



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

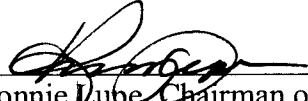
(Authorizing Amendments to the WMATCO, LLC Operating Agreement)

- WHEREAS,** on May 20, 2013, the Tribal Council approved the formation of WMATCO, LLC, a limited liability company formed under Arizona state law and wholly owned by the Tribe; and
- WHEREAS,** WMATCO is the authorized successor to FATCO and delegated authority by the Tribe to assume all rights and interests of FATCO and to operate the Tribe's sawmill and commercial logging operations and sales under an initial financing through the allocation and sale of federal New Market Tax Credits; and
- WHEREAS,** in its approval and authorization on May 20, the Tribal Council approved the WMATCO LLC Operating Agreement, which guides the management and operation of the company; and
- WHEREAS,** the due diligence review for the financing has generated several comments and suggestions from the participating parties to the WMATCO Operating Agreement as shown in the attached exhibits to this Resolution; and
- WHEREAS,** the Tribal Council, after review and discussion, approves revisions to the WMATCO LLC Operating Agreement, as set forth in the attachment hereto.

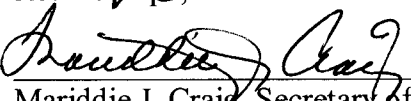
BE IT RESOLVED by the Tribal Council of the White Mountain Apache Tribe that it hereby approves the revisions to WMATCO, LLC Operating Agreement, attached hereto, subject to final approval by the WMATCO Board.

BE IT FURTHER RESOLVED by the Tribal Council of the White Mountain Apache Tribe that the Chairman, or in his absence, the Vice Chairman, is hereby authorized to execute any and all documents necessary to effectuate the intent of this Resolution.

The foregoing resolution was on **AUGUST 7, 2013** duly adopted by a vote of **SEVEN** for and **ZERO** against by the Tribal Council of the White Mountain Apache Tribe, pursuant to the authority vested in it by Article IV, Section 1 (a), (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).



Ronnie Dupe, Chairman of the Tribal Council

 08/12/2013

Mariddie J. Craig, Secretary of the Tribal Council

WMATCO, L.L.C.
An Arizona Limited Liability Company

OPERATING AGREEMENT

THIS OPERATING AGREEMENT is made and effective this ___ day of _____, 2013 by the White Mountain Apache Tribe, through its Tribal Council, as the sole member of WMATCO, L.L.C., an Arizona limited liability company (the "Company").

ARTICLE ONE
FORMATION; OWNERSHIP; NAME AND OFFICE; PURPOSE

1.1. Formation. Pursuant to the Arizona Limited Liability Company Act, A.R.S. Sections 29-601 through 29-857, (the "Act") the White Mountain Apache Tribe has formed an Arizona limited liability company ~~effective~~ upon the filing of the Articles of Organization of this Company (the "Articles") with the Arizona Corporation Commission. The Tribe (or "Member") has executed this Agreement to serve as the "Operating Agreement" of the Company as that term is defined in A.R.S Section 29-601(14), and, subject to any applicable restrictions set forth in the Act, the business and affairs of the Company shall be operated in accordance with and governed by the terms and conditions set forth in this Agreement.

1.2 Ownership. The Company is wholly owned by the White Mountain Apache Tribe, the sole Member of the Company.

1.3. Name and Known Place of Business. The Company shall be conducted under the name of WMATCO, L.L.C., and the known place of business of the Company shall be at Whiteriver, Arizona.

1.4 Purpose. The purpose and business of the Company is to operate the former FATCO sawmill and sales department and to undertake all related activities in furtherance of its purpose and business, including, but not limited to, the authority to acquire a long-term leasehold interest in the FATCO sawmill and surrounding land, to renovate and upgrade the sawmill facility and equipment, to acquire, hold and exercise the Tribe's timber cutting rights, to enter into timber sales contracts and logging contracts, and to produce and sell lumber products. In addition to the foregoing, with the approval of the Tribal Council, the Company may engage in any other lawful activity permitted by the Act. With the approval of the Tribal Council, the Company may enter into contract agreements to perform management and operational responsibilities on the Company's behalf.

ARTICLE TWO
NEW MARKET TAX CREDIT PROGRAM FINANCING COVENANTS

Initial operations of the Company are expected to be financed with the assistance of a loan or loans which shall constitute a Qualified Low-Income Community Investment ("QLICI Loan") under the federal New Market Tax Credit Program. During the period in which a QLICI Loan is outstanding, the Company shall comply with all applicable covenants under the financing made pursuant to the New Market Tax Credit Program.

ARTICLE THREE
MANAGEMENT

3.1. Management. Subject to the rights of the Member under the Act or the provisions of this Agreement to approve certain actions, the business and affairs of the Company shall be managed exclusively by its Board of Directors subject only to those restrictions set forth in the Act or this Agreement. The Directors shall be the "managers" of the Company for the purposes of the Act.

ARTICLE THREE

~~**BOARD OF DIRECTORS**~~**3.1 Governance.** ~~The activities of the Company, as specified in the Articles of Organization, this Operating Agreement and Tribal law, shall be governed by its Board of Directors.~~

3.2 Board of Directors.

3.2.1 **Number.** The Board of Directors shall consist of five (5) members.

3.2.2-3 **Election; Qualification.** The Board of Directors shall be appointed by the Tribal Council. At all times, the nominees and the Directors shall possess the following qualifications:

- a.1. Shall be at least twenty-five (25) years of age;
- b.2. Shall have applicable business or management experience, or relevant education;
- c.3. Shall not be an elected official of the Tribe; and
- d.4. Not more than one Director ~~shall~~ may be an employee of the Company.

No person convicted of an act which would be classified as a felony in any jurisdiction or convicted of a misdemeanor involving dishonesty or moral turpitude, including but not limited to extortion, embezzlement, bribery, perjury, fraud, misbranding, and theft, or within the past five years, public intoxication, shall qualify for membership on the Board. In addition, no person who has been criminally charged for matters relating to the White Mountain Apache Housing Authority within the five-year period immediately prior to the

effective date of this Agreement ~~shall be~~ shall qualify for membership on the Board. No Director shall have three unexcused consecutive absences from duly called Board of Directors meetings.

3.3.33.4 Term of Office. The term of the initial Board of Directors shall be staggered as follows: Three Directors shall serve a term of three (3) years each and two Directors shall serve a term of two (2) years each. Thereafter, each successor Director shall serve a term of three (3) years and shall serve until a successor is elected and qualified, or until death, resignation, disqualification, or removal. Directors may be reappointed for additional terms.

3.3.43.5 Power and Duties.

a.1. The Board of Directors shall have full authority to conduct the affairs of the Company in a manner consistent with the Act and this Agreement.~~this Operating Agreement and the Articles of Organization.~~

b.2. Directors owe their trust and confidence to the Company ~~and the Tribal Council~~. Among other things, this means that the Directors will seek to inform themselves about the Company's affairs, that the Directors shall place the interests of the Company before their personal interests, maintain in confidence all proprietary and other confidential information concerning the Company, and shall perform their duties in good faith in the best interest of the Company.

c.3. In performing his or her duties, a Director shall be entitled to reasonably rely on factual information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by officers, employees, accountants, attorneys and other professionals as to matters that the Director reasonably believes to be within such person's professional expertise.

3.3.53.6 Limitation of Powers. The acts or omissions of the Directors shall not create any liability, obligation or indebtedness of the White Mountain Apache Tribe or be payable out of assets, revenues, or income of the White Mountain Apache Tribe. Only the assets, revenues, and income held by or in the name of the Company shall be subject (to the extent otherwise permitted herein or by law) to the debts, obligations or other liabilities created or incurred by the Company.

3.3.63.7 Compensation of Directors. Subject to applicable law and the fiduciary duties owed by the Directors to the Company, the Board of Directors shall have authority to reimburse ~~fix the compensation for~~ Directors for their ~~and the payment of~~ reasonable expenses for attendance at meetings of the Board of Directors. In addition, the Board of Directors may authorize and pay a reasonable stipend to Directors for their attendance at Board meetings in an amount permitted by the Tribe. ~~in an amount not greater than may be established by the Tribe for service on boards and committees.~~

3.3.73.8 Liability of Directors. A Director shall not be personally liable for monetary damages for breach of fiduciary duty as a Director unless the Director has breached or failed to perform the duties of the Director's office as provided in this Operating Agreement and the breach or failure to perform constitutes willful misconduct or recklessness that results in substantial harm to the interests of the Company.

3.3.83.9 Non-Exclusive Duty. The Directors shall not be required to manage the Company as the Directors' sole and exclusive function and the Directors may engage in other business and investment activities in addition to those relating to the Company. Neither the Company nor the Member shall have any right, solely by virtue of this Agreement or its relationship to a Director or the Company, to share or participate in any such other investments or activities of the Director or to the income or proceeds derived therefrom. The Directors shall not have any obligation to disclose any such other investments or activities to the Company or the member unless it actually or potentially adversely affects the business or property of the Company.

3.3.93.10 Resignations; Filling of Vacancies. Any Director may resign at any time by giving notice of such resignation to the Board of Directors. Any resigning Director is encouraged to provide ample advance notice of an intent to resign; however, unless otherwise specified in the notice, such resignation shall be effective upon receipt of such notice. Vacancies in the Board, whether caused by resignation, removal, death, or otherwise, shall be filled promptly by the Tribal Council, after consideration of any recommendation for appointment which may be made by the Board of Directors.

3.3.103.11 Conflicts of Interest; Gifts.

a.1. Directors shall avoid any conflict of interest and shall not engage in any activity that would constitute a conflict of interest with the Company, including business dealings with the Company that would result in enrichment of the Director.

b.2. Should a conflict of interest develop for a Director, he or she shall state the conflict in writing to the Chairperson of the Board, with a copy to the Tribal Council. If the conflict cannot be avoided to the satisfaction of the Board, the Director shall immediately resign or forego or cease the conflicting activity. In the event of a potential conflict of interest, a Director shall recuse himself or herself from any vote involving the potential conflict of interest.

3.3.113.12 Removal.

a.1. Any Director may be removed for cause at any time by the Tribal Council at a regular meeting or any special meeting called for that purpose. The Tribal Council's decision concerning removal shall be final and shall not be subject to further review or appeal. For purposes of removal of any Director, "cause" shall include any violation of any fiduciary duty owed by a Director to the Company, any actual or apparent conflict of interest, breach of confidentiality of Board

discussions, disclosure of any privileged communication, violation of law, abuse or violation of the Company's policies and procedures, or other serious or persistent misconduct.

b.2. Any Director will be automatically removed for failure to maintain the qualifications and comply with the requirements as set forth in Section ~~3.2.23.3~~ of this Article, and the Board of Directors shall promptly notify the Tribal Council of such vacancy.

ARTICLE FOUR OFFICERS

4.1 Election; Number; Term. The officers of the Board of Directors shall be elected at the first regular meeting in each calendar year, by a majority of the Board of Directors, and shall include a Chairperson, a Vice Chairperson and a Secretary. Each officer shall hold office until his or her successor is elected and qualified, or until his or her death, resignation, disqualification or removal. The officers of the Board of Directors shall act as the officers of the Company.

4.2 Power and Duties in General. In addition to the powers and duties prescribed by this Operating Agreement or assigned by the Board of Directors, the officers of the Board of Directors shall have such powers and duties as are usually incident to their respective offices, subject to the control of the Board of Directors.

4.3 Chairperson. The Chairperson shall be chosen from the membership of the Board and shall preside at all meetings of the Board of Directors and perform other duties as assigned by the Board of Directors.

4.4 Vice Chairperson. The Vice Chairperson shall be chosen from the membership of the Board and shall, during any absence of the Chairperson, preside at meetings of the Board of Directors ~~and meetings of the Tribal Council~~ and carry out all of the duties of the Chairperson. The Vice Chairperson shall also perform such duties as may be assigned to him or her by the Chairperson or the Board of Directors.

4.5 The Secretary of the Board. The Secretary shall be chosen from the membership of the Board or from the Company staff and shall cause the minutes of all proceedings of the Board of Directors and the Tribal Council to be recorded in the minute book of the Company, shall cause all notices to be duly given in accordance with the provisions of this Operating Agreement and as required by law, and shall have charge and custody of the records and the seal of the Company.

ARTICLE FIVE MEETINGS OF THE BOARD OF DIRECTORS

5.1 Regular and Special Meetings. Regular meetings of the Board of Directors shall be held on a quarterly basis. Special meetings of the Board shall be called by the

Chairman of the Board or by ~~the Executive Director, or by either the Chairman or the Executive Director~~ upon the written request of a majority of Directors. Regular and special meetings may be held either within or outside the lands of the White Mountain Apache Tribe.

5.2 Notice, Quorum and Actions. Notice for meetings shall be in the form and manner as the Directors may decide. A majority of Directors in attendance shall constitute a quorum. All actions of the Board of Directors shall be taken by a majority vote. Directors may participate in and hold a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute attendance and presence in person, except where the Director participates in the meeting for the express purpose of objecting to the transaction of any business on the ground the meeting is not lawfully called or convened.

ARTICLE SIX CLAIMS AGAINST THE COMPANY

The Company may sue and be sued only as authorized by resolution of the Board of Directors and the Tribal Council. Nothing in the Articles or this Agreement or any action of the Company shall bind the White Mountain Apache Tribe or be deemed to waive the sovereign immunity of the White Mountain Apache Tribe for any purpose.

ARTICLE SEVEN DEPOSITS

All funds of the Company shall be deposited from time to time to the credit of the Company with such depositories as may be approved by the Board of Directors. The Board will establish by resolution a policy for the payment of money by check, draft, or other order, and for the issuance of notes bonds, or other evidences of indebtedness issued in the name of the Company; any such policy shall include the requirement of two signatories.

ARTICLE EIGHT BOOKS AND RECORDS

8.1 The accounts, books and papers of the Company shall be maintained at the Company's principal place of business at Whiteriver, Arizona, and audited at the close of each fiscal year. The audit shall be conducted by an independent Certified Public Accountant, and every effort shall be made to ensure the annual audit is free of adverse actions or notations by the accounting firm. Copies of the audited financial statement and report shall be furnished to the Board of Directors and to the Tribal Council.

8.2 The Company shall maintain its financial records in conformity with generally accepted accounting principles.

8.3 The financial and operating records of the Company shall at all times be open to inspection by a representative of the Tribal Council. The Company may raise no claim of privilege against the Tribe.

ARTICLE NINE
DISTRIBUTIONS

 [reserved]

ARTICLE TEN
INDEMNIFICATION

109.1 Right to Indemnification. The Company shall indemnify any current or former officer, employee, Director or agent (the "Indemnitee") against reasonable expenses incurred by him or her in connection with the defense of any action, suit or proceeding in which he or she is made a party by reason of service on behalf of the Company in his or her official capacity.

109.2 Insurance, Contracts, and Funding. The Company shall purchase and maintain insurance to protect itself and any Indemnitee against any expenses, judgments, fines and amounts paid in settlement as specified in Section ~~10.19.1~~ of this Article, to the fullest extent permitted by applicable law as then in effect.

109.3 Indemnification; Not Exclusive Right. The right of indemnification provided in this Article shall not be exclusive of any other rights to which those seeking indemnification may otherwise be entitled, and the provisions of this Article shall inure to the benefit of the heirs and legal representatives of any person entitled to indemnification under this Article.

ARTICLE ELEVEN
AMENDMENTS

This Operating Agreement may be amended from time to time by recommendation by a majority of the Board of Directors, when approved by the Tribal Council. During the period in which a QLICI Loan is outstanding, amendments to this Operating Agreement shall require the consent of the New Market Credit Program financing investors.

Approved by the White Mountain Apache Tribal Council on _____, 20__, in Resolution _____.

Tribal Council Secretary