

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

- WHEREAS, the Tribal Council of the White Mountain Apache Tribe (the "Tribe") pursuant to Article IV, Section 1(a), (b), (h), (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 interests of the Tribe to finance the cost of construction of and equipment for certain municipal buildings more fully described on Exhibit "A" hereto through the issuance of a general obligation debt instrument of the Tribe; and
- WHEREAS, the authorized representatives of the Tribal Chairman have negotiated with First Interstate Bank of Arizona, N.A. ("Lender") for loan financing in the amount and subject to the terms and conditions more fully described on Exhibit "B" hereto (the "Loan"); and
- WHEREAS, pursuant to Resolution 05-94-144, the Tribal Council has approved and authorized the grant of a first priority security assignment (the "First Stumpage Revenue Assignment") to Lender of and to the revenue (the "Stumpage Revenues") 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, to secure and provide a funding source for repayment of that certain revolving line of credit more fully described in Resolution 05-94-144; and
- WHEREAS, the Tribal Council has concluded that it is in the best interest of the Tribe to secure the Loan primarily with a security assignment (the "Casino Revenue Assignment") of present and future revenues of the Hondah Casino (the "Casino Revenue"), and secondarily by a grant of a second priority assignment to Lender of the Stumpage Revenues (the "Second Stumpage Revenue Assignment"); and
- WHEREAS, the Tribal Council has concluded that, in order to preserve for Lender the benefits of the Second Stumpage Revenue Assignment, 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 FATCO's 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 and its instrumentalities for the purpose of enforcement of the loan and security documents undertaken by the Tribe and its instrumentalities in connection with the Loan (collectively, the "Loan Documents").

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

1. The Loan is hereby approved and authorized, on and subject to the terms and conditions set forth on Exhibit "B" hereto, with the proceeds to be used for the purpose of constructing and equipping the municipal improvements described on Exhibit "A" hereto, provided that the Tribal Chairman or his designee(s) may negotiate for an increase in the principal amount of the Loan to \$6 million and for the primary security for the loan to be the Casino Revenue Assignment (and the Loan, with such changed provisions, is hereby authorized and approved), but provided further that the maximum liability of the Tribe for the principal amount of the Loan, exclusive of interest, costs, charges and fees payable with respect thereto, shall in no event exceed SIX MILLION DOLLARS (\$6,000,000).
2. The Loan shall be a first priority lien and charge upon all Casino Revenues now or at any time accrued, payable or subject to disposition by or control of the Tribe, and shall be a second priority lien and charge upon all Stumpage Revenues now or at any time payable, subject only to the prior lien and charge arising for the benefit of Lender pursuant to Resolution No. 05-94-144.
3. the Tribal Chairman is hereby authorized and directed to take appropriate action to cause all Casino Revenue and all Stumpage Revenue to be made available to Lender, on terms acceptable to Lender, for payment of the Loan in accordance with its terms.
4. The Tribal Chairman, acting alone or through his designee, acting alone, is hereby authorized to execute and deliver such definitive documentation for the Loan and the Security therefor as he, in his discretion, shall determine (either personally or through such designee) to be satisfactory for that purpose.
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 alone, 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 paragraph No. 4, above, the Tribal Chairman, acting alone or through his designee, is hereby authorized and directed to execute and deliver such documentation as is necessary or convenient in his or such designee's discretion to evidence the Negative Pledge and the Conditional Security Agreement.

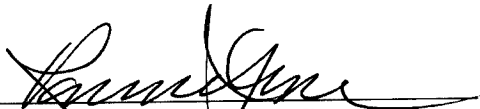
6. The Tribal Council hereby waives, for the Tribe and for FATCO, the Tribe's and FATCO's sovereign immunity to legal action (including, without limitation, a lawsuit) (severally, an "Action") brought against the Tribe and/or FATCO by Lender or Lender's successors or assigns and arising from or in connection with the transactions contemplated by the Loan Documents. For the trial of any Action, the Tribal Council, for the Tribe and for FATCO hereby consents and submits to the non-exclusive personal jurisdiction and venue of the tribe's tribal court and, with respect to the due process review contemplated in Exhibit "C" hereto, of the federal district court sitting in Phoenix, Arizona, and the respective appellate courts thereof.
7. The Tribal Council hereby approves and enacts, as controlling tribal law for the Loan and with respect to the Loan Documents, a dispute resolution procedure in exact accordance with the procedure described in Exhibit "C" hereto.
8. The Tribal Council hereby designates Chairman Ronnie Lupe, and in his absence, either of Vice-Chairman Lafe Altaha or Tribal Treasurer Edwin Kane, in each case acting alone, to request advances of proceeds of the Loan pursuant to the Loan Documents.

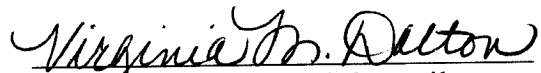
The foregoing resolution was on January 12, 1995 duly adopted by a vote of seven for and zero against by the Tribal Council of the White Mountain Apache Tribe, pursuant to authority vested in it by Article IV, Section 1(a),(b),(h),(l),(t) and (u) of the Constitution of the Tribe, ratified by the Tribe 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).

RECEIVED

FEB 02 1995

FORT APACHE INDIAN AGENCY
WHITERIVER, ARIZONA


Chairman of the Tribal Council


Secretary of the Tribal Council

PROJECTS LISTING

Tribal Executive Building	Total Cost	\$2,500,00
	Insurance Proceeds	<u>(1,500,000)</u>
	Net Cost	\$1,000,000
Tribal Museum	Total Cost	\$1,817,500
	HUD CDBG	<u>(617,500)</u>
	Net Cost	\$1,200,000
Alcohol Treatment Center	14,000 sq ft @ \$70	\$1,300,000
Boys Dorm Fort Apache		<u>\$1,500,000</u>
	TOTAL	\$5,000,000

POTENTIAL ADDITIONAL PROJECTS (Dependent on public and community input)

Senior Citizens Center at Fort Apache		250,000
Youth Facilities		
Complete Swimming Pool	250,000	
Complete Tribal Park	250,000	
Youth Center	<u>250,000</u>	<u>750,000</u>
Other projects if funding permits		
	TOTAL ADDITIONAL PROJECTS	\$1,000,000
	GRAND TOTAL ALL PROJECTS	\$6,000,000

EXHIBIT A

**First
Interstate
Bank**

First Interstate Bank
of Arizona, N.A.
First Interstate Plaza
Agribusiness Division
P.O. Box 53456, #737
Phoenix, AZ 85072-3456
602 229-4570

James P. Pfeiffer
Vice President

December 19, 1994
Mr. Edwin Kane, Treasurer
White Mountain Apache Tribe
P.O. Box 700
Whiteriver, AZ 85941

Dear Edwin:

Thank you for taking the time to meet with Brian, Brenda and me last week. It was good to see you, Sandy and Charlie and continue our discussions relative to providing municipal finance to the Tribe.

With respect to the subject municipal finance approved by First Interstate Bank of Arizona, provided below is a portion of the terms associated with the financing. Please be advised that this is not an exhaustive list of all of the terms and conditions associated with the subject financing, and should not be relied upon as such.

Borrower: White Mountain Apache Tribe

Amount: \$5,000,000.00

Interest Rate: Non-Taxable equivalent of Prime + 1.50% fixed to stop date. As of today, this rate would be calculated at 7.11%, 81.3% of Prime.

Fees: 1% on the full amount at the time of closing.

Term: Ten year amortization, five year stop.

Repayment Schedule: Principal plus interest on a semi-annual basis from the date of funding.

Collateral: This loan would be secured/repaid (primary source of repayment) by/from the cash flow generated by the Hondah Casino. Secondary collateral would consist of the FATCO stumpage payments made to the White Mountain Apache Tribe and the cash flow generated from same.

EXHIBIT B

White Mountain Apache Tribe
Mr. Edwin Kane, Treasurer
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Page 2

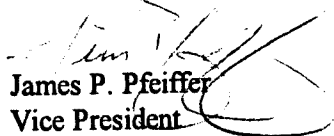
Conditions

- Precedent:**
- 1) Legal opinion from Borrower's counsel that income from the financing proposed herein is not subject to federal or state taxation.
 - 2) This proposal is valid and available through March 2, 1995.

As stated previously, this letter is not intended to be an exhaustive list of all of the terms and conditions associated with the financing. This letter is intended for discussion purposes and to allow the White Mountain Apache Tribe the opportunity to review the more salient points associated with the proposed financing of the Tribe's municipal needs.

Again, thank you for your time last week and I look forward to hearing from you soon.

Sincerely,


James P. Pfeiffer
Vice President

C: Sandra L. Johnson-Pinner, VP

The White Mountain Apache Tribe (the "Tribe") and the First Interstate Bank of Arizona, N.A. ("Lender") agree as follows:

The Tribe shall take all governmental action, and receive all consents (if any) required to duly and effectively waive the sovereign immunity of the Tribe and its authorities and instrumentalities in connection with any action or proceeding arising out of or relating to financial accommodations made available to the Tribe or its instrumentalities by Lender (each an "Action"). All Actions shall be initiated in the Tribe's Tribal Court system and shall be conducted subject to the rules of evidence and other rules and procedures thereof; provided, however, that the Tribe shall designate a single sitting or retired judge of the U.S. Federal Court System or of the Superior Courts of Pima County or Maricopa County, Arizona, as a judge pro tem of the Tribal Court to try each Action as to all matters of fact and law. With respect to the trial of any Action, the prevailing party shall be reimbursed for and held harmless by the non-prevailing party for all court costs, including (but not limited to) the compensation of the aforesaid judge pro tem.

Lender and the Tribe, for itself and its authorities and instrumentalities, hereby waives all rights to trial by jury in connection with the trial of any Action.

All final judgments, rulings and orders of the aforesaid trial court shall be subject to appeal pursuant to the rules and procedures of the Tribal Court appellate process; provided, however, that all appellate decisions shall be rendered by appellate panel and the Tribe shall designate sitting or retired members of the appellate courts of the State of Arizona or the Federal Court System sufficient to constitute not less than thirty percent of the votes of each such appellate panel. Each party shall bear its costs incurred in connection with or arising out of the appeal of any Action. All compensation of the designees to any appellate panel and its related court costs shall be borne equally by the parties to the appeal. The Tribe, for itself and its authorities and instrumentalities, agrees that each shall accept and be bound by, thereby waiving sovereign immunity from, a judgment, ruling or order which is final (because either the time for appeal has expired or the judgment or order is issued by the court having final appellate jurisdiction over the matter and is not subject to collateral attack).

The Tribe, for itself and its instrumentalities and authorities, waives any right any one of them may have to require Lender to exhaust any administrative remedies before commencing an Action in Tribal Court and agrees not to assert the claim or defense of failure to exhaust any administrative or other Tribal remedies in any Action brought in the manner provided hereinabove.

EXHIBIT C

Notwithstanding the foregoing, the Tribe, for itself and its instrumentalities and authorities, hereby irrevocably consents to the jurisdiction and exclusive venue of the United States District Court for the District of Arizona, sitting in Phoenix, Arizona for the trial of any Action to determine whether, under the standards for review in federal court of trials and appeals conducted in state courts of the United States, Lender has been denied procedural or substantive due process in the trial and/or appeal of any Action brought in the Tribe's Tribal Court system. The Tribe, for itself and its instrumentalities and authorities, hereby irrevocably agrees to accept and be bound by, thereby waiving sovereign immunity from, a judgment or order issued in such Action which is final (because either the time for appeal has expired or the judgment or order is issued by the court having final appellate jurisdiction over the matter and is not subject to collateral attack).

The Tribe, for itself and its instrumentalities and authorities, agrees that service of all writs, process and summonses in any Action may be served upon them by certified mail, return receipt requested, deposited in the United States Mail and addressed to the Tribal Chairman or the Secretary of the Tribal Council, and agrees not to object to such service in connection with any Action. Any such service shall be deemed to have been completed (whether or not actually received) on the fifth day after it is deposited in the U.S. Mail, properly addressed and postage prepaid.

EXHIBIT C