



WHITE MOUNTAIN APACHE TRIBE

A Sovereign Tribal Nation

(Approval For Subsidy Funding For WMATCO)

- WHEREAS,** WMATCO has provided a briefing to the Tribal Council about operations, product development and the status of efforts to obtain financing for the sawmill upgrades;
- WHEREAS,** the WMATCO management team has made many improvements to the production system, but they report that until the major modernization plans are completed, the sawmill will continue to need a Tribal subsidy to maintain operations; and
- WHEREAS,** the Tribe has made subsidy payments to WMATCO each year since the resumption of operations in 2014, and will continue to do so; and
- WHEREAS,** the inefficiencies in the mill have been compounded by delays and the sporadic nature of the subsidy payments, resulting in unscheduled curtailments, the loss of certain customers, interruptions in the log supply, and unneeded start-up costs; and
- WHEREAS,** based on historical subsidy payments, the mill needs roughly \$750,000 in subsidy funds per quarter to maintain consistent operations; and
- WHEREAS,** the WMATCO management team recommends that the subsidy payments be made on a regular schedule to support consistency in the operations and enable the Tribe to budget and plan for the payments; and
- WHEREAS,** the budgeted amount of \$750,000 per quarter is not an increase in the contribution rate, but the actual historic amount based on prior year contributions, and a realistic figure in line with current forecasts; and
- WHEREAS,** the commitment to a regular funding schedule will further stabilize the operations, and
- WHEREAS,** the WMATCO management team and governing board will continue in their efforts to build their customer base and product mix as necessary to sustain long-term and viable operations when the necessary capital upgrades are secured; and
- WHEREAS,** the Tribal Council recognizes that maintaining viability of WMATCO will serve the Tribe's interests by, 1) providing the most cost effective means to achieve forest thinning; 2) maintaining compliance with the Tribe's new market tax credit financing terms and the terms of the carbon sequestration funding; 3) building up the company for future viability when the long term financing is secured; and 4) providing employment to more than 130 tribal members at the mill and in the related commercial logging operations.

Resolution No. 10-2018-229

BE IT RESOLVED by the Tribal Council of the White Mountain Apache Tribe that it hereby approves an operational subsidy of Tribal funds to WMATCO in the amount of \$750,000 each quarter to support operations, as detailed above and in the regular budgetary and operational reporting WMATCO provides to the Tribal Council.

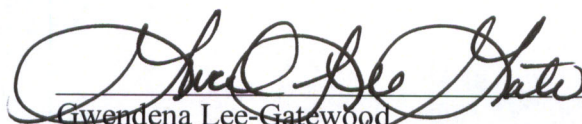
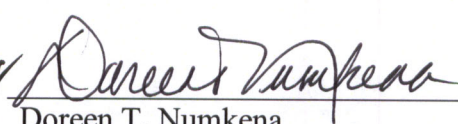
BE IT FURTHER RESOLVED by the Tribal Council of the White Mountain Apache Tribe that in order to meet immediate needs, the subsidy for October be made in the amount of \$350,000 and issued immediately, with each subsequent monthly subsidy payment made in the amount of \$250,000 each.

BE IT FURTHER RESOLVED by the Tribal Council of the White Mountain Apache Tribe that the WMATCO continue to provide full operational and budget reports to the Council each month, with in-person presentations, not less than each quarter, so that the Tribal Council can determine whether to adjust the subsidy payments, based on the information as received.

BE IT FURTHER RESOLVED by the Tribal Council of the White Mountain Apache Tribe that it hereby directs that in the event this Resolution directly conflicts with the Tribal Constitution, Tribal Ordinances, or any material facts concerning the issues presented are later found to be false, this Resolution shall be deemed null and void and have no legal effect.

BE IT FURTHER RESOLVED by the Tribal Council of the White Mountain Apache Tribe that the Chairwoman, or in her 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 **OCTOBER 8, 2018** duly adopted by a vote of **NINE** for, **ZERO** against, and **ZERO** abstentions by the Tribal Council of the White Mountain Apache Tribe, pursuant to authority vested in it under the enumerated powers listed in Article IV, Section 1 of the WMAT Constitution, so ratified on September 30, 1993, and federally recognized pursuant to Section 16 of the Indian Reorganization Act of June 18, 1934 (48 Stat. 984).

	<u>10/18/18</u>		<u>10/18/18</u>
Gwendena Lee-Gatewood Tribal Chairwoman	Date	Doreen T. Numkena Tribal Secretary	Date