indebtedness payable on demand, when demanded. For these purposes, indebtedness of the Maker shall be deemed material if it exceeds \$10,000 as to any item of indebtedness or in the aggregate for all items of indebtedness with respect to which any of the events described in this paragraph has occurred.
- (6) A judgment or judgments for the payment of money in excess of the sum of \$10,000 in the aggregate shall be rendered against the Maker and the Maker shall not discharge the same or provide for its discharge, or procure a stay of execution thereof, prior to any execution on such judgment, within 30 days from the date of entry thereof, and within said period of 30 days, or such longer period during which execution shall be stayed, appeal therefrom and cause the execution to be stayed during such appeal.
- (7) Any execution or attachment shall be issued whereby any substantial part of the property of the Maker shall be taken or attempted to be taken and the same shall not have been vacated or stayed within 30 days after the issuance thereof.

The validity, construction and enforceability of this Note shall be governed by the internal laws of the State of Michigan.

The Maker expressly waives its sovereign immunity from suit for the purpose of enforcing its obligations under this Note and consents to be sued in any of the following: (i) in the United States District Court for the Western District of Michigan, the United States Court of Appeals for the Sixth Circuit, and the United States Supreme Court, (ii) any tribal court system established by the Tribe that has procedures and powers comparable to state and federal courts, and (iii) if the foregoing forums lack jurisdiction, in the Michigan State Court system or any other court of competent jurisdiction. The Maker consents to the jurisdiction and venue of any such court and waives any argument that the venue in such forums is not convenient.

Recourse of the Payee under this Note is expressly limited to the assets and revenues of the Maker described in Section 8.7(j) of the Development Agreement.

The Maker hereby waives presentment for payment, notice of dishonor, protest and notice of protest.

If this Note is not paid when due, the Maker shall pay all of the Payee's costs of collection including reasonable attorneys' fees.

The Maker warrants and represents that the undersigned is duly authorized pursuant to Tribal law by the Tribal Council of the Maker to execute this Note on behalf of the Maker, does not require further approval of the Maker or its members to be effective and binding, and that the undersigned is recognized by the United States as the duly elected Chairman of the Maker.

THE LITTLE RIVER BAND OF
OTTAWA INDIANS
409 Water Street
Manistee, Michigan 49660

BY: 
Robert Guenthardt
Tribal Chairman

THOMPSON
&
O'NEIL

December 8, 1996

North American Gaming Company
35601 Veronica Street
Livonia, Michigan 48150

RE: Interim Loan/Promissory Note.

Gentlemen:

This office has acted as General Counsel to the Little River Band of Ottawa Indians, a federally-recognized Indian Tribe (the "Tribe") in connection with the Note referred to below. This opinion is submitted to you, at your request.

I. Documents and Materials Examined:

A. Letter of Intent, dated December 5, 1995, by and between the Tribe and North American Gaming Company ("North American"), a Michigan copartnership.

B. Development and Construction Agreement, dated November 10, 1996, by and between the Tribe and North American.

C. Promissory Note, dated December 8, 1996, in the principal amount of \$100,000.00, in which the Tribe is the maker and North American is the promisee and holder (the "Note").

D. U.S. Public Law 103-324; 108 Stat. 2156, codified at 25 U.S.C. §1300k et seq., entitled the "Little Traverse Bay Bands of Odawa Indians and the Little River Band of Ottawa Indians Act" (the "Act").

E. Constitution and Bylaws of the Tribe, as amended on September 18, 1994 (the "Constitution").

F. Listing of Federally Recognized Tribes in Michigan and The Tribal Leaders Directory, as generated by the Department of the Interior, Bureau of Indian Affairs, dated as of September 21, 1995.

G. Resolution No. 96-1208-03, adopted by the Tribal Council of the Tribe on December 8, 1996, authorizing Robert Guenthardt, Tribal Chairperson, to execute the Note on behalf of the Tribe.

II. Assumptions:

The opinions rendered herein are subject to the following assumptions:

- A. All signatures are genuine.
- B. All documents submitted to me as originals are authentic.
- C. All documents submitted to me as certified or photographic copies conform to the original documents.
- D. The making of the Interim Loan described in the Note was fully authorized by North American and is in compliance with all laws, rules and regulations governing the making thereof, valid consideration will be given in connection therewith and North American is in compliance with all laws regulating its activities.
- E. That North American and the Tribe will, in good faith, negotiate, execute and deliver a Pre-Development Loan (which is to replace and satisfy the Note) as contemplated in the Note, Development and Construction Agreement, and Letter of Intent.
- F. That North American and the Tribe will request the written approval of the National Indian Gaming Commission and/or Bureau of Indian Affairs of the Development and Construction Agreement, Management Agreement, and any related or collateral agreements, including the Note and the Pre-Development Loan, and that those Agreements will, in fact, receive such approval.

III. Opinions:

Based solely upon my review of the documents referred to in Paragraph I above and applicable law, and such other documents and materials as we have deemed pertinent, upon representations made to me by the Tribe, and upon the assumptions set forth in Paragraph II above, I am pleased to provide you with the following opinions:

- A. By virtue of the Act, the Tribe's status as a federally recognized Indian tribe under applicable law was reaffirmed and restored, and by virtue thereof, the Tribe is eligible for the benefits, and subject to all restrictions, applicable to and consistent with its status as a recognized tribe. The Tribe has the power and authority to enter into the loan transaction contemplated by the Note.

B. The execution, delivery, and performance of the Note (i) has been duly authorized by Tribal Council Resolution; (ii) will not violate the Tribe's Constitution, governing documents or ordinances; (iii) will not, after due inquiry of the Tribe, violate any agreement to which the Tribe is a party; and (iv) the Note, when duly executed by the Tribe, will constitute legal, valid and binding obligations of the Tribe, enforceable in accordance with its respective terms.

C. The execution and delivery by the Tribe of the Note does not require the approval, consent, authorization, or any other order of any other person or entity which has not yet been obtained.

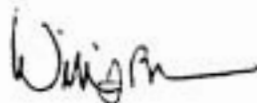
D. The execution and delivery of and performance by the Tribe under the Note does not violate any existing law, regulation or order of any court or administrative agency by which the Tribe is bound or to which it is subject.

This opinion is given solely to you. It may be relied upon by you and your legal counsel, but may not be relied upon by any other person or entity, or for any purpose other than that express set forth herein.

In rendering this opinion, I undertake no obligation to revise or supplement this opinion should any law now in effect be changed by legislative action, judicial decision or otherwise. Should you wish to discuss this opinion or need copies of any of the documents referenced, please do not hesitate to contact me.

Sincerely,

THOMPSON & O'NEIL, P.C.



William J. Brooks

WJB:slg
cc: Chairman Guenthardt
Mark Jarboe, Esq.