

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

- WHEREAS,** the Tribal Council of the White Mountain Apache Tribe ("Tribe") pursuant to Article IV, Section 1(a), (b), (h), (i), (l), (t) and (u) of the Tribal Constitution has the authority to borrow money from any source and to pledge or assign chattels or future tribal income as security therefor and to otherwise manage all economic affairs and enterprises of the Tribe; and
- WHEREAS,** the Tribal Council has concluded that it is in the best interest of the Tribe to have a committed funding source for the working capital needs of the Tribe and its enterprises; and
- WHEREAS,** the authorized representatives of the Tribal Chairman have negotiated with First Interstate Bank of Arizona, N.A. ("Lender") to provide a line of credit in the maximum principal amount of \$2 million, for the purpose of providing said funding source (the "Revolving Loan"), with the Revolving Loan to be secured by a first priority assignment of the revenue now and in the future payable to the Tribe by the Fort Apache Timber Company ("FATCO") pursuant to Resolution No. 11-91-327 and/or successive Resolutions ("Stumpage Revenues"); and
- WHEREAS,** the Tribal Council has concluded that it is in the best interest of the Tribe to undertake the Revolving Loan with Lender and provide for a valid, binding and enforceable lien on all Stumpage Revenues now and in the future payable to secure repayment of the Revolving Loan, with interest, cost, charges and fees applicable thereto; and
- WHEREAS,** the Tribal Council has concluded that, in order to preserve for Lender the benefits of such lien in Stumpage Revenues, it is in the best interest of the Tribe to authorize and direct FATCO to undertake an agreement with Lender not to pledge or assign its accounts receivable and general intangibles to any person while the loan shall be outstanding (the "Negative Pledge"), and to grant Lender a conditional security interest (the "Conditional Security Interest") in its accounts and general intangibles that shall be effective in the event (but only in the event) that FATCO violates the Negative Pledge (the "Condition Subsequent"); and

WHEREAS, the Tribal Council agrees to a limited waiver of the sovereign immunity of the Tribe for the purpose of enforcement of the Business Loan Agreement, additional provisions thereto, and the Negative Pledge and Conditional Security Agreement and related documents related to the Revolving Loan.

BE IT RESOLVED by the Tribal Council of the White Mountain Apache Tribe, as follows:

1. The Revolving Loan is hereby approved and authorized, provided that the maximum liability of the Tribe for the principal amount thereof, exclusive of interest, costs, charges and fees accruing with respect thereto (which shall be in addition to the principal amount), shall not exceed TWO MILLION DOLLARS (\$2,000,000.00).
2. The Revolving Loan shall be a first priority lien and charge upon all Stumpage Revenues now and at any future time payable. The Tribal Council will not reduce the percentage of revenues payable.
3. The Tribal Chairman is hereby authorized and directed to take appropriate action to cause all Stumpage Revenues becoming due and payable after the date hereof to be paid by FATCO directly to Lender for the account of the Tribe after the BIA Roads Suspension Fund and Forest Administration deduction has been deducted therefrom, until such time as the Revolving Loan (and any extension or modification thereof or replacement therefore) has been fully paid and satisfied and all of Lender's obligations to advance credit accommodations in any form to or for the benefit of the Tribe thereunder have terminated. Lender is hereby authorized to apply all Stumpage Revenues so received to the reduction of principal outstanding and the payment of any and all amounts at any time payable in connection with the Revolving Loan, including (without limitation) payment of interest, costs, charges and fees accrued and unpaid in connection therewith, provided that Stumpage Revenues received by Lender in excess of the amount required for such applications shall be made available by Lender to the general fund of the Tribe.
4. The Tribal Chairman, acting alone, is hereby authorized to execute and deliver such definitive documentation for the Revolving Loan and the security therefor as he, in his discretion, shall determine to be satisfactory for that purpose.

Resolution No. 05-94-144

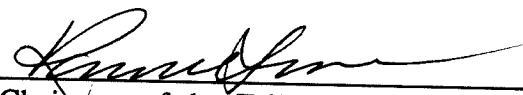
5. The undertaking of the Negative Pledge by FATCO and the grant of the Conditional Security Interest thereby are hereby each approved and authorized. The Conditional Security Interest shall constitute a first and prior lien on all "accounts" and "general intangibles" of FATCO (as the foregoing terms in quotations are defined in the Arizona Uniform Commercial Code), subject only to the occurrence of the Condition Subsequent. The [General Manager] of FATCO, acting along, is hereby authorized and directed to execute and deliver any and all documents to be executed by FATCO in connection with the Loan, including (without limitation) documentation necessary or convenient in that officer's discretion to evidence the Negative Pledge and the Conditional Security Interest. Without limitation of Resolution No. 4, above the Tribal Chairman, acting alone, is hereby authorized and directed to execute and deliver such documentation as is necessary or convenient in his discretion to evidence the Negative Pledge and the Conditional Security Agreement.
6. The Tribal Chairman acting alone without need of further Tribal Council approval or action is hereby authorized and empowered to renew and extend the "Revolving Loan" and commitments attendant thereto in accordance with the terms of the Resolution and the loan documents necessary to carry out its intent and purpose, said authorization shall terminate April 30, 1998.
7. Proof of receipt of stumpage revenues by Lender on account of the Tribe shall be sent immediately to the Bureau of Indian Affairs, Superintendent, Fort Apache Agency.
8. The Tribal Council agrees to a limited waiver of the sovereign immunity of the Tribe for the purpose of enforcement of the Business Loan Agreement, additional provisions thereto, and the Negative Pledge and Conditional Security Agreement and related documents related to the Revolving Loan.

The foregoing resolution was on May 25, 1994, duly adopted by a vote of nine 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), (l), (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).

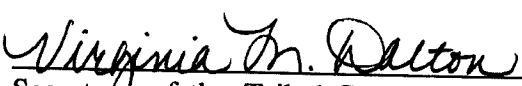
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FORT APACHE INDIAN AGENCY
WHITE RIVER, ARIZONA



Chairman of the Tribal Council



Secretary of the Tribal Council