



SQUAXIN ISLAND TRIBE

RESOLUTION NO. 11-12

of the

SQUAXIN ISLAND TRIBAL COUNCIL

WHEREAS, the Squaxin Island Tribal Council is the Governing Body of the Squaxin Island Tribe, its members, its lands, its enterprises and its agencies by the authority of the Constitution and Bylaws of the Squaxin Island Tribe, as approved and adopted by the General Body and the Secretary of the Interior on July 8, 1965; and

WHEREAS, under the Constitution, Bylaws and inherent sovereignty of the Tribe and the Squaxin Island Tribal Council is charged with the duty of managing Tribal property; and

WHEREAS, the Squaxin Island Gaming Enterprises (SIGE), a wholly owned, unincorporated entity of the Tribe, has, with the approval of Tribal Council, previously entered a Tip Rate Determination Agreement with the Internal Revenue Service (December 7, 2008); and

WHEREAS, it has come to SIGE's and the Tribe's attention it is time to renew the Tip Rate Determination Agreement with the Internal Revenue Service; and

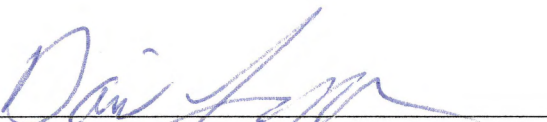
WHEREAS, the attached Tip Rate Determination Agreement has been deemed appropriate by SIGE and Tribal Staff, together with the IRS;

NOW THEREFORE BE IT RESOLVED, that the Squaxin Island Tribal Council hereby approves the attached Tip Rate Determination Agreement; and

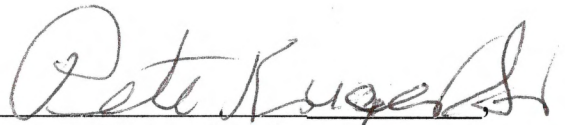
NOW THEREFORE BE IT FURTHER RESOLVED, that the Squaxin Island Tribal Council hereby authorizes Mitch Corbine, General Manager/CEO of SIGE, to execute the Agreement on behalf of SIGE.

CERTIFICATION


The Squaxin Island Tribal Council hereby certifies that the foregoing Resolution was adopted at a meeting of the Squaxin Island Tribal Council, held on this 24 day of February, 2011, at which time a quorum was present and was passed by a vote of 4 for and 0 against, with 0 abstentions.



David Lopeman, Chairman

Attested by: 

Peter Kruger Sr., Secretary



Arnold Cooper, Vice Chairman

**TIP RATE DETERMINATION AGREEMENT
(Gaming Industry)**

between

Department of the Treasury-Internal Revenue Service

and

Squaxin Island Gaming Enterprises
dba Little Creek Casino
[Employer]

Squaxin Island Gaming Enterprises, 91-1684706, 91 West State Route 108, Shelton, WA 98584, ("Employer") hereby agrees to the following Tip Rate Determination Agreement ("Agreement" or "Gaming TRDA").

All employees who receive tips are required (1) to keep contemporaneous and accurate records of the tips received, (2) to report the tips received to their employer at least monthly, and (3) to report those tips on their federal income tax returns.

This document has been developed pursuant to the Market Segment Understanding (MSU) Program. The purpose of this document is to implement a program (1) to ensure maximum compliance by the employees of the Employer with those provisions of the Internal Revenue Code of 1986, as amended, relating to tip income; and (2) to avoid disputes under section 3121(q) of the Code. This program will minimize the burden on the Employer resulting from tip compliance programs of the Internal Revenue Service as well as reduce enforcement costs.

The parties therefore agree as follows:

I. DEFINITIONS

A. **Service Representative** means the Internal Revenue Service employee or delegate authorized to execute or terminate this TRDA on behalf of the Internal Revenue Service and Indian Tribal Governments.

B. **Gaming establishment** means a casino or other building, vessel, or room used for gambling. It includes land and water based establishments, bingo parlors, card rooms, slot machine and keno facilities, and any similar place where wagering is conducted.

C. Employee means an individual who

1. is described in an Occupational Category defined in section I.E.,
2. has completed more than 30 consecutive days of service with the Employer,

and

3. regularly and routinely receives tips (directly or indirectly) of at least \$20 a month during the course of the Employee's employment.

D. Employer means

Squaxin Island Gaming Enterprises
91-1684706
91 West State Route 108
Shelton, WA 98584

E. Occupational Category means a category listed in Attachment A.

F. Participating Employee means an Employee who--

1. Gives to the Employer a signed Tipped Employee Participation Agreement ("TEPA") (including, but not limited to, the language of Attachment C), indicating participation in the tip reporting program, and

2. In accordance with this Agreement, reports tips to the Employer, as required by law, at or above the tip rate established for the Employee's Occupational Category.

At the option of the Employer, a Participating Employee may also include a tipped employee with 30 or fewer days of service who has given the Employer a signed TEPA.

G. Tip Rate means the applicable rate described in Section III.

II. COMMITMENT OF EMPLOYER

A. Records maintenance requirements. While this Agreement is in effect, and in addition to records otherwise required to be maintained, the Employer agrees to maintain the following records:

1. Employee records. For each Employee, the Employee's name and social security number; the Employee's Occupational Category or Categories (as defined in section I.E.); the Employee's reported tips; and the Employee's shift(s) and/or hours. For food and beverage employees, the Employee's charged tips (if any) and sales (if appropriate),

2. Gaming establishment records. If the Employer is not otherwise required, by state statute or regulation, to maintain records of tips received by gaming establishment Employees,

a. For each instance of token and chip-cashing, the dollar amount of tokens and chips presented to the cage for cashing by the token committee (or other representatives of gaming establishment Employees), and

b. For each instance of token and chip-cashing, a list of the tip splits furnished to the Employer by its Employees or the token committee (or other representatives of gaming establishment Employees).

3. Food and beverage operations records. If the Occupational Categories defined in section I.E. include food or beverage servers,

a. Gross receipts subject to food or beverage tipping, and

b. Charge receipts showing charged tips.

4. Tip rates records. For each Occupational Category, all records of data used to determine the tip rates.

The Employer must retain the records listed in this section II.A. for at least 4 years after the April 15 following the calendar year to which the records relate.

B. Requirements for furnishing information. The Employer will furnish to the Service Representative the following documents:

1. Annual report of Employees.

a. General rule. For each Employee who is a nonparticipating Employee on the last day of the calendar year, an annual report showing the Employee's name and social security number; the Employee's Occupational Category or Categories (as defined in section I.E.); and the Employee's shift(s) and hours. The report may list all Employees as long as the required information is included for all nonparticipating Employees. The report is due on March 31 following each calendar year.

b. Exception. No report is required for a calendar year if the Employees reported tips for the calendar year at a rate equal to or greater than the rates established under section III. of this Agreement.

2. Form 8027. If the Occupational Categories defined in section I.E. include Employees of one or more food or beverage establishments, a copy of the Forms 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, filed for those

establishments with the service center. The copies are due on the last day of February following each calendar year.

C. Requirements for making records available at the request of the Service Representative. At the request of the Service Representative, the Employer will furnish any of the records identified in section II.A.

D. Requirements for filing returns and paying and depositing taxes. The Employer will comply with the requirements for filing all required federal tax returns and paying and depositing all federal taxes.

III. TIP RATES

A. Methods of measuring tips. Depending on the Occupational Category and the Employer's business practices, tips can be measured in different ways. This Agreement contemplates the following types of measurements:

1. Actual tips. Actual tips generally apply to Employees in Occupational Categories where pooling of tips is common. Generally, they pool the tips collected during a shift and split the total among the Employees of the Occupational Category who worked the shift.

2. Tip rates. Tip rates generally apply to Employees in Occupational Categories where pooling of tips is not common. The rate may be a percentage of sales, a dollar amount per hour or shift, a dollar amount per drink served, a dollar amount per dealing hour, or other accurate basis of measurement.

B. Actual tips. Employees in Occupational Categories where tips are pooled and split must report the actual amount of tips they receive. The tip rate method of reporting tips is not available for these Employees.

C. Tip rates.

1. Methods for determining tip rates. The Employer will determine tip rates for the Occupational Categories based on information available to the Employer, historical information provided by the Service Representative, and generally accepted accounting principles. The rates will specify whether the tips are received as a percentage of sales, a dollar amount per hour or shift, a dollar amount per drink served, a dollar amount per dealing hour, or on another basis.

2. Initial tip rates. The initial tip rate approved for each Occupational Category is shown on Attachment A. Where Employees pool and split tips, the "Actual tips" method will be indicated on Attachment A.

D. Determination of subsequent tip rates and Occupational Categories.

1. Annual review. The Employer will review annually, on a calendar year basis, the tip rates assigned to its Occupational Categories. In connection with this review, the Employer may review its Occupational Categories. The initial rates for each Occupational Category shown on Attachment A will apply to the first full calendar year of this Agreement.

2. Procedures.

a. Employer submission. If the Employer believes that a revision of one or more rates or Occupational Categories is appropriate, the Employer will submit proposed revisions to the Service Representative by September 30. If the Employer fails to submit a proposed rate revision by September 30, the Employer will be treated as having submitted the rate in effect for the current year.

b. Service Representative review. The Service Representative of the Internal Revenue Service will review the proposed rates and notify the Employer in writing of its approval or disapproval by November 30. If the Service Representative does not approve one or more proposed rates, the existing rate or rates will be continued until no later than the last day of the following February. If the Employer and the Service Representative are unable to agree upon a rate or rates by the last day of the following February, this Agreement will terminate pursuant to section V.C.

3. Effective date of revised rates and Occupational Categories. Approved revised rates and Occupational Categories for a calendar year will become effective on the later of (1) January 1 of the calendar year, or (2) the first day of the month following the date the Employer and the Service Representative agree upon a revised rate.

IV. COMMITMENT OF INTERNAL REVENUE SERVICE

A. Participating Employee. The Internal Revenue Service will not examine a Participating Employee's tip income for any period for which a TEPA is in effect, if the Employee reports tips to the Employer at or above the tip rate established for the Employee's Occupational Category and the Employee reports that income on a timely filed return.

B. Employer.

1. General rule. Except as provided in section IV.B.2. below, any section 3121(q) notice and demand issued to the Employer by the Service Representative with respect to tips received by Employees in the Occupational Categories defined in section I.E. shall be based solely on amounts reflected on one or more of the following forms:

a. Form 4137, Social Security and Medicare Tax on Unreported Tip Income, filed by an Employee with his or her Form 1040, or

b. Form 885-T, Adjustment of Social Security Tax on Tip Income Not Reported to Employer, prepared at the conclusion of an employee tip examination.

2. Special rules.

a. Termination. In the event of a termination under section V., the general rule in section IV.B.1. will apply with respect to tip income actually received by (or deemed under section 3121(q) of the Code to have been paid to) Employees during the period from the effective date of this Agreement until the effective date of termination.

b. Ongoing Tip Examination or TRDA Validation. This Agreement will not affect any tip examination or TRDA validation of the Employer that was begun before this Agreement is entered into.

C. Compliance review. The Internal Revenue Service may evaluate the Employer and its Participating Employees for compliance with the provisions of this Agreement.

V. TERMINATION

A. Termination by Employer. The Employer may terminate this Agreement at any time.

B. Termination by Internal Revenue Service. The IRS may terminate this Agreement if:

1. Lack of Employee participation. At the end of any calendar year, less than 75 percent of the Employees in the Occupational Categories defined in section I.E. are Participating Employees,

2. Failure of Employer to comply with section II. The Employer fails to meet any of the requirements of section II., or

3. Other. This Agreement can be revoked if the Service is involved in an administrative or judicial examination, investigation, or proceeding involving the Employer or a related party, whether the examination, investigation, or proceeding is initiated before or during the Employer's participation in the Agreement.

C. Termination upon failure of parties to agree to revision of tip rates. If the Employer and the Internal Revenue Service fail to agree to a revision of any of the tip rates under the procedures set forth in section III.D.2.b., this Agreement will terminate.

D. Notice of termination and effective date. Any termination under section V.A. or B. must be in writing and will be effective on the first day of the calendar quarter following the date of the notice.

VI. MISCELLANEOUS

- A. Effective date of agreement. This Agreement is effective on the first day of the first calendar quarter following the date the Service Representative signs the TRDA.
- B. Examinations and/or inspections of books and records. For purposes of this TRDA –
1. Compliance review. A compliance review is not treated as an examination or an inspection of the taxpayer's books of account or records.
 2. Examination. The inspection of books of account or records pursuant to a tip examination is not an inspection of books or records for purposes of section 7605(b) of the Code, and is not a prior audit for purposes of section 530 of the Revenue Act of 1978.
- C. Notices. The parties will send all correspondence pertaining to this TRDA to the address stated below, unless notified in writing of a change of address. In the event of a change of address, the parties must send all correspondence to the new address. All notices are deemed to be sent or submitted on the date of the postmark stamped on the envelope or, in the case of a notice sent by certified mail, the sender's receipt.
- D. Authority. The Employer represents that it has the authority to enter into this TRDA.
- E. Statutory changes. The Commissioner of Internal Revenue Service may terminate this Agreement at any time following a significant statutory change in the FICA taxation of tips.

VII. PAPERWORK REDUCTION ACT

The collections of information contained in this document have been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507(c)) under control number 1545-1530.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number. The collections of information in this document are in sections II.A, II.B., II.C., III.D., V.A., and V.D. This information is required to comply with sections 6053(a) and 6001 of the Internal Revenue Code and to assist the Internal Revenue Service in its compliance efforts. This information will be used to monitor the Employer's performance under the Agreement. The collections of information are required to obtain the benefits available under the Agreement. The likely respondents are business or other for-profit institutions.

The estimated total annual reporting and/or recordkeeping burden is 4,367 hours.

The estimated annual burden per respondent/recordkeeper varies from 12 hours to 99 hours, depending on individual circumstances, with an estimated average of 44 hours. The estimated number of respondents and/or recordkeepers is 100.

The estimated annual frequency of responses (used for reporting requirements only) is on occasion.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by section 6103 of the Code.

VIII. SIGNATURES

By signing this Agreement, the parties certify that they have read and agreed to the terms of this document, including Attachments A and B.

EMPLOYER

INTERNAL REVENUE SERVICE

By: *Mitch Corbine*
SIGNATURE

By: _____
SIGNATURE

Mitch Corbine
NAME PRINTED

Joe W. Kincaid
NAME PRINTED

General Manager
TITLE

Employee ID #0843219
Group Manager, Indian Tribal Governments
TITLE

EIN: 91-1684706

West 91 Highway 108
Shelton, WA 98583
ADDRESS

100 SW Main St. Suite 1200 M/S O103
Portland, OR 97201-2871
ADDRESS

Date: 3/1/2011

Date: _____

TRDA (Gaming Industry)

Attachment A

<u>Occupational Category</u>	<u>Outlet</u>	<u>Shift</u>	<u>Tip Rate</u>
Floor Cashier – Class II	Gaming	All	Actual
Floor Cashier – Class III	Gaming	All	Actual
Pull-tab Sellers	Gaming	All	Actual
Keno Writers	Gaming	All	Actual
Keno Runners	Gaming	All	Actual
Bingo Cashier	Gaming	All	Actual
Bingo Attendants	Gaming	All	Actual
Table Games Dealers	Gaming	All	Actual
Poker Dealers	Gaming	All	\$12.67 per hour
Cashier	Creekside Buffet	All	Actual
Servers	Creekside Buffet	Day	\$9.00 per hour
Servers	Creekside Buffet	Night	\$10.30 per hour
Bussers	Creekside Buffet	All	\$2.36 per hour
Servers	Island Grill	Day	\$6.90 per hour
Servers	Island Grill	Night	\$8.50 per hour
Bussers	Island Grill	All	\$4.25 per hour
Room Service	Island Grill	All	Actual
Bartender	Seafood Bar	All	Actual
Bartender	Skookum Lounge	All	Actual
Bartender	Starlight Lounge	All	Actual
Cocktail Server	Starlight Lounge	Day	\$6.90 per hour
Cocktail Server	Starlight Lounge	Night	\$12.25 per hour
Bartender	Service Bar	All	Actual
Cocktail Server	Service Bar	All	\$7.40 per hour
Attendant	Espresso	All	Actual
Attendant	Deli	All	Actual
Cooks	Deli	All	\$0.75 per hour
Servers	Banquet	All	Actual
Attendant	Hotel -Housekeeping	All	\$1.00 per hour
Attendant	Valet	Day	\$1.50 per hour
Attendant	Valet	Night	\$3.75 per hour

TRDA (Gaming Industry)

Attachment B

Squaxin Island Gaming Enterprises, Employer Identification Number 91-1684706, includes Little Creek Casino. All current occupational categories of tipped employees of Little Creek Casino are included in this Tip Rate Determination Agreement. A narrative summary of the tip rate calculation methodology used for each of the categories is listed below.

Table Game Dealers - Actual

The table games dealers tokens are pooled and split based on the hours worked and vacation hours taken during the pay period. Each table game has a locked tip box that the dealer is required to place their tokens in. The tokens are collected by two dealers after they notify surveillance and obtain the master token bank key from the main cage. The tokens are returned and placed in a locked token box at the cage until they are counted. The count is conducted by a token committee member and dealers at a crap table, while being monitored by surveillance. The count is verified by the dealers and token committee member. The tokens are then taken to the cage to be verified and recorded. The cage gives the token committee member a receipt verifying the amount. The count amount is then transferred to the token settlement report. The token committee chairperson then provides to the casino payroll department the token settlement report that shows the total tokens received for the pay period. Payroll then allocates the tokens by the dealers hours worked and vacation hours taken and reports that amount in the bi-weekly payroll.

Floor Cashiers/Slot Cashier – Actual

Tokens are pooled between Cage and Slot Attendant Personnel at the end of every business day. The token jars are kept at individual cage positions and are kept under surveillance at all times. At the end of the business day the last cashier will take the token jar to the Main Bank 2. Once all the token jars are collected the Main Bank 2 will count the tokens and record them onto a Cage Gratuity Slip. The slip contains the following information: date, shift, amount, and cage cashier signature and ID #. The tokens are then given to Main Bank 1, who verifies the count and signs the Cage Gratuity Slip. Both counts are conducted under surveillance. The Main Bank #1 transfers the daily totals to the Cage & Slot Token Sheet. At the end of the pay period the daily Cage Gratuity Slips and the Cage & Slot Token Sheet are sent to payroll. Payroll then totals the amount and divides it by the total hours worked to come up with an hourly rate that is applied to each cashier.

Class II Cashiers, Pull-Tab Sellers, and Bingo Workers – Actual

The tokens received are pooled and split at the end of each shift. Tokens received are raised in the air by the employee and are immediately placed in a locked tip box upon receipt. The box is kept under surveillance. The lead/supervisor is called over to unlock the tip box and witness the counting/splitting of the tips. The employee's then fills out a declared tips report with the daily total. This report is then sent to payroll at the end of the pay period.

Keno Writers – Actual

Keno Writers are pooled and split on a weekly basis by the hours worked during the week. The tokens are immediately placed in a locked token box that is kept under surveillance. At the end of the week the supervisor unlocks the box and counts the tips and records the amount and total hours worked on the Keno Writer Token Sheet. The supervisor then calculates an hourly rate and applies that to each writer's hours. The supervisor then divides up the tokens and has the employee sign the Writer Token Sheet approving they received their tokens. If a writer isn't present the amount is kept locked up until they are present to receive their tokens. The supervisor then forwards this information to payroll.

Keno Runners – Actual

TRDA (Gaming Industry)

Attachment B

Runners are collected and counted daily. Runners are required to report the tips received and hours worked to the supervisor. The totals are kept on Runner Declared Tip Report. The supervisor then takes the daily total and transfers them over to the Keno Toke Sheet and forwards that to payroll.

Room Service Attendant – Actual

Room service orders have an automatic gratuity added to the order. This amount is included in the point of sales system. Room service attendant cashes his or her tips out at the end of each shift using the point of sale system. The amount of the automatic gratuity reported to payroll by a supervisor. The attendant is responsible for declaring any additional cash tips they receive.

Seafood Bar Bartender, Skookum Lounge Bartender, Starlight Lounge Bartender, Service Bar Bartender, Espresso Attendant, Creekside Buffet Cashier

These positions report actual tips using the following procedures.

All cash tips are immediately placed in a secured clear toke box. The toke box is kept in full view of surveillance. No tips will be removed from the locked box during a shift without surveillance and a manager present. At the end of a shift the lock box tips will be counted with an independent manager present and surveillance watching. All credit card tips will be cashed out and put in lockbox at the time of the count. All tips (being split or not) will be put in a sealed bag with their name, date, and amount written on the bag. Tip reports will be printed and the total of tips will be written on the tip report with the employee's signature, badge number and the witnessing manager's signature. Tip reports will be turned into the F & B office after each count, then put on the F&B tip reporting spreadsheet that is turned into payroll every two weeks for processing.

Deli Attendant – Actual

The deli attendant tokes are pooled and split by the hours worked. The tips are placed in a locked toke box at the deli counter. The box is kept in full view of surveillance. At the end of a shift a supervisor unlocks the box and monitors the counting and splitting of the tokes. The supervisor records the tokes received and sends the employee split amounts to payroll for reporting.

Banquet Servers – Actual

Tokes for banquets are automatically added to the invoice and this amount is split among the employees by the hours worked.

A banquet supervisor takes the invoiced gratuity and the employee's hours and sends this information to payroll for inclusion on the bi-weekly payroll. The employee is responsible for reporting any tips they receive directly from a banquet customer.

Poker Dealers - \$12.67 per hour – all shifts

The poker dealer's \$12.67 hourly rate was determined by a tip sample study.

TRDA (Gaming Industry)

Attachment B

Creekside Buffet Servers

Day shift rate \$9.00 per hour.
Night shift rate \$10.30 per hour.

The Creekside Buffet Server rates were developed using a tip sample study and the McQuatter's formula.

Creekside Buffet Bussers - \$2.36 per hour – all shifts

The Creekside Buffet busser's rate was developed using the McQuatter's formula.

Island Grill Servers

Day shift rate \$6.85 per hour.
Night shift rate \$8.50 per hour.

The Island Grill Server rates were developed using a tip sample study and the McQuatter's formula.

Island Grille Bussers - \$4.25 per hour – all shifts

The Island Grill Busser's rate was developed using a tip sample study and the McQuatter's formula.

Service Bar Cocktail Servers - \$7.40 per hour – all shifts

The Service Bar Cocktail Server's rate was developed using a tip sample study and the McQuatter's formula.

Starlight Lounge Servers

Day shift rate \$6.90 per hour.
Night shift rate \$12.25 per hour.

The Starlight Lounge Server's rates were developed using a tip sample study and the McQuatter's formula.

TRDA (Gaming Industry)

Attachment B

Deli Cooks - \$0.75 per hour – all shifts

The deli cook's rate was developed using a tip sample study and the McQuatter's formula.

Hotel Housekeeping - \$1.00 per hour

The hotel housekeeping rate was developed using a tip sample study.

Valet

Day shift rate \$1.50 per hour.
Night shift rate \$3.75 per hour.

The valet rates were developed using a tip sample study.

TRDA (Gaming Industry)

Attachment C

Tipped Employee Participation Agreement

I am an employee of Squaxin Island Gaming Enterprises and wish to participate in my employer's tip reporting program.

In accordance with a Tip Rate Determination Agreement (Gaming Industry) between my employer and the Internal Revenue Service, I agree to report my tips to my employer, as required by law, at or above the tip rate established by my employer and approved by the IRS for my Occupational Category.

EMPLOYEE:

Name (printed): _____

Social Security Number: _____

Home Address: _____

Signature: _____

Date: _____