May 29, 2002

Darrell Hillaire, Chairman
Lummi Tribe of the Lummi Reservation
2616 Kwina Road
Bellingham, WA 98226
Fax (360) 384-5521

Joseph J. Canfora, CEO
Merit Washington, LLC
350 Houbolt Road, Suite 200A
Joliet, IL 60411
Fax (815) 744-9482

Dear Chairman Hillaire and Mr. Canfora:

The National Indian Gaming Commission (NIGC) received and reviewed the class III gaming management contract (Contract), dated May 13, 2002, between the Lummi Tribe of the Lummi Reservation and Merit Washington, LLC. I am pleased to inform you that I have approved the Contract.

The Indian Gaming Regulatory Act (IGRA) and the regulations of the NIGC require that the Chairman of the NIGC approve management contracts for gaming operations on Indian lands. Accordingly, you submitted the Contract as required by 25 U.S.C. § 2711 and 25 C.F.R. Part 533.

We have reviewed the Contract and other information submitted and have determined that the standards of 25 C.F.R. Parts 531 and 533 have been met. This letter and my signature on the Contract constitute such approval.

Please note that if we learn of any actions or conditions that violate the standards contained in 25 C.F.R. Parts 531, 533, 535, or 537, we may require modifications of, or may void, the approved Contract, after providing the parties with an opportunity for a hearing and a subsequent appeal to the NIGC as set forth in 25 C.F.R. Part 577.

Should you have any questions concerning this approval, please call us at (202) 632-7003.

Sincerely,

Montie R. Deer
Chairman

MAY 17 2002

Execution Draft 5/13/02

SECOND AMENDED AND RESTATED MANAGEMENT AGREEMENT

BETWEEN THE

LUMMI TRIBE OF THE LUMMI RESERVATION, WASHINGTON, A FEDERALLY RECOGNIZED INDIAN NATION

AND

MERIT WASHINGTON, LLC
A NEVADA LIMITED LIABILITY COMPANY

Dated May 13, 2002

(Approved by the Chairman of the National Indian Gaming Commission on _____)

Agreement Number _____

M1:695778.14

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SECOND AMENDED AND RESTATED MANAGEMENT AGREEMENT

THIS SECOND AMENDED AND RESTATED MANAGEMENT AGREEMENT ("Agreement") is made and entered into as of May 13, 2002 by and between the Lummi Tribe of the Lummi Reservation, Washington, a federally recognized Indian tribe (the "Nation") possessed of all sovereign powers and rights thereto pertaining, and Merit Washington, LLC, a Limited Liability Company, organized and existing under the laws of the State of Nevada (the "Manager").

RESTATEMENT RECITALS AND AGREEMENT

The Nation and the Manager entered into a certain Management Agreement dated January 11, 2001 (the "Original Management Agreement"), and an Amended and Restated Management Agreement dated December 28, 2001, which superceded the Original Management Agreement. The Amended and Restated Management Agreement was submitted to the NIGC for approval pursuant to IGRA. Comments have been received from the NIGC for which a response requires amendments to the Amended and Restated Management Agreement. The Nation and the Manager therefore agree that this Agreement shall amend, restate and supercede in all respects the Amended and Restated Management Agreement, and upon the execution and delivery of this Agreement, the Amended and Restated Management Agreement shall cease to have any effect or import; subject always to approval of this Second Amended and Restated Management Agreement by the Chairman of the NIGC in accordance with IGRA.

GENERAL RECITALS:

A. The Nation is a federally recognized Indian Tribe governed by a Tribal Business Council. The Nation is recognized by the Secretary of the Interior as an Indian Nation and is recognized as possessing powers of self-government. Pursuant to the Nation's recognized powers of self-government and its statutes and ordinances the Nation possesses sovereign powers over land held in trust for it by the United States of America.

B. The Nation is the beneficial owner of and possesses and exercises sovereign governmental powers over lands held in trust for the Nation located within the boundaries of the Lummi Reservation, including a Site more particularly described on Exhibit A to this Agreement suitable for economic development. The Nation desires to use the Site to improve the economic conditions of its members, to enable it to better serve the social, economic, educational and health needs of the Nation, to increase the Nation's revenues, and to enhance the Nation's economic self-sufficiency.

C. The Nation and the State of Washington have entered into a Compact which, among other things, permits gaming activities on the Site.

D. The Nation has enacted a Gaming Ordinance, in compliance with IGRA for the operation and conduct of Gaming in order to fund the Nation's government operations and programs, including, without limitation, programs which provide for the general welfare of the Nation and its members, promote the economic development of the Nation and provide employment and training opportunities for the Nation's members, Indians generally and persons who reside in the surrounding communities.

E. The Business Council is the governing body of the Nation, with the power and authority to approve contracts relating to the operation and management of the gaming facility. Except for those governmental functions that the Business Council or the Gaming Commission is required to perform, which includes but is not limited to regulatory and licensing functions of the Gaming Commission, and any act with respect to sovereign immunity by the Business Council, the Nation has delegated to its wholly-owned subsidiary company, Lummi Commercial Company, the authority to negotiate, contract for, and conclude commercial agreements with Persons to further the transactions contemplated by this Agreement.

F. The Nation through separate development and financing agreements constructed a gaming facility on the Site. Following the approval hereof by the Chairman of the NIGC, the Gaming Facility will be operated and managed as a casino conducting Gaming by Manager on behalf of the Nation.

G. The Manager is a limited liability Company organized and existing under the laws of the State of Nevada. Background information with respect to persons owning an interest in, or otherwise associated with, the Manager, has been or is being supplied by the Manager to the Nation to the same extent as is required by rules promulgated by the NIGC, by the Gaming Ordinance, and by the Compact with respect to Gaming, as applicable.

H. The Nation presently requires the business experience and skill of the Manager to assist it to operate the Project in an efficient and profitable manner, and thus is desirous of entering into an agreement by which it will obtain business expertise to provide for the social, economic, educational and health needs of the Nation's members, and instruction for members of the Nation in the operation of the Project.

I. The Manager asserts that it has the management and technical experience to operate the Project on a market-driven basis in a competent and professional manner.

J. Based on these assertions, the Nation desires to enter into this Agreement with the Manager.

K. During the Term of and in conformance with the provisions of this Agreement, the Nation is desirous of vesting Manager with the exclusive right, save only for the Nation's rights herein, and obligation to manage, operate and maintain the Gaming and Gaming Related Commercial Activities on the Site during the Term of and in conformance with the provisions of this Agreement, and Manager is desirous of performing these functions.

L. Following the approval hereof by the Chairman of the NIGC, the Manager shall operate and manage on behalf of the Nation a commercial enterprise of the Nation authorized to engage in Gaming allowed pursuant to Federal law, the Compact, the Gaming Ordinance and the inherent sovereignty and authority of the Nation; and to engage in other lawful Gaming Related Commercial Activities on the Site, including, but not limited to, restaurants, lounges, entertainment, retail outlets and administrative offices; excluding, however, the existing mini-mart and service station located at 4884 Haxton Way, Ferndale, Washington adjacent to the Site.

M. The Nation and the Manager desire to set forth their agreements as to the proposed Gaming operations with the expectation that this Agreement shall be approved by all Governmental Authorities and that Manager shall be licensed to operate Gaming at the Gaming Facility in accordance with the Gaming Ordinance, the Compact, IGRA, and other Applicable Law.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions. The following defined terms are used in this Agreement:

"Affiliate" means, with respect to a Person, any corporation, partnership, limited liability company, joint venture, trust, department or agency, individual or other entity controlled by, under common control with, or which controls, directly or indirectly such Person.

"Applicable Law" shall mean all laws, regulations, orders, codes, ordinances, approvals and exemptions of the Nation, the United States of America, and any other government, having jurisdiction over the transactions of this Agreement, including agencies, commissions, departments or instrumentalities of the foregoing governments.

"AAA" shall mean the American Arbitration Association or any successor thereto.

"Bridge Facility" shall mean the financing provided by Manager for the Project.

"Business Council" shall mean the Lummi Indian Business Council established pursuant to the Nation's Constitution.

"Capital Budget" shall mean the annual capital budget submitted by the Manager and approved by the Management Committee containing projected capital expenditures for the Project.

"Cash Contingency Reserve" shall mean one or more accounts established as a working capital reserve for the Project as provided herein.

"Capital Reserve Account" shall mean the account designated for capital expenditures made pursuant to the Capital Budget as provided herein. Amounts in the Capital Reserve Account shall be accumulated in amounts approved by the Management Committee and included in the annual Capital Budget.

"Casino Bankroll" shall mean an amount reasonably determined by Manager, with the consent of the Management Committee as funding required to bankroll gaming activities at the Project but in no case less than the amount required by law. The Casino Bankroll shall include the funds located on the gaming tables, in the gaming devices, cages, vault, counting rooms or in any other location in the Facility where funds may be found, and funds in any bank established

for the foregoing purposes or the Cash Contingency Reserve, and any other additional amount required by law or such other amount as is reasonably determined necessary by Manager for the foregoing purpose.

Commencement Date" shall mean the Effective Date.

"Compact" shall mean the Tribal-State Compact for Class III Gaming between the Nation and the State of Washington, dated as of September 1995, as amended, supplemented and modified.

"Confidential Information" shall mean all information disclosed by either party or observed while visiting the premises of the other party in any form (written, oral, photographic, electronic, magnetic, or other), including, without limitation: contracts, sales, marketing, business and financial information and plans, pro forma financial statements and projections, customer lists, internal memoranda and correspondence, plans, ideas, service processes, designs, software, data and other information of a technical or financial nature.

"Constitution" shall mean the Constitution and Bylaws of the Lummi Tribe of the Lummi Reservation, Washington, as amended.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership, by contract or otherwise.

"Depository Agreement" shall mean the Amended and Restated Depository Agreement dated as of December 28, 2001 entered into among the Nation, the Manager, Wells Fargo Bank, National Association and Wells Fargo Bank Northwest, National Association, as the same may be amended, supplemented or restated.

"Depreciation Expense" shall mean the expensing of capitalized assets as provided for and calculated using GAAP.

"Effective Date" shall mean the date of the approval of this Agreement by the Chairman of the NIGC.

"Employee Handbook" shall mean the handbook drafted by the Manager and approved by the Management Committee which describes employee personnel policies and procedures.

"Facility Fee" means the Facility Fee defined in the Loan Fee Agreement of even date herewith between the Nation and Wells Fargo Bank National Association, as the same may be amended, supplemented or restated from time to time.

"Force Majeure Event" shall include, without limitations, changes in Applicable Law, acts of God, strikes, lockouts, wars, fires, other casualty losses, governmental or judicial action and other events not within the control of the parties.

"GAAP" shall mean generally accepted accounting principles consistently applied.

"Gaming Commission" shall mean the Lummi Indian Gaming Commission defined by the Gaming Ordinance.

"Gaming" shall mean any and all Class III gaming as defined under the Indian Gaming Regulatory Act of 1988, as amended, Public Law 100-497, 25 U.S.C. §§2701 et seq.

"Gaming Facility" shall mean the buildings, structures and improvements located on the Site and all furniture, fixtures and equipment included therein, forming a part of, or necessary for the operation of the Project as a gaming facility.

"Gaming Ordinance" shall mean the Gaming Ordinance adopted by the Borrower on August 23, 1994, and codified as Title 23 of the Lummi Nation Code of Laws and approved by the NIGC pursuant to 25 U.S.C. §2710(e), as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof and hereof.

"Gaming Related Commercial Activities" shall mean business activities at the Project that are designed to enhance, and which regularly accompany gaming activities, including, but not limited to, restaurants, lounges, entertainment, retail outlets and administrative offices; excluding, however, the existing mini-mart and service station located at 4884 Haxton Way, Ferndale, Washington adjacent to the Site.

"General Account" shall be the bank account established and maintained for the deposit of revenues resulting from Gaming and Gaming Related Commercial Activities as provided herein, and so long as the Depository Agreement is in effect, shall mean the General Account described therein.

"General Manager" shall be the individual selected by the Manager with day-to-day responsibilities for managing the Project. The General Manager shall have experience in the development, operation and maintenance of gaming facilities and such other business experience as the Manager believes necessary for the operation of the Project.

"Governmental Authority" shall mean any Federal, Tribal, or other government with jurisdiction over the transactions under this Agreement, including the National Indian Gaming Commission and any other appropriate agencies, commissions, departments or instrumentalities of the foregoing governments.

"Gross Gaming Revenues" shall mean all revenues generated directly from the customer's play of the games provided at the Facility.

"Gross Incidental Revenues" shall mean the Project's total receipts from Gaming Related Commercial Activities.

"Gross Total Revenues" shall mean the total of Gross Gaming Revenues and Gross Incidental Revenues of the Project.

"IGRA" shall mean the Indian Gaming Regulatory Act of 1988, Public Law 100-497, 25 U.S.C. §§2701 et seq.

"Indian Lands" shall have the same meaning as set forth in 25 U.S.C. §2703(4).

"Lummi Indian Business Council" shall mean the governing body of the Lummi Tribe of the Lummi Reservation.

"Management Committee" shall mean the Committee composed of four (4) voting members: two Tribal Representatives and two representatives of the Manager; and two non-voting members: the General Manager and a person appointed by the Nation. The Management Committee shall have general oversight of the Project, including but not limited to, responsibility for approving the initial, annual and capital budgets for the Project as provided herein.

"Manager" shall mean Merit Washington LLC, 350 Houbolt Road, Suite 200A, Joliet, Illinois 60431, a Nevada limited liability company of Nevada.

"Manager's Appointees" shall mean the Manager's representatives to the Management Committee or any such designee to the Management Committee representing the Manager.

"Manager's Fees" shall mean the amount owed by the Nation to the Manager for management services, as more fully defined in Section 11.2.

"Maximum Permitted Manager's Fees" shall mean for any ;" b4
(as such term is defined in 25 C.F.R. §502.16).

"Minimum Guaranteed Payment" shall mean the payment to the Nation that has preference over the retirement of development and construction costs in the aggregate principal

"Modified Net Revenues" shall mean for any period, (i) Net Revenues, plus (ii) interest (but not Facility Fees) included in Operating Expenses for the period, plus (iii) the proportional amount of Depreciation Expense included in Operating Expenses for the period, to the extent that b4 on an annualized basis such Depreciation Expense

"Monthly Report" shall mean a verifiable financial report prepared by the Manager identifying with respect to a month, the Gross Total Revenue, Gross Gaming Revenue, Gross Incidental Revenue, Operating Expenses, Depreciation Expenses, Capital Expenditures, Net Revenues, Modified Net Revenues, deposits to the Capital Reserve, the Manager's Fee, the Facility Fee, the Nation's Share and other amounts collected and received and all deductions and disbursements made therefrom, together with corresponding year-ago figures, with balance sheets setting forth all assets and liabilities of the Project.

"Nation" shall mean the Lummi Tribe of the Lummi Reservation, Washington, a federally recognized Indian Tribe, including the Business Council and the Lummi Commercial Company (the "LCC"), as applicable.

"Nation's Share" shall have the meaning given in Section 11.2.

"Net Revenues" shall mean Gross Total Revenues of the Project less Operating Expenses (including amounts paid out as, or paid for, prizes), exclusive of the Manager's Fees.

"NIGC" shall mean the National Indian Gaming Commission established pursuant to IGRA.

"Operating Account" shall mean the account established for the payment of Operating Expenses as provided herein.

"Operating Budget" shall mean each of the initial and annual operating budgets for the Project submitted by the Manager and approved by the Management Committee.

"Operating Expenses" shall mean all operating expenses of the Project determined in accordance with GAAP, which shall not include the repayment of principal on indebtedness, deposits to the Capital Reserve Account or the Cash Contingency Reserve or income taxes, but which shall include the following:

(a) salaries, wages, employment taxes, and benefit programs for Project employees and the General Manager (subject to the limits set forth in Section 9.2.1(b));

(b) prizes;

(c) purchase of materials and supplies;

(d) utilities (including, but not limited to, heat, power, light, sewer, water, telephone and air conditioning);

(e) ordinary remodeling, repairs and maintenance of the Project;

(f) lease or rental payments on operating leases, and all interest charges that are an operating expense;

(g) insurance and bonding, excluding bonding or professional liability insurance of the Manager;

(h) advertising, marketing and promotional expenses (including, but not limited to, customer transportation costs and other complimentary services or promotions provided to customers);

(i) accounting fees;

(j) security and surveillance costs;

(k) legal, professional and consulting fees and expenses;

(l) reasonable travel expenses for employees of the Project and, to the extent requested by the Nation and approved by the Management Committee, the reasonable

travel expenses of the Manager to attend Management Committee meetings more than twelve times per year;

(m) uninsured judgments, fines and penalties rendered against or in respect of, and the expense of litigation;

(n) trash removal;

(o) costs of goods sold;

(p) payment of fees in lieu of taxes or payment for services including law enforcement provided by tribal police, fire protection and other public safety measures as may be required by Applicable Law or as requested by Manager and agreed to by the Nation and local municipalities;

(q) payments due to the NIGC, the Gaming Commission (including the mandatory cost of regulation), the State of Washington or any other entity under the Compact;

(r) employee training costs;

(s) taxes, other than Tribal taxes and taxes imposed upon the Manager;

(t) any fee or cost with regard to the development or registration of any intellectual property;

(u) Interest on all indebtedness, including long-term debt;

(v) Amortization and Depreciation Expenses (computed with respect to infrastructure, building, and signage and special equipment over the longest depreciation periods permitted by GAAP);

(w) expenses of regulatory oversight of the Gaming Commission (expenses of the Gaming Commission itself, personnel employed in regulatory oversight and associated expenses), payable to the Gaming Commission as charged to the Project; provided that of such costs shall be charged to the Project (it being understood and agreed that the Gaming Commission expenses are not in any manner restricted by this Agreement even if not chargeable to the Project); and

(x) other expenses designated as Operating Expenses in the annual budget or otherwise approved as Operating Expenses by the Management Committee; and

(y) all Facility Fees.

"Payroll Account" shall mean the Payroll Account referred to herein.

"Person" shall mean any individual or entity, including, but not limited to, any Indian Tribe, any and all members of any Indian Tribe, any entities created pursuant to an Indian Tribe's authority and jurisdiction, and any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust or cooperative association.

"Project" shall mean the Gaming Facility and all other Gaming Related Commercial Activities.

"Representatives" shall mean a Person's members, managers, directors, officers, shareholders, employees, agents, consultants, lawyers, accountants or other authorized representatives.

"Senior Credit Facility" shall mean the senior credit facility provided by other third-party lenders.

"Site" shall mean the site within the Reservation and as more particularly described on Exhibit A.

"Term" shall mean the five (5) year term commencing on the Commencement Date and including any extensions thereof.

"Tribal Government" shall mean the Business Council, the Gaming Commission or any other independent board or body created by the Nation to oversee any aspect of gaming and any tribal court official.

"Tribal Lands" shall mean all Indian Lands within the limits of the Nation's Reservation and any other lands title to which is either held in trust by the United States for the benefit of the Nation or held by the Nation subject to restriction by the United States against alienation and over which the Nation exercises Governmental Authority.

"Tribal Representatives" shall mean the Nation's duly authorized representatives to the Management Committee or any such designee to the Management Committee representing the Nation.

ARTICLE 2
ADOPTION OF RECITALS

2.1 Adoption of Recitals. In addition to the representations and warranties contained elsewhere in this Agreement, the Nation represents and warrants to the Manager that Recitals A, B, C, D, E, F, H, J, K, L and M, are true and correct, on the one hand, and Manager represents and warrants to the Nation that Recitals G, I, L and M are true and correct, on the other hand. The parties hereto adopt the foregoing Recitals and agree and affirm that construction of this Agreement shall be guided thereby.

ARTICLE 3
APPOINTMENT OF THE MANAGER

3.1 Appointment. Except to the extent as otherwise mutually agreed by the parties and the limitations in section 3.2, the Nation hereby engages Manager to exclusively manage during the Term the Project, the Gaming Facility, the Gaming Related Commercial Activities and all matters related to the Project, and the Manager hereby accepts such engagement. The Nation agrees that the Manager may subcontract or retain third party consultants to provide services to the Project as set forth in the Initial and Annual Operating Budget approved by the Management Committee. The Manager's responsibilities shall include, but are not limited to, maintenance and improvement of the Project, management and operation of Gaming and all other Gaming Related Commercial Activities. Subject to the provisions of this Agreement, the Manager shall have, and the Nation does hereby grant to the Manager, the power and authority to act as agent for the Nation, to exercise the rights of the Nation under and to execute, modify, or amend any contracts, including, but not limited to, purchase orders, leases, contracts for services, including utilities, and maintenance and repair services, relating to the operation of the Project; provided, that all such contracts in [ ] shall contain audit provisions to the extent required by Applicable Law. b4

3.2 Limitations. Manager shall have no authority to waive or impair the Nation's sovereign immunity or to act as the agent for the Nation regarding this Management Contract, the licensing of employees, or making Tribal governmental decisions. Except as stated herein, Manager shall not have authority as the Nation's agent under this Agreement without the prior written approval of the Nation: (i) to incur costs which are materially in excess of the expenditures authorized in the Operating Budgets and Capital Budget pursuant to Section 8.5 and 8.6 respectively; or (ii) to sell, encumber or otherwise dispose of any personal property or equipment located in the Gaming Facility, except for inventory sold in the regular course of business and other items which must be replaced from time to time due to age, obsolescence, or wear and tear. Except as specifically authorized in this Article 3, Manager shall not hold itself out to any third party as the agent or representative of the Nation. Nothing herein grants or is intended to grant Manager a titled interest to the Gaming Facility or the Project. The Nation shall have the sole proprietary interest in and ultimate responsibility for the conduct of Gaming conducted at the Project, subject to the rights and responsibilities of Manager under this Agreement.

3.3 Title to Site, Intellectual Property. Nothing in this Agreement shall be construed as providing for the transfer or, in any other manner, conveyance of any interest in land or other real property of the Nation. Furthermore, all intellectual property, including trademarks, trade names, service marks, copyrights, and patents, which are developed by the Manager, its Representatives, or by the Nation, during the term of this Agreement for the exclusive benefit the Project and the Gaming Facility shall belong exclusively to the Nation. Manager shall undertake all steps necessary to protect the Nation's interest in such intellectual property, including, by way of example, registering trademarks in the Nation's name.

ARTICLE 4
GOVERNMENTAL AUTHORITY APPROVAL

4.1 Compliance Required. Manager shall comply with all terms and conditions of the Compact, the Gaming Ordinance, IGRA and any Applicable Law of all Governmental Authorities. Manager shall also supply the NIGC with all information necessary to comply with the National Environmental Policy Act, as it may be amended from time to time, and comply with the NIGC's regulations related thereto. Manager shall also comply with the requirements concerning the reporting and withholding of taxes with respect to winnings from Gaming operations pursuant to this Agreement. The Nation agrees to cooperate with Manager and to aid Manager in its compliance with the foregoing Applicable Laws.

4.2 Approval Required. The parties acknowledge that this Agreement and such other documents entered into pursuant to this Agreement, including but not limited to, the Depository Agreement, are required to be submitted to and/or approved by the NIGC. The Manager and the Nation shall perform such acts as are reasonably necessary, and use their good faith efforts, to obtain all applicable approvals for this Agreement and the Depository Agreement, if required.

ARTICLE 5
STATUS OF THE PARTIES

5.1 No Partnership or Joint Venture; Independent Contractor. The parties hereto intend by this Agreement solely to provide the Manager with the exclusive right and privilege to manage the Project subject to the Nation's rights and privileges contained herein. No other relationships are intended to be created between the parties pursuant to this Agreement. The Manager and its Representatives are strictly prohibited from interfering with, or influencing or attempting to influence, the internal affairs or decisions of any Governmental Authority of the Nation. Nothing in this Agreement shall be construed as (i) entitling the Manager, except as otherwise specifically provided herein, to Control in any manner the conduct of the Nation, (ii) giving the Nation any rights as a partner, joint venturer in or owner of the business of the Manager, or (iii) entitling the Nation, except as otherwise set forth herein, to Control in any manner the conduct of the Manager's business. Except as otherwise set forth herein, neither the Manager nor the Nation have, and none of them shall represent itself as having, the power to make any contracts or commitments in the name of or binding upon any other party.

ARTICLE 6
TERM OF AGREEMENT

6.1 Term. This Agreement shall be effective and enforceable as of the Effective Date. Subject to earlier termination as provided in Article 14 hereof, the Term of this Agreement shall commence on the Commencement Date until midnight of the fifth (5th) anniversary of the Commencement Date.

6.2 Extension of Term. The Nation may seek an extension of the Term of this Agreement, subject to approval by the NIGC and such other Governmental Authorities as may be required, for an additional two (2) year term if the parties expressly agree to increase the square

footage of the Gaming Facility requiring additional capital investment and the income projections require additional time for repayment of the capital investment.

6.3 Cessation of the Project. If the Project ceases operations as a result of a decision of a Governmental Authority or by reason of a Force Majeure Event, the Manager and Nation shall have the following options:

6.3.1 The Manager and the Nation shall have the option to continue their interest in the Agreement and to recommence the operation of the Project if and when such recommencement is feasible in the reasonable judgment of the Nation and the Manager.

6.3.2 If, after a period of cessation, the recommencement of the Project is feasible, then all provisions of this Agreement shall also recommence and the period of cessation shall not be deemed to have been part of the Term of this Agreement and the date of expiration of the Term shall be extended by the number of days of such cessation period.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES

7.1 General. The parties make the representations and warranties to each other which are set forth in this Article 7. All such representations and warranties and all of the representations and warranties set forth elsewhere in this Agreement shall survive the execution and delivery hereof.

7.2 Representations and Warranties of the Manager. The Manager represents and warrants to the Nation:

7.2.1 Organization. The Manager is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Nevada.

7.2.2 Authority. The Manager has full power and authority to execute and deliver, and perform its obligations under this Agreement and has authorized the execution, delivery and performance of this Agreement.

7.2.3 No Violation or Conflict. Subject to the prior approval of the NIGC, the execution, delivery and performance by the Manager of this Agreement will not violate its Articles of Organization, operating agreement or other governing documents, and will not conflict with or result in any breach of any provision of, or constitute a default under, or result in the imposition of any lien or charge upon any asset of the Manager under, or result in the acceleration of any obligation under the terms of any agreement or document binding upon the Manager. Except for the approval of the NIGC and licensing by the Nation and the State of Washington, no other consent, approval or authorization is required to be obtained by the Manager in connection with the execution, delivery and performance of this Agreement.

7.2.4 Binding Obligation. This Agreement has been duly executed and delivered by the Manager and is the legal, valid and binding obligation of the Manager, enforceable against the Manager in accordance with its terms.

7.2.5 No Litigation. There are no judgments entered or actions, suits, investigations or proceedings pending against the Manager, or any of its assets or properties which would have a material adverse effect on its ability to enter into or perform this Agreement.

7.2.6 Manager's Compliance with Applicable Law. To the best of the Manager's actual knowledge: (i) Manager and its Representatives have not been convicted of or pleaded nolo contendere to any felony, gambling-related offense or fraud or misrepresentation, and (ii) the background information supplied to the Nation, the NIGC and the State of Washington is true, correct and complete in all material respects.

7.2.7 No Brokers. Except as disclosed on Schedule 7.2.7 attached hereto, neither the Manager nor any of its Affiliates has dealt with any person or entity who is or may be entitled to a broker's commission, finder's fee or similar payment for the Project (or revenues derived therefrom) or from the Nation for arranging the transactions contemplated hereby or introducing the parties to each other.

7.3 Representations and Warranties of the Nation. The Nation represents and warrants to the Manager:

7.3.1 Organization. The Nation is recognized as eligible by the United States Secretary of the Interior for special programs provided by the United States to Indian Tribes because of their status and is recognized as possessing powers of self-government, including full power and authority to own its property and assets, to conduct its business at the Project on the Site in the manner in which it is presently proposed to be conducted, and to perform its obligations with respect to this Agreement.

7.3.2 Authority. The Nation has taken all action required by its Constitution, the Compact, its Gaming Ordinance and Applicable Law to authorize the execution, delivery and performance of this Agreement.

7.3.3 No Violation or Conflict. Subject to the prior approval of the NIGC, the execution, delivery and performance by the Nation of this Agreement will not violate any provision of its Constitution, Gaming Ordinance, Compact, and will not conflict with or result in any breach of any provision of, or constitute a default under, or result in the imposition of any lien or charge upon any asset of the Nation under, or result in the acceleration of any obligation under the terms of any agreement or document binding upon the Nation. Except for approval of the NIGC, no other consent, approval or authorization is required to be obtained by the Nation in connection with the execution, delivery and performance of this Agreement.

7.3.4 Binding Obligation. This Agreement has been duly executed and delivered by the Nation and is the legal, valid and binding obligation of the Nation, enforceable against the Nation in accordance with its terms.

7.3.5 No Litigation. There are no judgments entered or actions, suits, investigations or proceedings pending, or to the knowledge of the Nation, threatened against, or affecting the Nation, or any of its assets or properties, at law or in equity, before or by any Person

which would have a material adverse effect on the business, assets, financial condition or results of operations of the Project, or on the Nation's ability to enter into and perform this Agreement.

7.3.6 Tribal Documents. True and complete copies of the governing documents of the Nation, the Business Council, the Gaming Commission and the LCC, if any, including the Charter and Bylaws, minute books and records, Constitution, Gaming Ordinance, Compact and all Gaming-related rules and regulations promulgated or proposed to be promulgated by the Nation have been provided to the Manager.

7.3.7 No Default. The execution and performance by the Nation of this Agreement does not violate any provision or constitute a default under any indenture, agreement or instrument to which the Nation is a party or by which the Nation or its assets or properties are bound or affected.

7.3.8 No Brokers. The Nation has not dealt with any person or entity who is or may be entitled to a broker's commission, finder's fee or other similar payment from the Project (or revenues derived therefrom) or the Manager for arranging the transactions contemplated hereby (including, without limitation, the management of the Project) or introducing the parties to each other.

7.3.9 Compliance with Applicable Law. To the best of the Nation's actual knowledge: (i) no member of the Gaming Commission or the Tribal Representatives has been convicted of or pleaded nolo contendere to any felony, or any gambling-related offense or fraud or misrepresentation, and (ii) the members of the Gaming Commission are, and the Tribal Representatives will be, persons of good character who have not been convicted of any crime of moral turpitude.

ARTICLE 8
THE MANAGEMENT COMMITTEE

8.1 The Management Committee. The Management Committee shall be composed of four (4) voting members: two Tribal Representatives and two representatives of the Manager; and two (2) non-voting ex officio members: the General Manager and a person appointed by the Nation. The Manager shall designate the Manager's Appointees and the Nation shall designate the Tribal Representatives to the Management Committee. A quorum of four (4) voting members shall be required to transact the business of the Management Committee. If any of the members of the Management Committee desire to designate another person to exercise the authority which such representative has as a Management Committee member, such designation is permissible, provided such party has complied with the notice requirements set forth in Section 20.1, and, in the case of the Tribal Representatives, the Nation has passed a resolution authorizing the designation of such new Tribal Representative. In no event shall the Management Committee delegate its responsibilities under this Agreement to the General Manager.

8.2 Tribal Representatives. The Tribal Representatives shall be the duly appointed representatives of the Nation designated herein or by notice given to the Manager pursuant to Section 20.1. Notwithstanding anything to the contrary, the scope of the Tribal Representatives'

authority shall be specifically established by a resolution of the Nation, a certified copy of which shall be provided to the Manager. Such resolution may include, but is not limited to, requiring Tribal Representatives to: (i) provide regular written reports; (ii) confer with the Nation or its designee on such issues as the Nation may direct; and (iii) follow Business Council or LCC direction on any matter. If at any time the Nation shall modify the scope of the Tribal Representative's authority, the Manager shall be provided with a certified copy of the Nation's resolution so modifying such authority.

8.3 Manager's Appointees. The Manager's Appointees shall be the duly appointed representatives of the Manager designated herein by notice given to the Nation pursuant to Section 20.1.

8.4 Decisions of Management Committee. The Management Committee shall have the obligations and authority described below and elsewhere in this Agreement. In order to be effective, any action of the Management Committee must be the result of agreement of a majority of the Management Committee's voting members. If such agreement cannot be reached, then the appropriate action shall be determined by arbitration as provided in Section 19.4, provided that the Management Committee shall have no authority to determine matters pertaining to (i) licensing, (ii) regulation of the gaming operation under the Gaming Ordinance, the Compact, IGRA, or other Applicable Laws, or (iii) other Tribal governmental functions solely within the province of the Nation that do not cause a breach of or default under this Agreement, and such matters are not subject to arbitration.

8.5 Initial and Annual Operating Budgets. The Nation shall be responsible for providing the initial and annual operating capital from loans and Gross Total Revenues. The Manager shall, at least ninety (90) days prior to the Commencement Date, prepare and submit an initial Operating Budget and business plan to the Management Committee for its review and approval. The funding for the initial Operating Budget shall be provided by loans obtained by the Nation and from Gross Total Revenues. The proposed initial Operating Budget and business plan shall be subject to approval or disapproval by the Management Committee within thirty (30) days of submission. Annual Operating Budgets and business plans shall be submitted to the Management Committee thereafter by no later than one-hundred twenty (120) days prior to the commencement of the each calendar year. The proposed annual Operating Budget and business plan shall be subject to approval or disapproval by the Management Committee within ninety (90) days of submission. If a new year begins and the Management Committee has not approved the annual Operating Budget and business plan for that calendar year, then Manager shall operate the Project under the most recently approved annual budget as adjusted for increases in the Consumer Price Index for all items applicable to the Seattle, Washington area.

8.5.1 Budget Submissions. The Operating Budget submissions shall include an annual business plan as well as projected Gross Gaming Revenues, Gross Incidental Revenues, Gross Total Revenues, Operating Expenses, Depreciation Expenses, capital expenditures, contingent liabilities, Net Revenues, Modified Net Revenues, Facility Fees, Manager's Fee and the Nation's Share. Following approval of the Operating Budget and annual business plan, the Manager is authorized to make the specified expenditures and incur the specified obligations without further approval. The Manager is not authorized to exceed the Operating Budget without the prior approval of the Management Committee. The Manager may

reallocate budgeted funds from one line item to another without the approval of the Management Committee; provided, that such reallocation does not materially modify the Operating Budget or business plan. The parties recognize that mutually agreeable adjustments as approved by the Management Committee may be made to previously approved budgets and business plans from time to time during any fiscal year, to reflect the impact of unforeseen circumstances, financial constraints or other events. Consequently, the Manager agrees to meet with the Management Committee at least quarterly to discuss the status of the Gaming Facility, Project, Operating Budget and business plan approved by the Management Committee as compared to actual financial performance and the accomplishment of activities and goals contained in the business plan and seek approval of any modifications to the Operating Budget or business plan. The Manager shall keep the Management Committee informed, and present a request for a modification of the Operating Budget and business plan, regarding any items of revenue or expense that are anticipated to cause a material change in the Operating Budget previously approved by the Management Committee.

8.6 Capital Budget. Manager shall prepare an annual Capital Budget and submit such Capital Budget to the Management Committee at least one-hundred twenty (120) days prior to the commencement of each calendar year beginning after the Commencement Date. The proposed Capital Budget shall be subject to approval or disapproval by the Management Committee within ninety (90) days of submission. Following approval of the Capital Budget, the Manager is authorized to make the specified expenditures and incur the specified obligations without further approval. The Manager is not authorized to exceed the Capital Budget without the prior approval of the Management Committee. The Manager may reallocate budgeted funds from one line item to another without the approval of the Management Committee; provided, that such reallocation does not materially modify the Capital Budget. The Manager shall be responsible for the implementation of the design, purchase and installation of the capital expenditures approved by the Management Committee. Manager shall use its best efforts to minimize any adverse impact on the Gaming Facility, the Project or the patrons resulting from such capital expenditure. The Manager agrees to keep the Management Committee informed and prior to obligating funds, shall present a request for a modification of the Capital Budget regarding any projects or expenditures that are anticipated to cause a material change to the Capital Budget previously approved by the Management Committee.

8.6.1 Capital Reserve Account for Expenditures. A Capital Reserve Account designated for such capital expenditures shall be maintained and shall be accumulated beginning on the Commencement Date in amounts approved by the Management Committee and included in the annual Operating Budget, to the extent permitted to be deposited therein under the Depository Agreement. The Management Committee shall specify the amount and how the sums in the Capital Reserve Account are to be accumulated.

8.7 Emergency Repairs. In the event that a condition should exist in, on or about the Gaming Facility of an emergency nature, the Manager is authorized to take all steps and to make all expenditures reasonably necessary to repair and correct any such condition. Prior to making such repair, the Manager shall use its best efforts (if circumstances permit) to inform the Tribal Representatives of the existence of such emergency and the estimated amount of expenditures to be incurred. If the Manager has been unable to advise at least one of the Tribal Representatives

in advance, it shall promptly notify the Tribal Representatives after taking such necessary action. Expenditures for such emergency shall first be paid from the Capital Reserve Account (to the extent funds are available), and then from the General Account. Insurance proceeds shall be used to replenish the Capital Reserve Account or General Account, as the case may be, to the extent such proceeds are not required to be otherwise applied pursuant to the Depository Agreement.

ARTICLE 9
THE MANAGER

9.1 Authority and General Duties. From and after the Effective Date hereof, Manager's duties shall include, among other things: (i) supervising the orderly physical administration, management and operation of the Gaming Facility and Project, including, without limitation, cleaning, painting, decorating, plumbing, carpeting, grounds care, and such other maintenance and repair work as is reasonably necessary; (ii) preparing Project financial statements and reports; and (iii) complying in all respects with all Applicable Laws of the Nation (including the Compact and the Gaming Ordinance) and other Governmental Authorities, including all applicable provisions of the Internal Revenue Code and the prompt filing of any cash transaction reports and W-2G reports that may be required by the Internal Revenue Service of the United States or under the Compact. The Manager is hereby granted the necessary power and authority to act, including through the Project's General Manager, in order to fulfill all of its responsibilities under this Agreement.

9.2 Specific Duties of the Manager. The Manager shall establish operating days and hours of operation for the Project, subject to restrictions set forth in the Compact and the Gaming Ordinance, including any subsequent amendments thereto. Without limiting the generality of Section 9.1, the Manager's specific duties include, but are not limited to, the following:

9.2.1 Selection of General Manager. The Manager shall select and employ an individual to be the General Manager. The General Manager shall be an employee of the Manager and shall have experience in the development, operation, maintenance, and accounting of gaming facilities and such other business experience as the Manager believes necessary for the operation of the Project.

(a) Duties of General Manager. The General Manager shall be the person responsible for, and with the necessary authority for, carrying out the on-site duties and responsibilities of the Manager as set forth in this Article 9. The General Manager shall be on-site and actively involved in the day-to-day operations of the Project. The General Manager shall be an ex officio non-voting member of the Management Committee, but shall not participate in decisions regarding his compensation and benefits.

(b) Compensation of General Manager. The total annual compensation and employment benefits of the General Manager, (base salary, incentive bonus, insurance premiums, automobile expenses, fringe benefits and all other costs of employment), shall be determined on an annual basis and is subject to the approval of the Management Committee. Upon approval by the Management Committee, [illegible] al [illegible] of the General Manager shall be included in the

Operating Budget as an Operating Expense. All total annual compensation and employment benefits paid to the General Manager shall be provided by the Manager.

(c) Disapproval of General Manager. If during the Term, the Nation disapproves of the General Manager, it shall state its reasons therefore in a notice provided to the Management Committee. If, after investigation, the Management Committee determines that reasonable grounds for removing the General Manager exist, the Manager and the Nation shall meet to discuss appropriate courses of action. The General Manager shall not participate as an ex officio member of the Management Committee in decisions regarding his retention or termination. A decision by the Nation to revoke the General Manager's license shall not be subject to review by either the Manager or the Management Committee.

9.2.2 Bonding Requirements for Senior Management. The General Manager, and the Person(s) selected by the General Manager to be in charge of the count rooms in the Gaming Facility each shall be bonded in an amount consistent with industry standards at a commercially reasonable cost as determined by the Management Committee.

9.2.3 Fire, Safety and Security Services. The Nation shall be responsible to make, or cause to be made, suitable arrangements for fire protection and the provision of other public safety services at the Gaming Facility. If such services are provided by the Nation, rather than by contract with another entity, the cost allocated as an Operating Expense shall not exceed the actual cost of providing such services. In addition, the Manager shall be responsible for hiring and supervising a security force sufficient to assure the safety of the customers, personnel, monies and property of the Project. Such security force shall be comprised of security officers employed by the Nation who shall report directly to the General Manager. Each security officer shall be bonded in reasonably sufficient amounts commensurate with their enforcement duties and obligations as determined by the Management Committee.

9.2.4 Employee Matters. All employees involved with the operation of the Project, except the General Manager and such other persons identified by Manager as its employees, shall be deemed to be employees of the Project and consequently, the Nation. Subject to the requirements of Applicable Law, this Agreement, and the Nation's determination that an employee is qualified to have and to keep a gaming license, Manager shall be solely responsible for hiring, training, promoting and firing of all such employees (including the General Manager)

(a) Indian Preference. Manager acknowledges that the fundamental purpose of this Agreement is to provide on-reservation economic development and employment opportunities at all levels for member of the Nation. In order to maximize benefits of the Project to the Nation, the Manager shall abide by the Nation's Tribal Employment Rights Ordinance in connection with employment practices at the Project and shall dedicate not fewer than two (2) management trainee positions to members of the Nation. The Manager shall provide to the Tribal Representatives notice of all job openings before accepting applications for any positions and shall provide training programs under Section 9.2.4(d) for Nation members and their spouses. Second preference in employment matters shall be given to trainable or qualified Native Americans, and third, to qualified persons who reside in the vicinity of the Site.

(b) Construction Contractors. The Manager shall give first preference to qualified members of the Nation, their spouses, and Affiliates of the foregoing and business entities chartered by the Nation, when selecting an outside contractor or subcontractor and when hiring personnel for any renovation or improvement; provided, that such Person is available and can provide the same services at competitive costs. The Manager shall provide prior written notice to the Tribal Representatives of such contracting, subcontracting and construction opportunities.

(c) Employee Policies. Manager shall adopt the Nation's personnel policies which shall be applicable to all employees of the Project. The Manager may propose modifications to said policies which, if approved by the Management Committee, shall be included as an addendum to the Nation's policy. The Manager shall prepare and deliver an Employee Handbook describing employee personnel policies and procedures to each employee of the Project. The Employee Handbook shall be subject to the prior approval of the Management Committee. Any revision to the Employee Handbook shall not be effective until it is approved by the Management Committee.

(d) Professional Training and Performance Reviews. The Manager will provide (i) a program of instruction and training for job applicants accepted for employment, (ii) personnel qualified to supervise and instruct the job applicants accepted for employment. Manager shall be responsible for evaluating the performance of all Project employees subject to criteria set forth in the Nation's personnel policies, as modified by the Management Committee.

(e) Employee Background Investigations. To the extent required by Applicable Law or by the Management Committee, a background check shall be conducted by the Gaming Commission on each applicant for employment as soon as reasonably practicable. Temporary licensing and conditional employment shall be permitted in accordance with Applicable Law.

9.2.5 Marketing and Advertising. Manager shall arrange and carry out marketing, sales and promotional activities in accordance with the approved Operating Budget; provided, that any promotional materials shall be subject to the prior approval of the Management Committee to insure that they respect the tradition and culture of the Nation.

9.2.6 Insurance. The Manager shall procure and maintain at all times during the Term, insurance coverages in such forms and amounts as determined by the Management Committee, that will adequately protect Nation and the Manager, but in no case less than the amounts set forth in this Section 9.2.6, or as required by Applicable Law. All insurance provided for under this Section 9.2.6 shall be effected by policies issued by insurance companies with a Best's Good rating of A or higher and all such policies shall be written in the name of the Nation and name the Manager as an additional insured to the effect that the proceeds of any policy shall be made payable to the Nation and the Manager jointly, as their interests may appear. The Manager shall supply to the Nation, before commencing any activity to be insured, written evidence of the required insurance coverage. The following policies of insurance shall be procured:

(a) Commercial General Liability. Manager shall maintain commercial general liability insurance covering the Project, including blanket contractual liability coverage, broad form property liability coverage, and personal injury coverage for

or as required by the Compact, the Gaming Commission or as modified by the Management Committee.

(b) Automobile. Manager shall maintain comprehensive automobile liability insurance covering the operations of the Project, including all owned, hired and non-owned automobiles, trucks, buses, trailers, motorcycles or other equipment licensed for highway use with limits approved by the Manager.

(c) Property Insurance; Business Interruption. Upon expiration of the Builder's Risk policy, Manager shall also, as agent for the Nation, procure replacement value casualty and extended hazard insurance in appropriate coverage amounts, which shall insure the Project and any fixtures, improvements and contents located therein against damage by fire, theft and vandalism. Manager shall obtain business interruption insurance when and if available and if obtainable at a commercially reasonable cost.

(d) Workers' Compensation. Manager shall maintain adequate workers' compensation insurance in accordance with Applicable Law, including employer's liability insurance in amounts determined by Manager and approved by the Management Committee, or as required by Applicable Law.

(e) Modification, Form of Policies. All such policies of insurance shall be endorsed to prohibit the cancellation or modification of such insurance without twenty (20) days prior written notice to the Nation and the Manager. To the extent obtainable without significantly increasing the premium cost, all policies of comprehensive public liability insurance and comprehensive crime insurance shall contain an endorsement to the effect that such insurance shall be primary to any other similar insurance carried by the Nation or the Manager. All insurance policies required hereunder shall contain a provision that the insurance company(s) cannot assert the defense of the Nation's sovereign immunity up to the coverage limits of the policy(ies).

(f) Notification of Claims. Each party hereto will promptly notify the other party of any claims against the Project, its employees, the Manager or the Nation. All insurance policies shall provide in writing that the Nation may waive its immunity from suit (with the consent of any Governmental Authority, if necessary) for any reason whatsoever, or for no reason, and that the insurance companies may not invoke the Nation's immunity from suit up to the policy limits.

9.2.7 Cash Management. The Manager shall install systems for monitoring all funds. Such proposed systems shall be submitted for prior approval to the Gaming Commission and the Management Committee and any subsequent material changes in such systems shall be subject to approval of the Gaming Commission and the Management Committee. The Tribal Representatives or the Comptroller of the LCC shall have the right to

inspect and oversee the systems and the Gaming operations at all times. The Tribal Representatives shall have the right to be present and count or oversee the counting of the cash revenue on a daily basis, in order to verify the daily Gross Gaming Revenues from the Gaming operations.

9.2.8 Resolution of Patron and Employee Complaints. The Manager shall receive and maintain complete records of any complaint from an employee or any member of the public who is or claims to be adversely affected by an act or omission of the Manager or any employee of the Project that allegedly violates Applicable Law. The Manager shall provide each such complaint to the Gaming Commission for consideration and possible action within forty eight (48) hours of the Manager's receipt of the complaint. The Manager shall establish and implement procedures to resolve complaints by employees and patrons consistent with the procedures set forth in the Nation's Gaming Ordinance, and to correct systemic problems identified in such complaints. Disputes regarding employment shall be handled in accordance with the Nation's personnel policies, including any addendum thereto applicable to the Project employees.

9.2.9 Other Use of Gaming Facility. The Gaming Facility may be used for any other Gaming Related Commercial Activities in accordance with Applicable Law, as selected by the Manager in consultation with the Management Committee. Such other business purpose shall not be permitted to interfere with Gaming or Gaming space utilization.

ARTICLE 10
ACCOUNTANTS; ACCOUNTING AND AUDITS

10.1 Selection of Qualified Accountant. The Gaming Commission shall select and employ a qualified accountant who, on the Nation's behalf will be in charge of and responsible for the review of accounting and auditing all receipts, disbursements and the cash management systems of the Project. The qualified accountant shall be employed by the Gaming Commission on a full-time or less than full-time basis, depending on the requirements of the Project.

10.1.1 Disapproval of Qualified Accountant. If, during the Term the Manager disapproves of the qualified accountant, it shall state the reasons therefore in a notice provided to the Management Committee. If, after investigation, the Management Committee determines that reasonable grounds for removing the qualified accountant exist, the Manager and the Nation shall meet to discuss appropriate courses of action. The qualified accountant shall be supervised by the Gaming Commission.

10.2 Accounting. In accordance with Applicable Law, the Manager shall establish, operate and maintain, subject to the prior approval of the Management Committee, accounting systems and procedures that: (i) include an adequate system of internal accounting controls, (ii) permit the preparation of financial statements in accordance with GAAP, (iii) be susceptible to audit, (iv) allow the calculation of the annual fee under Section 514.1 of 25 C.F.R., (v) permit the calculation and payment of the Nation's Share and Manager's Fee, and (vi) provide for, consistent with the terms of this Agreement, the allocation of Operating Expenses or overhead expenses as among the Nation, the Project, the Manager, and any other user of shared facilities and services at the Facility.

10.3 Monthly Reports. Within twenty-five (25) days after the end of each month, Manager shall furnish to the Management Committee and the Gaming Commission a Monthly Report for such month.

10.4 Audits. The Nation in accordance with the Compact shall select a certified public accounting firm to perform an annual audit of the books, records, and internal controls of the Project (in accordance with Financial Accounting Standards Board ("FASB") standards, as applicable for audits of casinos); and render its opinion on its audit to the Manager, the Nation and the Management Committee and to any other Governmental Authority as required by Applicable Law. The expenses of such annual audit shall be an Operating Expense. In addition to the annual audit, the Nation may also conduct its own independent audit of the Project's books and records at any reasonable time, at the Nation's sole cost and expense, provided such audit is conducted in accordance with GAAP by Persons qualified to perform such audits.

10.4.1 Non-Disclosure of Information. The parties hereto recognize that such information provided pursuant to this Article 10 is of a confidential nature and consequently, agree that such information shall not be distributed to members of the Nation or the general public. However, if approved in advance by the Management Committee, summaries thereof may be furnished to the Nation's members.

10.5 Books and Records. The Manager shall prepare and maintain complete original books and records, files, receipts, supporting documentation for all expenses and disbursements, and all other business books, books of account or records normally maintained by a prudent businessman engaged in the Project's business. Accounting records shall be maintained on an accrual basis in accordance with GAAP. Such books and records shall be maintained on the premises of the Project and are deemed property of the Nation (which shall have immediate access thereto at all times). The Manager and its Representatives shall at all times, and for [illegible] of the Term or the earlier termination of this Agreement, have complete access to said books and records, including, without limitation, the right to inspect, examine and make copies at reasonable times and on reasonable notice.

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ARTICLE 11
ACCOUNTS, COMPENSATION AND FEES

11.1 Bank Accounts. The Nation and the Manager shall select one or more banks ("bank") in Washington State, organized under the laws of the United States of America or any state thereof provided that such bank is a member of the Federal Deposit Insurance Corporation, and establish four (4) bank accounts at that bank, the General Account (which shall be the General Account referred to in the Depository Agreement), the Operating Account, Payroll Account and the Capital Reserve Account. In addition the Nation and the Manager shall establish with such bank an account (which may, but need not be the Operating Account) in which to retain the Cash Contingency Reserve. Transfers from the General Account to the Nation or Manager shall be governed by the Depository Agreement, and amounts paid to the Nation or Manager from the General Account in accordance with the Depository Agreement with respect to Operating Expenses or deposits to the Capital Reserve Account shall be credited to the Operating Account, Payroll Account and the Capital Reserve Account and as specifically set forth in this Agreement. The Manager shall retain the sole responsibility and authority for

making payments from the Cash Contingency Reserve, Operating Account, Payroll Account and the Capital Reserve Account, and shall provide the Management Committee with a detailed monthly report on all disbursements from the Cash Contingency Reserve, Operating Account, Payroll Account and the Capital Reserve Account.

11.1.1 Daily Deposits to General Account. The Manager shall collect, receive, and receipt all Gross Gaming Revenues and Gross Incidental Revenues less the Casino Bankroll and deposit them at least once each business day or as otherwise required by the Depository Agreement. All money received by the Project on each day that it is open must be counted at the close of operations for that day or at least once during each 24-hour period.

11.1.2 Operating Account and Payroll Account. All amounts received by the Nation or Manager for the payment of Operating Expenses under the terms of the Depository Agreement shall be deposited in the Payroll Account (to the extent determined appropriate by the Manager), and otherwise in the Operating Account. The Manager shall, consistent with and pursuant to the Operating Budget, have responsibility and authority for paying all payroll, bills and expenses from amounts in such accounts.

11.1.3 No Cash Disbursements. The Manager shall not make any cash disbursements from the General Account, the Operating Account or the Cash Contingency Reserve for any reason whatsoever, except for the payment of cash prizes from cash cage funds. Any and all other payments or disbursements by the Manager shall be made by check drawn against the Operating Account. The Manager shall have the obligation to promptly file any reports of winnings and the names of winners that may be required by Tribal law, the Internal Revenue Service of the United States, the Bank Secrecy Act, the State of Washington Department of Revenue or any instrumentality of the United States.

11.1.4 Cash Contingency Reserve. The Project shall maintain a Cash Contingency Reserve, the amount of which shall be set forth annually in the budget. The initial Cash Contingency Reserve shall not exceed [ ] and shall initially be funded from the Senior Credit Facility. The size of the Cash Contingency Reserve may be adjusted with the approval of the Management Committee. The Cash Contingency Reserve amounts in the Cash Contingency Account shall be used and restored for the purpose of funding the Casino Bankroll (to the extent at the Casino) and maintaining a reasonably necessary cash reserve to pay payroll and other Operating Expenses to the extent amounts otherwise received from the Depository for such purpose are not sufficient for such purposes. 64

11.2 Compensation and Fees. Based on the Monthly Reports prepared and submitted pursuant to Section 10.3 (with appropriate adjustments to reflect corrections or other adjustments following year-end or earlier audits), and subject to the terms of the Depository Agreement and the prior right of the Nation to receive the Minimum Guaranteed Payment as provided in Section 11.2.1, with respect to any period (i) as the "Manager's Fees" for any period, the Manager shall be entitled to receive [ ] less the allocable portion of any compensation payable from Project Revenues to the General Manager which exceeds [ ] on an annualized basis and less all accrued prior negative Net Revenues not previously applied to reduce Net Revenues; provided that for any period, the Manager's Fees for management of 64

gaming operations shall never exceed the Maximum Permitted Manager's Fees, and (ii) the Nation shall be entitled to all remaining Net Revenues (the "Nation's Share"). The Manager's Fee and Nation's Share shall be payable to the Manager and the Nation, respectively, only to the extent such payment is not prevented by the terms of the Depository Agreement.

11.2.1 Minimum Guaranteed Payment. The Nation's Minimum Guaranteed Payment shall be paid monthly and shall be charged against the Nation's Share of Net Revenue as more fully provided in the Depository Agreement. Each month the payment of the Minimum Guaranteed Payment shall have priority over all payments due in the month under the Bridge Facility, the Senior Credit Facility, and the retirement of development and construction costs of the Project as it relates to gaming, notwithstanding any other provision herein or in the Depository Agreement.

11.2.2 Distribution of Payments to the Nation. All distributions and payments to the Nation shall be made to the Nation, and shall be transferred to the account of the Nation designated in writing by the Nation. Once funds have been distributed to the Nation's account they shall no longer be deemed Net Revenues and cannot be levied against as the Nation's Share of Net Revenues. Once transferred, the Nation's Share of Net Revenues, payments of Depreciation Expense or the transfer of any other funds to the Nation's account shall be free and clear of any and all liens, claims or encumbrances provided for in this Agreement and any other agreement ancillary to this Agreement to which Manager is a party, and not subject to the enforcement of an award of monetary damages as provided for in Section 19.3.1 or recovery as provided for in Section 19.5 herein.

11.2.3 Distribution of Payments to the Manager. All distributions and payments to the Manager shall be made to the Manager, and shall be transferred to the account of the Manager designated in writing by the Manager as provided in the Depository Agreement. To the extent Net Revenue is insufficient to fund the Manager's Fee in a given month on account of the priority distributions of Net Revenues pursuant to the Bridge Facility or the Senior Credit Facility or to any other lenders for outstanding loans, the Manager's Fee shall be adjusted in subsequent month(s) and such failure to pay in any given month shall not be considered an Event of Default as that term is used in the Bridge Facility Documents, provided that interest shall accrue on any Manager Fee due and not paid on the last business of any month at the rate of interest equal to that set forth in documentation for the Bridge Facility, commencing 120 days after such failure to pay.

11.2.4 Imposition of Taxes by the Nation. The listing of any non-tribal tax herein is for the purposes of convenience only and shall not be construed in any manner as acknowledging or permitting the imposition or authorization of any fee, tax assessment or other charge not expressly consented to by the Nation. The Nation shall not demand, impose or receive any tax, charge, assessment, fee or other imposition, or impose any regulatory or licensing requirement, directly or via any Affiliate of the Nation, against (i) the Manager, (ii) the lenders with respect to the Senior Credit Facility, (iii) the employees, officers, directors, patrons or vendors of the Project, (iv) the customers or guests of the Project, (v) the operations of the Project or (vi) the property which is a part of the Project, other than (A) fees imposed on the Nation by the NIGC under IGRA, (B) fees imposed on the Nation by the Gaming Commission; provided that shall be the responsibility of the Project and any

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shall be the responsibility of the Nation to satisfy with non-Project property, (C) fees imposed on the Nation by the Compact, (D) reasonable licensing fees imposed by the Nation on any employees or vendors of the Project and (E) any tax, charge, assessment, fee or other imposition solely for the purpose of funding essential governmental services in an amount or at a rate not greater than currently exists under the Lummi Code of Laws and fairly allocated to the Project. The Nation understands and agrees that any new tax, charge, assessment, fee or other imposition shall be the responsibility of the Nation and shall not be applicable to the Project.

ARTICLE 12
COVENANTS

12.1 Affirmative Covenants of the Nation. In order to facilitate the management of the Project, the Nation hereby covenants and agrees that it will:

12.1.1 deliver to the Manager and comply with all notices of violations of Applicable Law of any Governmental Authority;

12.1.2 promptly and timely file any and all filings, reports, certificates amendments, replacements, applications or further documentation and obtain any and all approvals pursuant to Applicable Law or Governmental Authority required to enter into and perform this Agreement and any such related agreements;

12.1.3 maintain the Gaming Ordinance to assure the Project is conducted in a manner that adequately protects the environment, the public health and safety and the integrity of Gaming and make Tribal Police Officers available at the Gaming Facility as required by the Compact or as requested by Manager at all times that Gaming is conducted;

12.1.4 disseminate information concerning the Project to its members; and

12.1.5 assist Manager in obtaining all necessary Permits and use its best efforts to cause members to not interfere with or to influence operations of the Project as long as Manager is complying with this Agreement and Applicable Law.

12.2 Diligent Prosecution. Promptly after it has been signed by the parties, the Nation agrees to submit this Agreement to the NIGC and diligently seek the NIGC's approval. The Manager agrees to render any reasonable assistance requested by the Nation.

12.3 Access to the Tribal Lands. The Nation for itself and for the Project hereby grants the Manager and its Representatives continuing access to the Site at all reasonable times, to the full extent necessary to perform under this Agreement during the Term of this Agreement, which access shall be revoked if the Manager's license is revoked.

12.4 Gaming Commission Expenses. The licensing, investigation and other similar fees imposed by the Gaming Commission on the Manager for (i) investigation and licensing of Project employees and the Manager shall be consistent with usual and customary practices in the gaming industry, and (ii) regulatory oversight, including the Gaming Commission, with respect

to the Gaming Facility and the Project shall be consistent with usual and customary practices in the gaming industry.

12.5 Negative Covenants of the Nation. Each of the Nation, the Business Council, the Tribal Representatives and the Gaming Commission, covenant and agree that it will not, except as otherwise required by Applicable Law, including revocation of the Manager's gaming license pursuant to the Gaming Ordinance: (i) adopt any amendments to the Gaming Ordinance, or take any action, including, but not limited to, actions relating to liquor, tobacco and taxes, which will or would adversely impact the Manager's rights, privileges, duties and obligations under this Agreement, including, but not limited to, the Manager's right to compel binding arbitration in accordance with Section 19.4; (ii) interfere with or attempt to influence Manager's management; (iii) take action or adopt a statute or ordinance that violates the Indian Civil Rights Act (25 U.S.C. 1301-1303) (1982), or (iv) make or propose changes in the Nation's land use or zoning regulations or ordinances during the Term unless the Project and the improvements thereon are specifically exempt from any such changes, or unless the Manager has given written consent to the changes which shall not be unreasonably withheld.

12.6 Covenants of the Manager. The Manager hereby covenants and agrees that it will:

12.6.1 deliver to the Nation and comply with all notices of violations of Applicable Law of any Governmental Authority with respect to the Project;

12.6.2 assist the Nation in obtaining all necessary permits and licenses pursuant to Applicable Law or Governmental Authority required to perform this Agreement;

12.6.3 conscientiously perform the duties and responsibilities of the Manager as defined in this Agreement; and

12.6.4 respect and abide by Applicable Law and the laws of the Lummi Nation during the Term of this Agreement, provided that violations of Lummi Nation laws not applicable to Gaming shall not be grounds to establish a default hereunder.

12.7 Competing Gaming Operations. The Nation covenants that beginning on the Commencement Date and during the Term, it will not construct, install, operate, maintain, establish, conduct or permit Gaming, or any facility therefor, other than the Project, on any Tribal Lands, without the prior written consent of the Manager. Manager covenants and warrants on behalf of itself and on behalf of its Affiliates that beginning on the Commencement Date and during the Term and five (5) years thereafter, provided that the Nation has not ceased conducting Gaming on its Tribal Lands for a period of one (1) year or more, it will not pursue any gaming opportunities within fifty (50) miles of the Project, an area identified as the primary and secondary gaming markets in the assessment prepared by Urban Systems, Inc. and dated December 2000, without the prior written consent of the Nation, which consent may be withheld for any reason.

12.8 Other Gaming Licenses. The Nation acknowledges that certain gaming licenses are currently or have in the past been issued to and held by Manager or its Affiliates from the States of Illinois and Indiana and that Manager or its Affiliates may apply for gaming licenses in

additional jurisdictions. The laws of such jurisdictions may require Manager to disclose confidential information about the Nation, the Business Council, the Gaming Commission, and the Nation's Gaming operations. If such confidential information is requested by a Governmental Authority, Manager shall, with reasonable time to allow the Nation to take action it deems reasonably necessary to maintain the confidentiality of such information, provide written notice to the Nation setting forth in detail the information requested. The Nation shall refrain from all conduct, with the exception of actions to enforce the Gaming Ordinance, the Compact or IGRA, that negatively affects Manager's or its Affiliate's licenses issued by Governmental Authorities other than the Nation. Additionally, the Nation hereby agrees to supply any information and execute affidavits and documents regarding the Nation as reasonably requested by such Governmental Authorities.

12.9 Additional Covenants. In addition to any other obligations which may be contained in this Agreement, the Manager and the Nation hereby covenant and agree: (i) to act in good faith and take all necessary steps to execute, ratify and endorse all documents, contracts and agreements required of them pursuant to the provisions of this Agreement and not unreasonably withhold or delay the approval of any act or thing for which such approval may be required to the extent not inconsistent with or in violation of any documents related to the Senior Credit Facility; and (ii) to ensure that (A) the Project development costs are consistent with the terms of the Development Agreement and (B) the maximum recoupment for development and construction costs comply with the terms of such Development Agreement; and (iii) to comply and ensure the Project is in compliance with all Applicable Law, including, but not limited to, IGRA, the Compact and the Gaming Ordinance and any licenses issued thereunder; provided, that if this Agreement or the transactions contemplated hereby are determined to be unlawful by the NIGC or a Governmental Authority, the parties will use their respective best efforts to modify this Agreement to bring it into compliance with Applicable Law.

ARTICLE 13
LIMITATION ON NATION'S LIABILITY

13.1 Limitation On Nation's Liability. Nothing in this Agreement shall obligate or authorize the payment or encumbrance of any funds or assets of the Nation except (i) non-fixed assets of the Project (not to include land, real property or physical building structures attached thereto); and (ii) subject to the provisions of Section 11.2.3 herein, and prior to the transfer or distribution of all such funds to the Nation's account, the Nation's Share of undistributed Net Revenues less the monthly Minimum Guaranteed Payments and plus the undistributed amount of funds due to the Nation as Depreciation Expense.

ARTICLE 14
TERMINATION; EFFECT OF TERMINATION

14.1 Voluntary Termination. This Agreement may be terminated upon the mutual written consent of the parties. In addition, either party may terminate this Agreement, and all obligations hereunder shall thereupon cease if: (i) a party has not received all required licenses, permits and approvals necessary for it to perform its duties hereunder following extension of all appeals, including but not limited to the approval of this Agreement by the NIGC; or (ii) if at any

time there is a change in the legal status of the Project which has the effect of preventing or prohibiting the party from substantially operating the Project as contemplated hereby.

14.2 NIGC Approval. If, as a condition of approval, the NIGC requires any changes that either of the parties determines will have a material and adverse effect on this Agreement, the parties shall first attempt to renegotiate the terms of this Agreement. If the parties do not reach a successful resolution within thirty (30) days, then either party shall have the right to terminate this Agreement.

14.3 Termination For Cause by the Nation. Upon prior written notice to Manager, the Nation may terminate this Agreement if one of the following has occurred:

14.3.1 The Manager shall be in default to Nation under any other agreement, document or instrument related to this Project; or, the Manager has failed to perform a material duty or obligation resulting in a material breach with respect to any of its obligations under this Agreement and such material breach shall continue unremedied for thirty (30) days after written notice thereof shall have been given to the Manager, provided that criminal or fraudulent conduct by the Manager resulting in revocation of the Manager's license shall result in immediate termination of this Agreement.

14.3.2 Any representation or warranty that Manager has made under this Agreement shall prove to have been untrue when made in any material respect.

14.3.3 Manager has (a) filed for relief under Title 11 of the United States Code or has suffered the filing of an involuntary petition under Title 11 which is not dismissed within sixty (60) days after filing; (b) a receiver appointed to take possession of all or substantially all of Manager's property; or (c) suffered an assignment for the benefit of creditors.

14.3.4 Manager or its Representatives have been convicted of a criminal felony or misdemeanor offense in the performance of its duties hereunder; or has failed to disclose any such conviction to the Gaming Commission promptly upon receipt of such notice; provided, however, the Nation may not terminate this Agreement if the Manager immediately terminates such Representative after receipt of such notice.

14.3.5 Interference In Tribal Affairs. The Manager shall not interfere in or attempt to wrongfully influence the internal affairs or government decisions of the Nation, including the Gaming Commission, by offering cash incentives, by making written or oral threats to the personal or financial status of any person, or by any other action, except for actions in the normal course of business of Manager that relate to the Project; however, no termination by the Nation under this Section shall occur except after notice and reasonable opportunity for Manager to be heard on the matter.

14.4 Termination For Cause by Manager. Manager may terminate this Agreement if any one of the following events of default have occurred:

14.4.1 The Nation shall be in default to Manager under any other agreement, document or instrument related to this Project; or, the Nation has failed to perform a material

duty or obligation resulting in a material breach with respect to any of its obligations under this Agreement and such material breach shall continue unremedied for thirty (30) days after written notice thereof shall have been given to the Nation.

14.4.2 Any representation or warranty that the Nation has made under this Agreement shall prove to have been untrue when made in any material respect.

14.4.3 The Nation has (a) filed for relief under Title 11 of the United States Code or has suffered the filing of an involuntary petition under Title 11 which is not dismissed within sixty (60) days after filing; (b) a receiver appointed to take possession of all or substantially all of the Nation's property; or (c) suffered an assignment for the benefit of creditors.

14.5 Termination At Election of Manager. The Manager may terminate this Agreement and all of Manager's obligations hereunder shall thereupon cease if Manager determines that any of its or its Affiliates gaming licenses in other jurisdictions may be materially adversely affected or in jeopardy solely because of its status as Manager hereunder; provided, however, that if the parties disagree on whether such a circumstance has arisen, the matter shall be resolved in accordance with the Arbitration provisions of this Agreement on an expedited basis. For the purpose of this Section 14.6 only, arbitration shall commence within ten (10) days of Manager's determination. During the pendency of the proceeding, Manager shall suspend all of its duties and obligations hereunder. The Manager's decision to terminate shall be effective immediately.

14.6 Notices Pursuant to Section 20.1. Neither party may terminate this Management Agreement on grounds of material breach unless it has provided written notice to the other party of its intention to terminate this Management Agreement and the defaulting party thereafter fails to cure or fails to take steps to substantially cure the default within the specified time period, if any. The notice shall describe in detail the nature of the breach. During the periods specified in the notice to terminate, either party may submit the matter to arbitration under Section 19.4 of this Agreement.

14.7 Rights Upon Termination. The expiration of the Term or the earlier termination of this Agreement for any valid reason shall terminate all rights and obligations of the parties hereunder, except as otherwise provided in this Agreement.

14.8 Duty To Render Final Accounting. Upon the expiration of the Term or the earlier termination of this Agreement, the Project's accountants shall render and deliver to the parties a customary final and accurate accounting of the Project's Gaming and Gaming Related Commercial Activities.

14.9 Payments Due Upon Expiration or Termination. Upon the expiration of the Term or the earlier termination of this Agreement, all outstanding Operating Expenses and other costs and liabilities relating to the Project shall be paid or provided for by the Project, except that liabilities covered by the Project's insurance shall be satisfied from the proceeds of such insurance to the extent proceeds thereof are available. Subject to any other priority imposed by

Applicable Law, the Operating Expenses and other costs and liabilities relating to the Project shall be paid or provided for in the following order:

14.9.1 all amounts, if any, due to the Internal Revenue Service (and state revenue authorities, if any) in connection with payroll or other taxes;

14.9.2 all amounts due to the NIGC, the Bureau of Indian Affairs or any other governmental agency charged with regulating or overseeing Gaming at the Gaming Facility, and amounts, if any, due the State of Washington or other entities under the Compact;

14.9.3 all other amounts due to non-Indian taxing authorities, if any;

14.9.4 all Operating Expenses and other amounts due to the Project's creditors other than the Nation or the Manager;

14.9.5 all Operating Expenses and other amounts owed to Nation or the Manager which relate to the Project other than for the Manager's Fee or the Nation's Share; and

14.9.6 all of the Manager's Fees and the Nation's Share remaining to be paid under this Agreement, to be paid first to the Manager then to the Nation.

ARTICLE 15
CONSENTS AND APPROVALS

15.1 Nation. At all places in this Agreement where approval or consent or other action of the Nation is required, said approval, consent or action shall consist of either the approval, consent or action of the Nation by duly enacted resolution, or the approval, consent or action of the majority of the Business Council by motion appearing in the official minutes of the Council. No approval, consent or action of the Nation shall be unreasonably withheld or delayed; provided, that the foregoing does not apply where a specific provision of this Agreement allows an absolute right to deny approval or consent or withhold action.

15.2 The Manager. At all places in this Agreement where approval or consent or other action of the Manager is required, said approval, consent or action shall mean either the written approval, consent or action of the chief executive officer of the Manager. No approval, consent or other action of the Manager shall be unreasonably withheld or delayed; provided, that the foregoing does not apply where a specific provision of this Agreement allows an absolute right to deny approval or consent or withhold action.

ARTICLE 16
FORCE MAJEURE

16.1 Force Majeure. If either party is rendered unable, wholly or in part, by a Force Majeure Event to carry out its obligations under this Agreement, it is agreed that upon such party's giving notice and detailing the particulars of such Force Majeure Event in writing within a reasonable time after the occurrence of the cause relied upon, the obligations of the party giving notice shall be suspended during the continuance of any disability so caused, and the period of such suspension shall extend the time period of any agreed upon and appropriate deadlines for a

like period of time. The cause of the Force Majeure Event shall, so far as possible, be remedied with all reasonable dispatch by the party claiming it.

ARTICLE 17
CONFLICT OF INTEREST

17.1 Unauthorized Payments. Except as disclosed on Schedule 7.2.7, all parties hereto declare and the Manager does hereby unconditionally warrant and certify that it has not made payments of any kind or nature to any member of the Business Council, their relatives or any Nation employee for the purposes of obtaining or maintaining any special benefit, privilege, gain or advantage relating to this Agreement and the transactions contemplated hereby, except as provided for in this Agreement or authorized by the Nation. Violation of this provision shall not be subject to cure and shall constitute a material breach of this Agreement and this Agreement may be terminated pursuant to Section 14.3.

17.2 Certain Restrictions. No member of the Nation's Tribal Government or Gaming Commission, director of the LCC or Tribal Representative may have a direct or indirect financial interest in the Project, or be an investor, including general and limited partner, corporate officer, director, stockholder or employee of the Manager or its Affiliates, or be employed by the Project. Any Person holding such an interest must divest itself of such interest if such Person becomes an elected member of the Nation's Tribal Government, is appointed as a director of the LCC or as a Tribal Representative or to the Gaming Commission. Such divestiture must occur within twenty (20) days of the date on which the person becomes a member of the Nation's Tribal Government or is appointed as a director of the LCC, a Tribal Representative or to the Gaming Commission. If such divestiture does not occur within twenty (20) days, the Manager agrees to terminate such person.

ARTICLE 18
INDEMNIFICATION

18.1 Third Party Claims. Neither party shall be entitled to recover from, and expressly releases the other party and their respective Representatives from or for any third-party damages, claims, causes of action, losses and/or expenses of whatever kind of nature, except claims resulting from gross negligence or misconduct, including reasonable attorneys fees and expenses incurred in defending such claims in connection with the lawful operation of the Project.

18.2 Indemnity From Manager. Notwithstanding Article 19, Manager shall indemnify and hold harmless the Nation against any and all damages, claims, losses or expenses of whatever kind or nature, including reasonable attorney's fees resulting from the gross negligence or misconduct of Manager and its Representatives in connection with Manager's performance of this Agreement, and no such damages, losses or expenses shall be paid from the bank accounts established pursuant to Section 11.1, nor shall such losses or expenses be considered Operating Expenses.

18.3 Indemnity From Nation. Subject to Article 19, the Nation shall indemnify and hold Manager and its Representatives harmless against any and all damages, claims, losses or expenses of whatever kind or nature, including reasonable attorneys' fees resulting from the

gross negligence or misconduct of the Nation and its Representatives, in connection with the Nation's performance of this Agreement, and no such damages, losses or expenses shall be paid from the bank accounts established pursuant to Section 11.1, nor shall such losses or expenses be considered Operating Expenses.

18.4 Indemnity Against Unauthorized Debits and Liabilities. The parties expressly agree that neither this Agreement nor its performance creates or implies a partnership between the parties or authorizes either party to act as agent for the other except to the extent expressly provided herein. Manager hereby agrees to indemnify and hold Nation harmless from any third party claims, actions and liabilities including reasonable attorney's fees, on account of obligations or debts of Manager that Manager is not authorized to undertake as agent for the Nation pursuant to the terms of this Agreement. The Nation likewise agrees to indemnify and hold harmless Manager from any third party claims, actions and liabilities, including reasonable attorney's fees, on account of any of the obligations or debts of the Nation that are not authorized Operating Expenses pursuant to this Agreement.

ARTICLE 19
LIMITED WAIVER OF SOVEREIGN IMMUNITY

19.1 Limited Consent to Arbitration and Litigation. The Nation does not waive, limit, or modify its sovereign immunity from arbitration or unconsented suit except as provided in Article 19 of this Agreement.

19.2 Waiver of Sovereign Immunity and Exhaustion of Remedies. The Nation expressly waives its immunity from suit and any action or claim in arbitration, and consents to be sued by Manager for a breach of or default under this Agreement first in arbitration or mediation as set forth herein, and then for the enforcement of the arbitration award in the United States District Court for the Western District of Washington, the United States Court of Appeals for the Ninth Circuit, and the United States Supreme Court. If the United States District Court for the District of Western Washington determines that it lacks jurisdiction, the Nation consents to be sued for the enforcement of the arbitration award in the appropriate trial court of the State of Washington. The Nation does hereby unconditionally waive any right to require any exhaustion of Tribal administrative or judicial remedies in any manner other than as set forth in this Article 19. In the event the governing law of the United States of America looks to the law of a particular jurisdiction to interpret its content, this Management Agreement shall be governed by laws of the Nation and federal law, and to the extent not inconsistent therewith, laws of the State of Washington.

19.3 Limitation of Waiver of Sovereign Immunity. The Nation's waiver of immunity is specifically limited to the following actions and judicial remedies:

19.3.1 Monetary Damages. The enforcement of an award of money damages by arbitration pursuant to Section 19.4 (Arbitration) of this Agreement; provided that the arbitrator(s) and/or Court shall have no authority or jurisdiction to execute against any assets of the Nation except (i) non-fixed assets of the Project (not to include land, real property or physical building structures attached thereto); and (ii) subject to the provisions of Section 11.2.3 herein, and prior to the transfer or distribution of all such funds to the Nation's account, the Nation's

Share of undistributed Net Revenues less the monthly Minimum Guaranteed Payment and plus the undistributed amount of funds due to the Nation as Depreciation Expense. The arbitrator(s) and/or court shall have the power to award to the prevailing party the costs of arbitration, court costs to enforce the arbitration decision and reasonable legal fees incurred during arbitration and any subsequent court proceedings to enforce the arbitration decision.

19.3.2 Consents and Approvals. The enforcement of a determination by an arbitrator pursuant to Section 19.4 of this Agreement that any consents, approvals or licenses of the Nation's or any Governmental Authority established by the Nation or with the Nation's consent or approval of the Nation has been unreasonably withheld or delayed contrary to the terms of this Agreement.

19.3.3 Injunctive or Declaratory Relief. The enforcement of a determination by an arbitrator pursuant to Section 19.4 of this Agreement that mandates the Governmental Authority established by the Nation or the Nation to specifically perform any obligation under this Agreement (other than an obligation to pay money which is provided for in 19.3.1 above).

19.4 Meet and Confer; Arbitration. Whenever during the term of this Agreement, any disagreement or dispute arises between the parties as to the interpretation of this Agreement or any rights or obligations arising hereunder, such matters shall be resolved, whenever possible, by meeting and conferring. Any party may request such a meeting by giving written notice to the other, in which case such other party shall make itself available within seven (7) business days thereafter. If such matters cannot be so resolved within ten (10) business days, the parties shall select a mediator from an approved list of ten (10) (i.e., five (5) provided by the Nation and five (5) provided by Manager) mediators/arbitrators. In the event that the parties cannot agree to a mediator, the parties agree that the presiding judge of the Tribal Court of the Nation shall select a mediator from the approved list. The parties then agree to meet in good faith for a reasonable period of time not to exceed ten (10) business days for the purposes of trying to reach an agreement between them that will resolve the dispute. In the event that the parties are not able to reach agreement within the ten (10) business days and the dispute does not involve licensing, or regulation of the gaming operation, or other governmental functions solely within the province of the Nation that does not cause a breach of or default under this Agreement, either party may seek a resolution by binding arbitration in accordance with the then prevailing rules of the AAA, upon notice to the other party of its intention to do so. The parties agree that in any such arbitration each party shall be entitled to discovery as provided by the Federal Rules of Civil Procedure adopted by the United States District Court for the Western District of Washington. The parties will select an arbitrator in accordance with the rules of the AAA, from the list of mediators/arbitrators designated by the parties. If the parties fail to select or agree upon the selection of an arbitrator within ten (10) business days after being requested in writing by the Association to do so, each party shall select an arbitrator from the list and the two arbitrators shall then select a third arbitrator. If they are unable to agree upon a third arbitrator, the Association shall appoint the third arbitrator. All hearings shall be conducted in the State, within fifteen (15) business days after the arbitrator(s) are selected and shall be conducted in their presence. The decision of the Arbitrator(s) will be binding on the parties and nonappealable absent manifest error. The costs and expenses of the arbitration shall be advanced if and when required by the Association, each party to share equally in such advances.

19.4.1 Limitation on Scope of Award. In rendering its decision and award, if any, the arbitrator shall not add to, subtract from, or otherwise modify the provisions of this Agreement.

19.4.2 Judicial Enforcement of Arbitration Award. Either party may seek judicial enforcement of the arbitration decision as provided in this Article 19. The awards of any arbitration if brought in Federal Court shall be governed by the Federal Arbitration Act codified in Title 9 of the United States Code except as the same may be changed or limited by the provisions of this Agreement. The appropriate Court shall have the authority not only to confirm any order or decision of the arbitrator, but to issue all orders necessary to enforce said award.

19.4.3 Conditions Precedent to Waiver. The unequivocal and express limited waiver of sovereign immunity by the Nation contained in this Article 19 is granted if and only if, each and every one of the following conditions are met:

(a) The claim is made by Manager, its successors or controlled assigns and not by any other Person;

(b) The claim alleges a breach or default by the Nation of one or more of its representations, covenants, warranties, obligations or duties in this Agreement; and

(c) The claim seeks any remedy permitted under Article 19.

19.5 Recovery. The Nation authorizes the enforcement of an award for the recovery of the Project assets, including, but not limited to, (i) non-fixed assets of the Project (not to include land, real property or physical building structures attached thereto); and (ii) subject to the provisions of Section 11.2.3 herein, and prior to the transfer or distribution of all such funds to the Nation's account, the Nation's Share of undistributed Net Revenues less the monthly Minimum Guaranteed Payment and plus the undistributed amount of funds due to the Nation as Depreciation Expense.

19.6 Survival of Rights. The parties understand and agree that the limited waiver shall survive the termination of this Agreement regardless of the reason for termination solely for the purpose of enforcing rights under this Agreement.

ARTICLE 20
GENERAL

20.1 Notice. Any notice required to be given pursuant to this Agreement shall be delivered to the appropriate party by U.S. mail postage prepaid, registered or certified mail, or overnight courier, addressed as follows:

To the Nation:

Darrell Hillaire
Chairman
Lummi Indian Business Council
2616 Kwina Road
Bellingham, Washington 98226
Telephone: (360) 384-2229
Fax: (360) 384-5521

Joseph D. Mace, General Manager
Lummi Commercial Company
Lummi Nation
2616 Kwina Road
Bellingham, Washington 98226
Telephone: (360) 384-7129
Fax: (360) 384-7131

with a copy to:

Judith K. Bush
Reservation Counsel
Lummi Nation
2616 Kwina Road
Bellingham, Washington 98226
Telephone: (360) 384-2258
Fax: (360) 312-9824

To the Manager:

Joseph J. Canfora
Chief Executive Officer
Merit Washington LLC
105 E. First Street, Suite 101
Hinsdale, Illinois 60521
Telephone: (630) 455-4670
Fax: (630) 455-4646

or to such other different address(es) as Manager or the Nation may specify in writing. Any such notice shall be deemed given (a) three business days following deposit in the United States mail or upon actual delivery, whichever first occurs, or (b) one business day following deposit to overnight mail with a nationally recognized carrier or upon actual delivery, whichever occurs first.

20.2 Entire Agreement. This Agreement constitutes the entire understanding of the parties with regard to the matters herein set forth. All previous agreements are superseded, revoked, terminated and canceled. There are no representations, warranties, agreements, or

understandings, oral or written, between the parties relating to the subject matter of this Agreement which are not fully expressed herein.

20.3 Construction. The descriptive headings of the Articles and Sections of this Agreement are for convenience only and are not to be used in the construction of the contents of this Agreement. As used in this Agreement the words "hereunder" or "herein" shall be deemed to refer to this Agreement as a whole. This Agreement shall be deemed to have been jointly negotiated and drafted and not by one or the other of the parties, and shall not be construed against any party on the basis that such party prepared the document or was in any superior bargaining position.

20.4 Severability. If any provision, or any portion of any provision, of this Agreement is found to be invalid or unenforceable, such unenforceable provision, or unenforceable portion of such provision, shall be deemed severed from the remainder of this Agreement. If any provision, or any portion of any provision, of this Agreement is deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope or breadth permitted by law. If, however, any material part of a party's rights under this Agreement shall be declared invalid or unenforceable the party whose rights have been declared invalid or unenforceable shall have the option to terminate this Agreement upon thirty (30) days' written notice to the other party, without liability on the part of the terminating party.

20.5 Waivers; Survival. No failure or delay by Manager or the Nation to insist upon the strict performance of any covenant, term or condition of this Agreement, or to exercise any right or remedy consequent upon the breach thereof, shall constitute a waiver of any such breach or any subsequent breach of such covenant, term or condition. No covenant, term, or condition of this Agreement and no breach thereof shall affect or alter this Agreement, but each and every covenant, term and condition of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof. Any representation, warranty or covenant, term or provision of this Agreement which, in order to be effective, must survive the termination of this Agreement, shall survive such termination.

20.6 Amendments. This Agreement shall not be modified or amended except pursuant to a writing signed by the party against which it is sought to be enforced. It is acknowledged that under some circumstances such modification or amendment will or may require the approval of the NIGC.

20.7 Binding Effect. This Agreement shall be binding on and inure to the benefit of the Nation and Manager and their respective successors and assigns.

20.8 Assignment; Change in Control. No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other party hereto. Manager acknowledges that any assignment or subcontract must be approved by the Nation and will or may require the prior approval of the NIGC. The Manager agrees that in connection with any such assignment it will comply with all Applicable Law. Changes in the ownership of the Manager or its Affiliates resulting in a change in the Control of the Manager shall require the Nation's consent, but other changes in ownership or changes in the ownership of Manager or its Affiliates (not resulting in a change of Control of Manager) shall not require the

Nation's consent. The Manager will observe the applicable rules of the NIGC, and the applicable provisions of the Compact, with respect to changes in the ownership of the Manager and its Affiliates resulting in a change of Control of Manager.

20.9 Effective Date. This Agreement shall be effective and enforceable as of the date the Chairman of the NIGC approves this Agreement.

20.10 Governing Law. All disputes under this Agreement shall be resolved as contemplated by Article 19 of this Agreement. In the event the arbitrator(s) look to the law of a particular jurisdiction to interpret its content, this Agreement shall be governed by the laws of the Nation, federal law and, to the extent not in conflict therewith, the laws of the State of Washington.

20.11 Further Assurances. Each party agrees to execute all contracts, agreements and documents and to take all actions necessary to comply with the provisions of this Agreement and the intent hereof.

20.12 Buy-Out Option. Nation, if not in default in any of its obligations under this Agreement or any other agreement between the parties hereto, shall have the right, upon ten (10) days prior written notice to Manager, to purchase Manager's interest in this Agreement under the following terms:

20.12.1 [illegible] 64

20.12.2 The purchase price, along with any other amounts due to Manager, shall be paid in full by cashier check or wire transfer of immediately available funds. The sale shall be conditioned upon receipt of the full purchase price and such other amounts due to Manager.

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

20.14 Authority To Execute. Each of the undersigned represents that he is duly authorized and has the authority to execute this Agreement on behalf of the party for which he is signing and that this Agreement is a contractual obligation which is valid, enforceable and binding upon the parties.

20.15 Maximum Recoupment of Development and Construction Costs. The parties hereby agree that ' is the maximum dollar amount for the recoupment of development and construction costs for the Project as it relates to gaming (which costs do not include operating expenses or other expenditures that are not capitalized under GAAP in connection with the initial development and construction of the portion of the Project related to gaming). 64

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

[SIGNATURE PAGES FOLLOW]

LUMMI TRIBE OF THE LUMMI RESERVATION, WASHINGTON, a federally recognized Indian Tribe

By: _____
Darrell Hillaire, Chairman

APPROVED BY THE NATIONAL INDIAN GAMING COMMISSION

BY: _____
Montie R. Deer, Chairman

May 29, 2002
DATE

[SIGNATURE PAGE TO SECOND AMENDED AND RESTATED MANAGEMENT AGREEMENT]

MERIT WASHINGTON LLC

By: _____
Its Manager

[SIGNATURE PAGE TO SECOND AMENDED AND RESTATED MANAGEMENT AGREEMENT]