

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

- WHEREAS, the Tribal Council adopted Resolution No. 11-95-354 in November 1995, recommending that 80% of the Tribe's 22-H Judgment Funds, awarded to the Tribe pursuant to Indian Claims Commission Act litigation against the United States Government, be distributed *per capita*, and the remaining 20% of the funds be designated for tribal riparian restoration projects through a Permanent Tribal Restoration Fund utilized for that purpose; and
- WHEREAS, said Permanent Tribal Restoration Fund was never contemplated by the Tribal Council to be in trust or restricted status, but upon Congressional approval of the Tribe's Distribution Plan, would be withdrawn and invested pursuant to a sound investment policy with only the interest therefrom being utilized annually by the Tribal Council for Reservation riparian restoration projects; and
- WHEREAS, only utilizing the interest from said Permanent Riparian Restoration Fund will allow the Tribe to have funds in perpetuity to be utilized alone or as matching funds for state, federal, and private grants to restore Reservation riparian areas that had been previously damaged by mismanagement and neglect by the trustee United States; and
- WHEREAS, the Tribal Council has managed a permanent tribal fund for several years for educational purposes and has adopted an ordinance for the management of said fund; and
- WHEREAS, the Tribal Council has also adopted investment policies for the Fort Apache Timber Company's profits and has managed those funds pursuant to a sound investment policy, and has also managed its own employee pension fund for many years, and has employed outside professional financial consultants to manage same; and
- WHEREAS, the Tribal Council has had presented to it today an investment policy for 20% of the 22-H Judgment Funds which will comprise the Permanent Riparian Restoration Fund and said investment policy is attached hereto and incorporated by reference herein; and

**WHEREAS**, the Tribal Council has reviewed the attached letter from Cadinha & Co., Inc., dated October 21, 1996, to Tribal Attorney, Robert C. Brauchli, and the attached investment policy for the Permanent Land Restoration Fund of the White Mountain Apache Tribe, and wishes to adopt said investment policy for the Permanent Land Restoration Fund; and

**WHEREAS**, the Tribal Council is advised and expressly acknowledges that once 80% of the 22-H Judgment Funds are distributed *per capita* to eligible members of the White Mountain Apache Tribe, and the remaining 20% constituting the Permanent Riparian Restoration Fund is also transferred to the Tribe, that said funds, once withdrawn, will no longer be held in trust status by the United States, and that the Department of Interior, the trustee United States, the BIA, and the Office of Trust Funds Management will have no further liability or responsibility for said funds; and

**WHEREAS**, the Tribal Council reconfirms that during the public meetings wherein the 80/20 distribution plan was discussed, it was never contemplated by the Council, nor the people of the White Mountain Apache Tribe, that said funds or any portion of them would remain in restricted status following Congressional approval of the distribution plan; and

**WHEREAS**, the Tribal Council concludes that a copy of this resolution and the attached investment policy for the Permanent Land Restoration Fund should be delivered to the Bureau of Indian Affairs and the Office of Trust Funds Management with the request that it be included as part of the Secretarial Plan approving the Tribal Distribution Plan for 22-H Judgment Funds.

**BE IT RESOLVED** by the Tribal Council of the White Mountain Apache Tribe that it hereby adopts the attached investment policy for the Permanent Land Restoration Fund of the White Mountain Apache Tribe in the form and content attached hereto and incorporated by reference herein.

**BE IT FURTHER RESOLVED** by the Tribal Council of the White Mountain Apache Tribe that it hereby expressly acknowledges and authorizes withdrawal of all of the 22-H Judgment Funds with 80% of said funds to be distributed *per capita* to eligible tribal members, and 20% of the funds for tribal riparian restoration projects through establishment of a Permanent Tribal Restoration Fund for that purpose as outlined in Resolution No. 11-95-354 and as approved by the people of the White Mountain Apache Tribe in public meetings as required by the Judgment Distribution Act.


**BE IT FURTHER RESOLVED** by the Tribal Council of the White Mountain Apache Tribe that it expressly acknowledges that once all of the 22-H Judgment Funds described herein and now held at the Office of Trust Funds Management are withdrawn, they will no longer be held in trust status by the United States, and that the United States and, more specifically, the Office of Trust Funds Management will have no further liability or responsibility for said funds.

**BE IT FURTHER RESOLVED** by the Tribal Council of the White Mountain Apache Tribe that it requests distribution of all funds presently held by the Office of Trust Funds Management immediately after approval by Congress of the Secretarial Plan for the use and distribution of Judgment Funds for the White Mountain Apache Tribe, and further requests that the 20% riparian restoration funds not be subject to P.L. 103-412 and its implementing regulations as proposed in 25 C.F.R. Part 144.

**BE IT FURTHER RESOLVED** by the Tribal Council that it hereby authorizes the Tribal Chairman and Tribal Treasurer to make any changes in the attached investment policy which might be advisable, suggested, or recommended by the Office of Trust Funds Management as the Chairman and Treasurer deem necessary to achieve the purposes of this Resolution.

The foregoing resolution was on November 6, 1996, 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 the White Mountain Apache Tribal Constitution, including Article IV, Sections 1 (a), (b), (c), (h), (i), (q), (s), (t) and (u) of the Constitution of the Tribe, ratified by the Tribe on 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

Cadinha & Co., Inc.

Registered Investment Advisers • Investment Counsel

One Columbus Plaza, Suite 550  
3636 North Central Avenue  
Phoenix, Arizona 85012  
Phone (602) 222-4680  
Fax (602) 604-9235

October 21, 1996

Robert Brauchli, Esq.  
Attorney at Law  
Brauchli & Brauchli Law Offices  
6650 North Oracle, Suite #110  
Tucson, Arizona 85704

Dear Robert,

On behalf of Cadinha & Co., Inc., I am submitting the enclosed supporting documents for your communication with the Office of Trust Funds Management. Our firm will structure a portfolio to reflect your specific investment guidelines and objectives. If we should be constrained by the statutory investment restrictions as listed in 25 U.S.C. 162a (for funds remaining in federal trust status), we will structure a portfolio consisting of U.S. Government Treasuries.

Upon our acceptance of the management contract, we will assume fiduciary responsibility for the funds entrusted to our firm. We will carefully manage a portfolio consisting of various high-quality securities designed to produce the desired investment results, while taking the least amount of risk.

All money market positions will be backed by U.S. Government obligations, with bonds consisting of U.S. Government Treasuries. Unless bound by statutory investment restrictions, stocks will include a broad selection of high-quality companies. We will carefully measure the risk versus reward for every allocation decision and investment selection.

As part of our fiduciary responsibility, we will prepare quarterly reports that will allow you to easily interpret the performance of your investment portfolio. We will also provide timely portfolio reviews to ensure our portfolio management is consistent with your investment guidelines and objectives, and review any significant changes that could alter your investment goals.

Mr. Robert Brauchli  
Brauchli & Brauchli  
October 21, 1996  
Page Two

The enclosed materials provide the information required to be submitted in Section 144.14 of the Federal Register Vol. 61, No. 96. The materials include:

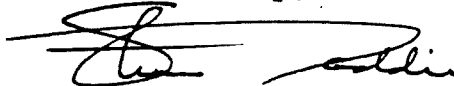
- Form ADV Part II
- Current Asset Allocation Figures
  - Composite Balanced Account
  - Composite Fixed-Income Account
- Investment Performance Statistics
  - Composite Balanced Account
  - Composite Fixed-Income Account
- Executive Profiles for Cadinha & Co., Inc.
- Service Contract for Cadinha & Co., Inc.
- Liability Insurance Documentation for Cadinha & Co., Inc.
- Cadinha & Co., Inc. Informational Brochure

In addition to the enclosed materials, please note the following:

- Cadinha & Co., Inc., has complete independence from any other financial institution and is owned by its employees.
- As of September 30, 1996, assets under management were \$429.4 million.
- Within the past five years, no adverse actions by licensing and/or regulatory bodies have been made against Cadinha & Co., Inc.

Should you need additional documentation for this project, please call me at (602) 222-4680.

Sincerely,



Stephen J. Taddie  
Vice President

blp

Enclosures

**INVESTMENT POLICY  
for the  
Permanent Land Restoration Fund  
of the  
White Mountain Apache Tribe**

**OBJECTIVES**

It is the intent of the White Mountain Apache Tribe, that the Permanent Land Restoration Fund be invested and managed so that adequate income is generated to provide funding for targeted restoration activities, and that long-term growth of income and capital is achieved, with preservation of capital serving as an overriding objective.

The fund is to be invested in a broadly diversified portfolio of securities, including common stocks, preferred stocks, corporate or U.S. government bonds, and cash or cash equivalents.

The investment objectives call for a disciplined, consistent management philosophy that accommodates the occurrence of all those events which might be considered reasonable and probable. They do not call for a philosophy which represents extreme positions or opportunistic styles.

This policy is intended to be a flexible guideline for the investment of funds, and set parameters on the types and quality of investments that are suitable for this fund.

**INVESTMENT ADVISERS**

The services of an investment adviser who is registered with the Securities Exchange Commission under the Investment Advisers Act of 1940 and who is believed to possess the necessary specialized research facilities and skills to meet these investment objectives and guidelines may be engaged. The investment adviser must adhere to the "prudent man rule" under such Federal laws as described under ERISA law, and accept fiduciary responsibilities therein.

If an investment adviser is hired, he/she will be held responsible for making all investment decisions regarding the assets in these funds and will be accountable for the objectives indicated herein, with the exception of any specific limitations set forth in this statement of investment policy.

**GENERAL**

The White Mountain Apache Tribe can engage or disengage the service of any investment adviser, trustee or custodian, and change the investment guidelines of this fund at any time. All such changes must be consistent with the overall purpose of the fund.

## ALLOCATION

The investment portfolio shall be diversified as to fixed income and equity holdings. The purpose of diversification is to provide reasonable assurance that no single security (investment) or class of securities (investments) will have a disproportionate or significant impact on the total portfolio.

A maximum exposure to equities will not exceed 75% on a value basis. This percentage includes investments in securities convertible into equities. A maximum exposure to bonds will not exceed 75% on a value basis. Fixed income securities maturing under 1 year are not considered bonds, but rather cash or a cash equivalent.

The specific asset allocation decision within these parameters is the fund managers responsibility, but at all times the allocation must support the stated investment objectives of the portfolio.

## SECURITIES

### STOCKS:

The purpose of the equity investments is to provide appreciation of principal, current income and growth of income. It is recognized that equity investments while historically contributing to the above, involve greater market variability and the risk of loss.

Equity investments parameters:

1. Must be allocated among different industries, as well as among individual companies. Other than U.S. Government securities, no more than 25% of the equities on a value basis shall be invested in the issuers of any one industry.
2. The securities of any one issuer are not to exceed more than 5% of the value of the total fund on a value basis (except the securities of the U.S. Government).
3. The securities of any one issuer are not to exceed more than 10% of the outstanding voting securities, or 10% of all of the securities outstanding of that issuer.
4. Not to be purchased on margin.
5. Not to include the purchase or sale of real estate.

**FIXED INCOME:**

The purpose of fixed income investments is to provide both a highly predictable and dependable source for income and the opportunity for capital appreciation. Allocation to this asset class is designed to reduce the variability of the total portfolio value and, when applicable, to provide a source of funds for alternative investments.

**Bond investment parameters:**

1. Debt securities of any issuer can be considered for potential investments.
2. Debt quality ratings for securities purchased will be at least AA rated by Standard & Poor's Corporation or Aa rated by Moody's Investor Service, Inc. Non-rated bonds must be determined to be of equivalent quality by the portfolio manager.
3. Bonds are to be allocated among different industries, as well as among individual issuers. Other than U.S. Government securities, no more than 25% of the bonds on a value basis shall be invested in the issuers of any one industry.
4. The securities of any one issuer are not to exceed more than 5% of the value of the total portfolio on a value basis (except the securities of the U.S. Government).
5. The securities of any one issuer are not to exceed more than 10% of all of the securities outstanding of that issuer.
6. Not to be purchased on margin.

**GENERAL PARAMETERS:**

1. No more than 10% of the fund on a value basis may be invested in securities or other assets for which there is no ready market.
2. Not to invest in companies for the purpose of exercising control or management.
3. The portfolio manager will not purchase or sell commodities or commodity contracts.
4. The portfolio manager will not effect short sales of securities without the prior approval of the trustees.
5. Warrants if acquired will consist of no more than 5% of the portfolio on a value basis, and no more than 2% not listed by the New York or American Exchange.

Dated: 10/31/96