

ELWHA S'KLALLAM INDIAN TRIBE - STATE OF WASHINGTON
First Compact Amendment

THIS amendment is entered into between the STATE OF WASHINGTON (hereinafter referred to as the "State") and the ELWHA S'KLALLAM INDIAN TRIBE, a federally recognized Indian tribe (hereinafter referred to as the "Tribe").

WHEREAS, the State and the Tribe executed a Class III Gaming Compact dated December 21, 1992, which Compact was approved by the Secretary of the Interior and is in full force and effect (hereinafter referred to as the "Compact"), and

WHEREAS, the State has proposed an amendment to the Compact which the State believes will provide additional flexibility for Class III gaming by the Tribe consistent with what the State deems to be its public policy of limited gaming,

NOW THEREFORE, the parties hereto hereby agree to amend certain portions of Section III of the Compact so that

1) the following limits shall apply:

I. Size of the Gaming Floor. With respect to Section III.I of the Compact, the actual size of the Class gaming floor within the Gaming Facility shall be determined by the Tribe.

J. Number of Gaming Stations. With respect to Section III.J of the Compact, except as set forth below in Subsection R with respect to the effect of a favorable review of the Tribe's regulatory program and procedures at six months following the opening of the Class III gaming facility, during the first six months of operation (phase one), the maximum number of Class III gaming stations shall not exceed thirty-one (31) plus, at the option of the Tribe, one (1) additional Non-profit Gaming station, which Non-profit Gaming Station shall be as defined and provided for in the Compact at Section III.J. At the end of six months continual operation, if the gaming operation has met the conditions set forth in Subsection R., "phase two" shall be implemented, providing for up to fifty gaming stations, plus, at the option of the Tribe, two (2) additional Nonprofit Gaming Stations.

K. Wagering Limitations. With respect to Section III.K of the Compact, except as set forth below in Subsection R with respect to the effect of a favorable review of the Tribe's regulatory program and procedures at six months following the opening of the Class III gaming facility, during the first six months of operation (phase one), wager limits shall not exceed two hundred fifty dollars (\$250) per wager. At the end of six months continual operation, if the gaming operation has met the conditions set forth in Subsection R below, then "phase two" shall be implemented, providing for wager limits of up to five hundred dollars (\$500) per wager.

L. Hours of Operation. With respect to Section III.L of the Compact, except as set forth below in Subsection R with respect to the effect of a favorable review of the Tribe's regulatory program and procedures at six months following the opening of the Class III gaming facility, during the first six months of operation (phase one), Class III operating hours may not exceed one hundred twelve (112) hours per week on an annualized basis. At the end of six months continual operation, if the gaming operation has met the conditions set for in Subsection R below, "phase two" shall be implemented, providing for Class III operating hours not to exceed one hundred forty (140) hours per week on an annualized basis.

The following language shall be added to Section III of the Compact.

R. Conditions. After six months of operation, the State Gaming Agency shall conduct a review of the Class III operation to determine Compact compliance with respect to whether the conditions set forth below have been satisfied. If, as a result of a timely review, the State Gaming Agency determines that the operation is in compliance with these conditions, the Class III operation shall be entitled to implement "phase two" immediately. If the State Gaming Agency determines that the Class III operation has not satisfied the conditions, any resulting dispute will be resolved through the dispute resolution procedures set forth in Section XII of the Compact. Any increases in the number of gaming stations, hours of operation, or wager limits beyond that initially authorized during "phase one" of the Class III gaming operations shall be conditioned upon the following:

1. There have been no violations of the provisions of the Compact that have resulted in sanctions imposed by the Federal District Court or the National Indian Gaming Commission.
2. There have been no violations of the Compact which are substantial or, due to repetition, would be deemed material.
3. There have been no material adverse impacts on the public health, safety, or welfare of the surrounding communities in the nature of criminal activities directly related to the operations of the Class III gaming operation.
4. There have been no unresolved and material violations of Appendix A of this Compact.
5. The Tribal Gaming Agency has developed a program of regulation and control demonstrating a pre-negotiated and predetermined level of proficiency, which includes the hiring of trained Tribal Gaming Agents, an independent regulatory and reporting structure separate from that of the Gaming Facility, a system for the reporting of Compact violations, and a consistent presence within the Gaming Facility.

2) There shall be added a new subsection to Section III:

S. Renegotiation/Amendments. Sections III. G., I., J., and K. will not be subject to renegotiation for thirty-six (36) months from the date hereof, unless one of the following occurs: 1) the laws of the State are amended, expanding gaming beyond that which is now allowed under the

terms of the Compact; 2) a State or Federal court within the State or a Federal Court interpreting the laws of the State issues a final and unappealed or unappealable decision permitting participation in a Class III gaming activity that was not authorized by this Compact; 3) another Tribe West of the Cascade Mountains obtains through a Compact or Compact Amendment approved by the Secretary of the Interior, greater levels of wagering, hours of operation, size and/or scope of Class III gaming activities, than authorized by the provisions of this Compact; or 4) another tribe East of the Cascade Mountains obtains, through a Compact approved by the Secretary of the Interior, greater levels of wagering, hours of operation, size and/or scope of Class III gaming activities, than authorized by the provisions of this Compact and the Tribe can demonstrate that such levels have resulted in an adverse economic impact on the Class III gaming operation. Further, Section XV.D, which provides that the parties may mutually agree to renegotiations and/or compact amendments may not be invoked during this thirty-six (36) month time period.

3) Section XIV.C.5 and XIV.D. shall be amended to replace the references to the "Tribal Gaming Agency" with the word "Tribe".

4) Section XV.D.1. and D.8. shall be amended as follows:

1. Amendments - Mutual. Except as set forth in III.S., the terms and conditions of this Compact may be amended at any time by the mutual and written agreement of both parties, and as provided in this Compact.

8. Authorization of other Tribes. Notwithstanding any other provision of this Compact to the contrary, in the event that the State enters into or amends a compact with any other tribe located in the State of Washington, and such agreement gives any such tribe more Gaming Stations, higher wager limits, any other Class III gaming activity, more hours of operation, and/or greater scope of Class III gaming, then this compact shall be renegotiated and amended to maintain competitive equality. Provided, if the other tribe is located East of the Cascade Mountains then the Tribe must also demonstrate, as a condition to renegotiation, that the greater scope of Class III gaming has resulted in an adverse economic impact on the gaming operation.

WITNESS WHEREOF, the Elwha S'Klallam Tribe and the State of Washington have executed this amendment to the Compact.

THE ELWHA S'KLALLAM TRIBE:

Frances S. Charles
Frances Charles, Chairperson

6-23-95
Date

THE STATE OF WASHINGTON

Mike Lowry
Mike Lowry, Governor

6/9/95
Date