

RESOLUTION OF THE  
WHITE MOUNTAIN APACHE TRIBE OF THE  
FORT APACHE INDIAN RESERVATION

- WHEREAS, the Tribal Council of the White Mountain Apache Tribe has entered into a series of negotiations and meetings with Southwest Forest Industries, Inc., hereinafter Southwest, and the John W. Galbreath Company, hereinafter Galbreath, regarding the termination of the mill site lease and sublease for the townsite of McNary; and
- WHEREAS, the offers and counter-offers that have arisen from said negotiations set forth in prior resolutions of the Tribal Council; and
- WHEREAS, the Tribal Council has further directed the McNary Redevelopment Committee and the Tribal Attorney to meet further with Southwest Forest Industries and the Galbreath Corporation for purposes of resolving and agreeing upon the terms and provisions for any cancellation of the lease; and
- WHEREAS, pursuant to said direction the Tribal Attorney met with representatives of Southwest Forest Industries and the Galbreath Company on December 30, 1982 in Globe, Arizona and subsequent to said meeting, a meeting of the McNary Redevelopment Committee took place on Monday, January 3, 1983 for the purpose of reviewing the outcome of the Globe meeting and the letter of agreement which was drafted pursuant to the Globe meeting by the Tribal Attorney, Southwest Forest Industries, and Galbreath, a copy of which has been distributed to the Tribal Council and which is the subject of this resolution, said letter of agreement being subject to the approval of the Tribal Council and Southwest Forest Industries and representatives of Galbreath Company; and
- WHEREAS, the terms of the letter of agreement, dated December 30, 1982, attached to this resolution and incorporated by reference, meets with the approval of the Tribal Council as specified below.

BE IT RESOLVED by the Tribal Council of the White Mountain Apache Tribe that it hereby agrees to the terms set forth in the December 30, 1982 letter of agreement, a copy of which is attached to this resolution.

BE IT FURTHER RESOLVED by the Tribal Council that it hereby agrees and consents as follows regarding the required consideration and mutual promises and covenants for cancellation of the business lease and sublease for the McNary Mill and Townsite:

1. As of January 31, 1983, Galbreath will sell and assign to Southwest all of its assets in settlement of its debt to Southwest as described in paragraph 1 of the letter of agreement;
2. Immediately after the transfer from Galbreath as set forth in paragraph 1 of the letter of agreement, Southwest will transfer all assets received from Galbreath to the White Mountain Apache Tribe as set forth in paragraph 2 of the letter of agreement.

3. White Mountain Apache Tribe will honor all legally viable purchase contracts for eligible purchasers between Galbreath and residents of McNary in accordance with the terms of such contracts as set forth in paragraph 3 of the letter of agreement as long as said purchase contracts are in compliance with the provisions of the business lease, amendment to the business lease and sublease.
4. Southwest shall pay the White Mountain Apache Tribe on January 31, 1983, the sum of \$175,000.00.
5. Southwest shall transfer in fee simple its interest in two wells located off the reservation that currently serve the town of McNary and all existing water lines to the town, together with a right-of-way not less than 75 feet wide to service said wells. The tribe or the Bureau of Indian Affairs will bear the cost of the survey of said area and Southwest will bear the cost of a title search of said land area to be transferred.
6. Southwest will enter into a three year chip contract with the Fort Apache Timber Company along the lines of their prior contract with the details thereof to be further negotiated between the parties. Fort Apache Timber Company shall also have an option to extend this contract for an additional two-year period.
7. Southwest will transfer to the White Mountain Apache Tribe all remaining assets it owns on the leased premises including but not limited to all buildings on the sawmill site, all machinery, equipment and other assets thereon and the fire truck currently serving the needs of the town of McNary and such other incidental assets Southwest owns that are located in McNary.
8. Galbreath shall immediately apply to the Arizona Corporation Commission for transfer of its contracts of convenience and necessity to the White Mountain Apache Tribe for operation of the McNary Water and Sewer System and the Tribe shall cooperate with Galbreath to terminate said certificate. Galbreath shall be relieved of all further responsibility for operation and maintenance of the water and sewer systems as of the date of the sublease cancellation.
9. For a transition period of 30 days after the lease cancellation date the White Mountain Apache Tribe and Galbreath shall all cooperate with respect to the collection of rental and the purchase prices and the utilities applicable to the McNary residences and the payment of all liabilities and obligations with respect thereto with a view towards a proration of all income and payable items as of January 31, 1983.

BE IT RESOLVED by the Tribal Council of the White Mountain Apache Tribe that it hereby directs the Tribal Attorney to meet with representatives of Southwest Forest Industries, Inc. and John W. Galbreath and Company as

soon as possible to draft the documents necessary to effectuate this letter of agreement.

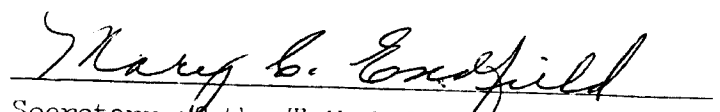
BE IT FURTHER RESOLVED by the Tribal Council that it hereby authorizes the Tribal Chairman to execute all documents necessary to accomplish the purposes of this resolution, which is a cancellation for consideration of the business lease and sublease between the White Mountain Apache Tribe and Southwest, dated June 28, 1965 and the sublease between Southwest and John W. Galbreath and Company dated October 31, 1965.

BE IT FURTHER RESOLVED by the Tribal Council that any delays in obtaining an abandonment or termination of the certificate of convenience and necessity presently owned by the Galbreath for water service to the town of McNary shall not hinder or delay in any way the cancellation and execution of other promises and covenants set forth in the letter of agreement regarding the business lease and sublease.

BE IT FURTHER RESOLVED by the Tribal Council that it hereby requests that the Bureau of Indian Affairs conduct the survey of the right-of-way constituting the areas where the two wells are located off the reservation and expedite the deeding of said property to the United States in trust for the White Mountain Apache Tribe.

The foregoing resolution was on January 07 , 1983 duly adopted by a vote of 10 for and 0 against by the Tribal Council of the White Mountain Apache Tribe, pursuant to authority vested in it by Article V, Section 1 (b,h, & i) of the Amended Constitution and Bylaws of the Tribe, ratified by the Tribe June 27, 1958 and approved by the Secretary of Interior on May 29, 1958, pursuant to Section 16 of the Act of June 18, 1934 (49 Stat. 984).

  
Chairman of the Tribal Council

  
Secretary of the Tribal Council

RECEIVED

JAN 21 1983

FORT APACHE INDIAN  
AGENCY  
WHITERIVER, ARIZ

December 30, 1982

John W. Galbreath & Company  
180 E. Broad Street  
Columbus, Ohio 43215

White Mountain Apache Tribe  
P.O. Box 700  
Whiteriver, Arizona 85941

Re: McNary Lease Cancellation

Gentlemen:

Reference is made to the conversations we have been having regarding the cancellation of the Lease dated June 28, 1965 between the White Mountain Apache Tribe ("White Mountain") and Southwest Forest Industries, Inc. ("Southwest") and cancellation of the Sublease between Southwest and John W. Galbreath and Company ("Galbreath") dated October 31, 1965. These conversations have produced the following Agreements in principal regarding the cancellation of the Lease and Sublease as of January 31, 1983, and a return of the Leased premises to the White Mountain at that time, which Agreements are subject to the prior approval of the White Mountain Apache Tribal Council and the management of Southwest and Galbreath. These Agreements are as follows:

1. As of January 31, 1983, Galbreath will sell and assign to Southwest, in full payment of all debts owed to Southwest arising out of the purchase of assets by Galbreath from Southwest, all right, title and interest to and in those assets owned by Galbreath and located on the Leased premises in McNary, Arizona. These assets shall include, but are not limited to, the Seller's interest under those certain installment contracts covering residences, all rights as Lessor under the various Lease Agreements, and vacant homes, all water and sewer lines, pumps and other personal property and assets, etc. As further consideration for such transfer, Southwest will agree with Galbreath that the Sublease shall be cancelled as of that date, and that both parties shall release each other from further liability and/or obligations under the terms of such Sublease.

2. Immediately after the transfer from Galbreath set out in paragraph 1, Southwest shall transfer all assets received from Galbreath to White Mountain as consideration for the cancellation of the Lease between White Mountain and Southwest as of January 31, 1983, and each party shall then release the other from any further liability and/or obligations under the terms of such Lease, including but not limited to, Southwest's obligation to restore the premises under the Lease.

3. White Mountain will agree to honor all existing purchase contracts between Galbreath and the residents of McNary in accordance with the terms of such contracts, which contemplate payment between now and 1990, and to allow such purchasers to remove such homes from the demised premises upon full and complete payment of the purchase price and expiration of the payment term. In addition, White Mountain will agree to honor all Lease Agreements between Galbreath and the residents of McNary and to give such residents a reasonable time to vacate the premises in the event the Leases are cancelled, for any reason.

4. As further consideration for the cancellation of the Lease between White Mountain and Southwest; Southwest and White Mountain shall agree to the following:

(a) Southwest shall pay White Mountain on January 31, 1983, the sum of One Hundred Seventy Five Thousand Dollars (\$175,000.00).

(b) Southwest shall transfer its fee interest in the two wells located off the reservation that currently serve the town of McNary, and all existing water lines from those wells to the town, together with sufficient right-of-ways to service such wells. Prior to January 21, 1983 a survey shall be conducted on the well and right-of-way premises at the expense of the tribe, and the parties will agree on the results of the survey and the property to be surveyed.

(c) Southwest will enter into a three year chip contract with FATCO along the lines of their prior contract, with the details thereof to be further negotiated between the parties. FATCO shall also have an option to extend this contract for an additional two year period.

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(d) Southwest will transfer to White Mountain all remaining assets it owns on the leased premises, including but not limited to all buildings on the Sawmill Site, all machinery, equipment and other assets thereon, the fire truck currently serving the needs of the town of McNary, and such other incidental assets. Southwest owns that are located in McNary.

5. Galbreath shall immediately apply to the Arizona Corporation Commission for transfer of its contracts of convenience and necessity to the White Mountain for operation of the McNary Water and Sewer Systems. White Mountain shall cooperate with Galbreath to the end that Galbreath shall be relieved of all further responsibility for operation and maintenance of the water and sewer systems as of the date of the Sublease cancellation.

6. For a period of thirty (30) days after the Lease cancellation date, White Mountain and Galbreath shall cooperate with respect to the collection of rental and the purchase prices and utilities applicable to the McNary residences, and the payment of all liabilities and obligations with respect thereto, with a view towards a pro-ration of all income and payable items as of January 31, 1983.

If this letter accurately sets forth your understanding of the Agreements we have reached, and is acceptable to you, please confirm it to us in writing so that we can commence preparation of the appropriate documentation to effectuate these Agreements.

Very truly yours,

SOUTHWEST FOREST INDUSTRIES, INC.

By \_\_\_\_\_