



SQUAXIN ISLAND TRIBE

RESOLUTION NO. 12- 71

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, the Squaxin Island Tribal Council is charged with the duty of protecting the health, security, education and general welfare of tribal members, and of protecting and managing the lands and treaty resources and rights of the Tribe; and

WHEREAS, the Tribe is a federally-recognized Indian Tribe possessing reserved powers, including the powers of self-government; and

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 the lands and treaty resources of the Tribe; and

WHEREAS, for the past five years, the Squaxin Island Tribe has leased land from the Frank's Landing Indian Community, beneficial ownership of which is held by Squaxin Island tribal member Theresa Bridges; and

WHEREAS, the use of that land for economic development purposes has proved beneficial to the Tribe, the Community, and Ms. Bridges; and

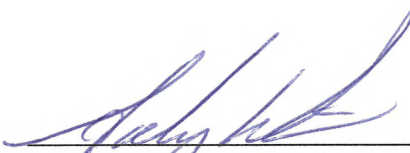
WHEREAS, the lease between the Community and the Tribe is scheduled to expire at year end: December 31, 2012,

NOW THEREFORE BE IT RESOLVED, that the Squaxin Island Tribal Council hereby agrees to enter into a new five year lease with the Frank's Landing Indian Community in substantially the same form as the attached document, with such non-substantive changes as may be necessary to obtain the approval of the Bureau of Indian Affairs.

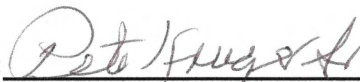
NOW THEREFORE BE IT FINALLY RESOLVED, that the Tribal Council hereby authorizes the Council Chairman or the Tribal Administrator, to do any and all accounts necessary to effect execution of the lease.

CERTIFICATION


The Squaxin Island Tribal Council hereby certifies that the foregoing Resolution was adopted at the regular meeting of the Squaxin Island Tribal Council, held on this 13th day of December, 2012, at which time a quorum was present and was passed by a vote of 5 for and 0 against, with 0 abstentions.

 FOR

David Lopeman, Chairman

Attested by: 

Pete Kruger Sr., Secretary



Arnold Cooper, Vice Chairman

ENTERPRISE DEVELOPMENT ZONE GROUND LEASE

Lease No. _____:

THIS LEASE, is made and entered into this ^{23rd} day of December 2012, by and between THERESA M. BRIDGES, an individual Indian allottee, (herein after “**Lessor**”) and FRANK’S LANDING INDIAN COMMUNITY, a self-governing dependent Indian community recognized by the United States government pursuant to Pub. L. No. 100-153, as amended by Pub. L. No. 103-435, and subject to the provisions of existing law and the regulations (25 C.F.R. § 162) which by reference are made a part hereof, (herein after “**Lessee**”).

WITNESSETH:

A. Lessor and Lessee are parties to that certain Enterprise Development Zone Ground Lease dated December 12, 2007 (TAAMS #5088770812; Lease No.: 2007-1) (the “Original Lease”), pursuant to which Lessee has leased the land and premises located in the Enterprise Development Zone (“EDZ”), representing a portion of Indian land, State of Washington (hereinafter “Premises”), which Premises are more particularly described in Exhibit A attached hereto and incorporated herein by reference; and

B. The term of the Original Lease expires on December 31, 2012, and Lessor and Lessee desire to continue the tenancy created thereunder for an additional term of five (5) years in accordance with the terms and conditions contained in this Lease.

NOW THEREFORE, in consideration of the foregoing, and of the rents and agreements hereinafter provided, Lessor hereby lets and leases unto Lessee, the Premises upon the following terms and conditions:

1. **Term.** The term of this tenancy shall be for five (5) years commencing **January 1, 2013** (hereinafter the “**Commencement Date**”), and expiring **December 31, 2017** (the “**Term**”), unless otherwise terminated as provided herein.
2. **Rent.** Economic development and providing for the welfare of its residents are the public purposes of the Lessee. Lessee’s management of the Premises promotes the welfare and economic security of Lessee’s residents. Based on the public purposes served by Lessee’s responsibilities under this Lease, Lessee shall pay Lessor an annual rent (the “**Base Rent**”) in the amount of **Five Hundred Thousand and No/100 Dollars (\$500,000.00)**. The Base Rent shall be due and payable in equal monthly installments, in advance, which shall be in the amount of **\$41,667.00**, beginning on **January 5, 2013**, and continuing on the **fifth (5th) day** of each succeeding month thereafter throughout the Term.

3. **Payment.**

- a. All payments of rent or other amounts to be paid by Lessee pursuant to this Lease shall be paid by check, electronic funds transfer, certified check, cashier's check or money order to the Bureau of Indian Affairs for deposit to the credit of Lessor, and remitted to Superintendent, Olympic Peninsula Agency, Bureau of Indian Affairs, 1216 Skyview Drive, P.O. Box 48, Aberdeen, WA 98520. Any payments under this section, from which restrictions have been removed by death or otherwise, may continue to be made in the manner provided by this section until ten (10) days after notice of relinquishment of supervision has been mailed to the Lessee.

- b. The Regional Director, may, in his or her discretion, whenever it appears to be in the best interest of Lessor, authorize and direct the Lessee to pay directly to the Lessor, or to the legal guardian of the Lessor, the rents and other payments due under this Lease. Any such authority for direct payment shall be in writing, addressed to the Lessee, and shall expressly provide for its revocation or modification at any time, in writing, by the Area Director. Written authorization for direct payment and written revocations or modifications thereof shall become a part of this Lease and shall be distributed in the same manner as this Lease. All such revocations or modifications shall have a 10-day grace period after date of receipt. Rents and other payments paid in accordance therewith shall constitute full compliance with the requirements of this Lease pertaining to such payments. During any period in which the Lessor is receiving direct payments from Lessee, then in accordance with the provisions of 25 CFR 162.604(h), in the event of the death of the Lessor during the term of this lease and while the Premises are in trust or restricted status, all rentals remaining due and payable to the decedent or her representative under the provisions of this Lease shall be paid to the official of the Bureau of Indian Affairs having jurisdiction over the Premises. While the Premises are in trust or restricted status, the Secretary may in his discretion suspend the direct rental provisions of this Lease in which event the rentals shall be paid to the official of the Bureau of Indian Affairs having jurisdiction over the leased premises.

4. **Subdivisions and Subleases.** Lessee may sublet any part of the Premises for retail and/or commercial purposes without prior Lessor consent, provided that such purposes promote the health, welfare and economic security of Lessee and its residents, and further provided that the total amount of rent to be paid under such sublease(s), shall not be less than the Base Rent.

5. **Maintenance, Compliance and Acceptance of Premises.** Lessee shall ensure compliance by sublessee(s) with any and all covenants, codes, rules and regulations now in effect, including any future amendments approved by Lessee. More specific

management agreements relating to operation, maintenance and repair of the Premises which are consistent with this Lease may be entered into and amended from time-to-time by the Parties. Copies of any and all subdivision plans, covenants, codes, rules and regulations affecting the leased Premises shall be available for public inspection at the Lessee's office during reasonable business hours. Lessee has inspected the Premises to its satisfaction and accepts the Premises in their current condition "as is".

6. **Conditions of the Lease.** This Lease is not binding unless it is approved by the Secretary of Interior ("Secretary") or the Secretary's authorized representative.

7. **Lessee's Obligations.**

a. In addition to any other obligations of Lessee under and during the term of this Lease, Lessee shall:

i. Permit Lessor, her agents, and representatives to enter the Premises during reasonable hours after notice to Lessee for the purpose of inspecting the Premises and Lessee's compliance with the terms of this Lease;

ii. Include in each sublease or assignment clauses which require: (a) the sublessee or assignee recognize the right of Lessor to enforce the provisions of the Lease pertaining to the Premises against the sublessee or assignee; (b) that the sublessee or assignee will engage in or allow no conduct which would cause Lessee to be in violation of the Lease; (c) that the sublessee or assignee shall grant the Lessor, its agents and representatives the right to enter and inspect the Premises, the lot subleased to any sublessee, and all buildings or improvements thereon during reasonable hours after giving notice to the sublessee or assignee for the purpose of inspecting the Premises and sublessee's or assignee's compliance with the terms of this Lease; (d) that the sublessee or assignee waives the benefit of any law, statute, ordinance, rule or regulation now or ever in effect, which would allow the sublessee or assignee to make repairs or perform maintenance at Lessee's or Lessor's expense or to terminate the sublease because of Lessee's or Lessor's failure or refusal to keep the Premises in good order and condition; and (e) that the sublessee or assignee, at sublessee's or assignee's expense, shall maintain any lots subleased and keep all improvements thereon in reasonably good order, condition, and repair;

iii. Include in each sublease terms which require Lessee and each sublessee or assignee to provide the Lessor with all notices of violations, citations or Enterprise Development Zone Ground Lease orders from any governmental entity whatsoever within two (2) business days after receipt;

- iv. Recognize the right of Lessor to specifically enforce by mandatory or specific performance injunctions any mandatory or prohibited conduct of Lessee or any sublessee or assignee of Lessee;
- v. Keep the Premises clean, orderly, and safe; and
- vi. Ensure that the Premises and all activities conducted thereon are at all times in compliance with all applicable tribal and federal laws, statutes, ordinances, covenants, common law, rules, regulations, permits, or orders, including but not in any way limited to the Inter-governmental Agreement Between the Squaxin Island Tribe and the Frank's Landing Indian Community, a copy of which is being provided to Lessee and Lessee hereby acknowledges receipt thereof.

8. **Title to Improvements; Maintenance.** Lessor acknowledges and agrees that during the Term any Improvements shall be the property of the Lessee and shall remain on the Premises upon termination of this Lease. At the end of the Term, title to the Improvements shall vest in the Lessor. Lessee shall perform all maintenance and repair of the Improvements, and shall make all necessary replacements thereto. "Improvements" shall mean and shall include any and all buildings, structures, fixtures, driveways, parking areas, paved areas, fences and other improvements located on, or attached or affixed to, the Premises as of the date of this Lease, or constructed, installed or placed on the Premises by Lessee, and any and all modifications alterations and replacements thereof, substitutions therefor and additions thereto. The site plan for the Premises is attached hereto as Exhibit B and incorporated herein by reference.

9. **Environmental Compliance.** Lessee shall take or refrain from taking, and shall require its sublessee(s) and assignees to take or refrain from taking, all actions necessary to assure that (a) the Premises are at all times in compliance in all material respects with all applicable tribal, federal or other environmental laws, statutes, ordinances, common law, rules, regulations, permits or orders ("Environmental Laws"), and (b) all activities conducted on the Premises are at all times in compliance in all material respects with applicable Environmental Laws.

10. **Dispute Resolution.**

- a. The laws of the United States, including specifically the Inter-governmental agreement between the Frank's Landing Indian Community and the Squaxin Island Tribe, and the laws of the State of Washington when federal laws are silent, shall govern this Lease. However, in the event of a conflict between the terms of this Lease and the terms of the Inter-Governmental Agreement, the terms of this Lease shall control.
- b. Any suit brought to enforce the terms of this Lease shall be addressed through alternative dispute resolution.

11. **Counterparts.** This Lease is executed in two counterparts with an executed counterpart being retained by the Lessee and Lessor.
12. **Headings.** Headings in this Lease are for convenience and reference only and shall not be used to construe its provisions.
13. **Insurance.**
 - a. Lessee shall include clauses in each of its subleases requiring the sublessee(s) to do the following:
 - i. Maintain an insurance policy sufficient to keep the Premises and all Improvements thereon insured to their full insurable value against loss arising from any sublessee's use, occupancy or maintenance of the premises, unless such insurance is otherwise provided for by Lessor, Lessee, or other governmental agency.
 - ii. Include Lessor and Lessee as additional insureds on any sublessee's insurance policy; and
 - iii. Provide Lessee with certificates of insurance coverage issued by the carrier or the actual insurance policies of the insurance carrier or carriers, indicating insurance is in full force and effect in compliance with the Lease.
14. **Non-Waiver.** No delay or failure by either party to exercise any right hereunder, and no partial or single exercise of any such right, shall constitute a waiver of that right.
15. **Notices.** Notices, payments, and other communications required or authorized to be given hereunder or pursuant to applicable law shall be mailed by first class mail or hand delivered as follows:

TO LESSOR: THERESA M. BRIDGES
 11117 Conine Avenue S.E.
 Olympia, Washington 98503

TO LESSEE: FRANK'S LANDING INDIAN COMMUNITY
 11117 Conine Avenue, S.E.
 Olympia, Washington 98503
 Attention: Community Council

COPY TO: SUPERINTENDENT, Olympic Peninsula Agency
 Bureau of Indian Affairs
 1216 Skyview Drive, P. O. Box 48

Aberdeen, WA 98520
Telephone (360) 533-9166

Or to any other address that either party designates to the other by written notice, served as provided above.

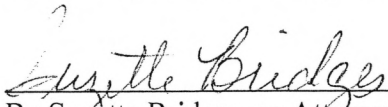
16. **Obligations to United States.** While the Premises are in trust or restricted status, all of Lessee's obligations under this Lease, and the obligations of its sureties, are to the United States as well as to Lessor.
17. **Severability.** If any provision of this Lease is declared invalid, illegal, or unenforceable by any tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.
18. **Taxes and Assessments.** Lessee shall be responsible for the payment of any taxes and assessments legally assessed against the Premises and Improvements. This requirement is not an acknowledgment that federal or state taxes may be assessed on said Premises and Improvements.
19. **Termination of Trust Status.** Nothing contained in this Lease shall operate to delay or prevent a termination of Federal trust responsibilities with respect to the Premises by the issuance of a fee patent or otherwise during the term of this Lease; however, such termination shall not serve to abrogate this Lease. Lessor, Lessee and Lessee's surety or sureties shall be notified of any such change in the status of the land.
20. **Unlawful Conduct.** Lessee agrees that it will not use or permit any part of the Premises to be used for any purpose which violates applicable laws and regulations.
21. **Subleases/Conversion of Subleases.**
 - a. Pursuant to 25 CFR 162.610(b), Lessee may sublease the Premises and any Improvements, in whole or in part, without further approval. Said subleases shall not relieve Lessee from any liability nor diminish any supervisory authority of the Secretary provided for under this Lease.
 - b. Lessee shall obtain Lessor's prior written approval of (i) the form of sublease used to sublease any portion of the Premises and shall use only the approved sublease form; (ii) the criteria that potential sublessee(s) must meet to sublease or occupy any portion of the Premises and any Improvements; and (iii) the grounds on which any such sublease may be modified or terminated. In the event this Lease terminates prior to the termination of any of the subleases, such subleases shall be treated as a direct lease with Lessor. No rent under any sublease shall be collected more than one month in advance. The Lessee shall not be responsible for and no sublessee shall be entitled to credit against

sublease obligations for any rent prepaid more than one month in advance or any security deposit not actually received by the Lessor with respect to such sublease.

- c. In the event that the Lessee subleases the Premises in its entirety, and not in part, and such sublease terminates prior to the expiration of the Term in accordance with the provisions of such sublease, including but not limited to an early termination right reserved by either party thereunder, such earlier termination shall automatically operate as a termination of this Lease, and Lessee shall have no further obligation to Lessor arising hereunder, except such obligations as arise upon or in connection with the expiration of the Term of this Lease.
22. **Additional Property.** The Parties acknowledge Lessor may at any time in the future elect to lease additional property to Lessee. Unless otherwise agreed, any additional property leased by Lessor to Lessee shall be pursuant to the terms of this Agreement and bound by such terms thereof.
23. **Additional Requirements of the Secretary.** The provisions of Exhibit C are, to the extent not inconsistent with the provisions of this Lease, incorporated herein by reference.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed on the day and year first written above.

THERESA M. BRIDGES, LESSOR



By Suzette Bridges, as Attorney-in-Fact
pursuant to Power of Attorney dated May 1, 2012

FRANK'S LANDING INDIAN COMMUNITY, LESSEE



Designated Council Member

Northwest Regional Director
Approved pursuant to 209 DM 8, 230 DM 1, 3 IAM 4

Exhibit A

Description of the Premises.

That portion of Indian land held by the United States in trust for the use and benefit of Theresa M. Bridges known as Bureau of Indian Affairs tract number ____, further identified as Thurston County Tax Parcel No. 09700001000 commonly known as 11107 Conine Avenue, S.E., Olympia, WA, commencing in true point of beginning at the Northeast corner of the Kover tract identified in deed dated October 14, 1946 and recorded under auditor's file No. 402241; thence Easterly along the South line of the County road known as Brown road [Conine Avenue, Southeast] 230 feet; thence South 250 feet; thence West 230 feet to the Eastern line of said Kover tract; thence North along the East line of said Kover tract 250 feet to the true point of beginning, measuring 57,500 square feet or 1.32 acres, and fully contained within the exterior boundary of land conveyed by deed dated June 30, 1976, to The United States of America in Trust for the use and benefit of Theresa M. Bridges, Puyallup enrollee No. 171, and located in Section 8, Township 18, Range 1 East, W.M., otherwise described as PACKWOOD DC COM 1452.F N OF SE COR W 295F N TO RD ELY ON RD.

Exhibit B
Site Description

Exhibit C

Secretary's Additional Requirements

This lease is subject to the following provisions:

1. **“Secretary”** as used herein means the Secretary of the Interior or his authorized representative.
2. **Improvements** - Unless otherwise provided herein, it is understood and agreed that any building or other improvements placed upon the said land by the lessee become the property of the lessor upon termination or expiration of this lease.
3. **Unlawful Conduct** - The lessee agrees that he or she will not use or cause to be used any part of said premises for any unlawful conduct of purpose.
4. **Subleases of Assignments** - Unless otherwise provided herein, a sublease, assignment or amendment of this lease may be made only with the approval of the Secretary and written consent of all parties to this lease, including the surety or sureties.
5. **Interest** - It is understood that any payment not made by the anniversary date of said lease shall accrue interest at the rate of 18% until payment is made in full.
6. **Relinquishment of Supervision By The Secretary** - Nothing contained in this lease shall operate to delay or prevent a termination of Federal trust responsibilities with respect to the land by the issuance of a fee patent or otherwise during the term of the lease; however, such termination shall not serve to abrogate the lease. The owners of the land and the lessee and surety of sureties shall be notified by the Secretary of any such change in the status of the land.
7. **Rental Adjustment** - The rental provisions in all leases which are granted for a term of more than five (5) years and which are not based primarily on percentages of income produced by the land shall be subject to review and adjustment by the Secretary at not less than five-year intervals in accordance with the regulations in 25 CFR 162. Such review shall give consideration to the economic conditions at the time, exclusive of improvements or development required by the contract or the contribution value of such improvements.
8. **Interest of Member of Congress** - No Member of, Delegate to, Congress or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise here from, but this provision shall not be construed to extend to this contract if made with a corporation or company for its general benefit.

9. **Violators of Lease** - It is understood and agreed that violations of this lease shall be acted upon in accordance with the regulations of 25 CFR 162. Lessee will be charged \$15.00 for any and all notice of violations given by the Bureau of Indian Affairs.
10. **Assent Not Waiver Of Future Breach Of Covenants** - No assent, express or implied, to any breach of any of the lessee's covenants, shall be deemed to be a waiver of any succeeding breach of any covenants.
11. **Upon Whom Binding** - It is understood and agreed that the covenants and agreements hereinbefore mentioned shall extend to and be binding upon their heirs, assigns, successors, executors, and administrators of the parties of this lease. While the leased premises are in trust or restricted status, all of the lessee's obligations under this lease, and the obligations under this lease, and the obligations of its sureties, are to the United States as well as to the owner(s) of the land.
12. **Approval** - It is further understood and agreed between the parties hereto that this lease shall be valid and binding only after approval by the Secretary.
13. **Additions** - Prior to execution of this lease, provision(s) Number(s) has (have) been added hereto and by reference is (are) made a part of hereof.
14. **Billing Invoice** - Land use payments must be made in accordance with the billing invoice that is mailed approximately 45 days prior to the payment due date.
15. **Direct Pay** — Land use payments for direct pay beneficial owners returned to the lessee due to an undeliverable status must be forwarded to the centralized commercial lockbox with evidence of the returned mailing within two (2) business days of receipt. The Lessee must certify direct payment was made to all beneficial owners by signing the declaration of the land use billing invoice.
16. **Advance Payment(s)** — Advanced payment(s) to a beneficial owner are prohibited unless a modification to the lease payment schedule has been previously authorized by the Secretary of the Interior or his/her designee.

ENTERPRISE DEVELOPMENT ZONE SUBLEASE

Lease No. _____ :

THIS SUBLEASE, is made and entered into this 23rd day of December, 2012, by and between FRANK'S LANDING INDIAN COMMUNITY, a self-governing dependent Indian community recognized by the United States government pursuant to Pub. L. No. 100-153, as amended by Pub. L. No. 103-435, hereafter designated as "LESSOR," and the SQUAXIN ISLAND TRIBE, a federally recognized Indian tribe hereinafter designated as "LESSEE."

WITNESSETH:

A. Lessor and Lessee are parties to that certain Enterprise Development Zone Sublease dated December 12, 2007 (TAAMS #5088780812; Lease No.: 2007-1-A), pursuant to which Lessee has leased the "Premises," as more particularly described below, from Lessor for a term which expires on December 31, 2012.

B. Lessor and Lessee desire to continue the tenancy created thereunder for an additional term of five (5) year beginning on January 1, 2013 (the "Commencement Date"), subject to the terms and conditions of this Sublease.

NOW THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. **Premises.** As authorized by law and in accordance with the Ground Lease executed between THERESA M. BRIDGES (as lessor thereunder) and Lessor (as lessee thereunder) dated December 23rd, 2012 (the "Ground Lease"), Lessor hereby subleases to Lessee the retail facility at Frank's Landing located on that portion of the allotted trust parcel of THERESA M. BRIDGES, including all improvements located thereon, and hereinafter designated as the "Premises" more particularly described as follows:

That portion of Indian land held by the United State is trust for the use- and benefit of Theresa M. Bridges known as Bureau of Indian Affairs tract (130) number 1113, further identified as Thurston County Tax Parcel No. 09700001000 commonly known as 11107 Conine Avenue, S.E., Olympia, WA, commencing in true point of beginning at the Northeast corner of the Kover tract identified indeed dated October 14,1946 and recorded under auditor's file No. 402241; thence Easterly along the South line of the County road known as Brown road [Conine Avenue, Southeast] 230 feet; thence South 250 feet; thence West 230 feet to the Eastern line of said Kover tract; thence North along the East line of said Kover tract 250 feet to the true point' of beginning, measuring 57,500 square feet or 1.32 acres, and fully contained within the exterior boundary of land conveyed by deed dated June 30, 1976, to The United States of America in Trust for the use and benefit of Theresa M. Bridges, Puyallup enrollee No. 171, and located in Section

8, Township 18, Range 1 East, W.M., otherwise described as PACKWOOD DC
COM 1452.F N OF SE COR W 295F N TO RD ELY ON RD,

2. **Use of Premises.** The object of this Sublease is to enable the Lessee to use the Premises, including all improvements located thereon, as a retail facility, including all fixtures, furniture and equipment located on the Premises, such as the ramps, loading decks and emergency generator. Within thirty (30) days of the Commencement Date, the business operated by Lessee on the Premises shall be renamed "Frank's Landing."
3. **Term.** Lessee shall have and hold the Premises for a term of FIVE (5) years beginning on the Commencement Date of this Sublease and expiring at midnight on December 31, 2017, unless earlier terminated in accordance with Exhibit A. Extension of the term may be negotiated between parties as long as the agreed upon extension is executed within the last year of the term.
4. **Rent.** Lessee shall pay the Lessor rent at the rate and on such terms as set out in the attached Exhibit A. Such amount shall be paid by Lessee to Lessor on a monthly basis.
5. **Improvements; Alterations; Additional Property.** Lessee shall, at its sole cost and expense, make all repairs and maintenance as shall be necessary to keep the Premises, including without limitation all improvements, fixtures, furniture and equipment in good condition, working order and repair and in a good and safe condition in compliance with all applicable laws and ordinances, ordinary wear and tear excepted. Lessee further agrees that all damage or injury of whatever nature done to the Premises, including without limitation all improvements, fixtures, furniture and equipment shall be repaired by Lessee at its sole cost and expense.

Lessee agrees to evaluate the feasibility of expanding the commercial operations at the Premises to include the retail sale of beer and wine, additional grocery products, and prepared food items at the Premises. Lessee agrees to provide Lessor with a copy of any financial analysis, including pro formas prepared by Lessee related thereto. Lessee's cost of evaluating such feasibility shall be included in the Operating Expenses for purposes of calculating Additional Rent. If Lessee determines that any improvements are necessary to allow such additional offerings, Lessee shall submit a plan and budget for such improvements to Lessor for prior approval in accordance with this Section 5, and the parties shall negotiate the terms of a repayment agreement to reimburse Lessee for the cost of any such improvements. Lessee's sale of any such offerings shall be subject to all applicable laws, statutes, ordinances, rules, regulations and/or approvals which govern the sale of such offerings. Lessor shall provide Lessee with such cooperation as reasonably necessary to secure any required approvals.

Lessee shall not make any alterations or improvements to the Premises or the improvements, fixtures, furniture and equipment ("**Alterations**") unless Lessee shall have first obtained the prior written consent of Lessor. Any Alterations permitted under this Sublease shall be made by Lessee in a good, workmanlike and lien-free manner and, upon completion, such alterations and improvements shall remain a part of the Premises and be surrendered along with the rest of the Premises, improvements, fixtures, furniture and equipment at the expiration or earlier termination of this Sublease, all without any compensation to Lessee therefor. Notwithstanding the foregoing to the contrary, Lessee, if Lessee makes Alterations without prior

written consent as required by this paragraph, Lessee at the request of Lessor shall remove all such unapproved Alterations, and repair all damage resulting from such removal. The site plan for the Premises is attached hereto as Exhibit B and incorporated herein by reference.

In the event that Lessor and Lessee determine that any Alterations proposed or being considered by Lessee are better suited for other property available for lease to Lessee by Lessor, in Lessor's sole and absolute determination, Lessor covenants and agrees to enter into good faith negotiations with Lessee to lease such other property to Lessee substantially upon the terms and conditions of a sublease or lease which materially conforms to the terms and conditions contained herein, subject to the approval by the Secretary of Interior ("Secretary"), or the Secretary's authorized representative, to the extent required.

6. Surrender of Premises. Except as provided above in paragraph 5, Lessee shall be responsible to restore the Premises to their original, pre-lease condition at the termination of this Sublease. It is understood and agreed that any buildings or other improvements placed upon the Premises by Lessee shall become part of the Premises of Lessor upon the termination or expiration of this Sublease. Lessee shall be required to remove all of Lessee's personal property from the Premises. Failure to remove such property on or before the expiration or earlier termination of this Sublease may result, at Lessor's option, in either or both of the following: (a) Lessor may effect a removal and place the property in storage for Lessee, in which event Lessee shall be liable to Lessor for the cost of removal, transportation to storage, and storage, with interest on all such expenses at the annual rate of eighteen percent (18%) per annum; and/or (b) Lessor may remove, or permit the removal, to the nearest landfill of all personal belongings of Lessee, with Lessee being liable for the cost of removal, transportation, and any landfill fees, with interest on all such expenses at the annual rate of eighteen percent (18%) per annum.

7. Federal Supervision. (a) Nothing contained in this Sublease shall operate to delay or present a termination of Federal responsibilities with respect to the Premises by the issuance of a fee patent, the lifting of restrictions on alienation, or otherwise during the term of this Sublease; such termination, however, shall not serve to abrogate this Sublease. The owners of the land and Lessee(s) and/or Lessee(s) surety or sureties shall be notified of any such change in the status of the land. (b) No member of Congress or any delegate thereto or any Resident Commissioner shall be admitted to any share or part of this Sublease or to any benefit that may arise here from. (c) The Lessee(s) agree(s) not to use or cause to be used any part of said Premises for any unlawful conduct or purpose.

8. Quiet Enjoyment. Provided Lessee(s) is in full compliance with the terms of this Sublease, Lessor agrees to defend the title to the Premises and also agrees that Lessee(s) and any successors in interest shall peaceably and quietly hold, enjoy and occupy the Premises for the duration of this Sublease without any hindrance, interruption, ejection or molestation by Lessor. Notwithstanding the foregoing, this Sublease, at all times, shall be subject and subordinate to the terms and conditions of the Ground Lease.

9. **Assignment.** Lessee shall not assign or otherwise transfer all or any interest in this Sublease, or sublet or allow any third party to occupy or use the Premises (excepting Lessee's guests) without the prior written consent of the Lessor.

10. **Effective Date.** This Lease and all its terms and provisions shall be binding upon the heirs, successors, executors, administrators and assigns of the Lessee(s) and any successor in interest to the Lessor, and shall take effect on January 1, 2013, subject to the valid and legal effectiveness of the Ground Lease.

11. **Obligations to the United States.** It is understood and agreed that while the Premises are in trust or restricted status, all of the Lessee's obligations under this Sublease, and the obligation of the sureties, are to the United States as well as to the owner of the land.

12. **Insurance.** Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Sublease an insurance policy insuring, at full replacement value, the Premises and improvements, fixtures, furniture and equipment thereon against loss or damage by fire, storm and other hazards and against liability arising out of the Lessee's ownership, use, occupancy or maintenance of the Premises. Lessor and Theresa M. Bridges shall be named as an additional insured on the insurance policy. Lessee shall deliver to Lessor, prior to the Commencement Date, certificates of insurance evidencing the above coverage. If Lessee fails to purchase and/or maintain the above requested insurance, the Lessor may purchase such insurance on behalf of Lessee and recover the cost of said insurance from Lessee by adding the amount to Lessee's lease payments. Lessee shall obtain such other insure with such coverage as Lessor shall reasonably require. Lessee hereby waives any claim which may arise against THERESA M. BRIDGES or Lessor or the employees, officers, directors, agents, or representatives of either of them for any loss, or damage to any of Lessee's Premises, located upon or constituting a part of the Premises, or for any liability relating to personal injury or death in or about the Premises, which loss, damage or liability is covered by an insurance policy required to be carried under this Sublease or is carried by Lessee. Inasmuch as the aforesaid waiver will preclude the assignment of any such claim by way of subrogation or otherwise to an insurance company or any other person, Lessee agrees to give each insurance company which has issued fire and extended coverage, personal injury, Premises or public liability coverage, written notice of the terms of said waiver immediately and shall have said insurance policies properly endorsed with a waiver of subrogation. Evidence of said waiver shall be forwarded to Lessor within thirty (30) days after the execution of this Sublease.

13. **Indemnification,** Lessee shall indemnify, defend and hold harmless THERESA M. BRIDGES, Lessor, and their respective heirs, officers, employees agents, successors and assigns, as the case may be, from and against any and all claims and demands, including costs, litigation expenses, attorney fees and liabilities incurred in connection therewith, arising out of or in connection with Lessee's use, occupancy or maintenance of the Premises and for all acts of Lessee's agent or employees that violate the terms and conditions of any agreement entered into by Lessor or Lessee with the State of Washington Department of Revenue, the Bureau of Indian Affairs, or the United States Attorney.

14. Lessee's Further Obligations. It is further agreed that, as a condition of this Sublease, Lessee shall:

- (1) Waive on behalf of any person claiming by, under or through this Sublease the benefit of any law, statute, ordinance, common law, rule or regulation now or ever in effect which would allow Lessee or any assignee of Lessee to make repairs or perform maintenance at Theresa M. Bridges or Lessor's expense, or to terminate this Sublease because of Theresa M. Bridges or Lessor's failure or refusal to keep the Premises or any other property in good order, condition or repair; and
- (2) Recognize the right of Theresa M. Bridges to enforce by specific performance or injunction any provision of this Sublease against Lessee or any assignee of Lessee; and
- (3) Not engage in or allow any conduct which would cause Lessor to be in violation of this Sublease; and
- (4) Provide Lessor and Theresa M. Bridges with copies of all notices of violations, citations or orders from any governmental entity within two (2) business days' receipt of such notice by Lessee(s); and
- (5) Maintain the Premises and all improvements thereon in reasonably good order, condition and repair and clean orderly and safe; and
- (6) Ensure that the Premises and all activities conducted. thereon are at all times in compliance with all applicable tribal and federal laws, statutes, ordinances, covenants, common law, rules, regulations, permits, or orders, including but not in any way limited to the Inter-governmental Agreement Between the Squaxin Island Tribe and the Frank's Landing Indian Community, a copy of which is being provided to Lessee and Lessee hereby acknowledges receipt thereof; and
- (7) Be responsible for and timely pay any and all utilities provided to the Premises, including but not limited to charges associated with electricity, gas, water, cable, garbage, and telephone services; and
- (8) Recognize the right of the Lessor and Theresa M. Bridges, her agents and representatives, to enter and inspect the Premises during reasonable hours and after giving appropriate notice to Lessee, for the purpose of inspecting the Premises and Lessee's compliance with the terms of this Sublease, and to make such repairs, alterations, improvements, or additions thereto as Theresa M. Bridges may deem appropriate.

15. AS IS. LESSEE ACKNOWLEDGES THAT IT HAS FULLY INSPECTED THE PREMISES AND ALL IMPROVEMENTS, FIXTURES, FURNITURE AND EQUIPMENT, IS SATISFIED WITH THE CONDITION THEREOF AND IS TAKING THE SAME IN AN "AS-IS" AND "WHERE-IS" CONDITION, "WITH ALL FAULTS," AND LESSOR MAKES NO REPRESENTATIONS OR WARRANTIES (EITHER EXPRESS OR IMPLIED) OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND LESSOR EXPRESSLY DISCLAIMS THE SAME. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NEITHER LESSOR NOR ANY EMPLOYEE, AGENT NOR REPRESENTATIVE OF LESSOR HAS MADE ANY REPRESENTATION (EITHER

EXPRESS OR IMPLIED) OR WARRANTY RESPECTING THE CONDITION OF THE PREMISES OR THE IMPROVEMENTS, FIXTURES, FURNITURE AND EQUIPMENT.

16. Non-Waiver. Failure of Lessor or Lessee to declare any default immediately upon occurrence thereof, or any delay in taking any action in connection therewith, shall not waive such action at law or in equity. No waiver by Lessor or Lessee of a default by the other shall be implied, and no express waiver by Lessor or Lessee shall affect any such default other than the default specified in such waiver and then only for the time and extension therein stated. All rights and remedies specifically granted to Lessor and Lessee herein shall be cumulative and not mutually exclusive, and no waiver shall be enforceable unless signed by the party against whom enforcement is sought. Further, no payment by Lessee or receipt by Lessor of a lesser amount than the correct amount or manner of payment of rental due hereunder shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed to effect or evidence an accord and satisfaction, and Lessor may accept any checks or payments as made without prejudice to Lessor's right to recover the balance or pursue any other remedy in this Sublease or otherwise provided at law or equity.

17. Secretary's Additional Requirements. The provisions of Exhibit C, to the extent not inconsistent with the provisions of this Sublease, are incorporated herein by reference.

18. Notices, payments, and other communications required by or sent pursuant to any provision of this Sublease shall be deemed given if and when personally delivered or sent by first class mail or express delivery service as follows:

TO LESSOR:

FRANK'S LANDING INDIAN COMMUNITY
11117 Conine Avenue, S.E.
Olympia, Washington 98503
Attention: Community Council

TO LESSEE:

THE SQUAXIN ISLAND TRIBE
ATTN: Executive Director
10 SE Squaxin Land
Shelton, WA 98584

With a copy to:

ISLAND ENTERPRISES, INC.
ATTN: CEO
3951 SE Old Olympic Hwy
Shelton, WA 98584

TO THERESA M. BRIDGES:

11117 Conine Avenue, S.E.
Olympia, Washington 98503

19. Miscellaneous.

(a) This Sublease constitutes the entire agreement of the Parties relative to the subject matter hereof, and all prior negotiations, conversations, representations, agreements and understandings are specifically merged herein and superseded hereby. This Sublease may be modified only by written instrument executed by the parties hereto. This Sublease is the result of the prior negotiations, conversations, representations, agreements and understandings of the parties and is to be construed as the jointly prepared product of the parties.

(b) The laws of the United States, including specifically the Inter-governmental Agreement between the Frank's Landing Indian Community and the Squaxin Island Tribe, and the laws of the State of Washington when federal laws are silent, shall govern this Sublease.

(c) Any suit brought to enforce the terms of this Sublease shall be addressed through alternative dispute resolution.

(d) The paragraph headings used in this Sublease have been inserted for convenience of reference only and should not be construed to limit or restrict the terms and provisions, covenants and conditions hereof.

(e) If any term or provision of this Sublease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each remaining term and provision of this Sublease shall be valid and be enforced to the fullest extent permitted by law. To that end, each of the terms and provisions of this Sublease are hereby declared to be severable.

(f) This Sublease and any modifications or amendments hereto shall not take effect and be binding upon Lessor until Lessor and Lessee executes the same. Submission of this Sublease to the Lessee shall not be (nor construed to be) an offer to sublease the Premises.

(g) In the event either Party retains the services of an attorney to enforce any provision of this Sublease, the non-prevailing party shall be obligated to reimburse the other party for its reasonable attorneys and paralegals' fees and expenses actually incurred in connection therewith.

(h) Lessor and Lessee acknowledge and agree that neither has engaged the services of or is liable to any real estate agent, broker, finder or any other person or entity for any brokerage or finder's fee, commission or other amount with respect to this Sublease. Lessor and Lessee each agree to indemnify, defend and hold the other harmless against all losses, liabilities and

expenses, including, without limitation, reasonable attorneys and paralegals fees and costs, suffered by either party due to a breach of the foregoing representation, covenant and warranty.

(i) This Sublease may be executed in two or more counterparts, each of which shall be deemed an original and which together shall constitute one and the same instrument.

(j) Lessor reserves the right to amend or modify the Ground Lease, without obtaining Lessee's consent, and Lessee, upon receiving notice of such amendment or modification, shall be bound by the Ground Lease in accordance with the terms of this Sublease.

(k) Any provision to the contrary contained in this Sublease notwithstanding, Lessee's obligations to indemnify Lessor hereunder shall survive the expiration of the Term hereof or any earlier termination of this Sublease.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Sublease on December ____, 2012.

Frank's Landing Indian Community, LESSOR

By: B. Berg
Name: _____
Its: FLEC Council Member

Squaxin Island Tribe, LESSEE

By: _____
Name: _____
Its: _____

Form Approved by:
Northwest Regional Director
Approved pursuant to 209 DM 8, 230 DM 1,3 IAM 4

expenses, including, without limitation, reasonable attorneys and paralegals fees and costs, suffered by either party due to a breach of the foregoing representation, covenant and warranty.

(i) This Sublease may be executed in two or more counterparts, each of which shall be deemed an original and which together shall constitute one and the same instrument.

(j) Lessor reserves the right to amend or modify the Ground Lease, without obtaining Lessee's consent, and Lessee, upon receiving notice of such amendment or modification, shall be bound by the Ground Lease in accordance with the terms of this Sublease.

(k) Any provision to the contrary contained in this Sublease notwithstanding, Lessee's obligations to indemnify Lessor hereunder shall survive the expiration of the Term hereof or any earlier termination of this Sublease.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Sublease on December 21, 2012.

Frank's Landing Indian Community, LESSOR

By: _____
Name: _____
Its: _____

Squaxin Island Tribe, LESSEE

By: *Dave Lopez*
Name: _____
Its: CHAIR

Form Approved by:
Northwest Regional Director
Approved pursuant to 209 DM 8, 230 DM 1,3 IAM 4

Exhibit A
Base and Additional Rent

Lessee shall pay Lessor rent in the amount equal to the sum of "Fixed Base Rent" and the "Additional Rent" calculated as set forth in Paragraphs 1 and 2 below, respectively.

1. Fixed Base Rent. During the term of the Sublease, Lessee shall pay Lessor as rent **Eight Hundred Thousand and No/100 Dollars (\$800,000.00)** per year in equal monthly installments of **Sixty-Six Thousand Six Hundred Sixty-Six and 67/100 Dollars (\$66,666.67)** ("**Fixed Base Rent**") without deduction, set-off, abatement, counterclaim or defense except as provided in Section 3 below, in advance on the fifth (5th) day of each calendar month during the term of the Sublease. Fixed Base Rent for any partial calendar month during the term of the Sublease shall be prorated. In the event that Lessee has not paid Lessor, on or before the tenth (10th) day of any calendar month, the full amount of Fixed Base Rent due for such calendar month, Lessee shall be liable for, and shall pay, any late charges or fees or interest or any other charge or fee that Lessor is required to pay on account of a late Fixed Base Rent payment under the Sublease. All past due installments of Fixed Base Rent not received by Lessor on or before the tenth (10th) day of any calendar month shall be subject to a late charge of one percent (1%) of the past due amounts for each month not paid and shall additionally bear interest at the rate of twelve percent (12%) per annum, or the maximum rate of interest then permitted by applicable law, accruing from the due date until paid.

2. Additional Rent. During the term of the Sublease, in addition to the Fixed Base Rent, Lessee shall pay to Lessor a portion of the income generated by the business conducted upon or from the Premises by Lessee ("Additional Rent") equal to the amount, if any, by which the Gross Sales exceed the Total Costs. Additional Rent for a calendar month shall be payable on the fifth (5th) day of the third (3rd) calendar month after such calendar month. (For purposes of clarification and to avoid confusion, the Additional Rent for the calendar month January 2012, shall be payable on April 5, 2012, for example.). Lessee's obligation to pay Additional Rent for any calendar month, or portion thereof, during the term of the Sublease shall survive the expiration or earlier termination of the Sublease.

For purposes of the Sublease, "Cost of Goods" for a calendar month during the term of the Sublease means the direct costs attributable to the purchase of the goods sold by Lessee; provided, however, that such costs shall only include the costs incurred by Lessee to purchase such goods at fair market rates. For goods sold by Lessee or its enterprises, subdivisions and affiliates, the "Costs of Goods" shall be the reasonable and fair market value of such goods, as may be evidenced by the list or regular price for which such goods are sold by Lessee to unrelated third parties, exclusive of any promotions, sales, or other special pricing.

For purposes of the Sublease, "Gross Sales" for a calendar month during the term of the Sublease means the aggregate dollar amount of all income, from whatever source, generated from all business conducted upon or from the Premises by Lessee or any person operating in or from the Premises on behalf of Lessee (including any invitee or agent of Lessee) during such calendar month, including, without limitation: the entire amount of gross receipts from sales of Lessee and

of all licensees, concessionaires, operators, and subtenants of Lessee, whether such sales are evidenced by check, credit, charge account, exchange or otherwise; amounts received from the sale of goods, wares and merchandise (including gift and merchandise certificates) and for services performed on or at the Premises (including the value of all goods accepted in lieu of cash payment), and. deposits not refunded to customers, and whether such sales are made by means of merchandise or other vending devices in the Premises; and the entire sales price of merchandise sold as a result of orders taken at the Premises but delivered elsewhere, and the entire sales price of merchandise delivered from the Premises as a result of orders taken elsewhere. If any one or more departments or other divisions of Lessee's business shall be licensed or sublet by Lessee or conducted by any party other than Lessee, then there shall be included in Gross Sales all the income generated by such departments or divisions, whether from sales filled at the Premises or elsewhere, in the same manner and with the same effect as if the business or sales of such departments and divisions of Lessee's business had been conducted by Lessee, Each charge or sale upon installment or credit shall be treated as a sale for the full price in the calendar month during which such charge or sale shall initially be made, irrespective of the time when Lessee shall receive payment (whether full or partial) therefor. There shall be no deduction for uncollected or uncollectible credit accounts or for bad debts or other losses in excess of three percent (3%) of Gross Sales; Gross Sales shall not include sales of merchandise for which, and to the extent that, cash has been refunded, or allowances made on merchandise claimed to be defective or unsatisfactory, provided that the original sale price of such merchandise shall have been included in Gross Sales; and there shall be deducted from Gross Sales the sale price of merchandise returned by customers for exchange, provided that the sale price of merchandise delivered to the customer in exchange shall be included in Gross Sales, No franchise, capital stock or personal property tax and no income or similar tax based upon income or profits as such shall be deducted from Gross Sales; provided, however, cigarette excise and tribal sales taxes shall apply.

For purposes of the Sublease, "Total Costs" for a calendar month during the term of the Sublease means the amount equal to the sum of (i) the Cost of Goods plus (ii) Operating Expenses plus (iii) Fixed Base Rent actually received by Lessor for such calendar month (excluding any late fees and interest paid thereon) plus (iv) excise tax required by the state-tribal compact and tribal sales tax plus (v) the amount equal to the product of One Dollar (\$1.00) multiplied by the number of cartons of two hundred (200) cigarettes sold by Lessee (or any licensees, concessionaires, operators or subtenants of Lessee) from the Premises during such calendar month. Where sales are made by the pack, a pro-rata fee of \$0.10 per pack shall be multiplied by the number of packs not sold in a carton.

For purposes of the Sublease, "Operating Expenses" for a calendar month means the amount equal to (i) one twelfth (1/12th) of the annual insurance premium payable by Lessee in connection with the insurance maintained by Lessee as required under the Sublease with respect to the Premises plus (ii) the cost of utilities consumed by Lessee at the Premises during such calendar month plus (iii) the cost incurred by Lessee during such calendar month for employee compensation (including applicable benefits, taxes and other standard payroll expenditures under Lessee's then-current employment policies and benefit programs); provided that such labor costs shall only include the compensation for employees directly and reasonably necessary to operate Lessee's business from the Premises; plus (iv) Lessee's costs of feasibility evaluation in

accordance with Section 5 of this Sublease, and (v) to the extent not captured as Costs of Goods, advertising, promotion, armored car expenses, audit and contract services, maintenance, supplies, postage, freight, payroll taxes, benefits, depreciation, agreed upon tenant improvements, and regulatory costs.

Within thirty (30) days of the end of each calendar month during the term of the Sublease, Lessee shall prepare and deliver to Lessor a statement of Gross Sales during the preceding calendar month. In addition, within one hundred twenty (120) days after the expiration of each calendar year, Lessee shall prepare and deliver to Lessor a statement of Gross Sales during such year certified to be correct by a Certified Public Accountant if required by Lessor.

Lessee shall keep, and shall cause each licensee or concessionaire of Lessee to keep, at its offices, in the Premises or at some other location in the general vicinity of the Premises an accurate set of books reflecting Gross Sales and with respect thereto shall preserve all cash register tapes, sales slips, order records, records of transactions with concessionaires and licensees, shipping records, records of merchandise returned, tax returns, banking records, and such other records as may be needed for an effective audit of Gross Sales. All such books and records shall be retained for a period of at least twelve (12) calendar months after the end of the calendar year to which they relate. All such books and records shall be subject to inspection and audit by Lessor at all reasonable times.

If Lessor is not satisfied with the statement of Gross Sales, Cost of Goods, Total Costs or Operating Expenses as submitted by Lessee, Lessor shall have the right to have auditors of Lessor's choice make a special audit of all books and records, wherever located, pertaining to Gross Sales, Costs of Goods, Total Costs or Operating Expenses. Lessee shall have a meaningful opportunity to meet and confer with the auditors and/or to disagree with the auditors. If Gross Sales, as so determined by special audit, exceed the figures submitted by Lessee by more than three (3%) percent, (or if, Costs of Goods, Total Costs or Operating Expenses are so determined by special audit, are lower than the figures submitted by Lessee by more than three (3%) percent) then Lessee shall pay the cost of such audit (otherwise the cost of such audit shall be borne by Lessor). Lessee shall promptly pay to Lessor any deficiency in Additional Rent or Lessor shall promptly refund to Lessee any overpayment in Additional Rent, as the case may be, which is established by such special audit.

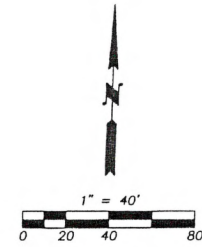
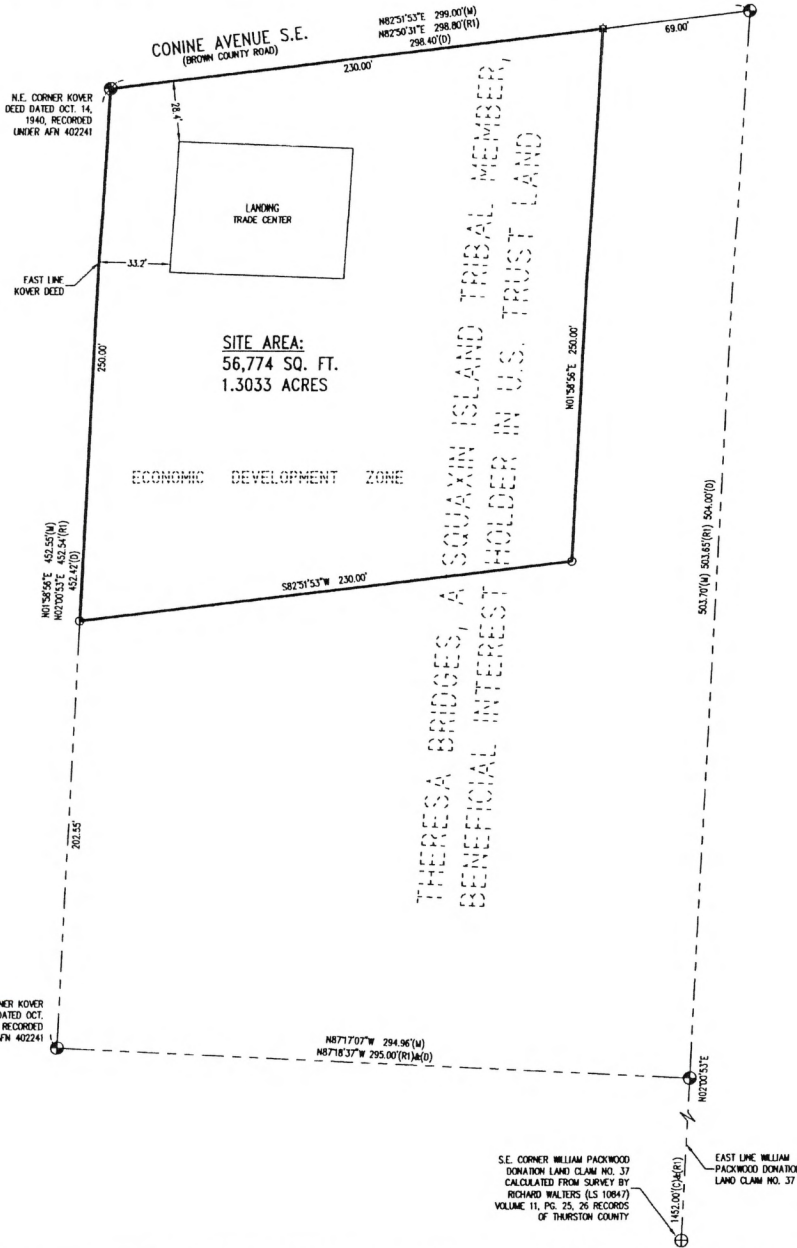
3. Fixed Base Rent Reduction; Early Termination. In the event that Lessee fails to incur an Additional Rent obligation during any calendar month of the Term (an "Additional Rent Deficiency"), Lessee shall have the right to reduce its monthly Fixed Base Rent obligation for the third (3rd) month after the occurrence of an Additional Rent Deficiency by an amount required to eliminate the applicable Additional Rent Deficiency (a "FBR Reduction"), and in any subsequent month to the extent the Additional Rent Deficiency is not fully eliminated by such reduction. If during any rolling twelve (12) month period the total amount of FBR Reduction exceeds One Hundred Thousand Dollars and 00/100 (\$100,000.00) the Parties agree to meet (i) to discuss opportunities to improve the operating performance of the Premises, and/or (ii) to enter into good faith negotiations to revise the terms of the Sublease to the Parties' mutual satisfaction. In the event, that the Parties fail to agree upon mutually acceptable revisions to the terms of the Sublease and the total amount of the FBR Reduction exceeds Two Hundred

Thousand Dollars and 00/100 (\$200,000.00) for any rolling twelve (12) month period, Lessee shall have the right to terminate the Sublease upon thirty (30) days' prior written notice to Lessor. If Lessee does not elect to terminate the Sublease within three (3) months of the rolling twelve (12) month period during which the total FBR Reduction exceeds Two Hundred Thousand Dollars and 00/100 (\$200,000.00), Lessee's early termination right relating to that rolling twelve (12) month period shall be deemed waived.

4. Annual Operating Budget. Lessor shall be given an opportunity to review and provide input to any annual budget for the business operated by Lessee on the Premises.

Exhibit B
Site Plan

3997578
01/24/2008 08:47 AM
RIPINEN SURVEYING



BASIS OF BEARINGS:
AFN 1080353

EQUIPMENT UTILIZED FOR THIS SURVEY:
NIKON DTM-521 AND/OR LEICA TOR 703 AND/OR LEICA TOPP 1205
METHOD - FIELD TRANSVERSE
THIS SURVEY COMPLIES WITH ALL STANDARDS AND STATUTES OF THE SURVEY RECORDING ACT (CHAPTER 58.09 RCW AND 332-130 WAC)

- SYMBOL LEGEND:**
- ⊙ FOUND CONCRETE MONUMENT WITH BRASS SET PER SURVEY V. 11, PG. 25, 26 RECORDS OF THURSTON COUNTY
 - ⊕ CALCULATED POSITION OF MONUMENT
 - SET 1/2" REBAR & CAP (LS 21546)
 - ⊛ SET COTTON SPINDLE
 - (C) = CALCULATED
 - (D) = DEED
 - (M) = MEASURED
 - (R1) = V. 11, PG. 25, 26, RICHARD WALTERS (LS 10847)

LEGAL DESCRIPTION:
THAT PART OF THE WILLIAM PACKWOOD DONATION LAND CLAIM NO. 37, SECTION 8, TOWNSHIP 18 NORTH, RANGE 1 EAST, W.M., DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE KOVER TRACT IDENTIFIED IN DEED DATED OCTOBER 14, 1940 AND RECORDED UNDER AUDITOR'S FILE NO. 402241; THENCE EASTERLY ALONG THE SOUTH LINE OF THE COUNTY ROAD KNOWN AS BROWN ROAD (CONINE AVE. S.E.) 230 FEET; THENCE SOUTH PARALLEL WITH THE EAST LINE OF SAID KOVER TRACT 250 FEET; THENCE WESTERLY PARALLEL WITH THE SOUTH LINE OF BROWN ROAD 230 FEET TO THE EAST LINE OF SAID KOVER TRACT, SAID POINT BEING 250 FEET SOUTH OF THE POINT OF BEGINNING; THENCE NORTH ALONG THE EAST LINE OF SAID KOVER TRACT 250 FEET TO THE POINT OF BEGINNING, MEASURING 56,774 SQUARE FEET OR 1.3033 ACRES.

SITUATE IN COUNTY OF THURSTON, STATE OF WASHINGTON.



Survey # 3997578

AUDITOR'S CERTIFICATE
FILED FOR RECORD THIS 14th DAY OF March, 2008
AT 8:47 AM, UNDER AUDITOR'S FEE NO. _____
AT THE REQUEST OF Theresa Bridges
A.F.N. 3997578 \$ 108.00
William Hammons William Hammons
DEPUTY AUDITOR COUNTY AUDITOR

SURVEYOR'S CERTIFICATE
This map correctly represents a survey made by me or under my direction in conformance with the requirements of survey recording act of the request of Theresa Bridges, beneficial interest holder in U.S. trust land in FEBRUARY, 2008.
Arne E. Riipinen 3-11-08
Arne E. Riipinen, Jr., P.L.S. Certificate #21546



RIPINEN SURVEYING
10305 Canyon Rd. E.
Puyallup, WA 98373
(253)845-0048

SURVEY IN:
THE N.W. 1/4 OF THE N.E. 1/4 OF SEC. 8,
TWP. 18 N., RGE. 1 E., W.M., THURSTON
COUNTY. (IN THE WILLIAM PACKWOOD DONATION
LAND CLAIM NO. 37)
FOR: Theresa Bridges, beneficial interest holder in U.S. trust land

Job # 5307
Scale: 1" = 40'
Date: 3/7/2008
Drawn by: MTP, JHC
Checked by: AER JR.
Drawing name: 5307R05
Field Book: 510
Sheet 1 of 1

Exhibit C
Secretary's Additional Requirements

This lease is subject to the following provisions:

1. "Secretary" as used herein means the Secretary of the Interior or his authorized representative.
2. Improvements - Unless otherwise provided herein, it is understood and agreed that any building or other improvements placed upon the said land by the lessee become the property of the lessor upon termination or expiration of this lease.
3. Unlawful Conduct - The lessee agrees that he or she will not use or cause to be used any part of said premises for any unlawful conduct of purpose.
4. Subleases of Assignments - Unless otherwise provided herein, a sublease, assignment or amendment of this lease may be made only with the approval of the Secretary and written consent of all parties to this lease, including the surety or sureties.
5. Interest. It is understood that any payment not made by the anniversary date of said lease shall accrue interest at the rate of 18% until payment is made in full.
6. Relinquishment of Supervision By The Secretary - Nothing contained in this lease shall operate to delay or prevent a termination of Federal trust responsibilities with respect to the land by the issuance of a fee patent or otherwise during the term of the lease; however, such termination shall not serve to abrogate the lease. The owners of the land and the lessee and surety of sureties shall be notified by the Secretary of any such Change in the status of the land.
7. Rental Adjustment - The rental provisions in all leases which are granted for a term of more than five (5) years and which are not based primarily on percentages of income produced by the land shall be subject to review and adjustment by the Secretary at not less than five-year intervals in accordance with the regulations in 25 CFR 162. Such review shall give consideration to the economic conditions at the time, exclusive of improvements or development required by the contract or the contribution value of such improvements.
8. Interest of Member of Congress - No Member of, Delegate to, Congress or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise here from, but this provision shall not be construed to extend to this contract if made with a corporation or company for its general benefit.
9. Violators of Lease - It is understood and agreed that violations of this lease shall be acted upon in accordance with the regulations of 25 CFR 162. Lessee will be charged \$15.00 for any and all notice of violations given by the Bureau of Indian Affairs.

10. Assent Not Waiver Of Future Breach Of Covenants - No assent, express or implied, to any breach of any of the lessee's covenants, shall be deemed to be a waiver of any succeeding breach of any covenants.
11. Upon Whom Binding - It is understood and agreed that the covenants and agreements hereinbefore mentioned shall extend to and be binding upon their heirs, assigns, successors, executors, and administrators of the parties of this lease. While the leased premises are in trust or restricted status, all of the lessee's obligations under this lease, and the obligations under this lease, and the obligations of its sureties, are to the United States as well as to the owner(s) of the land.
12. Approval - It is further understood and agreed between the parties hereto that this lease shall be valid and binding only after approval by the Secretary.
13. Additions - Prior to execution of this lease, provision(s) Number(s) has (have) been added hereto and by reference is (are) made a part of hereof.
14. Billing Invoice - Land use payments must be made in accordance with the billing invoice that is mailed approximately 45 days prior to the payment due date.
15. Direct Pay — Land use payments for direct pay beneficial owners returned to the lessee due to an undeliverable status must be forwarded to the centralized commercial lockbox with evidence of the returned mailing within two (2) business days of receipt. The Lessee must certify direct payment was made to all beneficial owners by signing the declaration of the land use billing invoice.
16. Advance Payment(s) — Advanced payment(s) to a beneficial owner are prohibited unless a modification to the lease payment schedule has been previously authorized by the Secretary of the Interior or his/her designee.

TO: Land Titles & Records DATE: 01/15/2013

FROM: Alida Culley - Realty

Please record the attached document and:

Return To Alida Other-Specify _____
 Retain in Title Plant Create New Suffix/Partition

Reservation Code: (130) Tract No: 1113

Type of Document (Code No.): 23

Agency's File No. (If Any): (130) 5088781217

X-Reference To Document No. (130) 5088771317 (Ground Lease)
(satisfaction, completion, cancellation, modification, assignment, etc.)

Alida R. Culley - acting Realty Officer
Authorized Signature

TO: Alida C FROM: Portlan

The document _____ as number;

Returned Here Retained Other- Specify _____

_____ AUTHVAIS _____
Authorized Signature

Melissa -
Please add these
to the Resolution #
12-71
(No need to copy for code book
stuff)
Final signed DOCS -
in case needed in
the future.

Remarks:

JAN 16 2013

Date Recorded: _____

ENTERPRISE DEVELOPMENT ZONE SUBLEASE

TAAMS # (130) 5088781211

Lease No. _____:

THIS SUBLEASE, is made and entered into this 23rd day of December, 2012, by and between FRANK'S LANDING INDIAN COMMUNITY, a self-governing dependent Indian community recognized by the United States government pursuant to Pub. L. No. 100-153, as amended by Pub. L. No. 103-435, hereafter designated as "LESSOR," and the SQUAXIN ISLAND TRIBE, a federally recognized Indian tribe hereinafter designated as "LESSEE."

WITNESSETH:

A. Lessor and Lessee are parties to that certain Enterprise Development Zone Sublease dated December 12, 2007 (TAAMS #5088780812; Lease No.: 2007-1-A), pursuant to which Lessee has leased the "Premises," as more particularly described below, from Lessor for a term which expires on December 31, 2012.

B. Lessor and Lessee desire to continue the tenancy created thereunder for an additional term of five (5) year beginning on January 1, 2013 (the "Commencement Date"), subject to the terms and conditions of this Sublease.

NOW THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. **Premises.** As authorized by law and in accordance with the Ground Lease executed between THERESA M. BRIDGES (as lessor thereunder) and Lessor (as lessee thereunder) dated December 23rd, 2012 (the "Ground Lease"), Lessor hereby subleases to Lessee the retail facility at Frank's Landing located on that portion of the allotted trust parcel of THERESA M. BRIDGES, including all improvements located thereon, and hereinafter designated as the "Premises" more particularly described as follows:

That portion of Indian land held by the United State is trust for the use- and benefit of Theresa M. Bridges known as Bureau of Indian Affairs tract (130) number 1113, further identified as Thurston County Tax Parcel No. 09700001000 commonly known as 11107 Conine Avenue, S.E., Olympia, WA, commencing in true point of beginning at the Northeast corner of the Kover tract identified indeed dated October 14,1946 and recorded under auditor's file No. 402241; thence Easterly along the South line of the County road known as Brown road [Conine Avenue, Southeast] 230 feet; thence South 250 feet; thence West 230 feet to the Eastern line of said Kover tract; thence North along the East line of said Kover tract 250 feet to the true point' of beginning, measuring 57,500 square feet or 1.32 acres, and fully contained within the exterior boundary of land conveyed by deed dated June 30, 1976, to The United States of America in Trust for the use and benefit of Theresa M. Bridges, Puyallup enrollee No. 171, and located in Section

8, Township 18, Range 1 East, W.M., otherwise described as PACKWOOD DC COM 1452.F N OF SE COR W 295F N TO RD ELY ON RD,

2. **Use of Premises.** The object of this Sublease is to enable the Lessee to use the Premises, including all improvements located thereon, as a retail facility, including all fixtures, furniture and equipment located on the Premises, such as the ramps, loading decks and emergency generator. Within thirty (30) days of the Commencement Date, the business operated by Lessee on the Premises shall be renamed "Frank's Landing."
3. **Term.** Lessee shall have and hold the Premises for a term of FIVE (5) years beginning on the Commencement Date of this Sublease and expiring at midnight on December 31, 2017, unless earlier terminated in accordance with Exhibit A. Extension of the term may be negotiated between parties as long as the agreed upon extension is executed within the last year of the term.
4. **Rent.** Lessee shall pay the Lessor rent at the rate and on such terms as set out in the attached Exhibit A. Such amount shall be paid by Lessee to Lessor on a monthly basis.
5. **Improvements; Alterations; Additional Property.** Lessee shall, at its sole cost and expense, make all repairs and maintenance as shall be necessary to keep the Premises, including without limitation all improvements, fixtures, furniture and equipment in good condition, working order and repair and in a good and safe condition in compliance with all applicable laws and ordinances, ordinary wear and tear excepted. Lessee further agrees that all damage or injury of whatever nature done to the Premises, including without limitation all improvements, fixtures, furniture and equipment shall be repaired by Lessee at its sole cost and expense.

Lessee agrees to evaluate the feasibility of expanding the commercial operations at the Premises to include the retail sale of beer and wine, additional grocery products, and prepared food items at the Premises. Lessee agrees to provide Lessor with a copy of any financial analysis, including pro formas prepared by Lessee related thereto. Lessee's cost of evaluating such feasibility shall be included in the Operating Expenses for purposes of calculating Additional Rent. If Lessee determines that any improvements are necessary to allow such additional offerings, Lessee shall submit a plan and budget for such improvements to Lessor for prior approval in accordance with this Section 5, and the parties shall negotiate the terms of a repayment agreement to reimburse Lessee for the cost of any such improvements. Lessee's sale of any such offerings shall be subject to all applicable laws, statutes, ordinances, rules, regulations and/or approvals which govern the sale of such offerings. Lessor shall provide Lessee with such cooperation as reasonably necessary to secure any required approvals.

Lessee shall not make any alterations or improvements to the Premises or the improvements, fixtures, furniture and equipment ("**Alterations**") unless Lessee shall have first obtained the prior written consent of Lessor. Any Alterations permitted under this Sublease shall be made by Lessee in a good, workmanlike and lien-free manner and, upon completion, such alterations and improvements shall remain a part of the Premises and be surrendered along with the rest of the Premises, improvements, fixtures, furniture and equipment at the expiration or earlier termination of this Sublease, all without any compensation to Lessee therefor. Notwithstanding the foregoing to the contrary, Lessee, if Lessee makes Alterations without prior

written consent as required by this paragraph, Lessee at the request of Lessor shall remove all such unapproved Alterations, and repair all damage resulting from such removal. The site plan for the Premises is attached hereto as Exhibit B and incorporated herein by reference.

In the event that Lessor and Lessee determine that any Alterations proposed or being considered by Lessee are better suited for other property available for lease to Lessee by Lessor, in Lessor's sole and absolute determination, Lessor covenants and agrees to enter into good faith negotiations with Lessee to lease such other property to Lessee substantially upon the terms and conditions of a sublease or lease which materially conforms to the terms and conditions contained herein, subject to the approval by the Secretary of Interior ("Secretary"), or the Secretary's authorized representative, to the extent required.

6. Surrender of Premises. Except as provided above in paragraph 5, Lessee shall be responsible to restore the Premises to their original, pre-lease condition at the termination of this Sublease. It is understood and agreed that any buildings or other improvements placed upon the Premises by Lessee shall become part of the Premises of Lessor upon the termination or expiration of this Sublease. Lessee shall be required to remove all of Lessee's personal property from the Premises. Failure to remove such property on or before the expiration or earlier termination of this Sublease may result, at Lessor's option, in either or both of the following: (a) Lessor may effect a removal and place the property in storage for Lessee, in which event Lessee shall be liable to Lessor for the cost of removal, transportation to storage, and storage, with interest on all such expenses at the annual rate of eighteen percent (18%) per annum; and/or (b) Lessor may remove, or permit the removal, to the nearest landfill of all personal belongings of Lessee, with Lessee being liable for the cost of removal, transportation, and any landfill fees, with interest on all such expenses at the annual rate of eighteen percent (18%) per annum.

7. Federal Supervision. (a) Nothing contained in this Sublease shall operate to delay or present a termination of Federal responsibilities with respect to the Premises by the issuance of a fee patent, the lifting of restrictions on alienation, or otherwise during the term of this Sublease; such termination, however, shall not serve to abrogate this Sublease. The owners of the land and Lessee(s) and/or Lessee(s) surety or sureties shall be notified of any such change in the status of the land. (b) No member of Congress or any delegate thereto or any Resident Commissioner shall be admitted to any share or part of this Sublease or to any benefit that may arise here from. (c) The Lessee(s) agree(s) not to use or cause to be used any part of said Premises for any unlawful conduct or purpose.

8. Quiet Enjoyment. Provided Lessee(s) is in full compliance with the terms of this Sublease, Lessor agrees to defend the title to the Premises and also agrees that Lessee(s) and any successors in interest shall peaceably and quietly hold, enjoy and occupy the Premises for the duration of this Sublease without any hindrance, interruption, ejection or molestation by Lessor. Notwithstanding the foregoing, this Sublease, at all times, shall be subject and subordinate to the terms and conditions of the Ground Lease.

- 9. Assignment.** Lessee shall not assign or otherwise transfer all or any interest in this Sublease, or sublet or allow any third party to occupy or use the Premises (excepting Lessee's guests) without the prior written consent of the Lessor.
- 10. Effective Date.** This Lease and all its terms and provisions shall be binding upon the heirs, successors, executors, administrators and assigns of the Lessee(s) and any successor in interest to the Lessor, and shall take effect on January 1, 2013, subject to the valid and legal effectiveness of the Ground Lease.
- 11. Obligations to the United States.** It is understood and agreed that while the Premises are in trust or restricted status, all of the Lessee's obligations under this Sublease, and the obligation of the sureties, are to the United States as well as to the owner of the land.
- 12. Insurance.** Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Sublease an insurance policy insuring, at full replacement value, the Premises and improvements, fixtures, furniture and equipment thereon against loss or damage by fire, storm and other hazards and against liability arising out of the Lessee's ownership, use, occupancy or maintenance of the Premises. Lessor and Theresa M. Bridges shall be named as an additional insured on the insurance policy. Lessee shall deliver to Lessor, prior to the Commencement Date, certificates of insurance evidencing the above coverage. If Lessee fails to purchase and/or maintain the above requested insurance, the Lessor may purchase such insurance on behalf of Lessee and recover the cost of said insurance from Lessee by adding the amount to Lessee's lease payments. Lessee shall obtain such other insure with such coverage as Lessor shall reasonably require. Lessee hereby waives any claim which may arise against THERESA M. BRIDGES or Lessor or the employees, officers, directors, agents, or representatives of either of them for any loss, or damage to any of Lessee's Premises, located upon or constituting a part of the Premises, or for any liability relating to personal injury or death in or about the Premises, which loss, damage or liability is covered by an insurance policy required to be carried under this Sublease or is carried by Lessee. Inasmuch as the aforesaid waiver will preclude the assignment of any such claim by way of subrogation or otherwise to an insurance company or any other person, Lessee agrees to give each insurance company which has issued fire and extended coverage, personal injury, Premises or public liability coverage, written notice of the terms of said waiver immediately and shall have said insurance policies properly endorsed with a waiver of subrogation. Evidence of said waiver shall be forwarded to Lessor within thirty (30) days after the execution of this Sublease.
- 13. Indemnification,** Lessee shall indemnify, defend and hold harmless THERESA M. BRIDGES, Lessor, and their respective heirs, officers, employees agents, successors and assigns, as the case may be, from and against any and all claims and demands, including costs, litigation expenses, attorney fees and liabilities incurred in connection therewith, arising out of or in connection with Lessee's use, occupancy or maintenance of the Premises and for all acts of Lessee's agent or employees that violate the terms and conditions of any agreement entered into by Lessor or Lessee with the State of Washington Department of Revenue, the Bureau of Indian Affairs, or the United States Attorney.

14. Lessee's Further Obligations. It is further agreed that, as a condition of this Sublease, Lessee shall:

- (1) Waive on behalf of any person claiming by, under or through this Sublease the benefit of any law, statute, ordinance, common law, rule or regulation now or ever in effect which would allow Lessee or any assignee of Lessee to make repairs or perform maintenance at Theresa M. Bridges or Lessor's expense, or to terminate this Sublease because of Theresa M. Bridges or Lessor's failure or refusal to keep the Premises or any other property in good order, condition or repair; and
- (2) Recognize the right of Theresa M. Bridges to enforce by specific performance or injunction any provision of this Sublease against Lessee or any assignee of Lessee; and
- (3) Not engage in or allow any conduct which would cause Lessor to be in violation of this Sublease; and
- (4) Provide Lessor and Theresa M. Bridges with copies of all notices of violations, citations or orders from any governmental entity within two (2) business days' receipt of such notice by Lessee(s); and
- (5) Maintain the Premises and all improvements thereon in reasonably good order, condition and repair and clean orderly and safe; and
- (6) Ensure that the Premises and all activities conducted thereon are at all times in compliance with all applicable tribal and federal laws, statutes, ordinances, covenants, common law, rules, regulations, permits, or orders, including but not in any way limited to the Inter-governmental Agreement Between the Squaxin Island Tribe and the Frank's Landing Indian Community, a copy of which is being provided to Lessee and Lessee hereby acknowledges receipt thereof; and
- (7) Be responsible for and timely pay any and all utilities provided to the Premises, including but not limited to charges associated with electricity, gas, water, cable, garbage, and telephone services; and
- (8) Recognize the right of the Lessor and Theresa M. Bridges, her agents and representatives, to enter and inspect the Premises during reasonable hours and after giving appropriate notice to Lessee, for the purpose of inspecting the Premises and Lessee's compliance with the terms of this Sublease, and to make such repairs, alterations, improvements, or additions thereto as Theresa M. Bridges may deem appropriate.

15. AS IS. LESSEE ACKNOWLEDGES THAT IT HAS FULLY INSPECTED THE PREMISES AND ALL IMPROVEMENTS, FIXTURES, FURNITURE AND EQUIPMENT, IS SATISFIED WITH THE CONDITION THEREOF AND IS TAKING THE SAME IN AN "AS-IS" AND "WHERE-IS" CONDITION, "WITH ALL FAULTS," AND LESSOR MAKES NO REPRESENTATIONS OR WARRANTIES (EITHER EXPRESS OR IMPLIED) OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND LESSOR EXPRESSLY DISCLAIMS THE SAME. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NEITHER LESSOR NOR ANY EMPLOYEE, AGENT NOR REPRESENTATIVE OF LESSOR HAS MADE ANY REPRESENTATION (EITHER

EXPRESS OR IMPLIED) OR WARRANTY RESPECTING THE CONDITION OF THE PREMISES OR THE IMPROVEMENTS, FIXTURES, FURNITURE AND EQUIPMENT.

16. Non-Waiver. Failure of Lessor or Lessee to declare any default immediately upon occurrence thereof, or any delay in taking any action in connection therewith, shall not waive such action at law or in equity. No waiver by Lessor or Lessee of a default by the other shall be implied, and no express waiver by Lessor or Lessee shall affect any such default other than the default specified in such waiver and then only for the time and extension therein stated. All rights and remedies specifically granted to Lessor and Lessee herein shall be cumulative and not mutually exclusive, and no waiver shall be enforceable unless signed by the party against whom enforcement is sought. Further, no payment by Lessee or receipt by Lessor of a lesser amount than the correct amount or manner of payment of rental due hereunder shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed to effect or evidence an accord and satisfaction, and Lessor may accept any checks or payments as made without prejudice to Lessor's right to recover the balance or pursue any other remedy in this Sublease or otherwise provided at law or equity.

17. Secretary's Additional Requirements. The provisions of Exhibit C, to the extent not inconsistent with the provisions of this Sublease, are incorporated herein by reference.

18. Notices, payments, and other communications required by or sent pursuant to any provision of this Sublease shall be deemed given if and when personally delivered or sent by first class mail or express delivery service as follows:

TO LESSOR:

FRANK'S LANDING INDIAN COMMUNITY
11117 Conine Avenue, S.E.
Olympia, Washington 98503
Attention: Community Council

TO LESSEE:

THE SQUAXIN ISLAND TRIBE
ATTN: Executive Director
10 SE Squaxin Land
Shelton, WA 98584

With a copy to:

ISLAND ENTERPRISES, INC.
ATTN: CEO
3951 SE Old Olympic Hwy
Shelton, WA 98584

TO THERESA M. BRIDGES:

11117 Conine Avenue, S.E.
Olympia, Washington 98503

19. Miscellaneous.

(a) This Sublease constitutes the entire agreement of the Parties relative to the subject matter hereof, and all prior negotiations, conversations, representations, agreements and understandings are specifically merged herein and superseded hereby. This Sublease may be modified only by written instrument executed by the parties hereto. This Sublease is the result of the prior negotiations, conversations, representations, agreements and understandings of the parties and is to be construed as the jointly prepared product of the parties.

(b) The laws of the United States, including specifically the Inter-governmental Agreement between the Frank's Landing Indian Community and the Squaxin Island Tribe, and the laws of the State of Washington when federal laws are silent, shall govern this Sublease.

(c) Any suit brought to enforce the terms of this Sublease shall be addressed through alternative dispute resolution.

(d) The paragraph headings used in this Sublease have been inserted for convenience of reference only and should not be construed to limit or restrict the terms and provisions, covenants and conditions hereof.

(e) If any term or provision of this Sublease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each remaining term and provision of this Sublease shall be valid and be enforced to the fullest extent permitted by law. To that end, each of the terms and provisions of this Sublease are hereby declared to be severable.

(f) This Sublease and any modifications or amendments hereto shall not take effect and be binding upon Lessor until Lessor and Lessee executes the same. Submission of this Sublease to the Lessee shall not be (nor construed to be) an offer to sublease the Premises.

(g) In the event either Party retains the services of an attorney to enforce any provision of this Sublease, the non-prevailing party shall be obligated to reimburse the other party for its reasonable attorneys and paralegals' fees and expenses actually incurred in connection therewith.

(h) Lessor and Lessee acknowledge and agree that neither has engaged the services of or is liable to any real estate agent, broker, finder or any other person or entity for any brokerage or finder's fee, commission or other amount with respect to this Sublease. Lessor and Lessee each agree to indemnify, defend and hold the other harmless against all losses, liabilities and

expenses, including, without limitation, reasonable attorneys and paralegals fees and costs, suffered by either party due to a breach of the foregoing representation, covenant and warranty.

(i) This Sublease may be executed in two or more counterparts, each of which shall be deemed an original and which together shall constitute one and the same instrument.

(j) Lessor reserves the right to amend or modify the Ground Lease, without obtaining Lessee's consent, and Lessee, upon receiving notice of such amendment or modification, shall be bound by the Ground Lease in accordance with the terms of this Sublease.

(k) Any provision to the contrary contained in this Sublease notwithstanding, Lessee's obligations to indemnify Lessor hereunder shall survive the expiration of the Term hereof or any earlier termination of this Sublease.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Sublease on December 23rd, 2012.

Frank's Landing Indian Community, LESSOR

By: Billy [Signature]
Name:
Its: F.I.F.L. Council MEMBER

Squaxin Island Tribe, LESSEE

By: _____
Name:
Its: _____

Acting [Signature] JAN 15 2013

Form Approved by:
Northwest Regional Director
Approved pursuant to 209 DM 8, 230 DM 1,3 IAM 4

expenses, including, without limitation, reasonable attorneys and paralegals fees and costs, suffered by either party due to a breach of the foregoing representation, covenant and warranty.

(i) This Sublease may be executed in two or more counterparts, each of which shall be deemed an original and which together shall constitute one and the same instrument.

(j) Lessor reserves the right to amend or modify the Ground Lease, without obtaining Lessee's consent, and Lessee, upon receiving notice of such amendment or modification, shall be bound by the Ground Lease in accordance with the terms of this Sublease.

(k) Any provision to the contrary contained in this Sublease notwithstanding, Lessee's obligations to indemnify Lessor hereunder shall survive the expiration of the Term hereof or any earlier termination of this Sublease.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Sublease on December 21, 2012.

Frank's Landing Indian Community, LESSOR

By: _____
Name: _____
Its: _____

Squaxin Island Tribe, LESSEE

By: *Dan Lopez*
Name: _____
Its: CHAIR

[Signature] 'JAN 15 2013

Acting
Form Approved by:
Northwest Regional Director
Approved pursuant to 209 DM 8, 230 DM 1,3 IAM 4

Exhibit A
Base and Additional Rent

Lessee shall pay Lessor rent in the amount equal to the sum of "Fixed Base Rent" and the "Additional Rent" calculated as set forth in Paragraphs 1 and 2 below, respectively.

1. Fixed Base Rent. During the term of the Sublease, Lessee shall pay Lessor as rent **Eight Hundred Thousand and No/100 Dollars (\$800,000.00)** per year in equal monthly installments of **Sixty-Six Thousand Six Hundred Sixty-Six and 67/100 Dollars (\$66,666.67)** ("**Fixed Base Rent**") without deduction, set-off, abatement, counterclaim or defense except as provided in Section 3 below, in advance on the fifth (5th) day of each calendar month during the term of the Sublease. Fixed Base Rent for any partial calendar month during the term of the Sublease shall be prorated. In the event that Lessee has not paid Lessor, on or before the tenth (10th) day of any calendar month, the full amount of Fixed Base Rent due for such calendar month, Lessee shall be liable for, and shall pay, any late charges or fees or interest or any other charge or fee that Lessor is required to pay on account of a late Fixed Base Rent payment under the Sublease. All past due installments of Fixed Base Rent not received by Lessor on or before the tenth (10th) day of any calendar month shall be subject to a late charge of one percent (1%) of the past due amounts for each month not paid and shall additionally bear interest at the rate of twelve percent (12%) per annum, or the maximum rate of interest then permitted by applicable law, accruing from the due date until paid.

2. Additional Rent. During the term of the Sublease, in addition to the Fixed Base Rent, Lessee shall pay to Lessor a portion of the income generated by the business conducted upon or from the Premises by Lessee ("Additional Rent") equal to the amount, if any, by which the Gross Sales exceed the Total Costs. Additional Rent for a calendar month shall be payable on the fifth (5th) day of the third (3rd) calendar month after such calendar month. (For purposes of clarification and to avoid confusion, the Additional Rent for the calendar month January 2012, shall be payable on April 5, 2012, for example.). Lessee's obligation to pay Additional Rent for any calendar month, or portion thereof, during the term of the Sublease shall survive the expiration or earlier termination of the Sublease.

For purposes of the Sublease, "Cost of Goods" for a calendar month during the term of the Sublease means the direct costs attributable to the purchase of the goods sold by Lessee; provided, however, that such costs shall only include the costs incurred by Lessee to purchase such goods at fair market rates. For goods sold by Lessee or its enterprises, subdivisions and affiliates, the "Costs of Goods" shall be the reasonable and fair market value of such goods, as may be evidenced by the list or regular price for which such goods are sold by Lessee to unrelated third parties, exclusive of any promotions, sales, or other special pricing.

For purposes of the Sublease, "Gross Sales" for a calendar month during the term of the Sublease means the aggregate dollar amount of all income, from whatever source, generated from all business conducted upon or from the Premises by Lessee or any person operating in or from the Premises on behalf of Lessee (including any invitee or agent of Lessee) during such calendar month, including, without limitation: the entire amount of gross receipts from sales of Lessee and

of all licensees, concessionaires, operators, and subtenants of Lessee, whether such sales are evidenced by check, credit, charge account, exchange or otherwise; amounts received from the sale of goods, wares and merchandise (including gift and merchandise certificates) and for services performed on or at the Premises (including the value of all goods accepted in lieu of cash payment), and deposits not refunded to customers, and whether such sales are made by means of merchandise or other vending devices in the Premises; and the entire sales price of merchandise sold as a result of orders taken at the Premises but delivered elsewhere, and the entire sales price of merchandise delivered from the Premises as a result of orders taken elsewhere. If any one or more departments or other divisions of Lessee's business shall be licensed or sublet by Lessee or conducted by any party other than Lessee, then there shall be included in Gross Sales all the income generated by such departments or divisions, whether from sales filled at the Premises or elsewhere, in the same manner and with the same effect as if the business or sales of such departments and divisions of Lessee's business had been conducted by Lessee. Each charge or sale upon installment or credit shall be treated as a sale for the full price in the calendar month during which such charge or sale shall initially be made, irrespective of the time when Lessee shall receive payment (whether full or partial) therefor. There shall be no deduction for uncollected or uncollectible credit accounts or for bad debts or other losses in excess of three percent (3%) of Gross Sales; Gross Sales shall not include sales of merchandise for which, and to the extent that, cash has been refunded, or allowances made on merchandise claimed to be defective or unsatisfactory, provided that the original sale price of such merchandise shall have been included in Gross Sales; and there shall be deducted from Gross Sales the sale price of merchandise returned by customers for exchange, provided that the sale price of merchandise delivered to the customer in exchange shall be included in Gross Sales. No franchise, capital stock or personal property tax and no income or similar tax based upon income or profits as such shall be deducted from Gross Sales; provided, however, cigarette excise and tribal sales taxes shall apply.

For purposes of the Sublease, "Total Costs" for a calendar month during the term of the Sublease means the amount equal to the sum of (i) the Cost of Goods plus (ii) Operating Expenses plus (iii) Fixed Base Rent actually received by Lessor for such calendar month (excluding any late fees and interest paid thereon) plus (iv) excise tax required by the state-tribal compact and tribal sales tax plus (v) the amount equal to the product of One Dollar (\$1.00) multiplied by the number of cartons of two hundred (200) cigarettes sold by Lessee (or any licensees, concessionaires, operators or subtenants of Lessee) from the Premises during such calendar month. Where sales are made by the pack, a pro-rata fee of \$0.10 per pack shall be multiplied by the number of packs not sold in a carton.

For purposes of the Sublease, "Operating Expenses" for a calendar month means the amount equal to (i) one twelfth (1/12th) of the annual insurance premium payable by Lessee in connection with the insurance maintained by Lessee as required under the Sublease with respect to the Premises plus (ii) the cost of utilities consumed by Lessee at the Premises during such calendar month plus (iii) the cost incurred by Lessee during such calendar month for employee compensation (including applicable benefits, taxes and other standard payroll expenditures under Lessee's then-current employment policies and benefit programs); provided that such labor costs shall only include the compensation for employees directly and reasonably necessary to operate Lessee's business from the Premises; plus (iv) Lessee's costs of feasibility evaluation in

accordance with Section 5 of this Sublease, and (v) to the extent not captured as Costs of Goods, advertising, promotion, armored car expenses, audit and contract services, maintenance, supplies, postage, freight, payroll taxes, benefits, depreciation, agreed upon tenant improvements, and regulatory costs.

Within thirty (30) days of the end of each calendar month during the term of the Sublease, Lessee shall prepare and deliver to Lessor a statement of Gross Sales during the preceding calendar month. In addition, within one hundred twenty (120) days after the expiration of each calendar year, Lessee shall prepare and deliver to Lessor a statement of Gross Sales during such year certified to be correct by a Certified Public Accountant if required by Lessor.

Lessee shall keep, and shall cause each licensee or concessionaire of Lessee to keep, at its offices, in the Premises or at some other location in the general vicinity of the Premises an accurate set of books reflecting Gross Sales and with respect thereto shall preserve all cash register tapes, sales slips, order records, records of transactions with concessionaires and licensees, shipping records, records of merchandise returned, tax returns, banking records, and such other records as may be needed for an effective audit of Gross Sales. All such books and records shall be retained for a period of at least twelve (12) calendar months after the end of the calendar year to which they relate. All such books and records shall be subject to inspection and audit by Lessor at all reasonable times.

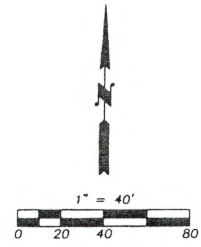
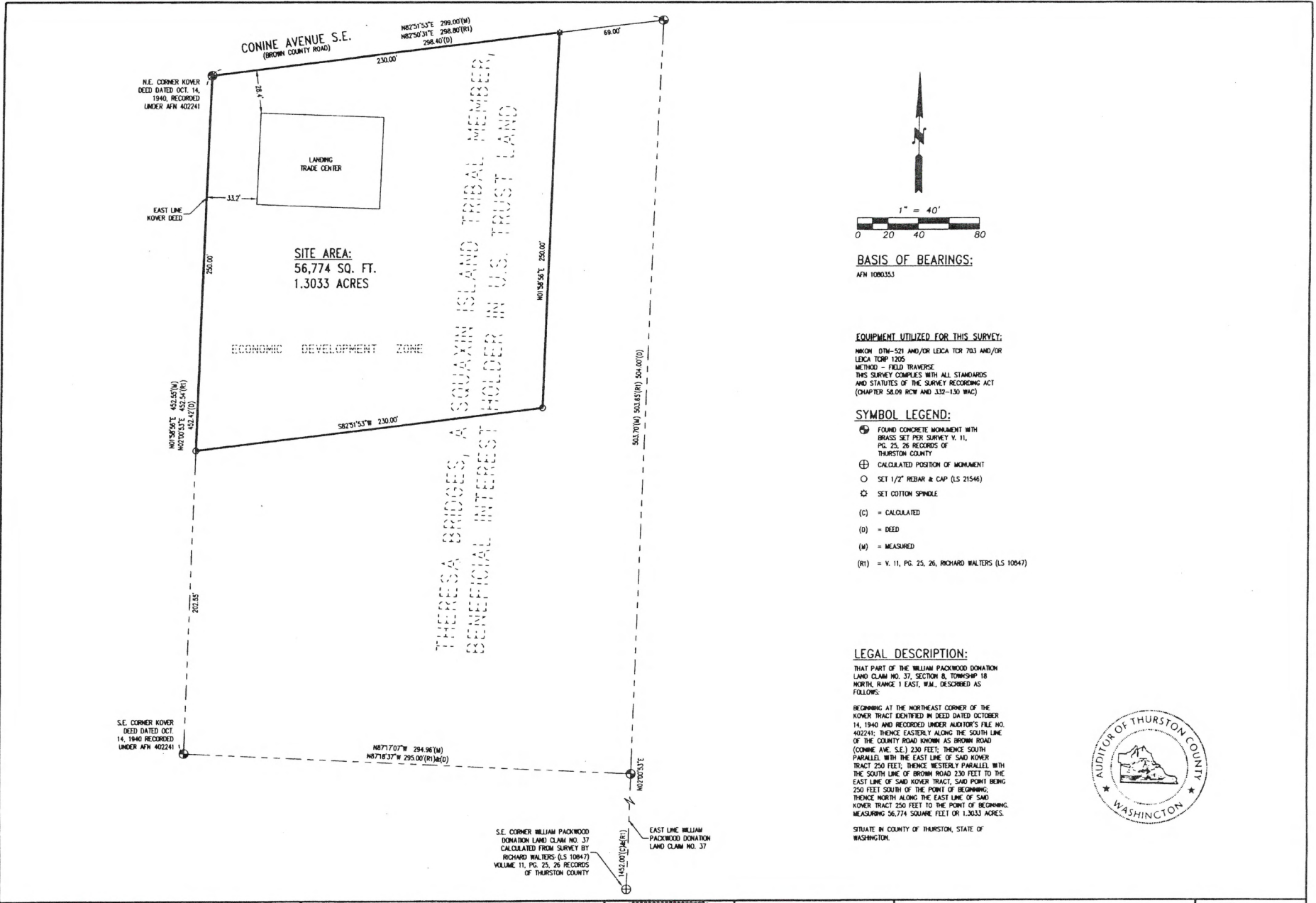
If Lessor is not satisfied with the statement of Gross Sales, Cost of Goods, Total Costs or Operating Expenses as submitted by Lessee, Lessor shall have the right to have auditors of Lessor's choice make a special audit of all books and records, wherever located, pertaining to Gross Sales, Costs of Goods, Total Costs or Operating Expenses. Lessee shall have a meaningful opportunity to meet and confer with the auditors and/or to disagree with the auditors. If Gross Sales, as so determined by special audit, exceed the figures submitted by Lessee by more than three (3%) percent, (or if, Costs of Goods, Total Costs or Operating Expenses are so determined by special audit, are lower than the figures submitted by Lessee by more than three (3%) percent) then Lessee shall pay the cost of such audit (otherwise the cost of such audit shall be borne by Lessor). Lessee shall promptly pay to Lessor any deficiency in Additional Rent or Lessor shall promptly refund to Lessee any overpayment in Additional Rent, as the case may be, which is established by such special audit.

3. Fixed Base Rent Reduction; Early Termination. In the event that Lessee fails to incur an Additional Rent obligation during any calendar month of the Term (an "Additional Rent Deficiency"), Lessee shall have the right to reduce its monthly Fixed Base Rent obligation for the third (3rd) month after the occurrence of an Additional Rent Deficiency by an amount required to eliminate the applicable Additional Rent Deficiency (a "FBR Reduction"), and in any subsequent month to the extent the Additional Rent Deficiency is not fully eliminated by such reduction. If during any rolling twelve (12) month period the total amount of FBR Reduction exceeds One Hundred Thousand Dollars and 00/100 (\$100,000.00) the Parties agree to meet (i) to discuss opportunities to improve the operating performance of the Premises, and/or (ii) to enter into good faith negotiations to revise the terms of the Sublease to the Parties' mutual satisfaction. In the event, that the Parties fail to agree upon mutually acceptable revisions to the terms of the Sublease and the total amount of the FBR Reduction exceeds Two Hundred

Exhibit B
Site Plan

3997578 08 47 00
 3997578 08 47 00
 3997578 08 47 00
 3997578 08 47 00
 3997578 08 47 00

Survey # 3997578



BASIS OF BEARINGS:
 AFN 1000353

EQUIPMENT UTILIZED FOR THIS SURVEY:
 NIKON DTM-521 AND/OR LEICA TOP 703 AND/OR LEICA TOP 1205
 METHOD - FIELD TRAVERSE
 THIS SURVEY COMPLIES WITH ALL STANDARDS AND STATUTES OF THE SURVEY RECORDING ACT (CHAPTER 58.09 RCW AND 332-130 WAC)

- SYMBOL LEGEND:**
- ⊕ FOUND CONCRETE MONUMENT WITH BRASS SET PER SURVEY V. 11, PG. 25, 26 RECORDS OF THURSTON COUNTY
 - ⊕ CALCULATED POSITION OF MONUMENT
 - SET 1/2" REBAR & CAP (LS 21546)
 - ⊙ SET COTTON SPINDLE
 - (C) = CALCULATED
 - (D) = DEED
 - (M) = MEASURED
 - (R) = V. 11, PG. 25, 26, RICHARD WALTERS (LS 10047)

LEGAL DESCRIPTION:
 THAT PART OF THE WILLIAM PACKWOOD DONATION LAND CLAIM NO. 37, SECTION 8, TOWNSHIP 18 NORTH, RANGE 1 EAST, W.M., DESCRIBED AS FOLLOWS:
 BEGINNING AT THE NORTHEAST CORNER OF THE KOVER TRACT IDENTIFIED IN DEED DATED OCTOBER 14, 1940 AND RECORDED UNDER AUDITOR'S FILE NO. 402241; THENCE EASTERLY ALONG THE SOUTH LINE OF THE COUNTY ROAD KNOWN AS BROWN ROAD (CONINE AVE. S.E.) 230 FEET; THENCE SOUTH PARALLEL WITH THE EAST LINE OF SAID KOVER TRACT 250 FEET; THENCE WESTERLY PARALLEL WITH THE SOUTH LINE OF BROWN ROAD 230 FEET TO THE EAST LINE OF SAID KOVER TRACT, SAID POINT BEING 250 FEET SOUTH OF THE POINT OF BEGINNING; THENCE NORTH ALONG THE EAST LINE OF SAID KOVER TRACT 250 FEET TO THE POINT OF BEGINNING, MEASURING 56,774 SQUARE FEET OR 1.3033 ACRES.
 SITUATE IN COUNTY OF THURSTON, STATE OF WASHINGTON.



AUDITOR'S CERTIFICATE
 FILED FOR RECORD THIS 21st DAY OF March, 2008
 AT 8:47 AM, UNDER AUDITOR'S FEE NO. _____
 AT THE REQUEST OF Theresa Bridges
 A.F.N. 3997578 \$ 108.00
 _____ DEPUTY AUDITOR
 _____ COUNTY AUDITOR

SURVEYOR'S CERTIFICATE
 This map correctly represents a survey made by me or under my direction in conformance with the requirements of survey Recording Act of the request of Theresa Bridges, beneficial interest holder in U.S. trust land in FEBRUARY, 2008.
Anne E. Ripinen 3-11-08
 Anne E. Ripinen, Jr., P.L.S. Certificate #21546



RIPIEN & COMPANY SURVEYORS
 10305 Canyon Rd. E.
 Puyallup, WA 98373
 (253)845-0048

SURVEY IN:
 THE N.W. 1/4 OF THE N.E. 1/4 OF SEC. 8,
 TWP. 18 N., RGE. 1 E., W.M., THURSTON
 COUNTY. (IN THE WILLIAM PACKWOOD DONATION
 LAND CLAIM NO. 37)
 FOR: Theresa Bridges, beneficial interest holder in U.S. trust land

Job # 5307
 Scale: 1" = 40'
 Date: 3/7/2008
 Drawn by: MTP, JHC
 Checked by: AER, JR.
 Drawing name: 5307ROS
 Field Book: 510
 Sheet 1 of 1

Exhibit C
Secretary's Additional Requirements

This lease is subject to the following provisions:

1. "Secretary" as used herein means the Secretary of the Interior or his authorized representative.
2. Improvements - Unless otherwise provided herein, it is understood and agreed that any building or other improvements placed upon the said land by the lessee become the property of the lessor upon termination or expiration of this lease.
3. Unlawful Conduct - The lessee agrees that he or she will not use or cause to be used any part of said premises for any unlawful conduct of purpose.
4. Subleases of Assignments - Unless otherwise provided herein, a sublease, assignment or amendment of this lease may be made only with the approval of the Secretary and written consent of all parties to this lease, including the surety or sureties.
5. Interest. It is understood that any payment not made by the anniversary date of said lease shall accrue interest at the rate of 18% until payment is made in full.
6. Relinquishment of Supervision By The Secretary - Nothing contained in this lease shall operate to delay or prevent a termination of Federal trust responsibilities with respect to the land by the issuance of a fee patent or otherwise during the term of the lease; however, such termination shall not serve to abrogate the lease. The owners of the land and the lessee and surety of sureties shall be notified by the Secretary of any such Change in the status of the land.
7. Rental Adjustment - The rental provisions in all leases which are granted for a term of more than five (5) years and which are not based primarily on percentages of income produced by the land shall be subject to review and adjustment by the Secretary at not less than five-year intervals in accordance with the regulations in 25 CFR 162. Such review shall give consideration to the economic conditions at the time, exclusive of improvements or development required by the contract or the contribution value of such improvements.
8. Interest of Member of Congress - No Member of, Delegate to, Congress or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise here from, but this provision shall not be construed to extend to this contract if made with a corporation or company for its general benefit.
9. Violators of Lease - It is understood and agreed that violations of this lease shall be acted upon in accordance with the regulations of 25 CFR 162. Lessee will be charged \$15.00 for any and all notice of violations given by the Bureau of Indian Affairs.

10. Assent Not Waiver Of Future Breach Of Covenants - No assent, express or implied, to any breach of any of the lessee's covenants, shall be deemed to be a waiver of any succeeding breach of any covenants.
11. Upon Whom Binding - It is understood and agreed that the covenants and agreements hereinbefore mentioned shall extend to and be binding upon their heirs, assigns, successors, executors, and administrators of the parties of this lease. While the leased premises are in trust or restricted status, all of the lessee's obligations under this lease, and the obligations under this lease, and the obligations of its sureties, are to the United States as well as to the owner(s) of the land.
12. Approval - It is further understood and agreed between the parties hereto that this lease shall be valid and binding only after approval by the Secretary.
13. Additions - Prior to execution of this lease, provision(s) Number(s) has (have) been added hereto and by reference is (are) made a part of hereof.
14. Billing Invoice - Land use payments must be made in accordance with the billing invoice that is mailed approximately 45 days prior to the payment due date.
15. Direct Pay — Land use payments for direct pay beneficial owners returned to the lessee due to an undeliverable status must be forwarded to the centralized commercial lockbox with evidence of the returned mailing within two (2) business days of receipt. The Lessee must certify direct payment was made to all beneficial owners by signing the declaration of the land use billing invoice.
16. Advance Payment(s) — Advanced payment(s) to a beneficial owner are prohibited unless a modification to the lease payment schedule has been previously authorized by the Secretary of the Interior or his/her designee.



SQUAXIN ISLAND TRIBE

RESOLUTION NO. 12-71

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, the Squaxin Island Tribal Council is charged with the duty of protecting the health, security, education and general welfare of tribal members, and of protecting and managing the lands and treaty resources and rights of the Tribe; and

WHEREAS, the Tribe is a federally-recognized Indian Tribe possessing reserved powers, including the powers of self-government; and

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 the lands and treaty resources of the Tribe; and

WHEREAS, for the past five years, the Squaxin Island Tribe has leased land from the Frank's Landing Indian Community, beneficial ownership of which is held by Squaxin Island tribal member Theresa Bridges; and

WHEREAS, the use of that land for economic development purposes has proved beneficial to the Tribe, the Community, and Ms. Bridges; and

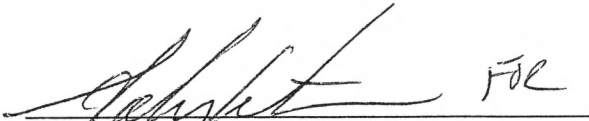
WHEREAS, the lease between the Community and the Tribe is scheduled to expire at year end: December 31, 2012,

NOW THEREFORE BE IT RESOLVED, that the Squaxin Island Tribal Council hereby agrees to enter into a new five year lease with the Frank's Landing Indian Community in substantially the same form as the attached document, with such non-substantive changes as may be necessary to obtain the approval of the Bureau of Indian Affairs.

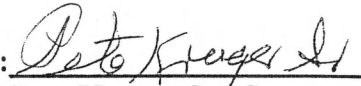
NOW THEREFORE BE IT FINALLY RESOLVED, that the Tribal Council hereby authorizes the Council Chairman or the Tribal Administrator, to do any and all accounts necessary to effect execution of the lease.

CERTIFICATION

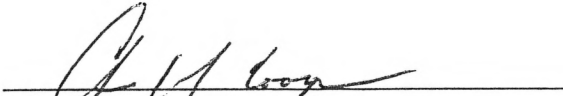
The Squaxin Island Tribal Council hereby certifies that the foregoing Resolution was adopted at the regular meeting of the Squaxin Island Tribal Council, held on this 13th day of December, 2012, at which time a quorum was present and was passed by a vote of 5 for and 0 against, with 0 abstentions.



David Lopeman, Chairman

Attested by: 

Pete Kruger Sr., Secretary



Arnold Cooper, Vice Chairman

EXCEPTION CHECKLIST FOR BIA CATEGORICAL EXCLUSIONS

Date: January 3, 2013

Project: Lease and Sub-Lease of (130) 1113, Theresa M. Bridges 100% ownership to Squaxin Island Lease to Frank's Landing Indian Community then to Squaxin Island Tribe as sub-lessee.

Nature of Action: Sub-Lease existing land and fixtures to Squaxin Island Tribe w/ no change in use or development.

516 DM 10.5

Exclusion Category and Number: Land Conveyances and other Transfers of Interests 516 DM 10.5, I.
where there is no change in land use.

Evaluation of exceptions to actions within Categorical Exclusion:

1. This action would have significant adverse effects on public health or safety. No Yes
2. This action would have an adverse effect on unique geographical features, such as wetlands, wild or scenic rivers, refuges, floodplains, rivers placed on nationwide river inventory, or prime or unique farmlands. No Yes
3. The action will have highly controversial environmental effects. No Yes
4. The action will have highly uncertain environmental effects or involve unique or unknown environmental risk. No Yes
5. This action will establish a precedent for future actions. No Yes
6. This action is related to other actions with individually insignificant but cumulatively significant environmental effects. No Yes
7. This action will affect properties listed or eligible for listing on the National Register of Historic Places. No Yes
Q
8. This action will affect a species listed or proposed to be listed as endangered or threatened. No Yes
9. This action threatens to violate federal, state, local, or tribal law or requirements imposed for protection of the environment. No Yes

10. This action will have a disproportionately high and adverse effect on low income or minority populations. No X Yes


11. This action will limit access to, and ceremonial use of Indian sacred sites on federal lands by Indian religious practitioners, or significantly adversely affect the physical integrity of such sacred sites. No X Yes

12. This action will contribute to the introduction, continued existence, or spread of noxious weeds or non-native invasive species known to occur in the area, or may promote the introduction, growth, or expansion of the range of such species. No X Yes

A "yes" to any of the above exceptions will require that an Environmental Assessment be prepared.

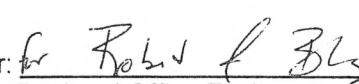
NEPA Action: Categorical Exclusion X Environmental Assessment

Preparer's Name and Title: Alida Gulley, Realty Specialist, Northwest Regional Office

Regional Archaeologist concurrence with Item 7: 

Concur: *Acting* 
Northwest Regional Director

1/15/13
Date

Concur: 
Regional Office Environmental Coordinator

1/2/13
Date

Northwest Regional Office Review

Purpose and Intended Use of Review: The purpose of this review is to determine if the appraisal report has been written in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), utilizing recognized methods and techniques necessary to produce a credible appraisal report. Furthermore, this review is intended to evaluate the relevance of the data cited and any adjustments made to that data as well as an assessment of the analysis, opinions, and conclusions expressed in the appraisal report in an effort to assist this reviewer's client and intended users in negotiating real estate transactions.

Client: Superintendent of the Olympic Peninsula Agency and the Bureau of Indian Affairs (BIA)

Intended Users: The Client, the Bureau of Indian Affairs, the Squaxin Island Nation, Allotment Property Owner, and the Office of the Special Trustee for American Indians (OST)

Property Description: 1.3 +/- Acre Commercial Lot
Improvements: 4,800 +/- SqFt Commercial Building and some site improvements
Legal Description: Part of William Packwood Donation Land Claim No. 37, in Section 8, Township 18 North, Range 1 East, W.M., Thurston County, Washington.
(See report for metes and bounds description.)
Address: 11107 Conine Avenue SE, Lacey, WA 98513
Owners of Record: Theresa Bridges (per appraisal request)
Interest Appraised: Trust Land appraised as like Fee Simple
Highest & Best Use: Commercial
Appraiser: Kelly R. Hao, Washington State Certified General Appraiser, # 1101618
Date of Report: November 13, 2012
Effective Date of Appraisal: October 25, 2012
Market Rent Opinion: \$52,000
Type of Appraisal Report: Summary

Clients: Island Enterprises, Inc., a wholly owned corporation of the Squaxin Island Tribe

Intended Users: The Clients; Superintendent of the Olympic Peninsula Agency, BIA, and the Northwest Regional Office, Office of the Appraisal Services (OST)

Purpose and Intended Use of the Appraisal: The purpose of the assignment is to provide an opinion of the market rental value for the commercial building and site. The intended use of the report is for lease negotiations by the Superintendent of the Olympic Peninsula Agency, BIA.

Date of Review and Approval: January 14, 2013

Reviewer's Recommendation: The appraisal report under review is acceptable.

Reviewed and Approved:



Thomas J. Konency, Review Appraiser
State of Montana Certified General Appraiser No. 935

Scope of Review: This review is a technical desk review. The review is based on the material in the appraisal report. The reviewer did not inspect the subject or the comparables sales used in the appraisal report. The reviewer did not conduct a new sales search, nor did the reviewer re-verify the data used in the appraisal. The appraisal report is being reviewed for an acceptable level of completeness and consistency. Additionally, the review appraiser considered the following scope of work:

Scope of Work	Yes	No	N/A
Is the appraisal mathematically accurate?	X		
Is the material in the appraisal under review complete within the scope of work applicable in the assignment?	X		
Are the valuation methods and techniques used by the appraiser appropriate for the types of property being appraised?	X		
Is the market data used adequate and relevant?	X		
Are the analyses, opinions, and conclusions in the appraisal report under review appropriate and reasonable?	X		
Is the appraisal report acceptable? (Refer to the comments below).	X		

Comments and Analysis: The review is conducted primarily to check accuracy, completeness, credibility and conformance with USPAP and federal guidelines as applicable.

Reviewer's Comments: The appraiser has provided an acceptable appraisal report. Although a few typos were noted they are not considered significant and do not change the final value conclusions.

To conclude a market rent for the subject the appraiser used the market comparable approach. That is, rents and leases for other comparable rental properties were obtained and analyzed, from which the subject market was estimated.

The appraiser used seven rentals in her analysis. The rental lease terms are all considered to be current. The rentals bracketed the subject in size. The rentals were further analyzed for improvement condition, occupancy design (retail or office vs. warehouse), land coverage ratio, and location.

The rentals ranged in rent from about \$7.91 per square foot per year to about \$18.00 per square foot per year. The sales bracketed the final market value conclusion of \$10.75 per square foot per year. The appraiser rounded the market rent to \$52,000 per year total.

See the attached appraisal report for said analysis. The estimated value appears to be appropriate based on the appraiser's market research, analysis, discussion and conclusions.

REVIEW APPRAISER CERTIFICATION

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this review report are true and correct;
- the reported analyses, opinions, and conclusions in this review report are limited only by the reported assumptions and limiting conditions stated in this review report, and are this reviewer's personal, impartial, unbiased professional analyses, opinions and conclusions;
- this reviewing appraiser has no present or prospective interest in the property that is the subject of this review report and no personal interest with respect to the parties involved;
- this reviewing appraiser has no bias with respect to the property that is the subject of this review report nor with respect to the parties involved with this assignment;
- this reviewer's engagement in this assignment was not contingent upon developing or reporting predetermined results;
- the compensation received by this review appraiser for this review is not contingent on an action or event resulting from the analyses, opinions, or conclusions reached or reported in this assignment nor from their use;
- the compensation received by this review appraiser for this review is not contingent upon the developing or reporting of any predetermined results or assignment results that favors the cause of the client or any other party, nor the attainment of any stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal review;
- the appraisal review was made and the review report prepared in conformity with the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice, except to the extent that the Uniform Appraisal Standards for Federal Land Acquisitions required invocation of USPAP's Jurisdictional Exception Rule, as described in Section D-1 of the Uniform Appraisal Standards for Federal Land Acquisitions;
- the appraisal review was made and the review report prepared in conformity with the Uniform Appraisal Standards for Federal Land Acquisitions, if and as applicable;
- the review appraiser has not made a personal inspection of the property that was the subject of the appraisal report reviewed; has not made a personal inspection of the market comparables cited in the appraisal report under review; has not verified the factual data presented in the appraisal report reviewed;
- no one provided significant professional assistance to the review appraiser and this review appraiser is current on all continuing education requirements as of the date of this review report;
- I have not preformed any services regarding the subject property is the prior three years.



Thomas J. Konency, Review Appraiser
State of Montana Certified General Appraiser No. 935
(Desk Review Only)

January 14, 2013
Date

ASSUMPTIONS & LIMITING CONDITIONS

1. The reviewer will not be responsible for matters of a legal nature affecting either the property being appraised or the title to it, including legal access or encroachment/trespass issues. No opinion is intended to be expressed for legal matters or that would require specialized knowledge or investigation, such as a title search. The reviewer assumes that the title is good and marketable, (“free and clear”), and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership and/or competent management.
2. The Reviewer assumes there are no hidden or unapparent conditions of the property, subsoil, or structures, and/or adjacent properties, which would render the subject more or less valuable including the presence of any artifacts or archeological items. This includes any adverse environmental conditions, (i.e., the presence of hazardous wastes, toxic substances, etc...). Because the reviewer is not an expert in the field of environmental hazards, or archeological matters, the review report must not be considered as an environmental or cultural assessment of the property and the reviewer makes no guarantees or warranties, express or implied, regarding the condition of the property. Concerns about soil conditions, actual condition of improvements or systems, or property conformity to zoning, building, fire, ADA, and other such applicable laws, regulations, rules and codes, should all be referred to the proper experts.
3. The reviewer is not an expert in minerals, mineral rights, timber, timber volumes, crops, farm programs or water requirements and rights. Unless otherwise noted, only surface rights will be appraised with no value specifically allotted to the mineral rights or deposits. Timber values, if considered a part of the report, will rely on proper experts, as will farm programs. Typically, growing crops are not considered in the review report. Usually it is assumed the water rights have been secured or perfected, with their value generally considered an inherent part of the land value, with any deviation from this to be included in the report. Rental and lease agreements, conservation plans, options and other situations may also require reliance on proper experts.
4. Any information, legal descriptions, acreage of land types, measurements of improvements, opinions, estimates, surveys, plans, maps and information on regulations, restrictions and studies, etc., from various sources including the BIA, OST or Tribal Staff, as well as from real estate professionals, government agencies, reviewers and other sources is considered reliable and the information is complete and correct. However, the reviewer does not assume responsibility for the accuracy of such items that were furnished by other parties. Any sketches, maps, drawings, etc..., in the review report itself are included to assist the reader in visualizing the property. They are not to be considered a legal survey or engineer's plan of any kind and are provided for informational purposes only and are not for any legal reference.
5. The reviewer assumes no responsibility or liability for future conditions, about which information was not supplied or readily available or was not public knowledge at the time the review is made, nor for the effect of events, which might concern the value of the subject property subsequent to date of review.
6. The scope of work has been disclosed in the report. The review and report was prepared for and is specific to the needs of the client, intended users and the intended use. This Review assumes the information presented in the Appraisal Report is correct and accurate. The reviewer has not visited the subject and nor the subject property neighborhood. The reviewer did not inspect the comparables sales used for the appraisal report. The reviewer did not conduct a new sales search, nor did the reviewer re-verify the data used in the appraisal. The Reviewer did not review the market of the subject to assure that market data used in the appraisal was objectively selected.
7. The reviewer will not disclose the contents of this review report except as provided for in the Uniform Standards of Professional Review Practice, and applicable federal, state, or local laws, rules or regulations. Any distribution of the valuation in the report applies only under the existing program of utilization. The separate valuations of components must not be used outside of this review and are invalid if so used. The reviewer is not obligated to/by any unauthorized use of this report by third parties or the “extraction” of only parts of the report and attempting to apply those parts in any other process or to reach a conclusion. No change of any item in the review report shall be made by anyone other than the reviewer and the reviewer is not responsible for any such unauthorized change.