

AGREEMENT BETWEEN THE WASHINGTON STATE LIQUOR CONTROL
BOARD AND THE SQUAXIN ISLAND INDIAN TRIBE FOR PURCHASE
AND RESALE OF LIQUOR IN INDIAN COUNTRY

WHEREAS, the Squaxin Island Indian Tribe and the Washington State Liquor Control Board desire to enter into a government-to-government business agreement for the sale and purchase of liquor in order that liquor sales may take place on the Squaxin Island Indian Reservation in accordance with the requirements of Federal law (18 U.S.C. § 1161), Squaxin Island Tribal Ordinance, and State law to the mutual benefit of both the Tribe and the Board, and

WHEREAS, it is recognized by all parties to this agreement that, in conformity with the Governor's Executive Order EO 83-16 the governmental authority of the Tribe over its own affairs and its sovereignty under federal law is not altered, diminished, or abdicated in any way by entering into this agreement, and

WHEREAS, the governmental authority and sovereignty of the state of Washington as declared by the Twenty-First Amendment to the United States Constitution and applicable acts of Congress is not altered, diminished, or abdicated in any way by entering into this agreement, and

WHEREAS, it being the sole intention of the parties to this agreement to establish a government-to-government arrangement whereby liquor may be sold by the Tribe on its reservation within Indian country as defined in 18 U.S.C. § 1151 and § 1154, in the conformity with federal law, tribal ordinance, and state law;

NOW, THEREFORE, pursuant to authority of federal law, tribal ordinance, and state law, it is hereby agreed between the Squaxin Island Tribe, acting by and through its governing tribal council, and the Washington State Liquor Control Board as follows:

1. The Board agrees to sell distilled spirits as well as wine and beer that it handles to the Tribe and the Tribe agrees to purchase all distilled spirits for resale in Indian country from the Board. Should the Tribe be desirous of selling beer and wine not available from the Board, the Tribe agrees to obtain the appropriate state beer and/or wine license and purchase that beer and wine from a state licensed beer and/or wine wholesaler.

2. The Board shall use its best efforts to supply all liquor products ordered by the Tribe. The Tribe shall have its orders filled on the same basis as the orders of the state liquor stores and state liquor agencies. In the event that the Board's supplies of an allocated item (i.e. one in short supply) are insufficient to satisfy all orders by all of the Board's customers, available supplies will be equitably available among all customers.

3. The purchase of the distilled spirits shall be the standard case cost to the Board plus a handling charge of 8 percent for the shipments FOB the Board's Distribution Center plus tax imposed by RCW 82.08.150 or any future taxes imposed by the legislature; or 10 percent for the shipments FOB the tribal store plus the tax imposed by RCW 82.08.150 or any future taxes imposed by the legislature. Provided: That each year of this agreement, the Tribe may purchase a number of gallons of spirituous liquor free of the tax imposed by RCW 82.08.150 or any future taxes imposed by the legislature. The number of gallons will be determined annually by multiplying the number of registered tribal members twenty-one years old and over times 3.0 gallons. The Tribe will furnish formal updated population data thirty days prior to the end of each year of this agreement for this purpose.

4. The purchase price of wine and beer handled by the Board shall be the standard case cost to the Board plus a handling charge of 8 percent for the shipments FOB the Board's Distribution Center plus, in the case of wine, an amount equal to, and in lieu of, the taxes imposed by RCW 66.24.210 or any future taxes imposed by the legislature on wine and beer; or 10 percent for shipments FOB the Tribe's store plus, in case of wine, an amount equal to, and in lieu of, the taxes imposed by RCW 66.24.210 or any future taxes imposed by the legislature on wine and beer.

5. The Board shall invoice the Tribe for the cost of the liquor and the FOB point shall be the Board's Distribution Center or the tribal store depending on the choice of the Tribe.

6. Purchase of liquor by the Tribe shall be consummated upon payment by money order, certified check, or tribal check. The payment must be made either at the Board's Distribution Center at the time the liquor is picked up (FOB Board's Distribution Center) or be placed in the United States mail the same day as the liquor is delivered (FOB tribal store). The Tribe shall keep in force an Irrevocable Letter of Credit issued by _____, or such other bank as the parties shall from time to time agree upon, protecting the Board from non-sufficient funds or non-mailing of payment to insure payment of invoice. The Letter of Credit shall be in an amount exceeding the amount of any tribal check given in payment for liquor.

7. Sales of liquor to the Tribe by the Board include return privileges for mechanical ordering and shipment errors. Claims for stock damaged in transit, missing items, dry breaks, and defective products or containers will be allowed as circumstances and facts indicate in each individual instance.

8. The Tribe agrees to resell all distilled spirits, beer, and wine purchased from the Board, at a per unit total retail price equal to that of the Board's total retail price in effect at that time, including all applicable taxes.
9. The Tribe may advertise its retail outlet's location and services in any medium which serves the reservation community and people who reside in close proximity to the Tribe's reservation; Provided, that advertisements of spirituous liquor may only be placed in print media and that the Tribe shall limit any media advertising to newspapers which are primarily distributed in Mason County. Any such advertising will contain no direct comparisons between Squaxin tribal store prices and State prices.
10. In recognition of the fact that this agreement is a government-to-government agreement, it is agreed that the Tribe shall not be considered part of, or under the control and supervision of, the Board's Stores and Agencies Division. A representative of the Board shall have the right to visit the Tribe's retail outlet at any time during regular business hours to review the administration of this agreement.
11. The Tribe agrees that all liquor sold by the Tribe shall be sold from a tribal store located within the exterior boundaries of the Squaxin Island Indian reservation. Said store shall be located at West 81 Highway 108, Shelton, Washington. Relocation of the tribal outlet or opening of additional tribal outlets shall be subject to prior agreement between the Tribe and the Board.
12. The Board agrees that it will not open any additional state liquor stores or agencies within a radius of 6 miles of the Tribe's store unless such state liquor stores or agencies are already operating as of the date of this agreement. This radius is not intended to include any land inside the Shelton City limits and is intended to include the immediate area surrounding the intersection of Highway 101 and the Steamboat Island Road.
13. The Tribe agrees that all external signing shall meet applicable zoning ordinances.
14. The hours of sale of distilled spirits, beer and wine, by the Tribe shall be set by the Tribe but shall not include the hours between 2 a.m. and 6 a.m. on weekdays and, in accordance with RCW 66.16.080, there shall be no sale or delivery of distilled spirits on Sunday.
15. The Tribe agrees with the Board that all sales of liquor in Indian country will conform to the requirements of federal law, the Tribe's federally

approved tribal liquor ordinance, and state law relating to liquor transactions.

16. The Tribe agrees not to import any distilled spirits; beer or wine, into Indian country except as provided in this agreement.

17. The Tribe agrees not to solicit, or accept, money or moneys' worth from liquor manufacturers, importers or wholesalers. Provided; It is agreed that the Tribe may accept such items as are permitted by to be accepted by licensees of the Board under state law.

18. This agreement shall continue in effect until terminated by one or both of the parties. In addition to the methods of termination provided for in paragraph 19 and 20, this agreement may be terminated by either party 90 days after giving written notice of termination to the other party.

19. The Tribe may terminate this agreement at any time if in the judgment of the Tribe it is in the best interests of the Tribe to cease the sale of liquor. If the Tribe elects to discontinue its retail sales of liquor, the Board shall buy back from the Tribe the entire inventory, purchased from the Board, remaining in the Tribe's possession by paying the tribe the current sale price to the Squaxin Island Indian Tribe, subject to adjustment for a pro-rata share of the tax exemption quota for the period.

20. Should the Tribe's retail liquor outlet fail to comply with this agreement, federal law, tribal ordinance, or provisions of Washington State Law relating to liquor transactions, the Board may terminate this agreement.

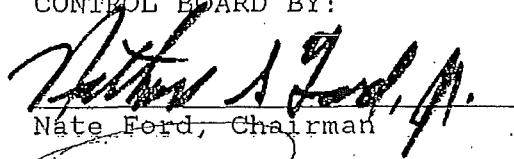
21. The Tribe agrees that if it desires to sell spirituous liquor by the drink, or beer and wine for on-premises consumption, such sales will comply with both Tribal and State licensing requirements as required by 18 U.S.C. § 1151, § 1154, and § 1161. The Tribe shall be able to sell spirituous liquor, beer and wine to any state licensed restaurant owned and operated by the Tribe within the exterior boundaries of the reservation. The Tribe shall make sales of spirituous liquor to its class H licensed restaurants at the class H prices as published in the current Board price list. After the liquor tax exemption granted the tribal liquor store on distilled spirits is used up, a credit will be provided for the difference between the taxes paid at the time of purchase from the Board, and the lower taxes that apply on a sale to a class H licensee.

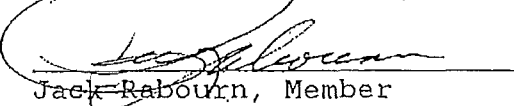
22. Time of performance under this agreement is of essence.

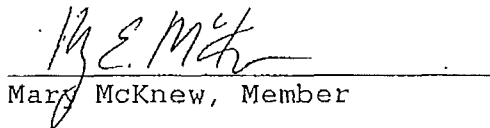
23. This agreement shall inure to the benefit of and be binding upon the parties named herein and upon their successors in interest. This agreement may not be assigned by either party.

IN WITNESS WHEREOF, The parties have signed this agreement to commence on the 11th day of December 1996.

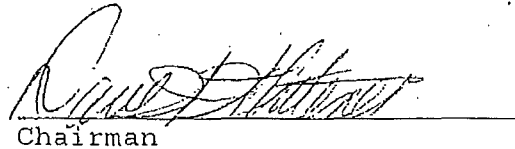
WASHINGTON STATE LIQUOR
CONTROL BOARD BY:


Nate Ford, Chairman



Jack Rabourn, Member


Mary McKnew, Member

SQUAXIN ISLAND INDIAN TRIBE BY:


Chairman

APPROVED AS TO FORM:


Kim O'Neal
Senior Assistant Attorney General