

SECOND AMENDMENT TO THE
ST. CROIX CHIPPEWA INDIANS OF WISCONSIN
AND THE
STATE OF WISCONSIN GAMING COMPACT OF 1991

This Agreement("Agreement") is entered into by and between the St. Croix Chippewa Indians of Wisconsin, a sovereign Indian Tribe, ("Tribe") and the State of Wisconsin ("State") (collectively, "Parties"), and shall become effective immediately upon execution by the Parties.

WHEREAS, Section XXX of the St. Croix Chippewa Indians of Wisconsin and the State of Wisconsin Gaming Compact of 1991 ("Compact") provides that it may be amended upon the written agreement of both Parties; and

WHEREAS, the Parties amended the Compact on June 18, 1998; and

WHEREAS, the Parties believe that it is in their mutual interests to amend the Compact in accordance with the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the mutual promises set forth herein, the Parties do hereby agree to amend the Compact as set forth below:

1. Section III(C) is deleted in its entirety and replaced with the following:
 - C. "Lottery Board" shall be deemed to refer to the State of Wisconsin Department of Administration, Division of Gaming ("Department"), its authorized officials, agents, and representatives.
2. Section IV.A. of the Compact is amended by deleting "and" after "3. Blackjack", replacing the period (".") after "where bingo is being played" with a semicolon (";"), and adding the following new provisions after Section IV.A.4:
 5. Poker and variations of poker;
 6. Other card games, including banked and non-banked games;
 7. Parimutuel wagering on live simulcast horse, harness, and dog racing events;
 8. Keno and other forms of lotteries;
 9. Craps and other dice games;
 10. Roulette, big wheel, and other wheel games;
 11. Electronic and video facsimile versions of any authorized game; and

12. Any other game involving prize, chance, and consideration that is played on tables or electronic or mechanical devices, except sports book. For purposes of this Subsection, "sports book" means a betting, gambling, or wagering scheme in which the outcome is determined by an event which occurs outside of the gaming facility at which the wagers are placed, but shall not include parimutuel racing.
 13. The Tribe shall be permitted to offer any additional Class III games which any other federally recognized Indian Tribe in the State of Wisconsin, or any other person or entity, is permitted to offer for any purpose.
3. Sections IV(B) through (G) of the Compact are deleted in their entirety and replaced with the following:
- B. The Tribe may not operate any Class III games pursuant to this Compact unless such games are authorized under this Article.
 - C. The Tribe shall establish the number of games which may be operated on Tribal lands, the hours and locations of operation, and the limits on wagers or pot sizes as may be deemed appropriate in the sole discretion of the Tribe.
 - D. The Tribe shall not conduct any Class III gaming or component thereof pursuant to this Compact outside of Tribal lands, including the use of common carriers (such as telecommunications, postal or delivery services) for the purpose of sale of a ticket or playing card to, or placement of a wager by, a person who is not physically present on Tribal lands; however, in the event that federal law permits the use of common carriers for Class III gaming conducted pursuant to this Compact, upon request of the Tribe, the State shall in good faith negotiate an amendment to this Compact to allow the Tribe to use common carriers for gaming conducted pursuant to this Compact. Nothing herein shall be construed as prohibiting the Tribe from offering wide area progressive games as part of a network with an aggregate prize or prizes, or as prohibiting the Tribe from utilizing common carriers for parimutuel wagering or for the conduct of gaming as may be authorized by state or federal law.
 - E. In the event that the State operates, licenses, permits, or enters a Tribal-State gaming compact which allows the operation of any games not included in Section (A) above, or in the event that any games excepted from Section (A) above are included in procedures prescribed for another Wisconsin Indian Tribe by the Secretary of the United States Department of the Interior pursuant to Section 11(d)(7)(B)(vii) of the Act, Section (A) above shall be deemed to include such games, and the Tribe may operate such games under rules of play adopted pursuant to Article XXXV.
4. Section V. is amended by adding the following subsections G. and H.:

- G. If the State and a tribe in Wisconsin amend a current gaming compact or adopt a new gaming compact establishing regulatory standards for comparable Class III gaming facilities governing the play of games authorized under this Compact that are more favorable terms than those provided in this Compact, upon request by the Tribe, the parties shall negotiate the incorporation of substantially similar provisions into this Compact.
- H. Individuals Excluded from Tribal Gaming Facilities.
1. The Tribe shall permanently exclude from any and all premises on which Class III gaming is conducted any individual found by the Tribe or Department to have committed any of the following activities:
 - a. Using or possessing while in a Class III gaming facility a device to:
 - (1) Assist in projecting the outcome of a game;
 - (2) Assist in keeping track of cards played;
 - (3) Assist in analyzing the probability of the occurrence of an event relating to a Class III game; or
 - (4) Assist in analyzing the strategy for playing or wagering to be used in a Class III game, except as authorized by a Tribal gaming ordinance.
 - (5) For purposes of this Section the term "device" does not include commercial publications, materials distributed by the casino to patrons, or printed materials created by patrons, which assist in the understanding or playing of a game and/or in the formulation of strategy, but do not manipulate the play of the game, probabilities or payout.
 - b. Altering the selection of criteria which determines the result of a Class III game or the amount or frequency of payment in a Class III game.
 - c. Placing a wager after acquiring knowledge, not available to all players, of the outcome of the Class III game which is the subject of the wager or to aid the person in acquiring the knowledge for the purpose of placing a wager contingent on that outcome.
 - d. Claiming, collecting, taking, or attempting to claim, collect or take, money or anything of value in or from a Class III game, with intent to defraud, without having made a wager contingent on winning the Class III game, or claiming, collecting or taking an amount of money or thing of value of greater value than the amount won.

- e. Attempting any of the foregoing, or aiding another in committing or attempting to commit any of the foregoing.
2. For all persons found by the Tribe to have committed one or more of the foregoing practices, the Tribe shall issue a written notice of its finding and forward the notice to the Department within five (5) days of its issuance. The notice shall contain, at a minimum, the following information for each excluded person:
 - a. Full name, date of birth and all known aliases;
 - b. A physical description;
 - c. The effective date of the exclusion and the reasons therefore;
 - d. A photograph, if available; and
 - e. The person's occupation, last known home address and business address;
 3. The Tribe shall maintain a listing of all persons excluded from its Class III gaming facilities which contains, if available, all information required under sub. 2., above. Nothing in this provision affects the right of the Tribe to exclude a person for any reason that is not prohibited by law.

5. Section VII. of the Compact is amended to read as follows:

D. Certificate issued by Department.

1. A Certificate shall be issued to a person, and the person may continue to hold a Certificate, unless:
 - a. The person has been convicted of, or entered a plea of guilty or no contest to, any of the following during the immediately preceding 10 years, unless the person has been pardoned:
 - (1) A felony.
 - (2) Any gambling-related offense.
 - (3) Fraud or misrepresentation in any connection.
 - (4) A violation of any provision of chs. 562 or 565, Wis. Stats., a rule promulgated by the Department or Wisconsin Racing Board, or a Tribal ordinance regulating or prohibiting gaming.
 - b. The person, including any employees or agents, is determined by the Department to be a person whose prior activities, criminal record if any, or reputation, habits, and associations pose a threat to the public interest or to the effective regulation and control of gaming, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, or activities in the operation of gaming or the carrying on of the business and financial arrangements incidental thereto; provided, however, that the fact that a person provided materials, supplies, equipment or services to the Tribe in

relation to Class III gaming prior to the date on which this Compact becomes binding on the parties shall not be considered in making determinations under this subdivision.

- c. The person is determined by the Department to have knowingly and willfully provided materially important false information to the Department or to the Tribe, or has refused to respond to questions propounded pursuant to subdiv. D.3.a.
 - d. The Certificate is suspended or revoked.
 - e. Determinations of the Department under subdivs. a., b., c. and d. are subject to judicial review as provided in sec. 227.52, Wis. Stats.
 - f. Except as provided in subdiv. g., if the person is --
 - (1) A partnership, then subdiv. a. applies to the partnership and each general and limited partner of the partnership.
 - (2) An association, then subdiv. a. applies to the association and each officer and director of the association.
 - (3) A corporation, then subdiv. a. applies to the corporation, each officer or director of the corporation and each owner, directly or indirectly, of any equity security or other ownership interest in the corporation. In the case of owners of publicly held securities of a publicly traded corporation, subdiv. a. applies only to those persons who are beneficial owners of 5% or more of the publicly held securities.
 - g. The restrictions under subdiv. a. do not apply to the partnership, association or corporation if the Department determines that the partnership, association or corporation has terminated its relationship with the partner, officer, director or owner who was convicted or entered the plea or with the partner, officer, director, owner or other individual whose actions directly contributed to the partnership's, association's or corporation's conviction or entry of plea.
 - h. Any conviction, guilty plea or plea of no contest of any partnership, limited partnership, association or corporation shall be imputed to any individual who, though not convicted, directly contributed to the transaction giving rise to the conviction, guilty plea or plea of no contest.
2. Investigations necessary for the determinations under this section shall be conducted by the Department with the assistance of the Department of Justice. Persons holding Certificates under this section shall be subject to periodic review in order to determine continuing compliance with the requirements of this section.
3. Any person applying for or holding a Certificate under this section shall--
- a. Respond, under oath, to such written or oral questions that the Department may propound in the performance of its responsibilities under this section.

- b. Pay to the State the amount of the State's actual costs in conducting investigations and making determinations under this section.
 - c. Be fingerprinted on 2 fingerprint cards each bearing a complete set of the person's fingerprints. The Department of Justice may submit the fingerprint cards to the Federal Bureau of Investigation for the purpose of verifying the identity of the person fingerprinted and obtaining records of his or her criminal arrests and convictions.
 - d. Submit to the Department a list of all states in which the person has done business within the last three years. The list shall include license or permit numbers (if issued) and the operative dates of the license(s) or permit(s).
4. Temporary Certification. The Department may, in its sole discretion, grant a temporary Certificate to an applicant for a Certificate if the following criteria are met: a complete application has been filed with the Department; the Tribe has filed a written request with the Department to grant the applicant a temporary Certificate; and the applicant holds a current gaming license for a position substantially similar to the proposed activities in Wisconsin, issued by one of the States of Nevada, New Jersey, or such other jurisdiction(s) determined by the Department to conduct background investigations of applicants which are substantially similar in scope to those conducted by the Department. The temporary Certificate shall allow the applicant to provide gaming related goods and/or services to the Tribe until such time as the Department suspends or revokes the temporary Certificate pursuant to subdiv. 5, or the Department denies the application for a Certificate. If, after receiving temporary certification, the Department finds cause to deny the contractor a Certificate, or suspend or revoke the temporary Certificate, any contract entered into by the contractor and the Tribe shall be considered null and void, and all consideration received by the contractor while holding a temporary Certificate returned to the Tribe.
5. Suspension or Revocation of a Certificate:
- a. The Department may suspend or revoke a Certificate:
 - (1) Upon a determination pursuant to subdivs. 1. a., b., or c.; or
 - (2) If the Certificate holder has committed multiple violations of the Compact, or demonstrated an unreasonable disregard of the provisions of the Compact;
 - b. Before suspending or revoking a Certificate, the Department shall inform the Tribe of the proposed denial, unless the State determines immediate action is necessary to protect the public health, safety or welfare or the integrity of class III gaming. Prior to the suspension or revocation of a Certificate, the Certificate holder shall have a right to a hearing before the Department. The provisions of ch. 227, Wis. Stats., shall govern the conduct of such hearings.

6. Section VII(B) is amended by deleting the sum "\$10,000" where it appears in such section and replacing it with the sum "\$50,000", and adding the following sentence at the end of such section, "In the event that the Tribe no longer conducts background investigations on vendors entering into gaming-related contracts with the Tribe pursuant to the Tribe's gaming ordinance, the Tribe and the State shall in good faith negotiate an amendment to this provision to provide for background investigations of vendors."
7. Sections VII(C) is amended by deleting the sum "\$10,000" where it appears in such section and replacing it with the sum "\$50,000", and adding the following sentence at the end of such section, "In the event that the Tribe no longer conducts background investigations on vendors entering into gaming-related contracts with the Tribe pursuant to the Tribe's gaming ordinance, the Tribe and the State shall in good faith negotiate an amendment to this provision to provide for background investigations of vendors."
8. Subsection XV(D)(14) is deleted in its entirety.
9. Subsection XV(D)(16) of the Compact shall be amended by adding the following language:

"This shall not exclude "cashless" technology that may utilize a magnetic stripe card pursuant to MICS promulgated under Section XXXVI, below, provided the "cashless" technology does not allow for access to credit card accounts or bank accounts."
10. Subsection XV(E)(2)(a) is amended by replacing the period (".") following the word "wagered" with a semicolon, adding the words "provided, however, that such games may pay out in excess of 100.0 percent when used in a slot tournament", and inserting a period (".") following such words.
11. Subsection XV(E)(2)(b) is amended by replacing the period (".") following the word "wagered" with a semicolon, adding the words "provided, however, that such games may pay out in excess of 100.0 percent when used in a slot tournament", and inserting a period (".") following such words.
12. Section XV.F. of the Compact is deleted in its entirety and replaced as follows:

No Limitation of Technology.

It shall be recognized that this compact will not be read in such a way that limits the use of future technology. This Compact shall not be interpreted such that if the technology is not mentioned, then it is not allowed. As new technology is developed, the Tribe and the State shall review this Compact under agreed upon provisions, make changes and incorporate new standards for the technology.

13. Subsection XVI(C)(3)(j) is amended by deleting the words "The maximum wager on any hand shall be \$200 before double-downs or splits" and by deleting the period (".") following such words.
14. Section XIX.A. is amended by deleting the word "public" and replacing it with the word "general", and adding the following sentence at the end of the section: "The requirements of this section are not intended to permit causes of action for injuries outside the coverage of the general liability insurance required by this section.
15. Section XXII of the Compact is deleted in its entirety and replaced with the following:

Section XXII. DISPUTE RESOLUTION.

- A. Negotiation. If either the Tribe or the State believes the other has failed to comply with the requirements of this Compact, or if a dispute arises over the proper interpretation of any provision of this Compact, then either may initiate negotiation by serving a written notice on the other identifying the specific provision or provisions of the Compact in dispute and specifying in detail the factual basis for any alleged non-compliance or the interpretation of the provision of the Compact. Within twenty (20) days of service of such notice, representatives designated by the Governor of Wisconsin and the Chairperson of the Tribe shall meet in an effort to resolve the dispute through negotiation.
- B. Mediation. If either the Tribe or the State believes the other has failed to comply with the requirements set forth in this Compact, or if there is a dispute over the proper interpretation of any provision of this Compact, the Tribe and the State may agree in writing to settle the dispute by non-binding mediation.
- C. Arbitration. Arbitration pursuant to this Section shall be the sole mechanism for resolving disputes arising under Articles V, VII, VIII, IX, XI, XII, XIII, XIV, XIX, and XXX of this Compact, unless the Tribe and the State agree in writing to another form of dispute resolution. Disputes arising under Articles IV, XXIII, and XXXII of this Compact shall not be subject to arbitration, except for disputes regarding claims for monies owed by the State to the Tribe under Article XXXII which shall be subject to arbitration upon written demand for arbitration by the Tribe. Proposed amendment to this Compact shall not be subject to arbitration.

If a dispute is not resolved within thirty (30) days of service of notice as provided for in Section (A) above, either the Tribe or the State may serve on the other a written demand for arbitration, and the dispute shall thereafter be resolved by arbitration which shall be conducted in conformance with the rules set forth below and such other rules as the

Tribe and the State may in writing agree. The term "parties," as used in this Section, refers to the Tribe and the State collectively.

1. Arbitration Panel. Each party shall appoint one arbitrator. The two party-appointed arbitrators shall then appoint a third arbitrator, and the three arbitrators shall constitute the panel. Unless the parties agree otherwise, at least one of the arbitrators shall be an attorney or former judge knowledgeable about the Act, federal Indian law, gaming industry regulation, and jurisdiction within Indian country. If the parties do not appoint an arbitrator with those qualifications, the party-appointed arbitrators shall appoint an arbitrator with those qualifications.
2. Cost of Arbitration. The cost of arbitration shall be borne equally by the parties, with one-half($\frac{1}{2}$) of the cost charged to the Tribe and one-half($\frac{1}{2}$) of the cost charged to the State, and each shall bear its own expenses.
3. Pre-hearing Conference. The panel shall hold an initial pre-hearing conference no later than thirty(30) days following the selection of the members of the panel and may permit discovery. Unless the parties agree otherwise, or unless the panel determines that compelling circumstances exist which demand otherwise, the arbitration shall be completed within one hundred and eighty (180) days of the initial pre-hearing conference.
4. Last, Best Offer Format. If the parties agree, the arbitrators shall conduct arbitration proceedings using the "last, best offer" format in accordance with the following:
 - a. No later than forty(40) days before the arbitration hearing (or forty(40) days before the date the dispute is to be submitted to the panel for decision if oral hearings have been waived), each party shall submit to the other party a last, best offer for those issues that will be decided using the last, best offer format.
 - b. No later than ten(10) days after the conclusion of the arbitration hearing(or ten(10) days before the date the dispute is to be submitted to the panel for decision if oral hearings have been waived), a party or the parties may request permission to submit additional last, best offers. The arbitrators may grant such requests if, in their opinion, such additional last, best offers will promote the resolution of the dispute.

- c. For each issue to be decided using the last, best offer format, the panel shall, for its decision on the issue, adopt one of the last, best offers submitted under this Subsection and no other remedy. If the panel expressly determines that a last, best offer submitted by a party with respect to an issue or issues is not consistent with or does not comply with the Act or the Compact, as they may be amended and as they are interpreted by courts of competent jurisdiction, then the panel shall reject that last, best offer and shall not consider it in rendering its decision. If the panel expressly determines that all the last, best offers submitted by the parties with respect to an issue or issues are not consistent with or do not comply with the Act or the Compact, as they may be amended and as they are interpreted by courts of competent jurisdiction, then the panel shall reject all the last, best offers and shall allow both parties an opportunity to resubmit last, best offers. If the panel determines that the resubmitted last, best offers should both be rejected, then the panel shall decide the issue or issues as if the parties had elected to have the issue or those issues decided without using the "last, best offer" format.
5. Location. Arbitration shall be conducted at a neutral location or locations within the State of Wisconsin.
6. Stay of Proceedings. Arbitration proceedings shall be stayed during the pendency of any court action or proceeding between the parties involving the same subject matter as the arbitration proceedings.
7. Decision of the Panel. In reaching a decision, the panel shall consider all relevant information, including but not limited to the following factors: (i) the financial cost to the Tribe or the State relative to the matter under consideration, (ii) standards applicable to other Wisconsin Indian Tribes that operate comparable facilities, and (iii) relevant industry standards. If the "last, best offer" format is not utilized, or if the panel determines that all last, best offers are not consistent with or do not comply with the Act or the Compact, the decision of the panel shall set forth detailed findings of fact and conclusions of law and a statement regarding the reasons for the panel's determination. The written decision of the panel shall be made promptly and, unless otherwise agreed to by the parties, no later than forty (40) days from the date of the closing of the hearing or, if oral hearings have been waived, no later than forty (40) days from the date the dispute is submitted to the panel for decision. The panel may take additional time to render its decision.

if the panel determines that compelling circumstances require additional time. Under no circumstances shall the panel have the authority to issue monetary awards, and no decision of the panel shall operate as a waiver of the sovereign immunity of the Tribe or the State.

8. The arbitration procedures of this Compact and arbitration awards rendered pursuant to such procedures shall be enforceable under, and otherwise subject to, the provisions of the Federal Arbitration Act (FAA), 9 U.S.C. Section 1, et seq.; provided, however, that no provision of the FAA shall be interpreted or construed as effectuating a waiver of the sovereign immunity of the Tribe by reason of any reference to the FAA herein.

16. Section XXIII of the Compact is deleted in its entirety and replaced with the following:

XXIII. SOVEREIGN IMMUNITY; COMPACT ENFORCEMENT.

- A. Except as expressly provided in Section XIX(B) and Section (B) below, nothing contained in this Compact is intended as, or shall be deemed or construed to be, a waiver of the sovereign immunity of the Tribe.
- B. The Tribe grants to the State a limited waiver of sovereign immunity and hereby consents to suit in federal court solely with respect to the following claims:
 1. Claims for monies which may be due and owing to the State under the terms of this Compact; provided, however, that this waiver shall only be effective for so long as and to the extent that sections 16.007 and 775.01 of the Wisconsin Statutes, or any successor or similar provisions of state law, remain in effect and provide an effective waiver of the State's sovereign immunity which enables the Tribe to maintain a suit against the State for any monies which may be due and owing to the Tribe under the terms of this Compact. Any waiver of the Tribe's sovereign immunity which may become inoperable pursuant to this provision shall be reinstated if, and for so long as, the State thereafter effectively waives its sovereign immunity in a manner which enables the Tribe to maintain a suit against the State for any monies which may be due and owing to the Tribe under the terms of the Compact.
 2. Claims for declaratory relief and injunctive relief, including injunctive relief pending the outcome of arbitration proceedings; provided, however, that in the event that the Tribe seeks

declaratory relief or injunctive relief against the State, and the Tribe is unable to obtain declaratory relief or injunctive relief due to the sovereign immunity of the State, the Tribe's waiver of sovereign immunity pursuant to this Subsection shall be null and void. Any waiver of the Tribe's sovereign immunity which may become inoperable pursuant to this provision shall be reinstated if, and for so long as, the State thereafter effectively waives its sovereign immunity in a manner which enables the Tribe to maintain a suit against the State for injunctive relief to enforce the terms of the Compact.

3. Claims for judicial resolution of disputes regarding arbitration pursuant to Subsection XXII(C)(8) of this Compact; provided, however, that in the event that the Tribe seeks judicial resolution of a dispute regarding arbitration pursuant to Subsection XXII(C)(8), and the Tribe is unable to obtain judicial resolution of the dispute due to the sovereign immunity of the State, the Tribe's waiver of sovereign immunity pursuant to this Subsection shall be null and void. Any waiver of the Tribe's sovereign immunity which may become inoperable pursuant to this provision shall be reinstated if, and for so long as, the State thereafter effectively waives its sovereign immunity in a manner which enables the Tribe to maintain a suit against the State for judicial resolution of disputes regarding arbitration pursuant to Subsection XXII(C)(8).
- C. The waiver of the Tribe's sovereign immunity provided for in this Article does not extend to any claims brought to enforce obligations which do not arise under the terms of the Compact or to any claims brought by persons or entities other than the State.
- D. Either the Tribe or the State may pursue any remedy which it believes is available to it under the law or the Act, including suits against officers or employees of the other for actions taken outside the scope of their authority, subject to any defenses which may be available with respect to such remedies or suits.
- E. If a court determines that the enforcement provisions of this Article are unenforceable against the Tribe or the State, the Tribe and the State shall immediately enter into negotiations regarding alternative enforcement mechanisms.

17. Section XXV of the Compact is deleted in its entirety and replaced with the following:

XXV. DURATION AND AUTHORITY.

- A. The Second Amendment is binding on the Tribe and the State upon signature by the Chairperson of the Tribe and the Governor of the State.
- B. This Compact shall continue in effect, notwithstanding any other provision of this Compact, unless terminated by mutual agreement of the Tribe and the State, or unless the Tribe duly adopts a resolution revoking Tribal authority to conduct Class III gaming on Tribal lands in accordance with the Act.
- C. If the provisions of Section (B) above are determined to be invalid or unlawful by a court of competent jurisdiction, the term of this Compact shall expire May 9, 2102.
- D. Authority.
 - 1. The Tribe and the State voluntarily enter into this Compact pursuant to Section 11(d)(3)(B) of the Act.
 - 2. By signing this Compact or Amendments to this Compact, the Governor of Wisconsin and the Chairperson of the Tribe represent that they are authorized to execute the Compact or Amendments on behalf of the State and the Tribe, respectively.

18. Section XXX of the Compact, entitled "AMENDMENT," is amended and replaced with the following:

XXX. AMENDMENT AND PERIODIC ENHANCEMENT OF COMPACT REVISIONS.

- A. This Compact shall not be modified, amended or otherwise altered without the prior written agreement of both the State and the Tribe. Modifications, amendments, and alterations of this Compact shall only become effective as provided in the Act.
- B. Periodic Amendment Process.
 - 1. Within the thirty (30) days preceding each fifth (5th) annual anniversary of July 1, 2004, the State or the Tribe may propose amendments to the regulatory provisions of the Compact. The Tribe and the State shall enter into good faith negotiations regarding the proposed amendments. Disputes over the obligation to negotiate in good faith under this provision may be resolved under the provisions of Article XXII.

2. Within the thirty (30) days preceding each twenty-fifth (25th) annual anniversary of July 1, 2004, the Governor as directed by an enactment of a session law by the Wisconsin Legislature, or the Tribe may propose amendments to any provision of the Compact. The Tribe and the Governor shall enter into good faith negotiations regarding the proposed amendments. Disputes over the obligation to negotiate in good faith under this provision may be resolved under the provisions of Article XXII.

19. Section XXXII. of the Compact entitled "PAYMENT TO THE State is deleted in its entirety and replaced with the following:

XXXII. PAYMENT TO THE STATE.

- A. On or before June 30, 2004, the Tribe shall make a payment to the State in the amount of \$3,500,00 (Three Million Five Hundred Thousand Dollars) ("Installment Payment"). On or before June 30, 2005, and on or before June 30 of each succeeding year, the Tribe shall make a payment to the State ("Annual Payment") of 4.5% of the net win for the previous fiscal year from Class III gaming conducted pursuant to this Compact.

If in any fiscal year the Tribe's net win from gaming conducted pursuant to this Compact exceeds \$200,000,000 (Two Hundred Million Dollars), the amount of the Annual Payment calculated with reference to that fiscal year shall be 5% of the net win.

For purposes of this Section, "fiscal year" shall be defined as the period beginning October 1 of a given year and ending September 30 of the following year. In addition, "net win" shall be defined as the amount wagered in Class III gaming, less fills and the amount paid out in jackpots and prizes, including the actual cost to the Tribe of any noncash prize which is distributed to a patron as the result of a specific, legitimate wager.

Beginning in 2008 and in each year thereafter, the Annual Payment shall be reduced by the amount paid by the Tribe in the immediately preceding calendar year to local units of government pursuant to service agreements, and by the amount of any unused credit for previous years, up to a maximum reduction of \$150,000 (One Hundred Fifty Thousand Dollars) per year. If in any fiscal year the Tribe's net win from gaming conducted pursuant to this Compact exceeds \$200,000,000 (Two Hundred Million Dollars), and the amount of the Annual Payment increases to 5% of net win as provided for above, the maximum amount of reduction shall be \$250,000 (Two Hundred Fifty Thousand Dollars). The Tribe shall be

entitled to a credit in the amount of \$150,000 (One Hundred Fifty Thousand Dollars) per year for payments made by the Tribe in the years 2003 through 2007 to local units of government pursuant to service agreements entered into by the Tribe with such local units of government. Such credit may only be applied against the payment to the State as provided for above.

The Governor shall use his best efforts within the scope of his authority to ensure payments received by the State pursuant to this Section are allocated and expended in accordance with the June 18, 1998 Memorandum of Understanding Regarding Government to Government Matters.

B. Exclusivity.

1. Upon the passage of any State law which permits the operation of any games, which would be Class III games if conducted by an Indian Tribe pursuant to the Act, by any person or other entity other than a federally recognized Wisconsin Indian Tribe under the provisions of the Act, and other than the State Lottery, parimutuel racing, and charitable gaming as authorized by State law and operated as of January 1, 2003, the Tribe's obligation to make payments to the State pursuant to Section (A) above shall terminate upon the date of passage of such law and the Installment Payment previously made by the Tribe shall be immediately refunded by the State to the Tribe.
2. Upon final approval of any amendment to the Wisconsin Constitution that authorizes any person or entity, other than a federally recognized Wisconsin Indian Tribe under the provisions of the Act, to engage in gaming, except as authorized by the 1993 Amendment to the Wisconsin Constitution, the Tribe's obligation to make payments to the State pursuant to Section (A) above shall terminate upon the date of final approval of such amendment and the Installment Payment previously made by the Tribe shall be immediately refunded by the State to the Tribe.
3. In the event that the State executes a Tribal-State gaming compact, or executes an amendment to an existing Tribal-State gaming compact, and such compact or amendment provides for any form of protection from or consideration for competition from gaming conducted by another Indian Tribe pursuant to section 20 of the Act, or any similar or successor provision of law, and such compact or amendment is approved by the Secretary of the United States Department of the Interior or otherwise becomes effective by operation of law, upon the Tribe's request, the State shall in

good faith negotiate an amendment to this Compact for the purpose of incorporating provisions in this Compact under which the Tribe's obligation to make payments pursuant to Section (A) above shall terminate and the State shall be required to refund to the Tribe all Installment Payments previously made by the Tribe upon the date on which the State enters into an agreement for or otherwise approves the operation of a gaming facility by another Indian Tribe under section 20 of the Act or any successor provision of law within fifty (50) miles of the exterior boundaries of the Tribe's Reservation.

C. Suspended operations.

1. If the Tribe is unable to operate Class III games authorized by this Compact for a period of twenty-one (21) consecutive days or more for any reason beyond the control of the Tribe, including any adverse court decisions, rulings, or orders, the payments required under Section (A) above for the year in which such inability to operate Class III games first occurs shall be reduced by a percentage which is equal to the number of days the Tribe is unable to operate such games divided by 365. In the event the Tribe is unable to operate Class III games for more than 365 consecutive days, the Tribe's obligation to make payments under Section (A) above shall be suspended until such time as the Tribe is again able to operate Class III games. The preceding formula shall then be applied to determine the reduction of the payment, if any, for the year in which the Tribe resumes operation of Class III games. If the Tribe has made full payment for any year in which a reduction is applicable, the State shall refund the amount of the reduction to the Tribe. In the alternative, the Tribe may elect to deduct the amount of any such reduction from future payments.
2. If the Tribe is unable to operate Class III games authorized by this Compact, other than blackjack or electronic games of chance, for a period of twenty-one (21) consecutive days or more for any reason beyond the control of the Tribe, including any adverse court decisions, rulings, or orders, the payments required under Section (A) above for the year in which such inability to operate such games first occurs shall be reduced by a percentage which is equal to: $(\text{number of days Tribe is unable to operate such games} + 365) \times 40\%$. In the event the Tribe is unable to operate such games for more than 365 consecutive days, the preceding formula shall be applied to the next 365 day period. If the Tribe has made full payment for any year in which a reduction is applicable, the State shall refund the amount of the reduction to the Tribe. In the

alternative, the Tribe may elect to deduct the amount of any such reduction from future payments.

3. If the Tribe is unable to operate 25% or more of its electronic games of chance for a period of twenty-one (21) consecutive days or more for any reason beyond the control of the Tribe, including any adverse court decisions, rulings, or orders, the payments required under Section (A) above for the year in which such inability to operate such games first occurs shall be reduced by a percentage which is equal to: $(\text{number of days Tribe is unable to operate such games} + 365) \times \text{actual percentage of such games which the Tribe is unable to operate}$. If the Tribe has made full payment for any year in which a reduction is applicable, the State shall refund the amount of the reduction to the Tribe. In the alternative, the Tribe may elect to deduct the amount of any such reduction from future payments.

D. If at any time the State is authorized to impose any tax, fee, assessment, or other charge directly on the Tribe's Class III gaming revenues, other than as expressly contemplated in this Compact, upon the date of passage of any law imposing such tax, fee, assessment, or charge, or upon the date of passage of any law imposing a tax exclusively on patrons' winnings generated at the Class III gaming facilities, the Tribe shall be relieved of the obligation to make any payments provided for in Section (A) above. Nothing in this Subsection shall be construed to prevent the application of the Wisconsin Income Tax to income derived from patrons' winnings generated at the Class III gaming facilities.

E. If for any reason the Tribe's obligation to make any payments under Section (A) above shall terminate, or such payments shall be reduced, such termination or reduction shall not adversely affect the validity of this Compact. In addition, if the Tribe is entitled to a refund of any payments made under this Article, then the State shall be indebted to the Tribe in that amount, and the Tribe may recover such amount from the State under any procedures provided by the laws of the State of Wisconsin for the recovery of unpaid debts of the State, including sections 16.007 and 775.01, Wis. Stats.

20. Section XXXIV. Of the Compact is deleted in its entirety and replaced with the following:

XXXIV. TRANSITION.

A. In the event that Sections XXV(B) and (C) of the Second Amendment are disapproved in their entirety by the Secretary of the United States Department of the Interior or are found unenforceable or invalid in their

entirety by a court of competent jurisdiction, the Tribe's obligation to make payments to the State pursuant to Section XXXII(A) above shall terminate upon the date of such disapproval or finding and all Installment Payments previously made by the Tribe shall be immediately refunded by the State to the Tribe. Thereafter the State and the Tribe shall negotiate in good faith to reach agreement on substitute provisions for Articles XXV(B) and XXXII(A). Disputes regarding the obligation to negotiate in good faith under this provision may be resolved pursuant to the provisions of Article XXII.

- B. In the event that any portion of the Second Amendment other than Section XXV(B) is disapproved, in whole or in part, by the Secretary of the United States Department of the Interior, or is found unenforceable or invalid by a court of competent jurisdiction, either the Tribe or the State may serve on the other a demand for renegotiation of such portions of the Compact that are affected. The State and the Tribe shall thereafter negotiate in good faith to reach agreement on substitute provisions. Disputes regarding the obligation to negotiate in good faith under this provision may be resolved pursuant to the provisions of Article XXII.
- C. In the event that the Second Amendment is disapproved in its entirety by the Secretary of the United States Department of the Interior or is found unenforceable or invalid in its entirety by a court of competent jurisdiction, the State and the Tribe acknowledge their intent that the terms of the Compact, as amended on December 18, 1998, shall remain in effect and shall govern the conduct of Class III gaming on Tribal lands for its full term. In addition, the State and the Tribe agree that the Compact, as amended December 18, 1998, shall be deemed to have automatically renewed for an additional term of five (5) years commencing on December 19, 2003, pursuant to Section XXV(B) of the Compact.

21. Article XXXV is deleted in its entirety and replaced with the following:

XXXV. PROCEDURES FOR RULES OF PLAY AND MINIMUM INTERNAL CONTROL STANDARDS.

- A. The Tribe shall promulgate rules of play and minimum internal control standards for all Class III games conducted by the Tribe pursuant to this Compact. Such rules and standards shall set forth an accurate payout ratio for each game, reasonably ensure the fairness of the playing of the game, reasonably ensure that revenue is adequately counted and accounted for in accordance with generally accepted accounting principles for casinos, provide a system of internal controls and procedures for game play that are consistent with industry standards and practices, and ensure compliance with the Compact. The Tribe shall comply with rules of play and

minimum internal control standards established pursuant to this Article. Until minimum internal control standards are established addressing the hardware, software, and other substantive requirements currently governed by Articles XV, XVI, and XVII of this Compact, the Tribe may continue to conduct gaming under Articles XV, XVI and XVII and under the minimum internal control standards in effect on the date of the Second Amendment. Minimum internal control standards addressing the hardware, software, and other substantive requirements currently governed by Articles XV, XVI, and XVII shall supersede those provisions upon promulgation pursuant to this Article. Those matters committed to the discretion of the Tribe pursuant to Section IV(B) of this Compact are specifically excluded from the requirements of this Article.

- B. Rules of Play. Prior to operating any game for which rules of play have not been established under this Compact, the Tribe shall adopt rules of play for such game and provide a copy of such rules to the Department. The Tribe may operate such game pursuant to such rules fourteen (14) days after the Tribe provides a copy of the rules to the Department, provided that such rules are substantially similar to rules in effect in another gaming jurisdiction within the United States. Within ninety (90) days of receipt of the rules, the Department shall submit any objection it may have to any rule or rules by serving a written notice of objection on the Tribe. All such objections shall be based upon the criteria set forth in Subsection (D)(3) below. The notice of objection shall state with specificity the reasons therefor with reference to such criteria, and shall propose an alternative rule for each rule which is the subject of an objection. Within thirty (30) days of submission of any objection, the Department and the Tribe shall meet in an attempt to resolve the objection. If the objection is not resolved within twenty (20) days of such meeting, either the Tribe or the Department may serve upon the other a demand for arbitration pursuant to Section (D) below. The Tribe may continue to utilize any rule subject to an objection by the Department while the procedures set forth in Section (D) below are completed, unless the objection is based, in whole or in part, upon the fact that the rule substantially and materially deviates from rules in effect in gaming jurisdictions within the United States.
- C. Minimum Internal Control Standards. Within ninety (90) days of the effective date of the Second Amendment, the Tribe shall submit to the Department a copy of all minimum internal control standards in use at each Class III gaming facility of the Tribe. Such standards shall be at least as stringent as the minimum internal control standards established by the National Indian Gaming Commission. Within ninety (90) days of receipt of such standards, the Department shall submit any objection it may have to any standard or standards by serving a written notice of objection on the Tribe. All such objections shall be based upon the criteria set forth in

Subsection (D)(3) below. The notice of objection shall state with specificity the reasons therefor with reference to such criteria, and shall propose an alternative standard for each standard which is the subject of an objection. Within thirty (30) days of submission of any objection, the Department and the Tribe shall meet in an attempt to resolve the objection. If the objection is not resolved within twenty (20) days of such meeting, either the Tribe or the Department may serve upon the other a demand for arbitration pursuant to Section (D) below. The Tribe may continue to utilize any standard subject to objection while the procedures set forth in Section (D) below are completed.

- D. Arbitration pursuant to this Section shall be conducted in accordance with the following rules and such other rules as the Tribe and the Department may in writing agree.
1. The panel shall consist of three members. The Tribe and the Department shall each appoint one arbitrator. The two party-appointed arbitrators shall appoint a third arbitrator. Such third arbitrator shall either be a certified public accountant or have substantial experience with regulatory compliance issues relevant to gaming. No person who has performed services or whose firm has performed services for either the State or the Tribe in the preceding twelve (12) months may serve on the panel.
 2. The cost of arbitration shall be borne equally by the parties, with one-half ($\frac{1}{2}$) of the cost charged to the Tribe and one-half ($\frac{1}{2}$) of the cost charged to the Department, and each shall bear its own expenses.
 3. Decision of the Panel
 - a. If, as appropriate and relevant to its subject matter, a rule or standard adopted by the Tribe sets forth an accurate payout ratio, reasonably ensures the fairness of game play, reasonably ensures that revenue is adequately counted and accounted for in accordance with generally accepted accounting principles for casinos, and is consistent with the terms of the Compact, the panel shall approve such rule or standard unless it determines that an alternative rule or standard offered by the Department would:
 1. Materially decrease the risk of diversion of revenue, and the benefit is not outweighed by the cost of compliance;

- ii. Materially increase the ability to safeguard assets, and the benefit is not outweighed by the cost of compliance;
 - iii. Materially increase the ability to preserve reliable records, accounts and reports of transactions, and the benefit is not outweighed by the cost of compliance; or
 - iv. Materially increase the integrity or fairness of the conduct of games, and the benefit is not outweighed by the cost of compliance.
 - b. If the panel determines that a rule or standard proposed by the Tribe or an alternative rule or standard proposed by the Department is not consistent with industry standards or practices, but meets the criteria set forth in Subsection (a) above, the panel may approve such rule or standard but shall make specific findings regarding how the proposed rule or standard is better suited to its purposes than industry standards or practices.
4. To the extent practicable, the Tribe and the Department shall stipulate to all facts not reasonably in dispute. At the request of either the Tribe or the Department, the panel may take testimony from witnesses if it feels that such procedures are necessary for an informed resolution of the controversy. The formal rules of evidence shall not apply to witness testimony, and the panel shall determine the permissible scope and extent of any proffered testimony, but the panel shall observe basic principles of relevancy, materiality and probative value. Any and all proceedings may be conducted telephonically. The Tribe and the Department shall simultaneously submit, at a time determined by the panel after the factual record is finalized, a written statement in support of its position. The panel shall decide the matter within thirty (30) days of receipt of the written submissions. The decision of the panel shall be final and non-appealable. No decision of the panel shall operate as a waiver of the sovereign immunity of the Tribe or the State.
- E. Amendment. The Tribe shall submit a copy of any amendments to the rules of play or minimum internal control standards to the Department within fourteen (14) days of adoption. Within thirty (30) days of receipt of such amendment, the Department shall submit any objection it may have to such amendment to the Tribe by serving a written notice of objection on the Tribe. All such objections shall be based upon the criteria

set forth in Subsection (D)(3) above, and the notice of objection shall state with specificity the reasons therefor with reference to such criteria. The Tribe may continue to utilize any amended rule or standard subject to objection by the Department while the procedures set forth in Section (D) above are completed. The State may propose new areas to be subject to the minimum internal control standards. Such proposals shall specify the justification for the extension or the minimum internal control standards, and proposed minimum internal control standards which address the issues raised in the statement of justification. Such proposals shall be subject to the provisions of this Article, including the timeframes for response and consultation pursuant to Section (C), and the arbitration procedures pursuant to Section (D).

22. The December 18, 1998 Memorandum of Understanding Regarding Technical Matters is deleted in its entirety and replaced with the following:

XXXVI. DATA REPORTING.

- A. The Tribe shall submit information from its slot accounting systems to the Data Collection System ("DCS") maintained by the State, utilizing the hardware, software, reporting requirements and formats for the specified information in use on the date of the Second Amendment. The Tribe and the State acknowledge that DCS is intended to be a uniform state-wide system applicable to all Wisconsin Indian Tribes.
- B. The Tribe shall submit to the Department on a monthly basis, in an electronic format determined in the reasonable discretion of the Tribe, the following daily revenue information for table games: type of table game, table number, shift, opening inventory, fills, credits, adjustments, closing inventory, drop, and win/loss. The Tribe shall submit such information not later than fourteen (14) days after the conclusion of each calendar month.
- C. All information submitted by the Tribe pursuant to Sections (A) and (B) above shall be confidential, and shall not be disclosed by the State. In order to protect and preserve the confidentiality of this information, the State shall, with respect to all information submitted by the Tribe, maintain and enforce the minimum internal control standards of the Department in effect on the date of the Second Amendment.
- D. Either the Tribe or the Department may propose amendments to the hardware, software and reporting requirements that affect the manner in which the Tribe reports information under Section (A) above. In addition, either the Tribe or the Department may propose amendments to the minimum internal control standards maintained by the State pursuant to

Section (C) above. If the Tribe and the Department do not agree upon a proposed amendment within sixty (60) days of the date on which such amendment is proposed, either the Tribe or the Department may serve on the other a demand for last, best offer arbitration, and the matter shall be resolved by arbitration in accordance with the rules set forth below and such other rules as the Tribe and the Department may in writing agree.

1. The panel shall consist of three members. Within ten (10) days of service of a demand for arbitration, the Tribe and the Department shall each appoint one arbitrator. The two party-appointed arbitrators shall appoint a third arbitrator. Such third arbitrator shall have substantial experience with regulatory compliance issues relevant to gaming. No person who has performed services or whose firm has performed services for either the State or the Tribe in the preceding twelve (12) months may serve on the panel.
2. The cost of arbitration shall be borne equally by the parties, with one-half ($\frac{1}{2}$) of the cost charged to the Tribe and one-half ($\frac{1}{2}$) of the cost charged to the Department, and each shall bear its own expenses.
3. Within thirty (30) days of selection of the panel, the Tribe and the State shall each submit to the panel a last, best offer with respect to the proposed amendment. Unless the panel determines that a longer period of time is necessary, within thirty (30) days of submission of such last, best offers, the panel shall select one of the last, best offers in accordance with the following:
 - a. With respect to proposed amendments to the hardware, software, and reporting requirements under Section (A) above, the panel shall select the last, best offer submitted by the Department if the panel determines that such last, best offer: (i) is reasonably necessary to allow the Department to maintain electronic monitoring under Section (A) above, (ii) is not unduly burdensome on the Tribe, and (iii) does not compromise the confidentiality of the information submitted by the Tribe. In no event shall the panel select a last, best offer which requires the Tribe to allow access to computer systems or networks maintained by the Tribe other than a stand alone computer node upon which information is uploaded by the Tribe, unless the panel specifically determines and makes written findings that an alternative offered by the State or the Tribe provides the same or greater security for the information submitted by the Tribe and the Tribe's computer systems and networks than a stand alone computer node.

b. With respect to proposed amendments to the minimum internal control standards maintained by the State under Section (C) above, the panel shall select the last, best offer which provides greater security for and protection of the information submitted by the Tribe unless the panel determines that the cost of compliance with such last, best offer outweighs the benefit to be derived. In no event shall the panel select a last, best offer which presents an unreasonable risk to the security for and confidentiality of the information submitted by the Tribe.

4. To the extent practicable, the Tribe and the Department shall stipulate to all facts not reasonably in dispute. At the request of either the Tribe or the Department, the panel may take testimony from witnesses if it feels that such procedures are necessary for an informed resolution of the controversy. The formal rules of evidence shall not apply to witness testimony, and the panel shall determine the permissible scope and extent of any proffered testimony, but the panel shall observe basic principles of relevancy, materiality and probative value. Any and all proceedings may be conducted telephonically. The decision of the panel shall be final and non-appealable. No decision of the panel shall operate as a waiver of the sovereign immunity of the Tribe or the State.

23. Article XXXVII is created as follows:

XXXVII. SEVERABILITY.

Should any provision of this Compact, or part thereof, be held under any circumstances in any jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision of this Compact or any other part of such provision, except as expressly provided in this Compact.

24. Paragraph 3 of the June 18, 1998 amendment is deleted in its entirety, and a new Section XVI.I. is created to read:

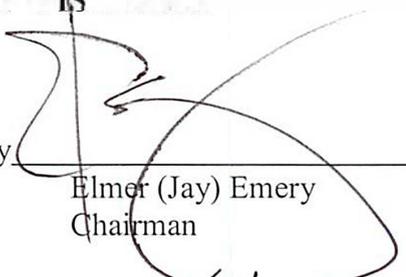
The Tribe may continue to conduct class III gaming at the Little Turtle Hertel Express, 4384 State Highway 70, Hertel, WI., 54845, but only so long as that facility is operated for commercial purposes other than gaming, and no more than 50% of the square footage of a facility on a 1 acre lot at 4384 State Highway 70, Hertel, WI., 54845, is used for gaming purposes.

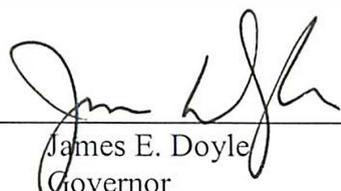
25. Paragraph 7 of the June 18, 1998 amendments to the Compact is deleted in its entirety.

IN WITNESS WHEREOF, The St. Croix Chippewa Indians of Wisconsin and the State of Wisconsin have hereunto set their hands and seals.

ST. CROIX CHIPPEWA INDIANS OF WISCONSIN

STATE OF WISCONSIN

By 
Elmer (Jay) Emery
Chairman

By 
James E. Doyle
Governor

Executed on this 6th day of May, 2003

Executed on this 12th day of May, 2003

Consistent with 25 U.S.C. Sec. 2710 (d)(8), the 2003 Amendments to the St. Croix Chippewa Indians of Wisconsin and the State of Wisconsin Gaming Compact of 1991, dated _____, 2003, is hereby approved on this ____ day of _____, 2003, by the Assistant Secretary - Indian Affairs, United States Department of the Interior.

UNITED STATES ~~DEPARTMENT OF THE~~ **DEPT OF THE** INTERIOR

SEP 09 2003