

**Tribal Council Work Session**  
**April 16-20, 2012**  
**Suncadia Resort**

**Tuesday, April 17**

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Dave Lopeman	Arnold Cooper	Andy Whitener	Pete Kruger
Ray Peters	Jim Peters	Charlene Krise	Don Whitener
Kathy Block	Kevin Lyon	Michael Babcock	Michael Starr
Mark Chandler	Bob Whitener		

Recording: Melissa Puhn

Bob Whitener offered the opening prayer. Dave Lopeman started the meeting at 8:42 a.m. He stated that this is intended to be an open discussion.

Kevin started with General Body Meeting, May 5<sup>th</sup>. He handed out a binder to aid Council in the meeting. He included the draft agenda, last years talking points which he updated, and a FAQ about General Body.

This year, there are 718 eligible voters, 216 equals quorum. 130 is the 60% rule. As regards to who can attend the meeting, its tribal members and spouses typically. But the question is can spouses speak publically? Its status quo from last year. Dave shared that most other tribes general body meetings do not allow spouses. Dave feels spouses should not speak at the meeting.

Discussed the order on the draft agenda. Charlene asked for an extension of the three minute acceptance speech. Bob stated that is in the election code, and it would take a quorum to change the code. He briefed on the history of the code and what it would take to change the code. Andy asked about absentee ballots. Discussed how the elections are run.

Charlene would like to see tribal members, and Council members wearing their regalia.

Ray wanted to add that someone will ask the question about monthly per capitias. He knows its been discussed lightly, but should be prepared to respond to. Bobby brought up deferrals, some people would like to get the full amount upon retirement. Also direct deposits. Dave asked about the feasibility of having the taxes take out. Kevin stated that Deb can discuss that when she gets here. Ray added that in reality, several people will not appreciate the taxes being taken out. Jim and Arnold felt that they have had to pay it regardless, people were surprised this year at tax time. Kevin will prepare talking points and circulate before General Body. Andy has heard a lot about monthly distributions.

Deb Stoehr arrived. Kevin, Mark, Deb and Bob were here to answer questions about income and expenses. Kevin included notes from the Moss Adams audited financial statements. The most recent conversation is about whether to borrow, and what questions to answer. The NAFO has a 10 point list Kevin included. Also included the BOA term sheet.

Deb started with the Fiscal Year comparative schedule. Discussed.

Mark went over the LCC financials and payments to TGA and KTP. Mark brought up the discussion of “what does it mean when the payment is due?” Whether its 30 days, 60 days, 90 days. Mark stated that generally everything is paid net 60. Except for KTP. Mark shared a chart showing financial transfers to the tribe and answered questions pertaining to.

Mark explained EBITDA.

Discussed payments to the tribe and late distributions. Don added that the main issue is lack of communication; if the Casino is going to be late with a payment to the tribe, let the tribe know. Michael added that he agrees, he will improve the communication and track the number of days that payments are due. As soon as Michael knows the dollar amounts, he will let Council know.

Action items: agree on what is “caught up”, LCCR will reconcile and bill within 30 days and then paid within the next 30 days, and structure in a way to not affect per caps; and direct and receive reconciliation quarterly.

Mark went over the summary income financial statement.

#### **Tribal debt – Tribal-wide borrowing**

Long term debt, reference document included is included in packet. Kevin shared the tribal financial report, showing what financial obligations the Tribe has.

Charlene asked if there is a contingency plan if the tribal world turns upside down. Ray stated that the tribe has a permanent trust in place, historically, the tribe has never had to make cuts even in the most severe economic environment.

Andy and Jim shared their concern of the borrowing trend.

Bob shared that the debt ratio for the tribe is not bad. In a larger sense, the tribe is not over leveraged. The problem is that there is a lot of risk against the casino. Looking back to see what pays for programs, a lot of that is paid by casino distribution. Jim shared he is nervous after reading the article about Foxwoods; where they were super successful, and now they are in the hole after being over expended. Ray stated that SIT will never get to the point that Foxwoods was. Jim, Charlene, Pete and Andy are all concerned with the tribal debt.

Bob shared his concern with the state/slots issue in now. There is just so much on the casino right now. Need to figure out how to obligate, with federal programs. This is the time to start discussing these accomplishments; timing and how. Jim asked if its worth going in debt another \$X to build a new tower, or new legal department, etc. Bob added that it is important to determine how much more is made by spending \$X. Bob is always looking at the determination of making more money.

The balloon payment is due June, 2013.

Bob explained how SCT is putting money into itself for growth. He stated, that if a third tower was to be built for the Casino, Council would be provided something showing how the expansion will always bring in more money. Per capita have never declined, always have went up with casino expansion. Casino expansion benefits everyone. If it doesn't do that, need to look to other businesses besides the Casino. IEI does not borrow money for the spa or RV development. Borrowing money always makes Council nervous, as it should. But, at some point a third tower will need to be done, as well as gaming expansion and refurbishing hotel rooms. Its all about phases. Ray added that Council and the tribe has good hindsight.

Some decisions need to be made ahead of the balloon payment, but not all at once. The balloon simply lowers the payment owed.

Line of credit expires June 1, 2013.

Discussed LIBOR and interest rates.

Michael was asked to look at a contingency plan, to look in to other revenues other than gaming. He is not prepared to discuss today, but he is working on it. Bob asked that once LCC has adjusted for seasonality and payments to the tribe, does LCC have the funds to refurbish the rooms. Jim has heard that the rooms need upgraded. Michael agrees to the extent that the first tower was built in 1997 or so, it is all original furniture. Tower 2 is about a year or so newer, and is in that window of needing refurbishing. Jim wanted to add that he would like to see the tribe grow, but he just is concerned with the tribal debt and timing. He wants to make sure the timing is good for a third tower expansion.

One of the concerns with the discussion of the third tower, is the general body will see that money spent, as money that should go to them. But that's not tribal money in the first place. It's the bank money. Ray feels that the GB is more knowledgeable on tribal funds.

Discussed Rex Evans and who he is (third party accountant- basically).

Bob added that in order to make money, you need to spend money. As long as the money spent will make you money.

Ray is glad that this conversation is happening, he thanked for the briefing. Jim added that the intent of this whole week is to have this discussion.

## **Legal Department**

### **Workers' Compensation Program and Employee Benefits Assessment.**

Mark Allen arrived and handed out a Brown & Brown booklet. Topics today will be workers comp and campus wide benefits package.

Mark explained that in the past the broker was Berkley Risk. The tribe is self-insured. Mark explained how Berkley approached the benefits. Mark, with Council permission did an RFP and a whole new workers comp plan. In 2008 Tribal First came on, with Brown and Brown as the Broker. They include all three entities. They provide a quarterly report and meets four times/year with the entities HR and Finance. They go over claim management. He showed a chart that provided an overview of costs over the last several years. Costs have been going down with Tribal First, significantly. Mark just wanted to show this; it has taken the committee a lot of time to come up with this plan. The committee walks through this with Tribal First and Brown & Brown. Saving about \$600k annually compared to just a few years ago.

Mark shared that these quarter meetings helps manage claims in a fast and effective manner. This approach has lessened the claims significantly.

Kevin commended Mark in his work of getting the entities together to build this plan; as well as the entities themselves for doing this and saving real money that can be better spent elsewhere.

Mark handed out a chart outlining the costs per employee per entity. Includes the breakdown for medical, dental, vision, life/disability, EAP, 401K and brokerage fees.

The topic went to insurance for tribal members. Ray brought up what Grand Ronde is doing; purchasing a set amount of “spots” for insurance, and tribal members who are high users of insurance get plugged in to those “spots.”

Kevin brought up PEBB and how that is opened up for tribal government; Public Employee Benefits Program. Bobby suggested that SIT look at that program a little closer. Mark reminded that he presented to Council about 6 months ago, merging the 401K programs together with the entities. The decision was that the cost savings were not that great, and it's a hassle to do. If the consideration was beyond just the 401k, it would be worth looking in to.

Action item: Legal is asking for this to be on their work list. Mark would like to have all the HR directors and CFOs on the committee to explore options.

### **Land acquisition strategies and priorities**

Kevin began with land acquisition. Legal has been working with staff putting together materials. CRD, NR and Legal prioritizes values and how to apply to parcels. Kevin would like to make a work group to consider priorities. As of now, its prioritized as Kamilche Corridor, NR enhancement and CR sites. Would like to create a work group to consider this; including NR, CR, Legal and perhaps IEI. Andy suggested Gov, IEI and Casino. Keep the work group small. This work group would report to Council their considerations of what parcels to purchase.

Ray brought up the pieces within the corridor that are available for sale. Andy added that some of the pieces can be bought with conservation funds, so that is being looked in to. Applied for a few grants.

Brought up the off-island account that is used to purchase property.

Jim would like to see this “committee” look at planning. He is all for taking advantage of properties as they come available; but also plan ahead for the future if larger pieces come available.

Dave asked if Council wants him to talk to Probst about the meat place. Discussed the possibility of buying the company and employing tribal members (while maintaining the current employees). Dave will talk with him. Ray added that its contiguous land to the tribe, and would like to have the ability for tribal hunters to have a place to take their meat. They already do, so it would be a smooth transition. Ray suggested having IEI run it someday.

The quarry also is another consideration. Also the Skookum Mill.

Adjourned for the day at 3:22 p.m.

### **Wednesday, April 18**

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Dave Lopeman	Arnold Cooper	Andy Whitener	Pete Kruger
Ray Peters	Jim Peters	Charlene Krise	Don Whitener
Kathy Block	Kevin Lyon	Michael Babcock	Michael Starr
Nate Schriener	Bob Whitener		

Recording: Melissa Puhn

#### **Golf Works “direct discussion” preparation**

Executive Session.

Council approved Legal to proceed on the fronts discussed.

#### **Drug Task Force Presentation**

Kathy Block shared the suggestions she has received from both employees and tribal members.

Arnold suggested that she work with surrounding tribes to see what they have done, and what has worked. Jim suggested prioritizing needs to be achieved first. Then as the program grows, so can the needs/ideas.

Kathy would like to define “community” and keep in mind who the audience is. For now, surrounding community is the Kamilche Corridor. But knowing, that at some point knowing that it will expand.

She received draft bylaws from Legal, and will be reviewed by the committee then presented to Council. She has a web page that is being proposed. She showed her presentation that will be a link on the tribal website.

She has sent out anon boxes that people can submit their ideas. These drop boxes are placed in the community (NR, Clinic, Fam Svc, etc).

Kathy shared that a lot of the feedback received has been to start with education and groups for the youth. There are AA meetings in place already for adults; but needs to be something for the youth. Arnold asked about the Youth Council. Kathy has started looking in to that, and would like to find a way to have a feedback forum with the Youth Council. Arnold would like to have the YC involved. So far though, all of the feedback has been from adults, and nothing from the youth; she needs to see how to get involved with the youth, reach out to them. What would work for the youth? One of her comments was somebody suggested a safehouse on the reservation. A place where kids can go to get a meal, with supervision, if they are in a drug environment. The other thing that she is seeing is the adult community would like a tribal transitional (oxford) house. A place within the community for those coming back to the community.

Bobby stated that a tribal spouse was working on that with the house next to SCT through their entrepreneur program.

Kathy would like to take the 8 pages of comments, and sort them by difficulty. Start off by achieving the easy solutions “low hanging fruit” first, then look in to the larger projects.

Jim asked about the Mary Johns Room and that used to be a teen center. There were some issues with some of the older kids; games and equipment getting stolen. That was a good activity room. Kathy stated that Sis is working on setting up that room as a teen center again. Need to promote volunteerism within the community and getting adults to help mentor and chaperone those groups.

Would like to see more drug free activities at the gym for different age groups. Things that the community want to be involved in. Need staff with alternate work schedules; but TLC is not staffed adequately. Need to look at the community to volunteer.

Kathy suggested making an application to 1% to sponsor youth activities; such as movie night in the community kitchen. Some of the comments has been that they want a community longhouse for people to have a campfire, sing and story tell. There isn't a longhouse, but what about building a big firepit in an open area within the community, to sponsor some campfires during the summer.

Ray liked the easier activities such as setting up movie night in the kitchen. He also brought up the youth golf camp idea; there are funds set aside for it from 1%. He would like to see a series of clinics for the youth. Andy stated that is on the golf committee radar. Also see about the Olympia Reign to put on clinics. Don shared that he and Ray met with Skok staff about partnering up on a basketball camp with Skok and SIT. Don will make that happen after the canoe journey. They are working on that camp idea. Charlene really likes that idea and would like to expand it out to biking and hiking.

Kathy brought up the new Community Center. The first piece is the infrastructure which is happening now with the re-route of Squaxin Lane. In that model, the idea is to bring the gym equipment up from the Clinic, new BBall court. Need to look at the gym space and do some strategic planning on community activities. There are a lot of people who would like to see a bowling alley. Arnold would like to revisit what the community center will look like. Andy would like to think bigger, and do an athletic center including tennis courts, basketball, boxing ring, bball court, etc.

Ray added that the rec center could be out in the camping area; Charlene would like to see something outside. Like the Huff n' Puff. Charlene really likes the idea of outdoor activities.

Kathy had Richard pull the Parks & Rec plan, and the park area down by the bridge plan. There was a plan that had trail plans going all around the community. Now there is a trail that goes to the ballfield.

Kathy brought up the marketing; she would like to create a group including Bobby and Michal. Marketing will be a huge piece, she would like to shock with facts. Kathy is looking for feedback on this; brought up Community Watch. Monday, she sent out an advertisement for branding/logos/symbols, etc. Hoping to create a "drug free and proud of it" message/brand. One of the ideas is community watch and people who volunteer and say their house is drug free; they can have the police come in and check their house; then can post sign for their house. Maybe do those rubber wrist bands out since those are popular. Spread the message.

Started gathering wrist band and watch group information.

Ray stated young kids 12-14 yrs, have a large influence. Arnold would like to see the youth council involved. Also want to collaborate with the schools to see what is being done with this. Kathy remembers the shock of orientation she went through with PTA. Kids will learn these messages and will question their parents actions (smoking, drinking, etc).

Arnold brought up DARE. Jim stated that the tribe did that and if you ask the kids that came from other schools and the kids were proud to see the SIT officers involved with their school DARE program. Jim also brought up that he is all for the positive, feel good marketing. But also needs to have a scare tactic approach. Kathy added that the CHUM program was a good program; apparently the kids got excited about it.

Kathy shared PSJs idea; the Montana Meth Project.

Kathy shared stats from PSJ, showing the data they have in regards to offenses and number of calls. With the help of DIS they are trying to get their databases set up better with more information.

Jim would like to talk about the green cards for tribal members. As suggestions are implemented, how is that dealt with.

Kathy handed out the suggestion from HR

Discussed the “green cards.” It is possible to lose grants if an employee has a green card. Bobby brought up that this is a tough issue, because if they are unable to obtain marijuana or if they cannot use their green card, they will possibly just get another source.

He also brought up that the tribe has more to offer tribal members than when he was a kid, but there is nobody running it. The tribe has a baseball field, has a gym, has a basketball court; it is just that nobody is using them.

He added that IEI tests a lot; any issue that arise with employees, those involved get drug tested. It may be perfectly legal, such as prescription drugs, but using at work is not allowable. Don reiterated that this Task Force was created to look at ideas. Lot of diverse thoughts. Appreciates comments. Bob is not critiquing he is excited to see this happen. Andy supported the Task Force because he would like to see people think outside the box. The current plan is not working, and the federal gov policy is not working at all.

Kathy shared that a community member called her and complained about the Drug task Force. She listened, and the message was “are we going to listen to the community?” “if the tribal gov does not set an example for the people, how do we expect to jump on?” Drug testing is a small piece, but a big topic. Kathy assured her that the tribe is listening to the community. Kathy shared her personal story and that the community needs to be involved. She got through to the tribal member, finally got perspective.

Jim would like to see changes made. On a marketing standpoint, there needs to be the tough love/talk side as well.

Discussed medical marijuana extensively. The handout shared the pros/cons. There are community members who have green cards, and its used as a legal vehicle to share. Bob estimated that within the next 10 years its going to be legal. Not questioning the policy, but just saying that employees cannot come to work under the influence of alcohol, marajiana, prescription drugs, etc. There is a policy for employees, but nothing for the community. The only thing that can be controlled is to control the gov/IEI but nothing for the community. Kathy added that the randoms are such a small piece, but a bid deal within the community. This was put together because the Council wanted this looked at more than once. Andy feels that the randoms are not the answer. If KTP and LCC has drug problems they have cameras, if its not being caught, then someone in surveillance is not doing their job. Michael added that if the LCC can do anything to help, it needs to start with him. He wants to be an active part of the answer. Ray added that we need Legal to look at the legality of jeopardizing federal grants the tribe has. There are philosophical ideas, but need to look at the federal requirements. Ray also stated that activities for kids, there is just not enough available for youth today. He was excited about the pool and now golf will allow for adult activities. Young adults also. Don mentioned that the UA maybe important, but that is a small part.

Discussed ways to help individuals. Kathy added that all programs are government; the programs to treat the community lie in the government. One of the issues is to have behavioral health counseling after hours. Looking in to alternative schedules.

Charlene stated that a lot of tribal members used to have a difficult time getting in to treatment; now it is easy. Bob stated that government cannot fix a family, but can provide the tools to do so. Bob stated that if the government appears to care, it makes a big difference. The tribe does a lot for the community; compared to other tribes, SIT is a good reservation to start off.

Jim wanted to learn from other tribes and their successful programs.

Kathy added that looking in to programs that work, one is the Montana Meth Project, that is successful. You cannot deny the effects of meth. After looking at their project, its ranked 5<sup>th</sup> in the nation for abuse. They approached through a huge marketing campaign. They were able to show the decline in use by over 60% in child, adult and violence related meth use. She hopes to have the Task Force look at these clips online, and at General Body, flip different messages up during breaks. No discussion, only sharing these messages periodically.

Capitalizing on Martin Meyers and using him to be a subcommittee lead for marketing piece. Within the government side, we lack the experience on public marketing. Kathy has not had a change to get with SAMSA or I H S for something that we can use to tailor it to Squaxin. At the last meeting, Charlene added that meth is everywhere. So at GB come up with five different slides from this website. Charlene would like to have actors help.

Ray added to have a positive message such as athletes, etc. Have people who are doing well, use the youth council and positive messaging.

Kathy shared a clip.

Dave would like to see what we can do NOW to do something for the youth. What can we do first. Now. Just to show that we are making progress and working on it. She will submit to 1% for funding, and unbudgeted reserve. Dave would like to discuss the recent meth house, he would like to have that house fixed or demo'd now.

Kevin updated on that Tribal Member. She has conditions that need to be met in order for her exclusion to be lifted. The tribe owns the home, and John Taylor is evaluating on what needs to be done in order to fix the home. Don went over the options: destroy the house, or since it may be structurally sound, may rehab the house and add it to the rental pool. Rehabing is up to the contractor, if they can make it safe. She is living with family, on the reservation now. Arnold said that if she is excluded, she should not be living there. Don added that the judge just signed the agreement, now that it is signed, Ray stated in order to stay consistent PSJ needs to enforce it and inform her that she is excluded.

Kevin stated that she is aware of the order. Arnold and Ray both told Don to direct Mike to enforce it. Kathy added that two community members called in and complained about her still being here, selling drugs from her car. Jim too. This is not a direction from Council, but from court. Don reiterated that nothing could be done until the judge signed the order. Council wants her off today.

In terms of marketing, Kevin suggested using that home as an example. First of many steps to eradicate drugs. Charlene would like to help PSJ in catching people.

Kevin added that without probable cause, PSJ cannot do anything. The only way they can get that is official statements from people. Charlene suggested to have PSJ watch the activity at houses, at the first of the month, and stop these people for any traffic violation: blinker out, speeding, anything. Need probable cause. Some reservations set up a drug random stop with the dog. The drug dog is a huge asset, make the dog more visible. Use the dog during housing inspections, walking, etc.

Kathy has just now started receiving feedback from departments/communities. She will sort through the comments and send to appropriate departments.

Kevin brought up the border patrol idea. Arnold said that has been talked about for years. The idea is to have a gate and a guard. Subject to search. Use the drug dog.

Kathy suggested the Journal of Record; what about publishing all of PSJs calls in the Klah-Che-Min?

Dave would like to have the house dealt with before Canoe Journey. Either tear it down, or fix it by July. Ray wanted to be sure that John Taylor has made the contact for the outside contractor.

### **Island Enterprises**

Bob started off on new projects. Geoduck is on the radar. Liquor, got good news so can take next steps. Possibly talk about cigar factory in Dominican.

Nate reported on that spirits purchased by the casino will be tax exempt; significant savings. There will be a tax on non indian buyers at KTP, and a separate formula for tribal buyers. This pertains to 1183. Alcohol sold out of KTP is taxed by the state.

Bob explained the 1183 impact; in effect causes the tribe to lose the monopoly advantage that was shared with the liquor control board. Also lose the price parody that was had. When someone bought liquor at KTP, it was the same price as a liquor store, there was no need to compete with prices. KTP acted like a state contract liquor store. 1183 changes that: If you are an existing contract store, or you are 10,000 sq/feet or larger, or a set distance from a 10,000 sq/ft store you can sell liquor. So most grocery stores will be able to sell. 10,000 sq/ft is a large store. This initiative was written by Costco. They would like to carry their inventory in their store without liquor tax. So now, being a tribe and grandfathered in, KTP can now buy liquor without tax. 1183 is good for KTP for that reason. KTP can sell to the casino; that would be tax free since it would not leave the reservation.

Extensive discussion of liquor and sales taxes and how they apply.

Bob has asked Legal to create a tax protocol (have until June to decide and figure it out) and make sure the tribe is getting the tax.

Nate brought up the new license fee, that looks like a tax: 17% of spirit sales volume. In theory that would go on all retail sales (KTP). Bob is against paying that tax and doesn't want to charge it either. If they do not charge it, that would put KTP back on the cheaper side of selling liquor.

Last issue: IEI Board proposed looking in to a distillery. It wouldn't make sense financially at this point.

Bobby moved on to the IEI Building. The plan he handed out shows the expansion of his building and parking lot. Andy asked about impervious surface. The parking plan directs water away from the creek. The lawn would be changed to wetland and stream restoration. Will come back with drawings of the building. Re-side it, make it look like an office rather than a house. Just FYI.

Dave Johns arrived.

Geoduck discussion. Dave Johns is heading to Canada on Monday with Taylors regarding the geoduck nursery. There are several questions with the nursery regarding location, etc. Erik Sparkman will be meeting with Rod regarding the location at the Collier House.

Dave gave the process of geoduck seeds and how and what needs to be done. Looking at seeding five acres. Council was going to provide funding for half, and IEI would find half. Estimate \$250k/acre to plant.

Salish will start staking out the ground in May, where to start planting. If this works out, he would hire temp labor for manpower. IEI has an on call labor pool he would tap in to.

Arnold stated that Council is prepared and ready to do what is needed.

Ray purposes using perm trust at 1.25 with a 6% return, Andy reminded that the code refers to a return rate to meet.

Dave is excited about the first initial seed that DNR has. He suggested contracting Brian Phipps from Taylors as a consultant for Geoduck (their geoduck manager).

Ray brought back the previous discussions of the five acre tracts; he suggested getting the seed lined up then figure out how to fund it. Monday, Dave Johns and someone with Taylors will be heading to Canada to talk about design of a clam and oyster nursery, and a geoduck nursery design. Then will be at a seafood show, then will tour those systems. There is a primitive system on Vancouver Island.

Council says keep pursuing it.

Kevin reported on McNeil Island. Last year Erik went and looked at the Island. There is abundant resource of geoducks on the Island.

Sharon Haensley arrived t and was here to report on Nisqually. Working on a response strategy.

Kevin stated that he would like to check out the application discussed, and push this conversation with the state regarding accessing the Island, and responding to Nisqually. Council says do it.

Bob brought up that the Fair Harbor Marina is for sale. It would be a good area for a nursery. Its priced too high now.

Don asked about the tribe being ready in May and if it can be done. Dave Johns said he would figure it out.

Council approved Dave Johns to move forward with pursuing geoduck

The meeting adjourned at 3:36 p.m.

#### **Thursday, April 19**

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Dave Lopeman	Arnold Cooper	Andy Whitener	Pete Kruger
Ray Peters	Jim Peters	Charlene Krise	Don Whitener
Kathy Block	Kevin Lyon	Michael Starr	Mark West Bob
Whitener			

Recording: Melissa Puhn

#### Thursday, April 19

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Don would like to discuss the need to get serious about moving Legal out of their building. He would like to discuss where to go.

Jim brought up Forest Practices HCP. Treaty Rights at Risk, either today or at a Council Meeting. Would like to meet with TC and staff regarding. Kevin stated previously he handed out that information to Council, he will resend so they have it avail.

#### **Water matters: HPA litigation**

Sharon started on the hydraulic approval litigation. Its directly impacting fish habitat. Sharon added that the hydraulic approval process is based on a project by project basis. DFW in the sense of budget cuts, they are streamlining the permit process so they are issuing counties five year permits, blanket approvals for any of their water projects. No project reviews, just a blanket approval. The first one is in Kitsap County; even though SIT does not have much in Kitsap, known that it was merely the first of many, so wanted to stop it. Filed a settlement.

The settlement came out very well, and what will happen now is the County will give an advanced list of all projects, and will be sent out to all tribes to review. Other tribes thanked SIT for doing this, and is now part of this. SIT NR will look at projects, and get redesigned if necessary. That was a good thing, and hoping that the next HPA that comes out just goes right to this process. The other issue is if DFW even has the authority to issue these HPA permits.

Jim added that Sharon did a good example of an inadequate HPA (Hydraulic Permit Application). If they are done correctly, SIT is very supportive of it; but part of the problem is that the program is not adequately funded nor adequately processed.

Kevin added that without the councils support and direction, these results would not have happened. SIT once again had a leadership role in advancing this need.

### **Water matters: County water adequacy process**

Sharon reported on wells. Part of that problem is that the state by law, is the manager of water quantity issues. Sharon has seen that the state has some good laws, but no willpower to enforce them; whether it be budget issues or willingness. SIT NR is working on making the state apply the laws, so there is adequate water for fish. Water availability is a state and county issue. Any time a new building or subdivision needs water, they need to apply to the county to see if water is available. The county decides by sinking in a well, and testing the flow. According to state law, it is supposed to see if the water is LEGALLY available; meaning will that well take water from somewhere else.

Another building permit came up, again, DB Industries. Legal got the direction to file an appeal on DB Industries from taking a well in Johns Creek. She and John Konovsky met with the department of health, and the county commissioners agreed on working with the tribe on fixing the codes and how to help. She has a meeting coming up, and another one for May. They are getting a better understanding why their system doesn't work. Sharon understands that this process will get tougher. Sharon will keep Council apprised.

Ray offered his services to meet with the county as needed. Kevin stated that staff will work it, it will be necessary to do briefings. In the meantime, Kevin suggested commending the commissioners to direct their staff for engaging in this conversation. Jim brought up enforcement of their ordinances and laws; if they have the political will to do the right thing. Jim brought up the closed basins and land owners who purchase properties who want to build. Is there a solution to help the counties in these cases? The landowner should look in to water adequacy before they put money into developing their property. Sharon shared the Johns Creek Model; the county will have the ability to pinpoint locations for future wells, and tell exactly whether it would or wouldn't affect the basin. Counties need to do wise planning in regards to water conservation.

Council discussed the notice process to the tribes.

### **Water matters: federal water rights declaration**

Sharon stated that the tribe does not have a TRIBAL right for the Johns Creek Case; but has a water flow right. Stating the basin needs to be closed until the county determines if there is water avail or not. Need to achieve a TRIBAL water rights to all basins. Went to DC last fall to bring this case to the DOI. DOI and DOJ is very supportive of this case. This would gain a federal reserved water right declared that the tribe would hold; something around the theory that it would be enough to sustain fisheries. The state system and agencies are failing; the laws are in place just not enforced. The tribe would want to use the Johns Creek to transfer to other basins.

Sharon anticipates that the State will argue that the reservation was put in place to keep the Indians on a self-sustained location; and that determination will not result in protection of fish. For Squaxin, historically the Island is the reservation, and there are no rivers or water. In worst case, the SIT could have no water rights other than the ground water under the reservation (the island).

Sharon: The relevant question is what was the understanding of the Squaxins at the time of the reservation was assigned; and did they truly agree to give up their thousands of acres of land, in place of their Island. The obvious answer is no, but in court proof is needed. Sharon has been researching the old records looking for answers. In the historical documents it shows how the Squaxins have “become farmers and was doing good at growing food.” There was an agent placed on the island, to help and teach them to farm, and his notes were to make him look good and make him look like he was doing his “job.” Jim asked if there are any records showing why the government allowed SIT to move off the island, and back in to the traditional inlets. Jim stated that he recalls his grandparents stating that they were allowed back, because of the inadequacy of water on the Island. Even with that agent staying out there he was curious if there is any physical evidence of crops being grown out there. There are fruit orchards still out there. Pete asked who on Council made the inland reservation. Kevin stated there were two or three federal proclamations extending the reservation.

Sharon stated that SIT makes a compelling case. It’s ludicrous to think that a tribe was given a fishing right, and was able to sustain themselves without fresh water on the reservation.

Sharon added that this case, the stretch the Tribe has chosen to work on is Johns Creek. The admissions that Ecology makes in state court will dovetail with this Federal Case.

Kevin would like this a standing discussion topic. Would like to continue revising and talking through this process.

Bob brought up the early chum run on Johns Creek. He thinks that run is very effected by the late low flow. Going back in the years, those runs vary greatly; might have something to do w/ water flow.

Don brought up Legal Office moving again. He has talked with Bob about it, and both thought they had a solution. Legal needs to move, no question. When the fee-trust goes through, Bob at one time thought of building where Legal was at; and Legal moving in to the IEI House. Suggested moving Legal in to the NR building temporarily, and bringing in CR

later, since they currently occupy a nice location. Ray brought up the remodeling of the Clary House. Then have legal move there. It's a space that Legal could move in to and be comfortable. The only question is it compatible with the long term plan of the LCC?

Bob will bring in the conceptual drawings that are already done up, to the first meeting in May. Charlene would like to add that in the past wanted to max the profit that could be made from the Clary property, since its proximity to the casino.

Bob shared his ideas of shuffling buildings and accommodating for the Simmons Rd Exit. Bob is negotiating the property ownership, road moving and removing houses. Everything around that area is designed to accommodate the two possible outcomes.

Bob would like to publically say he doesn't want to move the road at all. Bob discussed his negotiating strategy with the County.

Don would like to keep this discussion on the radar. Jim added his concern about the proximity of the stream, and what the counties and cities do for restoration and NR protection, need to make sure NR is linked up in those discussions to make sure there is little impact on flows.

Jim brought up the Forest Practices HCP (Habitat Conservation Plan). Landowners are required for an HCP if they don't want to go through a SEPA review.

Jim asked, does the tribe want or need the HCP? Just shared some of the questions that councils and state will need to consider. Need to decide within the next few weeks about whether to be on board or not.

Part of the treaty rights at risk; just a small piece. Jim added that the HCP is part of that.

### **Little Creek Casino**

Michael was pleased to be here, and learned a lot. He would like to glance over some topics and review the last 30 days.

### **MICS repeat violations and strategy**

Michael shared that he met with WA Gaming Commission, and spent two hours with them reviewing the warning letter sent in November 2011. He worked on a plan with Mark, to correct the violations. Under his watch, there will not be any recurring violations. Within the next two weeks the MICS and lack of internal controls will be finalized to Summer by a week from today. She will have two weeks to review and approve it. That will be deployed by the second week of May. Frankly, the key controls do not exist today. Strategy is to hold people accountable and do own internal "fire drill" and do our job of testing the internal controls. He gave his word that this will be corrected. It's the operations responsibility to develop the internal controls, and TGA needs to audit and keep LCC in compliance. The internal controls and modifications have not been updated or followed.

Michael shared that WSGC does not have the ability to penalize the Casino, significantly. Michael shared that during the interview process, he stated he will fix these findings. Charlene added that in order to fix these repeat findings, there will need to be some training and education. They're done out of habit.

Kevin added that TGA is charged with the responsibility of protecting the asset. Lack of compliance means the asset is at risk. The tribe has been in a struggle with WA state, since 1993 in regards to who is the regulator; when these issues, it makes it difficult to show that the tribe can self-regulate. Michael stated that if he's ever incorrect, he hopes Mark will correct him. He relies on Mark. Bob shared that Mark tried to push this forward, and Michael agreed that Mark is on it. Michael will have this done in 60 days, pending the states approval. But will not wait on implementing procedures that will need to be done anyway.

They are also doing a better job in securing their frozen food.

60 days it will be fixed.

Dave asked if he is prepared to let people go, if they have screwed up, regardless of tenure. Michael stated that yes, he is, but he will rely on Council guidance and Mark Allen. Dave stated its not Councils decision, it's up to Michael.

Michael stated in his years, he has never received a repeat violation, and he has no problem letting people go for not protecting the company's assets. Dave does not want relations to get in the way of protecting the casino. Regardless of who the employee is related to.

Michael stated they have done a preliminary look at something for kids. He has set up a committee of employees who are parents, to see what kids want. Something for the kids to do.

Michael brought up the new class II and class III games. Reported on machines and new machine potential.

Suggested putting in a few machines in Starlight, just to see how they do. If it does well, have about 20 machines to add. If pull tabs was moved in to Starlight, is there space for more machines? Ray asked about moving the buffet elsewhere, and expanding the floor.

Andy would like to know what the other tribes charge to lease a machine.

Michael shared the car issue with the rally team.

Arnold shared that Tully is selling his boat, that he bought for canoe journey. Dave Johns is also offering his boat for sale. Tully is getting his boat fixed up and is asking \$28,000. Keep that on radar. Will that benefit Council, IEI & Casino? IEI will manage the boat and VIPs could be treated. Ray would like to be sure that if a boat was bought, it needs to be suitable for all needs. Bob will look at Tullys boat. Daves boat would be good for VIPs.... Tullys boat would be good for canoe journey, but neither for both.

The meeting adjourned at noon.

*The agenda has been limited to priority topics. Additional topics that might be discussed if time and energy allow are:*

- *Police matters: retrocession: pros and cons – whether to launch effort to retrocede.*
- *Police matters: whether to adopt state criminal law.*
- *Police matters: whether to adopt a tribal traffic code.*
- *Elders' dinner: strategies for ensuring that LLCR payment is properly expensed.*
- *Resource Notebook updates: information that Council would like to see included in the next edition –advice to incoming Council members.*
- *McNeil Island access.*
- *Treaty Rights at Risk, including forest practices litigation.*
- *Liquor Initiative 1183 tax developments.*
- *MSA Diligent Enforcement lawsuit.*
- *All tribes ADR – Request for comments due June 15.*
- *Introduction of new hire in attorney's office.*
- *Kamilche properties fee to trust status.*
- *Department of Corrections policies for funeral leave and visitors.*