



TRIBAL-STATE COMPACT AMENDMENT FOR CLASS III GAMING

Between the

Quileute Indian Tribe

and the

State of Washington

**FIRST AMENDMENT TO THE
QUILEUTE TRIBE - STATE OF WASHINGTON
CLASS III GAMING COMPACT**

III. NATURE, SIZE AND SCOPE OF CLASS III GAMING

A. Scope of Class III Gaming Activities. The Tribal gaming operation may utilize in its gaming facility, subject to the provisions of this Compact, any or all of the following Class III activities:

1. Blackjack;
2. Money-wheel;
3. Roulette;
4. Baccarat;
5. Chuck-a-luck;
6. Pai-gow;
7. Red Dog;
8. Chemin De Fer;
9. Craps;
10. 4-5-6;
11. Ship-Captain-Crew;
12. Horses (stop dice);
13. Beat the Dealer;
14. Over/Under Seven;
15. Beat My Shake;
16. Horse Race;
17. Sweet Sixteen
18. Sports Pools, to the extent not prohibited under federal law and subject to Section III.E below;
19. Sic-Bo;
20. Poker, Jackpot Poker and other forms of poker;
21. Satellite (off-track) wagering on horse races;
22. Keno and Keno Type Games;
23. Any other table game authorized for play in Nevada and played in accordance with applicable Nevada rules, upon 20 days' written notice to the State Gaming Agency.

C. Other Class III Table Games. For other Class III table games similar to those set forth above that would also be authorized for play for any purpose by any person, organization, or entity in the State of Washington that is not otherwise treated as Class II gaming in Washington pursuant to 25 USC 2703(7), the Tribe shall provide the game regulations to the State Gaming Agency at least ~~forty-five (45)~~ thirty (30) days prior to the time play shall begin. If the State takes no action within the ~~45-days~~ 30 days, the Tribe shall begin offering the game. If a dispute arises between the Tribe and the State with respect to issues including, but not limited to, the rules of the game, manner of play, or training and enforcement associated with regulation, the State and

Tribal Gaming Agencies shall meet and resolve the dispute prior to the time play of that game can begin. If either party believes, after negotiations have commenced, that a resolution by the parties cannot be achieved, then either or both parties shall be entitled to have the dispute resolved pursuant to the dispute resolution provisions of Section XII.C below.

D. Lottery-type Games. ~~For games including keno and keno-type games, instant ticket games, on-line games, or other lottery-type games authorized for play for any purpose by any person, organization, or entity in the State of Washington that are not otherwise treated as Class II gaming in Washington pursuant to 25 USC §2703 (7), the Tribe will submit the proposed rules, manner of regulation and manner of play to the State Gaming Agency at least sixty (60) days prior to time play shall begin. If the State takes no action within the 60 days, the Tribe may begin offering the game. If a dispute arises between the Tribe and the State with respect to the nature of the game, security issues, rules of play, or training or enforcement associated with regulation, the State and Tribal Gaming Agencies shall meet and resolve the dispute prior to the time play of that game can begin. If the dispute cannot be resolved by the parties through discussion, then the Tribe may initiate formal negotiations subject to the provisions of the Indian Gaming Regulatory Act. Provided further, that upon mutual agreement of the Tribal and State Gaming Agencies, some or all of the unresolved issues may be submitted to arbitration under Section XII.C. To the extent that instant tickets, on-line games, or other similar games are authorized for play for any purpose by any person, organization, or entity in the State or have been or are later identified as a Class II game pursuant to federal law, federal regulation, through a consensual lawsuit, or by a court of competent jurisdiction interpreting the laws of the State of Washington in a final and unappealable decision, and the Tribe desires to conduct such games within Quileute Indian lands, the Tribe shall submit the proposed rules and manner of play to the State Gaming Agency at least sixty (60) days prior to the time play shall begin. If the State does not object in writing within the sixty (60) days, the Tribe may begin offering the game. If, prior to the first play of such game or games by the Tribe, a dispute arises between the Tribe and the State with respect to the legality of the game, security issues, rules of play, or training or enforcement associated with its regulation, the State and Tribal Gaming Agencies shall meet and the dispute shall be resolved prior to the time play of that game can begin. If the dispute cannot be resolved to the satisfaction of the parties through discussion within sixty (60) days after the submission by the Tribe, the Tribe may initiate the dispute resolution provisions of Section XII.C below or pursue other remedies available under the I.G.R.A.~~

H. Size of Gaming Floor. ~~The actual Class III gaming floor within the gaming facility shall not exceed 15,000 square feet. The actual Class III gaming floor within the Gaming Facility shall~~

be determined by the Tribe.

I. Size of Class III Gaming Operation. ~~The number of gaming stations authorized for use on the gaming floor within the facility shall be as follows:~~

~~1. The Tribe shall initially be authorized to use twenty five (25) gaming stations.~~

~~2. After twelve (12) months of continual operation of the Class III gaming facility, the number of gaming stations shall be increased to thirty one (31) gaming stations, provided none of the following have occurred: (1) violation(s) of the provisions of the Compact which have resulted in sanctions imposed by the Federal District Court; (2) substantial and repeated violations of this Compact against the gaming facility resulting in fines or a determination under the dispute resolution provisions of Section XII.C below; or (3) material adverse impacts on the public safety or welfare of the surrounding communities in the nature of criminal activities which are, by a preponderance of the evidence in any legal or administrative proceeding in which the Tribe represents its own interests, shown to be directly related to the operation of the Class III facility. Provided, after eight (8) months of continual operation of the Class III gaming facility, the State and Tribal Gaming Agencies will review the gaming operation and activities and, if there is no evidence under the conditions set forth in this section III.I.2. or other evidence of recurring violations to indicate that the operation should not expand to the thirty one (31) gaming stations, and upon a showing of the ability to regulate and staff the operation, the Tribal and State Gaming Agencies may, by mutual agreement, authorize an increase in the number of gaming stations immediately, or at a specified date prior to the twelve (12) month period. Provided further, such expansion shall not occur while a state initiated action in Federal District Court or a dispute under Section XII.C is pending on this issue. During the first nine months of operation, ("phase one") or earlier as provided for in Section III.R, the maximum number of Class III gaming stations shall not exceed thirty one (31) plus, at the option of the Tribe, one (1) additional gaming station, called "the nonprofit station." The proceeds from the nonprofit station shall be dedicated to support bona-fide nonprofit organizations and their activities located within Clallam County or the State of Washington. For purposes of determination of "proceeds" from the nonprofit station only, proceeds shall mean the net win of the non profit station less the pro rata cost of regulation and operation, specifically excluding capital costs. Therefore, the proceeds shall equal the net win of the non profit station less the costs of regulation and operation, divided by the thirty-two (32) gaming stations. The Tribal gaming ordinance shall set forth regulations concerning the types of bona-fide nonprofit organizations or types of projects of such organizations that shall be supported by the nonprofit station. At the end of nine months continual operation, if the gaming operation has met the conditions set forth in Section III.R, "phase two" may be implemented, providing for up to fifty~~

gaming stations plus, at the option of the Tribe, two (2) additional non-profit gaming stations.

J. Wagering Limitations. ~~The maximum wager authorized shall be as follows:~~

~~1. For the initial phase of operation, thirteen (13) of the gaming stations shall not exceed ten (\$10) dollars per wager and the limits at the remaining gaming stations shall not exceed a maximum wager of twenty five (\$25) dollars. At least 25% of the stations in operation at any time shall offer wager limits of \$10 or less. Provided, should the State Gaming Agency increase the wagering limits currently in play for licensed fund raising events and card games, upon thirty (30) days written notice to the State Gaming Agency from the Tribe, the Tribe may authorize the same wagering limits.~~

~~2. If the gaming operation is increased in accordance with this Compact, the limit per wager at fifteen (15) of the stations shall be no more than ten (\$10) dollars and the limit per wager at one (1) station shall be no more than one hundred (\$100) dollars. The remaining gaming stations shall utilize a maximum of up to twenty five (\$25) dollars per wager. At least 25% of the stations in operation at any time shall offer wager limits of \$10 or less. If a dispute arises, it shall be resolved pursuant to Section XII.C of this Compact. During the first nine months of operation or earlier as provided for in Section III.R, wager limits shall not exceed two hundred fifty dollars (\$250) per wager. At the end of nine months continual operation, if the Gaming Operation has met the conditions set forth in Section III.R, "phase two" may be implemented, providing for wager limits of up to five hundred dollars (\$500) per wager.~~

K. Hours of Operation. ~~The maximum number of hours of operation for the Class III gaming activities shall not exceed eighty (80) hours per week, averaged annually. The Tribe shall schedule the hours to best comply with market conditions and may operate any day of the week. The gaming operation and gaming facility shall be closed to the public from 2:00 a.m. until 8:00 a.m. each day of operation. The maximum number of operation hours for the Gaming Facility shall be as follows:~~

- ~~1. During the first nine months of operation or earlier as provided for in Section III.R, operating hours may not exceed one hundred twelve (112) hours per week on an annualized basis. At the end of nine months continual operation or earlier as provided for in Section III.R, if the Gaming Operation has met the conditions set forth in Section III.R, "phase two" may be implemented, providing for operating hours of up to one hundred forty (140) hours per week on an annualized basis.~~
- ~~2. The Tribe may schedule its hours to best comply with market conditions and may operate any day of the week. The Gaming Operation shall not exceed twenty (20) hours per day and the Gaming Facility shall be closed to the~~

public from 2:00 a.m. until 6:00 a.m. each day of operation, provided the Tribe may operate the Gaming Facility past the hours of 2:00 a.m. upon mutual written agreement by the State Gaming Agency, the Tribal Gaming Agency and local law enforcement agencies.

3. Upon thirty (30) days written notice to the State Gaming Agency and upon mutual written agreement between the State Gaming Agency and the Tribal Gaming Agency, the Tribe may operate the Gaming Facility for twenty-four (24) hours without interruption at certain times of the year, not to exceed a total of seventy-two (72) hours during any one such time period. The Tribe may request for such special hours three (3) times in any one calendar year.

L. Ownership of Gaming Facility and Gaming Operation. The gaming operation, including the gaming facility, shall be owned and operated by the Tribe. The Tribe shall be entitled to contract for management of the gaming facility and gaming operation. Such contract shall subject the management entity to the terms of this Compact, including annual certification and licensing. A leasehold interest shall satisfy the ownership requirement.

M. Prohibited Activities. ~~Any Class III gaming activity not specifically authorized in this Compact is prohibited. Unless subsequently authorized by the State, all gambling devices are prohibited. Nothing herein is intended to prohibit or restrict otherwise lawful and authorized Class II gaming activities upon Quileute Tribal Lands or within the gaming facility. Provided, however, that if Class II and Class III table games are combined in a single facility, the parties agree that this could impact the regulatory scheme established under this Compact. In such event, all Class II table gaming employees shall be certified as if they were Class III gaming employees. This provision shall not be applicable to employees engaged in activities related to bingo, pull tabs or punchboards.~~ Any Class III gaming activity not specifically authorized in this Compact is prohibited. Unless gambling devices are subsequently authorized by the State, by agreement of the parties, through a consensual lawsuit, or through a final and unappealable decision permitting gambling devices issued by a court of competent jurisdiction interpreting the laws of the State of Washington, all Class III gambling devices are prohibited. Nothing herein is intended to prohibit or restrict otherwise lawful and authorized Class II gaming activities and devices on Quileute Indian Lands or within the Gaming Facility.

Q. Additional Class III Games. The State acknowledges that the Tribe may decide to conduct other Class III games which are permitted under the I.G.R.A., or other federal law but are not included in Section III.A-E of this Compact; for example, horse racing or a Tribal operated lottery. If and at the time the Tribe determines it shall conduct such activities, the parties shall use

the process outlined below.

1. The Tribe shall submit a letter, signed by the Tribal Chairman, and addressed to the Governor, specifically identifying the additional proposed activities and the applicable amendments or additions to the Tribal Code authorizing such activities.
2. The Tribe shall submit a copy of the above letter to the State Gaming Agency, together with draft regulations covering the proposed activity.
3. Within sixty (60) days after receipt of the letter, the State Gaming Agency shall review the regulations submitted and approve or disapprove the proposed regulations within such time. Concurrently, the State shall, if required by federal law, negotiate an ancillary Compact with the Tribe addressing the operation of the activity.
4. If the State Gaming Agency and the Tribe do not finalize an ancillary Compact for the proposed activity during the sixty (60) day period, the State and the Tribe shall continue to negotiate an ancillary Compact for an additional 120 days prior to the Tribe filing any action against the State pursuant to 25 USC Section 2710(d)(A)(i).
5. Pending the negotiation of an ancillary Compact for the proposed activities or resolution of any action in the event an ancillary Compact for such activities is not finalized, the terms and provisions of the Original Compact and applicable amendments, if any, shall remain in effect.
6. If the additional proposed activity involves horse-racing, satellite (off-track) wagering on horse races or other activity related to horse-racing, the Tribe shall also submit a copy of its letter to the Washington Horse Racing Commission, together with draft regulations covering the proposed activity.

R. Sixth Month Gaming Operation Review. After six months of operation, the State Gaming Agency shall conduct a review of the Class III Gaming Operation to determine general Compact compliance and whether the conditions set forth below have been satisfied. If, as a result of the review, the State Gaming Agency determines that the operation is in compliance with these conditions, the Class III Gaming Operation may implement "phase two" either at nine months of operation or earlier upon a successful completion of the review. If the State Gaming Agency determines that the Class III Gaming Operation has not satisfied the conditions, any resulting dispute will be resolved through the dispute resolution procedures set forth in section XII.C of this Compact. Any increase in the number of gaming stations, hours of operation, or wager limits beyond that initially authorized during "phase one" of Class III Gaming Operations shall be conditioned upon the following criteria:

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 are 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 operation of the Class III Gaming Facility;
4. There have been no material violations of Appendix A of this Compact; and
5. The Tribal Gaming Agency has developed a strong program of regulation and control demonstrating an adequate level of proficiency, which includes the hiring of trained Tribal Gaming Agents, an independent management and reporting structure separate from that of the Gaming Facility or Tribal bodies, a thorough and developed system for the reporting of Compact violations, and a strong and consistent presence within the Class III Gaming Facility.

XIV. PUBLIC HEALTH AND SAFETY

C. Community Contribution Fund.

The Tribe provides a Police Department to enforce law and order on Quileute Tribal Lands. The Tribe recognizes that adequate enforcement and the availability of support services and assistance is critical to the safe operation of Class III gaming, and that activities directly and indirectly associated with the operation of the gaming facility may impact surrounding local law enforcement agencies, emergency services and other service agencies and place an increased burden on them. To that end, the Tribe shall establish a fund for the purpose of providing assistance to non-tribal law enforcement, emergency services and other service agencies impacted by the Class III gaming facility and withhold 2.0% and disburse, on a quarterly basis, a maximum of 2.0% of the net win from the Class III gaming tables authorized by this Compact for this fund ("community contribution"). The first contribution to the fund shall be made one year after the opening of the initial facility, unless this payment to the Fund would leave the gaming operation at a loss, in which event this initial contribution may be provided to the Fund on a pro rata basis, yearly, over a five year period. Further, the Tribe shall, on a quarterly basis beginning three months from the date the facility opens to the public, distribute this fund to non-tribal enforcement and services agencies impacted by the Class III gaming operation. These funds shall be shared by all agencies materially impacted by the gaming operation based on evidence of impacts presented by each agency; provided, however, that the Clallam County Sheriff will be a first priority for the distribution of this fund to cover additional expenses incurred as a result of the Class III gaming operation.

A committee shall be established consisting of a representative of the Quileute Tribal Council, a representative from Clallam county; a representative of the State Gaming Agency, a representative from the Town of Forks, and a representative from the Quillayute Fire District. The makeup of this committee may be expanded or changed by mutual agreement of the Tribal and State Gaming Agencies, if necessary. The committee shall meet at least annually to discuss impacts within the county and on the Reservation, level of services provided, use of these funds, and to determine the distribution of the fund. Distributions may be made based on a negotiated memorandum of understanding (MOU) between the Tribe and the impacted agencies providing services, which addresses services to be provided during the following year. In the event of a dispute that cannot be resolved by agreement of the parties, either the State Gaming Agency or the Tribe may seek resolution through the arbitration provisions of Section XII of this Compact. No Class II gaming revenues or non-gaming revenues such as food, beverage, wholesale or retail sales shall be included within the budgeted 2.0% sum set forth in this Section. At any time after one year from the opening of the Class III Gaming Facility, or from time to time thereafter, either the State Gaming Agency or the Tribal Gaming Agency may request a re-evaluation, and possible reduction of, the Community Contribution payments based on fewer than anticipated impacts. In the event the State and the Tribal Gaming Agencies mutually agree, the Community Contribution Fund shall be reduced at that time.

XVI. AMENDMENTS, DURATION AND EFFECTIVE DATE

D. Amendments/Renegotiations.

1. Amendments - Mutual. 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,~~ except as limited by Section XVI.D.3. of this Compact.

2. Amendments - Contractual. ~~The parties shall amend through renegotiation the wagering limitations, hours of operation, size and/or scope of Class III gaming as set forth in Section III above~~ The parties shall adjust the terms and conditions of this Compact, except as provided below in Section XVI.D.3, upon written notice and request by the Tribe to the State if and when:

(a) the laws of the State are amended, expanding gaming beyond that which is now allowed under the terms of this Compact;

(b) a State or Federal court within the State of Washington or a federal court interpreting the laws of the State of Washington issues a final and unappealable decision that permits participation in a gaming activity that was not authorized for any purpose by any person, organization or entity at the time this Compact was executed or not authorized by this Compact;

(c) federal legislation authorizes the operation of

or participation in gaming activity that was not authorized at the time this Compact was executed or was not authorized by this Compact.

3. Renegotiation — Tribe. — The parties shall renegotiate the nature and/or scope of Class III gaming as set forth in Section III upon the written notice and request by the Tribe to the State if and when:

(a) laws in the State are enacted allowing that gaming which is now prohibited; or

(b) the Tribe wishes to engage in other forms of Class III gaming other than those games authorized in Section III, including, but not limited to a Tribal lotto/lottery, off track betting and/or horse racing track and facility.

Renegotiation/Amendments - Section III of Compact. Section III F, I, J, and K of the Compact regarding certain aspects of the scope of gaming shall not be subject to renegotiation or amendment for thirty-six (36) months from the date of this First Amendment, 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 this Compact; (2) a State or Federal court within the State of Washington or a Federal court interpreting the laws of the State of Washington issues a final and unappealable decision permitting participation in a gaming activity that was not authorized for any purpose by any person, organization, or entity at the time this Compact was executed or not authorized by this Compact; or (3) another tribe West of the Cascade Mountains obtains, through a Compact or Amendment to 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; (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.

8. State Authorization of Additional-Class III Gaming Activities. In the event the State hereafter authorizes any additional Class III gaming activity, including electronic facsimiles of Class II or Class III gaming, the Tribe shall be authorized to immediately commence conducting such activity prior to completion of the subsequent negotiations as provided in Section XVI.D.2, if such activity is conducted in accordance with all of the limitations, regulations and requirements of the State.

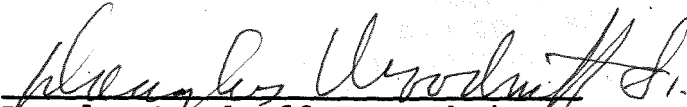
9. Authorization to Other Tribes. Notwithstanding any other provision of this Compact to the contrary, in the event that the State subsequently enters into or amends a compact with a tribe located in Clallam, Jefferson, Pierce, Kitsap, Whatcom, Skagit,

~~Snohomish, Grays Harbor, or King Counties, and such agreement gives any such tribe more gaming stations, higher wager limits, more tables with higher wager limits, more hours of operation, or additional Class III games, including any gambling devices, then this Compact shall be renegotiated and amended to maintain competitive equality with those tribes listed above.~~

§ 9. State Authorization to Other Tribes Modifying Scope of Gaming Compact. Notwithstanding any other provision of this Compact to the contrary, if after the signing of this Compact, the Secretary of the Interior approves a compact with any Washington Tribe west of the Cascade Mountains, or an amendment thereto, and such compact gives such tribe more Gaming Stations, higher wager limits, other Class III gaming activity, and/or more hours of operation or otherwise approves a compact or amendment to a compact which gives such Tribe an expansion of terms other than those identified above, then this Compact shall be amended automatically to maintain equality. Provided, either party shall have the right to take the issue to dispute resolution under the provisions of Section XII.C of this Compact if a dispute arises regarding the applicability of this automatic amendment provision to a particular term approved in another compact.

WITNESS WHEREOF, the Quileute Tribe and the State of Washington have executed this first amendment to the Compact.

THE QUILEUTE TRIBE:



Douglas Woodruff Sr., Chairperson

7-6-95
Date

THE STATE OF WASHINGTON:



Mike Lowry, Governor

6/9/95
Date