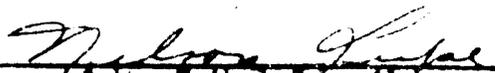


RESOLUTION OF THE
WHITE MOUNTAIN APACHE TRIBE OF THE
FORT APACHE INDIAN RESERVATION

WHEREAS, the Council of the White Mountain Apache Tribe believes that the tribe should undertake such enterprises as will lead to improve economic development of the Indians.

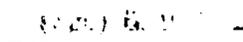
NOW THEREFORE BE IT RESOLVED by the Council of the White Mountain Apache Tribe that the tribe take over and establish the Fort Apache Sawmill Enterprise in accordance with a Plan of operation in five pages attached hereto and made a part hereof.

The foregoing Resolution was on the 4th day of June, 1951 duly adopted by a vote of 9 for and 0 against, by the Tribal Council of the White Mountain Apache Tribe pursuant to authority vested in it by Article VI, Section 1 (n) of the Constitution and By-Laws of the Tribe, ratified by the Tribe on August 15, 1938 and approved by the Secretary of the Interior on August 26, 1938 pursuant to Section 16 of the Act of June 18, 1934 (48 Stat. 984).


Chairman of the Tribal Council


Secretary of the Tribal Council

Recommended by:


R. D. Holtz, Superintendent

PLAN OF OPERATION
of the
FORT APACHE SAWMILL ENTERPRISE
Whiteriver, Arizona

Section A - Identity

1. Name -- The official name of this tribal enterprise shall be "Fort Apache Sawmill Enterprise", hereinafter referred to as the Enterprise.

2. Place of Business -- The principal place of business of this Enterprise shall be at Whiteriver, Arizona, on the Fort Apache Indian Reservation.

3. Background of the Enterprise -- The existing planing mill to be taken over by the Tribe for this Enterprise has been operated in the past by the Fort Apache Agency. On February 19, 1947, the sawmill at the Fort Apache Agency was destroyed by fire, but the planing mill was saved. The boiler was rebuilt. It has not been found feasible to re-equip the sawmill and the planing mill has been contracting with sawmill operators in the vicinity to cut tribal timber, saw it into lumber and deliver the lumber to the Agency planing mill. The planing mill re-saws some of this lumber into smaller sizes and surfaces the lumber. The lumber is then sold or used locally.

The demand for lumber products in this vicinity is steady and it is believed this Enterprise can be successful financially. In the year July 1, 1948 to June 30, 1949, the planing mill sold 1,341,182 board feet for a total of \$94,658.95 with an operating profit of \$2,378.45.

Section B - Nature of Business

1. Purpose -- The purpose of this Enterprise shall be to promote the economic development of the White Mountain Apache Tribe and its members, including the supplying of lumber products for home construction, employment opportunities for members of the Tribe and retention of any profits by the Tribe.

2. Nature of Business -- The general nature of the business to be carried on by this Enterprise is to buy, store, sell, manufacture, process, and produce, for the members of this Tribe or for other patrons, lumber and forest products, including the operation of a sawmill, planing mill, yards, and related activities.

3. Effective Date -- This plan of operation shall become effective as of July 1, 1951.

Section C - Management

1. Board of Directors -- The business policies of the Enterprise shall be determined by a Board of Directors composed of three members. The Chairman of the Tribal Council shall be a member and Chairman of the Board. The Tribal Council shall select the other two members either from within or without the Tribal Council membership. Until such time as the Board membership is complete, the Tribal Council shall be responsible for the policies of this Enterprise.

2. Selection of Manager -- The Sawmill Manager shall be employed by the Tribal Council, under written contract subject to the approval of the Phoenix Area Director. The manager will be responsible to the Board of Directors for the operation of this Enterprise. Specific conditions of the manager's employment, including the period, amount of salary and surety bond, leave, and amount of liquidated damages, if any, will be included in the written contract. Premiums on the manager's bond will be paid by the Enterprise. Surety bonds in favor of the Enterprise shall be satisfactory to the Superintendent and deposited with him for safekeeping.

3. Selection of Other Employees -- The manager of the Enterprise shall be responsible for employing, directing, and discharging all other employees of the Enterprise. In hiring, he shall give preference to qualified members of the Tribe.

Section D - Capital

1. Source of Funds -- The capital of the Enterprise shall be composed of (a) the assets and liabilities of the existing planing mill plant, (b) such funds and property as may be advanced, given or loaned to the Enterprise by the White Mountain Apache Tribe (which is the legal owner of the Enterprise) or other sources, and (c) the accumulated profits or losses from the Enterprise's operations. The plant, equipment, and other assets of the existing planing mill will be transferred to this Enterprise as of July 1, 1951.

2. Tribal Funds -- Advances or loans of tribal funds to the Enterprise shall be through the Tribe's revolving credit fund under the provisions of Part 2A3 of the Credit Manual approved April 15, 1948, and Amendment No. 1 thereto approved July 25, 1949.

3. Authorization -- It is anticipated that the present capital investment in this Enterprise is adequate for the immediate future; however, for temporary use during the initial operations as a Tribal Enterprise there is authorized to be advanced to this Enterprise, on or after July 1, 1951, not to exceed thirty thousand dollars (\$30,000), in accordance with Section 2 above.

4. Interest and Repayment Schedule -- Since this is a Tribal operation, no interest shall be charged on loans or advances to the Enterprise. No repayment schedule is required for assets or net worth.

5. Distribution of Profits -- The annual net profits shall be distributed as follows:

(a) A reserve for bad debts will be maintained in an amount adequate to cover any losses on those receivables considered doubtful or uncollectible by the management and/or auditors.

(b) Twenty-five per cent of the annual net profits shall be transferred to a reserve for contingencies until such reserve totals ten thousand dollars.

(c) The balance of the net profits or the total of any net loss, will be transferred to the Surplus account.

(d) No funds of the Enterprise will be expended by it for any purpose not directly connected therewith; also, no funds will be transferred from the Enterprise until all its indebtedness is liquidated and such transfer will not injure the financial structure of the Enterprise.

Section E - Method of Business

1. Depository and Cash Control -- The official depository of this Enterprise shall be an Individual Indian account of the Fort Apache Indian Agency. All receipts will be deposited intact as to amount in this depository at least weekly. The Enterprise will issue numbered receipts to payors for all cash collections. The Government disbursing agent is authorized to disburse Enterprise funds upon approval of the manager.

A daily statement of transactions shall be prepared by the Enterprise manager which will account for all cash transactions and also provide for a continuing balance of accounts receivable.

2. Petty Cash Fund -- An imprest cash fund is authorized to be established for the manager's official use in the amount of one hundred dollars. This amount may be increased subject to approval of the Board of Directors. This fund may be used to pay small obligations which it is not feasible to pay by check, and otherwise to facilitate the business of the Enterprise. The fund may be reimbursed periodically from the official depository in the amount of, and upon the submittal of, receipts signed by the payees or other proof of expenditure. Petty cash reimbursement vouchers shall be certified by the manager.

4. Records and Reports -- (a) The accounting records of the Enterprise shall be set up as of July 1, 1951, and maintained in accordance with generally-accepted accounting principles satisfactory to the Area Director. A physical inventory will be taken as of the last day of the fiscal year and at such other times as may be directed by the Board or Superintendent. Annual financial statements will be distributed in duplicate to each of the following: Tribal Council, Assistant, Area Director, and Commissioner. (b) The fiscal year of the Enterprise shall be January 1 to December 31.

5. Audits -- Unless waived in writing by the Area Director, an audit of the operations and condition of the Enterprise shall be made as of the close of each fiscal year, by properly qualified accountants, at the expense of the Enterprise. The manager shall arrange for this audit with the advice of the Superintendent.

6. Sales -- The lumber and other marketable materials obtained from the forests on the Fort Apache Indian Reservation by this Enterprise may be sold in the open market in accordance with generally accepted trade practices. Advertising is not required. All sales by the Enterprise shall be for cash f.o.b. mill or other point of delivery, except as follows:

(a) Proposals to sell to Federal, State, and Municipal agencies may be made in accordance with the general practices of such agencies.

(b) Shipments of Enterprise products on open account shall be made only to persons or companies of substantial net worth and first-class credit rating.

(c) Mark-up -- The "mark-up" or prices to be charged on products sold by the Enterprise shall be determined by the manager, subject to the policies set by the Board of Directors. The manager will be expected to follow intelligent trade practices that will result in reasonable profits for the Enterprise.

In general, prices charged will be approximately prevailing market prices.

7. Insurance -- The manager will carry adequate fire insurance on the plant, lumber stocks, and other property of the Enterprise. Industrial compensation insurance will be carried on employees of the Enterprise. All insurance coverages shall be satisfactory to the manager and the Superintendent of the Fort Apache Agency and shall be filed with the latter for safekeeping.

7. Laws and Regulations -- The Enterprise will comply with such Federal laws as may be applicable to it. The Enterprise and its employees will be subject to all tax deductions and payments imposed by the Federal Insurance Contributions Act and the Federal Unemployment Tax Act.

The Enterprise shall be conducted under the applicable provisions of Parts 61 and 64, Title 25, C.F.R. Advertising for the sale of forest products produced and handled by this Enterprise, in lumber trade journals and newspapers shall not be required; however, if the Enterprise should desire to advertise in this manner, prior approval of the Commissioner or his authorized representative shall be obtained in accordance with Part 64.5, Title 25, C.F.R.

8. Property - (a) Title to all property purchased or acquired by the Enterprise shall be taken in the name of the United States in trust for the White Mountain Apache Tribe, except as follows:

- (1) Property acquired or produced for re-sale in the ordinary course of business.
 - (2) Non-recoverable items.
 - (3) Any items costing less than twenty-five dollars (\$25.00).
- (b) Title to the excepted items shall be taken in the name of the Enterprise.
- (c) Purchases of property costing five hundred dollars or more and not for re-sale; and the incurring of obligations for repairs, improvements or construction costing five hundred dollars or more shall have the prior approval of the Board of Directors, in writing.
- (d) When forest management plans are available, it may be feasible to expand the operations of this Enterprise to include a sawmill operation; however, before any action is taken to construct or equip a sawmill, the prior approval of the Phoenix Area Director will be obtained.

9. Forest Operations -- For the time being, it is planned to continue the practice of contracting the logging and sawmill operations necessary to supply the planing mill. Logging may be done in any area designated by the Tribal Council and approved by the Area Director. All tracts to be cut shall be marked by a Forestry Officer. The removal of logs shall be carried on in a manner that will protect reproduction and existing ground cover. Cutting agreements will provide for the payment of stumpage at rates set by the Tribal Council.