

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

- WHEREAS**, the Tribal Council on this date has had briefing from FATCO management and consultants concerning the next phase of the FATCO long term plan for capital improvement; and
- WHEREAS**, this plan includes the acquisition of a new edger optimizer, a new planner, and other capital improvements totaling approximately 4.5 million dollars, and identified in the Schedule of Capital Improvements attached herein; and
- WHEREAS**, FATCO management and consultants have advised the Tribe that these improvements when in place will significantly reduce operating costs for FATCO, allowing recovery of the investment amount within approximately two and one half years following complete installation; and
- WHEREAS**, this phase (hereinafter "Phase II") follows the previous phase in which upgrades to the FATCO boiler and kiln systems have been completed and which have also significantly reduced waste and operational expenses; and
- WHEREAS**, the Tribal Council is advised and concludes that these improvements are essential to the long term viability of the FATCO sawmill operation in Whiteriver and will significantly reduce current operational costs; and
- WHEREAS**, a proposal has also been recommended to the Tribal Council for financing the improvements through a 4.5 million dollar lease finance agreement with Lehigh Municipal Leasing, Inc. of Allentown, Pennsylvania; and
- WHEREAS**, this finance proposal would provide funding on a lease finance basis repaid over a ten year period at an annual interest rate of 6.95%, (7.071% effective annual rate) with annual payments totaling \$632,237.28 for a total of \$6,322,302.80 including principal and interest; and
- WHEREAS**, this transaction would be deemed a tax exempt transaction relying upon § 147(f) and § 7871 of the Internal Revenue Code as an industrial bond financing; and
- WHEREAS**, the Council is advised that the terms by which the financing would be available may require a waiver of the Tribe's sovereign immunity, coupled with binding arbitration, to enforce the terms of the agreement on behalf of the lender, or its assignee; and
- WHEREAS**, final legal terms governing the enforcement of the agreement have yet to be completed, however, no such transaction would allow for a waiver of the Tribe's sovereign immunity beyond the terms provided in the prior financing for Phase I, which allowed for enforcement in the courts of the White Mountain Apache Tribe only for the benefit of the Lessor or its assignee and no third party or other person, and would be limited to enforcement of the terms of the agreement, with the consent

to allow a visiting judge from the state or federal court to be appointed to hear any matter as a visiting Tribal Court Judge, thereby retaining Tribal Court jurisdiction; and

WHEREAS, Tribal Council has also discussed the market for long term financing and has asked whether more competitive rates could be available from other financing institutions agreeable to jurisdiction and enforcement terms equivalent to those identified above; and

WHEREAS, the Council on this date intends to approve this transaction with the condition that a two week period be provided to seek other competitive proposals, to assure this transaction serves the best financial interest of the Tribe; and

WHEREAS, the Tribal Chairman shall be authorized to complete the transaction documents provided that it is issued by a financing institution offering terms no less favorable than those indicated above, or in the alternative, are the terms indicated above and offered through Lehigh Municipal Leasing, Inc.

BE IT RESOLVED by the Tribal Council of the White Mountain Apache Tribe that it hereby approves the Phase II Capital Improvement Plan presented this date by the FATCO board, FATCO management and consultants, subject to the funding and financial arrangements set forth below.

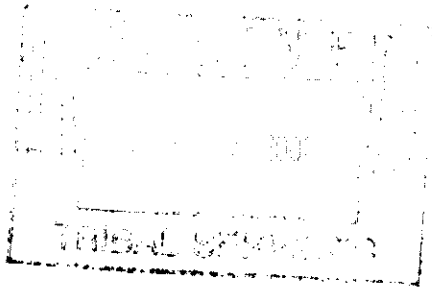
BE IT FURTHER RESOLVED by the Tribal Council of the White Mountain Apache Tribe that it hereby approves, subject to the terms below, the proposed transaction with Lehigh Municipal Leasing, Inc. at an interest rate not to exceed 6.95% (7.071% effective annual rate), and a total principal amount of \$4,503,000.00 on a tax exempt basis pursuant to § 147(f) and § 7871 of the Internal Revenue Code.

BE IT FURTHER RESOLVED by the Tribal Council of the White Mountain Apache Tribe that it hereby authorizes a binding arbitration provision, with a waiver of the Tribe's sovereign immunity in the courts of the White Mountain Apache Tribe only, if required by the lender for enforcement of the terms of the agreement for the benefit of the lessor/financing institution or its authorized assignee, provided that no person or other third party shall be entitled to bring such an action pursuant to the waiver and that the waiver shall be strictly limited to the enforcement of the terms of the agreement and will allow for no exemplary or punitive damages, or lost anticipated profits, nor claims based upon tort.

BE IT FURTHER RESOLVED by the Tribal Council of the White Mountain Apache Tribe that before the transaction with Lehigh Municipal Leasing, Inc. be completed, a two week period be provided during which Tribal representatives can review the potential for more competitive financing proposals and on that basis the Council authorizes the Tribal Chairman to enter into such agreements under any alternate proposals if such proposals provide more competitive rates and do not require legal terms or conditions beyond those identified above with regard to enforcement or the proposed limited waiver of the Tribe's sovereign immunity.

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 sign all documents necessary to carry out the intent of this resolution and exercise discretion in consultation with the Tribe's business advisors and Tribal attorney to evaluate any competing terms and complete negotiations on the final language consistent with the parameters set forth herein.

The foregoing resolution was on November 30, 2001 duly adopted by a vote of four for, one against, and one abstention by the Tribal Council of the White Mountain Apache Tribe, pursuant to authority vested in it by Article IV, Section 1 (a), (b), (f), (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