

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2322

2001 SENATE JUDICIARY

SB 2322

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2322

Senate Judiciary Committee

☐ Conference Committee

Hearing Date February 7th, 2001

Tape Number	Side A	Side B	Meter #
I	x		0-31.7
Committee Clerk Signature			

Minutes: **Senator Traynor** opened the hearing on SB 2322: A BILL FOR AN ACT TO CREATE AND ENACT A NEW SECTION TO CHAPTER 15-10 OF THE NORTH DAKOTA CENTURY CODE, RELATING TO THE MITIGATION OF DAMAGES BY THE PRESIDENT OF AN INSTITUTION OF HIGHER EDUCATION.

Senator Mathern, representing district 11 Fargo. (testimony attached)

Senator Trenbeath, doesn't the University have an ability to negotiate through the contract?

Senator Mathern, I was not sure. There was a question of whether they had that ability. That would be an allocation of funds. I drafted the bill so we could clarify this.

Senator Traynor, your bill only addresses a privately financed project. If it is a public project there is a bond, so if a person quit, another contractor would come in. Have you seen this contract?

Senator Mathern, no.

Senator Traynor, the committee should see what is in the contract. I recall in 1999 we had an issue regarding the Barnes and Noble bookstore, but I don't know if the hockey arena was mentioned.

Senator Mathern, I think there was something regarding the arena in the '99 session.

Senator Watne, do you think this is only to college buildings? What about public buildings?

Senator Mathern, who knows what another university this may help. I didn't want it so broad, so that this bill would get out of control. If you want to expand it, I wouldn't have a problem.

Senator Dever, when did the title from this contribution go from Mr. Engelstad to UND? Do we need to clarify that?

Senator Mathern, that is a complicated issue. It is an ownership process. This building is operating under Mr. Engelstad.

Senator Lyson, would we need a bill if the contract was made proper?

Senator Mathern, I would think not.

Senator Watne, can you force someone to give you a gift?

Representative Lonny Wnrich, representing district 18, testifies in support of SB 2322.

This issue came up two weeks ago in a Legislative Forum. I think this publicity has had a very negative effect on the University of North Dakota's students and faculty. This bill supports the president and the university. My recollection of the last legislation was a concern that this gift would then lead to a state demand to upkeep the building. So the law was authorized for Mr. Engelstad to build on state property. That is why this contract is so unusual.

Senator Traynor, the title is still on the land.

Senator Dever, this bill has a lot of implications. What about the Aerospace programs and its private donors?

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Senate Judiciary Committee
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Rep. Winrich, I don't know if that would be a problem.

Senator Dever, I know there are building up there built with private money.

Senator Watne, when I look at the first sentence, "if for any reason construction ceases on a building or a facility on land owned by the state ." What happens if a storm destroys the building? Who then pays for it?

Senator Mathern, I think that would be addressed.

Senator Watne, I think this bill should be specific.

Senator Mathern, I have no problem with that.

Pat Seaworth, General Counsel For the ND University System. (testimony attached along with documents committee requested) Explains contracts written by Mr. Engelstad and UND.

Senator Traynor, you stated in your testimony that the board of higher education has authority to address the matter addressed in SB 2322, is that by statute or lease?

Pat Seaworth, by state a statute.

Senator Nelson, what legs does he have to stand on with this?

Senator Traynor closed the hearing on SB 2322.

SENATOR TRENBEATH MOTIONED TO DO NOT PASS, SECONDED BY SENATOR WATNE. VOTE INDICATED 6 YEAS, 0 NAYS AND 0 ABSENT AND NOT VOTING. SENATOR TRENBEATH VOLUNTEERED TO CARRY THE BILL.

neto \$ 19.5 - 21.9

Date: 2/12/01

Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2322

Senate Judiciary

Committee

☐ Subcommittee on

or

☐ Conference Committee

Legislative Council Amendment Number

Action Taken

Do Not Pass

Motion Made By

Trenborth

**Seconded
By**

Watne

[illegible]

Total (Yes)

No

Absent

Floor Assignment

Trenbeath

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 12, 2001 4:48 p.m.

Module No: SR-25-3134
Carrier: Trenbeath
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

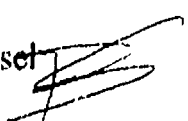
SB 2322: Judiciary Committee (Sen. Traynor, Chairman) recommends DO NOT PASS
(6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2322 was placed on the
Eleventh order on the calendar.

2001 TESTIMONY

SB 2322

NORTH DAKOTA UNIVERSITY SYSTEM
MEMORANDUM
February 7, 2001

TO: Senator John T. "Jack" Traynor, Chairman
Senate Judiciary Committee

FROM: Pat Seaworth, General Counsel
ND University System 

RE: SB 2322 - UND Winter Sports Facility

I have attached copies of the following documents you requested during the hearing on SB 2322:

- 1999 N.D. Laws, Ch. 159 (SB 2220). This legislation authorized the state board of higher education to "enter into an agreement with the university of North Dakota foundation or other entity" and to "do all things necessary and proper . . . to facilitate the construction with private sector dollars of a winter sports facility" at UND;
- April 3, 2000 Memorandum from W. Jeremy Davis to SBHE, which summarizes elements of the arrangements for the winter sports facility and the legal documents related to those arrangements;
- March 30, 2000 Memorandum from Pat Seaworth to SBHE, recommending board approval of a lease agreement between the board and UND and Arena Construction, Inc.;
- March 29, 2000 letter to President Kupchella from Ralph Engelstad;
- March 29, 2000 Lease Agreement. Note the following language in section 4.1:

Tenant shall, once construction has been commenced, diligently and conscientiously pursue the construction of the winter sports facility to completion. Tenant agrees that the construction contract, financing agreements, and other documents shall be so drafted so that in the event of a default and after failure to cure a default within the prescribed time, UND shall have the right to pursue the construction project to completion according to the Plans and Specifications, on the above-mentioned default

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Fax (701) 328-2961 - E-mail NDUS_office@ndus.nodak.edu - Web www.ndus.nodak.edu

The North Dakota University System is governed by the State Board of Higher Education and consists of: Bismarck State College - Dickinson State University - Lake Region State College - Mayville State University - Minot State University - Minot State University-Bottineau Campus - North Dakota State College of Science - North Dakota State University - University of North Dakota - Valley City State University - Williston State College.

Senator Traynor
February 7, 2001
page two

of Tenant or Tenant's agent or contractor, at Tenant's sole expense. UND shall be specifically subrogated to all of the rights of Tenant in this regard, including the right to draw funding under Tenant's Loan Commitment with Sports Lenders, Inc. to complete costs of the Improvements (as defined below), but UND shall not be deemed to assume the obligation of Tenant for repayment of such funds.

- March 28, 2000 Personal Guarantee of Ralph Engelstad;
- March 28, 2000 Loan Commitment;
- Management Agreement between Arena Construction, Inc. and Ralph Engelstad Engelstad Arena, Inc.; and
- N.D. Const. Art VIII, § 6(6), relating to constitutional authority of SBHE, and NDCC §§ 15-10-11 and 15-10-12.1, relating to general powers of the SBHE and acceptance of buildings and campus improvements.

Please don't hesitate to contact me if you would like anything else.

PS

cc: Committee members
Chancellor Isaak

CHAPTER 159**SENATE BILL NO. 2220**

(Senators W. Stenehjem, Holmberg, St. Aubyn)
(Representatives Delmore, Kliniske, Poolman)

UND WINTER SPORTS FACILITY AUTHORIZATION

AN ACT to authorize construction of a winter sports facility at the university of North Dakota; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Lease of land - Construction of arena - Authority. The state board of higher education may negotiate the terms of and enter into an agreement with the university of North Dakota foundation or other entity for the lease of approximately thirty-two acres [12.95 hectares] of land, which was originally gifted to the university of North Dakota, and may do all things necessary and proper to approve the terms of the lease, the plans and design, the title of the building and parking area, and to facilitate the construction with private sector dollars of a winter sports facility at the university of North Dakota, and to provide for its subsequent operation and management.

SECTION 2. EMERGENCY. This Act is declared to be an emergency measure.


Approved March 29, 1999

Filed March 29, 1999

OFFICE OF GENERAL COUNSEL
P.O. BOX 8196
GRAND FORKS, NORTH DAKOTA 58202-8196
(701) 777-6345
FAX (701) 777-6398

MEMORANDUM

To: ND State Board of Higher Education

From: W. Jeremy Davis, UND General Counsel 

Date: April 3, 2000

Subject: Summary of arena elements and documents

This document is a confidential and privileged communication.
It is an internal document for the purpose of rendering legal advice.

This memorandum is a summary of certain elements of the construction, ownership and management of the winter sports facility currently under construction on the UND campus ("Bronson" property), and of the documents necessary to effect that project.

Construction: Arena Construction, Inc. (ACI), is the construction company building the arena. [Lease]

Source of construction funds: ACI obtains funding from a loan established by a Loan Commitment from Sports Lenders, Inc. (SLI), which is providing up to \$56,000,000 at 9% interest in construction loan to ACI. [Loan Commitment]

Guarantee: The Loan Commitment has been personally guaranteed by Ralph Engelstad so that should ACI default in the construction of the arena, the University assumes the rights under that Loan Commitment but not the obligation to repay the loan. [Guarantee]

State land leased for the facility: The land upon which the arena is being built is being leased by ACI from the University of North Dakota and the ND State Board of Higher Education. [Lease]

Ownership of facility: ACI will own the arena until UND receives a gift from Ralph Engelstad with which to purchase it from ACI. [Lease]

Management of facility: Until UND takes assumes ownership, ACI as facility owner will be contracting with Ralph Engelstad Arena, Inc. (REA) to provide the management of the arena and its operations. [Management Agreement]

UND use of facility: UND will enter into an agreement with REA to play hockey in the arena and otherwise utilize the arena for all aspects of the UND ice hockey program. This last agreement will provide compensation to UND intended to be equal to or in excess of the net income ordinarily derived from the UND hockey program. [Hockey Agreement—not yet drafted]

The five documents relating to the above are:

I: Loan Commitment between Sports Lenders, Inc. and Arena Construction, Inc. UND is not a party.

II: Personal Guarantee of Ralph Engelstad guaranteeing continued provision of funding for construction of the arena. UND is not a party.

III: Lease Agreement between Arena Construction, Inc. and UND/ND State Board of Higher Education. UND and the Board are parties.

IV: Management Agreement between Arena Construction, Inc. and Ralph Engelstad Arena, Inc., the arena Manager. The term of this management agreement coincides with the lease term. UND "consents and agrees to" this agreement by signing it. UND is not a party.

V. Hockey Agreement between Ralph Engelstad Arena, Inc and UND permitting UND to play hockey, occupy offices and schedule ice time in the arena, and to provide compensation to UND equal to or in excess of the revenues heretofore derived from the hockey program when housed in the old Engelstad Arena. UND is a party.




NORTH DAKOTA UNIVERSITY SYSTEM

MEMORANDUM

March 30, 2000

TO: State Board of Higher Education

FROM: Pat Seaworth 

RE: UND Winter Sports Facility Lease

Memo # M-00-36

I am forwarding to a copy of the final Lease Agreement for the new UND winter sports facility. At your November 1999 meeting, you gave approval for preliminary work on the facility, subject to a preliminary lease approved by the chancellor. Work on the facility was begun under that authorization. Board approval of the final Lease Agreement is now required to permit construction to continue to completion. I am also forwarding copies of related documents, including a guarantee from Ralph Engelstad, a Loan Commitment and a Management Agreement. These related documents do not require Board approval.

Recommended Board Action:

Approve the Lease Agreement between the Board and UND and Arena Construction, Inc. authorizing construction and operation of the new UND winter sports facility, and delegate to the chancellor necessary authority to execute, on behalf of the Board, the Lease Agreement and other legal documents required to implement its terms.

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Ralph Engelstad3535 Las Vegas Boulevard South
Phone 702-732-7102 - FAX 702-731-2123

MAILING ADDRESS • POST OFFICE BOX 97979 • LAS VEGAS, NEVADA • 89193-7979

March 29, 2000

(Via Facsimile No. 701-777-3866)

President Charles Kupchella
UNIVERSITY OF NORTH DAKOTA
P.O. Box 8193
Grand Forks, ND 58202-8193

Dear Chuck:

As per my previous letter to you this date, please find enclosed the following:


- A guarantee by myself to Sports Lenders, Inc., for the construction of the Ralph Engelstad Arena.
- A Loan Commitment from Sports Lenders, Inc., to Arena Construction, Inc., which has been duly executed by Sports Lenders, Inc., and Arena Construction, Inc.
- A Lease Agreement between the State of North Dakota d/b/a State Board of Higher Education at the University of North Dakota and Arena Construction, Inc., which has been duly signed by Arena Construction, Inc.
- The Management Agreement between Arena Construction, Inc., and Ralph Engelstad Arena, Inc., which has been duly signed by both parties.

I hereby request that you sign the same and return to me via fax a signed copy of each document.

President Charles Kupchella
UNIVERSITY OF NORTH DAKOTA
March 29, 2000
Page 2

Please be advised that I am faxing a copy of these documents to Larry Isaak for his approval and signature.

Yours truly,


Ralph Engelstad

RE/cm

Attachments

cc: Larry Isaak, Chancellor, North Dakota University System
Earl Strinden, University of North Dakota Alumni Association and Foundation
Tom Clifford, Advisor, Ralph Engelstad Arena, Inc.
Reggie Morelli, Advisor, Ralph Engelstad Arena, Inc.

LEASE AGREEMENT

This agreement, made this 29 day of MARCH, 2000 between the STATE OF NORTH DAKOTA doing business as the STATE BOARD OF HIGHER EDUCATION and the UNIVERSITY OF NORTH DAKOTA, hereinafter called "UND or Landlord", and

ARENA CONSTRUCTION, INC, a Nevada Corporation, hereinafter called "Tenant".

In consideration of the agreements hereinafter contained, the parties hereto agree as follows:

SECTION 1 - PREMISES

1.1 Land. UND, as Landlord, in consideration of the rentals herein agreed to be paid by the Tenant and other agreements herein set forth to be performed by the Tenant, hereby leases to Tenant, and Tenant rents from UND, the property described on the attached Schedule A (the "Land").

1.2 Warranties. The parties intend that UND transfers and the Tenant accepts the Land in an 'AS IS' condition "WITH ALL FAULTS."

SECTION 2 - TERM

2.1 Lease Term. The term of this Agreement, hereinafter referred to, as "Lease Term" shall commence upon execution of this Agreement by all parties.

This lease shall terminate and title to the leasehold Improvements (as such Improvements are defined in Section 4) shall vest in the University of North Dakota:

a) On September 30, 2030, and at such time the Tenant shall provide marketable title to said Improvements; or

b) Upon the occurrence of the following, if sooner:

1. Substantial completion (defined as ready for occupancy except for the punch list work) of the Improvements, and
2. Purchase of the Improvements by the Landlord, but subject to negotiation as to the price and payment thereof including payment thereof in such a manner as to remove the security interest referenced in Section 4.2 below, and

3 Agreement by UND to manage, maintain and operate the Improvements from funds dedicated for this purpose

In addition, after the Improvements have been substantially completed, Tenant shall have the right to terminate this lease by giving notice of any such termination of the lease to UND.

Until lease termination Tenant shall contract, in the form of a management agreement (the "Management Agreement"), with Ralph Engelstad Arena, Inc. (the "Manager") to manage, maintain and operate the Improvements, unless the Management Agreement is terminated earlier in accordance with its terms. Any such Management Agreement shall provide that at least semiannually, Manager shall pay to UND for use by the UND Athletic Department, a royalty, consisting of the income before royalty for the period ending 6 months prior.

Upon termination of this lease UND shall accept ownership of the Improvements on the Land and this Lease shall be in all things terminated. In no event shall the term of this Lease exceed the maximum term allowed under North Dakota law.

2.2 Possession. The Tenant shall continue to have possession of the Land during the term of this agreement.

SECTION 3 - RENT

3.1 Rent. The rent shall be One Dollar for the term of this lease. The Tenant shall pay the rent in the amount of \$1.00, upon execution of this Agreement.

SECTION 4 - USE

4.1 Use. Tenant shall have the obligation to perform all work related to the construction of a winter sports facility, on the Land in accordance with plans and specifications approved by UND (the "Plans and Specifications"), a copy of a summary and list of such Plans and Specifications is attached hereto as Schedule B. It is understood that Tenant has obtained a loan commitment (the "Loan Commitment") to borrow the funds (the "Loan") necessary to perform such work from Sports Lenders, Inc. ("Lender"). Modifications, alterations and change orders must be approved by UND. Such approval will not be unreasonable withheld. Tenant shall be responsible for quality assurance and quality control in conformance with the Plans and Specifications, and with the advice and consent of UND. Tenant shall permit inspection by UND of construction and materials for quality assurance for the purpose of minimizing and eliminating future operation and maintenance problems and maximizing efficient operation and maintenance of the facility. UND reserves the right to retain its own inspectors whose presence on the site will not be denied. Tenant agrees to permit UND

representatives to attend construction meetings and be otherwise apprised of construction issues.

Tenant shall require adequate lien free and completion assurances, acceptable to UND, from any program manager, construction manager and/or general contractors and subcontractors retained for this project and the agreement between Tenant and such managers and contractors shall require that the contractor provide such acceptable assurances.

Tenant shall, once construction has been commenced, diligently and conscientiously pursue the construction of the winter sports facility to completion. Tenant agrees that the construction contract, financing agreements, and other documents shall be so drafted so that in the event of a default and after failure to cure a default within the prescribed time, UND shall have the right to pursue the construction project to completion according to the Plans and Specifications, on the above-mentioned default of Tenant or Tenant's agent or contractor, at Tenant's sole expense. UND shall be specifically subrogated to all of the rights of Tenant in this regard, including the right to draw funding under Tenant's Loan Commitment with Sports Lenders, Inc. to complete costs of the Improvements (as defined below), but UND shall not be deemed to assume the obligation of Tenant for repayment of such funds.

Upon substantial completion, and upon execution of a mutual agreement, the Improvements shall be used for UND hockey and all hockey-related activities, state high school hockey, other high school hockey, and other events such as concerts wrestling, ice shows, figure skating, NHL exhibitions, and other sports, educational or entertainment events in accordance with a schedule of events to be developed and maintained by UND and Manager, and prepared in accordance with UND's policies and procedures, and applicable law.

4.2 Severance of Improvements. Tenant shall improve the Land with the construction of a winter sports facility in accordance with the Plans and Specifications and make such other Improvements incidental thereto, such improvements hereinafter collectively referred to as the "Improvements". UND and Tenant agree that during the term of this lease, title to the Improvements shall remain in Tenant and all Improvements shall be separate from the Land and shall be considered personal property for all purposes, and the parties do not intend to characterize the Improvements as real property for any purpose.; provided, however, that Tenant shall give a security interest in the Improvements, to Lender, which shall be evidenced by the filing of a UCC-1 financing statement in the office of the North Dakota Secretary of State and also in the office of the register of deeds in the County where the Improvements are located. Upon termination of this lease, title to Improvements shall transfer to UND.

4.3 Easements. The Tenant will be granted by UND such easements as are necessary for the completion of this project.

SECTION 5 - EXPENSES

5.1 Payment. Until completion of the Improvements, the Tenant will pay or cause to be paid all charges associated with construction, including permits, license fees, inspection fees, authorization fees and utility charges, directly to the charging authority promptly as the same become due, prior to the time penalties or interest attach thereto and before nonpayment gives rise to a lien on the Land or the Improvements thereon. The term "utility charges" includes all charges for water, sewer, gas, light, power, telephone service, electricity, refuse collection and other utility and communication services rendered or used on or about all or any part of the lease premises or the improvements thereto and all other similar costs and expenses relating to the use, operating and maintenance of the Land and Improvements. Upon substantial completion, utility charges shall be paid by Manager or UND as they may agree among themselves.

5.2 Evidence of Payment. Each party agrees to furnish to each other party notice of any delinquent charges against the property within ten (10) days after the date when any charges against the property become delinquent.

SECTION 6 - LEGAL REQUIREMENTS

6.1 Evidence of Compliance. The Tenant agrees to furnish to UND and/or to Lender within ten (10) days after UND's or Lender's written request therefor, such permits, orders, certificates or other documents as might be reasonably requested by UND or Lender to evidence compliance with any laws, statutes, codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, contracts, directions or requirements applicable to the Land, the Improvements or UND.

SECTION 7 - LIENS

7.1 Liens. Except for the security interest in the Improvements referenced in Section 4.2 above, the Tenant will not directly or indirectly create or permit to be created or to remain any lien, encumbrance or claim affecting the Land or UND's interest under this Agreement. In the event of the filing of any such lien, encumbrance or claim, the Tenant will promptly pay the disputed claim or will deposit with UND such collateral or other assurances as might be reasonably required by UND to protect the Land, UND's interest hereunder and UND from liability or forfeiture by reason of such claims.

SECTION 8 - TRANSFER, ASSIGNMENT, SUBLEASE

8.1 Assignment or Sublease. No assignment or sublease by Tenant shall be made without written approval of UND and any assignment or sublease made without

such approval shall be void; provided, however, that such approval of any assignment or sublease shall not be unreasonably withheld. Upon such assignment or sublease Tenant shall assume full liability for failure of Assignee's or Sublessee's performance.

SECTION 9 - INSURANCE

9.1 Insurance. Throughout the Lease Term at the Tenant's expense, the Tenant will maintain: (a) insurance against the loss or damage to the improvements by fire, lightning, windstorm, hail, explosion, riot, aircraft, vehicles, smoke and other risks commonly included in extended coverage policies written in Grand Forks, North Dakota, in an amount not less than eighty percent (80%) of the full insurable value of the improvements or in such greater amount as is required to comply with the coinsurance provision of any insurance policy maintained by the Tenant; (b) general liability and property damage insurance in an amount of no less than Five Million Dollars (\$5,000,000.00); (c) appropriate worker's compensation insurance; and (d) all other forms of insurance imposed by Legal Requirements or customarily maintained by owners of like property.

9.2 Policy Provisions. All insurance maintained by the Tenant pursuant to Section 9.1 will: (a) name UND, the Lender and the Tenant as insured's as their respective interests appear; (b) include and effective waiver by the insurer of all rights of subrogation against any names insured; (c) provide that the coverage afforded by such policies will not be cancelled by the insurer without a least thirty (30) days prior written notice to UND and to Lender; and (d) be issued by companies and in forms reasonably satisfactory to UND and to Lender in all other respects. Until such time as the Loan has been paid in full, Lender must be named as Loss Payee, and on all policies and coverages Lender must be named as an additional insured. All policies must contain the requirement and condition that any attorney who represents the State of North Dakota under such Insurance policy must first qualify as and be appointed by the North Dakota Attorney General as a Special Assistant Attorney General as required under Section 54-12-08 of the North Dakota Century Code.

9.3 Delivery of Policies. Promptly after execution of this Lease and continuously thereafter during the Lease Term, the Tenant will deliver to UND and to Lender true and correct copies of all insurance policies required by this Lease together with appropriate evidence of payment of the premiums therefor.

9.4 Insurance Proceeds. The insurance proceeds shall be disbursed by Lender to Tenant to be used to repair, restore, or rebuild the improvements. Lender may condition disbursements from such proceeds on approval of plans and specifications, minimum disbursement requirements, submittal of appropriate evidence of completion and on the absence of mechanics' or materialmen's liens and other customary safeguards for construction lenders. Unless the Tenant has the right to use such proceeds under the foregoing sentence, the Lender may, in its sole and absolute

discretion, either apply the proceeds to the Loan balance or disburse them for the purposes of repair or reconstruction.

SECTION 10 - DEFAULT: BREACH: REMEDIES

10.1 Default. In the event of a default or breach of any term of this Lease Agreement by the Tenant, UND shall give written notice of such breach or default to the Tenant and to the Lender and the Tenant shall have thirty (30) days after receipt of such notice to cure such breach or default, and to the reasonable satisfaction of UND. In the event of failure to cure such breach or default, an Event of Default shall exist, and the rights of Tenant under this Lease shall be assigned to the Lender, and the rights, but not the obligation of repayment, of Tenant under the Loan Commitment shall be assigned to UND.

SECTION 11 - MISCELLANEOUS

11.1 Notices. Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement will be deemed to have been given when delivered personally to the party or, when actually received if sent by registered or certified mail, postage and other charged prepaid, or by fax, addressed as follows:

To UND: Peggy Lucke, Interim Vice President
for Finance and Operations
P.O. Box 8378
Grand Forks, ND 58202
Facsimile: 701-777-4082

To the Tenant: Arena Construction, Inc.
4201 University Avenue
Grand Forks, ND 58203
Facsimile: 701 777-4117

To Lender: Sports Lenders, Inc.
P.O. Box 97979
Las Vegas, NV 89193-7979
Facsimile: 702-731-3123

With a copy to: W. Owen Nitz
514 South Third Street
Las Vegas, NV 89101
Facsimile: 702-384-3011

11.2 Governing Law. This Agreement is being delivered and is intended to be performed in the City of Grand Forks, North Dakota, and the substantive laws of the State of North Dakota will govern the validity, construction and enforcement of this Agreement.

11.3 Approvals. When approval by either the Tenant or UND is required hereunder, such approval will not be unreasonably withheld. Unless provision is made for a specific period of time, the period of time in which the right of approval will be exercised will be thirty (30) days after receipt of a written notice requesting such approval. If the party whose approval is required neither approves nor disapproves as proposed action within the applicable period, the party will be deemed to have given approval of such action.

11.4 Binding Effect. This instrument and Attachments and Schedules hereto constitutes the entire agreement between the parties and may not be changed, modified, amended or supplemented except in writing, signed by all parties. All other oral and written agreements, promises and arrangements in relation to the subject matter of this Agreement are hereby rescinded. This Agreement will be binding on each of the parties and their respective successors, heirs, personal representatives and permitted assigns.

11.5 Execution. This Agreement may be executed in multiple counterparts with the same effect as if all parties had signed the same document. All counterparts will be construed together and will constitute one agreement. This Agreement will not be binding on or constitute evidence of an agreement until all parties affix their signatures to a counterpart of this document.

11.6 Time. Time is of the essence of this Agreement.

11.7 Hold Harmless. The Tenant shall indemnify and hold UND harmless from all claims, actions, causes of action, demands, rights, damages, costs, loss of service, and expenses associated with construction, which the parties hereto now have or which may hereafter accrue on account of or in any way growing out of any and all known and unknown, foreseen and unforeseen damages and other losses of any nature, arising out of this Lease Agreement.

11.8 Dispute Resolution. In the event of any dispute which can not be settled by negotiations between the parties, such dispute shall be settled by litigation in state or federal court, or as otherwise mutually agreed by the parties.

11.9 Severability. If any clause or provision of this Lease is illegal, invalid or unenforceable under any present or future law, the remainder of this Agreement will not be affected thereby.

11.10 Construction. The descriptive headings contained in this Agreement are for convenience only and are not intended to define the subject matter of the provisions of this Agreement.

IN WITNESS WHEREOF, the parties have executed this instrument effective the date first above written.

STATE OF NORTH DAKOTA
STATE BOARD OF HIGHER EDUCATION

By: Larry Isaak, Chancellor

UNIVERSITY OF NORTH DAKOTA

By: Charles E. Kupchella, President

ARENA CONSTRUCTION, INC.,
Tenant

By:

Reginald Howell
President

By:

Thomas J. Caffrey
Secretary

ATTEST:

By: Peggy Lucke, Interim Vice President
Finance and Operations

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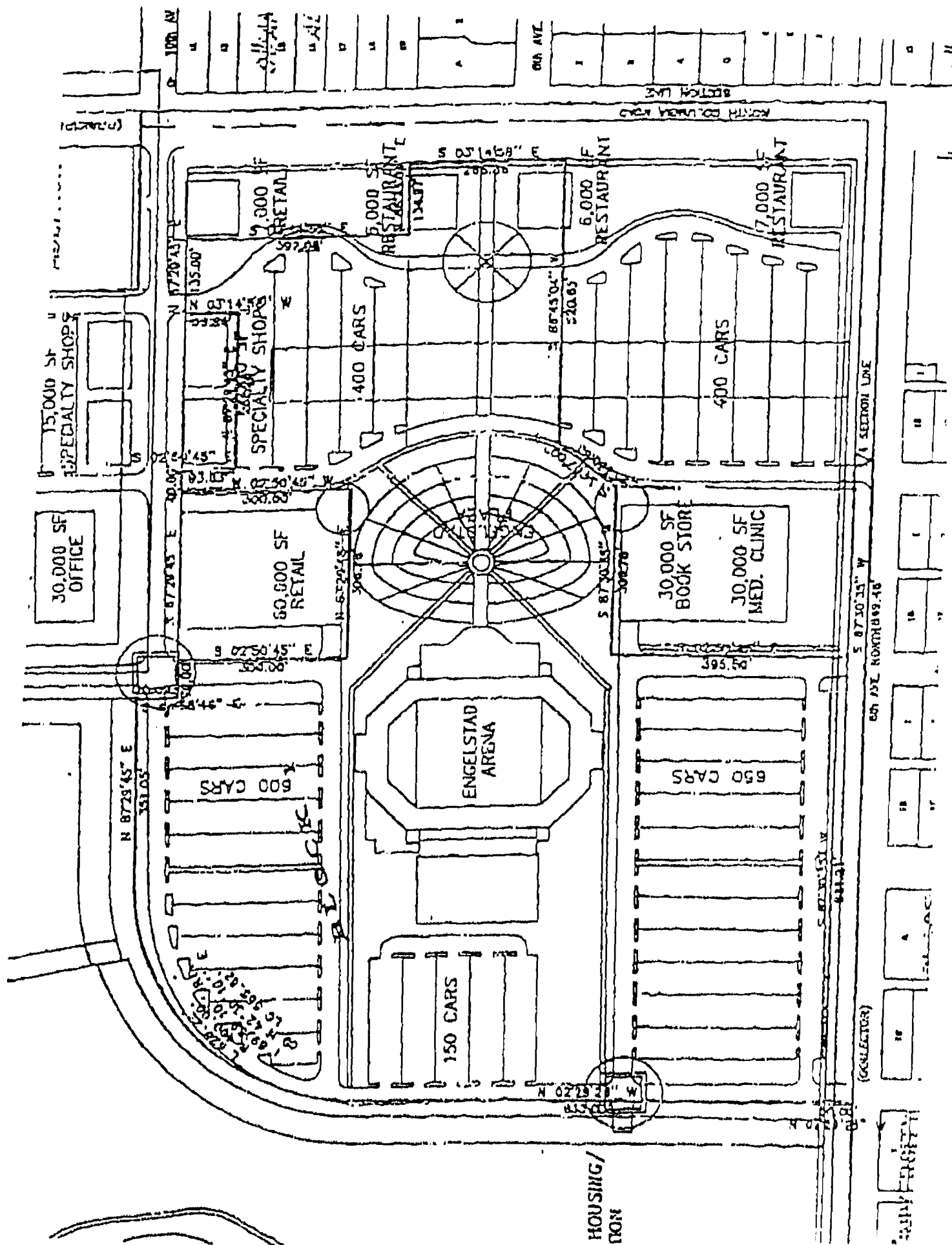
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LEASE NO. 1
SPORTS ARENA SITE
LEGAL DESCRIPTION

A tract of land located in the Northeast Quarter of Section 5, Township 151 North, Range 50 West of the Fifth Principal Meridian, Grand Forks County, North Dakota, described as follows:

Beginning at the East Quarter corner of said Section 5; thence S 87°30'35" W Along the Quarter Section line a distance of 849.48'; thence N 02°29'25" W a distance of 50.00' to the point of beginning; thence N 02°29'25" W a distance of 833.03'; thence around a curve to the right through a central angle of 89°58'10", an arc distance of 628.22', a chord bearing of N 42°30'10" E, a chord distance of 555.62', a radius of 400.00'; thence N 87°29'45" E a distance of 361.06' to a point on the west line of a public roadway and utility easement; thence S 04°58'16" E along said easement a distance of 70.08'; thence N 87°29'45" E along said easement a distance of 70.00'; thence S 02°50'45" E a distance of 300.00'; thence N 87°29'45" E a distance of 306.78'; thence N 02°50'45" W a distance of 300.00' to a point on the south line of a public roadway and utility easement; thence N 87°29'45" E along said easement a distance of 40.00'; thence S 02°50'45" E a distance of 93.83'; thence N 87°29'45" E a distance of 286.28'; thence N 03°14'58" W a distance of 93.84' to a point on the south line of a public roadway and utility easement; thence N 87°29'45" E along said easement a distance of 135.00'; thence S 03°14'58" E a distance of 392.06'; thence N 86°45'04" E a distance of 134.97' to a point on the west line of a public roadway and utility easement; thence S 03°14'58" E along said easement a distance of 266.36'; thence S 86°45'04" W a distance of 520.85'; thence S 34°27'00" W a distance of 130.83'; thence S 87°30'35" W a distance of 306.78'; thence S 02°50'45" E a distance of 395.50' to a point on the north line of a public roadway and utility easement; thence S 87°30'35" W along said easement a distance of 831.21'; to the Point of Beginning containing 1443773 square feet or 33.145 acres more or less.

EXHIBIT A



"SCHEDULE # 2"ARENA PLANS

09-30-99	BID PACKAGE #1
12-06-99	BID PACKAGE #2
12-20-99	BID PACKAGE #2
01-19-00	BID PACKAGE #3
02-28-00	BID PACKAGE #4 VOLUME #1 & #2

PLUSSPECIFICATIONS FOR ALL OF THE ABOVE DATED

09-30-99	
12-06-99	
12-20-99	
12-20-99	ADDENDA #2-1
12-30-99	ADDENDA #2-2
01-04-99	ADDENDA #2-3
01-05-99	ADDENDA #2-4
01-19-00	
02-07-00	ADDENDA #3-1
02-28-00	
03-10-00	ADDENDA #4-1
03-13-00	ADDENDA #4-2

2-28-, 2000

Sports Lenders, Inc.
P.O. Box 97979
Las Vegas, NV 89193-7979

To Whom It May Concern:

Please be advised that the undersigned, Ralph Engelstad, hereby personally guarantees all of the obligations of Sports Lenders, Inc. contained in that certain Loan Commitment, a copy of which is attached hereto, from the moment in time that said Loan Commitment is executed by Sports Lenders, Inc. It is my intention that the personal guarantee contained in this letter shall survive my death and shall be binding upon my heirs, assigns and personal representatives and that this letter shall constitute a contract to make a will providing for payment from my estate of such funds as are necessary to honor this personal guarantee.

Very truly yours,


Ralph Engelstad

Enclosures

March 28, 2000

Arena Construction, Inc.
4201 University Avenue
Grand Forks, ND 58203

LOAN COMMITMENT

To Whom it May Concern:

SPORTS LENDERS, INC., a Nevada corporation (hereinafter "Lender"), is pleased to advise you that Lender hereby agrees and commits to make a loan (the "Loan") which shall be subject to the conditions set forth herein.

This Commitment and the loan which may result therefrom are to be governed by the laws of the State of Nevada.

BORROWER:

The borrowing entity is Arena Construction, Inc. a Nevada corporation.

AUTHORITY:

Borrower shall furnish to Lender prior to the closing of the loan provided herein such certificates, resolutions and other documentation evidencing the authority of Borrower to execute the loan documents and consummate the loan as Lender may reasonably require. Specifically, Borrower shall furnish a certificate of good standing and a corporate resolution authorizing the borrowing of the funds provided for herein. As used in this section, the term "Closing" shall refer to the process up to and including the day on which the documents have been executed and recorded and the first draw request has been submitted, approved and disbursed.

PURPOSE OF THE LOAN:

The proceeds of this loan shall be used, solely to provide construction funds for a

Arena Construction, Inc.

_____, 2000

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winter sports facility at the University of North Dakota ("UND"), and for no other purpose whatsoever, in accordance with the Plans, Specifications And Addenda As Defined By Ralph Engelstad Hockey Arena Bid Package Number 1, Building Excavation, Pillings, Drainage System, Ice Rink System, Set Number 14, Dated 9/30/99 (the "Plans and Specifications") and other improvements incidental thereto (the "Improvements"). The Improvements are to be constructed on the Land described as Exhibit A hereto. The Improvements shall be used for UND hockey and all hockey-related activities, state high school hockey, other high school hockey, and other events such as concerts, wrestling, ice shows, figure skating, NHL exhibitions, and other sports, educational or entertainment events in accordance with a schedule of events to be developed and maintained by Manager, and prepared in accordance with ACI's policies and procedures, and applicable law.

LOAN AMOUNT:

The loan amount shall be up to Fifty-Six Million and 00/100 Dollars (\$56,000,000.00).

INTEREST RATE:

The rate of Interest shall be Nine Percent (9%) per annum.

LOAN TERM AND PAYMENT OF PRINCIPAL AND INTEREST:

Interest and principal shall be payable upon demand of Lender.

DOCUMENTS:

1. Note: The loan shall be evidenced by a Promissory Note, (hereinafter "Note") in the face amount of the loan executed by the Borrower, and shall provide for interest and repayment as stated above. The Note shall be secured by a Security Agreement and a UCC-1 financing statement shall be filed in the office of the North Dakota Secretary of State and also in the office of the register of deeds in the County where the Improvements are located.

2. Assignment of Leases: The Borrower shall execute an assignment of any and all rents, leases and contract payments with respect to the Land and the Improvements.

Arena Construction, Inc.

_____, 2000

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TERMS AND CONDITIONS:

This commitment is subject to the following terms and conditions, each and all of which are considered material and to which Borrower agrees:

1. Documents and Satisfaction of Requirements: The form and substance of all documents, insurance policies and the satisfaction and timing of any and all requirements herein shall be in all respects satisfactory to Borrower and Lender.
2. Lease Agreement: Borrower shall enter into a Lease Agreement for the Land with UND, in a form acceptable to Lender.
3. Management Agreement: UND shall enter into a Management Agreement with Ralph Engelstad Arena, Inc. (REA), in a form acceptable to Lender, to manage maintain and operate the Improvements, until the termination of the Management Agreement.
4. Litigation: Borrower will promptly furnish Lender a written notice in the event of any litigation affecting Borrower, or the Land or Improvements.
5. Insurance: Prior to closing, Borrower shall furnish to Lender a binder for the following insurance issued by a company of Borrower's selection rated as A Class VI or B+ Class XI or better in the most current issue of Best's Key Rating Guide:
 - a. Insurance against the loss or damage to the Improvements by fire, lightning, windstorm, hail, explosion, riot, aircraft, vehicles, smoke and other risks commonly included in extended coverage policies written in Grand Forks, North Dakota, in an amount not less than eighty percent (80%) of the full insurable value of the Improvements or in such greater amount as is required to comply with the coinsurance provision of any insurance policy maintained by the Borrower;
 - b. Borrowers' General Liability and Property Damage Insurance Policy in and amount of no less than \$5,000,000.00.
 - c. If Borrower is not its own Contractor, Borrower shall require its Contractor to obtain broad form Contractors' Liability Insurance Policy.

Arena Construction, Inc.

_____, 2000

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d. Workers Compensation Insurance Policy.

All such insurance maintained by the Borrower will: (a) name UND, the Lender, and the Borrower as insureds as their respective interests appear; (b) include an effective waiver by the insurer of all rights of subrogation against any names insured; (c) provide that the coverage afforded by such policies will not be cancelled by the insurer without a least thirty (30) days prior written notice to UND and to Lender; and (d) be issued by companies and in forms reasonably satisfactory to UND and to Lender in all other respects. Until such time as the Loan has been paid in full, Lender must be named as Loss Payee, and on all policies and coverages Lender must be named as an additional insured. All policies must contain the requirement and condition that any attorney who represents the State of North Dakota under such Insurance policy must first qualify as an be appointed by the North Dakota Attorney General as a Special Assistant Attorney General as required under Section 54-12-08 of the North Dakota Century Code. Promptly after closing and continuously thereafter during the lease term the Borrower will deliver to UND and to Lender true and correct copies of all such insurance policies together with appropriate evidence of payment of the premiums therefor. The insurance proceeds shall be disbursed by Lender to Borrower to be used to repair, restore, or rebuild the Improvements. Lender may condition disbursement upon approval of plans and specifications, minimum disbursement requirements, submittal of appropriate evidence of completion and on the absence of mechanics' or materialmen's liens and other customary safeguards for construction lenders. Unless the Borrower has the right to use such proceeds under the foregoing sentence, the Lender may, in its sole and absolute discretion, either apply the proceeds to the Loan balance or disburse them for the purposes of repair or reconstruction.

6. Laws: The Borrower shall construct improvements of a first-class quality in compliance with all applicable ordinances, building codes and zoning, environmental, ecological and other applicable laws and regulations and shall provide Lender with a Certificate of Occupancy issued by the municipality upon completion of the construction. This requirement shall be satisfied by the City's issuance of a building permit which shall establish initial compliance; subsequent inspection reports issued by the City shall confirm ongoing compliance.

7. Costs and Fees: The Borrower's acceptance hereof constitutes agreement to pay all customary and reasonable costs, fees and expenses incurred in connection with this Commitment and the subject loan, including, but not limited to, title insurance,

Arena Construction, Inc.

_____, 2000

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attorney's fees, costs of recording, documentary stamps and other taxes, costs of surveys, appraisal fees, review consultant's fees, costs incurred by additional construction procedures required by Lender, reconveyance fees and costs and all such direct or out-of-pocket expenses incurred in connection herewith by Lender.

8. Hold Harmless: The Borrower shall defend, indemnify, and hold Lender harmless against and from any and all claims of any nature arising from this loan transaction.

9. Assignment of Proceeds: Except as provided below, neither this Commitment nor the loan proceeds shall be assignable without Lender's prior written consent, and without such consent there shall be no right to designate a payee of such loan proceeds. Upon default by Borrower of any of the terms of this commitment, or upon the occurrence of an Event of Default by Borrower as an Event of Default is defined in the Lease Agreement, Borrower shall assign this commitment and the right to receive the loan proceeds thereunder to UND, but UND shall not be deemed to have assumed the obligation of repayment of loan proceeds.

10. Plans and Specifications: Complete working drawings and specifications, including architectural structural, mechanical, plumbing and electrical, and any soils report of so required by Lender, shall be submitted to and approved by Lender prior to construction. Borrower shall not make any substantial change in the Plans and Specifications without the prior written consent of Lender. Neither Lender's approval of the Plans and Specifications, nor any subsequent inspections or approvals of the project during construction shall constitute a warranty or representation by Lender or any of its agents, representatives or designees as to the technical sufficiency or adequacy or safety of the structures of any of their component parts or any other physical condition.

11. Construction Loan Disbursements: Disbursements of loan proceeds shall be substantially in accordance with the Lender's requirements.

12. Inspection by Lender: Representatives of Lender, its participants and assigns shall be permitted to inspect the improvements as they are constructed.

13. Liens: The Borrower shall not permit any liens to exist on the Land or the improvements thereon.

14. Availability of Utilities: Borrower warrants, and shall supply evidence satisfactory to Lender that until substantial completion of the improvements, all appropriate

Arena Construction, Inc.

_____, 2000

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utilities, including water, sewer, gas, electricity, and telephone, are or will be available in sufficient quantities and at proper times for the successful operation of the Improvements. This requirement shall be satisfied by the City's issuance of the building permit, along with letters from utility companies confirming availability of the utilities.

15. Oral Representation: This Commitment constitutes the sole agreement between the parties and there are and will be no oral representations which will be binding upon any of the parties hereto. Failure to execute or defective execution by any Borrower, or any other party, shall not affect the validity of the Commitment as to any other Borrower, or party executing the same, and each such other Borrower, and other party shall remain fully bound and liable hereunder.

16. Severability: This Commitment represents the entire agreement between the parties hereto and may not be changed unless in writing by both parties. In the event that any portion of this Commitment is declared invalid or ineffective, it shall not affect the validity and enforceability of the remainder hereof.

17. Closing: This Loan will be closed and disbursements commenced upon Lender's approval of all necessary documentation and upon Lender's notice to Borrower thereof.

18. Acceptance: It is a condition of this Commitment, that the Borrower accepts this Commitment in writing by signing the original and returning the accepted letter to Lender's office prior to the close of its business day on March 30, 2000. By acceptance of this Commitment Letter, the Borrower warrants that the purpose of the loan transaction referred to herein is exclusively for business or commercial purpose. In the event this Commitment is not so accepted within said time, it shall terminate. Time is hereby deemed of this essence to the Commitment and all obligations hereof.

Very truly yours,

SPORTS LENDERS, INC

By: 

receive necessary expenses in the same manner and amounts as other state officials for attending meetings and performing other functions of their office.

5. The legislature shall provide adequate funds for the proper carrying out of the functions and duties of the state board of higher education.
6.
 - a. The state board of higher education shall hold its first meeting at the office of the state board of administration at Bismarck, on the 6th day of July, 1939, and shall organize and elect one of its members as president of such board for a term of one year. It shall also at said meeting, or as soon thereafter as may be practicable, elect a competent person as secretary, who shall reside during his term of office in the city of Bismarck, North Dakota. Said secretary shall hold office at the will of the board. As soon as said board is established and organized, it shall assume all the powers and perform all the duties now conferred by law upon the board of administration in connection with the several institutions hereinbefore mentioned, and the said board of administration shall immediately upon the organization of said state board of higher education, surrender and transfer to said state board of higher education all duties, rights, and powers granted to it under the existing laws of this state concerning the institutions hereinbefore mentioned, together with all property, deeds, records, reports, and appurtenances of every kind belonging or appertaining to said institutions.
 - b. The said state board of higher education shall have full authority over the institutions under its control with the right, among its other powers, to prescribe, limit, or modify the courses offered at the several institutions. In furtherance of its powers, the state board of higher education shall have the power to delegate to its employees details of the administration of the institutions under its control. The said state board of higher education shall have full authority to organize or reorganize within constitutional and statutory limitations, the work of each institution under its control, and do each and everything necessary and proper for the efficient and economic administration of said state educational institutions.
 - c. Said board shall prescribe for all of said institutions standard systems of accounts and records and shall biennially, and within six (6) months immediately preceding the regular session of the legislature, make a report to the governor, covering in detail the operations of the educational institutions under its control.
 - d. It shall be the duty of the heads of the several state institutions hereinbefore mentioned, to submit the budget requests for the biennial appropriations for said institutions to said state board of higher education; and said state board of higher education shall consider said budgets and shall revise the same as in its judgment shall be for the best interests of the educational system of the state, and thereafter the state board of higher education shall prepare and present to the state budget board and to the legislature a single unified budget covering the needs of all the institutions under its control. "Said budget shall be prepared and presented by the board of administration until the state board of higher education organizes as provided in subsection 6a." The appropriations for all of said institutions shall be contained in one legislative measure. The budgets and appropriation measures for the agricultural experiment stations and their substations and the extension division of the North Dakota state university of agriculture and applied science may be separate from those of state educational institutions.
 - e. The said state board of higher education shall have the control of the expenditure of the funds belonging to, and allocated to such institutions and also those appropriated by the legislature, for the institutions of higher

education in this state; provided, however, that funds appropriated by the legislature and specifically designated for any one or more of such institutions, shall not be used for any other institution.

7.
 - a. The state board of higher education shall, as soon as practicable, appoint for a term of not to exceed three (3) years, a state commissioner of higher education, whose principal office shall be at the state capitol, in the city of Bismarck. Said commissioner of higher education shall be responsible to the state board of higher education and shall be removable by said board for cause.
 - b. The state commissioner of higher education shall be a graduate of some reputable college or university, and who by training and experience is familiar with the problems peculiar to higher education.
 - c. Such commissioner of higher education shall be the chief executive officer of said state board of higher education, and shall perform such duties as shall be prescribed by the board.
 8. This constitutional provision shall be self-executing and shall become effective without the necessity of legislative action.

functions of office. The legislative assembly shall provide adequate funds to carry out the functions and duties of the board.

15-10-09. President and secretary of board - Appointment - Term. The state board of higher education shall elect one of its members annually to serve as president of the board for a term of one year. It shall elect a competent person as secretary, who shall hold office at the will of the board and shall reside, during his term of office, in the city of Bismarck.

15-10-10. State commissioner of higher education - Qualification - Appointment - Term - Removal. The state board of higher education, as soon as practicable, shall appoint, for a term of not to exceed three years, a state commissioner of higher education whose principal office must be at the state capitol. The commissioner of higher education is responsible to the board and is removable by the board for cause. He must be a graduate of some reputable college or university who by training and experience is familiar with the problems peculiar to higher education. He must be the chief executive officer of the board and shall perform such duties as must be prescribed by it.

15-10-11. Authority and general powers of board. The state board of higher education has full authority over the institutions under its control with the right to prescribe, limit, or modify the courses offered at the several institutions. In furtherance of its powers, the board has the power to delegate to its employees details of the administration of the institutions under its control. The board has authority to organize or reorganize, within constitutional and statutory limitations, the work of each institution under its control, and to do everything necessary and proper for the efficient and economical administration thereof.

15-10-12. Board may accept gifts and bequests - Deposit of funds. The state board of higher education may, subject to the limitations of section 15-10-12.1, receive donations, gifts, grants, and bequests offered or tendered to or for the benefit of any institution of higher education under its control or subject to its administration, and all moneys coming into the hands of the board as donations, gifts, grants, and bequests must be used for the specific purpose for which they are donated or given. A special revenue fund, for each institution of higher education under the control of the board or subject to its administration, must be maintained within the state treasury and all institutional income from tuition collections must be placed in the special fund for the use of the institution for which the money was raised. All rent, interest, or income from land, money, or property, donated or granted by the United States and allocated to specific institutions of higher learning under the terms of the Enabling Act and the Constitution of North Dakota must be deposited in the special revenue fund of each institution and expended in accordance with section 1 of article IX of the Constitution of North Dakota. Moneys in the special revenue fund are subject to legislative appropriations. All other funds, unless restricted by the terms of a grant, donation, or bequest, received by the institutions from federal, state, and local grants and contracts, indirect cost recoveries, special student fees, room and board fees and other auxiliary enterprise fees, student activity fees, continuing education program fees, internal service fund revenues, and all other revenues must be deposited in the institution special revenue funds. The state treasurer shall immediately transfer the funds deposited in the special revenue funds to institution accounts in the Bank of North Dakota. Biennial estimates of revenue and expenditures of the other funds by source of funds must be presented at the same time biennial budget requests for appropriations from the special revenue fund and state general fund are prepared and submitted to the office of the budget pursuant to section 15-10-15. Payments from each institution's general fund appropriation must be made in amounts as may be necessary for the operation and maintenance of each institution, except that at the close of the biennium the balance of funds not paid from the general fund appropriation must be deposited in the special revenue funds of the institutions. All such appropriations are subject to proration in the same manner as other appropriations are prorated if insufficient funds are available to meet expenditures from the general fund. Sinking funds for the payment of interest and principal of institutional revenue bonds must be deposited pursuant to section 15-55-06.

15-10-12.1. Acceptance of buildings and campus improvements - Legislative approval. The state board of higher education may not authorize the construction of buildings and campus improvements on land under the control of the board which are financed by

donations, gifts, grants, and bequests without the consent of the legislative assembly. During the time the legislative assembly is not in session, except for the six months preceding the convening of a regular session, and unless otherwise restricted by previous legislative action or other law, the state board of higher education, with the approval of the budget section of the legislative council, may authorize the use of land under the control of the board and construct buildings and campus improvements thereon which are financed by donations, gifts, grants, and bequests. The budget section approval must include a specific dollar limit for each building or campus improvement project. The budget section may establish guidelines regarding the types of gifts for minor improvements which do not require the approval of the budget section based upon the financial impact of such construction projects upon the state of North Dakota. The state board of higher education, with the approval of the budget section, may authorize the sale of any real property or buildings which an institution of higher learning has received by gift or bequest. The budget section may prescribe such conditions for the sale of the property as it determines necessary, including requiring an appraisal and the advertisement for bids. If the state board of higher education submits a request to the budget section for approval, the legislative council shall notify each member of the legislative assembly of the date of the budget section meeting at which the request will be considered and provide a copy of the meeting agenda to each member of the legislative assembly. The chairman of the budget section shall allow any member of the legislative assembly an opportunity to present testimony to the budget section regarding any such request.

15-10-12.2. College and university investment income. All income earned on college and university funds not deposited in the state treasury must be retained by those funds.

15-10-13. Faculties of institutions under supervision of state board of higher education - Rules and regulations. In each institution of higher education under the control and subject to the administration of the state board of higher education, the faculty shall consist of the president, instructors, teachers, and assistants. The faculty shall adopt, subject to such rules and regulations as the state board of higher education may establish, all necessary rules and regulations for the government of the school.

15-10-13.1. Faculty - English language proficiency. Any professor, instructor, teacher, assistant, or graduate assistant at a state institution of higher education must exhibit written and verbal proficiency in the English language. Any deficiency must be remedied by special training or coursework provided by the institution.

15-10-14. Accounts and records of institutions - Examination and audit. The state board of higher education shall prescribe for all of the institutions under its control standard systems of accounts and records. The board shall require financial statements on a quarterly basis from each institution, which must be in such form as the board shall prescribe and the board has the authority to examine, review, and audit the books and records of the institutions under its control. Such institutions shall provide such financial information and such assistance in the conduct of the board's reviews and audits as the board may request.

15-10-14.1. Higher education reports. The state board of higher education shall submit the reports required pursuant to section 15-10-14.2 and such other reports as may be requested by the legislative assembly or governor.

15-10-14.2. Higher education system review - Plan - Report to legislative council.

1. In 2002, and every six years thereafter, the state board of higher education shall report to the legislative council and the governor on the status of the university system, including the long-term goals and objectives that will best serve the citizens of this state.
2. During each year, except those years when reports are required by subsection 1, the state board of higher education shall:

Ralph Engelstad Arena, Inc.

Arena Construction, Inc.

Arena Construction, Inc.

And

Ralph Engelstad Arena, Inc.

Article 1

Retention of Manager

04

Article 2

Commencement Date and Term

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Article 3

Management Agreement

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MANAGEMENT AGREEMENT

This MANAGEMENT AGREEMENT ("Agreement"), made and entered into as of March 1, 2000, by and between the Arena Construction, Inc., with offices at 4201 University Avenue, Grand Forks, ND 58202 (ACI), and RALPH ENGELSTAD ARENA, INC., a Nevada corporation, with offices at 4201 University Avenue, P.O. Box 12080, Grand Forks, ND, 58208-2080 (Manager).

WHEREAS, the University of North Dakota (UND) owns the land (the "Land") upon which the Ralph Engelstad Arena, a multipurpose sports and entertainment arena, is being built; and

WHEREAS, during the term of that certain Lease Agreement (the "Lease") by and between UND and Arena Construction, Inc. ("ACI"), ACI shall hold the title to the Ralph Engelstad Arena and ACI is the Tenant of the Land; and

WHEREAS, Manager is willing to manage and market the Ralph Engelstad Arena; and

WHEREAS, during the term of this Agreement, ACI has selected Manager to provide said management and marketing services (Services), and Manager desires to accept such engagement;

NOW THEREFORE, in consideration of the premises and the mutual promises set forth herein and other consideration the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

RETENTION OF MANAGER

Arena Construction, Inc.

Ralph Engelstad Arena, Inc.

ACI hereby retains Manager as an independent contractor for the purpose of performing the Services described in this Agreement. Subject to the terms and conditions set forth herein, Manager agrees to provide the Services in accordance with this Agreement, which will be performed consistent with the procedures, policies and contract forms approved by ACI. Manager shall efficiently and effectively manage the timely development; the marketing and sales effort; and the operations of the Ralph Engelstad Arena in a manner that best serves UND's needs. Manager agrees to furnish its best skill and judgment in performing the Services and to cooperate with UND's agents in furthering the interests of UND. Manager agrees to use its best efforts to furnish efficient business administration and supervision and to maximize revenues for the Ralph Engelstad Arena. The term "UND" shall mean UND and/or UND's designated agents. Manager will also continue to provide design, construction, commissioning and sales services as set forth in Exhibit 1. UND and ACI acknowledge that they will cooperate with Manager to operate the Ralph Engelstad Arena according to those sound business practices and industry standards.

The parties to this Agreement acknowledge that UND will retain title and ownership of the Land, and that during the term of the Lease, ACI will retain ownership and exclusive control of the Ralph Engelstad Arena, and that Manager will not acquire title to, any security interest in, or any rights of any kind in or to the Land or to the Ralph Engelstad Arena.

ARTICLE 2

COMMENCEMENT DATE AND TERM

The Agreement shall commence upon the execution hereof (the "Commencement Date") and expire on September 30, 2030 and at such time as ACI shall provide

Ralph Engelstad Arena, Inc.

Arena Construction, Inc.

marketable title to the Improvements, or such earlier date that coincides with the termination of the Lease. ACI will provide Manager with ninety (90) days written notice of termination.

ARTICLE 3

MANAGEMENT AGREEMENT

3.1 Provision of Services. During the term and any renewal term of this Agreement, Manager shall provide the Services generally described in this Article 3 and Exhibit 1.

3.2 Grant to Manager. ACI agrees that the Manager will have the exclusive right to manage, market, promote, operate and maintain the Ralph Engelstad Arena, and to sell sponsorship rights and advertising at the Ralph Engelstad Arena during the term and any renewal term of this Agreement. 3.3 Manager's Responsibilities. Manager's responsibilities will include, though not necessarily be limited to, the obligations set forth below and in Exhibit 1.

No later than twelve (12) months in advance of the opening of the facility, Manager shall prepare and submit to ACI for approval a Facility Operations Manual (FOM) addressing any and all its services, reports and contract forms. ACI's approval will not be unreasonable withheld. Once approved, the FOM is incorporated into this Agreement by this reference.

3.3.1 Marketing and Promotion. Manager shall manage and direct all marketing and sales activities. Manager will conduct a promotional campaign for the Ralph Engelstad Arena in accordance with a plan for promotion which shall be prepared and submitted to ACI for approval within (90) days after the date of this Agreement. The plan for promotion shall be reviewed and updated at least once each year with the

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Ralph Engelstad Arena, Inc.

proposed plan update delivered to ACI simultaneously with the delivery of the Annual Budget.

3.3.2 Scheduling. Manager shall develop and maintain all Ralph Engelstad Arena event schedules. These shall be prepared in accordance with ACI's policies and procedures, and applicable law. Manager shall negotiate event agreements, based on ACI approved forms.

3.3.3 Operations Plan. In addition to the Business Plan referenced in Section 3.5 hereof, Manager shall prepare and develop an annual operations plan, including an Annual Budget, as referenced in Article 4, which shall be submitted to ACI by 30 days before the 1st day of ACI's fiscal year. The goals of the Business Plan shall be reflected in the Annual Budget.

3.3.4 Concessions. Manager will manage the concession services at the Ralph Engelstad Arena for the sale through manual service, vending machines and other methods (Concessions), of the commodities and services set forth in subsections (i) through (iv):

(i) foods of all kinds, including candies, cooked foods, prepared foods, ready to serve foods, sweets, desserts, ice cream and popcorn;

(ii) beverages of all kinds, including alcoholic beverages, to the extent they may legally be sold now, or hereafter may become legally able to be sold, in accordance with applicable laws, ordinances, rules and regulations;

(iii) tobacco and tobacco products to the extent that they may legally be sold now, or hereafter may become legally able to be sold, in accordance with applicable laws, ordinances, rules and regulations; and

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Ralph Engelstad Arena, Inc.

(iv) tee-shirts, programs, souvenirs and other "novelty" items (Novelties)

Manager may subcontract concession and catering services subject to ACI's approval, and shall manage these subcontracts.

3.3.5 Maintenance, Custodial Services, Pest Control, Snow Removal, Trash Removal, etc. Manager shall manage, directly or through ACI approved subcontracts, the maintenance of the Ralph Engelstad Arena and its grounds.

3.3.6 Operations Service. Manager shall manage, directly or through ACI approved subcontracts, services required to stage (set up and tear down) the Ralph Engelstad Arena for each event. Manager shall hire and manage all required and necessary management staff, ticket sales personnel, ushers and other personnel.

3.3.7 Ticket Sales. Manager shall manage, directly or through ACI approved subcontracts, ticket sales for events and activities including computerized tickets. Ticket sales services shall include ordering, selling and accounting for tickets, reporting tickets, reporting ticket revenues for a given event for each user of the Ralph Engelstad Arena, cash and credit card processing, complete auditing and accounting for each event, and providing an accounting of the event income and expenses within ten days after each event is held.

3.3.8 Security. Manager shall manage, directly or through ACI approved subcontracts, security and traffic / pedestrian movements and circulations for events at the Ralph Engelstad Arena and for general security when events are not in progress.

3.3.9 Licenses and Permits. Manager shall obtain and maintain all licenses and permits necessary for the management and operation of the Ralph Engelstad Arena.

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3.3.10 Revenues; Bank Accounts and Payment of Operating Expenses. Manager shall be responsible for the collection of all Revenues and approving payments of Operating Expenses, as defined in Exhibit 2. Manager shall process payments and remittances in accordance with ACI's approved procedures. "Revenue" is defined as the total amount received by Manager or any other person or entity operating on Manager's behalf from third parties, directly or indirectly arising out of or connected with or on behalf of the Ralph Engelstad Arena. The designation of any banks necessary to implement this or other paragraphs in this agreement shall be made by the Manager, and such bank will be a bank of Grand Forks, ND. Accounts will be established for (i) Revenues from the sale of tickets to events at the Ralph Engelstad Arena (Box Office Account), (ii) all other receipts and disbursements related to the Agreement (Operating Account). Revenues from the sale of tickets to Ralph Engelstad Arena events shall be deposited by Manager in the Box Office Account. After payment from such tickets sales Revenues of all event-related expenses as set forth in Exhibit 3, ACI shall transfer the remaining event ticket sales Revenues to the Operating Account. All other Ralph Engelstad Arena Revenues collected by Manager shall be deposited in the Operating Account. Manager will approve disbursements from the Box Office Account to promoters or performers in any amount due the performer or promoter and approve Expenses from the Operating .. At least semi-annually, Manager shall pay to UND for use by the Athletic Department, a royalty, consisting of the income before royalty for the period ending 6 months prior.

3.3.11 Staffing. Manager shall employ or contract all Ralph Engelstad Arena personnel staffing.

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3.4 Relationship of Parties. Manager is an independent contractor and shall not be deemed to be an employee, agent, fiduciary, joint venturer or partner of UND or of ACI. The Authority of the Manager shall be limited to those matters which are specifically addressed in this Agreement.

3.5 Business Plan. Within ninety (90) days after the date of this Agreement, Manager shall submit to ACI for approval a complete business plan for the first year of this Agreement (the "Business Plan") which will augment and incorporate the marketing plan and budgets previously submitted and approved by ACI. The Business Plan shall be a marketing plan and projection of Revenues and Operating Expenses for each Contract Year during the term and any renewal terms of this Agreement. It shall include an analysis of the basis and assumptions underlying each line item of Revenues and Operating Expenses. Manager shall update the Business Plan on an annual basis and shall deliver the same to ACI simultaneously with the delivery of the Annual Budget.

ARTICLE 4

ANNUAL BUDGET

4.1 Delivery of Budget. Manager shall submit to ACI a proposed Annual Operating Budget for each fiscal year, listing all projected Revenues and Operating Expenses by category, with explanations and assumptions for each Revenue and Operating Expense line item. The proposed Annual Budget shall include a proposed event rent structure for the ensuing fiscal year, segregated and classified, if necessary, by types of events to be held at the Ralph Engelstad Arena.

4.2 Review of Budget. The proposed annual budget shall be reviewed by ACI within thirty (30) days after submission. Upon approval by ACI, which approval

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shall be granted or refused in ACI's sole discretion, the proposed annual budget shall become the final annual budget (the "Annual Budget") for the next fiscal year. ACI's approval will not be unreasonably withheld.

4.3 Revision of Annual Budget. Manager and ACI may revise the Annual Budget at any time by mutual written agreement.

4.4 Certified Statements. Within thirty (30) days after the end of each calendar month and within forty-five (45) days after the end of each Contract Year, as the case may be, Manager shall deliver to UND and ACI a true and correct statement, certified as true and correct by an officer of Manager, of all Revenues and Operating Expense of the preceding calendar month and Contract Year, as the case may be, together with any reasonable supporting documentation requested by UND or ACI. Manager shall provide an accounting of each event held at the Ralph Engelstad Arena in said monthly reports for the previous calendar month.

ARTICLE 5

MANAGEMENT FEES AND REIMBURSABLE EXPENSES

5.1 Management Fee. The annual Management Fee for Ralph Engelstad Arena, Inc. is for the sum of one dollar. All expenses incurred by REA will be paid for out of the annual budget for Ralph Engelstad Arena.

ARTICLE 6

CONCESSIONS

6.1 Operations. Manager shall cause the Concessions to be operated and conducted so that all persons who patronize the Ralph Engelstad Arena shall always be promptly and satisfactorily served. All foods and beverages sold shall be of the highest

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standard of quality and purity for the type of food or beverage provided, shall be stored and handled at all times consistent with excellent standards of sanitation, preservation and purity, shall always be well prepared and satisfactorily served and shall always conform to the requirements of all applicable federal, state and municipal laws, statutes, ordinances and regulations. Unless disclosed in accordance with applicable law, no imitation, adulterated or misbranded commodities shall be stored, displayed or sold by Manager or any concessionaire. The quality, quantity, price and brands of all items of food, liquor, beer or other items to be sold shall be determined by Manager consistent with the standard of operation required by Section 7.1 hereof.

6.2 Ordinary Maintenance. Manager will be responsible for the ordinary housekeeping and cleaning of the Ralph Engelstad Arena and all equipment.

ARTICLE 7

GENERAL TERMS AND CONDITION

7.1 Standard of Operation. Manager shall maintain an efficient and high quality operation at the Ralph Engelstad Arena.

7.2 Accounting Records, Reports and Practices.

7.2.1 Maintain Records. Manager shall maintain accounting records related to the Ralph Engelstad Arena using accounting practices in accordance with generally accepted accounting principles consistently applied and ACI's existing procedures.

7.2.2 Internal Financial Controls. Managers shall establish internal financial control policies and practices which are in accordance with generally accepted standards

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Ralph Engelstad Arena, Inc.

in the industry, consistent with ACI's approved procedures, and reasonably acceptable to ACI.

7.2.3 ACI and UND Access. ACI and UND shall have unlimited and total access to all accounting records and supporting documentation of Manager relating to the Ralph Engelstad Arena during the term and any renewal terms of this Agreement. All such records shall be submitted to UND, if Manager is terminated. Such right to access shall be exercised in a reasonable manner, times and places.

7.3 Termination of the Agreement. Manager may terminate this Agreement upon thirty (30) days written notice to ACI and to UND. This Agreement shall also terminate upon termination of the Lease.

7.4 Insurance, Indemnity and Waiver of Subrogation.

7.4.1 Employment Matters. Manager shall indemnify, defend and hold harmless ACI and UND from all costs, expenses, claims or damages resulting from any failure of Manager to comply with this Section 7.4.1.

7.4.2 Liability Insurance. Liability insurance will be carried by the Manager in such amounts and companies as required by ACI and UND

7.4.3 UND, ACI, and Manager and all parties claiming under them, including any and all participants in the construction of the Ralph Engelstad Arena, hereby release and discharge the other from all claims and liabilities arising from or caused by any hazard covered by any insurance provided under Section 7., except worker's compensation, regardless of the cause of the damage or loss. This release shall apply only to the extent that such loss or damage is covered by insurance and only so long as the applicable insurance policies contain a clause to the effect that this release shall not

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affect the right of the insured to recover under such policies, except such rights as they may have to the proceeds of such insurance held by UND as trustee. UND, ACI, and Manager shall require similar waivers from any and all participants in the construction of the Ralph Engelstad Arena and/or its operations. The Policies of insurance referred to in this Section will be endorsed to provide for the foregoing waiver of subrogation.

7.4.4 To the fullest extent permitted by applicable law, the Manager agrees to indemnify, defend hold harmless, ACI and UND from and against any and all claims, suits, actions, judgments, fines, penalties, loss damage, costs, or expense (including but not limited to attorney's and consultants' fees and other associated expenses), whether direct or indirect for bodily injuries and/or property damage (including loss of use thereof) arising out of Manager's activities or resulting from the performance of services or the delivery of goods called for by this Agreement. The maximum liability of Manager under the foregoing indemnity shall not exceed the insurance coverages provided by Manager under this Section 7. This indemnity shall be applicable only if the protection provided ACI and UND under this Section 7 is inadequate. Such obligations shall not be construed to waive, negate, abridge or reduce other rights or obligations of indemnity which would otherwise exist as to the Manager, ACI, or UND

ARTICLE 8

MISCELLANEOUS PROVISION

8.1 Employees of Manager. All persons engaged at the Ralph Engelstad Arena in providing any of the Services hereunder shall be the sole and exclusive employees of Manager and shall be paid by Manager as reimbursable expenses, except for those individuals employed or utilized by subcontractors of Manager, as provided for

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In this Agreement, but in no event shall they be deemed to be an employee of UND or of ACI. In connection with the employment of its employees, Manager shall pay all applicable social security, reemployment insurance, worker's compensation or other employment taxes or contributions to insurance plans, and retirement benefits, and shall comply with all federal and state laws and regulation relating to employment generally, such as minimum wages, social security, reemployment insurance and worker's compensation, and shall defend, indemnify and save UND and ACI harmless from any responsibility therefor. Manager shall comply with all applicable laws, ordinances and regulations including, without limitation, those pertaining to human rights and non-discrimination, as the same may be amended from time to time, all of which are incorporated herein by reference. Manager will employ trained and neatly uniformed employees and said employees shall conduct themselves at all times in a proper and respectful manner. Any dismissal shall be in accordance with Manager's corporate policy and applicable federal, state or local laws which may be in effect and, further, shall be in compliance with applicable union or labor organization agreements which may be in effect at the time of said dismissal.

8.2 Changes in the Agreement.

8.2.1 ACI, without invalidating this Agreement, may order Changes in Manager's Services within the general scope of this Agreement consisting of additions, deletions or other revisions with Manager's Fee and the term of this Agreement being adjusted accordingly by mutual agreement. All such Changes shall be authorized by Change Order.

8.2.2 A Change Order is a written order to Manager signed by ACI

Ralph Engelstad Arena, Inc.

Arena Construction, Inc.

and after the execution of this Agreement, authorizing a Change in Manager's Services and/or an adjustment in Manager's Fee and/or the term of this Agreement.

8.3 Compliance with Laws. Manager will comply with all federal, state and local ordinance, statutes, rules and regulations as they relate to the operation of the Ralph Engelstad Arena. Managers' failure to comply with such ordinances, statutes, rules and regulations relating to the Ralph Engelstad Arena shall be cause for termination under this Agreement. Manager agrees that it shall not be entitled to any dispute and/or litigation costs (including attorneys' and consultants fees and other associated expenses) as Operating Expenses with regard to its failure to comply with ordinances, statutes, rules and regulations as set forth herein.

84 Waivers. Waivers by either party of any default by the other party shall not be deemed a waiver by such party of any other default. This Agreement contains all the covenants, stipulations and provisions agreed upon by the parties, and neither party shall be bound by nor be liable for any statement, representation, promise or agreement not set forth herein. No changes, amendments or modifications of the terms hereof shall be valid unless reduced to writing and signed by the parties. Both ACI and Manager acknowledge and recognize the inherent risk and prejudice to each of them in regard to any oral modification of this Agreement since miscommunication, lack of communications, misunderstandings or mistakes can occur in such situations and in the event ACI and Manager should orally agree to any modification of this Agreement, it is expressly agreed by ACI and Manager that any such modification must be reduced to writing and signed by the parties before such modification is valid and enforceable under this Agreement.

Arena Construction, Inc.

Ralph Engelsrud Arena, Inc.

8.5 Notices. All notices, requests, demands, consents and approvals required or permitted to be given under this Agreement shall be in writing and shall be deemed duly given when delivered personally or by FAX, addressed to the parties as follows:

(a) If to ACI:

Arena Construction, Inc.
4201 University Avenue
Grand Forks, ND 58203
Attention: Reginald Morelli
Fax: 701-777-4117

With a copy to:

W. Owen Nitz,
301 S. Clark Avenue, Suite 1000
Las Vegas, NV 89101
Fax: 702-384-3011

If to UND:

University of North Dakota
PO Box 9013
Grand Forks, ND
Attention: Roger Thomas
Athletic Director
Fax: 701-777-2190

If to Manager:

Ralph Engelsrud Arena, Inc.
PO Box 12080
Grand Forks, ND 58208-2080
Attention: Reginald Morelli
President
Fax: 701-777-4117

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With a copy to:

W. Owen Nitz,
301 S. Clark Avenue, Suite 1000
Las Vegas, NV 89101
Fax: 702-384-3011

The foregoing shall not be construed to require that notice be given in the manner above set forth for daily and routine matters such as approval of invoices or where another form of notice is specifically set out in this Agreement.

8.6 Governing Law. This Agreement shall be construed, interpreted and governed by the laws of the State of North Dakota.

8.7 Severability. Every part, term or provision of this Agreement is severable from all others and notwithstanding any possible future finding by duly constituted authority that a particular part, term or provision is invalid, void or unenforceable, this Agreement has been made with clear intention that the validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby.

8.8 Assignment. Except as to the assignment of proceeds, neither ACI nor Manager shall assign its interest in this Agreement without the written consent of the other. This Agreement shall inure to the benefit of and be binding upon the ACI and Manager and their respective heirs, executors, administrators, successors and such assigns as may be permitted hereunder.

8.9 Representative. ACI's representative to Manager in connection with Ralph Engelstad Arena operations shall be designated by ACI in writing, and Manager representative shall be Manager's onsite Manager at the Ralph Engelstad Arena.

8.10 Force Majeure. Neither party shall be obligated to perform hereunder, and neither shall be deemed to be in default, if performance is prevented by

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Ralph Engelstad Arena, Inc.

fire, earthquake, flood, act of God, riot, civil commotion or other matter or condition of like nature, including the unavailability of sufficient fuel or energy to operate the Ralph Engelstad Arena or any law, ordinance, rule, regulation or order of any public or military authority stemming from the existence of economic controls, riot, hostilities, war or governmental law and regulations.

8.11 Equal Employment Opportunity. Manager shall not, in performing its Services, discriminate against any employee or applicant for employment because of age, race, color, handicap status, veteran status, religion, sex or national origin. Manager shall comply with all provisions of Executive Order No. 11426 of September 24, 1965, as amended, and the rules, regulations and relevant orders of the Equal Employment Opportunity Commission.

8.12 Suite at No Cost to Ralph and Betty Engelstad. During the lifetime of Ralph Engelstad and Betty Engelstad, and the survivor of them, (the "Engelstads") the Engelstads shall be provided with a suite of their choice at no charge to the Engelstads, together with 20 free tickets, programs and parking passes to each event at the Ralph Engelstad Arena. This paragraph 8.12 shall survive any termination of this Agreement.

8.13 Section Heading. Section headings in this Agreement are for convenience only and shall have no effect on the interpretation of this Agreement.

8.14 Schedule References. All references to days, months or years in this Agreement shall mean calendar days, months and years.

8.15 Counterparts: This Agreement may be executed in multiple counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement
to be executed on the day and year first above written

OWNER

MANAGER

Arena Construction, Inc.

Ralph Engelstad Arena, Inc.

By: Quinn R. Rynell

By: Quinn R. Rynell

Title: PR

Title: PR

ATTEST

ATTEST

By: _____

By: _____

University of North Dakota hereby consents and agrees to the foregoing Management
Agreement, this _____ day of _____, 2000.

University of North Dakota

By: _____

Title: _____

ATTEST:

By: _____

Title: _____

Arena Construction, Inc.

Ralph Engelstad Arena, Inc.

Exhibit #1**SCOPE OF SERVICES****Marketing**

- A. Pre Opening
 - Suites
 - RFP's
 - Co promotions
 - Tickets
 - Uses
 - Open houses
 - Press releases
- B. Open
 - Ticket availability
 - Regional advertising campaigns
 - Work with press on local to national basis
 - Public relations & involvement
 - Sponsorships
 - Short term/ Long term suites
 - RFP compliance
 - Group packages
- C. Sales people
 - In house
 - University

Events

- Pre opening matrix
- Solicitation
- Promotions
- Compatibility
- Student body
- Equipment & labor scheduling
- Budgeting
- Attendee & lodging
- Food service
- Ticketing

Administration

- Accounting
- Compatibility with UND
- Cash management
- Payroll
- Payable/receivables
- Box office

- Budgets and projections
- Development of manuals & policies
- Contracts
- Job descriptions
- Staff transition
- Accountability to UND

Operations

- Coordination with UND operations
- Technical support
- Service scheduling
- Purchasing
- Capital planning
- Events
- Maintenance

Human Resources

- Hiring
- Records
- UND compliance
- Scheduling
- Departmental training

University

- Compliance with athletic department
- Marketing coordination
- Communication
- Fighting Sioux Club
- Students

Concessions

- Franchise coordination
- Menu planning
- Catering planning
- Employee training
- Food safe guards
- Group hiring/training

Novelties

- Purchasing
- UND Booster Club coordination
- Pro shop

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Ralph Engelstad Arena, Inc.

EXHIBIT 2**Ralph Engelstad Arena****Operating Expenses**

The term "Operating Expenses" shall mean the following and shall be, in all cases, subject to the Annual Budget:

- (a) On-the-job payroll cost; including wages paid to employees and the cost of paid holidays, vacations, severance benefits, sick leave and other compensation and benefits (not including bonuses or incentives; cost of training; payroll processing costs; cost of recruitment and relocation of senior on-site executives as may be approved and budgeted in advance;
- (b) Employer contribution cost, in relation to employees carried on the on-the-job payroll mentioned in the foregoing clause (a), of every nature whatsoever, including but not limited to, social security, reemployment insurance, benefits for medical and hospital care, disability, death, termination, retirement or pensions, or insurance or annuity contracts to provide any of the foregoing, and all payments, other than those referred to in the foregoing clause (a), required under any collective bargaining agreement to which Manager is a party, or under any state or federal law or any regulations promulgated thereunder;
- (c) Cost of medical and security examination for employees on the on-the-job payroll
- (d) Cost of purchasing, renting, maintaining and cleaning uniforms;
- (e) Cost of equipment, materials and supplies, including the cost of installation thereof;
- (f) Cost of insurance, permits, licenses and fees;
- (g) Cost of property, business, privilege, sales and all taxes other than taxes based on net income;
- (h) Cost of marketing, promotions and advertising, cost of travel from Grand Forks on behalf of the Ralph Engelstad Arena;
- (i) Cost of necessary outside professional services, upon prior written approval by the ACI;

Ralph Engelstad Arena, Inc.

Arena Construction, Inc.

- (j) Cost of the Commodities;
- (k) Cost of utilities;
- (l) Subject to Manager's obligations set out in the Agreement, legal expenses, including litigation expenses or other costs, which are incurred by Manager in connection with any proceeding, excluding any proceeding in which Manager and the UND are adverse interests, which is directly related to the operation of the Ralph Engelstad Arena by the Manager. Manager will not incur any litigation expenses without prior approval by ACI.
- (m) Cost of installation of Additional Equipment and replacements thereof;
- (n) Cost of ordinary maintenance and repair of the Ralph Engelstad Arena and the equipment, Additional Equipment and replacements thereof;
- (o) Cost of ordinary housekeeping of the Ralph Engelstad Arena;
- (p) Operating Expenses do not include reimbursement of related party expenses, unless pre-approved, in writing, by ACI;
- (q) All other expenses not specifically set for in this Exhibit but not including the cost of home office overhead relating to the Services provided by the Manager hereunder, subject to ACI's prior written approval of any such expense, which approval shall not be unreasonably withheld or denied;
- (r) All expenses relating to the reimbursement of the UND Athletic Department based on Annual Budget;
- (s) All expenses relating to the reimbursement of the UND Foundation Fighting Sioux Club based on the Annual Budget.

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EXHIBIT 3Ralph Engelstad Arena
GRAND FORKS, NORTH DAKOTA

REIMBURSABLE SHOW EXPENSES

Talent and/or Production Costs
Novelty Labor and Product Costs
Ticket Seller Labor
Charge Card / Ticket Company Fees
Guest Services Labor
Paramedics
Police / Fire Marshall
Private Security Labor
In-house Security Labor
Stage Labor
Rigger Labor
Housekeeping Labor
Electrician Contract Labor
Electrical Connection Certificate
Fork Lift Operator Labor
Wire Transfer Fees
Event Advertising
Event Catering
Automobile Rental
Miscellaneous Expenses for Items Requested by Promoter / Performer / Agent

SUITE LICENSE AGREEMENT

Ralph Engelstad Arena, Inc., a management company for the University of North Dakota, having its principal place of business in Grand Forks, North Dakota, hereinafter referred to as "REA", and _____ a _____ having its principal place of business in _____ ("Licensee"), agree this _____ day of _____, 2000, as follows:

1. **Grant of License.** Subject to all of the terms and conditions set forth herein, REA hereby grants to Licensee a non-transferable, non-exclusive, limited license (the "License") to use the private spectator hospitality suite identified as Suite No. _____ (the "Suite") as marked in the attached Schedule "E", together with the furnishings supplied by REA as set forth in the attached Schedule "A".

2. **Use of the Suite.** The License permits Licensee and Licensee's guests to use the Suite on days which major events are conducted at the Ralph Engelstad Arena at which the Suite is located. The schedule dates and the presently scheduled events for which this License is valid are shown on the attached Schedule "B". It is understood that the schedule of dates and events is tentative and may from time to time be amended, changed, expanded or decreased by REA without effect upon the terms of this Agreement. If an event is postponed or rescheduled, REA's sole responsibility will be to make the Suite available on the date to which event is postponed or rescheduled. REA may allow use of the Suite on other non-scheduled dates pursuant to a written request made by Licensee at least seven (7) days prior to the date of the requested non-scheduled use. Such non-scheduled use will be permitted or denied at REA's exclusive discretion.

The License permits Licensee to use the Suite only in the manner set forth herein. Except as pertains to specially requested permission for non-scheduled use of the Suite, this Agreement does not confer upon Licensee or Licensee's guests any greater or lesser rights and privileges with respect to admission to the Arena than those accorded to holders of tickets for admissions thereto. This Agreement does not create or convey any legal title, leasehold, or other property interest or estate in the Suite.

3. **Limitations on Use.** The Suite is licensed for the use of the Licensee and guests of the Licensee for the purpose of viewing activities at the Arena, and is not to be used for any other purpose without first obtaining REA's written consent. Licensee shall maintain order in the Suite and shall not conduct or permit any activities which (a) are prohibited by and applicable law, regulation, rule, or ordinance; (b) endanger the health or safety of any person; (c) interfere in any way with other Suite licensees or spectators; (d) are inconsistent with REA and UND policies, practices, or procedures; (e) cause adverse publicity about REA, the Arena, UND, or the Suite. No radio or television broadcasts shall be permitted from the Suite without the prior written consent of REA. No signs, banners, or other such materials shall be placed on or in the Suite if the same may be visible from outside the Suite. REA will place a sign on the entrance door to the Suite containing the name of Licensee, if Licensee so desires at REA's expense. No firearms or other weapons of any kind shall be brought onto the grounds of the Arena.

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4. **License Term.** The term of the License shall begin _____, 2000 and shall end _____ at 12:00 p.m., North Dakota time, subject to earlier termination pursuant to the other provisions hereof (the "License Term").

5. **License Fee.** The total fee to be paid to REA by Licensee for the term and use thereof by Licensee as herein specified, shall be in the amounts and on or before the dates set forth on Schedule "C" (the "License Fee"). The grant of the License is expressly conditioned upon the timely payment of the License Fee to REA as specified on Schedule "D".

6. **Furnishings.** The Suite is leased as a non-furnished Suite, only containing the property listed in the inventory referred to in Section 1. No property is furnished or leased with the Suite other than that listed. Licensee agrees to return all items listed on the said inventory to REA at the end of the term of this License in as good condition as when received, reasonable wear and tear, and damage by fire, act of God, and the elements excepted. Licensee, by the execution of this License, acknowledges receipt of all of the items listed in the inventory (Schedule "A") and accepts all of said items as being in good, serviceable condition. Licensee shall be responsible for all breakage or other damage to the furniture and property and pay the cost of repair or replacement thereof to REA on or before thirty (30) days after being invoiced therefore.

7. **Parking, Tickets, and Other Services.** For each of the events listed on Schedule "C", REA will provide Licensee with _____ () Suite parking spaces. Licensee will be permitted to make arrangements, at Licensee's expense, for private telephone lines into the Suite with the consent of REA. In order to utilize the Suite on the dates and for the events described on Schedule "B", REA will provide to Licensee, as part of the consideration for payment of the License Fee, _____ () Transferable Suite admission tickets for purposes of allowing access to the Suite for each scheduled event. Licensee and users of the passes must comply with all applicable REA regulations, policies and procedures. Failure to comply may result in the revocation of the passes and/or the privileges associated therewith. REA will, through use of its regularly scheduled personnel for the dates and events in question, make reasonable efforts to restrict access to the Suite to persons possessing proper Suite tickets or passes to enter the same.

Licensee acknowledges that REA may permit the use of the Arena facilities by others from time to time for events not set forth on Schedule "B", and REA shall not be obligated to provide to Licensee tickets or reserve parking for events held by such third parties.

Licensee understands and agrees that REA is the exclusive caterer for all hospitality Suites and areas at Ralph Engelstad Arena. Licensee may not bring, or allow others to bring, into the Suite any food unless obtained from REA or a caterer approved by REA. All beverages must be purchased from REA. All outstanding REA charges, including charges for food, beverages and overflow tickets, shall be billed to Licensee by

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Ralph Engelstad Arena, Inc.

REA and each invoice for such charges must be paid by Licensee in full within (30) days of the date of the invoice. Licensee agrees that the License Fee does not include payment for any charges for food, beverage or overflow tickets, if any.

The Suite shall be provided with hook-up to the public address system and television for the entertainment in the Suite of Licensee and Licensee's guests, and the same shall not be used or reproduced for commercial use or transmitted outside of the Suite without the prior written consent of REA

8. **Services.** REA shall provide to the Suite the following services at REA's expense:

- (a) Heat, air conditioning, ventilation, running water, electricity;
- (b) Repairs and maintenance of the interior and exterior of the Suite made necessary by normal wear and tear;
- (c) Dusting, sweeping, and cleaning the Suite and rubbish removal; and
- (d) Hook-ups to the Arena's public address system and closed circuit television system for such broadcasts as may from time to time be made available to the Suite.

9. **Security.** REA shall, at its expense, provide customary security for the grounds surrounding the Suite area, and shall control general access to the Suite area. Upon request, and at Licensee's expense, REA will provide additional security inside or immediately outside the Suite. Licensee may not provide or otherwise arrange for security at the Suite except through REA.

10. **Entry for Showing the Suite.** REA expressly reserves the right to show the Suite to prospective licensees at any time during the License Term other than on event days as listed on Schedule "B".

11. **Entry for Inspection, Repairs, and Alterations.** REA expressly reserves the right to enter the Suite for inspection thereof at all reasonable hours and whenever necessary to make repairs and alterations of the Suite or the Suite area, or to clean the Suite.

12. **Waste, Nuisance, or Unlawful Use.** Licensee agrees that Licensee and/or Licensee's guests will not commit waste in the Suite, or maintain or permit to be maintained a nuisance thereon, or use or permit the Suite to be used in an unlawful manner or in any manner contrary to the provisions hereof.

13. **Release and Indemnity.** Licensee hereby releases, discharges, indemnifies, agrees to defend, and holds free and harmless REA, UND, and its successors, assigns, officers, directors, shareholders, representatives, agents and employees (the "REA Group") from any and all claims, losses, liabilities, demands, damages, injuries, expenses, suits and proceedings (including any appeal or arbitration) for injuries to

property or persons (including death) suffered, or claimed to have been suffered, by Licensee or any guest, agent, employee, or invitee of Licensee arising out of or in connection with the Licensee's exercise of rights under this Agreement, that do not arise solely out of the acts, omissions or negligence of the REA Group. This section includes indemnity against any and all costs of litigation, including, without limitation, reasonable attorney's fees incurred by the REA group with respect to any such claims, suits or proceedings (including any appeal or arbitration) and this section shall survive any termination of this Agreement.

14. **Insurance.** University of North Dakota shall carry and maintain, at its expense, fire and extended coverage insurance providing replacement coverage for property damage on the Suite and its contents and surrounding premises. Licensee shall also carry and maintain, at its expense, general comprehensive liability insurance that includes personal injury and property damage coverage in the amount of not less than One Million Dollars (\$1,000,000.00), covering the Suite and its contents and covering the actions of Licensee and Licensee's employees, agents and/or guests and naming REA and UND as an additional insured. Any and all insurance proceeds which the Licensee receives or is entitled to receive as a result of a claim by or for the benefit of REA or is a result of damage to the Suite under the insurance carried thereon by Licensee pursuant to this Section shall be promptly paid over to REA and is hereby assigned by Licensee to REA and the insurance maintained by REA, if any, shall be deemed the excess coverage, not "other insurance" with respect to Licensee's insurance. Licensee shall deliver to REA a certificate of such insurance on or before September 1 of each year during the License Term which certificate shall explicitly state that not less than One Million Dollars (\$1,000,000) coverage is provided, that REA and UND is an additional insured, and that the policy provides the primary coverage for the loss or damage. No tickets or passes will be issued for any event until a valid insurance certificate covering that event is on file with REA. All insurance policies and limits of coverage shall be subject to REA's prior approval. REA may require at any time, in the exercise of REA's sole discretion, that the coverage limits of the liability policies be increased to a greater amount.

15. **Waivers.** Licensee hereby waives in advance any and all claims for any loss or damage arising out of or in connection with Licensee's exercise of rights under this License Agreement, including any right of subrogation that Licensee or Licensee's insurer might have against REA or REA's officers, representatives, agents or employees. Waiver by REA of any breach or of any covenant or duty of Licensee under this Agreement must be in writing and signed by an officer of REA and is not a waiver of a breach of any other covenant or duty of Licensee, or any subsequent breach of the same covenant or duty.

16. **Sub-Licensee, Assignment, etc.** Without the prior written consent of REA, which consent may be given or withheld in REA's sole discretion, Licensee shall not sub-license, assign, sell or otherwise transfer this Agreement or any of Licensee's rights and obligations hereunder, and shall not permit use of the Suite by others in return for consideration of any kind, direct or indirect. The License is personal to Licensee, and it is the express intent of REA in granting the License to Licensee that the Suite be used by

Arena Construction, Inc.

Ralph Engelstad Arena, Inc.

Licensee solely for the personal enjoyment of Licensee and Licensee's guests. Violations of the section shall be considered a default under the Section 19, and shall give REA the option to terminate the License. This Agreement may be assigned by REA

17. Repairs, Redecorations, or Alterations. REA shall be responsible for repairs to the interior and exterior of the Suite; provided, however, that repairs required because of damage caused by Licensee or Licensee's guest shall be charged to Licensee and payable within thirty (30) days of invoicing. **LICENSEE WILL NOT MAKE, OR CAUSE TO BE MADE, ANY ALTERATIONS, ADDITIONS, IMPROVEMENTS, OR CHANGES IN THE PREMISES WITHOUT, IN EACH CASE, FIRST OBTAINING THE PRIOR WRITTEN CONSENT OF REA.** REA's consent to a particular alteration, addition, improvement, or change may be given or withheld in REA's sole discretion, and if given, shall not be deemed a consent to or a waiver of restrictions against alterations, additions, improvements, or changes for the future.

18. Destruction of Suite and Eminent Domain. If the Suite is destroyed substantially by fire or other causality or taken by eminent domain, either party may terminate this License Agreement without liability for the remainder of the License Term. Any condemnation award shall belong exclusively to REA. If the Suite should be substantially damaged due to any cause or taken by eminent domain proceedings, REA shall promptly return to Licensee its prorated share of any prepaid License Fee, prorated on the basis of the number of Schedule "B" events remaining during the prepaid portion of the License Term.

19. Default. In the event that Licensee fails to pay to REA when due any amount (including the License Fee and food, beverage and catering charges) required to be paid by Licensee pursuant to the terms of this License, or in the event the Licensee otherwise defaults in the performance or observation of its duties and obligations under this Agreement, after a ten (10) day written notice by REA to Licensee to cure such default, REA may, at its option, terminate the License. Upon termination for any reason, the License and all other rights and privileges of Licensee under this Agreement shall immediately terminate without further action by REA and REA shall have no further obligation of any kind to Licensee; however, REA shall have the right to immediate possession of the Suite and to remove any signs, banners, or other such materials placed in or on the Suite in breach of this Agreement and to take immediate action to correct any default of Licensee which, in the opinion of REA could affect the safe use of the Arena or the safety of any spectator.

REA also reserves the right to terminate this License hereby given at any time by giving Licensee at least thirty (30) days written notice of such termination. In case of a termination for cause, all amounts previously paid by Licensee hereunder shall be deemed forfeited and shall become the sole property of REA. In the case of a termination without cause, REA shall immediately refund to Licensee a prorated portion of the License Fee based upon the number of remaining events scheduled during the License Term. Upon termination of this Agreement, this Agreement shall be null and void,

Arena Construction, Inc.

Ralph Engelstad Arena, Inc.

except that either party may enforce any and all obligations of the other party arising out of acts, or failures to act, occurring prior to such termination.

20. **Renewal.** REA agrees that Licensee shall have the right of first refusal to continue to occupy and use the Suite for the year following the term set forth in Section 4 above (the "Following Year") upon all of the same terms and conditions contained in this Agreement, except for the License Fee which shall be determined by REA. Licensee must exercise its right of first refusal by giving written notice of exercise to REA on the first day of the ninth month of the final year of the License Term. If Licensee shall fail to timely exercise its right of first refusal, then REA shall be free to offer the licensed premises to any other party.

21. **Time of Essence.** Time is of the essence of this Agreement and of each and every part hereof.

22. **Governing Law.** The parties agree that this License Agreement shall be governed by the laws of the State of North Dakota. Any action brought to enforce any of the terms and conditions of this License Agreement shall be brought in the State of North Dakota in the Courts located in Grand Forks County, North Dakota.

23. **Notices.** Any notice provided for herein shall be delivered personally or by facsimile or by registered or certified United State mail, postage prepaid, addressed to the respective parties hereto as follows:

REA: Ralph Engelstad Arena, Inc. Licensee:

4201 University Ave.
Grand Fork, ND 58202-9023
Attn: Reggie Morelli
Fax: 701.777.4117

24. **Entire Agreement.** This Agreement, together with the attached Schedules, expresses the entire agreement of the parties with respect to the matters provided for herein, and supersedes all oral and written agreements and communications previously made by the parties hereto. The following Schedules are attached hereto and made a part hereof:

- i. Schedule A - List of furnishings supplied by REA
- ii. Schedule B - Events and dates schedule
- iii. Schedule C - License Fee schedule
- iv. Schedule D - Consent and Liability Release form
- v. Schedule E - Diagram showing the location of the Suite

This Agreement may only be amended or modified by an instrument in writing, signed by both parties.

Arena Construction, Inc.

Ralph Engelstad Arena, Inc.

25. **No Warranty.** REA does not warrant or represent that the Suite is safe, healthful, or suitable for the purpose for which it is permitted to be sued under the terms of this License other than as indicated in Schedule "E".

26. **No Inurement.** It is agreed between REA and Licensee that this License is personal to Licensee and shall not inure to the successors or assigns of Licensee.

27. **No Third Party Beneficiary.** This Agreement is for the benefit of REA and Licensee, and is not for the benefit of, nor intended to be for the benefit of, and may not be enforced by, any third party.

28. **Captions.** The captions appearing at the commencement of the Sections hereof are descriptive only and for convenience in reference to this Agreement and in no way whatsoever define, limit or describe the scope or intent of this Agreement.

29. **Pronouns.** Masculine or feminine pronouns shall be substituted for the neuter form and vice versa in any place or places herein in which the context requires such substitution or substitutions.

30. **Signed Agreement.** This Agreement shall not be considered executed and binding until the signed original Agreement has been received by REA at its offices in Grand Forks, North Dakota.

31. **Licensee's Holding Over.** The parties agree that any holding over by Licensee under this License Agreement, without REA's written consent, shall be a tenancy at will which may be terminated by REA on ten (10) days' written notice thereof.

32. **No Partnership, Joint Venture, or Agency Relationship.** Nothing in this Agreement is intended to, or shall be deemed to constitute a partnership or joint venture between the parties nor to create any agency relationship between the parties. Neither party shall hold itself out as a partner, joint venturer or an agent of the other under this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates shown below.

LICENSEE:

RALPH ENGELSTAD ARENA, INC.

By: _____

By: _____

Reginald Morelli, President

Date: _____

Date: _____

SCHEDULE "A"

Equipment/Furnishings Schedule

<u>Equipment</u>	<u>Notes on Equipment Condition</u>	<u>Initial</u>
_____ Stools		
_____ Seats		
_____ Televisions		
One Cresco Warmer w/ wheels		
One refrigerator/freezer w/ ice machine		
Cabinets		
Counter		
Other (Please specify)		

Ralph Engelstad Arena, Inc.

Arena Construction, Inc.

SCHEDULE "B"

Events and Dates Schedule

<u>Event</u>	<u>Date</u>
Four Preseason Hockey Games	
Twenty-two Regular Season Hockey Games	
WCHA/NCAA Tourneys	
Playoffs	
ND High School Hockey Tourney	
Ice Shows	
Other Hockey games and exhibitions	
Concerts	
Others to be Specified in the Future	

SCHEDULE "C"

License Fee Schedule

Schedule

Signing Date: _____
Deposit - 25% of Year #1, Due at signing of Contract

Total Due for Year #1: _____
Amount Paid Year #1: _____
Balance Due Year #1: _____

The balance due of Year #1 and years #2 and #3 is due 90 days prior to the first event of that year.

Year #1: _____
Year #2: _____
Year #3: _____

Reminder: Suite Fee DOES NOT include Fighting Sioux Club fee.

Arena Construction, Inc.

Ralph Engelstad Arena, Inc.

SCHEDULE "D"**CONSENT AND LIABILITY RELEASE**

Ralph Engelstad Arena, Inc.

TO BE READ AND SIGNED BY EACH SUITE LEASEE BEFORE BEING ISSUED CREDENTIALS FOR ACCESS TO THE PREMISES OF THE RALPH ENGELSTAD ARENA.

I request Ralph Engelstad Arena, Inc., hereinafter referred to as "REA" to provide me with credentials which will authorize me and my guests to have access to certain premises of Ralph Engelstad Arena, including certain restricted areas. In consideration for the granting of this privilege, I, the undersigned, for myself, heirs, assigns, guests, and personal representatives do hereby agree to the following conditions.

CONDITIONS:

1. I AGREE that the privileges extended to me WILL NOT BE TRANSFERRED TO ANOTHER AND CAN BE REVOKED at any time and for any reason which REA determines in its sole discretion to be desirable, including, but not limited to improper attire, misconduct, or misuse or any privilege granted to me.

2. I UNDERSTAND AND AGREE for myself, my employer, my guests, and/or each third party I represent, that REA, UND, and its successors, affiliates, and assigns, shall have and own, in connection with any hockey games, concerts, activities, or other event (collectively, "events") held on the premises of Ralph Engelstad Arena the sole and exclusive right to commercially exploit such events including all rights to all photographs, video reproductions, audio reproductions, films or motion pictures, radio or television broadcast and other reproductions or depictions of any such events or any portion thereof, including without limitation pictures and sound of myself alone or with others, through any and all media whether now known or hereafter discovered and to copyright, reproduce, distribute display, perform, sell, license or otherwise dispose of the same for any purpose whatsoever, including the advertising and exploitation thereof, together with alterations and additions to each of the above. I agree that I will not reproduce, sell or otherwise use or exploit any photograph, film, video, audio, depiction or reproduction of Ralph Engelstad Arena premises, trademarks, service marks, name, events, or other property, or assist another party in doing any of the foregoing, without REA's prior written consent. If I have requested and received said written consent, I agree that I will not use such rights or materials for any purpose that is not specifically stated in that written consent.

3. I UNDERSTAND that my presence, and my guests presence, on the premises of Ralph Engelstad Arena can expose me and my guests to dangers both from known risk and unanticipated risk. Acknowledging that such risk exists, I hereby release

Ralph Engelstad Arena, Inc.

Arena Construction, Inc.

and discharge REA, University of ND, and participants, and their successors, assigns, officers, directors, shareholders, representatives, agents and employees, from any and all claims, losses, liabilities, damages, injuries, expenses, suits and proceedings (including any appeal or arbitration) for personal injury (including death) or property damage I or my guests may suffer or claim to suffer while on the premises of Ralph Engelstad Arena, including, but not limited to, any supervision of, or conduct of any hockey game, or ice-related or non ice-related activity. I specifically release and discharge REA, UND, and participants, and their officers, directors, shareholders, representatives, agents and employees, for any acts or negligence of REA and/or UND and/or participants and/or the successors assigns, officers, directors, shareholders, representative, agents, and employees of REA or participants. In signing this release, **I FULLY RECOGNIZE THAT IF I AM, OR MY GUESTS ARE HURT OR KILLED AND/OR MY PROPERTY IS DAMAGED WHILE ON THE PREMISES OF RALPH ENGELSTAD ARENA, I WILL HAVE NO RIGHT TO MAKE A CLAIM OR FILE A LAWSUIT AGAINST REA, UND, OR PARTICIPANTS OR THE SUCCESSORS, ASSIGNS, OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS, REPRESENTATIVES, OR EMPLOYEES OF REA, UND, OR PARTICIPANTS, EVEN IF THEY OR ANY OF THEM CAUSED MY INJURY, DEATH OR DAMAGE.** The term "arena participants" shall include any person or entity along with their representatives, agents, employees, and affiliates that are in any way associated or connected with the arena facility or events including but not limited to owners, event promoters, associations, sanctioning organizations, officials, entrants, medical personnel, sponsors, advertisers, inspectors, construction contractors, engineers, architects, insurers, and all persons in a restricted area.

4. I AGREE to indemnify, defend and hold harmless REA, UND, and/or arena participants, for all lawsuits, claims, damages, losses, liabilities, injuries, expenses, proceedings (including any appeal or arbitration), costs and attorney's fees which arise out of my violation or my guests violation of any provision of this Consent and Liability Release, including but not limited to, the transfer of any credentials without the written permission of REA. This provision will apply regardless of whether or not the lawsuits, claims, damages, losses, liabilities, injuries, expenses, proceedings, costs and attorney's fees arise out of the acts, omissions or negligence or any of the indemnities.

5. This Consent and Liability Release shall be construed and governed by North Dakota Law.

DATED this _____ day of _____ 19 ____

SIGNATURE

NAME PRINTED

READ! YOUR LEGAL RIGHTS ARE AFFECTED.

Arena Construction, Inc.

Potential Suite Customers

Air Touch
Brady Martz
Newman Outdoor Advertising
Rydell Chevrolet
Coke
Pepsi
Coors
Miller Brewing Co.
Anheuser Busch
Sprint
AT&T
Blue Cross/Blue Shield
Northwest Airlines
Ticketmaster
Visa
American Express
Cellular One
Simplot
Cabellas
Wireless North Dakota
Cat
Acme Electric
Case
RDO
Overhead Door
NSP
Cummins
Harmon Glass
Fargo Glass
Carrier
Trane
Lennox
Simonsons
Prudential
State Farm
Farmers Insurance
Toro

Potential Suite Customers

Air Touch
Brady Martz
Newman Outdoor Advertising
Rydell Chevrolet
Coke
Pepsi
Coors
Miller Brewing Co.
Anheuser Busch
Sprint
AT&T
Blue Cross/Blue Shield
Northwest Airlines
Ticketmaster
Visa
American Express
Cellular One
Simplot
Cabellas
Wireless North Dakota
Cat
Acme Electric
Case
RDO
Overhead Door
NSP
Cummins
Harmon Glass
Fargo Glass
Carrier
Trane
Lennox
Simonsons
Prudential
State Farm
Farmers Insurance
Toro

Arena Construction, Inc.

Sears
Mayflower
North American
Benkins
Allied
Midas
Pearle Vision
US West
RotoRooter
Kinkos
Mailboxes Etc.
Staples
Officemax
UND Alumni List
Amoco
Cenex
Scheels
Relistar
Sykes
AAA
Praxair
Ferrell Gas
Unicel
Home of Economy
Banks
Law Firms
Car Dealers
Greenberg Realty
Schoen Associates
Roger Johnson
Larry Belrude
Marvin Windows
Tribal Casinos
Duaine Espegard- Bremer
Bill Lee- Community Nat'l Bank
Denny Molstad
Fighting Sioux Club List

Senate Judiciary Committee
February 7, 2001

Mr. Chairman and members of the Judiciary Committee. My name is Tim Mathern. I am the Senator from District 11 in Fargo.

Senate Bill 2322 is a bill that provides clear authority for the presidents of our institutions of higher education to take action in the case of an emergency in protecting the asset of buildings that are important to their respective institutions. The bill provides for report of such actions to the Board of Higher Education.

I introduced the bill to be applicable to all institutions in situations such as these but introduced it specifically to address the situation of the Grand Forks hockey arena controversy. Attached find a copy of an associated press story from Dale Wetzel that caught my attention along with a copy of a letter from Ralph Engelstad that suggests drastic actions should certain decisions not be made. Note page two.

I believe our university presidents need all the tools necessary to negotiate issues. In a situation of our institutions being threatened, they need a full range of options to act in the best interests of the institution and our state. We must never forget that these institutions are the property of our citizens and we should set the relevant policies that govern them.

Thank you for your consideration and attention. I ask for your Do Pass recommendation on SB 2322.

^BC-ND--Engelstad-UND Nickname, 1st Ld-Writethru, Bjt, 1,300<

^Hockey developer said he'd end project if "Fighting Sioux" name dropped<

^EDS: SUBS 11th graf to ADD dropped word "not"<

^With BC-ND--Engelstad Letter-Text<

^dewstffonbw<

^By DALE WETZEL=

^Associated Press Writer=

¶ BISMARCK, N.D. (AP) _ Ralph Engelstad, who is building an \$85 million hockey arena for the University of North Dakota, said in a blunt letter to the school's president that he would abandon the project if UND dropped its "Fighting Sioux" nickname.

¶ The day after the wealthy casino owner and real estate developer sent his letter, the state Board of Higher Education voted 8-0 to keep the nickname and a newly designed logo. It is a profile of an American Indian with feathers and war paint.

¶ "Please do not consider this letter a threat in any manner, as it is not intended to be," Engelstad wrote to UND President Charles Kupchella. "It is only notification to you of exactly what I am going to do if you change this logo and slogan."

¶ Both the nickname and logo have drawn heated objections from American Indian students and tribal officials, who consider them offensive. The "Fighting Sioux" label has been debated regularly on campus since the 1970s.

¶ If the nickname and logo were dropped, Engelstad's letter said, he would halt construction of the hockey arena, cut off its heat, absorb more than \$35 million in expenses and allow the building to deteriorate.

¶ "I am sure that nature, through its cold weather, will completely destroy any portion of this building through frost that you might be able to salvage," Engelstad wrote.

¶ "I surely hoped that it would never come to this, but I guess it has," Engelstad continued. "It is a good thing that you (Kupchella) are an educator, because you are a man of indecision, and if you were a businessman, you would not succeed. You would be broke immediately."

¶ Engelstad said UND's hockey coach, Dean Blais, told him he was so exasperated by the dispute that he might resign if the "Fighting Sioux" name were dropped. Blais could not be reached Sunday for comment.

¶ Copies of the three-page letter, dated Dec. 20, were also sent to Board of Higher Education members. It was obtained by The Associated Press as part of a records request for board members' correspondence about the nickname dispute.

¶ Board members did not mention the letter during their Dec. 21 vote to keep the nickname and logo. Engelstad, in his letter, had demanded a decision by Dec. 29.

¶ One board member, John T. Korsmo of Fargo, said he did not see the letter until two weeks afterward. Korsmo said Sunday that Engelstad's remarks angered him so much that he would have been tempted to support dropping the nickname and logo.

¶ Engelstad describing Kupchella as "a man of indecision" was "such an offensive comment to me, and so out of line to have that comment made ... I'm just dumbfounded," Korsmo said.

¶ "What does the guy really care about?" Korsmo asked. "Does he really care about the University of North Dakota as an educational institution, or does he care about it as a hockey team?"

¶ Board members said they were juggling a number of factors in making their decision.

¶ Letters, electronic mail messages and telephone calls to board members ran heavily in favor of keeping the "Fighting Sioux" name.

¶ The dispute has generated considerable interest from legislators as well.

¶ Sen. Tony Grindberg, R-Fargo, requested an attorney general's opinion about the issue, and Rep. Frank Wald, R-Dickinson, said he was bothered by the "foot-dragging on the 'Fighting Sioux' issue at UND."

¶ "I would hate to see the leadership at UND and the board be embarrassed, should it become necessary for the Legislature to resolve the issue this coming session," Wald said.

¶ Wald is vice chairman of the House Appropriations Committee, which will help to write the North Dakota university system's two-year budget during the 2001 session, which began Jan. 9. Grindberg is a member of the Senate Appropriations Committee.

¶ Larry Isaak, chancellor of the state university system, said he had expected before the Dec. 21 board meeting that one member, whom he would not name, would make a motion to keep the nickname and logo.

¶ "I think you have to acknowledge that a letter such as one from Ralph has impact, but I would say that the discussion ... had already been ongoing by the time Ralph's letter was received," Isaak said Sunday.

¶ William Isaacson, president of the Board of Higher Education, could not be reached for comment. Craig Caspers, the board's vice president, said he did not read the letter before the meeting, but was informed of its contents.

¶ "I was certainly concerned about the financial impact, not only Mr. Engelstad, but other alumni on this issue," Caspers said.

¶ The hockey arena is part of a \$100 million pledge Engelstad made to the university two years ago.

¶ Engelstad owns the Imperial Palace casinos in Las Vegas and Biloxi, Miss., and has extensive real estate holdings. He is a UND alumnus and former goaltender on the school's hockey team in the early 1950s.

¶ Engelstad has been closely involved in the arena's planning, design and construction. For tax reasons, he is financing the arena himself, and has said he plans to donate it to the university later. He could not be reached for comment Sunday.

¶ The arena, which is designed to seat 11,400 fans and have 48 luxury suites, is scheduled for completion later this year. Its first hockey game is Oct. 5, against the University of Minnesota.

¶ If Kupchella did not decide the nickname and logo question by Dec. 29, Engelstad promised to cancel the arena's construction contracts the following day, and arrange to pay subcontractors, advertising buyers, and ticket holders.

¶ "I will refund money to all ticket holders and abandon the project," he wrote. "It would then be left up to you if you want to complete it, with money from wherever you may be able to find it."

¶ Engelstad's letter also hints that, before his \$100 million pledge was announced in December 1998, he was given assurances that the "Fighting Sioux" nickname would stay, and a new team logo designed. University officials have denied making any such promises.

¶ The new logo was unveiled almost a year after Engelstad made his pledge. It is similar to the team symbol of the National Hockey League's Chicago Blackhawks.

¶ "Commitments were made to me by others and yourself," Engelstad wrote in his letter, "regarding the Sioux logo and the Sioux slogan before I started

the arena, and after it has been started.

¶ "These promises have not been kept, and I, as a businessman, cannot proceed while this cloud is still hanging above me," Engelstad said.

¶ Kupchella was hired as UND's president in April 1999, four months after Engelstad made his \$100 million pledge.

¶ He quickly became immersed in UND's ongoing argument about the "Fighting Sioux" nickname. Last February, Kupchella appointed a special commission, which included former North Dakota governors Allen Olson and George Sinner, to study the issue.

¶ Kupchella had intended to make the decision late last year. In electronic mail messages to board members, he said he was leaning toward an eventual nickname change.

¶ Kupchella was "prepared to outline steps whereby we would cease using the nickname after a period of several years, using the logos in the meantime," he said in a Dec. 16 electronic mail message to Isaacson, the board's president.

¶ "I see no choice but to respect the request by Sioux tribes that we quit using their name," Kupchella wrote in the message. "To do otherwise would pit the university and its president in an untenable position."

¶
¶

DEC-20-00 WED 5:41 PM CLAYBURGH

12/20/00 14:10 FAX 702 731 2123

IP RALPH

FAX NO. 7756523

Powered by eFax.com

Page 1 of 3

0000/000

Ralph Engelstad

3535 Las Vegas Boulevard South
Phone 702-732-7102 - FAX 702-731-2123

MAILING ADDRESS • POST OFFICE BOX 97979 • LAS VEGAS, NEVADA • 89193-7979

December 20, 2000

(Via Facsimile 701-777-3866, Page 1 of 3 Total)

President Charles Kupchella
UNIVERSITY OF NORTH DAKOTA
P.O. Box 8193
Grand Forks, ND 58202-8193

Dear Chuck:

I am sorry to have to write this letter but as a businessman I have no choice.

Commitments were made to me by others and yourself, regarding the Sioux logo and the Sioux slogan before I started the arena and after it had been started.

These promises have not been kept and I, as a businessman, cannot proceed while this cloud is still hanging above me.

I do not think that you realize the amount of work and the amount of people involved to make this new arena a success and time is running out on us to accomplish what we have to do prior to its opening such as selling tickets, advertising, installation of equipment and many other details that no one thinks of. All of this takes time.

I understand that you are to make a decision sometime in the future but I do not understand where one person gets the authority to make this kind of a decision on behalf of all alumni, students, the City of Grand Forks and the State of North Dakota.

We previously had shut down for approximately two months as per your request that we didn't do anything while you were working on the name. We took the logo and the slogan off of the website and we have been trying to do our job but we are faced with an uphill battle because of your indecisiveness.

I have been given the authority to use this logo and the slogan and we have hesitated to do so in order to help you with your decision making but it has now come to the point that we must march forward. The only item that this logo and slogan have been used on are the models of the arena which we sent out the first part of this week. These models were ordered many, many months ago and are part of our advertising campaign to sell season tickets.

DEC-20-00 WED 5:41 PM CLAYBURGH

12/20/00 14:20 FAX 702 731 8122 JP RALPH

FAX NO. 7756523

www.eFax.com 2

President Charles Kupchella
UNIVERSITY OF NORTH DAKOTA
December 20, 2000
Page 2

I figure that we must sell 10,000 tickets between now and July if we are going to fill this arena and we need to fill this arena to make money for the UND hockey team and the athletic department.

I know what has been said in the past and you know what has been said in the past and if the commitments are not lived up to, then I have no reason to live up to my commitment to build an arena for the UND hockey team.

We are in the process of hiring more people to sell tickets and advertising which does nothing to help us but benefits UND.

Please be advised that if this logo and slogan are not approved by you no later than Friday, December 29, 2000, then you will leave me with no alternative to take the action which I think is necessary.

If the logo and slogan are not approved by the above-mentioned date, I will then write a letter on December 30, 2000 to all contractors and to everybody associated with the arena canceling their construction contracts for the completion of the arena. I am a man of my word and I will see to it that a settlement is made with all subcontractors, with anyone who has purchased pre-paid advertising, I will refund money to all ticketholders and abandon the project. It would then be left up to you if you want to complete it with money from wherever you may be able to find it.

I have spent, as of this time, in excess of \$35,000,000.00 which I will consider a bad investment but I will take my lumps and walk away.

As I am sure you realize, the commitment I made to the University of North Dakota was, I believe, one of the ten largest ever made to a school of higher education but if it is not completed, I am sure it will be the number one building never brought to completion at a school of higher education due to your changing the logo and the slogan.

You need to think how changing this logo and slogan will effect not just the few that are urging the name change but also how it will effect the University as a whole, the students, the City of Grand Forks and the State of North Dakota.

* [If I walk away and abandon the project, please be advised that we will shut off all temporary heat going to this building and I am sure that nature, through its cold weather, will completely destroy any portion of the building through frost that you might be able to salvage. I surely hoped that it would never come to this but I guess it has.

It is a good thing that you are an educator because you are a man of indecision and if you were a businessman, you would not succeed, you would be broke immediately.

DEC-20-00 WED 5:42 PM CLAYBURGH
12/20/00 14:21 FAX 702 731 2123

FAX NO. 7756523

17 RALPH

P. 3
40003/003

President Charles Kupchella
UNIVERSITY OF NORTH DAKOTA
December 20, 2000
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Please do not consider this letter a threat in any manner as it is not intended to be. It is only notification to you of exactly what I am going to do if you change this logo and this slogan.

In the event it is necessary to cancel the completion of this arena, I will then send notification to anyone who is interested informing them of the same and laying out to them all of the facts and all of the figures from all of the meetings that led me to make this decision.

Your lack of making a decision has hung over our heads too long and we can't go on with it any further.

It is your choice if you want to put hundreds of construction workers out of a job and deprive the local businesses of Grand Forks of the income they are receiving from the construction of the arena.

I might also add that while I was dictating this letter, I received a call from Dean Blais who is completely fed up and he informed me that he is possibly going to tender his resignation if the logo and the slogan are changed.

Yours truly,



Ralph Engelstad

RE/cm.

cc: Mr. Earl Strinden, University of North Dakota Alumni Association
and Foundation (Fax No. 701-777-4054)
Mr. Tom Clifford (Fax No. 701-777-2940)

North Dakota University System State Board of Higher Education:

Mr. Larry Isaak, Chancellor	(Fax No. 701-328-2961)
Ms. Jeannette Satrom, President	(Fax No. 701-845-1310)
Mr. William Isaacson, Vice President	(Fax No. 701-628-2376)
Ms. Bethany Andreason, Faculty Rep	(Fax No. 701-839-6933)
Mr. Ryan Bernstein, Student	(Fax No. 701-231-6152)
Mr. Craig Caspers, Member	(Fax No. 701-642-3626)
Ms. Beverly Clayburgh, Member	(Fax No. 701-775-6523)
Mr. John Korsmo, Member	(Fax No. 701-799-9257)
Mr. Joe Peltier, Member	(Fax No. 701-967-8381)
Mr. Richard Kunkel, Member	(Fax No. 701-662-4849)