

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

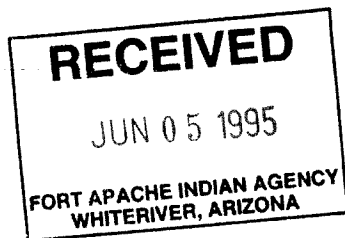
- WHEREAS,** the Tribal Council is advised that the employment agreement between the White Mountain Apache Tribe and Micheal J. Lauf, the Manager of the Hon-Dah Casino Facility, will expire September 13, 1995; and
- WHEREAS,** the Tribal Council is further advised that the Hon-Dah Casino Facility, under the management of Micheal J. Lauf, has been very successful financially and has created almost 200 jobs for tribal members; and
- WHEREAS,** employee Micheal J. Lauf has abided by the terms of his current employment agreement and is training tribal members to take over his position and other key employee positions at the casino facility; and
- WHEREAS,** the Tribe intends to expand the Hon-Dah Casino Gaming Facility within the year to include a recreational vehicle park, restaurant and lounge and approximately 80 to 100 new gaming devices; and
- WHEREAS,** the expansion of the casino requires the specialized knowledge and expertise of employee Micheal J. Lauf to insure that the development, procurement and execution of the expansion plans is done successfully for the Tribe and its members; and
- WHEREAS,** the Tribe wishes to renegotiate the terms of the employment agreement between the Tribe and Micheal J. Lauf to insure his tenure as an employee of the Tribe for the next three years; and
- WHEREAS,** the Tribal Council is advised that within the next three years the training of tribal members and key employees shall be complete and that Mr. Lauf will complete the transition of management to tribal members; and
- WHEREAS,** the Tribal Council has reviewed a proposed employment agreement between the White Mountain Apache Tribe and Micheal J. Lauf, the terms of which have been discussed and negotiated with the Tribal Legal Department; and
- WHEREAS,** the Tribal Council is in agreement with the terms thereof and wishes to authorize the Tribal Chairman to enter into an employment agreement between the White Mountain Apache Tribe and Micheal J. Lauf in accordance with the terms thereof.


BE IT RESOLVED by the Tribal Council of the White Mountain Apache Tribe that it hereby approves the terms of the employment agreement between the White Mountain Apache Tribe and Micheal J. Lauf as attached to this resolution and incorporated by reference herein.

BE IT FURTHER RESOLVED by the Tribal Council that it hereby authorizes and directs the Tribal Chairman and, in his absence, the Vice-Chairman to execute the Employment Agreement between the White Mountain Apache Tribe and Micheal J. Lauf.

BE IT FURTHER RESOLVED by the Tribal Council that it hereby directs the office of the Tribal Chairman together with the Tribal Treasurer to investigate and present for Tribal Council review and consideration a proposal for a supplemental executive retirement plan for enterprise managers and members of the Tribal Council.

The foregoing resolution was on May 3, 1995 duly adopted by a vote of eight for and one against by the Tribal Council of the White Mountain Apache Tribe, pursuant to authority vested in it by Article IV, Section 1 (a), (b), (i), (k), (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).




Chairman of the Tribal Council


Secretary of the Tribal Council

EMPLOYMENT AGREEMENT

Between

THE WHITE MOUNTAIN APACHE TRIBE

and

MICHEAL J. LAUF

The Employment Agreement made between the White Mountain Apache Tribe (hereinafter "Tribe") and Micheal J. Lauf (hereinafter "Employee") is entered into this 5th day of MAY, 1995, for the purposes set forth herein. This Agreement supersedes the Employment Agreement entered into December 14, 1993 between the parties.

WHEREAS, the White Mountain Apache Tribe, pursuant to a Tribal-State Compact executed between the Tribe and the State of Arizona on June 24, 1993, is authorized to operate a maximum of 900 gaming devices and two live keno games amongst three gaming facilities within the exterior boundaries of the Fort Apache Indian Reservation; and

WHEREAS, the Tribe may also conduct Class II gaming operations as defined by and pursuant to the National Indian Gaming Act; and

WHEREAS, the Tribe is in need of an employee for the development of a gaming enterprise on the Reservation, including but not limited to the design of the exterior and interior of a gaming casino, procurement and placement of gaming devices, development of policies and procedures including the internal control and accounting procedures, marketing, establishment of Class II poker tables and keno games, planning for lighting, security systems and all equipment necessary to operate a gaming casino including the training of necessary key and primary management personnel to operate said casino and future expansion thereof; and

WHEREAS, Employee has supervised construction and operation of the existing casino and its expansion; and

WHEREAS, the Tribe wishes to further expand the casino and to construct a restaurant, lounge and R.V. park adjacent thereto; and

WHEREAS, Employee has represented to the White Mountain Apache Tribe that, based upon his prior experience as a licensed casino owner in Nevada, he possesses the necessary experience and qualifications to act as an employee of the Tribe in the

development of gaming facilities on the Reservation and all aspects of gaming casino operations as that term is generally used in the gaming industry; and

WHEREAS, Employee has demonstrated exceptional expertise in the gaming field with the to-date successful Hon-Dah Casino enterprise; and

WHEREAS, Employee and the Tribe, based upon the mutual covenants and conditions set forth in this Employment Agreement, wish to enter into an agreement for the continued employment of Employee by the Tribe for a term of three (3) years in order to achieve expansion goals and to complete the management transition to tribal members at the gaming facility.

THEREFORE, IT IS HEREBY AGREED between the Tribe and Employee as follows:

A. Employee Duties

1. Employee shall continue to provide on-site advice and planning for the continued development and expansion of the Hondah gaming facility on the Fort Apache Indian Reservation and at other sites as selected by the Tribal Council. Employee shall advise the Tribe regarding necessary modifications to the facility for its expansion as a gaming facility, restaurant, lounge, R.V. park and as the Tribal Council otherwise directs, including but not limited to the procurement of all electrical, mechanical, carpentry and other services and trades necessary to expand the Hondah site as a gaming facility or to establish any other site within the Fort Apache Indian Reservation as a gaming facility.

2. Employee will negotiate the procurement of gaming devices for any gaming facility and shall recruit necessary personnel for the gaming facility and its expansion.

a. The Gaming Manager Trainee or Slot Manager shall take the place of Employee when Employee is absent.

3. Employee will be on site or devote to the gaming operation forty (40) hours per seven (7) day week.

4. Employee will train a tribal member to be Assistant Manager of the facility with the goal in mind of imparting to the Assistant Manager sufficient information, knowledge and training in the area of gaming operations so that the Assistant Manager is capable and qualified to manage and operate a tribal gaming casino.

5. Employee will coordinate with the Tribal Gaming Office for the licensing of all gaming employee applicants and will cooperate with the Tribal Gaming Office on the implementation of tribal gaming regulations.

6. Employee will be responsible for assisting in developing and implementing a marketing and promotion plan for the gaming enterprise at Hondah or any other site in order

to ensure the maximum potential of the enterprise.

7. Employee will make such decisions as to the substitution or replacement of the slot machines and the addition or deletion of table games in such a way as to maximize performance and profitability of the gaming devices.

8. In consultation with the Tribal Chairman's Office/Planning Staff, Employee will develop a line-item budget for all aspects of the gaming operation, subject to final approval by the Tribal Council.

9. Employee shall assist Tribe in developing and implementing a security system and internal operation controls in conformity with the Tribal-State Compact and Tribal Gaming Ordinance.

B. Term of Agreement and Salary

1. Tribe agrees to pay Employee the salary of One Hundred Twenty-Five Thousand Dollars (\$125,000.00) annually for services rendered by Employee. Employee shall be paid this salary rate for the first eighteen (18) months of this Agreement on a biweekly basis. For the remaining eighteen (18) months of this Agreement, Employee shall be paid a salary rate of One Hundred Fifty Thousand Dollars (\$150,000.00) annually on a biweekly basis, prorated over thirty-nine (39) pay periods.

2. Employee is a tribal employee, not an independent contractor and no partnership, joint venture or sharing of profits is created by this Employee Agreement.

3. The Tribe shall be responsible for deducting Employee's federal and state withholding taxes, FICA and workman's compensation and any health benefits.

4. Employee shall accrue sick leave and be eligible for tribal medical benefits and retirement plan to the same extent as other tribal employees, except that Employee shall receive thirty (30) working days annual leave per year.

5. This Agreement shall be for a term of three (3) years, unless terminated earlier by either party without cause by providing sixty (60) days written notice to the other party.

6. Employee shall be eligible to participate in any supplemental executive retirement plan offered by the Tribe and, pursuant thereto, may defer a maximum of Twenty Thousand Dollars (\$20,000) annually to be matched by the Tribe. The Tribe will use its best effort to attempt to adopt and implement such a program for enterprise managers, members of the Tribal Council and other executive tribal employers as the Tribal Council may deem appropriate.

7. Employee shall be permitted to act as a gaming consultant or management for other tribes outside a sixty (60) mile radius from the Hondah gaming facility.

C. Severance Pay

1. If employee is terminated during the first twelve (12) months of the Agreement, he shall receive six (6) months severance pay; if terminated during the second twelve (12) month period of the Agreement, he shall receive four (4) months severance pay; if terminated during the third year of this Agreement, he shall receive two (2) months severance pay.

2. If Employee voluntarily resigns or otherwise elects to terminate this Agreement for any reason prior to the three (3) year termination date, he shall not receive any severance pay; nor shall Employee receive severance pay if arrested and convicted of any criminal gaming offense during the term of this Agreement.

D. Background Investigation

1. In the event that Employee's license or certification is suspended or terminated by the State of Arizona or the Tribal Gaming Office or if a background investigation indicates any unsuitability to work in the tribal gaming operation as an employee based upon requirements of the Tribal-State Compact, state certification procedures, National Indian Gaming Act requirements or a finding of unsuitability by the Tribal Gaming Office, this Agreement shall automatically terminate. This Agreement may be restored by the Tribe if the Tribal Gaming Office or State Gaming Office is able to establish that Employee is suitable to be involved in the tribal gaming operation as an employee.

E. Hiring of Gaming Employees

1. Employee may hire and shall refer to the Tribal Gaming Office those tribal gaming employee applicants that are eligible and suitable for hire subject to licensing and certification requirements of the Compact and Tribal Gaming Ordinance. Employment of qualified tribal members will be made to the extent possible.

2. Employee or his designee shall be authorized to discharge, suspend or terminate any gaming facility employee and shall report such action to the Tribal Gaming Office.

F. Good Faith Performance

1. Employee agrees to perform all services under this Agreement in good faith and to conduct himself as an employee on site in such a way as to enhance the best interests of the White Mountain Apache Tribe. If Employee during the term of this Agreement is arrested and convicted of any criminal offense related to gaming, then this Agreement shall terminate immediately without notice.

2. Employee agrees to recruit and hire an Assistant Gaming Operation Manager, a Slot Manager, a Cage Operation Manager, a Poker and Keno Trainer and shall train tribal members in each of the foregoing categories to take over those responsibilities, including his position as gaming operation manager by the three (3) year termination date of this Agreement.

3. Employee by his signature affixed below hereby represents that he has never been arrested for a felony or convicted of a felony or been denied a gaming license in any jurisdiction and that he satisfies all requirements of the National Indian Gaming Act in respect to suitability of primary management officials or key employees as that term is used in the Act and is otherwise suitable and qualified under the Tribal Gaming Office and Tribal-State Compact to enter into this Agreement as an employee.

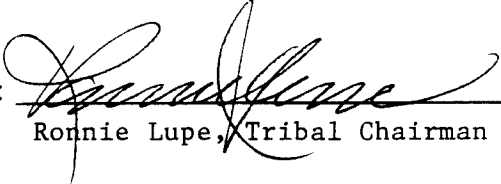
G. Dispute Resolution

1. Any disputes arising out of this Agreement shall be resolved, if possible, by mutual agreement of the parties. However, in the event that litigation is necessary to resolve any disputes between the parties, the White Mountain Apache Tribal Court shall have jurisdiction over any claims by Employee against the Tribe arising out of this Agreement.



MICHEAL J. LAUF, Employee

For and on behalf of the
WHITE MOUNTAIN APACHE TRIBE

By: 

Ronnie Lupe, Tribal Chairman