Original

Third Amendment to Management Agreement dated May 25, 1994, Revised April 11, 1995, and Amended as of September 21, 1995, between the Upper Skagit Indian Tribe and Harrah's Washington Corporation

This Third Amendment to the Management Agreement by and between the Upper Skagit Indian Tribe and Harrah's Washington Corporation dated May 25, 1994, as revised on April 11, 1995, and approved by the NIGC on April 17, 1995, and amended as of September 21, 1995, is made and entered into as of December 31, 1995.

Recitals

WHEREAS, the parties hereto executed a Management Agreement dated May 25, 1994, as revised April 11, 1995, and approved by the NIGC on April 17, 1995; and

WHEREAS, for good and valuable consideration, the parties amended the provisions of the Management Agreement dated April 11, 1995, on September 21, 1995; and

WHEREAS, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree to further amend the provisions of the Management Agreement dated April 11, 1995, Amended, as follows:

One:

Article 2 is amended by adding the following definitions:

<u>Agency Employees</u>. "Agency Employees" shall mean all Enterprise Employees who are not Covered Employees as set forth in Section 7.22.

<u>Payroll Agent</u>. "Payroll Agent" shall mean Harrah's Skagit Valley Agency Corporation, a Nevada corporation, wholly owned by Harrah's Operating Company, Inc.

<u>Payroll Agency Agreement</u>. "Payroll Agency Agreement" shall mean that agreement executed by and between Harrah's Skagit Valley Agency Corporation, the Upper Skagit Indian Tribe, and Harrah's Washington Corporation relating to the employing, computing, and paying wages, salaries, and benefits, and withholding, remitting, and paying Payroll Taxes of Non-covered Employees.

Two:

Article 2.14 is amended by deleting it and replacing it with the following:

2.14 Enterprise Employee. "Enterprise Employee" shall mean a generic reference to those employees of Manager or of the Payroll Agent who are assigned to work at the Facility. In the case of full-time employees, such assignment to the Facility must be primary.

Three:

Article 2.33 is amended by deleting it and replacing it with the following:

2.33 Operating Expenses. "Operating Expenses" shall mean expenses of the operation of the Enterprise, including but not limited to the following: (1) the payment of salaries, wages, and benefit programs for Enterprise Employees, Covered Employees, as well as Agency Employees working at the Facility; Off-Site Employees subject to the approval described in Article 4.6.4; the Tribal Inspector(s) (surveillance) working at the Facility; (2) materials and supplies for the Enterprise; (3) utilities; (4) repairs and maintenance of the Facility (excluding Capital Replacements); (5) interest on the Note; (6) interest on installment contract purchases; (7) insurance and bonding; (8) advertising and marketing, including busing and transportation of patrons to the Facility; (9) professional fees; (10) security costs; (11) reasonable travel expenses for officers and employees of the Enterprise, Manager or its affiliates to inspect and oversee the Enterprise, subject to the budget agreed upon by the Business Board; (12) furniture, fixtures, and equipment lease payments; (13) trash removal; (14) costs of goods sold; (15) other expenses designated as Operating Expenses in accordance with the Accounting Standards as referred to in Article 4.29.3; (16) expenses specifically designated as Operating Expenses in this Agreement; (17) depreciation; (18) recruiting and training expenses; (19) fees and costs due to the NIGC under IGRA or the state of Washington pursuant to the Compact; (20) Accounting fees; and (21) any expenses not referenced or provided for in this Article which are added as Operating Expenses after approval of this Agreement must first be approved in writing by the parties.

Four:

Article 4.6.3 is amended by deleting it and replacing it with the following:

4.6.3 Termination of Payroll Agency Agreement. The parties, by mutual agreement, may terminate the Payroll Agency Agreement. Upon the occurrence of such termination, the provisions of Article 4.6 shall again exclusively control the employee relationship as between the Tribe and Manager.

Five:

Article 7.22 is amended to add as a Covered Employee the position of Director of Facilities.

Six:

Article 9.5, Manager's Right to Terminate Agreement, is amended by adding the following paragraph (v):

(v) The Tribe terminates the Payroll Agency Agreement.

IN WITNESS WHEREOF, the parties have executed this Third Amendment to the Management Agreement as of the day and year first above written.

UPPER SKAGIT INDIAN TRIBE

By: _____
Name: Floyd Williams
Title: Chairman, Upper Skagit Indian Tribe

HARRAH'S WASHINGTON CORPORATION

By: _____
Name: J. Carlos Tolosa
Title: Sr. Vice President

Approved pursuant to 25 U.S.C. § 2711 and
Approved pursuant to 25 U.S.C. § 81

NATIONAL INDIAN GAMING COMMISSION

By: _____ 8-16-96
Name: PEVIN W. METSNER
Title: ACTING CHAIRMAN

Second Amendment to Management Agreement dated May 25, 1994, as Revised on April 11, 1995, and approved by the NIGC on April 17, 1995, between the Upper Skagit Indian Tribe, Upper Skagit Enterprises, Inc., and Harrah's Washington Corporation

This Second Amendment to the Management Agreement by and between the Upper Skagit Indian Tribe, Upper Skagit Enterprises, Inc. ("USE"), and Harrah's Washington Corporation dated May 25, 1994, as revised on April 11, 1995, and approved by the NIGC on April 17, 1995, and amended SEPT. 21, 1995, is made and entered into this 21st day of SEPT., 1995.

Recitals

WHEREAS, the parties hereto executed a Management Agreement dated May 25, 1994, as revised April 11, 1995, and approved by the NIGC on April 17, 1995; and

WHEREAS, for good and valuable consideration, the parties amended the provisions of the Management Agreement dated April 11, 1995, on SEPT. 21, 1995; and

WHEREAS, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree to further amend the provisions of the Management Agreement dated April 11, 1995, Amended, to delete any and all references to USE, as follows:

One:

The Cover Page of the Management Agreement is amended to delete the reference to USE.

Two:

The First Paragraph of the Management Agreement is amended to delete the reference to USE and shall read as follows:

THIS MANAGEMENT AGREEMENT has been entered into this 25th day of May, 1994, as revised the 11th day of April, 1995, by and between the UPPER SKAGIT INDIAN TRIBE (the "Tribe"), a federally recognized Indian Tribe, its permitted successors and assigns and HARRAH'S WASHINGTON CORPORATION, a Nevada corporation, and its permitted successors and assigns ("the Manager").

Three:

Article 2.11 is amended to delete the reference to USE and shall read as follows:

2.11 Development and Construction Agreement. "Development and Construction Agreement" shall mean that certain agreement, dated May 25, 1994, as revised April 11, 1995, by and between Manager and the Tribe providing the terms under which Manager will develop the Facility, including without limitation, design, construction and furnishing and equipping same.

Four:

Article 7.1 is amended to delete the reference to USE and shall read as follows:

7.1 Notice. Any notice required to be given pursuant to this Agreement shall be delivered to the appropriate party by Certified Mail Return Receipt Requested, addressed as follows:

If to the Tribe:

Upper Skagit Indian Tribe
2284 Community Plaza
Sedro Woolley, WA 98284
FAX: 206/856-3175
Attention: Chairman

Copy to:

Harold Chesnin, Esq.
Mathews Garlington-Mathews & Chesnin
500 Court in the Square
401 Second Avenue South
Seattle, WA 98104
FAX: 206/621-9494

If to Manager:

Harrah's Washington Corporation
c/o Harrah's
1023 Cherry Road
Memphis, TN 38117
Attention: J. Carlos Tolosa, Sr. V.P.

Copy to:

William L. Buffalo, Esq.
1023 Cherry Road
Memphis, TN 38117

or to such other diffe[illegible]t address(es) as the Manager or [illegible]e Tribe may specify in writing using the notice procedure called for in this Article 7. Any such notice shall be deemed given two days following deposit in the United States mail or upon actual delivery, whichever first occurs.

Five:

Article 7.6 is amended to delete the reference to USE and shall read as follows:

7.6 Defense. Except for disputes between the Tribe and Manager, Manager shall bring and/or defend and/or settle any claim or legal action brought against Manager or the Tribe, individually, jointly or severally in connection with the operation of the Enterprise. Manager shall retain and supervise legal counsel, accountants and such other professionals, consultants and specialists as Manager deems appropriate to defend and/or settle any such claim or cause of action. All liabilities, reasonable costs, and expenses, including attorneys' fees and disbursements, incurred in defending and/or settling any such claim or legal action which are not covered by insurance shall be an Operating Expense. Nothing contained herein is a grant to the Manager of the right to waive tribal sovereign immunity. That right is strictly reserved to the Tribe.

Six:

Article 15 is amended to delete the reference to USE and shall read as follows:

15. No Present Lien, Lease or Joint Venture. The parties agree and expressly warrant that neither the Management Agreement nor any exhibit thereto is a mortgage or lease and, consequently, does not convey any present interest whatsoever in the Facility or the Property, nor any proprietary interest in the Enterprise itself. The parties further agree and acknowledge that it is not their intent, and that this Agreement shall not be construed, to create a joint venture between the Tribe and the Manager; rather, the Manager shall be deemed to be an independent contractor for all purposes hereunder.

Seven:

The signature block is amended by deleting USE as a signatory.

IN WITNESS WHEREOF, the parties have executed this Second Amendment to the Management Agreement as of the day and year first above written.

UPPER SKAGIT INDIAN TRIBE

By: Floyd Williams
Name: Floyd Williams
Title: Chairman, Upper Skagit Indian Tribe

(Signatures continue on next page)

UPPER SKAGIT ENTERPRI_ _S, INC.

By: Doreen M. Maloney
Name: DOREEN M. MALONEY
Title: Vice Chairman

HARRAH'S WASHINGTON CORPORATION

By:
Name: Colin V. Reed
Title: Sr. Vice President & Treasurer

Approved pursuant to 25 U.S.C. § 2711 and
Approved pursuant to 25 U.S.C. § 81

NATIONAL INDIAN GAMING COMMISSION

By:
Name:
Title:

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JUN 25 1996

First Amendment to Management Agreement dated May 25, 1994, Revised April 11, 1995, and Amended as of September 21, 1995, between the Upper Skagit Indian Tribe and Harrah's Washington Corporation

This First Amendment to the Management Agreement by and between the Upper Skagit Indian Tribe and Harrah's Washington Corporation dated May 25, 1994, as revised on April 11, 1995, and approved by the NIGC on April 17, 1995, and amended as of September 21, 1995, is made and entered into this 25th day of June, 1996.

Recitals

WHEREAS, the parties hereto executed a Management Agreement dated May 25, 1994, as revised April 11, 1995, and approved by the NIGC on April 17, 1995; and

WHEREAS, for good and valuable consideration, the parties amended the provisions of the Management Agreement dated April 11, 1995, on September 21, 1995; and

WHEREAS, the parties to this Agreement wish to restructure the Management Agreement and to provide additional financing to the Enterprise and the Tribe; and

WHEREAS, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree to further amend the provisions of the Management Agreement dated April 11, 1995, as amended on September 21, 1995, as follows:

One:

The following definition shall be added as Section 2.43:

2.43 **Affiliate**. "Affiliate" as well as "Affiliates" and "Affiliated" as context may require, shall mean with respect to a specific entity, any natural person, or any firm, corporation, partnership, association, trust or other entity which, directly or indirectly, controls, or is under common control with, the subject entity, and with respect to a specific entity or natural person, any firm, corporation, partnership, association, trust or other entity which is controlled by the subject entity or natural person. The term "control" means the possession, directly or indirectly, of the power

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to direct or cause the direction of the management and policies of any such entity, whether through the ownership of voting securities, by contract, or otherwise.

Two:

Article 3.2 is amended to read in its entirety as follows:

3.2 Term. Subject to the provisions of Article 9.8, the term (the "Term"), of this Agreement shall begin on the Effective Date and continue for a period of seven (7) years after the Commencement Date.

Three:

The following text is inserted as Article 3.8:

3.8 Loan Renegotiation. If during the Term of this Agreement the Enterprise becomes legally authorized to operate electronic gaming devices/slot machines, which incorporate the attributes of coin in and coin drop ("Slots"), as described in Article 3.7 above, the parties to this Agreement shall attempt to renegotiate the Loan, to provide the capital necessary to finance the acquisition of furniture, fixtures, equipment, and other property and services necessary to incorporate the operation of such Slots into the Enterprise.

Four:

The following text is inserted as Article 3.9:

3.9 Covenant to Negotiate Reduced Management Fee. Manager covenants that if subsequent to five (5) years after the Commencement Date (December 15, 1995) the Tribe shall have paid the Loan in full and there is no other outstanding indebtedness of the Tribe either owed to or guaranteed by the Manager or any of its affiliated companies, it will negotiate in good faith for a reduction of the Management Fee for the remainder of the Term of this Agreement.

Five:

Article 4.14 is amended to read in its entirety as follows:

4.14 Periodic Contributions to Reserve Fund. Except as otherwise provided in this Article 4.14, there shall be paid over into the Reserve Fund each month the following:

During the first twelve months of operations, 1% of Gross Revenues;

During the second twelve months of operations, 2% of Gross Revenues;

During the third twelve months of operations, 3% of Gross Revenues;

During the fourth twelve months of operations and thereafter for the Term of this Agreement, 4% of Gross Revenues.

The cash amounts required to be so deposited shall be calculated and deposited into the Reserve Fund, in arrears, no later than the twenty-first (21st) day of the month immediately following the month with respect to which a deposit is made. In addition, all proceeds from the sale of capital items no longer needed for the operation of the Enterprise, and the proceeds of any insurance received in reimbursement for any items previously paid for from the Reserve Fund, shall be deposited into the Reserve Fund upon receipt.

Six:

The first sentence of Article 6.1 is restated to read in its entirety as follows:

Subject to the provisions of Article 6.4, on or before the twenty-first (21st) day of each month after the first calendar month of operation, Manager is authorized by the Tribe to pay itself from the Bank Account(s) a fee which is as follows: the Management Fee will be of Net Revenues (excluding any Net Revenues (gaming) from the operation of electronic gaming devices/slot machines); and of Net Revenues (gaming) from Slots, up to of Win during each [fiscal] year of this Agreement and of Net Revenues (gaming) on the incremental Win above during each [fiscal] year of this Agreement.

Seven:

There is added a new Article 6.8 which reads:

6.8 <u>**Cash Shortfall loans/guarantees.**</u> Notwithstanding anything to the contrary contained herein, Manager agrees that during the Term of this Agreement it shall provide the Tribe, through loans or loan guarantees, up to to pay the Tribe's external obligations as set forth at Exhibit 6.8, which is attached and incorporated herein by reference, not to exceed as well as operating cash shortfalls of the Enterprise in an amount not to exceed as set forth in Exhibit 6.8.1, which is attached and incorporated herein by reference. Should any of the obligations set forth

in Exhibits 6.8 or 6.8.1 be extinguished or otherwise satisfied in whole or in part, same will reduce the commitment given by Manager in this Article dollar for dollar. The terms of such loans or loan guarantees shall be consistent with Article 7.11 herein, but shall include the sweeping of Net Revenues (Gaming) and (Other) to repay the loans. If during the Term of this Agreement the Revenues of the Enterprise are not sufficient to pay the items set forth in Exhibit 6.8 or Exhibit 6.8.1, then upon the request of the Tribe, Manager shall consider providing additional loans/guarantees upon such terms as may be mutually agreed upon by the parties. Nothing contained herein or in the lending agreements contemplated to be negotiated hereunder shall affect Manager's obligation to pay the Minimum Priority Payment as set out in the Management Agreement.

Eight:

Article 9.8 is deleted and the following is inserted as a new Article 9.8:

9.8 <u>Option to Terminate</u>. At the Tribe's option, it may terminate this Agreement at any time on or after the expiration of five (5) years from the Commencement Date upon the following terms:

(i) Repayment of the Loan in full;

(ii) Repayment in full of any and all loans, advances or debts owed by the Tribe to Manager or any of its Affiliated companies;

(iii) Repayment in full of any loans, advances, or debts of the Tribe guaranteed by Manager or any of its Affiliated companies;

(iv) Payment to the Manager of the Option Payment as defined below. If at the time the Tribe exercises this option the Enterprise has operated for twenty-four (24) months offering the full scope of gaming allowed as of the date the option is exercised, the Option Payment shall be the amount, discounted for present value at a rate or 10 percent (10%), determined as follows: multiply the average monthly Management Fee earned by Manager during the twenty-four (24) months preceding receipt by Manager from the Tribe of its notice of exercise of the option granted herein, times the number of months remaining of the Term of this Agreement. This sum may be paid at the election of the Tribe in twenty-four (24) equal monthly installments of principal, plus interest at the rate of 10 percent (10%) per annum.

If the Enterprise has not operated for twenty-four (24) months offering the full scope of gaming allowed as of the date the option is exercised, the parties to this Agreement shall negotiate in good faith to reach a mutual agreement as to the Option Payment based on present value of the expected

Management Fee that otherwise would have been paid to Manager over the Term remaining after the exercise of this option. If no agreement as to the Option Payment has been reached within thirty (30) days from written notice by the Tribe of its intent to exercise this option, either party may invoke the dispute resolution mechanism as set forth below at Article 9.8.1.1.

(v) Payment of items (i) - (iii) above is a condition precedent to the exercise of this option.

9.8.1 Resolution of Option Payment.

9.8.1.1 General. The parties agree that binding arbitration shall be the formal remedy for determining the Option Payment. The parties intend that such arbitration shall provide final and binding resolution of this issue and that action in any other forum shall be brought only if necessary to compel arbitration, or to enforce an arbitration award or order.

9.8.1.2 Initiation of Arbitration and Selection of Arbitrators. Arbitration shall be initiated by written notice by one party to the other pursuant to Section 9.8(iv) hereof, and the Commercial Arbitration Rules of the American Arbitration Association. The arbitrator selected by the parties shall be Deloitte & Touche ("D-T") or such other party as the Tribe and Manager shall by mutual agreement select. If for any reason D-T cannot or will not act in such capacity and the Tribe and Manager cannot agree on the selection of a substitute arbitrator within ten (10) days of receipt of a notice from D-T of its unwillingness to so serve, then the procedures set forth at Section 20 shall apply with the following modifications:

(a) The parties shall submit their respective positions and justification therefor to the arbitrators within thirty (30) days of the selection of the third arbitrator.

(b) The arbitrators shall be bound to find the Option Payment to be within the range of the amounts submitted by the Tribe and Manager.

Nine:

This First Amendment shall become effective upon approval by the Chairman of the NIGC.

In all other respects the Management Agreement dated May 25, 1994, revised April 11, 1995, and amended as of September 21, 1995, between the Upper Skagit Indian Tribe and Harrah's Washington Corporation is reaffirmed by the parties hereto.

IN WITNESS WHEREOF, the parties have executed this First Amendment to the Management Agreement as of the day and year first above written.

UPPER SKAGIT INDIAN TRIBE

By: _____
Name: Floyd Williams
Title: Chairman, Upper Skagit Indian Tribe

HARRAH'S WASHINGTON CORPORATION

By: _____
Name: J. Carlos Tolosa
Title: Sr. Vice President

Approved pursuant to 25 U.S.C. § 2711 and
Approved pursuant to 25 U.S.C. § 81

NATIONAL INDIAN GAMING COMMISSION

By: _____ 8-16-96
Name: KEVIN W. MEISNER
Title: ACTING CHAIRMAN

MANAGEMENT AGREEMENT

BETWEEN

UPPER SKAGIT INDIAN TRIBE,

UPPER SKAGIT ENTERPRISES, INC.

AND

HARRAH'S WASHINGTON CORPORATION

DATED MAY 25, 1994

AS REVISED

APRIL 11, 1995

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MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT has been entered into this 25th day of May, 1994, as revised the 11th day of April, 1995, by and between the UPPER SKAGIT INDIAN TRIBE (the "Tribe"), a federally recognized Indian Tribe, its permitted successors and assigns, UPPER SKAGIT ENTERPRISES, INC. ("USE"), an entity wholly owned and formed under the laws of the Tribe, and HARRAH'S WASHINGTON CORPORATION, a Nevada corporation, and its permitted successors and assigns ("the Manager").

1. Recitals.

1.1 The Tribe is a federally recognized Indian tribe, organized pursuant to the Indian Reorganization Act of 1934. The Tribe possesses sovereign governmental powers over the land described in Exhibit "A" hereto (the "Property"), located within the boundaries of the Reservation in the state of Washington (the "State"), pursuant to the Tribe's recognized powers of self-government, the Indian Reorganization Act of 1934, and the Constitution and by-laws, statutes and ordinances of the Tribe and federal law.

1.2 The Property is owned by the United States of America in trust for the Tribe. The Tribe desires to use the Property to improve the economic conditions of its members, to enable it to serve the social, economic, educational and health needs of the Tribe, to increase Tribal revenues and to enhance the Tribe's economic self-sufficiency and self-determination.

1.3 The Tribe is seeking technical experience and expertise for the operation of the Enterprise, as defined below, and instruction for members of the Tribe in the operation of the Enterprise. The Manager is willing and able to provide such experience, expertise and instruction.

1.4 The Tribe wants to grant the Manager the exclusive right and obligation to develop, manage, operate and maintain the Enterprise and any expansion thereof whether on lands currently held by the United States of America in trust for the Tribe or on land hereafter placed in trust, and to train Tribal members and others in the operation and maintenance of the Enterprise during the terms of the Development and Construction Agreement and the Management Agreement and conforming with the provisions of this Agreement. The Manager wishes to perform these functions exclusively for the Tribe as limited in Article 3.3 below.

1.5 This Agreement is entered into pursuant to the Indian Gaming Regulatory Act of 1988, PL 100-497, 25 U.S.C. § 2701 et seq. (herein the "IGRA").

2. Definitions. As they are used in this Agreement, the terms listed below shall have the meaning assigned to them in this Article:

2.1 Bank. The Bank shall mean the financial institution agreed by the parties to provide the funding necessary to design, construct, and equip the Enterprise.

2.2 Bureau of Indian Affairs ("B.I.A."). "B.I.A." is the Bureau of Indian Affairs under the Department of the Interior of the United States of America.

2.3 Business Board. The "Business Board" shall consist of four persons, unless another number is mutually agreed upon by the parties: the Tribal Representatives and the Manager's Representatives. Any member of the Business Board may designate another person to exercise his or her authority by written notice signed by such Business Board member and given in accordance with Article 7 of this Agreement. Notwithstanding the foregoing, a Tribal Representative shall not designate another person other than the second Tribal Representative on the Business Board to exercise his or her authority without the prior written consent of the Tribal Council. Any vacancy of a Tribal Representative on the Business Board shall be deemed filled by the Tribal Council or the Tribal Council's designee until the Tribal Representative replacement is appointed. The Business Board shall remain active during the entire term of this Agreement.

2.4 Centralized Services. "Centralized Services" shall mean those services approved by the Business Board some of which may be provided by Manager or its affiliates in Memphis, TN, or at locations other than the Facility. The cost of any of these services utilized will be an Operating Expense of the Enterprise and shall be subject to the annual budget as approved by the Business Board.

2.5 Class II Gaming. "Class II Gaming" shall mean Class II Gaming as defined in IGRA.

2.6 Class III Gaming. "Class III Gaming" shall mean Class III Gaming as defined in IGRA and as provided for in the Compact.

2.7 Commencement Date. "Commencement Date" shall mean the first date that the Facility is complete, open to the public and that Class II and Class III Gaming is conducted in the Facility pursuant to the terms of this Agreement. The Manager shall memorialize the Commencement Date in a writing signed by the Manager and delivered to the Tribe, the Chairman of the NIGC and to the Area Director, Portland Area Office, B.I.A.

2.8 Compact. "Compact" shall mean the Tribal-State Compact executed on December 21, 1992, between the Tribe and the state of Washington and published in the Federal Register on March 4, 1993, pursuant to IGRA as same may, from time to time, be amended, or such other compact that may be substituted therefor. The terms of the Compact are incorporated herein and made a part hereof by reference.

2.9 Completion Date. "Completion Date" shall mean the date upon which Manager receives (i) an architect's certificate from the Architect identified in the Development and Construction Agreement as having responsibility for the design and supervision of construction, equipping and furnishing of the Facility certifying that the Facility has been fully constructed substantially in accordance with the Plans and Specifications; (ii) certification from Manager (or the division, department or designee of Manager having responsibility to assure compliance with any operational standards) stating that the Facility, as completed, is in compliance with any such standards; (iii) a permanent or temporary certificate of occupancy from the government authority or authorities pursuant to whose jurisdiction the Facility is to be constructed, permitting the use and operation of all portions of the Facility in accordance with this Agreement; and (iv) certificates of such professional designers, inspectors or consultants or opinions of counsel, as Manager may determine to be appropriate, verifying construction and furnishing of the Facility in compliance with all Legal Requirements.

2.10 Constitution. "Constitution" shall mean the Constitution of the Upper Skagit Indian Tribe adopted on October 5, 1974, and approved by the Secretary of the Interior on December 14, 1974, and amended effective April 8, 1977, or such other Constitution as may be ratified by the Tribe and approved by the Secretary of the Interior.

2.11 Development and Construction Agreement. "Development and Construction Agreement" shall mean that certain agreement, dated May 25, 1994, as revised April 11, 1995, by and between Manager, the Tribe and USE providing the terms under which Manager will develop the Facility, including without limitation, design, construction and furnishing and equipping same.

2.12 Effective Date. The "Effective Date" shall mean the date five days following the date on which all of the following listed conditions are satisfied:

(i) written approval of this Agreement, the Development and Construction Agreement, and the Security and Reimbursement Agreement is granted by the Chairman of the NIGC and/or the BIA as appropriate;

(ii) negotiation and execution of the Loan Agreement and Note as well as written approval of same granted by the Chairman of the NIGC and/or the BIA , if required

(iii) written approval of an Upper Skagit Gaming Ordinance in form and substance satisfactory to Manager is granted by the B.I.A., U.S. Department of Interior or Chairman of the NIGC;

(iv) written confirmation that the B.I.A., U.S. Department of Interior, the NIGC, Washington State Gambling Commission, as appropriate, has approved Tribal background checks of the Manager;

(v) Manager has received a certified copy of the ratifying Resolution reciting that it is the law of the Tribe that the Management Agreement, Development and Construction Agreement and the exhibited documents attached thereto are the legal and binding obligations of the Tribe, valid and enforceable in accordance with their terms;

(vi) Receipt by Manager of applicable licenses from the Washington State Gambling Commission and a building permit for the Facility issued by the Tribal Gaming Commission;

(vii) Receipt by Manager of the Tribe's approval of the plans and specifications of the Facility.

The Tribe agrees to cooperate and to use its best efforts to satisfy all of the above conditions at the earliest possible date. Manager agrees to memorialize the satisfaction of (vi) as well as the Effective Date in a writing signed by Manager and delivered to the NIGC.

2.13 Enterprise. The "Enterprise" is any commercial enterprise of the Tribe authorized by IGRA and/or the Compact and operated and managed by Manager in accordance with the terms and conditions of this Agreement to engage in (a) gaming defined as Class II and Class III Gaming under IGRA; and (b) any other lawful commercial activity allowed in the Facility, including but not limited to, the sale of alcohol, tobacco, tobacco products, gifts and souvenirs. The Enterprise includes any facility used for Class II and Class III Gaming and, without limitation, any economic activity within the Facility and retail outlet(s) owned by the Tribe or any instrumentality of the Tribe related to Class II or Class III gaming wherever situated. The Enterprise shall not include any commercial enterprise currently conducted by the Tribe which is not generally related to casino operation. The Tribe shall have the sole proprietary interest in and responsibility for the conduct of all Gaming conducted by the Enterprise, subject to the rights and responsibilities of the Manager under this Agreement. The scope of the Enterprise, which is set forth at Exhibit "B" and incorporated herein by reference, may be modified by the mutual consent of the parties subject to the ceiling on repayment set forth in the Development and Construction Agreement.

2.14 Enterprise Employee. "Enterprise Employee" shall mean a generic reference to those employees of Manager who are assigned to work at the Facility. In the case of full-time employees, such assignment to the Facility must be primary.

2.15 Enterprise Employee Policies. "Enterprise Employee Policies" shall have the meaning given to it in Article 4.20.

2.16 Facility. "Facility" shall mean the buildings, improvements, and fixtures, now or hereafter located therein or thereon and associated and adjacent real property owned by the Tribe, within which the Enterprise will be housed, all as located on the Property. Title to the Property and the Facility shall merge and continue to be held by the United States of America in trust for the Tribe.

2.17 Furnishings and Equipment. "Furnishings and Equipment" shall mean all furniture, furnishings and equipment required in the operation of the Enterprise in accordance with the plans and specifications of the Facility.

2.18 Gaming. "Gaming" shall mean any and all activities defined as Class II or Class III Gaming under IGRA.

2.19 General Manager. "General Manager" shall mean the person employed by Manager to direct the operation of the Facility.

2.20 Gross Gaming Revenue (Win). The net win from gaming activities which is the difference between gaming wins and losses before deducting costs and expenses.

2.21 Gross Revenues. Gross Revenues shall mean all revenues of any nature derived directly or indirectly from the Enterprise including, without limitation, Gross Gaming Revenue (Win), food and beverage sales and other rental or other receipts from lessees, sublessees, licensees and concessionaires (but not the gross receipts of such lessees, sublessees, licensees or concessionaires, provided that such lessees, sublessees, and licensees and concessionaires are not subsidiaries or affiliates of the Manager), and revenue recorded for Promotional Allowances.

2.22 Hard Count. "Hard Count" shall mean the count of the coin or tokens in a drop bucket (Slots).

2.23 IGRA. "IGRA" shall mean the Indian Gaming Regulatory Act of 1988, PL 100-497, 25 U.S.C. § 2701 et seq. as same may, from time to time, be amended.

2.24 Legal Requirements. "Legal Requirements" shall mean singularly and collectively all applicable laws including without limitation the Gaming Ordinance, IGRA, the Compact and applicable federal and Washington statutes.

2.25 Loan Agreement. "Loan Agreement" shall mean the loan agreement between the Tribe and the Bank guaranteed by Manager or one of its affiliates, the proceeds of which are to be used exclusively for the development, design,

construction, furnishing, equipping and providing start-up and working capital for the Enterprise.

2.26 Manager's Representatives. "Manager's Representatives" shall mean the two (2) persons designated by the Manager to sit on the Business Board.

2.27 Managing Officer. The "Managing Officer" shall be designated by Manager by notice given to the Tribe in accordance with Article 7 of this Agreement. The Managing Officer shall serve as a liaison between the Manager and the Tribe and serve on the Business Board. There shall be a Managing Officer during the entire term of this Agreement.

2.28 Minimum Balance. "Minimum Balance" shall mean that sum of money agreed to by the Business Board to be maintained in the Enterprise Bank Account(s) to serve as working capital for Facility operations. The Minimum Balance may be increased, by Manager at any time during the first twelve (12) months after commencement, to reflect unanticipated working capital needs revealed by the experience of actual Facility operations and again at the time of each annual budget, with the approval of the Business Board.

2.29 Minimum Priority Payment. "Minimum Priority Payment" shall mean that payment due the Tribe on a monthly basis. If the Commencement Date is a date other than the first day of a calendar month, the first payment will be prorated from the Commencement Date to the end of the month. The Minimum Priority Payment is payable on the twenty-first (21st) day of each calendar month following the month in which the Commencement Date occurs, which payment shall have priority over the Management Fee and retirement of development and construction costs and shall be paid monthly in the amount of . Minimum Priority Payments shall be charged against the Tribe's distribution of Net Revenues and, where there is insufficient Net Revenues in a given month, Manager shall advance the funds necessary to compensate for the deficiency and shall be reimbursed by the Tribe in the next succeeding month or months in accordance with the schedule of disbursements set forth in Article 6.4, as Recoupment Payment so long as such recoupment doesn't exceed one-half the distribution to the Tribe. With the exception of Article 4.4.6, no Minimum Priority Payment shall be owed for any months during which Class II and/or Class III gaming is suspended or terminated at the Facility pursuant to Article 4.4, and the obligation shall cease upon termination of this Agreement for any reason.

2.30 National Indian Gaming Commission ("NIGC"). The "NIGC" is the commission established pursuant to 25 U.S.C. § 2704

2.31 Net Revenues. Net Revenues for the purpose of this Agreement shall mean the sum of Net Revenues (gaming) (Article 2.31.1) and Net Revenues (other) (Article 2.31.2).

2.31.1 Net Revenues (gaming). Net Revenues (gaming) for the purposes of this Agreement shall mean Gross Gaming Revenue (Win), as heretofore defined (Article 2.20, p. 5), of the Enterprise from Class II or Class III gaming less all gaming related Operating Expenses, excluding the Management Fee and less the related retail value of any Promotional Allowances, and less the following revenues actually received by the Enterprise and included in Gross Revenues: (i) any gratuities or service charges added to a customer's bill; (ii) any credits or refunds made to customers, guests or patrons; (iii) any sums and credits received by the Enterprise for lost or damaged merchandise; (iv) any sales taxes, excise taxes, gross receipt taxes, admission taxes, entertainment taxes, tourist taxes or charges received from patrons and passed on to a governmental or quasi-governmental entity; (v) any investment income; (vi) any fire and extended coverage insurance proceeds other than for business interruption; (vii) any condemnation awards other than for temporary condemnation; (viii) any proceeds of financing or refinancing; and (ix) any interest on bank account(s). It is intended that this provision be consistent with 25 U.S.C. § 2703 (9).

2.31.2 Net Revenues (other). Net Revenues (other) for the purposes of this Agreement shall mean Gross Revenues, as heretofore defined, of the Enterprise from all other sources in support of Class II or Class III gaming, such as food and beverage, entertainment, and retail, and any proceeds from the sale or other disposition of furnishings and equipment or other capital assets, less all related Operating Expenses, excluding the Management Fee and less the related retail value of Promotional Allowances, if any, and less the following revenues actually received by the Enterprise and included in Gross Revenues: (i) any gratuities or service charges added to a customer's bill; (ii) any credits or refunds made to customers, guests or patrons; (iii) any sums and credits received by the Enterprise for lost or damaged merchandise; (iv) any sales taxes, excise taxes, gross receipt taxes, admission taxes, entertainment taxes, tourist taxes or charges received from patrons and passed on to a governmental or quasi-governmental entity; (v) any investment income; (vi) any fire and extended coverage insurance proceeds other than for business interruption; (vii) any condemnation awards other than for temporary condemnation; (viii) any proceeds of financing or refinancing; and (ix) any interest on bank account(s). It is intended that this provision be consistent with 25 U.S.C. § 2703 (9).

2.32 Note. "Note" shall mean the promissory note executed by the Tribe in favor of the Bank and guaranteed by Manager or one of its affiliates pursuant to the Loan Agreement.

2.33 Operating Expenses. "Operating Expenses" shall mean expenses of the operation of the Enterprise, including but not limited to the following: (1) the payment of salaries, wages, and benefit programs for Manager's employees working at the Facility; Off-Site Employees subject to the approval described in Article 4.6.4; the Tribal Inspector(s) (surveillance) working at the Facility; (2) materials and supplies for the Enterprise; (3) utilities; (4) repairs and maintenance of the Facility (excluding Capital Replacements); (5) interest on the Note; (6) interest on installment contract purchases; (7) insurance and bonding; (8) advertising and marketing, including busing and transportation of patrons to the Facility; (9) professional fees; (10) security costs; (11) reasonable travel expenses for officers and employees of the Enterprise, Manager or its affiliates to inspect and oversee the Enterprise, subject to the budget agreed upon by the Business Board; (12) furniture, fixtures, and equipment lease payments; (13) trash removal; (14) costs of goods sold; (15) other expenses designated as Operating Expenses in accordance with the Accounting Standards as referred to in Article 4.29.3; (16) expenses specifically designated as Operating Expenses in this Agreement; (17) depreciation; (18) recruiting and training expenses; (19) fees and costs due to the NIGC under IGRA or the state of Washington pursuant to the Compact; (20) Accounting fees; and (21) any expenses not referenced or provided for in this Article which are added as Operating Expenses after approval of this Agreement must first be approved in writing by the parties.

2.34 Promotional Allowances. Promotional Allowances shall mean the retail value of complimentary food and beverage and merchandise provided to patrons as promotional items in accordance with the Compact.

2.35 Property. "Property" shall mean the parcel of land described in Exhibit "A" hereto held by the United States of America in trust for the Tribe and upon which the Facility will be built.

2.36 Security and Reimbursement Agreement. "Security and Reimbursement Agreement" shall mean that agreement to be entered into between Manager and the Tribe which sets out the various rights and obligations of the parties related to Manager's guaranty of the Tribe's borrowing to develop, construct, furnish, equip and open the Facility.

2.37 Soft Count. "Soft Count" shall mean the count of the contents in a drop box (Tables).

2.38 Tribal Council. "Tribal Council" shall mean the Upper Skagit Tribal Council created pursuant to the Tribe's Constitution or, at the option of the Tribe, a

designee committee or council created pursuant to resolution or ordinance of the Tribal Council.

2.39 Tribal Employees. "Tribal Employees" shall mean those employees working at the Facility or Enterprise who are not employees of Manager.

2.40 Tribal Gaming Commission. "Tribal Gaming Commission" shall mean the body created pursuant to the Gaming Ordinance to regulate Gaming in accordance with the Compact, IGRA and the Gaming Ordinance. The funding of the operation of the Tribal Gaming Commission as it relates directly to the Enterprise shall, prior to the Commencement Date, be a start-up expense of the Enterprise and thereafter shall be an Operating Expense

2.41 Tribal Representatives. "Tribal Representatives" shall mean the two (2) persons designated by the Tribal Council of the Tribe to sit on the Business Board.

2.42 Upper Skagit Indian Tribe Gaming Ordinance ("Gaming Ordinance"). The "Gaming Ordinance" is the ordinance and any amendments thereto enacted by the Upper Skagit Indian Tribe, which authorizes and regulates gaming on the Upper Skagit Indian Reservation.

3. Covenants. In consideration of the mutual covenants contained in this Agreement, the parties agree and covenant as follows:

3.1 Engagement of Manager. The Tribe hereby retains and engages the Manager as its exclusive independent contractor for the purposes of managing the Enterprise and training Tribal members and others in the management of the Enterprise. Nothing contained herein grants or is intended to grant Manager a titled interest to the Facility or to the Enterprise. The Manager hereby accepts such retention and engagement.

3.2 Term. The term of this Agreement shall begin on the Effective Date and continue for a period of five (5) years after the Commencement Date.

3.3 Exclusivity of Operations. This non-competition provision includes any trust land within the Tribe's competitive zone, which shall be designated as the Washington State Counties of Whatcom, Skagit, San Juan, Island, and Snohomish and any Trust Lands in King County. With respect to non-trust land in the city of Seattle and King County, those lands shall be excluded from this provision, provided however, that a payment be made by Manager to the Tribe of a sum of money equal to the Management Fee paid by the Tribe to Manager during the twelve (12) months immediately preceding the opening of such competing casino. The payment will be divided into twelve (12) equal installments paid on a monthly basis beginning thirty (30) days after such casino opens to the general public;

3.4 Establishment and Operation of Business Board. Following the Effective Date, (a) the Manager shall designate the Manager's Representatives and notify the Tribe of their identity pursuant to Article 7 and (b) the Tribe shall designate Tribal Representatives and notify the Manager of their identity pursuant to Article 7. The Business Board shall have the obligations, rights and powers described in this Agreement. In order to be effective, any action of the Business Board must be the result of mutual agreement of the four (4) Business Board members or their designees. Notwithstanding the foregoing, until the Tribal Council shall designate the Tribal Representatives for the Business Board, all Tribal participation in the decisions with respect to the Enterprise shall be made by the Tribal Council as the duly elected government of the Tribe. Any vacancy of a Tribal Representative on the Business Board shall be deemed filled by the Tribal Council or the Tribal Council's designee until the Tribal Representative replacement is appointed. In the event mutual agreement cannot be reached, the appropriate action shall be determined in the manner provided in Article 20.

3.5 Manager's Compliance With Law; Licenses. All gaming and operations at the Enterprise shall be conducted in accordance with IGRA and governing Tribal ordinances. The Manager covenants that it will at all times comply with all Legal Requirements, including the Tribe's Gaming Ordinance, IGRA, the Compact, and any licenses issued under any of the foregoing. The Manager, Manager's executive officers and all other persons required by applicable law shall be licensed to operate the Enterprise pursuant to the Gaming Ordinance, the Compact and IGRA. The Tribe shall not unreasonably withhold, withdraw, qualify or condition such licenses. If, as, and when any fine is levied against the Tribe under the Compact based on the acts of or failure to act on the part of the Manager, then, provided the fine relates to the operation of the Casino and is not levied for an act or failure to act or matter that the Tribal Council has in writing instructed the Manager to perform, then the cost and expense of said fine shall be borne by the Manager from the Manager's own finances. Likewise, if, as, and when any fine is levied against the Manager under the Compact based on the acts of or failure to act on the part of the Tribe, then, provided the fine relates to the operation of the Casino and is not levied for an act or failure to act or matter that the Tribal Council has in writing instructed the Manager to perform, then the cost and expense of said fine shall be borne by the Tribe from the Tribe's own finances.

3.6 Tribal Amendments to Gaming Ordinance. The Tribe covenants that any amendments made to the Gaming Ordinance will be a legitimate effort to ensure that Gaming is conducted in a manner that adequately protects the environment, the public health and safety, and the integrity of the Enterprise. The Tribe further covenants that any amendments to the Gaming Ordinance will comply with the foregoing standard. The Tribe will not adopt any amendments to the Gaming Ordinance that would adversely affect the Manager's rights under this Agreement, the Development

and Construction Agreement, the Loan Agreement, the Note, the Security Agreement or the Security and Reimbursement Agreement.

3.7 Management Fee. The Tribe agrees to pay the Manager a fee (the "Management Fee") of) of Net Revenues (excluding any Net Revenues (gaming) from the operation of electronic gaming devices/slot machines) and of Net Revenues (gaming) from electronic gaming devices/slot machines, which incorporate the attributes of coin in and coin drop, up to of Win and of Net Revenues (gaming) on the incremental Win above . The percentages for the Management Fee associated with electronic gaming devices/slot machines shall only apply should the Enterprise, through an amendment to the Compact, litigation, or otherwise, be allowed to operate such machines within 24 months of the Opening Date of the Enterprise to the public for gaming. In the event that such machines are actually placed into service later than 24 months after the Opening Date, then the parties shall negotiate a fair and reasonable percentage for the remainder of the term of this Agreement, which percentage, in any event, shall not exceed of Net Revenues (gaming). (It is anticipated that the cost of the slot machines will be borne initially by the Manager.) Net Revenues shall be defined according to generally accepted accounting principles ("GAAP") under which the building shall be depreciated over thirty-five (35) years.

4. Business and Affairs in Connection with Enterprise.

4.1 Manager's Authority and Responsibility. All business and affairs in connection with the day-to-day operation, management and maintenance of the Enterprise and the Facility, including the establishment of operating days and hours, shall be the responsibility of the Manager. The Manager is hereby granted the necessary power and authority to act, through the General Manager, in order to fulfill its responsibilities under this Agreement.

4.2 Duties of the Manager. In managing, operating, maintaining and repairing the Enterprise and the Facility, which shall be an Operating Expense under this Agreement, the Manager's duties shall include, without limitation, the following:

4.2.1 Management. Consistent with the Operating and Capital Budgets of the Enterprise, the Manager shall use reasonable measures for the orderly administration, management, and operation of the Enterprise and the Facility, including without limitation cleaning, painting, decorating, plumbing, carpeting, grounds care and such other maintenance and repair work as is reasonably necessary. Attached hereto as Exhibit "C" are functional areas of direct and indirect support available to the Enterprise at no additional charge.

4.2.2 Compliance. The Manager shall comply with all present and future statutes, regulations and ordinances of the Tribe. Except as otherwise provided herein, the Tribe shall take no action and adopt no statute or ordinance that adversely affects the Manager's rights under this Agreement. The Tribe shall take no action and adopt no statute or ordinance that violates the Indian Civil Rights Act (25 U.S.C. §§ 1301-1303).

4.2.3 Required Filings. The Manager shall comply with all applicable provisions of the Internal Revenue Code including, but not limited to, the prompt filing of any cash transaction reports and W-2G reports that may be required by the Internal Revenue Service of the United States or under the Compact.

4.2.4 Contracts in Tribe's Name and at Arm's Length. Consistent with the Operating and Capital Budgets of the Enterprise, Contracts for the operations of the Enterprise shall be entered into in the name of the Tribe and signed by the General Manager. Any contract requiring an expenditure in any year in excess of Twenty-five Thousand Dollars ($25,000) shall be approved by the Business Board. No contracts for the supply of goods or services to the Enterprise shall be entered into with parties affiliated with the Manager or its officers or directors or the Tribal Council or Business Board members, unless the affiliation is disclosed to the Business Board and the Tribal Council, and the contract terms are no less favorable for the Enterprise than could be obtained from a non-affiliated contractor. Nothing in this Article shall preclude the application of Article 4.15 to any contract. Notwithstanding anything to the contrary contained herein, contracts for the supply of any goods or services paid for entirely by the Manager may be provided by parties affiliated with the Manager or its officers or directors. Payments on such contracts shall not constitute Operating Expenses and shall be the sole responsibility of the Manager.

4.3 Security and Public Safety. The Manager shall provide for appropriate security for the operation of the Enterprise. All aspects of the Facility security shall be the responsibility of the Manager. Any security officer shall be bonded and insured in an amount commensurate with his or her enforcement duties and obligations.

4.3.1 Security/Police Services. Security/police services shall be divided into the operation of the Tribal Police, security personnel and surveillance personnel.

a) The Tribal Police, a branch of the Tribal Government, shall be responsible for all arrest situations in conjunction with other law enforcement officers where appropriate;

b) The Manager shall be solely responsible for the hiring, training, and supervision of the security personnel. Security personnel shall be responsible for the security of the money and chips and perform such other duties as the Manager shall require. The parties acknowledge, however, that, should the Tribe so choose, at any time, the Tribe may add a Tribal security person to the security teams in the Casino. The cost of such a security person shall be solely borne by the Tribe;

c) The Tribal Gaming Commission shall have unfettered access to all aspects of the Enterprise, including access to the surveillance room at any time;

d) The Tribe may hire two (2) additional law enforcement officers to work in and around the Enterprise. Whenever possible, one of the officers shall be on site at the Enterprise at all times. The parties hereto hereby agree that the cost of all additional public safety services associated with the existence and operation of the Casino shall be borne by the parties in accordance with the following order of priorities:

(i) The Tribe shall seek to obtain financial assistance for such services from (a) the Community Contribution funds set forth in the Compact; or (b) federal or state grant assistance;

(ii) The operating budget of the Casino, as set forth in the Business Plan shall provide for an expense of a contribution to public safety services; and

(iii) Any deficit in the cost of public safety services shall be borne by the Tribe.

4.4 <u>Damage, Condemnation or Impossibility of the Enterprise</u>. If, during the term of this Agreement, the Facility is damaged or destroyed by fire, war, or other casualty, or by an Act of God, or is taken by condemnation or sold under the threat of condemnation, or if Gaming on the Property is prohibited as a result of a decision of a court of competent jurisdiction or by operation of any applicable non-federal legislation as it may affect Manager, the Manager shall have the following options:

4.4.1 <u>Recommencement of Operations</u>. The Manager shall have the option to continue its interest in this Agreement and to commence or recommence the operation of Gaming at the Facility if, at some point during the term of this Agreement, such commencement or recommencement shall be legally and commercially feasible in the sole judgment of the Manager.

4.4.2 Repair or Replacement. If the Facility is damaged, destroyed or condemned so that Gaming can no longer be conducted at the Facility, the insurance or condemnation proceeds shall, at Manager's option, be utilized to restore or replace the Facility and to reopen the Enterprise, and the Manager may, within 60 days after the casualty, choose to reconstruct the Facility to a condition at least comparable to that before the casualty occurred. If the Manager elects to reconstruct the Facility and if the insurance proceeds or condemnation awards are insufficient to reconstruct the Facility to such condition, the Manager may, in its sole discretion, supply such additional funds as are necessary to reconstruct the Facility to such condition and such funds shall, with the prior consent of the Tribe and the B.I.A. or NIGC, as appropriate, constitute a loan to the Tribe, secured by the revenues from the Enterprise and repayable upon such terms as may be agreed upon by the Tribe and the Manager. The loan provided for herein shall be subject to the ceiling set forth in the Development and Construction Agreement. If the insurance proceeds are not used to repair the Facility, the Tribe shall have the sole right to adjust and settle any and all claims for such insurance proceeds or condemnation awards, and such proceeds or award shall be applied first, to the amounts due under the Note or Security and Reimbursement Agreement (including principal and interest); second, any other loans; third, any applicable termination fee to Manager; fourth, any undistributed Net Revenues pursuant to Article 6 of this Agreement; and fifth, any surplus shall be distributed to the Tribe and/or to the Manager as their interests may appear.

4.4.3 Other Business Purposes. The Manager shall have the option to use the Facility for other purposes included in the Enterprise and reasonably incidental to Class II and Class III Gaming, provided the Business Board has approved such purposes (which approval shall not be unreasonably withheld). For any purpose other than Gaming, the Manager and the Business Board shall obtain all approvals necessary under applicable law.

4.4.4 Termination Of Gaming. The Manager shall have the option at any time following the cessation of Gaming on the Property to notify the Tribe in writing that it is terminating operations under this Agreement, in which case the Manager shall retain any rights to undistributed Net Revenues pursuant to Article 6 of this Agreement. If Manager does not elect to terminate this Agreement, it may take whatever action may be necessary to reduce expenses during such termination of Gaming.

4.4.5 Tolling Of the Agreement. If, after a period of cessation of Gaming on the Property, the recommencement of Gaming is possible, and if the Manager has not terminated this Agreement under the provisions of Article 4.4.4, the period of such cessation shall not be deemed to have been part of the term of the Management Agreement and the date of expiration of

the term of the Management Agreement shall be extended by the number of days of such cessation period. Any reasonable payments made to any third party to eliminate rights acquired in the Property, the Facility or the Enterprise during the period of cessation shall constitute Operating Expenses of the Enterprise.

4.4.6 Continuation of Minimum Priority Payment. If the operation of the Facility is suspended due to an incident other than one caused by the Tribe and is covered by the insurance on the Enterprise, then the Minimum Priority Payment will continue from the insurance on the Enterprise.

4.5 Alcoholic Beverages and Tobacco Sales. During the term of this Agreement alcoholic beverages, tobacco, and tobacco products may be served at the Facility in accordance with applicable law.

4.6 Employees.

4.6.1 Manager's Responsibility. Manager shall have, subject to the terms of this Agreement, the exclusive responsibility and authority to hire, direct the selection, training, control and discharge of all employees performing regular services for the Enterprise in connection with the maintenance, operation, and management of the Enterprise and the Facility and any activity upon the Property.

4.6.2 Manager's Employees. Subject to the terms and conditions of this Agreement, all employees of the Enterprise shall be employees of Manager for the limited purposes of employee benefits and personnel and operational policy matters. For all other purposes, all Enterprise Employees are employees of the Tribe.

4.6.3 Intentionally Left Blank.

4.6.4 Off-Site Employees. Manager shall also have the right to use employees of Manager, Manager's parent and subsidiary and affiliated companies not located at the Facilities to provide services to the Facilities ("Off-Site Employees"). All expenses, costs (including, but not limited to, salaries, benefits and severance pay), liabilities and claims which are related to employees working on-site and Off-Site Employees shall be specifically set out in and subject to the budget approved by the Business Board and ratified by the Tribal Council as start-up expenses or operating expenses as appropriate.

4.6.5 Tribal Inspector(s). The Tribe may select non-regulatory Tribal Inspectors who shall be employed or retained by the Tribe and shall have the full access, including computer access, to inspect all aspects of the Enterprise,

including the daily operations of the Enterprise, and to verify daily Gross Revenues and all income of the Enterprise, at any time without notice. The General Manager or his or her designee may accompany any Tribal Inspector upon any inspection. The Tribe may designate two (2) Tribal Inspectors who shall be trained along with the surveillance personnel of the Enterprise. The salary and benefits of the Tribal Inspectors (surveillance) and other terms of employment shall be approved through the annual Budget by the Tribal Council. The Tribal Inspectors shall report directly to and, except for the cost of the two (2) Tribal Inspectors designated for surveillance which cost will be an Operating Cost, will be a cost of the Tribe.

4.6.6 Indian and Other Preference, Wages, and Training.

Employment. In order to maximize benefits of the Enterprise to the Tribe, the Manager shall, during the term of this Agreement, give preference in recruiting, training and employment to qualified members of the Tribe and their spouses and adult children in all job categories of the Enterprise, including management positions, in the following order of preference:

(1) Qualified Tribal members, their spouses, adult children, and other adults living in and contributing financially to Upper Skagit member households;

(2) Qualified members of other Federally Recognized Tribes in Washington; and

(3) Qualified residents of Skagit, Whatcom, and Island Counties, Washington, provided the Tribal Council has not given written instructions to the contrary.

The Manager shall, in consultation with the Tribe, develop a plan for training qualified members of the Tribe in upper management roles during the term of this Agreement. The plan shall be presented for approval by the Tribal Council no later than the end of the first quarter of operation and shall commence within the first twelve (12) months of operation. The cost of the training plan shall be an Operating Expense.

In order to recruit Tribal members, spouses and adult children, the Manager shall take the following actions: provide job fairs for members of the Tribe and clearly specify in all job advertisements the preference for Tribal members.

4.6.7 Removal of Employees. The General Manager will act in accordance with the Enterprise Employee Policies with respect to the discharge, demotion or discipline of any Enterprise employee. The Tribe shall have the

right to remove the Tribal Inspector(s), subject to any contractual rights of such persons. Before any such removal, the Manager or the Tribe, as the case may be, shall notify the Tribe and the Manager.

4.6.8 State Certification Fees. Any Upper Skagit Tribal member who requests financial assistance with respect to the payment of the fees necessary for State certification for employment at the Casino shall receive a loan of said fees from the Enterprise. Said loan shall be repaid from the salary of the Tribal member employee over a period not to exceed six (6) months.

4.7 Marketing and Advertising. The Manager shall have responsibility to advertise and promote the Enterprise and may do so in coordination with the sales and marketing programs of Manager and other Harrah's Casinos, the budget for which shall be included in the annual budget approved by the Business Board as described in Article 4.10. Manager may participate in sales and promotional campaigns and activities involving complimentary rooms, food, beverage, shows, chips and tokens only to the extent same may be legal under the Compact. Manager, in marketing and advertising the Facility, shall, pursuant to Article 4.6.4, have the right to use marketing and advertising services of employees of Manager and its parent and affiliated companies not located at the Facility. So as to be sensitive to the Tribe's mores, the advertising which relates exclusively to the Enterprise shall be submitted to the Business Board for approval and ratified by the Tribal Council, approval of which shall not be unreasonably withheld.

4.8 Bank Accounts. The parties hereto shall, by mutual agreement, select a bank or banks for the deposit and maintenance of the funds of the Enterprise and shall establish such bank accounts as the Manager deems appropriate and necessary in the course of business and as consistent with this Agreement. The parties agree that, should the Tribe so elect, funds of the Enterprise may be deposited at the Skagit State Bank up to the limit of the FDIC insurance coverage of the bank.

4.9 Pre-Opening. Six (6) months prior to the scheduled Opening Date, Manager shall commence implementation of a pre-opening program which shall include all activities necessary to financially and operationally prepare the Facilities for opening. To implement the pre-opening program, Manager shall prepare a comprehensive pre-opening budget which shall be submitted to the Tribal Council for its approval sixty (60) days after the Effective Date ("Pre-Opening Budget"). All costs and expenses of the pre-opening budget shall be paid from the proceeds of the Loan or advanced by Manager and recouped pursuant to Article 7.11 herein.

4.10 Operating Budgets. Manager shall, prior to the scheduled Commencement Date, submit to the Business Board for its approval and the Tribal Council for ratification, a proposed operating budget and business plan for the remainder of the current year ("Operating Budget and Business Plan"). Thereafter,

Manager shall, not less than sixty (60) days prior to the commencement of each full or partial year, submit to the Business Board, for its approval, a proposed Operating Budget and Business Plan for the ensuing full or partial year, as the case may be.

The Business Board's approval and the Tribal Council's ratification of the Operating Budget and Business Plan shall not be unreasonably withheld or delayed. Manager shall meet with the Business Board to discuss the proposed Operating Budget and Business Plan, and the Business Board's approval and the Tribal Council's ratification shall be deemed given unless a specific written objection thereto is delivered by it to Manager within thirty (30) days after Manager and the Business Board have met to discuss the proposed Operating Budget and Business Plan. If the Business Board or Tribal Council for any reason declines to meet with Manager to discuss a proposed Operating Budget and Business Plan, it shall be deemed to have given its consent unless a specific written objection is delivered by it to Manager within fifteen (15) days after the date the proposed Operating Budget and Business Plan are submitted to the Business Board or Tribal Council as the case may be. The Business Board and Tribal Council shall review the Operating Budget on a line-by-line basis. To be effective, any notice which disapproves a proposed Operating Budget and Business Plan must contain specific objections to individual Budget line items.

If the initial proposed Operating Budget contains disputed budget item(s), the Tribal Council, Business Board and Manager agree to cooperate with each other in good faith to resolve the disputed or objectionable proposed item(s). In the event the Tribal Council, Business Board and Manager are not able to reach mutual agreement concerning any disputed or objectionable item(s) within a period of fifteen (15) days after the date the Business Board provides written notice of its objection to Manager, either party shall be entitled to submit the dispute to arbitration in accordance with Article 20. If the Tribal Council, Business Board and Manager are unable to resolve the disputed or objectionable item(s) prior to the commencement of the applicable year, the undisputed portions of the proposed Operating Budget shall be deemed to be adopted and approved and the corresponding line item(s) contained in the Operating Budget for the preceding year shall be adjusted as set forth herein and shall be substituted in lieu of the disputed item(s) in the proposed Operating Budget. Those line items which are in dispute shall be determined by increasing the preceding year's actual expense for the corresponding line items by an amount determined by Manager which does not exceed the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor, U.S. City Average, all items (1982-1984 = 100) for the year prior to the year with respect to which the adjustment to the line item(s) is being calculated or any successor or replacement index thereto. The resulting Operating Budget obtained in accordance with the preceding sentence shall be deemed to be the Operating Budget in effect until such time as the Tribal Council, Manager and the Business Board have resolved the items objected to by the Business Board.

Manager may, after ratification by the Tribal Council, revise the Operating Budget from time to time, as necessary, to reflect any unpredicted significant changes, variables or events or to include significant, additional, unanticipated items of expense. Manager may, after notice to the Business Board, reallocate part or all of the amount budgeted with respect to any line item to another line item and to make such other modifications to the Operating Budget as Manager deems necessary. In addition, in the event actual Gross Revenues for any interim accounting period are greater than those provided for in the Operating Budget, the amounts approved in the Operating Budget for guest services, food and beverage, telephone, utilities, marketing and the repair and maintenance of the Facility for any month shall be automatically deemed to be increased to an amount that bears the same relationship (ratio) to the amounts budgeted for such items as actual Gross Revenue for such month bears to the projected Gross Revenue for such month. The Tribe acknowledges that the Operating Budget is intended only to be a reasonable estimate of the Enterprise revenue and expenses for the ensuing year. Manager shall not be deemed to have made any guarantee, warranty or representation whatsoever in connection with the Operating Budget.

4.10.1 Adjustment to Operating Budget and Business Plan. If Manager encounters circumstances which require unbudgeted and unexpected expenditures not foreseen at the time of preparation of the Operating Budget and Business Plan and which Manager deems reasonably necessary, in addition to and without limiting the instances described in Articles 4.10, 4.11, and 4.12 and the remedies in Article 4.10, Manager may, without the Tribal Council's approval, make such expenditures for so long as the same will not, in any quarter, exceed 105 percent (105%) of the amount budgeted for any Department. Manager shall have the right, from time to time during such year, to submit a revision to the Operating Budget and Business Plan to the Business Board for approval and ratification by the Tribal Council, which approval/ratification shall not be unreasonably withheld or delayed. The Business Board and Tribal Council will review all proposed revisions to an Operating Budget and Business Plan on a line by line basis in the same manner as the Operating Budget and Business Plan. If the Business Board or Tribal Council shall disapprove or raise any objections to any items contained in revisions to an Operating Budget and Business Plan, Manager shall continue to use all reasonable efforts to comply with the Operating Budget and Business Plan until a proposed revision has been approved or this Agreement is terminated. If no revision is approved before the expiration of thirty (30) days after any revision is submitted to the Business Board or Tribal Council for approval or ratification, such disapproval shall be resolved by arbitration in accordance with Article 20 of this Agreement.

4.11 Capital Budgets. Manager shall, not less than sixty (60) days prior to the commencement of each year, submit to the Business Board a recommended "Capital

Budget" for the ensuing full or partial year, as the case may be, for furnishings, equipment, and ordinary capital replacement items ("Capital Replacements") as shall be required to operate the Enterprise in accordance with sound business practices. The Tribal Council, Business Board, and Manager shall meet to discuss the proposed Capital Budget and the Business Board and Tribal Council shall be required to make specific written objections to a proposed Capital Budget in the same manner and within the same time periods specified in Article 4.10 with respect to an Operating Budget. The Business Board and Tribal Council shall not unreasonably withhold or delay its consent. Unless the Tribal Council, Business Board, and Manager otherwise agree, Manager shall be responsible for the design and installation of Capital Replacements, subject to the Business Board's approval and ratification by the Tribal Council and right to inspect.

4.12 Capital Replacements. The Tribe shall effect and expend such amounts for any Capital Replacements as shall be required, in the course of the operation of the Enterprise, to maintain, at a minimum, the Enterprise in compliance with any Legal Requirements and to comply with Manager's recommended programs for renovation, modernization and improvement intended to keep the Enterprise competitive in its market, to maintain any Harrah's brand Standards or to correct any condition of an emergency nature, including without limitation, maintenance, replacements or repairs which are required to be effected by the Tribe, which in Manager's sole discretion requires immediate action to preserve and protect the Facility, assure its continued operation, and/or protect the comfort, health, safety and/or welfare of the Facility's guests or employees. Manager is authorized to take all steps and to make all expenditures from the Disbursement Account, described at Article 4.24, or Reserve Fund, described at Article 4.13, (in the case of expenditures for Capital Replacements) as it deems necessary to repair and correct any such condition, regardless whether such provisions have been made in the Operating Budget for any such expenditures, and the cost thereof may be advanced by Manager and reimbursed from future revenues. Design and installation of Capital Replacements shall be effected in a time period and subject to such conditions as the Business Board may establish to minimize interference with or disruption of ongoing operations.

4.12.1 First Refusal. The Tribe shall have the right of first refusal for the purchase of any property replaced at the Facility.

4.13 Reserve Fund for Capital Replacements. Manager shall establish a reserve for Capital Replacements on the books of account of the Enterprise, and the cash contributions required by this Article 4.13 shall be placed into an account (the "Reserve Fund") established in the Tribe's name at a bank designated by mutual consent of the parties. The Manager shall make the payments into the Reserve Fund, as required. All amounts in the Reserve Fund shall be invested in interest bearing investments to the extent that availability of funds, when required, is not thereby impaired. Interest earned on amounts deposited in the Reserve Fund shall be credited

to the Reserve Fund and shall be available for payment of expenditures for Capital Replacements to the Facility. The Reserve Fund shall not be deemed an operating expense.

4.13.1 Supply Items. Anything with GAAP useful life of one (1) year or less is deemed supplies and not a capital item.

4.14 Periodic Contributions to Reserve Fund. Except as otherwise provided in this Article 4.14, there shall be paid over into the Reserve Fund each month the following:

4% of Gross Revenues

The cash amounts required to be so deposited shall be calculated and deposited into the Reserve Fund, in arrears, no later than the twenty-first (21st) day of the month immediately following the month with respect to which a deposit is made. In addition, all proceeds from the sale of capital items no longer needed for the operation of the Enterprise, and the proceeds of any insurance received in reimbursement for any items previously paid for from the Reserve Fund, shall be deposited into the Reserve Fund upon receipt.

4.15 Use and Allocation of Reserve Fund. Any expenditures for Capital Replacements which have been budgeted may be paid from the Reserve Fund without further approval from the Tribe. Any amounts remaining in the Reserve Fund at the close of any year shall be carried forward and retained in the Reserve Fund until fully used. If amounts in the Reserve Fund at the end of any year plus the anticipated contributions to the Reserve Fund for the next ensuing year are not sufficient to pay for Capital Replacements authorized by the Annual Plan for such ensuing year, then additional funds, in the amount of the projected deficiency, may be advanced by the Manager and reimbursed by the Enterprise from future revenues.

4.16 Contracting. In entering contracts for the supply of goods and services for the Enterprise, the Manager shall follow the same order of preference as set forth at Article 4.6.6. "Qualified" shall mean persons within a preferred group living in and contributing financially to Upper Skagit member households or a business entity certified by the Tribe to be controlled by persons within a preferred group who or which is able to provide services at competitive prices, has, insofar as the building trades are concerned, demonstrated skills and abilities to perform the tasks to be undertaken in an acceptable manner, in the Manager's opinion, and can meet the reasonable bonding requirements of the Manager. The Manager shall provide written notice to the Tribe in advance of all such contracting, subcontracting and construction opportunities.

4.17 Determination of Qualifications and Compensation. Manager shall have the sole responsibility for determining whether a prospective employee is qualified and the appropriate level of compensation to be paid thereto.

4.18 Litigation. If any claim or legal action is brought against the Tribe, the Manager, the Business Board or any employee of the Manager at the Facility or of the Enterprise by any person arising out of the operation of the Enterprise, the Tribe or the Manager, as appropriate, shall defend such action. Any cost of such litigation, including any judgement rendered in such action and the cost of any legal action brought by the Tribe or Manager against any third party, shall constitute an Operating Expense, or, if incurred prior to the Commencement Date, shall be a Start-up Expense. The only exception to the foregoing shall be that each party will be responsible for its own acts if same are proven to be willful or wanton. Nothing in this Article shall be construed to waive, in whole or in part, the Tribe's sovereign immunity.

4.19 Employee Background Check. A background investigation shall be conducted by the Tribe in compliance with all Legal Requirements, to the extent applicable, on each applicant for employment as soon as reasonably practicable. No individual whose prior activities, criminal record, if any, or reputation, habits and associations pose a threat to the public interest, the effective regulation of Gaming, or to the gaming licenses of the Manager or any of its affiliates, or create or enhance the dangers of unsuitable, unfair or illegal practices and methods and activities in the conduct of Gaming, shall be employed by the Manager or the Tribe. The background investigation procedures employed by the Tribe shall satisfy all regulatory requirements independently applicable to the Tribe and to the Manager. Any cost associated with obtaining such background investigations shall constitute an Operating Expense, provided, however, the costs of background investigations relating to shareholders, officers, directors or the General Manager, Director of Finance, Director of Casino Operations, Director of Marketing, and Director of Human Resources of the Manager or of the Upper Skagit Tribal Council or the Tribal Representatives, if required by the Tribal Council, shall not constitute an Operating Expense. Any criminal record with the state of Washington related to the exercise of hunting and fishing Treaty rights is excluded.

4.20 Enterprise Employee Policy. The Manager shall prepare a draft of personnel policies and procedures (the "Enterprise Employee Policies"), including a job classification system with salary levels and scales, which policies and procedures shall be approved by the Tribal Council. The Enterprise Employee Policy shall include a grievance procedure in order to establish fair and uniform standards for the Enterprise Employees, which will include procedures for the resolution of disputes between Manager and Enterprise Employees as set forth in Exhibit "G" attached hereto. Any revisions to the Enterprise Employee Policy shall not be effective unless they are approved in the same manner as was the original Enterprise Employee Policy. All such actions shall comply with applicable Tribal law.

4.21 No Manager Wages or Salaries. Except as otherwise provided, with respect to Manager's employees described in Article 4.6.2 and Off-Site Employees described in Article 4.6.4, neither the Manager nor any of its officers, directors or shareholders shall be compensated by wages from or contract payments by the Enterprise for their efforts or for any work which they perform under this Agreement, other than loan repayments, reimbursement pursuant to the Security and Reimbursement Agreement and the Management Fee paid to Manager under Article 6.4. Nothing in this subsection shall restrict the ability of an employee of the Enterprise to purchase or hold stock in the Manager, its parents, subsidiaries or affiliates where (i) such stock is publicly held, and (ii) such employee acquires, on a cumulative basis, less than five percent (5%) of the outstanding stock in the corporation.

4.22 Internal Control Systems. The Manager shall install systems for monitoring of all funds, which systems shall be consistent with the Compact and be submitted to the Business Board for approval in advance of implementation, which approval shall not be unreasonably withheld. The Business Board shall retain the right to review all Internal Control Systems and any changes instituted to the Internal Control Systems of the Enterprise. The Tribal Council shall have the right to retain an auditor to review the adequacy of the Internal Control Systems prior to the Commencement Date. The cost of such review shall constitute a Start-up Expense. Any significant changes in such systems after commencement of operation of the Facility also shall be subject to review and approval by the Business Board and ratification by the Tribal Council. The Business Board and the Manager shall have the right and duty to maintain and police its Internal Control Systems in order to prevent any loss of proceeds from the Enterprise. The Business Board shall have the right to inspect and oversee the systems and to have the Tribal Inspector present to oversee the Hard Count and Soft Count room procedures at all times. The Manager shall install a closed circuit television system to be used for monitoring the cash handling activities of the Enterprise. The Tribal Inspector shall have full access to the closed circuit television system for use in monitoring the cash handling activities of the Enterprise.

4.23 Daily Deposits to Depository Account. The Manager shall establish for the benefit of the Tribe in the Tribe's name a Depository Account. The Manager shall collect all gross revenues and other proceeds connected with or arising from the operation of the Enterprise, the sale of all products, food and beverage, and all other activities of the Enterprise and deposit the related cash daily into the Depository Account at least once during each 24-hour period. All money received by the Enterprise on each day that it is open must be counted at the close of operations for that day or at least once during each 24-hour period. The parties hereto agree to obtain a bonded transportation service to effect the safe transportation of the daily receipts to the bank, if such service is available at a reasonable cost, which expense shall constitute an Operating Expense.

4.24 Disbursement Account. The Manager shall establish for the benefit of the Tribe in the Tribe's name a Disbursement Account. The Manager shall, consistent with and pursuant to the approved annual budget, have responsibility and authority for making all payments for Operating Expenses, debt service, management fees, and disbursements to the Tribe from the Disbursement Account.

4.25 No Cash Disbursements. The Manager shall not make any cash disbursements from the bank accounts except for the payment of cash prizes and expenditures from the Cash Contingency Reserve Fund described in Article 4.26; any and all payments or disbursements by the Manager shall be made by check or wire transfer drawn against a bank account.

4.26 Cash Contingency Reserve Fund. Manager shall establish and maintain for the benefit of and in the name of the Tribe a Cash Contingency Reserve Fund. The Manager shall make the payments into the Cash Contingency Reserve Fund. The amounts maintained in the Fund shall be established by the Business Board in conjunction with the establishment of the annual Operating Budget and Business Plan, or more often as approved by the Business Board. The Cash Contingency Reserve Fund shall be used to make transfers as necessary to the Disbursement Account and the cash prize reserve fund. Payments to the Cash Contingency Reserve Fund shall not be deemed an operating expense.

4.27 Transfers Between Accounts. The Manager has the authority to transfer funds from the Depository Account to the Disbursement Account in order to pay Operating Expenses and to pay debt service pursuant to the Loan Agreement and Note, the Security and Reimbursement Agreement, Development and Construction Agreement, the Minimum Priority Payment, the investment of Enterprise funds pursuant to the Enterprise Investment Policy as may be determined from time to time by the Tribal Council, and the fees payable to Manager pursuant to this Agreement.

4.28 Insurance. The Manager, on behalf of the Tribe, shall obtain and maintain, or cause its agents to maintain, with responsible insurance carriers licensed to do business in the state of Washington, insurance satisfactory to Manager and Business Board covering the Facility and the operations of the Enterprise, naming the Tribe, the Manager, its parent and other affiliates as insured parties, as set forth in Exhibit "D" attached hereto and incorporated herein by reference.

4.29 Accounting and Books of Account.

4.29.1 Statements. The Manager shall prepare and provide to the Tribe on a monthly, quarterly, and annual basis, operating statements which after the full year of operation will include comparative statements of all revenues, and all other amounts collected and received, and all deductions and disbursements made therefrom in connection with the Enterprise. An

independent certified public accounting firm selected by the Tribe shall perform an annual audit of the books and records of the Enterprise and of all contracts for supplies, services or concessions reflecting Operating Expenses. The Tribe, the B.I.A. and the NIGC shall also have the right to perform special audits of the Enterprise or any aspect of the Enterprise at any time without restriction. The costs incurred for such audits shall constitute an Operating Expense. Such audits shall be provided by the Tribe to all applicable federal and state agencies, as required by law, and may be used by the Manager for reporting purposes under federal and state securities laws, if required.

4.29.2 Books of Account. The Manager shall maintain full and accurate books of account at an office in the Facility and at such other location as may be determined by the Manager. The Tribe and the Tribal Inspector shall have access to the daily operations of the Enterprise and shall have the unlimited right to inspect, examine, and copy all such books and supporting business records. Such rights may be exercised through an agent, employee, attorney, or independent accountant acting on behalf of the Tribe. Nothing contained herein is intended to restrict Manager's right, subject to the Business Board's prior approval, to utilize centralized accounting in Memphis, Tennessee for the Enterprise, provided a copy of the records of the Enterprise is also kept at the Facility.

4.29.3 Accounting Standards. Manager shall maintain the books and records reflecting the operations of the Enterprise in accordance with the accounting practices of Manager in conformity with Generally Accepted Accounting Principles consistently applied and shall adopt and follow the accounting periods utilized by Manager in its normal course of business (i.e., a calendar month, quarter and year). The Facility level generated accounting records reflecting detailed day-to-day transactions of the Facility's operations shall be kept by Manager at the Facility with copies at Manager's corporate headquarters. The accounting systems and procedures shall, at a minimum (i) comply with the Compact between the state of Washington and the Tribe; (ii) include an adequate system of internal accounting controls; (iii) permit the preparation of financial statements in accordance with generally accepted accounting principles; (iv) be susceptible to audit; (v) allow the Class II gaming operation, the Tribe and the NIGC to calculate the annual fee payable pursuant to 25 Code of Federal Regulations Section 514.1; (vi) permit the calculation and payment of the Management Fee; and (viii) provide for the allocation of operating expenses or overhead expenses among the Tribe, the Tribal gaming operation, the contractor, and any other user of shared facilities and services.

4.29.4 Unannounced Financial Reviews. In addition to the provisions of Articles 4.29.1 and 4.29.2, the Manager and the Enterprise shall be subject to unannounced financial reviews ("Financial Reviews") by an

independent certified public accounting firm of the Tribe's choice; up to three (3) such reviews annually shall be paid as an operating cost.

4.29.5 Variance: Interim Accounting Period Less Than Calendar Year. In the event that any Financial Review shall determine that the financial information supplied by the Manager to the Tribe related to an accounting period which has been closed shall have understated the Net Revenues of the Enterprise for the accounting period in question in an amount that is greater than 5 percent (5%) of the Gross Revenues of the Enterprise for the same accounting period (provided such accounting period is less than a calendar year), then the cost of the Financial Review shall be borne by the Manager from the payments to be received by the Manager as a Management Fee.

4.29.6 Variance: Annual Audit. In the event the annual audit of the books and records of the Enterprise shall determine that the financial information supplied by the Manager to the Tribe during the audit period shall have understated the Net Revenues of the Enterprise in an amount that is greater than 3 percent (3%) of the Gross Revenues of the Enterprise for said audit period, then the cost of the annual audit shall be borne by the Manager from the payments to be received by the Manager as a Management Fee.

4.30 Retail Shops and Concessions. With respect to the management of the shops and concessions located within the Facility, the Tribal Council shall approve in advance in writing the specific type or types of shops or concessions proposed by the Manager to be authorized for inclusion in the Casino.

4.31 Entertainment Approvals. In the event that the Manager shall determine to provide entertainment and/or sporting events to the public at the Casino, the same will be subject to approval in the same manner as the Operating Budget and Business Plan.

4.32 Non-Profit Gaming Station. The parties agree that, subject to the terms of the Compact, the proceeds of the Non-Profit Gaming Station as defined in III J. 1. of the Compact shall be accounted for separately by the Manager, and all said proceeds, except the contribution to the operating expenses, including the Management Fee, shall be segregated from the monies of the Casino and shall be disbursed exclusively by and at the requirements of the Tribe.

4.33 Allocation of Costs. The allocation of costs between the Class III and Class II table gaming area, the Bingo gaming area of the Enterprise, and the food and beverage department shall be as follows:

a. Direct costs applicable to each based on actual expenses;

b. Indirect costs shall be allocated in the same ratio as the percentage of win and revenues generated by an area bears to the revenues of the Enterprise.

5. Liens. The Tribe specifically warrants and represents to the Manager that during the term of this Agreement the Tribe shall not act in any way whatsoever, either directly or indirectly, to cause any party to become an encumbrancer or lienholder of the Property or the Facility, other than Manager or the Bank, or to allow any party to obtain any interest in this Agreement without the prior written consent of the Manager, and, where applicable, consent from the United States. The Manager specifically warrants and represents to the Tribe that during the term of this Agreement the Manager shall not act in any way, directly or indirectly, to cause any party to become an encumbrancer or lienholder of the Property or the Facility, or to obtain any interest in this Agreement without the prior written consent of the Tribe, and, where applicable, the United States. The Tribe and the Manager shall keep the Facility and Property free and clear of all mechanics' and other liens resulting from the construction of the Facility and all other liens which may attach to the Facility or the Property, which shall at all times remain the property of the United States in trust for the Tribe. If any such lien is claimed or filed, it shall be the duty of the Tribe and the Manager to discharge the lien within 30 days after having been given written notice of such claim, either by payment to the claimant, by the posting of a bond and the payment into the court of the amount necessary to relieve and discharge the Property from such claim, or in any other manner which will result in the discharge of such claim. Nothing herein shall prevent the Tribe from utilizing the proceeds of the Enterprise to secure borrowing for governmental and economic development purposes as long as same is subordinated to the Loan, Note, Capital Replacement Reserve, Operating Expenses and the Management Fee.

Notwithstanding the foregoing, purchase money security interests in personal property may be granted with the prior written consent of the Tribe and, when necessary, the B.I.A., United States Department of Interior and/or the NIGC as appropriate.

6. Management Fee, Reimbursement, Disbursement, and Capital Contribution.

6.1 Management Fee. Subject to the provisions of Article 6.4, on or before the twenty-first (21st) day of each month after the first calendar month of operation, Manager is authorized by the Tribe to pay itself from the Bank Account(s) a fee which is as follows: the Management Fee will be of Net Revenues (excluding any Net Revenues (gaming) from the operation of electronic gaming devices/slot machines); and of Net Revenues (gaming) from electronic gaming devices/slot machines, which incorporate the attributes of coin in and coin drop, up to of Win and of Net Revenues (gaming) on the incremental Win above The percentages for the Management Fee associated with electronic gaming devices/slot machines shall only apply should the Enterprise, through an amendment to the Compact, litigation, or

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otherwise, be allowed to operate such machines within 24 months of the Opening Date of the Enterprise to the public for gaming. In the event that such machines are actually placed into service later than 24 months after the Opening Date, then the parties shall negotiate a fair and reasonable percentage for the remainder of the term of this Agreement, which percentage, in any event, shall not exceed 30 percent (30%) of Net Revenues (gaming). (It is anticipated that the cost of the slot machines will be borne initially by the Manager.) Net Revenues shall be defined according to generally accepted accounting principles ("GAAP") under which the building shall be depreciated over thirty-five (35) years.

6.2 Disbursements. As and when received by Manager, Revenues shall be deposited in the Bank Account(s) created pursuant to Article 4.23 of this Agreement. There shall, in turn, be disbursed by Manager, on a monthly basis, for and on behalf of the Tribe, funds from the Bank Account(s) to pay, to the extent available, Operating Expenses and required deposits into the Reserve Fund for Capital Replacements.

Manager will reserve funds (in excess of the Minimum Balance), on an annualized basis, in the Bank Account each month for payment of any Operating Costs or any of the above items which Manager has a duty to pay that are not paid on a monthly basis (e.g., insurance premiums, etc.). Additionally, Manager shall advance any monies needed to cover any operating cash shortfall and shall be allowed to be reimbursed same in accordance with Article 7.11.

6.3 Adjustment to Bank Account. After the disbursements pursuant to Article 6, and establishment of any reserves for future disbursements as the Manager deems necessary, taking into account anticipated cash flow and Operating Costs at the Facility, any excess funds remaining in the Bank Account over the Minimum Balance (and such reserves) shall be disbursed monthly in accordance with Article 6.4.

6.4 Payment of Fees and Tribal Disbursement. Within 21 days after the end of each calendar month of operations, the Manager shall calculate and report to the Tribe the Gross Revenues, Operating Expenses, and Net Revenues of the Enterprise for the previous month's operations and the year's operations to date. Such Net Revenues, less any amount reasonably needed to maintain a Cash Contingency Reserve Fund as previously agreed upon by the Business Board, shall be disbursed from the Bank Account(s) to the extent available to pay the scheduled items to the extent due and payable and earned in the following order of priority:

1. the Minimum Priority Payment as described in Article 2.29;

2. Current Principal due on the Loan;

3. Capital Replacement Reserve Contribution as described in Article 4.14;

4. the Recoupment Payment and reimbursement of amounts advanced by the Manager;

5. Management Fee as described in Article 3.7.

All remaining Net Revenues shall be distributed to the Tribe.

6.5 Operative Dates. For purposes of this Article 6, the first year of operations shall begin on the Commencement Date and continue until the last day of December of the year of Commencement, and each subsequent year of operations shall be the 12-month period following the end of the previous year. Notwithstanding the foregoing, with the exception of Article 4.4.5, the term of this Agreement shall not be less than nor extend beyond sixty (60) months after the Commencement Date.

Initials

6.6 Payment of Net Revenues. The Manager is authorized to transfer funds from the bank accounts of the Enterprise to the bank accounts of the Manager and the Tribe in order to distribute Net Revenues and any other amounts due under this Article 6. The Net Revenues paid to the Tribe pursuant to this Article 6 shall be payable to the Tribe or bank account specified by the Tribal Council in accordance with the Notice provision pursuant to Article 7.1.

6.7 Capital Contribution. The Manager, in accordance with the terms of Article 5.3 of the Development and Construction Agreement, is liable for and shall pay the last remaining of principal on the Note.

7. General Provisions.

7.1 Notice. Any notice required to be given pursuant to this Agreement shall be delivered to the appropriate party by Certified Mail Return Receipt Requested, addressed as follows:

If to the Tribe:

Upper Skagit Indian Tribe
2284 Community Plaza
Sedro Woolley, WA 98284
FAX: 206/856-3175
Attention: Chairman

Copy to:

Harold Chesnin, Esq.
Mathews Garlington-Mathews & Chesnin
500 Court in the Square
401 Second Avenue South
Seattle, WA 98104
FAX: 206/621-9494

If to USE:

Upper Skagit Enterprises, Inc.
2284 Community Plaza
Sedro Woolley, WA 98284
FAX: 206/856-3175
Attention: Doreen Maloney

Copy to:

Harold Chesnin, Esq.
Mathews Garlington-Mathews & Chesnin
500 Court in the Square
401 Second Avenue South
Seattle, WA 98104
FAX: 206/621-9494

If to Manager:

Harrah's Washington Corporation
c/o Harrah's
1023 Cherry Road
Memphis, TN 38117
Attention: J. Carlos Tolosa, Sr. V.P.

Copy to:

William L. Buffalo, Esq.
1023 Cherry Road
Memphis, TN 38117

or to such other different address(es) as the Manager or the Tribe may specify in writing using the notice procedure called for in this Article 7. Any such notice shall be deemed given two days following deposit in the United States mail or upon actual delivery, whichever first occurs.

7.2 Authorization. The Tribe and Manager represent and warrant to each other that they each have full power and authority to execute this Agreement and to be bound by and perform the terms hereof. On request, each party shall furnish the other evidence of such authority.

7.3 Relationship. Manager and the Tribe shall not be construed as joint venturers or partners of each other by reason of this Agreement and neither shall have the power to bind or obligate the other except as set forth in this Agreement.

7.4 Manager's Contractual Authority in the Performance of this Agreement. Subject to the provisions of Article 4.2.4, IGRA, and the Compact, Manager is

authorized to make, enter into and perform in the name of and for the account of the Tribe any contracts deemed necessary by Manager to perform its obligations under this Agreement.

7.5 Further Actions. The Tribe and Manager agree to execute all contracts, agreements and documents and to take all actions necessary to comply with the provisions of this Agreement and the intent hereof.

7.5.1 Fire and Safety. The Facility shall be constructed and maintained in compliance with the Upper Skagit Building Ordinance which has incorporated the Uniform Building Code, all other applicable Upper Skagit ordinances, and Federal law. Nothing in this Article shall grant any jurisdiction to the state of Washington or any political subdivision thereof over the Property or the Facility. The Tribe shall be responsible for providing fire protection and emergency services to the Enterprise. The Tribe shall make all arrangements for emergency and fire protection to be supplied to the Enterprise. Payment for such services shall first come from the Community Contribution under the Compact. Any unpaid expenses for emergency and fire protection shall be a cost of operation.

7.5.2 Taxes. If the state of Washington or any local government attempts to impose any possessory interest tax upon any party to this Agreement or upon the Enterprise, the Facility or the Property, the Tribal Council, in the name of the appropriate party or parties in interest, will, upon the request of either party, resist such attempt through legal action. The costs of such action and the compensation of legal counsel shall be an Operating Expense of the Enterprise. Any such tax shall constitute an Operating Expense of the Enterprise. This Article shall in no manner be construed to imply that any party to this Agreement or the Enterprise is liable for any such tax.

7.5.3 Tribal Taxes. The Tribe agrees that neither it nor any agent, agency, affiliate or representative of the Tribe will impose any taxes, fees, assessments, or other charges of any nature whatsoever on payments of any debt service to Manager or to any lender furnishing financing for the Facility or for the Enterprise, or on the Enterprise, the Facility, the revenues therefrom or on the Management Fee as described in Article 6.4 of this Agreement; provided, however, the Tribe may assess a tax upon Manager in the nature of a business and occupation tax or other tax assessed against Manager by the state of Washington, but only to the extent that same is a dollar for dollar set off against the State tax. The Tribe further agrees that neither it nor any agent, agency, affiliate or representative will impose any taxes, fees, assessments or other charges of any nature whatsoever on the salaries or benefits, or dividends paid to, any of the Manager's stockholders, officers, directors, or employees or any of the employees of the Enterprise. Manager retains the right, in its sole

discretion, to terminate this Agreement and all accompanying agreements if it reasonably determines that any statute or regulation of the Tribe renders operation of the Enterprise uncompetitive. Should the Manager terminate this Agreement pursuant to this Article, the Manager shall retain the right to repayment of: (a) money lent to the Tribe; (b) reimbursement of any monies which may become due and payable under the terms of the Security and Reimbursement Agreement. Except as otherwise provided herein, if any taxes, fees or assessments are levied by the Tribe on the Enterprise, such taxes and assessments shall be abated for the term of this Agreement. Nothing herein shall limit the Tribe's ability to tax its members.

7.5.4 Situs of the Contracts. This Agreement, as well as all contracts entered into between the Tribe and any person or any entity providing services to the Enterprise, shall be deemed entered into at the Executive Office of the Tribe on its Reservation in Washington, and shall be subject to all Legal Requirements of the Tribe and federal law as well as approval by the Secretary of the Interior where required by 25 U.S.C. § 81 or IGRA.

7.5.5 Compliance With The National Environmental Policy Act. The Tribe shall supply the NIGC with all information necessary for the NIGC to comply with any regulations of the Commission issued pursuant to the National Environmental Policy Act (NEPA).

7.6 Defense. Except for disputes between the Tribe and Manager, Manager shall bring and/or defend and/or settle any claim or legal action brought against Manager or the Tribe, individually, jointly or severally in connection with the operation of the Enterprise. Manager shall retain and supervise legal counsel, accountants and such other professionals, consultants and specialists as Manager deems appropriate to defend and/or settle any such claim or cause of action. All liabilities, reasonable costs, and expenses, including attorneys' fees and disbursements, incurred in defending and/or settling any such claim or legal action which are not covered by insurance shall be an Operating Expense. Nothing contained herein is a grant to the Manager of the right to waive tribal sovereign immunity. That right is strictly reserved to the Tribe and not delegated in any manner to USE.

7.7 Waivers. No failure or delay by Manager or the Tribe to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement, or to exercise any right or remedy consequent upon the breach thereof, shall constitute a waiver of any such breach or any subsequent breach of such covenant, agreement, term or condition. No covenant, agreement, term, or condition of this Agreement and no breach thereof shall be waived, altered or modified except by written instrument. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, agreement, term and condition of this Agreement shall

continue in full force and effect with respect to any other then existing or subsequent breach thereof.

7.8 Captions. The captions for each Article are intended for convenience only.

7.9 Severability. If any of the terms and provisions hereof shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any of the other terms or provisions hereof. If, however, any material part of a party's rights under this Agreement shall be declared invalid or unenforceable, (specifically including Manager's right to receive its Management Fees) the party whose rights have been declared invalid or unenforceable shall have the option to terminate this Agreement upon thirty (30) days written notice to the other party, without liability on the part of the terminating party.

7.10 Interest. Any amount advanced by Manager or the Tribe related to the operation of the Enterprise shall accrue interest at same rate as the Note and shall be treated according to GAAP. Advances for the Minimum Priority Payment will be without interest.

7.11 Reimbursement. The performance by Manager of its responsibilities under this Agreement are conditioned upon the Enterprise generating sufficient funds to Manager on a timely basis to enable Manager to perform its obligations hereunder. Notwithstanding the foregoing, Manager shall, according to the terms of this Agreement or may, at its option if not so required, advance funds or contribute property, on behalf of the Tribe, subject to the prior approval of the Business Board, to satisfy obligations of the Tribe in connection with the Facility and this Agreement. Manager shall keep appropriate records to document all reimbursable expenses paid by Manager, which records shall be made available for inspection by the Tribe or its agents upon request. The Tribe agrees to reimburse Manager with interest from future Net Revenues for money paid or property contributed by Manager to satisfy obligations of the Tribe in connection with the Enterprise and this Agreement. Interest shall be calculated at the rate set forth in Article 7.10 from the date the Manager advances monies the Tribe was obligated to remit or contributes property for the satisfaction of such obligation to the date reimbursement is made. The Manager's sole source of such Reimbursement shall be from undistributed and future Revenues.

7.12 Travel and Out-of-Pocket Expenses. Subject to the annual budget, Manager shall be reimbursed for all travel and out-of-pocket expenses of Manager's employees reasonably incurred in the performance of this Agreement. Subject to the annual budget, all travel and out-of-pocket expenses of Enterprise employees reasonably incurred in the performance of their duties shall be an Operating Expense.

7.13 Third Party Beneficiary. This Agreement is exclusively for the benefit of the parties hereto and it may not be enforced by any party other than the parties to this Agreement and shall not give rise to liability to any third party other than the authorized successors and assigns of the parties hereto.

7.14 Brokerage or Other Fees. Manager and the Tribe represent and warrant to each other that neither has sought the services of a broker, finder or agent in this transaction, and neither has employed, nor authorized, any other person to act in such capacity other than as disclosed herein on Exhibit "E," which interest has been terminated as disclosed in said Exhibit "E." Manager and the Tribe each hereby agrees to indemnify and hold the other harmless from and against any and all claims, loss, liability, damage or expenses (including reasonable attorneys' fees) suffered or incurred by the other party as a result of a claim brought by a person or entity engaged or claiming to be engaged as a finder, broker or agent by the indemnifying party.

7.15 Survival of Covenants. With the exception of the obligation to make the Minimum Priority Payment described at Article 6.4, any covenant, term or provision of this Agreement which, in order to be effective, must survive the termination of this Agreement, shall survive any such termination.

7.16 Estoppel Certificate. Manager and the Tribe agree to furnish to the other party, from time to time upon request, an estoppel certificate in such reasonable form as the requesting party may request stating whether there have been any defaults under this Agreement known to the party furnishing the estoppel certificate and such other information relating to the Enterprise as may be reasonably requested.

7.17 Periods of Time. Whenever any determination is to be made or action is to be taken on a date specified in this Agreement, if such date shall fall on a Saturday, Sunday or legal holiday under the laws of the Tribe, the state of Washington or the state of Tennessee, then in such event said date shall be extended to the next day which is not a Saturday, Sunday or legal holiday.

7.18 Preparation of Agreement. This Agreement shall not be construed more strongly against either party regardless of who is responsible for its preparation.

7.19 Exhibits. All exhibits attached hereto are incorporated herein by reference and made a part hereof as if fully rewritten or reproduced herein.

7.20 Successors, Assigns, and Subcontracting. The benefits and obligations of this Agreement shall inure to and be binding upon the parties hereto and their respective successors and assigns. So long as same is in compliance with IGRA and the Compact, the Tribe's consent shall not be required for Manager to assign or subcontract any of its rights, interests or obligations as Manager hereunder to any

parent, subsidiary or affiliate of Manager or The Promus Companies Incorporated or its successor corporation, provided that any such assignee or subcontractor agrees to be bound by the terms and conditions of this Agreement, specifically the right of the Enterprise to the use of Harrah's Marks during the term of this Agreement. The acquisition of Manager or its parent company by a party other than the parent, subsidiary, or affiliate of Manager, or The Promus Companies Incorporated, or its successor corporation, shall not constitute an assignment of this Agreement by Manager and this Agreement shall remain in full force and effect between the Tribe and Manager, subject only to NIGC completion and approval of its background investigation of the purchaser. Other than as stated above, this Agreement may be assigned or its non-gaming obligations subcontracted by the Manager, subject to approval by the Tribe, which approval shall not be unreasonably withheld, and the Chairman of the NIGC or his authorized representative after a complete background investigation of the proposed assignee. The Tribe shall, without the consent of the Manager but subject to approval by the Secretary of the Interior or the Chairman of the NIGC or his authorized representative, have the right to assign this Agreement and the assets of the Enterprise to an instrumentality of the Tribe or to a corporation wholly owned by the Tribe organized to conduct the business of the Enterprise for the Tribe that assumes all obligations herein. Any assignment by the Tribe shall not prejudice the rights of the Manager under this Agreement. No assignment authorized hereunder shall be effective until all necessary government approvals have been obtained.

7.21 Confidential Information. Both parties agree that any information received concerning the other party during the performance of this Agreement, regarding the parties' organization, financial matters, marketing plans, or other information of a proprietary nature, will be treated by both parties in full confidence and, except in response to legal process or appropriate and necessary governmental inquiry, will not be revealed to any other persons, firms or organizations. This provision shall survive the termination of this Agreement for a period of two (2) years.

7.22 Employment Solicitation Restriction Upon Termination. The parties acknowledge that Enterprise Employees are the employees of the Manager, and it is anticipated that the initial management staff of the Enterprise (including, but not limited to, the positions of General Manager, Director of Finance, Director of Marketing, Director of Human Resources and Director of Casino Operations) ("Covered Employees") will be recruited by Manager from the ongoing operations of Manager or other gaming operations. In addition, during the Term of this Agreement, such positions might likewise be filled. If this Agreement is terminated for any reason during its Term or at the end of the Term, then the Tribe and the Tribal Council agree not to employ any Covered Employee for a period of twelve (12) months after the termination or expiration of this Agreement, without Manager's prior written approval. Furthermore, the Tribe and the Tribal Council hereby agree not to solicit the employment of any Covered Employee at any time during the Term of this Agreement

or for a period of twelve (12) months after the termination or expiration of this Agreement without Manager's prior written approval. Notwithstanding anything contained herein to the contrary, no enrolled member of the Upper Skagit Indian Tribe shall ever be considered a Covered Employee under this Article.

Following March 29, 1994, the following groups shall not be entitled to employment at the Facility for twenty-four (24) months following last date of employment or retention by the Tribe unless a written waiver is obtained from the Tribal Council:

a. Tribal Council members;
b. Present or former employees of the Tribe;
c. Independent accounting or legal professionals;
d. Tribal Gaming Commission employees.

7.23 Patron Dispute Resolution. Manager shall submit all patron disputes concerning play to the Tribal Gaming Commission pursuant to the Gaming Ordinance, the regulations promulgated thereunder, and the Compact.

7.24 Modification. Any change to or modification of this Agreement must be in writing signed by all parties hereto and shall be effective only upon approval by the Chairman of the NIGC, the date of signature of the parties notwithstanding.

8. Warranties.

8.1 Warranties. The Manager and the Tribe each warrant and represent that they shall not act in any way whatsoever, directly or indirectly, to cause this Agreement to be amended, modified, canceled, or terminated, except pursuant to Article 7.24. The Manager and the Tribe warrant and represent that they shall take all actions necessary to ensure that this Agreement shall remain in full force and effect at all times.

8.2 Interference in Tribal Affairs. The Manager agrees not to interfere in or attempt to influence the internal affairs or government decisions of Tribal government by offering cash incentives, by making written or oral threats to the personal or financial status of any person, or by any other action, except for actions in the normal course of business of the Manager that only affect the activities of the Enterprise. For the purposes of this Article 8.2, if any such undue interference in Tribal affairs is alleged by the Tribe in writing and the NIGC finds that the Manager has unduly interfered with the internal affairs of the Tribal government and has not taken sufficient action to cure and prevent such interference, that finding of interference shall be grounds for termination of the Agreement. The Manager shall be entitled to immediate notice of any complaint to the NIGC.

8.3 Prohibition of Payments to Members of Tribal Government. The Manager represents and warrants that no payments have been or will be made any member of the Tribal government, any Tribal official, any relative of a member of Tribal government or Tribal official, or any Tribal government employee for the purpose of obtaining any special privilege, gain, advantage or consideration.

8.4 Prohibition of Hiring Members of Tribal Government. No member of the Tribal government, Tribal official, relative of a member of the Tribal government or Tribal official or employee of the Tribal government may be employed at the Enterprise without a written waiver of this Article 8.4 by the Tribal Council, and where required by applicable law, the Area Director, Portland Area Office, B.I.A. or the NIGC or other appropriate federal official.

8.5 Prohibition of Financial Interest in Enterprise. No member of the Tribal government or relative of a member of the Tribal government shall have a direct or indirect financial interest in the Enterprise greater than the interest of any other member of the Tribe; provided, however, nothing in this subsection shall restrict the ability of a Tribal member to purchase or hold stock in the Manager, its parents, subsidiaries or affiliates where (i) such stock is publicly held, and (ii) the Tribal member acquires less than 5% of the outstanding stock in the corporation, provided that if a Tribal member shall acquire more than 5% such person shall comply with all applicable law, including, without limitation, the Compact.

8.6 Definitions. As used in this Article 8, the term "member of the Tribal government" means any member of the Tribal Council, the Gaming Commission or any independent board or body created to oversee any aspect of Gaming and any Tribal court official; the term "relative" means an individual residing in the same household who is related as a spouse, father, mother, son or daughter.

9. Grounds for Termination.

9.1 Voluntary Termination and Termination for Cause. This Agreement may be terminated pursuant to the provisions of Articles 4.4.4, 8.2, 9.2, 9.3, 9.4, and 9.5.

9.2 Voluntary Termination. This Agreement may be terminated upon the mutual written consent and approval of the parties.

9.3 Termination for Cause. Either party may terminate this Agreement if the other party commits or allows to be committed any material breach of this Agreement. A material breach of this Agreement shall include, but not be limited to, a failure of either party to perform any material duty or obligation on its part for any 20 consecutive days after notice. Neither party may terminate this Agreement on grounds of material breach unless it has provided written notice to the other party of

its intention to declare a default and to terminate this Agreement and the defaulting party thereafter fails to cure or take steps to substantially cure the default within 60 days following receipt of such notice. The discontinuance or correction of a material breach shall constitute a cure thereof.

The Tribe may also terminate this Agreement where the Manager has had its license withdrawn because the Manager, or a director or officer of the Manager, has been convicted of a criminal felony or misdemeanor offense directly related to the performance of the Manager's duties hereunder; provided, however, the Tribe may not terminate this Agreement based on a director or officer's conviction where the Manager terminates such individual within ten days after receiving notice of the conviction.

In the event of any termination for cause, regardless of fault, the parties shall retain all money previously paid to them pursuant to Article 6 of this Agreement; and the Tribe shall retain title to all Enterprise facility fixtures, improvements, supplies, equipment, funds and accounts, subject to the rights of Manager under any security agreement and to the rights of the Manager to any accrued and unpaid Net Revenues due under Article 6 of this Agreement. The Manager shall continue to have the right to repayment of unpaid principal and interest and other amounts due under the Security and Reimbursement Agreement and any other agreements entered pursuant hereto.

An election to pursue damages or to pursue specific performance of this Agreement or other equitable remedies while this Agreement remains in effect pursuant to the provisions of Article 9.6 or 9.7 shall not preclude the injured party from providing notice of termination pursuant to this Article 9.3. Neither shall termination preclude a suit for damages.

9.4 Involuntary Termination Due to Changes in Legal Requirements. It is the understanding and intention of the parties that the establishment and operation of the Enterprise conforms to and complies with all Legal Requirements. If during the term of this Agreement, the Enterprise, any material aspect of Gaming or any material aspect of the Compact is determined by the Congress of the United States, the Department of the Interior of the United States of America, the NIGC, or the final judgment of a court of competent jurisdiction to be unlawful under federal law, the obligations of the parties hereto shall cease, and this Agreement shall be of no further force and effect; provided that (i) the Manager shall have the rights in Article 4.4 of this Agreement; (ii) the Manager and the Tribe shall retain all money previously paid to them pursuant to Article 6 of this Agreement; (iii) funds of the Enterprise in any account shall be paid and distributed as provided in Article 6 of this Agreement; (iv) any money lent by or guaranteed by the Manager or its affiliates to the Tribe shall be repaid to the Manager to the extent provided in Article 16.1A; and (v) the Tribe shall retain its interest in the lease and title to all Enterprise fixtures, supplies and

equipment, subject to the rights of the Manager under the Security and Reimbursement Agreement and subject to any requirements of financing arrangements. Nothing contained in this Article 9.4 shall be read to preclude either or both parties contest of any actions which could lead to the involuntary cessation of gaming by the Enterprise.

9.5 Manager's Right to Terminate Agreement. Manager may terminate this Agreement by written notice effective upon receipt if:

(i) Any Tribal, State or Federal authority where approval is required fails to approve this Agreement or otherwise objects to the performance by Manager of any obligation imposed on it under this Agreement.

(ii) Manager has been notified by any regulatory agency that the performance by it of any obligation imposed by this Agreement will jeopardize the retention of any license, or approvals granted thereunder, held by Manager or any of its affiliates in Nevada, New Jersey, or any other jurisdiction, and the Tribe refuses to allow the Manager to immediately rectify any such complaint.

(iii) Manager has reason to believe that the performance by it or the Tribe of any obligation imposed under this Agreement may reasonably be expected to result in the breach of any applicable Tribe, State or Federal law.

(iv) The Tribe fails to make any payment to Manager when due although funds are available.

9.6 Consequences of Manager's Breach. In the event of the termination of this Agreement by the Tribe for cause under Article 9.3, the Manager shall not, prospectively from the date of termination, except as provided in Article 9.3, have the right to its Management Fee from the Enterprise, but such termination shall not affect the Manager's rights relating to reimbursement under this Agreement, the Loan Agreement, the Note or any other agreements entered pursuant hereto. Any Net Revenues accruing through the date of termination shall be distributed in accordance with Article 6 of this Agreement.

9.7 Consequences of Tribe's Breach. In the event of termination of this Agreement by the Manager for cause under Article 9.3, the Manager shall not be required to perform any further services under this Agreement and the Tribe shall indemnify and hold the Manager harmless against all liabilities of any nature whatsoever relating to the Enterprise, but only insofar as these liabilities result from acts within the control of the Tribe or its agents or created by the termination of this Agreement. The Manager and the Tribe acknowledge and agree that termination of

this Agreement may not be a sufficient or appropriate remedy for breach by the Tribe, and further agree that pursuant to the other provisions of this Agreement, including but not necessarily limited to, Articles 16 and 21, the Manager shall, upon breach of this Agreement by the Tribe, have the right to pursue such remedies (in addition to termination) at law or equity as it determines are best able to compensate it for such breach, including, without limitation, specifically the Management Fee pursuant to Article 6 for a term equal to the then remaining term of this Agreement at the percentage of Net Revenues specified in Article 6. The Tribe specifically acknowledges and agrees that there will be irreparable harm to the Manager and that damages will be difficult to determine if the Tribe commits any breach, and the Tribe therefore further acknowledges that an injunction and/or other equitable relief is an appropriate remedy for any such breach. In any event, the Manager shall have the right to its Management Fee accruing through the date of termination as provided in Article 6 of this Agreement, the repayment of unpaid principal and interest and other amounts due under any note guaranteed by Manager or its affiliates, any loans to the Tribe and the Security and Reimbursement Agreement.

9.8 Performance Standard. Either the Tribe or the Manager may elect to terminate this Agreement if Manager fails to meet the following Performance Standard:

The Manager shall have met the Performance Standard if at the end of the first twenty-four (24) months of operation, the distribution from the Enterprise available to the Tribe in months eighteen (18) through twenty-four (24) equals a sum which is at least on an annualized basis. For the purpose of this calculation, the amount considered is after repayment of principal on the development loan.

The election by either party to terminate shall not affect the Tribe's obligations to repay the Note, Manager's obligation pursuant to Article 6.7, or any other of the parties' obligations which may accrue by virtue of such termination.

10. Conclusion Of the Management Term. Upon the conclusion of the term of the Management Agreement, or the termination of this Agreement under other of its provisions, in addition to other rights under this Agreement, the Manager shall have the following rights:

10.1 Transition. If termination occurs at any time other than upon the conclusion of its Term, Manager shall be entitled to a reasonable period of not less than thirty (30) days to transition management of the Enterprise to the Tribe or its designee.

10.2 Undistributed Net Revenues. If the Enterprise has accrued Net Revenues which have not been distributed under Article 6 of this Agreement, the Manager shall receive that Management Fee equal to that Fee it would have received had the

distribution occurred during the term of the Management Agreement.

11. Consents and Approvals.

11.1 Tribe. Where approval or consent or other action of the Tribe is required, such approval shall mean the written approval of the Tribal Council evidenced by a duly enacted resolution thereof. Any such approval, consent or action shall not be unreasonably withheld or delayed; provided that the foregoing does not apply where a specific provision of this Agreement allows the Business Board an absolute right to deny approval or consent or withhold action.

11.2 Manager. Where approval or consent or other action of the Manager is required, such approval shall mean the written approval of the Managing Officer. Any such approval, consent or other action shall not be unreasonably withheld or delayed.

12. Disclosures.

12.1 Shareholders and Directors. The Manager warrants that on the date of this Agreement its affiliates, shareholders, directors and officers are as follows:

SHAREHOLDERS AND AFFILIATES OF HARRAH'S WASHINGTON CORPORATION:

Name	Date and State of Incorporation	Percentage Owned Of Harrah's Washington Corporation
Harrah's Club a wholly-owned subsidiary of:	6/7/71 Nevada	100%
Harrah's a wholly-owned subsidiary of:	1/21/80 Delaware	
Embassy Suites, Inc. a wholly-owned subsidiary of:	8/8/83 Delaware	
The Promus Companies Incorporated	11/2/89 Delaware	

DIRECTORS: HARRAH'S WASHINGTON CORPORATION

Name	Date of Birth
Philip G. Satre	4/30/49
Colin V. Reed	10/8/47

OFFICERS:

Name	Date of Birth	Title
Philip G. Satre	4/30/49	President
J. Carlos Tolosa	12/15/49	Sr. V.P.
Colin V. Reed	10/8/47	Sr. V. P. & Treasurer

12.2 Warranties. The Manager further warrants and represents as follows: (i) no person or entity has any beneficial ownership interest in the Manager other than as set forth herein; (ii) no officer, director or owner of 5% or more of the stock of the Manager has been arrested, indicted for, convicted of, or pleaded nolo contendere to any felony or any gaming offense, or had any association with individuals or entities known to be connected with organized crime; and (iii) no person or entity listed in Article 12.1 of this Agreement, including any officers and directors of the Manager, has been arrested, indicted for, convicted of, or pleaded nolo contendere to any felony or any gaming offense, or had any association with individuals or entities known to be connected with organized crime.

12.3 Criminal and Credit Investigation. The Manager agrees that all of its shareholders, directors and officers (whether or not involved in the Enterprise), shall:

(a) consent to background investigations to be conducted by the Tribe, NIGC, the state of Washington, the Federal Bureau of Investigation (the "FBI") or any other law enforcement authority if requested by the Tribe and to the extent required by the IGRA and the Compact,

(b) be subject to licensing requirements in accordance with Tribal law,

(c) consent to a background, criminal and credit investigation to be conducted by the NIGC,

(d) consent to a financial and credit investigation to be conducted by a credit

reporting or investigation agency at the request of the Tribe,

(e) cooperate fully with such investigations, and

(f) disclose any information requested by the Tribe which would facilitate in the background and financial investigation.

Any materially false or deceptive disclosures or failure to cooperate fully with such investigations by an employee of the Manager or an employee of the Tribe shall result in the immediate dismissal of such employee. The results of any such investigation may be disclosed by the Tribe to federal officials as required by law.

12.4 Disclosure Amendments. The Manager agrees that whenever there is any material change in the information disclosed pursuant to this Article 12 it shall immediately notify the Tribe of such change not later than 30 days following the change or within ten days after it becomes aware of such change, whichever is later. The Tribe shall, in turn, provide the Secretary of the Interior and/or the NIGC (whichever is applicable) copies of any such notifications. All of the warranties and agreements contained in this Article 12 shall apply to any person or entity who would be listed in this Article 12 as a result of such changes.

12.5 Breach of Manager Warranties and Agreements. The material breach of any warranty or agreement of the Manager contained in this Article 12 shall be grounds for immediate termination of this Agreement; provided that (a) if a breach of the warranty contained in clause (ii) of Article 12.2 is discovered, and such breach was not disclosed by any background check conducted by the FBI as part of the NIGC or other federal approval of this Agreement, or was discovered by the FBI investigation but all officers and directors of the Manager sign sworn affidavits that they had no knowledge of such breach, then the Manager shall have 30 days after notice from the Tribe to terminate the interest of the offending person or entity and, if such termination takes place, this Agreement shall remain in full force and effect; and (b) if a breach relates to a failure to update changes in financial position or additional gaming related activities, then the Manager shall have 30 days after notice from the Tribe to cure such default prior to termination.

13. Recordation. At the option of the Manager or the Tribe, any security agreement related to the Loan Agreement may be recorded in any public records. Where such recordation is desired in the public records of the BIA, the Tribe will accomplish such recordation upon the request of the Manager. The Manager shall promptly reimburse the Tribe for all expenses, including attorney fees, incurred as a result of such request. No such recordation shall waive the Tribe's sovereign immunity.

14. Intentionally Left Blank.

15. No Present Lien, Lease or Joint Venture. The parties agree and expressly warrant that neither the Management Agreement nor any exhibit thereto is a mortgage or lease and, consequently, does not convey any present interest whatsoever in the Facility or the Property, nor any proprietary interest in the Enterprise itself. The parties further agree and acknowledge that it is not their intent, and that this Agreement shall not be construed, to create a joint venture between the Tribe, USE, and the Manager; rather, the Manager shall be deemed to be an independent contractor for all purposes hereunder.

16. Tribe's Limited Waiver of Sovereign Immunity.

16.1 Preference for Tribal or Federal Court Jurisdiction. The Tribe hereby grants to the Manager a limited waiver of sovereign immunity with respect to the following purposes and for no others:

A. for the purpose of allowing the Manager to take any and all actions necessary to enforce the provisions of this Agreement pursuant to the alternative dispute resolution procedures set forth below, including those which seek injunctive or declaratory relief, damages, specific performance or other legal and equitable remedies in the court or courts authorized by this Agreement and to effect enforcement of any remedy granted therein; and

B. for the purpose of allowing the Manager to take any and all actions necessary to contest, or seek appeal or review of, the decisions or procedures of the Tribal Gaming Agency or other regulatory body, subject to the provisions of the Ordinance creating the Tribal Gaming Agency or such other body; nothing in this clause (B), or the Ordinance, shall limit any right of the Manager to take the actions described in clause (A); and

C. subject to this Article 16, pursuant to its limited waiver, the Tribe expressly waives its immunity from suit and consents to be sued in any of the following: the Tribal Court, or in the United States District Court for the Western District of Washington, the United States Court of Appeals, and the United States Supreme Court for any claims by the Manager arising out of this Agreement, the Loan Agreement, the Security and Reimbursement Agreement, the Note and the Guaranty. If the United States District Court for the Western District of Washington lacks jurisdiction, the Tribe consents to be sued in any other court of competent jurisdiction; provided that each party agrees to raise forcefully any and all arguments for United States District Court jurisdiction.

D. The limited waiver of sovereign immunity granted here does not include any waiver, either express or implied, to any third party.

17. Time is of the Essence. Time is of the essence in the performance of this Agreement.

18. Tribal Assets. Nothing in this Agreement shall obligate or authorize the payment or encumbrance of any funds or assets of the Tribe other than the revenues and assets of the Enterprise (excluding the Facility and the Property). The parties agree to execute a Security and Reimbursement Agreement in the form attached hereto as Exhibit "F" upon the request of Manager.

19. Notice Provision. The Tribe will give the Manager notice of any alleged violation of the Gaming Ordinance and thirty (30) days opportunity to cure before the gaming agency may take any action based on such alleged violation.

20. Dispute Resolution. Any controversy or claim arising out of or relating to this Agreement shall, except to the extent modified by the mutual agreement of the parties, be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in a court subject to the provisions of Article 16. Either party may specify and require that any arbitrator selected shall be an attorney licensed to practice law in any state or a United States District Court. If more than one arbitrator is used, the Tribe shall select one, the Manager shall select one, and the two so selected shall select a third. The party desiring to submit any matter to arbitration under this Article 20 shall do so by written notice to the other party which notice shall set forth the item(s) to be arbitrated, such party's position as to such items and such party's choice of an arbitrator. The party receiving such notice shall have fifteen (15) days after receipt of such notice to designate one of the remaining two arbitrators by written notice to the first party and to set forth in writing its position as to such items, and the two arbitrators shall, within fifteen (15) days after designation, select the third arbitrator. The arbitration panel shall be required to render a decision within thirty (30) days after being notified of their selection. The fees and expenses of the arbitration panel will be paid by the non-prevailing party unless there is no prevailing party, in which event the parties shall each pay one-half (1/2) of such expenses. In all arbitration proceedings submitted to the arbitration panel, the panel shall be required to agree upon and approve the substantive position advocated by either Tribe or Manager with respect to each disputed item(s). Any decision rendered by the panel that does not reflect a substantive position advocated by either Manager or Tribe shall be beyond the scope of authority granted to the panel and shall be void. The arbitrators shall be persons familiar, by profession or experience, with the issue(s) in controversy. The awards of any arbitration shall be governed by Title 9 of the United States Code except as the same may be changed or limited by the provisions of this Agreement. The parties agree that binding arbitration shall be the sole remedy as to financial disputes arising out of this Agreement and that disputes requiring injunctive or declaratory relief shall be pursued as provided in Article 16 unless the parties mutually agree otherwise.

21. Performance During Disputes. It is mutually agreed that during any kind of controversy, claim, disagreement or dispute, including a dispute as to the validity of this Agreement, Manager shall remain in possession of the Facility as Manager; and the Tribe and Manager shall continue their performance of the provisions of this Agreement and its exhibits. Manager shall be entitled to injunctive relief from a civil court or other competent authority to maintain possession in the event of a threatened eviction during any dispute, controversy, claim or disagreement arising out of this Agreement.

22. Harrah's Marks. Prior to the Commencement Date and from time to time during the Term hereof, Manager agrees to erect and install, in accordance with local codes and regulations, all signs Manager deems necessary in, on or about the Facility, including, but not limited to, signs bearing the Harrah's Marks. The costs of purchasing, leasing, transporting, constructing, maintaining and installing the required signs and systems shall be part of the start-up costs.

The Tribe agrees to recognize the exclusive right of ownership of Harrah's Club to all Harrah's service marks, trademarks, copyrights, trade names, patents or other similar rights or registrations now or hereafter held or applied for in connection therewith (collectively, the "Harrah's Marks"). The Tribe hereby disclaims any right or interest therein, regardless of any legal protection afforded thereto. The Tribe acknowledges that all of Harrah's Marks might not be used in connection with the Enterprise, and Manager, with the prior written consent of Harrah's Club, shall have sole discretion to determine which Harrah's Marks shall be so used. The Tribe covenants that in the event of termination, cancellation or expiration of this Agreement, whether as a result of a default by Manager or otherwise, the Tribe shall not hold itself out as, or continue operation of the Enterprise as a Harrah's casino nor will it utilize any of Harrah's Marks or any variant thereof in the operation of its Facility. The Tribe agrees that Manager or Harrah's Club or their respective representative may, at any time thereafter, enter the Facility and may remove all signs, furnishings, printed material, emblems, slogans or other distinguishing characteristics which are now or hereafter may be connected or identified with Harrah's or which carry any Harrah's Mark. The Tribe shall not use the name Harrah's, or any variation thereof, directly or indirectly, in connection with (a) a private placement or public sale of securities or other comparable means of financing or (b) press releases and other public communications, without the prior written approval of Manager and Harrah's Club.

The Tribe and Manager hereby agree that in the event the Tribe and/or Manager is (are) the subject of any litigation or action brought by a party seeking to restrain the use, for or with respect to the Enterprise, by the Tribe and/or Manager of any Harrah's Mark used by Manager for or in connection with the Enterprise, any such litigation or action shall be defended entirely at the expense of Manager, notwithstanding that

Manager may not be named as a party thereto. In the event the Tribe desires to bring suit against any user of any Harrah's Mark, seeking to restrain such user from using any Harrah's Mark, then such suit shall be brought only with the consent of Manager and Harrah's Club and at the expense of the Tribe notwithstanding that such user may be a prior or subsequent user. In all cases the conduct of any suit whether brought by the Tribe and/or Manager or instituted against the Tribe and/or Manager shall be under the absolute control of the Manager notwithstanding that Manager may not be a party to such suit. The Tribe, at its sole cost, shall have the right to engage its own legal counsel and the Tribe's own counsel shall have the right to non-controlling participation in any such litigation. The Tribe shall have the right at any time during the course of such litigation to withdraw from participation therein. Manager hereby agrees to hold the Tribe harmless from and to indemnify the Tribe against any judgments or awards of any court or administrative agency of competent jurisdiction, whether such awards be in the form of damages, costs or otherwise, which the Tribe is required to pay and/or pays arising from the use of any Harrah's Marks or names or similar rights or registrations for or in connection with the Enterprise; provided, however, that the Tribe cannot effect a settlement of such suit without the prior written consent of Manager.

23. Confidential and Proprietary Information. The Tribe agrees that Manager has the sole and exclusive right, title and ownership to (i) certain proprietary information, techniques and methods of operating gaming businesses; (ii) certain proprietary information, techniques and methods of designing games used in gaming businesses; (iii) certain proprietary information, techniques and methods of training employees in the gaming business; and (iv) certain proprietary business plans, projections and marketing, advertising and promotion plans, strategies, and systems including, but not limited to, its computer-based Casino Management System and Patron Data Base System, all of which have been developed and/or acquired over many years through the expenditure of time, money and effort and which Manager and its affiliates maintain as confidential and as a trade secret(s) (collectively, the "Confidential and Proprietary Information").

The Tribe further agrees to maintain the confidentiality of such Confidential and Proprietary Information, and upon the termination of this Agreement, return same to Manager, including but not limited to, documents, notes, memoranda, lists, computer programs and any summaries of such Confidential and Proprietary Information.

Notwithstanding the foregoing, any manuals prepared specifically for the Enterprise are the property of the Enterprise and shall remain the property of the Enterprise.

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24. Liquidated Damages. If, subsequent to the approval by the NIGC of the Development and Construction Agreement and this Agreement and all other collateral agreements (the "Documents"), Manager shall be unwilling to perform under the terms of the Documents, then the Tribe shall be entitled to retain as liquidated damages all monies previously paid by Manager to it as well as as additional liquidated damages. For the purposes of the Documents, "unwilling" shall mean the failure to proceed as Manager under the Documents unless, as a direct result of its intention to serve as the Manager, Harrah's is threatened with the loss of a license to game or a monetary fine in excess of by another jurisdiction in which Harrah's is currently licensed.

25. Execution. This Agreement is being executed in four counterparts, two to be retained by each party. Each of the four originals is equally valid. This Agreement shall be deemed "executed" and shall be binding upon both parties when properly executed and approved by the Area Director, Portland Area Office, B.I.A., or the Chairman of the NIGC, as appropriate.

26. Enterprise Name. The Enterprise shall be operated under the business name of Harrah's Skagit Valley.

27. Intent to Negotiate New Agreement. On or before thirty (30) days after the end of the ~~sixth~~ fourth (~~6~~4th) year of this Agreement, the Tribe shall give Manager notice of its intent regarding its willingness to enter into negotiations for a new Management Agreement to be effective upon the conclusion of this Agreement.

> **27.1** Transition Plan. If the Tribe and Manager are unable to agree to the terms of a new agreement or if the Tribe decides not to enter into negotiations for a new agreement, then the Tribe and Manager shall agree upon a transition plan within thirty (30) days notice from the Tribe of its intention not to negotiate a new Management Agreement, including a computer transition plan, which plan shall be sufficient to allow the Tribe to operate the Enterprise and provide for the orderly transition of the management of the Enterprise.

28. Entire Agreement. This Agreement, including the Exhibits referred to herein and any documents executed by the parties simultaneously herewith, constitutes the entire understanding and agreement of the parties hereto and supersedes all other prior agreements and understandings, written or oral, between the parties.

29. Government Savings Clause. Each of the parties agrees to execute, deliver and, if necessary, record any and all additional instruments, certifications, amendments, modifications and other documents as may be required by the United States Department of the Interior, B.I.A., the NIGC, the office of the Field Solicitor, or any applicable statute, rule or regulation in order to effectuate, complete, perfect, continue or preserve the respective rights, obligations, liens and interests of the parties hereto to the fullest extent permitted by law; provided, that any such additional instrument, certification, amendment, modification or other document shall not materially change

the respective rights, remedies or obligations of the Tribe or the Manager under this Agreement or any other agreement or document related hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

UPPER SKAGIT INDIAN TRIBE

By: _____
Name: Floyd Williams
Title: Chairman, Upper Skagit Indian Tribe

UPPER SKAGIT ENTERPRISES, INC.

By: _____
Name: Jay Bowen
Title: Vice Chairman

HARRAH'S WASHINGTON CORPORATION

By: _____
Name: Colin V. Reed
Title: Sr. Vice President & Treasurer

Approved pursuant to 25 U.S.C. § 2711 and
Approved pursuant to 25 U.S.C. § 81

NATIONAL INDIAN GAMING COMMISSION

By: _____
Name: Harold D. A. Monteau
Title: Chairman

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