

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

WHEREAS, the Chairman of the White Mountain Apache Tribe has requested assistance from the Indian Health Service for the installation of sanitation facilities for scattered housing to be located on the Fort Apache Indian Reservation; and

WHEREAS, the Tribal Council has reviewed and considered the provisions of the attached Memorandum of Agreement, including the Project Summary incorporated therein.

BE IT RESOLVED by the Tribal Council of the White Mountain Apache Tribe that the Tribal Chairman is hereby authorized to execute this agreement and any subsequent amendments and agreements necessary for the construction and transfer of domestic water supply and sewage disposal facilities for Indian Homes in the communities throughout the Fort Apache Indian Reservation for Project PH 90-243.

The foregoing resolution was on July 12, 1990, duly adopted by a vote of eight for and zero against by the Tribal Council of the White Mountain Apache Tribe, pursuant to authority vested in it by Article V, Section 1 (i) of the Amended Constitution and Bylaws of the Tribe, ratified by the Tribe June 27, 1958 and approved by the Secretary of the Interior on May 29, 1958, pursuant to Section 16 of the Act of June 18, 1934 (48 Stat.984).

  
\_\_\_\_\_  
Chairman of the Tribal Council

  
\_\_\_\_\_  
Secretary of the Tribal Council

JUL 30 1990

MEMORANDUM OF AGREEMENT  
BETWEEN  
THE UNITED STATES OF AMERICA  
AND  
THE WHITE MOUNTAIN APACHE TRIBE

FOR  
DOMESTIC WATER SUPPLY AND SEWAGE DISPOSAL FACILITIES

FOR  
6 UNITS BIA HIP HOUSING  
29 UNITS TRIBAL HOUSING


FORT APACHE INDIAN RESERVATION  
APACHE, NAVAJO AND GILA COUNTIES, ARIZONA

PUBLIC LAW 86-121

PROJECT NUMBER PH-90-243

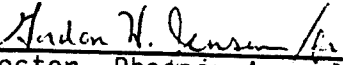
FOR THE WHITE MOUNTAIN APACHE TRIBE:

July 13 - 90  
Date

  
Chairman, White Mountain Apache Tribe, having  
been duly authorized to enter into this  
Agreement on behalf of the White Mountain  
Apache Tribe.

FOR THE UNITED STATES OF AMERICA:

5-23-90  
Date

  
Director, Phoenix Area Indian Health Service,  
Department of Health and Human Services.

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AND  
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PUBLIC LAW 86-121

PROJECT NUMBER PH 90-243

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
PUBLIC HEALTH SERVICE  
INDIAN HEALTH SERVICE  
PHOENIX AREA OFFICE

APRIL 1990

MEMORANDUM OF AGREEMENT  
BETWEEN  
THE UNITED STATES OF AMERICA  
AND  
THE WHITE MOUNTAIN APACHE TRIBE  
FOR  
DOMESTIC WATER SUPPLY AND SEWAGE DISPOSAL FACILITIES  
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APACHE, NAVAJO AND GILA COUNTIES, ARIZONA

PUBLIC LAW 86-121

PROJECT NUMBER PH 90-243

THIS AGREEMENT, is made between the United States of America, acting through the Indian Health Service, Department of Health and Human Services, under and pursuant to Section 7(a)(3) of Public Law 86-121, (73 Stat. 267); and the White Mountain Apache Tribe, hereinafter called the Tribe, acting through the Tribal Chairman.

WHEREAS, the Tribe desires to obtain satisfactory water-supply and sewage-disposal facilities for residents of new Indian homes on the Fort Apache Indian Reservation, and

WHEREAS, the Tribe, acting through the Chairman of the White Mountain Apache Tribal Council, by a project proposal submitted to the Indian Health Service on February 20, 1990, requested assistance under Public Law 86-121 in the construction of water supply and sewage disposal facilities for Indian families in communities throughout the Fort Apache Indian Reservation, and

WHEREAS, the Indian Health Service desires to help provide satisfactory domestic water supply and sewage disposal facilities for residents of the Fort Apache Indian Reservation.

NOW THEREFORE, to carry out the project as set forth in the attached Project Summary entitled "Domestic Water Supply and Sewage Disposal Facilities, 6 Units of BIA HIP Housing, 29 Units of Tribal Housing, Fort Apache Indian Reservation, Apache, Navajo and Gila Counties, Arizona", the parties mutually agree:

TRIBAL AND UTILITY AUTHORITY RESPONSIBILITIES

1. That the Tribe consents to grant the Indian Health Service all right-of-way on or over Tribal lands as the Indian Health Service judges necessary to design and install all facilities provided, and waives any claims for compensation and damage for these rights-of-way except those which may be recognized under the Federal Tort Claims Act.
2. That the Tribe grants permission for the Indian Health Service and its representatives to enter upon or cross Tribal lands to carry out the project, as proposed in the attached Project Summary and provided for in this Agreement, and further agrees to waive all claims for damages that may arise because of such entry upon Tribal lands, except those which may be recognized under the Federal Tort Claims Act.
3. That the Tribe, acting through the Utility Authority, shall levy and collect service charges from users sufficient to keep all facilities in proper operating condition and shall enforce ordinances governing the proper use of these facilities, and maintain and accept the transfer of all off lot water and sewer service lines, mains and appurtenances.

4. That the Tribe agrees to notify the Indian Health Service of the location of each proposed homesite prior to construction to enable the Indian Health Service to inspect and approve each homesite for the feasibility of installation of sanitation facilities. The Tribe also agrees to accept transfer of all individual facilities on behalf of the homeowner.
5. That the Tribe through its various programs shall provide all plant, labor, tools, equipment, materials, and supplies necessary to construct portions of the project which are mutually agreed upon by the Tribal program and the Indian Health Service at the unit cost mutually agreed upon in advance and in writing by the District Engineer and the appropriate Tribal Program Director, according to the plans and specifications supplied by the Indian Health Service Engineer.
6. That the Tribe agrees that the Tribal employees engaged in temporary or seasonal construction projects, authorized and funded under Public Law 86-121, shall be paid at the prevailing Tribal wage rates. Payments for salaries of personnel shall be debited from a separate tribal account specifically designated for this purpose.
7. That the Tribe agrees to contract for, and administer the purchase or construction of the proposed sanitation facilities in accordance with plans and specifications furnished by the IHS, if requested by IHS. The Tribe further agrees that no contracts shall be entered into and no Notice to Proceed shall be issued until written approval to do so is received from the Chief, Sanitation Facilities Construction Branch.

8. In addition, to provide for the completion of the proposed sanitation facilities, the Tribe agrees:
- A. That all tribal employees working on this construction shall be covered by workmen's compensation insurance as required by applicable State and Federal laws.
  - B. To require any contractor working on this construction to procure and maintain for his employees workmen's compensation insurance as required by applicable State and Federal laws.
  - C. To insure all construction by its employees or contractors is done using construction practices that do not violate applicable State and Federal health and safety requirements. Construction safety is the sole responsibility of the Tribe and its contractors.
  - D. To be responsible for public liability, property damage and vehicle liability insurance during construction of the project.
  - E. To abide by the recommendations of the IHS regarding testing, construction, inspection and final review of the facilities provided under this Agreement, in order to assure that the facilities will function properly and meet public health standards.
9. That the Tribe agrees to provide personnel as long as the need exists as determined by the Indian Health Service.
10. That the Tribe agrees that all funds contributed from the IHS will be placed in a special account specifically designated to receive and disburse funds related to this project. No part of the funds in the account shall be commingled with other Tribal funds prior to withdrawal thereof from the special account. Funds in the account may be withdrawn solely for the purpose of making payments or Tribal reimbursements for

authorized project related costs. Any interpretation required as to the proper use of funds shall be made in writing by the IHS Project Engineer. The Tribe also agrees to provide IHS with a monthly report, on forms similar to those provided by IHS, showing the receipts and disbursements of this Account.

#### INDIAN HEALTH SERVICE RESPONSIBILITIES

1. That the Indian Health Service shall provide without charge to the Tribe, Utility Authority, or individual homeowner, all materials, supplies, equipment, labor, and technical services necessary to construct all water supply and sewage disposal facilities for each new and existing house, as described in the above mentioned Project Summary, unless said facilities are installed by one of the various Tribal programs.
2. That the Indian Health Service shall provide, without charge, instructions on the proper use, operation, maintenance, and protection of the sanitation facilities to all homeowners who receive facilities described in the above mentioned Project Summary, and to the Tribal Utility Authority.
3. That the IHS may make contributions to the Tribe on a monthly basis in amounts approved by the IHS Project Engineer based on cost estimates for construction projected during the upcoming month. Supplemental requests for contributions may be made should costs exceed the monthly estimate, and any funds contributed which are not expended within a given month shall be applied toward the next monthly estimate and the contribution adjusted accordingly.



4. That the funding provided to the Tribe by the IHS for labor, materials, procurement, and construction costs shall not exceed \$270,000. The exact amount to be contributed shall not exceed the actual contract amounts, as approved by the IHS, plus an amount for contract administration for each contract administered and entered into equal to two percent of the contract cost.
5. That it is understood that if the Indian Health Service determines that the work is not progressing at a satisfactory pace, utilizing the Tribal employees, the Indian Health Service will discuss the matter with the Tribe. If progress remains unsatisfactory for two months after written notice to the Tribe, the Indian Health Service will cease utilization of Tribal employees and will accomplish the work by other means.
6. That in view of contributions made and responsibilities undertaken by the individual Tribal members, upon completion of the project, the Indian Health Service shall transfer to the head of each household, without charge, all individual facilities, including water and sewer service lines and septic systems. The Indian Health Service agrees to this transfer with the understanding that the head of each household shall then be responsible to operate, maintain and repair his individual facilities. All community facilities will be transferred to the Utility Authority, through the Tribe.
7. That the Indian Health Service shall complete the project as soon as practical within the limits of the Project Engineer's schedule, and to the extent of the availability of funding.

**PROJECT SUMMARY**  
**DOMESTIC WATER SUPPLY AND SEWAGE DISPOSAL FACILITIES**  
**6 UNITS BIA HIP HOUSING**  
**29 UNITS TRIBAL HOUSING**  
**FORT APACHE INDIAN RESERVATION**  
**APACHE, NAVAJO AND GILA COUNTIES, ARIZONA**

**PUBLIC LAW 86-121**

**IHS PROJECT NUMBER PH-90-243**

**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
**PUBLIC HEALTH SERVICE**  
**INDIAN HEALTH SERVICE**  
**PHOENIX AREA OFFICE**

**APRIL 1990**

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PUBLIC LAW 86-121 --

IHS PROJECT NUMBER PH-90-243

INTRODUCTION

Members of the White Apache Tribe are planning to add approximately 35 additional units of scattered housing on the Fort Apache Indian Reservation during 1990. These homes will be financed through the Bureau of Indian Affairs (B.I.A.) Housing Improvement Programs, BIA Revolving Credit Housing Program, and private financing. The White Mountain Apache Tribe has requested assistance in the installation of water and waste disposal facilities from the Indian Health Service in a project proposal dated February 20, 1990. The Indian Health Service proposes to construct the above mentioned facilities for a total cost of approximately \$300,000.00. These facilities will provide adequate domestic water supply and waste disposal facilities for approximately 158 people. The exact locations of most of these homes have not been determined at this time.

Five of the proposed homes are located in the Alchesay Flats area, north of Whiteriver. The estimated cost to serve these homes includes a \$42,500.00 contribution toward an approximately \$400,000.00 Community Development Block Grant the Tribe is applying for to serve this area with adequate sewer mains. Previously, service to these homes was not feasible due to the high cost of extending a sewer main to this area and the fact that the soils in the area are unsuitable for subsurface disposal of septic effluent.

Regardless, several homes have been located in the area with no sewage disposal facilities, or with minimal "home made" facilities.

The Tribe has subdivided 111 individual home sites in the Round Top area of Alchesay Flats, but has recently declared a moratorium on locating in this area due to the lack of adequate sewage collection and disposal facilities.

If the Tribe is not successful in securing a grant to cover the cost of extending a sewer main to the Round Top area, the \$42,500.00 set aside for this portion of the project will be used to provide water and sewage facilities for eligible homes elsewhere on the Reservation.

#### GENERAL INFORMATION

The Fort Apache Indian Reservation, governed by the White Mountain Apache Tribe, with headquarters at Whiteriver, Arizona, is located in the mountainous east central part of the state, and occupies large portions of Navajo, Gila, and Apache counties. The Fort Apache Reservation is approximately 75 miles wide from east to west, and about 45 miles long from north to south, and covers an area of 1,664,872 acres, or 2,601 square miles. Show Low (35 miles distant) and McNary (23 miles distant) are the nearest urban communities. Holbrook (85 miles distant) is the nearest town located on a main line railroad. Phoenix, largest city in the State, is located 180 miles to the southwest.

The Reservation has a wide range of topography and climate. The southwestern area is semi-desert in character with an elevation of 2,700 feet and high summer temperatures. To the northeast, however, elevations in some places exceed 11,000 feet. The summers are cool and the winters are

moderately severe. It is in this region, where elevations are 5,000 to 6000 feet, that the Whiteriver Agency Headquarters is located. Variations in daily temperatures during spring, summer and early fall range from 10 to 25 degrees or more. Rainfall varies from a few inches in the southwest, to heavier precipitation, including snow, at elevations of 6,500 feet to 11,000 feet.

The entire Reservation slopes generally in a southeasterly direction and drains into the Salt River, which is an important source of surface water for Phoenix and the surrounding area.

The Reservation is heavily forested in many areas. There are 719,686 acres of commercial forest and 347,555 acres of non-commercial forest. The principal commercial tree is the Ponderosa Pine. Non-commercial trees are Pinon, Juniper, Scrub Oak, Alder, Cottonwood, Walnut, Box Elder, and Sycamore.

#### EXISTING SANITATION FACILITIES

##### Water Supply

All of the proposed housing units will be constructed near existing community water systems, many of which have recently been improved in conjunction with housing projects funded by the Department of Housing And Urban Development.

##### Sewage Disposal

Several of the new homes will be built near existing community sewer systems that are capable of handling the increased sewage flow. It is anticipated that the remaining new homes will require individual septic tank and leachfield systems.

## PROPOSED FACILITIES

Locations of the proposed homes have not been determined at this time. This project will provide water service lines or short water main extensions connected to existing water mains. Sewage disposal will be provided by either sewer service lines, short sewer main extensions, or septic tank drainfield systems.

A contribution will be made toward a HUD CDBG project to extend sewer mains to the Alchesay Flats area north of Whiteriver.

## COST ESTIMATE

This project is being funded for \$300,000.00 by IHS. This amount is based upon an expected average cost for water and sewer per new home of approximately \$8,500 for 35 homes. It is understood that the actual number and type of facilities necessary to serve 35 homes will be a function of the actual approved location. Individual service costs exceeding \$8,500 per home will be the responsibility of the homeowner in accordance with Phoenix Area IHS Policy.

ESTIMATED COST TO SERVE 35 PROPOSED HOMES  
PH 90-243

WATER:

8" PVC Water Main	1844	LF	\$ 12.44	\$22,939.36
2" PVC Water Main	3687	LF	6.22	22,933.14
Saddle w/Corp Stop	30	EA	155.55	4,666.50
Curb Stop w/Box	11	EA	140.00	1,540.00
1" PC Water Service	3042	LF	6.00	18,252.00
1" Frost Proof Yard Hydrant	11	EA	155.55	1,711.05
2" Pipe Interconnection	14	EA	207.40	2,903.60
Coppersetter w/Box	30	EA	155.55	4,666.50
6" Fire Hydrant w/Valve	7	EA	1,200.00	8,400.00
		SUB-TOTAL - WATER		<u>\$ 88,012.15</u>

SEWER:

8" PVC Sewer Main	2212	LF	12.44	27,517.28
4" PVC Sewer Service	3042	LF	6.74	20,503.08
Manhole 0-8 Ft.	6	EA	1,451.80	8,710.80
Sewer Main Cleanouts	2	EA	145.18	290.36
Sewer Saddles - Mainline	18	EA	114.07	2,053.26
1000 Gallon Septic Tank	12	EA	650.00	7,800.00
4" Perf. Sewer Pipe w/Gravel	7374	EA	8.00	58,992.00
Sewer Main Connection to Existing Manholes	6	EA	570.35	3,422.10
		SUB-TOTAL - SEWER		<u>\$129,288.88</u>

SUB-TOTAL WATER & SEWER	\$217,301.03
4% TRIBAL FEES	8,692.04
BUILDING PERMIT FEE	4,000.00
10% FIELD LABOR	21,730.10
CONTINGENCIES	5,776.83
TOTAL	<u>\$257,500.00</u>

Contribution to HUD CDBG Sewer  
Project to serve Alchesay Flats Area: 42,500.00

PROJECT TOTAL \$300,000.00

## SOLID WASTE

Due to the lack of a comprehensive solid waste plan and community collection program, no solid waste facilities are proposed under this project. If a solid waste collection service is initiated during this project, containers will be purchased if funds remain upon completion of water and sewer facilities.

## PLUMBING

There is no interior plumbing included in this project.

## METHOD OF CONSTRUCTION

Facilities to be installed through this project will be constructed by any one or combinations of the following methods: (1) MOA contract with Tribal Programs; (2) Open market contracts; (3) Tribal employees.

## FLOOD HAZARD

The houses served by this project will not be located in areas subject to flooding. None of the facilities to serve these homes will be built in flood prone areas without provision of flood protection features.

## ENVIRONMENTALLY RELATED DISEASES

TABLE 1.

ENVIRONMENTALLY RELATED DISEASES	NUMBER OF HOSPITAL VISITS*				
	FY 85 No.	FY 86 No.	FY 87 No.	FY 88 No.	FY 89 No.
Infectious Hepatitis	7	142	19	28	17
Bacillary Dysentery	106	94	75	104	100
Gastroenteritis Diarrhea	1500	1004	1285	2002	1844

\*Service Unit Population of 9,150

Table 1. gives an indication of numbers of hospital visits related to each specific disease for that fiscal year. It does not separate specific cases.



## HOMEOWNER TRAINING

Recipients of individual facilities installed under this project will be provided with two training sessions to insure that the facilities are properly operated and maintained. The first session will be during the construction of the facilities, followed by a second session several months after the homeowner has occupied the house. The Sanitation Facilities Construction Branch and Environmental Health Services Branch will conduct the training sessions.

## OPERATION AND MAINTENANCE

Upon completion of this project, ownership of service lines and septic tank drainfield facilities will be transferred to the individual homeowner.

Individual Agreements (Forms HHS-300) will be signed by the participant. It will be the responsibility of the homeowner to assure that the facilities are properly maintained. All community facilities will become the responsibility of the Utility Authority for operation and maintenance. The minor incremental increase in Utility Authority costs to serve the 35 additional homes will be more than offset by the revenue generated from monthly charges. In order to promote effective operation, care, and maintenance of the installed facilities, IHS will provide to the homeowner or utility authority, as appropriate.

- A. A homeowners manual and discussion of traps, leaky faucets, toilet floats, cleanouts, etc.
- B. A listing of the equipment, fixtures, and on-site sanitation facilities installed.
- C. Waste disposal information, including location, type, size, etc.
- D. As-builts with permanent ties of facilities installed.

## DESIGN ANALYSIS SHEETS

Due to the minimal increase in demand on existing facilities created by the addition of the 35 scattered units, design analysis sheets have been deleted from this Project Summary. Reference should be made to Projects PH-86-480, 86-497 and PH-86-498 concerning development of additional water sources and supplies concerning the Alchesay Flats/Whiteriver areas.

## FLUORIDATION

All community water systems have been fluoridated, or funding has been provided by previous projects to complete needed fluoridation facilities.

PROJECT SUMMARY REVIEW

Assigned Project No. PH 90-243

AREA PHOENIX RESERVATION FORT APACHE

TITLE WATER AND SEWER FACILITIES TRIBE WHITE MOUNTAIN APACHE

COUNTY Navajo STATE ARIZONA

Prepared by: \_\_\_\_\_ Date APRIL 1990 Reviewed By: Don Moore Date 4-2-90

		No. Homes	IHS Cost	Cost/Home	Total Cost	Total Cost/Home
1. Introduction	<u>X</u>					
2. General Information	<u>X</u>					
Location Map	<u>X</u>					
3. Disease of Env. San. Significance	<u>X</u>					
4. Existing Sanitation Facilities	<u>X</u>					
5. Recommended Facilities Plans	<u>X</u>					
6. Participation	<u>X</u>					
7. Signatures	<u>X</u>					
8. Design Analysis Form	<u>X</u>					
11. Type						
Initial Exist						
HUD						
HIP		<u>6</u>				
Other		<u>29</u>				
Initial Total						
Design Total		<u>35</u>				

9. Flood Evaluation X

10. Estimated Cost:

IHS	<u>\$300,000</u>
TRIBE	<u>-0-</u>
LHA	<u>-0-</u>
OTHER	<u>-0-</u>
TOTAL	<u>          </u>

12. Number of Homes Served by Type of Facility:

CW	<u>35</u>	CS	<u>23</u>	CR	<u>          </u>
IW	<u>          </u>	IS	<u>12</u>	IR	<u>          </u>

Specify Source \_\_\_\_\_

Recommended Action: \_\_\_\_\_

Comments: \_\_\_\_\_

5-22-90  
Date

John R. Hamilton  
CHIEF, SFCB

INDIAN HEALTH SERVICE  
SANITATION FACILITIES CONSTRUCTION  
UNDER PL 86-121

PROJECT SCHEDULE

AREA PHOENIX

PROJECT TITLE 35 Units Tribal Housing

PROJECT NUMBER PH-90-243

AND \_\_\_\_\_

LOCATION Fort Apache Reservation

ESTIMATED COST \$ 300,000.00

PROJECT DESCRIPTION Provide water  
and sewer service to 35 proposed  
homes

IHS \$ 300,000.00

TRIBAL \$ \_\_\_\_\_

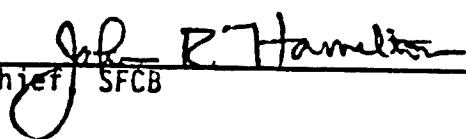
OTHER \$ \_\_\_\_\_

TOTAL \$ 300,000.00

NO. HOMES TO BE SERVED 35

DATE PROJECT APPROVED \_\_\_\_\_

<u>ACTION TAKEN</u>	<u>TARGET DATES</u>	<u>REMARKS</u>
MEMORANDUM OF AGREEMENT SIGNED	<u>6/90</u>	_____
ENGINEERING DESIGN INITIATED	<u>6/90</u>	_____
ENGINEERING DESIGN COMPLETED	<u>12/90</u>	_____
STATE HEALTH DEPARTMENT REVIEW	_____	_____
RIGHTS OF WAY REQUESTED	_____	_____
PROCUREMENT INITIATED	<u>6/90</u>	_____
CONSTRUCTION PERSONNEL	_____	_____
RECRUITMENT	_____	_____
TRAINING	_____	_____
CONSTRUCTION COMPLETED	<u>7/91</u>	_____
FACILITIES TRANSFERRED	<u>9/91</u>	_____

  
 Chief SFCB 5-22-90  
Date

PROJECT SUMMARY  
DOMESTIC WATER SUPPLY AND SEWAGE DISPOSAL FACILITIES  
6 UNITS BIA HIP HOUSING  
29 UNITS TRIBAL HOUSING  
FORT APACHE INDIAN RESERVATION  
APACHE, NAVAJO AND GILA COUNTIES, ARIZONA

PUBLIC LAW 86-121

IHS PROJECT NUMBER PH-90-243

PREPARED BY:

2/27/90  
Date

*J. C. ...*  
Project Engineer

CONCURRED BY:

2/27/90  
Date

*C. ...*  
Service Unit Director

REVIEWED BY:

4-2-90  
Date

*D. ...*  
District Engineer

RECOMMENDED FOR APPROVAL:

5-22-90  
Date

*John R. Hamilton*  
Chief, Sanitation Facilities  
Construction Branch

APPROVED BY:

5/23/90  
Date

*Tommy ...*  
Acting Director, Office of Environmental  
Health

RECEIVED

SEP 26 1990

TERMS OF A MANAGEMENT AGREEMENT BETWEEN  
WHITE MOUNTAIN APACHE TRIBE AND MERA AND MEGAN CORP.

It is hereby agreed between the WHITE MOUNTAIN APACHE TRIBE and MERA AND MEGAN CORP., as follows:

1. The provisions of this agreement shall not to exceed ninety (90) days; provided however, that, the terms of this agreement may be renegotiated before or at the time of expiration.
2. Mera & Megan Corp. (M & M Corp.) agrees to pay all operational costs, including but not limited to; capital expenditures, facility preparation expenses; enumerated specific costs itemized herein, and labor necessary for the production of furniture that is not available from the normal cash flow of the enterprise as determined by the Tribal Treasurer. Specific costs anticipated by this agreement include: lease payments or purchase costs for sanders and other equipment, lumber, paints and lacquers, electrical wiring installation, shipping cartons, hardware, and labor costs for all personnel hired during the duration of this agreement as delineated in Attachment A, Operational Costs List For Apache Furniture Manufacturing. Allowable operational expenses will not include any management fees or salaries.
3. The White Mountain Apache Tribe (WMAT) agrees to permit M & M Inc. the use of the existing furniture manufacturing facility, equipment, materials, and supplies located at the south side of the Development Enterprise Yard which are currently intended for the production of furniture. Further, the WMAT hereby grants M & M Inc. the authority to manage the operation of the furniture manufacturing operation, including authority to set production standards, establish quality control standards and procedures and to hire and fire personnel consistent with Tribal Personnel Policies and procedures.
4. The furniture manufacturing enterprise identified herein will be known as Apache Furniture Manufacturing (AFM) and will be a separate entity from Apache Manufacturing Company (AMCO) which had previously initiated furniture manufacturing as a subsidiary of AMCO. All financial accounting records for AFM will be maintained separately from those of AMCO according to procedures agreed to by M & M Corp. and the Tribal Treasurer of the White Mountain Apache Tribe.
5. The investment cost of M & M Corp. which are verified by the Tribal Treasurer will be repaid only from the positive cash flow of AFM at the end of the ninety day agreement period or sooner if warranted by positive cash flow of AFM and mutually agreed to by the parties to this Agreement. Said verified investment costs will accure interest at the rate of one percent (1%) above the prime

interest rate. If the cash flow of AFM is not adequate to repay the investment and interest to M & M Corp. then payment will be made as soon as the cash flow of AFM permits, provided that if this agreement terminates at the end of 90 days for any reason and there is no positive cash flow, AFM or the White Mountain Apache Tribe shall not be liable to repay any of M & M Corp.'s investment costs. If the agreement is terminated and there is a positive cash flow, then the repayment of M & M Corp.'s investment costs will be limited to those positive cash flow funds available.

6. Within ninety days, the management of AFM will prepare a Plan of Operation for the ongoing operations of the enterprise. The Plan of Operation will include procedures for appointing a Board of Directors, powers of the Board, powers of the manager, provisions for reserved earnings, and provisions for long term repayment of the Tribal Treasurer's verified initial investment of AMCO in the furniture manufacturing operation.

7. This agreement may be dissolved immediately by the mutual consent of the parties involved or unilaterally by either party with thirty days notice in writing to the other.

8. It is understood by the parties that the "Agreement for Exclusive Sales Agency", dated April 2, 1990 between the WMAT and Mera-Megan Corp. is not part of this ninety (90) day agreement, is null and void and must be agreed upon, modified and otherwise negotiated within the next ninety (90) days.

9. Notice to the parties will be as follows:

- a). to White Mountain Apache Tribe  
Ronnie Lupe, Tribal Chairman  
P.O. Box 1150  
Whiteriver, AZ 85941
- b). to Mera and Megan Corp.  
Mr. Joe Martin  
1312 S. 32nd Street  
Phoenix, AZ 85029

10. Any unresolved disputes arising between the parties to this agreement will be resolved through the Tribal Court of the White Mountain Apache Tribe.

\_\_\_\_\_  
Joe Martin, Partner  
MERA & MEGAN CORP.

\_\_\_\_\_  
Ronnie Lupe, Tribal Chairman  
WHITE MOUNTAIN APACHE TRIBE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
DATE