

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

WHEREAS, the White Mountain Apache Tribe offers a comprehensive Health and Welfare Plan for Tribal employees; and

WHEREAS, the Health and Welfare Plan contains a number of benefits for covered employees and their dependents, including, among other important benefits, coverage for medical care, options for dental and vision coverage, and options for life insurance and disability benefits; and

WHEREAS, the Tribe's employee Health and Welfare Plan is unmatched by any other employer offered plan, in terms of scope of coverage and cost to participants; and

WHEREAS, the Tribe pays the vast majority the Health and Welfare Plan costs, with employees contributing a small portion of the total cost through authorized payroll deductions; and

WHEREAS, the Tribe must take reasonable financial measures to maintain the integrity of the Health and Welfare Plan; and

WHEREAS, Tribal staff have recommended to the Tribal Council the adoption of a Section 125 Plan, pursuant to the Internal Revenue Code, to allow for Plan participation on a pre-tax basis rather than the current post-tax participation by Tribal employees; and

WHEREAS, such plan, commonly referred to as a "cafeteria plan," will include all components of the current Health and Welfare Plan, with the exception of the current benefits for long term and short term disability; and

WHEREAS, the long term and short term disability benefits will continue to be paid for on a post-tax basis by employees to preclude taxation on any proceeds derived from such coverage; and

WHEREAS, the Tribal Council has also been advised that employees who have contracted for

life insurance coverage in excess of \$50,000 through the Health and Welfare Plan will have imputed income of specified amounts (to be identified by the Tribe) for such coverage paid for through pre-tax contributions; and

WHEREAS, this change in the collection of employee contributions for Health Plan participation is intended to be neutral in its effect upon the net pay for employees; and

WHEREAS, this administrative change will result in tax savings for both the Tribe and employees; and

WHEREAS, funds from the tax savings will then become available to supplement the Tribe's Health and Welfare Plan costs; and

WHEREAS, the Tribal Council authorizes an increase in the employee participation rate for Health and Welfare Plan coverage equal to the approximate amount of the employee federal and Fica tax savings from the transfer to a pre-tax contribution basis; and

WHEREAS, the amount of tax savings, calculated on a conservative basis for the average employee, together with the increased participation rates for all levels of participation in the Plan, as well as an approximate calculation of imputed income for employees who have purchased supplemental life insurance is found in the attachment to this Resolution; and

WHEREAS, to implement the Section 125 Plan, each employee will sign a pre-tax salary reduction agreement to authorize the use of pre-tax wages for the employee's share of costs for Health Plan participation; and

WHEREAS, the Tribal Council, upon review of the Section 125 Plan document and studying its advantages for the Tribe and its employees, intends to implement this program on or about July 1, 2000.

BE IT RESOLVED by the Tribal Council of the White Mountain Apache Tribe that it hereby adopts the Section 125 Cafeteria Plan, in substantially similar form to the copy attached herein, for the participating employees and authorized affiliates of the White Mountain Apache Tribe, such plan to serve as a suggested format for use

by the affiliate organizations at the option for each such organization, .

BE IT FURTHER RESOLVED by the Tribal Council of the White Mountain Apache Tribe that the Tribe's Employee Health and Welfare plan shall be an eligible plan for the Tribal Section 125 Plan, with the exception of the participation for long term and short term disability coverage, payments for such coverage to continue on a post-tax basis.

BE IT FURTHER RESOLVED by the Tribal Council of the White Mountain Apache Tribe that it hereby authorizes the increase in participation rates, as identified in the attachment to this Resolution, for employee Health Plan participation, such amount to be no greater than the average tax savings for employees as a result of the conversion to a pre-tax basis in order to maintain the current levels of net pay for Tribal employees.

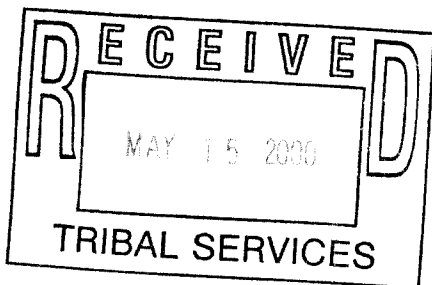
BE IT FURTHER RESOLVED by the Tribal Council of the White Mountain Apache Tribe that it hereby directs that the Tribal Human Resources Department to advise Tribal employees of these important changes and to obtain signatures from all employees to authorize the pre-tax salary reduction agreement and to implement the conversion to the Section 125 Plan and the other components authorized under this Resolution on or about July 1, 2000.

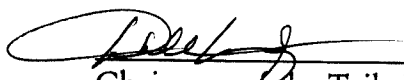
BE IT FURTHER RESOLVED by the Tribal Council of the White Mountain Apache Tribe that it authorizes the use of an automatic election format for those employees who have failed to complete the pre-tax salary reduction agreement prior to the implementation date of Section 125 Plan in order to maintain Health and Welfare coverage for those employees, provided that the election procedure is in compliance with applicable IRS regulations.

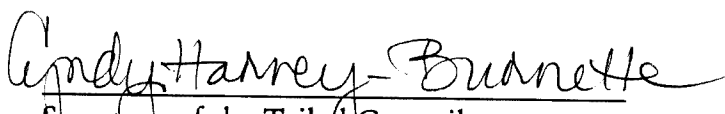
BE IT FURTHER RESOLVED by the Tribal Council of the White Mountain Apache Tribe that it hereby authorizes the Tribal Chairman, or in his absence, the Vice-Chairman to execute any documents necessary to complete the intent of this Resolution, and to make any needed reasonable adjustments to the implementation date for the Section 125 Plan, as set forth above, in response to recommendations from Tribal staff concerning logistical arrangements for the Section 125 Plan implementation.

Resolution No. 04-2000-123

The foregoing resolution was on April 26, 2000 duly adopted by a vote of five for and zero against by the Tribal Council of the White Mountain Apache Tribe, pursuant to authority vested in it by Article IV, Section 1 (a), (b), (h), (i), (s), (t), and (u) of the Constitution of the Tribe, ratified by the Tribe September 30, 1993, and approved by the Secretary of the Interior on November 12, 1993, pursuant to Section 16 of the Act of June 18, 1934 (48 Stat. 984).




Chairman of the Tribal Council


Secretary of the Tribal Council