

MEMORANDUM OF AGREEMENT

Between

THE TULALIP TRIBES

And

THE WASHINGTON STATE LIQUOR CONTROL BOARD CONCERNING LICENSING

FEES UNDER RCW 66.24.630

The Parties to this Memorandum of Agreement (MOA) are the Tulalip Tribes (the "Tribe") and the Washington State Liquor Control Board (the "Board") (collectively "the Parties.")

The Tribe is a federally recognized Indian Tribe possessed of the full sovereign powers of a government. The Tribe and its wholly-owned enterprises operate on the Tribe's reservation and lands (hereinafter "Indian Country"). The Tribe has authority with respect to liquor regulation under the Tulalip Constitution, 18 U.S.C 1161 and its duly adopted Tribal Code.

The Washington State Liquor Control Board is an executive agency of Washington State government operating under the authority of the Governor. The Board has authority with respect to liquor regulation under the 21st Amendment of the U.S. Constitution, 18 U.S.C 1161, and Title 66 RCW.

I. Purpose

The introduction, possession, and sale of liquor in Indian Country have, since treaty time, been clearly recognized as matters of special concern to Indian tribes and to the United States federal government. Federal law currently prohibits the introduction of liquor into Indian Country without compliance with both tribal law and certain laws of the state within which the tribal property is located. The Tulalip Tribes licenses and regulates liquor sales within the Tulalip Indian Reservation and the State exercises its regulatory authority over liquor sales in Indian Country in accordance with state and federal law.

The Parties share a strong interest in ensuring that liquor distribution and sales

in Indian Country are well-regulated to protect public health and safety and community interests. In addition to sharing these concerns, the Parties also share regulatory authority over liquor distribution and sales in Indian Country.

The Parties acknowledge that pursuant to federal law, 18 U.S.C. § 1161, the federal prohibition on sale of liquor in Indian Country shall not apply to any act or transaction within any area of Indian Country provided that such act or transaction is in conformity both with the laws of the State in which such act or transaction occurs and with an ordinance duly adopted by the tribe having jurisdiction over such area of Indian Country, certified by the Secretary of the Interior, and published in the Federal Register. The Tribe has adopted a liquor ordinance which was certified by the Secretary of the Interior and published in the Federal Register.

The Parties further acknowledge that within the framework of federal Indian law, tribal law, and state law, there are uncertainties and unsettled issues regarding jurisdiction, licensing, taxation, enforcement, and other matters essential to the proper regulation of liquor distribution and sales in Indian Country.

The Parties have worked closely together over the past years to develop an approach to resolving issues. The Board has adopted the Government to Government Consultation Board Policy 11-2009, such policy recognizing the federal laws and principles underlying the general tribal preemption from state regulation.

Despite disagreement over the extent of the State's regulatory authority over liquor sales and distribution in Indian Country, the Parties agree that it is in the best interests of the Tribe and the Board, on behalf of the State of Washington, to enter into an agreement to provide certainty and cooperation regarding payment of reasonable fees for regulatory services provided by the Board to the Tribe.

II. Definitions

- A. Board means the Liquor Control Board and its staff.
- B. Indian Country means the lands of the Tulalip Tribes as defined in 18 U.S.C. §1151.
- C. MOA means this Memorandum of Agreement.
- D. Parties means the Board and the Tribe.
- E. Tribe means the Tulalip Tribes.

F. Tribal Enterprise means a wholly-owned Tribal enterprise or a subordinate economic enterprise and/or subdivision of the Tribal government.

III. Terms of Agreement

A. Payment for Services for Spirits Retail Licensed Locations

The Parties agree that they have a long-standing disagreement with respect to the application of state law to Tribal liquor sales. Therefore, the Parties agree that in lieu of license fees imposed by RCW 66.24.630 on spirits retail licensees, from which the Tribe claims an exemption under federal law, the Tribe and its Tribal Enterprises shall hereafter make payment to compensate the Board for the licensing and enforcement services it provides to the Tribe in furtherance of their shared interest in regulating the distribution and sale of liquor in Indian Country (the "Fee for Services"). The Parties agree that any payment by the Tribe does not impact the Tribe's authority to regulate the distribution and sale of liquor.

B. Location of Sales.

The Tribe and its Tribal Enterprises currently sell spirits under a spirits retail license in Indian Country at the following location(s) under the license(s) specified below:

1. Tulalip Tribes Liquor Store
6326 33rd Ave NE
Tulalip, WA 98271
License # 369188
2. Quil Ceda Liquor Store
8825 Quilceda Blvd Ste. F
Tulalip, WA 98271
License # 083616

C. Fee for Services Amount; Payment Due Date.

The Tribe and/or its Tribal Enterprises agree to pay an annual Fee for Services in the amount of one thousand six hundred forty-four dollars (\$1,644.00) for each location identified in subsection B above. Upon execution of this Agreement, the Board will invoice the Tribe for the prorated Fee for Services due until the next license renewal date.

The Tribe and/or its Tribal Enterprises agree to pay the Fee for Services upon application for spirits retail license and/or renewal of a spirits retail license for an existing location; provided, that in the case of a new application, \$166 of the Fee for Services shall be due and payable upon application, and the remainder of the Fee for Services shall be due upon approval of the license by the board. The Parties agree to reassess the amount of the Fee for Services on at least a biennial basis, to consider changes in the Board's costs and services provided.

D. Fee Requirements Not Applicable.

The Board agrees that in lieu of the spirits retailer license fees imposed by RCW 66.24.630, the Board will accept payment under paragraph C, and will not impose nor pursue collection of such licensing fees/taxes on sales by the Tribe and the Tribal Enterprises. In the event that new licensing fees or taxes on spirits retailers are added, or the existing licensing fees/taxes are modified, repealed, or replaced, as the result of legislation, initiative, referendum, court decision, or otherwise, the Parties agree that the Fee for Services agreed to in subsection C shall remain in effect pending agreement of the Parties to a revised fee for regulatory services as the Parties agree is appropriate under the circumstances and that the Board shall not impose nor pursue collection of the new fees and taxes on sales by the Tribe and the Tribal Enterprises. The Parties agree to meet and pursue discussions of the applicability of any new fees or taxes on an expedited basis.

E. Conditions and Limitations:

To the extent not preempted by federal law, The Tribe agrees to make sales of liquor by the Tribe and the Tribal Enterprises in conformance with Title 66 RCW and other applicable state laws.

F. Future Issues.

The Parties acknowledge that the regulation of liquor since the passage of Initiative 1183 has necessitated discussion between the Tribe and the Board regarding issues of mutual concern to each as regulators of liquor distribution and sales in Indian Country. The Parties commit to consult and work together on a government-to-government basis in good faith on the resolution of additional issues as they arise.

G. Sovereign Immunity Not Waived.

The Board agrees that the signing of this MOA by the Tribe does not imply a waiver of sovereign immunity by the Tribe or its Tribal Enterprises and is not intended by the Tribe or the Tribal Enterprises as a waiver of sovereign immunity, and is not a waiver of sovereign immunity by the Tribe or the Tribal Enterprises.

H. Disagreements.

Should a disagreement arise under this MOA, either Party may ask for a meeting to discuss the MOA.

I. Limited Applicability

Because the federal legal framework for liquor sales in Indian country is unique and departs from legal principles which generally pre-empt the application of State laws to Tribes and Tribal enterprises in Indian Country, the parties acknowledge this agreement is not intended to be relevant or applicable to any other subject matter of State regulation or fee assessment in Indian Country.

IV. Communication and Notice

For the Liquor Control Board:
Deputy Director and Tribal Liaison
Rick Garza
P.O. Box 43080
Olympia, WA 98504

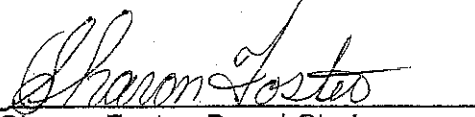
For the Tribe:
Melvin R. Sheldon Jr.
Chair, Tulalip Tribes
6406 Marine Dr.
Tulalip, WA 98271

V. Effect, Duration, and Amendment

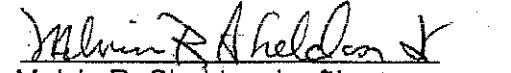
This MOA shall have an initial term of ten (10) years, beginning on the date of the last party signature, and shall thereafter automatically renew for ten (10) year terms unless either party provides notice no less than one (1) year prior to the expiration date; provided, that the Parties agree that this MOA may be superseded by a duly negotiated agreement addressing all types of liquor licenses held by the

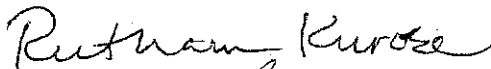
tribe. Should information come to the attention of the Tribe or the Board that this MOA provides the Tribe with significant services without compensation to the Board, or provides the Board with significant compensation at the expense of the Tribe, the Parties agree to meet, renegotiate, and amend this Agreement.

This MOA is effective as of the 25 day Sept of 2012.

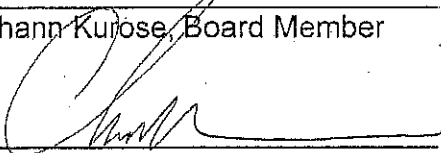


Sharon Foster, Board Chair
Liquor Control Board

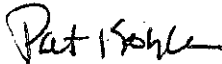

Melvin R. Sheldon Jr., Chairman
The Tulalip Tribes



Ruthann Kurose, Board Member



Chris Marr, Board Member



Pat Kohler, Executive Director