



SQUAXIN ISLAND TRIBE

RESOLUTION NO. 12- 07

of the

SQUAXIN ISLAND TRIBAL COUNCIL

WHEREAS, the Squaxin Island Tribal Council is the Governing Body of the Squaxin Island Tribe (“Tribe” or “Borrower”), its members, its lands, its enterprises and its agencies by 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, the Squaxin Island Tribal Council is charged with the duty of protecting the health, security, education and general welfare of tribal members, and with protecting and managing the lands and treaty resources and rights of the Tribe including those expressed in Section 1 (b) and (i) of the Constitution;

WHEREAS, the Squaxin Island Tribal Council has been entrusted with the creation of ordinances and resolutions in order to fulfill their duty of protecting the health, security, education and general welfare of tribal members, and of protecting and managing treaty land and treaty resources of the Tribe; and

WHEREAS, the Tribe adopted a Permanent Trust in SITC § 2.36.095 (A)(2)(a) and (C)(2)(c) for the purpose of ensuring adequate financial resources for future generations, and a related Investment Policy dated about September 28, 2006, to ensure that the trust fund monies would be invested in a prudent and consistent manner. The Council delegated the authority to implement the investment policies to meet the investment objectives of Moderately Conservative Growth to the Executive Director in Resolution No. 06-90, now Ray Peters, personally.

WHEREAS, in 2007 the Executive Director proposed to invest a portion of the Permanent Trust, one million dollars, in the Tribe’s wholly owned and tribally chartered corporation Skookum Creek Tobacco Company Inc. (“SCTC”), in the form of equipment financing.

WHEREAS, the Tribe and SCTC entered into a Secured Promissory Note and related Security Agreement dated January 24, 2007, wherein the Tribe agreed to provide a term loan in the amount of One Million (\$1,000,000), with an interest rate of five percent, and where the collateral was a Hamilton 85mm and Hamilton 100mm cigarette makers.

WHEREAS, the Tribe and SCTC entered into a substitute Promissory Note dated March 15, 2007.

WHEREAS, the Tribe and SCTC entered into a First Amendment dated June 22, 2007, to the Secured Promissory Note dated March 15, 2007, increasing the loan amount to \$1,183,000., extending the date of maturity to July 5, 2014, and increasing the monthly payment to \$16,720.41.

WHEREAS, as of February 3, 2012, the outstanding balance due on the First Amended Promissory Note is \$392,567.54.

WHEREAS, the Tribe and SCTC agree to enter into a Second Amendment dated February 3, 2012, to provide additional advances of approximately \$790,432.40, provided the additional advances, together with outstanding principal balance and accrued interest not exceed \$1,183,000., extend the term for seven years, and retain all other provisions, all for the purpose of acquiring two additional cigarette making machines, a Sasib Packer 300 HLS model (new) with an approximate value of \$830,000 and a Mark 9, MK-9 ID No. 42047 (reconditioned).

WHEREAS, the Second Amended Secured Promissory Note shall be secured by the equipment described in the UCC filing statements dated January and June 2007, together with the additional equipment machines, the Sasib Packer 300 HLS model (new) and a Mark 9, MK-9 ID No. 42047 (reconditioned).

WHEREAS, the Tribe and SCTC have negotiated a Second Amended Promissory Note, and by such amendment the Tribe will provide funds to the SCTC for the purpose of acquiring additional cigarette makers and payable by SCTC as evidenced by the following documents:

1. First Amended Security Agreement between Tribe and SCTC dated February 3, 2012; and
2. Second Amended Promissory Note dated February 3, 2012, in the original principal amount of \$1,183,000.00 made by SCTC and payable to the Tribe ("Note");

collectively ("Principal Loan Documents"); and

WHEREAS, the SCTC has adopted Resolution No. 12- 07 authorizing SCTC to execute and deliver the Principal Loan Documents.

NOW, THEREFORE, BE IT RESOLVED AND ENACTED By the Council as follows:

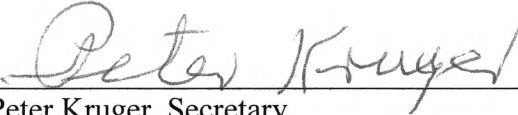
Principal Loan Documents. The terms and conditions of the above-described drafts of the Principal Loan Documents are hereby authorized and ratified.

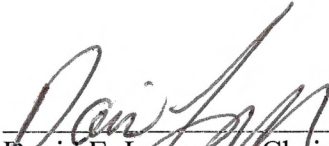
Permanent Trust Investment. The terms and conditions of the above-described drafts of the Principal Loan Documents providing for additional advances from the Permanent Trust of up to \$1,183,000.00 are deemed prudent and consistent, and authorized as an investment.


Investment House Authority. The Chairman, or in his absence the Administrator, is hereby authorized to execute and deliver on behalf of the Tribe documents necessary to effect the investment of the authorized amounts via a payment from the Permanent Trust held by Charles Schwab & Co., Inc. and loan to SCTC.

CERTIFICATION

I, Peter Kruger Sr., hereby certify that the above Resolution was duly enacted by the Squaxin Island Tribal Council on February 9, 2012; a quorum being present with a vote of 4 for, 0 against, 1 abstaining, 0 not voting.


Peter Kruger, Secretary
Squaxin Island Tribe


David E. Lopeman, Chairman
Squaxin Island Tribal Council


Arnold Cooper, Vice Chairman
Squaxin Island Tribal Council