

Signed (Original)
9/14/99

**TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE CONFEDERATED TRIBES OF
SILETZ INDIANS OF OREGON AND
THE STATE OF OREGON**

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PREAMBLE.

This Compact is made between the State of Oregon (hereinafter "State") and the Confederated Tribes of Siletz Indians of Oregon (hereinafter the "Tribe") and pertains to Class III gaming to be conducted on lands taken into trust for the Tribe pursuant to Public Law 103-435, and is subject to the provisions of the Indian Gaming Regulatory Act of October 17, 1988 (Public Law 100-497), 25 U.S.C. 2701 et seq. ("IGRA"). The terms of this Compact are unique to this Tribe and reflect the fact that the lands which are covered by this compact are subject to IGRA.

SECTION 1. TITLE.

THIS Compact is entered into this 14 day of September, 1999, by and between The Confederated Tribes of Siletz Indians of Oregon, a federally recognized Tribe of Indians, and the State of Oregon. Upon approval by the Secretary of the United States Department of the Interior, this Compact shall completely replace the original Compact, dated November 14, 1994, and all amendments thereto.

SECTION 2. FINDINGS.

These findings are agreed to by the Tribe and the State for purposes of this Compact:

WHEREAS, the Tribe is a federally recognized Indian Tribe and is the beneficial owner of, and local government for, the Siletz Indian Reservation and for trust lands of the Tribe located in the State of Oregon;

AND WHEREAS, the State and the Tribe are separate sovereigns and each respects the laws of the other sovereign;

AND WHEREAS, the public policy of the State is reflected in the Constitution, statutes and administrative rules of the State;

AND WHEREAS, the Tribe's public policy, as reflected in the Tribe's Constitution and ordinances adopted by the Tribe, is to exercise and retain its rights to regulate gaming activities upon its lands and reservation for the purposes of encouraging Tribal employment, economic and social development and funding of Tribal services while ensuring the fair and lawful operation of gaming and the prevention of corrupt and criminal influences;

AND WHEREAS, the United States Congress has enacted IGRA which declares federal policy and provides a statutory basis for operation of gaming by the Tribe as a means of promoting tribal economic development, self-sufficiency, and strong tribal government;

AND WHEREAS, the Tribe exercises governmental authority over all tribal trust lands, individual trust lands and lands within the Siletz Indian Reservation;

AND WHEREAS, the Tribe's gaming location is on land subject to IGRA;

AND WHEREAS, IGRA is intended to provide a statutory basis for regulation of gaming by the Tribe adequate to shield it from organized crime and other corrupting influences, to ensure that the Tribe is the primary beneficiary of the gaming revenues, and to ensure that gaming is conducted fairly and honestly by both the operators and players;

AND WHEREAS, Congress has declared that it is a principal goal of federal Indian policy to promote tribal economic development, tribal self-sufficiency and strong tribal government;

AND WHEREAS, IGRA provides for a system of joint regulation by Indian Tribes and the Federal government (to the exclusion of the State) of Class II gaming on Tribal lands as defined in IGRA;

AND WHEREAS, IGRA establishes a system of agreements between Indian Tribes and States for the regulation of Class III gaming as defined in that Act;

AND WHEREAS, IGRA provides that Class III gaming activities are lawful on Tribal lands only if such activities are (1) located in a state that permits such gaming for any purpose by any person, organization or entity, (2) authorized by tribal ordinance, and (3) conducted in accordance with a Tribal-State Compact;

AND WHEREAS, the Congressional intent in passing IGRA was to reaffirm a long and well-established principle of federal Indian law as expressed in the United States Constitution, reflected in federal statutes and articulated in decisions of the United States Supreme Court that unless authorized by an act of Congress, the jurisdiction of State governments does not extend to Tribal lands;

AND WHEREAS, IGRA does not extend State jurisdiction or the application of State laws for any purpose other than jurisdiction and application of State laws to gaming conducted on Tribal land as set forth in this Compact;

AND WHEREAS, Congress recognized a role for State public policy and State law in the regulation of Class III Gaming;

AND WHEREAS, nothing in the Tribal-State Compact shall be construed to extend to any other activities or as an abrogation of other reserved rights of the Tribe or of the Tribe's sovereignty;

AND WHEREAS, IGRA is intended to expressly preempt the field in the governance of gaming activities on Tribal lands;

AND WHEREAS, the Tribe is authorized to act through Resolutions adopted by its Tribal Council;

AND WHEREAS, the State of Oregon is authorized to act through the Governor of the State;

AND WHEREAS, the continued growth and success of tribal gaming depends upon public confidence and trust that the tribal gaming operation is honest, fair and secure, and is free from criminal and corruptive influences;

AND WHEREAS, public confidence and trust can be maintained only if there is strict compliance with laws and regulations directly related to, and necessary for, the licensing and regulation of gaming activity in licensed gaming establishments, by all persons involved in the gaming operation;

AND WHEREAS, the relationship between the State and the Tribe rests on mutual trust and the recognition that each has a duty to protect the gaming public through separate, appropriate responsibilities during the life of current and future Compacts;

AND WHEREAS, the Tribe and the State agree that reasonable state regulation of Indian Gaming in the State of Oregon will be funded by the Indian gaming tribes.

NOW THEREFORE, in consideration of the mutual undertakings and agreements herein set forth, the Tribe and the State enter into the following Compact:

SECTION 3. DEFINITIONS.

As used in this Compact, and in its Appendix and Exhibits:

- A. "Average Daily Drop" means the difference between the total wagers on VLTs made in a day, and the total prizes paid on VLTs on that day, with that difference divided by the number of VLTs available for play on the gaming floor on that day:

$$\frac{(\text{Total wagers} - \text{Total Prizes})}{\text{VLTs}}$$

The Average Daily Drop for a certain period is the total of the Average Daily Drops for each day in that period, divided by the number of days in that period:

$$\frac{\text{Total Average Daily Drop for period}}{\text{Days in period}}$$

- B.. "Background investigation" means the security and financial history checks of a Class III Gaming Contractor or an applicant for a Tribal gaming license, whether the applicant is a prospective employee, consultant or vendor.
- C. "Certification" means the inspection process used by the Oregon State Lottery to approve video lottery game terminals and games.
- D. "Class III Gaming Contract" means a contract that involves a Major Procurement or a Sensitive Procurement involving or related to Class III gaming.
- E. "Class III Gaming Contractor" is any individual, business or other entity that proposes to consummate, or in fact consummates a Class III Gaming Contract.
- F. "Consultant" means any person, other than an employee, who provides advice or expertise to the Tribe concerning the operation, management or financing of the Tribe's Class III gaming activities for compensation. "Consultant" does not include a person engaged for the purpose of training or teaching employees of the Tribal Gaming Operation if the contract for those services is episodic, and no greater than ninety (90) days in duration.
- G. "Controlling interest" means fifteen percent (15%) of the equity ownership of a company.
- H. "Counter Game" means keno, race and off-race course mutuel wagering.

- I. "Display" means the visual presentation of video lottery game features shown on the screen of a video lottery terminal.
- J. "Gaming Facility" means the building or buildings constructed on land taken into trust for the Tribe at Lincoln City, Oregon, at the Gaming Location, including any property used to store Class III gaming equipment.
- K. "Gaming Location" means the real property described in Exhibit 1 to this Compact which is hereby incorporated by reference, where the Gaming Facility will be located.
- L. "Gray Machine" means any electrical or electro-mechanical device, whether or not it is in working order or some act of manipulation, repair, adjustment or modification is required to render it operational that:
1. Awards credits or contains or is readily adaptable to contain, a circuit, meter, or switch capable of removing or recording the removal of credits earned by a player, other than removal during the course of continuous play; or
 2. Plays, emulates, or simulates a casino game, bingo, or keno. A device is no less a gray machine because, apart from its use or adaptability as such, it may also sell or deliver something of value on the basis other than chance.
- "Gray Machine" does not include any device operated under the authority of State law or under the terms of this Compact.
- M. "High Security Employee" means any natural person who participates in the operation or management of the Class III Tribal Gaming Operation, whether employed by the Tribe or by a person or entity providing on-site or off-site gaming operation or management services to the Tribe, including but not limited to: gaming operations administrators, managers and assistant managers, gaming facility surveillance or security personnel, dealers, croupiers, shift supervisors, cage personnel (including cashiers and cashier supervisors), drop and count personnel, video lottery terminal technicians, junket representatives; and any other person whose employment duties require or authorize access to areas of the Gaming Facility related to Class III gaming and which are not otherwise open to the public.
- N. "Key Employee" means any officer or any person who can substantially affect the course of business, make decisions, or is in a sensitive position in an organization or corporation that is a Class III Gaming Contractor or an applicant for a Class III Tribal gaming license.

- O. "Low Security Employee" means any employee of the Tribal Gaming Operation whose duties require the employee's presence in any area of the Gaming Facility where Class III gaming activities take place, but who is not a High Security Employee and who is not involved in the operation of Class III gaming.
- P. "Major Procurement" means any procurement action or contract between the Tribe or the Tribal Gaming Operation and a manufacturer, supplier, consultant, management contractor, or lender, for goods, services or products used in, or related to, the operation of the Tribe's Class III gaming activities, including but not limited to:
1. The printing of tickets used in any Class III gaming;
 2. Any goods or services involving the receiving or recording of number selections or bets in any Class III gaming;
 3. Any goods, services, or products used to determine winners in any Class III gaming; or
 4. Video devices or other equipment used in Class III games, except equipment specifically included in the definition of Sensitive Procurement;
 5. A contract or license to use a patented game or game product;
 6. Accounting systems or surveillance systems to be used in the Tribe's Class III gaming activities;
 7. A contract involving Class III gaming related goods or services that provides for, or the terms of which will make necessary, a continuing relationship over time (more than thirty days) between the parties; or
 8. A contract involving Class III gaming related goods or services that involves or requires commitments by either party to the contract such that there would be substantial financial consequences to one of the parties if the contract or procurement action was terminated prematurely. For this purpose a contract involving consideration or value of \$100,000 or more shall be deemed to involve substantial financial consequences to one of the parties with regard to Class III gaming activity if the contract or procurement action was terminated prematurely.
- Q. "Minimum Internal Control Standards" means the Tribal/State "Minimum Standards for Internal Controls" attached as the Appendix to this Compact,

including revisions that may be agreed upon by the Tribal Gaming Commission and the Oregon State Police from time to time.

- R. "Oregon State Police" or "OSP" refers to the Gaming Enforcement Division, or that administrative unit charged with gaming enforcement regulatory responsibilities, of the Department of State Police established under Oregon Revised Statutes section 181.020, or its successor agency established by law.
- S. "Owner" means any person, alone or in combination with another person who is a spouse, parent, child or sibling, or entity that owns 5% or more of the equity ownership of a company.
- T. "Primary Management Official" means any person who:
1. Has administrative or high-level management responsibility for part or all of the Class III Tribal Gaming Operation, whether as an employee or under a management contract;
 2. Has authority --
 - a. to hire and fire supervisory employees; or
 - b. to set or otherwise establish working policy for the gaming operations; or
 3. Is the chief financial officer or other person who has financial management responsibility for the Tribal Gaming Operation.

Primary Management Official does not include a person or entity that does not have decision-making authority with regard to a Class III Tribal Gaming Operation.

- U. "Sensitive Procurement" means any procurement action or contract that is not a "Major Procurement," for Class III gaming equipment (such as cards, dice, keno balls, roulette wheels, roulette balls, chips, tokens, VLT or keno paper, gaming tables, table layouts or the like), or any other products that are not used directly in the conduct of Class III gaming, but that directly relates to the operation and administration of the Tribe's Class III gaming activities such as replacement parts for video lottery terminals (bill acceptors, printers), locks and keys for secure storage areas or gaming devices, or individual surveillance cameras.
- V. "Table game" means any Class III game allowed under this Compact except video lottery games, keno, off-race course mutuel wagering, and race book.

- W. "Tribal Gaming Commission" means the tribal entity established by the Tribe with independent authority to regulate gaming activities on tribal lands.
- X. "Tribal Gaming Operation" or "Gaming Operation" means the enterprise operated by the Tribe that operates Class III gaming under tribal authority, and receives revenues, issues prizes and pays expenses in connection with Class III games authorized under this Compact, and includes both gaming and non-gaming activities.
- Y. "Tribal Gaming Ordinance" means the ordinance adopted by the tribe to govern the conduct of Class III gaming, as well as non-Class III gaming activities, as required by IGRA, including all implementing regulations and subsequent amendments thereto.
- Z. "Video lottery terminal" or "terminal" or "VLT" means a terminal or electronic gaming device where the decision-making portion of the overall assembly is an electrical or electronic device or component that displays a ticket through the use of a video display screen, and that is available for consumer play by one player at a time at the device upon payment of any consideration, with winners determined by the application of the element of chance and the amount won determined by the possible prizes displayed on the device and which awards game credits.

SECTION 4. AUTHORIZED CLASS III GAMING.

- A. Only Compact between the Tribe and the State. This Compact shall be the only Compact between the Tribe and State pursuant to IGRA and any and all Class III gaming conducted in the Gaming Facility shall be pursuant to this Compact.
- B. Authorized games.
1. Subject to the provisions of this Compact, the Tribe may engage in the following Class III games: Video lottery games of chance, keno, off-race course mutuel wagering, blackjack, craps, roulette, pai-gow poker, Caribbean stud poker, let-it-ride, and big 6 wheel, as described in the Appendix. No wagers may be placed or accepted via the internet or by any telecommunications system or device, except to accomplish off-race course mutuel wagering as permitted by state law except as provided in subsection 4(B)4.
 2. Subject to, and in compliance with, the provisions of this Compact, the Tribe may, subject to the provisions of Section 4.D., engage in any other Class III gaming activity that has been approved by the Nevada Gaming Commission or by an Indian tribe with an approved Class III Compact in

the State in which the tribe conducts a gaming operation, *provided*, that for an Indian approved game, certification from the State where such Tribe conducts gaming that such game is permissible under IGRA shall be provided, and Oregon State Police review and approval shall be required. Operation of any game under this paragraph must be pursuant to rules, procedures and internal controls for the new game at least as stringent as the Tribal/State Minimum Internal Control Standards set forth in the Appendix to this Compact and, where appropriate, subject to new MICS developed and approved by both the Tribal Gaming Commission and Oregon State Police.

3. Before the Tribe offers a new game under this subsection 4.B., the Tribe and the State must agree that the Tribe has adopted appropriate internal controls, surveillance plans, game rules and procedures, as provided in subsection E of this section, and that the Tribal Gaming Commission is fully prepared to regulate and the Oregon State Police fully prepared to monitor the new game. In the event a dispute exists between the Tribe and the State about whether a particular gaming activity can be offered by the Tribe under this Compact and under IGRA, such dispute shall be resolved pursuant to Section 16 of this Compact.
4. This Compact is not intended to preclude the Tribe from seeking negotiation, consistent with the policies of IGRA and this Compact, to offer internet gaming in the event of a final federal judicial decision, final State of Oregon judicial decision, or congressional legislative action permitting internet gaming. If the State disputes whether internet gaming may be offered consistent with this subsection and federal and/or state law, including IGRA, such dispute shall be resolved pursuant to Section 16 of this Compact. Compact negotiation as set forth in this subsection B.4 shall be initiated pursuant to Section 12.D of this Compact. No such gaming shall be offered until dispute resolution concludes and all legal appeals are final.
5. This section shall be construed consistent with federal classification of gaming activities. Notwithstanding any provision of this Compact, any gaming activity classified by federal regulation as Class II activity shall not be subject to the provisions of the Compact. However, the Tribe agrees that if any Class II gaming activities are conducted or intermingled in such a way that they are inseparable from Class III gaming activities, such as surveillance, those activities shall be considered as Class III for purposes of the regulatory authority of the State under this Compact.

C. Gaming Location. The Gaming Facility authorized by this Compact is located on land within the boundaries of Lincoln City, Oregon, specifically described in

Exhibit I to this Compact. The land on which the Gaming Facility is located is land that has been designated by Act of Congress as "Restored Land" for purposes of 25 USC §2719, and has been taken into trust for the Tribe by the United States. Gaming authorized under this Compact shall be conducted only in the Gaming Facility. If another Oregon Tribe is authorized to operate a gaming facility on lands which did not qualify as Indian lands as defined by IGRA as of the date of enactment of that statute, the Tribe does not hereby abrogate any rights it may have under Section 20 of IGRA.

D. Addition of Authorized Games at Gaming Facility.

1. At least 60 days before any new game otherwise authorized under this Compact is conducted at the Gaming Facility the Tribal Gaming Commission shall:
 - a. Ensure that the Gaming Operation develops rules and procedures for a system of internal controls for the new game that meets the minimum standards established in the Appendix to this Compact.
 - b. Require that the Gaming Operation provide appropriate training for all dealers, supervisors, surveillance personnel and any other employees involved in the conduct or regulation of the new game and for the Tribal Gaming Inspector, such that those employees have the knowledge and skills required under typical industry standards for the job function that employee performs, including but not limited to player money management and betting, card counting and detection of cheating methods. The Gaming Operation or Tribal Gaming Commission, as appropriate, shall notify the Oregon State Police prior to beginning training and shall provide the Oregon State Police opportunity to participate.
 - c. Ensure that the Gaming Operation establishes a security and surveillance plan for the new game that meets the minimum standards established in the Appendix hereto.
 - d. Adopt rules of operation for the game that meet the minimum standards established in the Appendix hereto, including rules of play and standards for equipment.

- e. Notify the Oregon State Police that the Tribe proposes to offer the new game to the public, and provide to the Oregon State Police for review all of the internal controls, regulations, plans, procedures and rules required under this paragraph 1 of this subsection.
2. The Tribe agrees to introduce new games authorized under this section according to the following schedule:
- a. Within the sixty day period after the Secretary of the Interior approves this amended and restated Compact the Tribe may offer the following six games - craps, roulette, Caribbean stud poker, big 6 wheel, let-it-ride, and pai-gow poker - authorized under paragraph 1 of subsection B of this section.
 - b. If the Tribe so chooses, after the period of time specified in subparagraphs a and b of this paragraph, for any game authorized by paragraph 2 of subsection B of this section, one new game within a single calendar quarter.
 - c. The Tribe may offer new games sooner than the time tables established under this subsection if mutually agreed upon in writing by the Tribal Gaming Commission and the Oregon State Police.

E. Table Game Wager Limits.

- 1. The Tribe shall establish wager limits for all table games. The Tribe has established a current wager limit of \$500 per hand for house banked blackjack offered at the Gaming Facility, and the Tribal Gaming Commission has adopted regulations establishing a minimum level of experience, training and competence for dealers at those tables that were commensurate with the need to maintain the honesty, integrity, fairness and security of the Table Games.
- 2. For Table Games other than house banked blackjack, the initial wager limit under this Compact shall be \$500 initial wager per hand. The wager limit for house banked blackjack shall be set at \$1000 initial wager per hand. The Tribe may request an increase in the wager limit of any Table Game offered at the Gaming Facility, up to a maximum wager of \$1000 initial wager per hand. The State shall not withhold its consent to an increase in the wager limit of any Table Game if there has been full compliance under the previous wager limit with the Minimum Internal Controls, the Tribal Gaming Ordinance, the rules of operation of the game or with the terms of this subsection for a period of ninety (90) days and

upon mutual consent, which time frame can be extended by either party. The amount of any increase in the wager limit must be agreed to by both the State and the Tribe before the limits are changed on the gaming floor. If the State determines that there has not been full compliance with the Minimum Internal Controls, the Tribal Gaming Ordinance, rules of compliance or terms of this subsection, the State may require that the wager limit be reduced to a level where such full compliance is likely to occur.

3. For purposes of this subsection 4(E), "full compliance" means:
 - a) All of the rules, procedures and plans required under subsection 2 of this section have been adopted and approved by the Tribal Gaming Commission, have been approved by OSP as meeting the Minimum Internal Control Standards, and have been implemented;
 - b) All training required by the Minimum Internal Control Standards and the regulations of the Tribal Gaming Commission is up to date;
 - c) The Tribal Gaming Commission has adopted policies and procedures that set forth appropriate sanctions for employees who fail to follow the regulations and internal controls of the commission, gaming operation management has committed in writing to train employees and impose the sanctions for violations, and the Tribal Gaming Commission's procedures provide for investigation of possible violations by the gaming operation;
 - d) The Tribal Gaming Commission has adopted and implemented procedures for direct reporting of possible violations to the Tribal Gaming Commission by any employee of the Tribal Gaming Operation; and
 - e) The Tribal Gaming Commission has maintained records of investigations of all reports of possible violations, and has promptly reported confirmed violations to the Oregon State Police including the action taken by the commission or gaming operation management to correct the failure, and the discipline or sanctions imposed.
4. The Tribe may operate a maximum of 60 tables of Table Games at the Gaming Facility under this Compact.

F. Numbers of Video Lottery Terminals.

1. The number of Class III video lottery games of chance authorized by this Compact shall not exceed 1250. Subject to other terms of this Compact, the Tribe may determine in its discretion the location and spacing of video lottery terminals (VLTs) within the Gaming Facility.
2. The Tribe may request authorization for additional VLTs as follows. When the Tribal Gaming Operation has maintained 1150 or more VLTs, as determined by the actual number of VLTs available for play on the gaming floor, but not including stored VLTs, at an Average Daily Drop of \$125 or as may be otherwise established in a memorandum of understanding between the parties, for each of any three consecutive months chosen by the Tribe, the Tribe may request an increase in the authorized number of VLTs. The Tribe shall make the request in writing to OSP. Upon verification by OSP that the Average Daily Drop exceeds \$125, the number of authorized VLTs will increase to 1350. Pursuant to the same procedures, the Tribe may request authorization for additional VLTs according to the following formula: When the Tribal Gaming Operation has maintained 1250 or more VLTs, as determined by the actual number of VLTs available for play on the gaming floor, but not including stored VLTs, at an average daily drop of \$120 for each of any three consecutive months chosen by the Tribe, the number of VLTs authorized will increase to 1500. Once the OSP has verified the requisite Average Daily Drop provided pursuant to this subsection, the number of authorized VLTs shall automatically be increased as provided herein, without need to execute a Compact amendment.
3. Renegotiation regarding amending the Compact to increase the number of authorized VLTs pursuant to section 12.D shall be triggered when the Tribal Gaming Operation has maintained 1400 VLTs, as determined by the actual number of VLTs available for play on the gaming floor, but not including stored VLTs, at an Average Daily Drop of \$115 for each of any three consecutive months chosen by the Tribe. In such event, the scope of negotiations and any Compact amendment shall be limited to the Tribe's economic justification for the requested increase in number of authorized video lottery machines, and issues directly related to the requested numbers of VLTs, unless otherwise agreed to by the parties.

4. The Tribe may maintain VLTs that it is not using in storage at the Gaming Location, so long as the total number of VLTs in operation and in storage does not exceed 110% of the authorized number of VLTs, and so long as the site and manner of storage is approved by the Oregon State Police, and the Oregon State Police are provided access to the storage site.

SECTION 5. JURISDICTION.

A. In General.

1. The State shall have criminal jurisdiction over offenses committed by or against Indians and non-Indians within the Gaming Facility and on Tribal trust land; the criminal laws of the State shall have the same force and effect at the Gaming Location as they have on non-Tribal lands within the State.
2. If the Tribe authorizes the Tribal Court to hear criminal cases arising on the Tribal Lands, the Tribe and the State shall have concurrent criminal jurisdiction over offenses committed by Indians within the Gaming Facility and on the Tribal Lands. The criminal laws of the State shall have the same force and effect on the Tribal Lands as they have on non-Tribal lands within the State. Once a tribal police force is in operation on the Tribal lands, the enforcement of criminal laws at the Gaming Facility shall be established pursuant to and by a Memorandum of Understanding to be executed by the Tribe and the Oregon State Police.
3. The Tribe and the State agree that local law enforcement officials may provide the first response for law enforcement matters that are not related to the operation of gaming or that occur other than in the course of the play of games. As between the Oregon State Police and local law enforcement officials, the Oregon State Police shall have exclusive authority to investigate violations of state criminal law related to the operation of gaming or that occur in the course of play of games.
4. If the Tribe establishes a law enforcement agency that is responsible to investigate criminal law violations on Tribal lands, the Tribe agrees that the Oregon State Police shall continue to have the authority to investigate possible violations of this Compact or other gaming regulatory matters. The Tribe and the State further agree that their respective law enforcement agencies will cooperate in any investigation that involves or potentially involves both criminal and regulatory violations.

5. The Tribe and the State agree to cooperate on the investigation and prosecution of any gambling crime committed at the Gaming Facility. The Tribe and the State agree to cooperate in maintaining a state-wide system to identify and monitor persons excluded from any tribal gaming facility in the State.
- B. Except as provided in a Memorandum of Understanding executed in accordance with the foregoing paragraph 5.A.2., officers of the Oregon State Police and other state officers designated by the State in writing as provided in Section 14 of this compact shall have unrestricted access to anywhere within the Gaming Facility and on the Tribal trust land used for or in relation to class III gaming for the purpose of maintaining public order and public safety, conducting investigations related to possible criminal activity and enforcing applicable laws of the State. The Tribe or authorized individuals acting on its behalf shall provide officers of the Oregon State Police or other state officers designated as provided in Section 14 access to locked and secure areas of the Gaming Facility in accordance with the regulations for the operation and management of the Gaming Operation.
- C. Nothing in this agreement shall be construed to affect the civil or criminal jurisdiction of the State and Tribe under Public Law 280. The Tribe and the State agree that the criminal laws of Oregon that proscribe gambling activities shall apply to any person who engages in the proscribed activities if those activities are not conducted under the authority of the Tribe as provided in this Compact and under IGRA. Nothing in this subsection 5(C) shall be construed to confer jurisdiction on the State over crimes not otherwise provided by law.

SECTION 6. PRINCIPLES GOVERNING GAMING OPERATIONS DECISIONS

- A. The Tribe and the State agree that maintaining the honesty, integrity, fairness and security of the Tribe's Gaming Operation is essential both to the success of the enterprise, and to satisfy the interests of the State and of the Tribe. The Tribe and the State agree that both of them have the responsibility to protect the citizens of this State who patronize the Tribe's Gaming Facility from any breach of security of the Gaming Operation. Accordingly, all decisions by the Tribe, the Tribal Gaming Commission and the management of the Gaming Operation, concerning regulation of the Gaming Operation and operation of the Gaming Facility, including those decisions expressly placed within the Tribe's discretion under the terms of this Compact, shall be consistent with each of the following principles:
 1. Any and all decisions concerning regulation of the Gaming Operation and operation of the Tribal Gaming Facility, whether made by the Tribe, the Tribal Gaming Commission or the management of the Gaming Operation, shall reflect the particularly sensitive nature of a gaming operation.

2. In order to maintain the honesty, integrity, fairness and security of the Tribe's Gaming Operation, the Tribe, the Tribal Gaming Commission and the management of the Gaming Operation shall work diligently and take all reasonably necessary affirmative steps to prevent cheating and theft, and to protect the gaming operations from the influence or control by any form of criminal activity or organization.
3. The honesty, integrity, fairness and security of the Tribe's Gaming Operation shall be of paramount consideration in awarding contracts, licensing and hiring employees, and in making other business decisions concerning the operation of the gaming enterprise. The Tribe, the Tribal Gaming Commission and the management of the Gaming Operation shall make no decisions that compromise the honesty, integrity, fairness or security of the Tribe's class III gaming activities.
4. Regulation and operation of the Tribe's class III gaming activities shall be, at a minimum, consistent with generally accepted industry standards and practices, in order to maintain the honesty, integrity, fairness and security of the Tribe's class III gaming activities.

B. Procedure for Resolving Disputes Concerning Operational Decisions.

1. If the State, in good faith, believes that any Class III related decision by the Tribe relating to the employment or licensing of any employee, awarding of any contract or operation of the gaming enterprise is inconsistent with the principles set forth in subsection A of this section, or any other requirement of this section, the State may give written notice to the Tribe. The written notice shall describe the factual basis for the State's concern.
2. The parties shall meet and confer within 15 days after the Tribe receives the notice.
3.
 - a. If the State's concern is not resolved informally, either party may initiate non-binding arbitration within 45 days after the service of the written notice.
 - b. An arbitrator shall be selected in the following manner:
 - (1) The parties shall obtain a list of qualified arbitrators from U.S. Arbitration and Mediation of Oregon, or any other arbitration panel agreed to by the parties.

- (2) Each party, in turn, shall strike one name from the list, until one name remains. The parties shall draw lots to determine which party makes the first strike.
- c. Upon agreement by both parties, the arbitration proceeding shall be binding.
- d. The parties shall divide the cost of the arbitration proceeding equally between them.
4. Upon conclusion of the arbitration proceeding, if the parties have not elected to be bound by that result, either party may initiate an action in the United States District Court for the District of Oregon as provided in section 16 of this Compact.
5. Expedited Procedure.
- a. If the State, in good faith, believes that there is an immediate threat to the honesty, integrity, fairness and security of the Tribe's Gaming Operation, and believes that substantial harm will result during the time that would pass if the procedure established in paragraphs 1 to 3 of this subsection is followed, the State may give written notice to the Tribal Gaming Commission. The written notice shall describe the factual basis for the State's concern. The written notice shall describe the specific action the State believes is necessary to protect the honesty, integrity, fairness and security of the Gaming Operation. The Tribe agrees that the Tribal Gaming Commission shall act according to the State's recommendation, unless the Commission determines that acting according to the State's recommendation would adversely affect the honesty, integrity, fairness or security of the Tribe's Class III gaming activities or the Commission believes in good faith that the honesty, integrity, or security of the Tribe's Class III gaming activities can be protected by an equally effective action that would result in less disruption to the Gaming Operation during the pendency of any dispute.

Nothing in this subparagraph shall preclude either party from invoking the dispute resolution procedures provided in this Compact.

- b. The parties shall confer within 5 days after the Tribe receives the notice.

- c. If the State's concern is not resolved informally, the state may initiate an action in the United States District Court for the District of Oregon as provided in section 16 of this Compact. If the State disagrees with the Gaming Commission's "equally effective" recommended course of action as set forth in subsection 5(a) above on the grounds that such action would not protect the fairness, integrity, security or honesty of the Class III gaming activities, the Tribe shall follow the State's recommendation but the Tribe may present the dispute to the federal court as provided in Section 6.B.4.
- d. An immediate threat to the honesty, integrity, fairness or security of the Tribe's Gaming Operation includes but is not limited to the following examples:
 - (1) A criminal indictment is filed against any Class III Gaming Contractor, or Owner or Key Employee of such a Contractor, or against any Key Employee of the Tribal Gaming Operation;
 - (2) A criminal organization or members of a criminal organization have obtained an ownership interest in a Class III Gaming Contractor, or a member of a criminal organization has become a Key Employee of such a contractor;
 - (3) A malfunction of Class III gaming equipment hardware or software causes patrons of the Gaming Facility to lose money, and that loss is directly related to the equipment malfunction;
 - (4) The security of Class III gaming equipment has been impaired by loss, theft, or tampering;
 - (5) The physical safety or security of patrons of the Gaming Facility is seriously at risk;
 - (6) A continuing pattern of failure by the Tribe, the Tribal Gaming Commission or management of the Gaming Operation to enforce compliance with the provisions of this Compact, or the regulations and internal controls governing the gaming operation such that the fairness, integrity, security and honesty of the Tribe's Class III gaming activities is threatened in a time frame that cannot be concluded pursuant to subsections B.1-B.4 of this Section.

For the purposes of this subsection 6.B, the State shall act through the Oregon State Police, or an official designated in the manner provided in section 14 of this compact.

6. The provisions of this Section 6 shall provide the exclusive method for resolving disputes as to the State or Tribe's decisions concerning hiring or contracting under Section 7 of this Compact, or concerning operation of the Gaming Facility.

SECTION 7. LICENSING AND CONTRACTING.

A. Licensing of Gaming Employees.

1. All Primary Management Officials, High Security Employees, and Low Security Employees to be employed in the Gaming Facility shall be licensed by the Tribal Gaming Commission in accordance with the provisions of this Compact.
2. A background investigation shall be performed with respect to all prospective employees, whether Primary Management Officials, High Security Employees or Low Security Employees. Prospective employees shall provide to the Tribal Gaming Commission and the Oregon State Police any required application fees and complete and full information on forms provided or approved by the Oregon State Police, including but not limited to:
 - a. Full name, including any aliases by which the applicant has been known;
 - b. Social security number;
 - c. Date and place of birth;
 - d. Residential addresses for the past five years;
 - e. Employment history for the past five years;
 - f. Driver's license number;
 - g. All licenses issued and disciplinary actions taken by any federal, State, local or Tribal gaming agency;

- h. All criminal proceedings, except for minor traffic offenses, to which the applicant has been a party;
 - i. A current photograph;
 - j. Any other information required by the Tribal Gaming Commission.
- 3. In addition to the requirements of paragraph 2 of this subsection, prospective High Security Employees and Primary Management Officials shall provide two sets of fingerprints.
- 4.
 - a. The Tribal Gaming Commission shall forward the applicant information for each prospective High Security Employee and Primary Management Official to the Oregon State Police, along with the State required portion of the application fee as described in subsection C of this section. The Oregon State Police may conduct a background investigation on all prospective Primary Management Officials and High Security Employees, and provide a written report to the Tribal Gaming Commission within a reasonable period of time, but in no event shall such background checks exceed sixty (60) days without notice to the Tribe. In the event that the Tribal Gaming Commission conducts a background investigation, it shall submit the completed report to the Oregon State Police within sixty (60) days.
 - b. The Tribe may request the State to perform a background investigation on any prospective Low Security Employee. Upon such request, the Oregon State Police shall conduct a background check as provided in subparagraph a. of this paragraph. The Tribe may contract for background investigation services for Low Security Employees from a private contractor, if the contractor is acceptable to the State.
- 5.
 - a. Except as provided in paragraph 6 of this subsection, the Tribal Gaming Commission shall deny a gaming license to any High Security Employee or Primary Management Official who:
 - (1) Has, within the ten-year period preceding the date of license application, committed any felony other than a traffic offense, whether or not the crime resulted in a conviction or any such conviction has been expunged, under the law of any federal, state or tribal jurisdiction, or is the subject of a civil judgment under the law of any federal, state or tribal jurisdiction that is based on facts that constitute the

elements of a felony other than a traffic offense, in that jurisdiction;

(2) has committed a crime involving unlawful gambling under the law of any federal, state or tribal jurisdiction, whether or not conviction of such a crime has been expunged, or is the subject of a civil judgment under the law of any federal, state or tribal jurisdiction that is based on facts that constitute the elements of a crime involving unlawful gambling in that jurisdiction; or

(3) has associated in a direct business relationship, whether as a partner, joint venturer or employer, with any other person who has committed a felony other than a traffic offense, or a crime involving unlawful gambling, under the law of any federal, state, local or tribal jurisdiction within the last ten years, *provided*, that if a prospective High Security Employee or Primary Management Official was unaware of the offenses committed by such person, reported such activity to appropriate law enforcement officials when he or she became aware of the offenses or attempted to stop such offenses, or terminated his or her business relationship with such person within a reasonable time after discovering or learning of such offenses, the prohibition in this subsection shall not apply.

b. The Tribe shall deny a gaming license to any prospective High Security Employee or Primary Management Official who was employed by any other person who has committed in the last ten years a felony other than a traffic offense, or a crime involving unlawful gambling, under the law of any federal, state, local or tribal jurisdiction, if the prospective employee or official was in any way involved in or aware of the criminal activity as it occurred and did nothing to report or stop the activity or to remove himself or herself from association with such person.

c. The Tribe shall deny a gaming license to any prospective High Security Employee or Primary Management Official if:

(1) The applicant fails to disclose any material fact to the Tribe or the State or their authorized agents during a background or security investigation; or

- (2) The applicant misstates or falsifies a material fact to the Tribe or the State during a background or security investigation.
- d. The Tribe may deny a gaming license to any prospective High Security Employee or Primary Management Official for any reason the Tribe deems sufficient. Such decisions to grant or deny a gaming license shall be consistent with the principles set forth in subsection A of section 6 of this Compact. In determining whether to deny a gaming license to any prospective High Security Employee or Primary Management Official, the factors to be considered by the Tribe shall include, but need not be limited to, the following:
 - (1) The applicant has been convicted of any crime (other than a crime listed in subparagraph a. of this paragraph) in any jurisdiction;
 - (2) The applicant has associated with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, honesty, integrity, security, fairness or reputation of the Tribe's gaming operation; or
 - (3) There is any aspect of the applicant's past conduct that the Tribe determines would adversely affect the honesty, integrity, security or fairness of Tribal gaming operation.
- e. After this Compact becomes effective, the Tribal Gaming Commission shall deny a gaming license to any prospective Low Security Employee who has committed a crime described in subparagraphs (1) or (2) of subparagraph a. of this paragraph, within the time frames specified therein. The Tribal Gaming Commission may deny a gaming license to any Low Security Employee applicant who does not meet the criteria established in the remainder of this paragraph 5. Decisions to grant or deny a gaming license shall be consistent with the principles set forth in subsection A of Section 6 of this Compact.
- f. The Tribal Gaming Commission may reject an application if the applicant has not provided all of the information requested in the application.

- g. No Primary Management Official or High Security Employee shall be granted a regular license by the Tribal Gaming Commission until all background checks required under paragraph 7.A.4. of this section are completed.
- 6. Denial of a license by the Tribal Gaming Commission is final.
- 7. Waiver of Disqualifying Criteria.
 - a. Notwithstanding the requirements of paragraph 5 of this subsection, if a prospective Primary Management Official, High Security Employee or Low Security Employee is disqualified for licensing or employment under the provisions of paragraph 5. above, and the Tribal Gaming Commission believes that there are mitigating circumstances that justify waiver of the disqualifying factor, the Tribe may give written notice to the Oregon State Police asking to meet and confer concerning waiver of the disqualification. The Tribe and the State shall meet within 15 days after written notice is given.
 - b. In order to waive disqualification of licensing or employment of any prospective Primary Management Official, High Security Employee or Low Security Employee, both the Tribe and the State must agree on the waiver.
 - c. Waiver of disqualification of licensing or employment may be based on one or more of the following circumstances:
 - (1) Passage of time since conviction of a crime;
 - (2) The applicant's age at the time of conviction;
 - (3) The severity of the offense committed;
 - (4) The overall criminal record of the applicant;
 - (5) The applicant's present reputation and standing in the community;
 - (6) The nature of the position for which the application is made.
 - (7) The nature and seriousness of a misstatement or omission made in the application.

8. Temporary licensing of employees.

- a. The Tribe may issue a temporary license to High Security Employees fifteen days after submission of the application to the Oregon State Police or upon completion of a review of the employee's application and completion of a computerized criminal history check and credit check by the Tribal Gaming Commission, if the applicant would not be disqualified on the basis of the results of the application review and preliminary checks. The Temporary license shall expire and become void upon completion of the full background check by the Oregon State Police and submission of the results to the Tribal Gaming Commission. If the employee does not qualify for a regular license, the Tribal Gaming Commission shall immediately void the temporary license and deny a regular license.
- b. The Tribal Gaming Commission may issue a temporary license to a Low Security Employee upon submission of the application to the Oregon State Police, or upon completion of a review of the employee's application and completion of a computerized criminal history check and credit check by the Tribal Gaming Commission, if the applicant would not be disqualified on the basis of the results of the application review and preliminary checks. Any Low Security Employee shall be subject to immediate license revocation if the Oregon State Police or the Tribal Gaming Commission determines that the employee does not meet the criteria established in subparagraph 7.A.5.d.
- c. For purposes of this paragraph, if an application is forwarded by mail to the Oregon State Police or the results of a background check by the Oregon State Police are provided to the Tribe by mail, the material is deemed to be submitted three days after the date of mailing.
- d. The provisions of this paragraph shall apply to any consultant retained by the Tribe to consult on Class III gaming activities or on Primary Management Official functions or duties. A consultant shall be subject to immediate license revocation if the Oregon State Police or the Tribal Gaming Commission determines that the consultant does not meet the criteria for licensure under Section 7.A.5.
- e. No temporary license may be granted under this paragraph to a Primary Management Official.

9. Background investigation during employment. The Tribal Gaming Commission or the Oregon State Police may conduct additional background investigations of any gaming employee at any time during the term of employment. If, after investigation, the Oregon State Police determine there is cause for the revocation or suspension of an employee's gaming license under the criteria established in paragraph 5 of this subsection 7.A., it shall promptly so report to the Tribal Gaming Commission, and furnish the Tribe with copies of all relevant information pertinent to such determination. The Tribal Gaming Commission shall review the State's report and supporting materials and if the Tribe concludes that good cause for revocation or suspension of an employee's gaming license exists under the criteria established in this subsection 7.A., the subject employee shall have his gaming license suspended or revoked according to the procedures set forth in the Tribal Gaming Ordinance and implementing regulations.
10. Duration of license and renewal. Any regular employee license shall be effective for not more than three (3) years from the date of issue except that a licensed employee who has applied for renewal may continue to be employed under the expired license until final action is taken on the renewal application in accordance with the provisions of paragraphs 2 to 5 of subsection A above. Applicants for renewal shall provide the Tribal Gaming Commission with updated information on a form provided or approved by the Oregon State Police but will not be required to resubmit historical data already provided. The Oregon State Police may perform a new background investigation for any employee whose license is renewed.
11. Revocation of license. The Tribal Gaming Commission may revoke the license of any employee pursuant to policies set forth in the Tribe's Gaming Ordinance. The Tribal Gaming Commission shall revoke the license of any employee upon determination that the employee does not meet the criteria described in paragraph 7.A.5. above.
12. Personnel Manual. The Tribe shall maintain a procedural manual for employees of the Tribal Gaming Operation that includes rules and regulations of conduct and disciplinary standards for breach of procedures.
13. Employee List. The Tribal Gaming Commission agrees to provide to the Oregon State Police, on a monthly basis, a list of all current employees of the Gaming Facility and to give notice to the Oregon State Police of any disciplinary action or termination of an employee related to the fairness, integrity, security or honesty of the Tribe's Class III gaming activities, and any suspension or revocation of an employee's gaming license.

B. Contracts with Manufacturers and Suppliers.

1. Major Procurement.

- a. The Tribe agrees not to execute, commence or consummate any contract for a Major Procurement until a background investigation has been completed by the Oregon State Police on the proposed Class III Gaming Contractor and shall not consummate procurement action for a Major Procurement without a written contract.
- b. The Tribal Gaming Commission shall submit any proposed Major Procurement to the State for review, comment and a background investigation of the proposed Class III Gaming Contractor.
- c. Except as provided in paragraph 3 below, the Oregon State Police shall conduct a background investigation and provide a written report to the Tribal Gaming Commission within a reasonable period of time, but in no event shall the time for completion of such background investigations exceed sixty (60) days after the Oregon State Police receives from the proposed Class III Gaming Contractor both the Oregon State Police's fee for the background investigation under subsection C of this section, and full disclosure of all information requested by the Tribe and the Oregon State Police under paragraph 4 of this subsection, without written notice to the Tribe.
- d. If the Tribe requests, the Oregon State Police agrees to make its best efforts to complete a background investigation within less than sixty days. The Tribal Gaming Commission and the Oregon State Police may also agree that if business necessity or the protection of the honesty, integrity, fairness and security of the Gaming Operation require it, the State may perform an abbreviated review to enable the Tribe to execute a temporary contract while a complete background investigation is being performed. Any temporary contract executed under authority of this subparagraph, shall be rescinded immediately by the Tribe if the complete background investigation discloses that the Class III Gaming Contractor does not meet the criteria described in paragraph 6 of this subsection 7.B.

2. Sensitive Procurement.

- a. After a proposed Class III Gaming Contractor has submitted full disclosure of all information requested by the Tribe and the Oregon State Police under paragraph 4 of this subsection, and any necessary

investigation fee required by the Oregon State Police, the Tribe may execute, commence or consummate a contract for a Sensitive Procurement before a background investigation has been completed by the Oregon State Police on the proposed Class III Gaming Contractor. The Tribes shall not consummate a procurement action for a Sensitive Procurement without a written contract.

- b. The Tribal Gaming Commission shall submit a proposed contract for a Sensitive Procurement, or if there is no contract, a letter of intent to do business with the proposed Class III Gaming Contractor, to the Oregon State Police for a background investigation of the proposed Class III Gaming Contractor before execution of the contract.
 - c. The Oregon State Police shall conduct a background investigation, if the Oregon State Police considers it necessary, and provide a written report to the Tribal Gaming Commission. If the Class III Gaming Contractor does not meet the criteria described in paragraph 6 of this subsection 7.B. for approval of a contract, the contract shall be terminated by the Tribe and the Tribe agrees to discontinue doing business with the contractor so long as the contractor fails to meet the criteria for approval.
3. The Oregon State Police agrees to maintain a list of Class III Gaming Contractors that have been previously approved to do business in Oregon with any tribal gaming operation. If a Class III Gaming Contractor has been included in the list, the Tribe may execute, commence or consummate a contract with the Class III Gaming Contractor for a Sensitive Procurement upon giving notice of the contract to the Oregon State Police. If a Class III Gaming Contractor has been included in the list for Major Procurement, the Oregon State Police shall complete any necessary background investigation required under paragraph 1 of this subsection within thirty (30) days after any fees have been paid and full disclosure has been made to the Oregon State Police by the contractor.
4. Class III Gaming Contractors, and any Owner or Key Employee of a Class III Gaming Contractor, shall provide all personal and business information required by the Oregon State Police to conduct its background investigation, before executing a contract or beginning to do business with the Tribe.
5. The Tribe shall not consummate any Class III Gaming Contract with a Class III Gaming Contractor that does not grant both the Oregon State

Police and the Tribe access to such Class III Gaming Contractor's business and financial records upon request.

6. Criteria for Contract Denial or Termination.

a. The Tribe shall not consummate any Major Procurement, and a contract for a Sensitive Procurement shall be immediately terminated, if the following conditions are either disclosed in the application materials or reported by the Oregon State Police relative to a particular Class III Gaming Contractor:

- (1) A conviction of the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor for any felony other than a traffic offense, in any jurisdiction within the ten year period preceding the date of the proposed Class III Gaming Contract;
- (2) A conviction of the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor for any gambling offense in any jurisdiction;
- (3) A civil judgment against the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor, based in whole or in part upon conduct that would constitute a gambling offense, or a civil judgment entered within the ten year period preceding the date of the proposed Class III Gaming Contract against the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor, based in whole or in part upon conduct that would constitute a felony other than a traffic offense;
- (4) A failure by the Class III Gaming Contractor to disclose any material fact to the Oregon State Police or the Tribe or their authorized agents during initial or subsequent background or security investigations;
- (5) A misstatement or untrue statement of material fact made by the Class III Gaming Contractor to the Oregon State Police or the Tribe or their authorized agents during initial or subsequent background or security investigations as determined by the Tribe or the Oregon State Police;

- (6) An association of the Class III Gaming Contractor with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, security, integrity, honesty, fairness or reputation of the Gaming Facility;
 - (7) Any aspect of the Class III Gaming Contractor's past conduct that the Tribe or the Oregon State Police determines would adversely affect the integrity, security, honesty or fairness of the Gaming Facility;
 - (8) The Class III Gaming Contractor has engaged in a business transaction with a tribe that involved providing gaming devices for Class III gaming conducted by such tribe without a state-tribal Class III gaming compact and in violation of IGRA; or
 - (9) A prospective Class III Gaming Contractor fails to provide any information requested by the Tribe or the Oregon State Police for the purpose of making any determination required by this subsection 6.B.
- e. The Tribe may deny or choose not to consummate any Class III Gaming Contract application for any reason the Tribe deems sufficient.
- f. Other criteria the Tribe may use to decide not to consummate any Class III Contract include, but are not limited to, the Tribe's determination that:
- (1) A person who is otherwise qualified to be a Class III Gaming Contractor owns, is an agent of or has any other interest in any person or business that is unqualified or disqualified to be a Class III Gaming Contractor, regardless of the qualifications of the person seeking to consummate the Class III Gaming Contract;
 - (2) A prospective Class III Gaming Contractor demonstrates inadequate financing for the business anticipated under the type of contract for which application is made. In determining whether financing is adequate, the Tribe shall consider whether financing is from a source that meets the qualifications of paragraph 5 of subsection A of this section, or paragraph 6 of subsection B of this section and whether

that financing is in an amount to ensure the likelihood of success in the performance of the contractor's duties and responsibilities; or

- (3) A prospective Class III Gaming Contractor or its employees fail to demonstrate business ability and experience to establish, operate, and maintain the business of the type of Class III Gaming Contract proposed.
- g. In evaluating whether to deny a contract related to Class III gaming based on subparagraph e or f of paragraph 6 of subsection B of this section, the Tribe may consider the following factors:
- (1) The nature and severity of the conduct that constituted the offense or crime;
 - (2) The time that has passed since satisfactory completion of the sentence, probation, or payment of the fine imposed;
 - (3) The number of offenses or crimes; and
 - (4) Any extenuating circumstances that enhance or reduce the impact of the offense or crime on the security, integrity, honesty, and fairness of the Tribal gaming enterprise.
- h. No Class III Gaming Contractor shall own, manufacture, possess, operate, own an interest in, or gain income or reimbursement in any manner from gaming activities or gaming devices in any jurisdiction unless the activities or devices are approved and certified by another state lottery, gambling or gaming control agency, Indian Tribe operating pursuant to an IGRA Compact, or National Indian Gaming Commission that has jurisdiction to approve that activity, and such ownership, manufacture, possession, operation, or income is disclosed to and approved by the Tribe and the Oregon State Police.
- i. The Tribe may reject an application if the applicant has not provided all of the information requested in the application.
- j. Notwithstanding subparagraph a. of this paragraph 6, if a prospective Class III Gaming Contract may not be consummated because of the requirements of this subsection 7.B., because a person previously associated with the Class III Gaming Contractor or an employee of the Class III Gaming Contractor has been

convicted of a crime or a civil judgment entered against the Class III Gaming Contractor or its employee within the ten year period preceding the date of the proposed Class III Gaming Contract, based in whole or in part upon conduct that allegedly constitutes a felony other than a traffic offense, the Tribe may enter into the proposed Class III Gaming Contract if the Class III Gaming Contractor has severed its relationship with the convicted or liable person or employee. Before the Tribe may enter into a Class III Gaming Contract under this subparagraph, the Oregon State Police and the Tribe must agree that the relationship between the Class III Gaming Contractor and the convicted or liable person or employee has been severed. For purposes of this subparagraph, a relationship is severed if the convicted or liable person or employee has no continuing connection with the direction or control of any aspect of the business of the Class III Gaming Contractor, and the convicted or liable person or employee is no longer employed by the Class III Gaming Contractor in any capacity. The burden of showing to the satisfaction of the Tribe and the Oregon State Police that a relationship has been severed is on the Class III Gaming Contractor.

7. Rescission or Termination of Class III Gaming Contracts.

- a. The Tribe may rescind or terminate any Class III Gaming Contract pursuant to policies and procedures determined by the Tribe.
- b. Class III Gaming Contracts shall be subject to rescission or termination for cause consistent with the criteria established by paragraph 7.B.6. of this section. The contracts shall provide that Class III Gaming Contractors consent to rescission or termination of any Class III Gaming Contract for cause consistent with the criteria established by paragraph 7.B.6. of this section by virtue of entering into a Class III Gaming Contract, including temporary contracts.

8. Contractor Reporting Requirements.

- a. All Class III Gaming Contractors shall submit to the Tribe and the Oregon State Police any financial and operating data requested by the Tribe or the Oregon State Police.
- b. The Tribe and the State each may specify the frequency and a uniform format for the submission of such data on a case by case basis.

- c. The Tribe, the Oregon State Police, or their agents reserve the right to examine Class III Gaming Contractor tax reports and filings and the detailed records from which the tax reports are compiled.
- d. All Class III Gaming Contractors shall notify both the Tribe and the Oregon State Police of the transfer of a Controlling Interest in the ownership Class III Gaming Contractor.

9. Termination of Contract.

- a. No Class III Gaming Contract shall have a term longer than seven (7) years.
- b. The Tribe shall terminate a Class III Gaming Contract immediately upon the occurrence of any of the following:
 - (1) The Class III Gaming Contractor is discovered to have made any statement, representation, warranty, or certification in connection with the Class III Gaming Contract that is materially false, deceptive, incorrect, or incomplete;
 - (2) The Class III Gaming Contractor fails to perform any material requirements of the Class III Gaming Contract or is in violation of any material provision thereof, and fails to cure same within ten (10) days' written notice of such failure, or if such violation is not capable of cure within ten (10) days, fails to cure same within a reasonable period of time under the circumstances;
 - (3) The Class III Gaming Contractor, or any Owner, officer or key employee of the Class III Gaming Contractor is convicted of a felony or a gambling-related offense that reflects on the Class III Gaming Contractor's ability to perform honestly in carrying out the Class III Gaming Contract;
 - (4) The Class III Gaming Contractor jeopardizes the integrity, security, honesty, or fairness of the Gaming Facility; or
- c. The Tribe shall terminate a Class III Gaming Contract if the Tribe determines satisfactory performance of the Class III Gaming Contract is substantially endangered or can reasonably anticipate such occurrence or default.

C. Fees for Background Investigation.

1. The Oregon State Police shall be reimbursed its costs for performing background investigations made pursuant to this compact as provided in Section 10 of this compact, in accordance with the terms of this Compact.
2. The Oregon State Police will assess the cost of a background investigation of a Class III Gaming Contractor to such Class III Gaming Contractor. Class III Gaming Contractors are required to pay the investigation fee in full in advance. If the Class III Gaming Contractor refuses to prepay the investigation fee, the Oregon State Police shall notify the Tribe and the Tribe may pay the investigation cost or withdraw its request for the investigation.

D. Access to Contracts.

1. If a Primary Management Official is a corporation or other form of organization, such Primary Management Official shall provide the Oregon State Police at all times with a current copy of any management agreement with the Tribe that allows it to conduct Class III gaming on the Tribal trust land.
2. If a Primary Management Official is a corporation or other form of organization, such Primary Management Official shall furnish to the Tribe and the State complete information pertaining to any transfer of controlling interest in the management company at least 30 days before such change; or, if the Primary Management Official is not a party to the transaction effecting such change of ownership or interests, immediately upon acquiring knowledge of such change or any contemplated change.
3. The Tribe agrees to provide the Oregon State Police access to all Class III gaming related contracts.

4. In order to assure the honesty, integrity, fairness and security of the Tribe's Class III gaming activities, The Tribe agrees to provide the Oregon State Police, upon request, access to the contracts of all non-gaming contractors, suppliers and vendors doing business with the Gaming Facility twice annually, once during the annual compliance review described in Section 9(B)(1)(a) of this Compact and once at another time during the year selected by the Oregon State Police. At any other time if the Oregon State Police has reasonable grounds to suspect any criminal involvement with or infiltration of a non-gaming contractor, supplier or vendor, the Tribe agrees to give the Oregon State Police access to that non-gaming contract. Such documents shall remain the property of the Tribe.
- E. Nothing in this Compact shall grant any right to any person or entity having a contractual or employment relationship with the Tribe.
- F. Nothing in this Compact is intended to preclude the Tribe from denying, suspending or terminating a license for other reasons consistent with tribal law.

SECTION 8. REGULATIONS FOR OPERATION AND MANAGEMENT OF CLASS III GAMES.

- A. Gaming Regulations. Conduct of all Class III gaming activity authorized under this Compact shall be in accordance with the requirements of this Compact and federal substantive regulatory standards applicable to Class III gaming, the Tribal Gaming Ordinance and the Minimum Internal Control Standards set forth in the Appendix to this Compact. The provisions of the Appendix, "Tribal/State Minimum Internal Control Standards," are hereby incorporated into and made a part of this Compact. The Tribe and the State agree that the minimum standards set forth in the Appendix may be modified or supplemented by mutual agreement of the parties, and that subsequent amendment of this Compact shall not be necessary for any such modification or supplementation of the minimum standards set forth in the Appendix.
- B. Identification badges. The Tribe shall require all Gaming Operation employees to wear, in plain view, identification badges issued by the Tribal Gaming Commission that include photo and name, with the exception of employees assigned to covert compliance duties, who shall only be required to have on their person an identification badge. Oregon State Police employees shall not be required to wear identification badges.

- C. No credit extended. All gaming shall be conducted on a cash basis. Except as provided herein, no person shall be extended credit for gaming nor shall the Tribe permit any person or organization to offer such credit for a fee. This restriction shall not apply to credits won by players who activate play on video games of chance after inserting coins or currency into the games. Cashing checks in the class III gaming area constitutes extending credit under this subsection. This section shall not otherwise restrict the right of the Tribe or any other person to offer check cashing or install and accept bank card or credit card transactions in the same manner as is permitted at any retail business in the State.
- D. Prohibition on attendance and play of minors. No person under the age of twenty-one (21) shall participate in any Class III gaming authorized by this Compact. No person under the age of twenty-one (21) shall be allowed to play any Class III game operated under this Compact. If any person under the age of twenty-one (21) plays and otherwise qualifies to win any Class III game prize or compensation the prize or compensation shall not be paid. Employees under age twenty-one (21) whose non-gaming duties require their presence on the gaming floor may be present on the gaming floor. Notwithstanding the requirements of this subsection, the Tribe may employ any Indian employees eighteen (18) years of age and older who are required to perform gaming duties as part of their employment, *provided*, if the Tribe offers alcohol on the class III gaming floor, employees whose gaming duties require a presence on the class III gaming floor shall be at least twenty-one (21) years of age.
- E. Alcohol Policy. No alcohol shall be served in the Gaming Facility unless authorized by the Tribe as permitted by Federal law. Service of alcohol shall be in compliance with State laws and Oregon Liquor Control Commission licensing regulations as negotiated in a memorandum of understanding under this Compact. Nothing in this subsection shall permit the State to impose taxes on the sale of alcoholic beverages by the Tribe. No alcoholic beverages may be served free or at a reduced price to any patron of the Gaming Facility as a direct inducement to participate in any gaming.
- F. Prohibition of Firearms. With the exception of federal, state, county, city or tribal law enforcement agents or officers who are on official business, no person shall possess firearms within the Gaming Facility.
- G. Liability for damage to persons and property. During the term of this Compact, the Tribe shall maintain public liability insurance in an amount that is reasonable and consistent with prudent business practice, with limits of not less than \$250,000 for one person and \$2,000,000 for any one occurrence for any bodily injury or property damage. The Tribe's insurance policy shall have an endorsement providing that the insurer may not invoke tribal sovereign immunity up to the limits of the policy and it shall provide that the State, OSP, their

divisions, officers and employees are additional insureds, but only with respect to the Tribe's activities under this Compact. The Tribe shall indemnify; defend and hold harmless the State, its officers, directors, employees and agents from and against any claims, damages, losses or expenses asserted against or suffered or incurred by the State or its officers, directors, employees and agents (except as may be the result of their own negligence) based upon or arising out of any bodily injury or property damage resulting or claimed to result in whole or in part from any act or omission of the Tribe relating to the inspection of any gaming or gaming related facility pursuant to this Compact.

SECTION 9: INSPECTION AND ENFORCEMENT OF GAMING REGULATIONS.

A. Tribal Gaming Commission.

1. The Tribe has established and agrees to maintain a Tribal Gaming Commission with the independent authority to regulate gaming activities on Tribal lands. The Tribe agrees to provide such Commission with adequate resources to perform its duties under Tribal law and this Compact. The Commission shall not participate in any way in the management or operation of the Tribe's Class III gaming activities. Commission members may be removed only for cause by the Tribal Gaming Enterprise Board of Directors. The Tribe shall enact and enforce standards for the selection of Gaming Commission members which are substantively equivalent to or exceed the standards applicable to High Security Employees and Primary Management Officials.
2. The Tribal Gaming Commission shall have primary responsibility for the on-site regulation, control, and oversight of the gaming operation authorized by this Compact, and for the enforcement of this Compact on Tribal Lands and authority for surveillance as described in paragraph 9(A)2(12). The Tribal Gaming Commission's role shall include the following functions:
 - (1) Ensure compliance with all relevant laws, Compact provisions, regulations, internal controls, policies and procedures that are applicable to the operation of gaming activities on Tribal lands;
 - (2) Ensure the physical safety of patrons in the Gaming Facility and of personnel employed by the Tribal Gaming Operation;
 - (3) Ensure the safeguarding of assets transported to and from the Gaming Facility and cashier's cage department;

- (4) Ensure that Gaming Facility patrons and property are protected from illegal activity;
- (5) Ensure that persons suspected of crimes are detained for the purpose of notifying the law enforcement authorities;
- (6) Ensure that any and all unusual occurrences within the Gaming Facility are recorded in indelible ink in a bound notebook from which pages cannot be removed, and each side of each page of which is sequentially numbered, as follows:
 - (a) The assigned sequential number of the incident;
 - (b) The date;
 - (c) The time;
 - (d) The nature of the incident;
 - (e) The person involved in the incident; and
 - (f) The security employee assigned;
- (7) Ensure that logs relating to surveillance, security, cashier's cage, credit, video lottery terminals (showing when video machines opened), and video lottery terminal location are maintained;
- (8) Establish and maintain an updated list of persons barred from the gaming facility either because of their criminal history or because their association with career offenders or career offender organizations poses a threat to the honesty, security and integrity of gaming operations, and furnish that list to the State;
- (9) Obtain an annual audit by a Certified Public Accountant;
- (10) Ensure that a closed circuit television system in the cash room of the Gaming Facility is maintained and provide copies of floor plan and TV system to the State;
- (11) Ensure that a cashier's cage is maintained in accordance with industry standards for security;

- (12) Ensure that the training of surveillance personnel and operation of surveillance equipment protects the fairness, integrity, security and honesty of the Class III gaming activities, and that the Gaming Commission or other tribal entity independent of management of the Gaming Operation has unrestricted access to and ultimate decision-making authority over surveillance operations to fulfill its regulatory responsibilities (including the authority to review and approve the hiring and firing of surveillance employees and managers); and
- (13) Ensure that, subject to State review and approval, a method for resolving disputes with players is established.
- (14) Ensure that sufficient security personnel are employed and trained.

3. Tribal Gaming Inspector.

- a. Tribal Gaming Inspectors, as agents of the Tribal Gaming Commission, shall inspect the Gaming Facility at random during all hours of gaming operation, and shall have immediate access to any and all areas of the Gaming Facility for the purpose of ensuring compliance with the provisions of this Compact and Tribal ordinances, including the Tribal Gaming Ordinances, and regulations governing gaming, including applicable federal regulations. Any material violations of the provisions of this Compact, or of Tribal ordinances, including the Tribal Gaming Ordinances, or regulations by the Tribal Gaming Operation, a gaming employee, or any person on the premises whether or not associated with the Gaming Facility, shall be reported immediately to the Tribal Gaming Commission.

The Tribal Gaming Commission shall report such violations to the Oregon State Police within seventy-two (72) hours of the time the violation was noted. For purposes of this subparagraph, material violations include but are not limited to violations of the provisions of this Compact or of Tribal ordinances or regulations governing those matters identified in subparagraph c. of this paragraph.

- b. The Tribal Gaming Commission may designate any individual or individuals to perform the duties of Tribal Gaming Inspector, so long as each inspector performs those duties independently of the management of the Tribal Gaming Operation, and is supervised and evaluated by the Tribal Gaming Commission as to the performance of those duties.

- c. Tribal Gaming Inspectors shall monitor compliance with the requirements of applicable law, this Compact, regulations, internal controls, policies and procedures, including but not limited to:
- (1) Observe for compliance, on a monthly basis or more frequently as determined by the Tribal Gaming Commission, the following:
 - (a) Sensitive gaming inventories;
 - (b) VLT or table game drop;
 - (c) Soft count;
 - (d) Security and surveillance logs;
 - (e) Movement of cash within, into and outside the Gaming Facility;
 - (f) Surveillance procedures;
 - (g) Security procedures;
 - (h) Games controls;
 - (i) Integrity of VLT microprocessor or E-prom, CD rom, hard disk or other electronic decision-making technologies.
 - (2) Investigate any potential violations of the provisions of this Compact, and applicable regulations, internal controls, policies and procedures.
 - (3) Investigate any cash variance greater than \$100, and report the findings to the Tribal Gaming Commission, which shall report such variances to the Oregon State Police.
 - (4) Investigate customer disputes related to gaming that involve more than \$500 and that are not resolved by management of the Tribal Gaming Operation.

- (5) Report to the Tribal Gaming Commission, which shall report to the Oregon State Police, any criminal or regulatory issues that may affect the fairness, integrity, security and honesty of the Tribe's Class III gaming activities.
4. Reporting of Violation. A Tribal Gaming Inspector shall inspect the Gaming Operation at random during all hours of gaming operation, and shall have immediate access to any and all areas of the Gaming Facility for the purpose of ensuring compliance with the provisions of this Compact and Tribal ordinances. Any violations of the provisions of this Compact, or of Tribal ordinances by the Tribal Gaming Operation, a gaming employee, or any person on the premises whether or not associated with the Tribal Gaming Operation, shall be reported immediately to the Tribal Gaming Commission and reported to the State within seventy-two (72) hours of the time the violation was noted.
5. Investigations and Sanctions. The Tribal Gaming Commission shall investigate any reported violation of the Compact provisions and shall require the Gaming Operation to correct the violation upon such terms and conditions as the Tribal Gaming Commission determines to be necessary. The Tribal Gaming Commission shall be empowered by Tribal ordinance to impose sanctions within the jurisdiction of the Tribe against a gaming employee, or any other person directly or indirectly involved in, or benefiting from, the Tribe's Class III gaming activities.
6. Reporting to State. The Tribal Gaming Commission shall forward copies of all completed investigation reports and final dispositions to the State on a continuing basis. If requested by the Tribal Gaming Commission, the State shall assist in any investigation initiated by the Tribal Gaming Commission, and provide other requested services to ensure proper compliance with the provisions of this Compact, Tribal ordinances, Tribal Gaming Commission regulations or applicable laws of the State.

B. State Enforcement of Compact Provisions.

1. Monitoring. The Oregon State Police is authorized hereby to monitor the Tribal Gaming Operation as the State considers necessary to ensure that the operation is conducted in compliance with the provisions of this Compact. The Tribe and the State agree that the Oregon State Police must determine the manner in which it monitors the Tribe's Class III gaming activities independently of any influence or control by the Tribe. The Tribe may request removal of a State law enforcement officer or monitor on the basis of malfeasance, abuse of authority, or conduct disrespectful of Tribal institutions or culture. Effective performance of the officer's or

monitor's duties shall not be a basis for disapproval. The Oregon State Police, and other State officers designated in writing as provided in Section 14 of this Compact, shall have free and unrestricted access to all areas of the Gaming Facility during normal operating hours without giving prior notice to the Tribal gaming operation. The Tribe agrees that the State monitoring function includes at a minimum the activities identified in the Compact, the amendments and the memorandum of understanding entered into pursuant to Section 5(A)2 of this Compact, and that the actual, reasonable and necessary cost of monitoring activities shall be assessed to the Tribe as provided in Section 10 of this Compact. In addition to the regular monitoring functions of the Oregon State Police, the Tribe agrees that the Oregon State Police may conduct the following activities, the cost of which shall also be assessed to the Tribe as provided in Section 10 of this compact:

- a) An annual comprehensive compact compliance review which shall be planned and conducted jointly with the Tribal Gaming Commission, of the Gaming Operation to verify compliance with the requirements of this Compact and with the regulations and internal controls adopted by the Tribal Gaming Commission, including at a minimum review in the following areas: administrative controls (gaming management internal controls), gaming operations controls, drop boxes, station inventories, surveillance department controls, cashier cage controls, count room controls (security and surveillance), accounting department controls (security), general controls, (Compact regulatory requirements) blackjack controls, VLT controls, accounts payable, employee identification, gaming chip inventory for gaming floor and cage, physical examination of all class III gaming cards, chips, e-proms, paper stock, printers, keno balls, fill slips, video gaming devices, keno controls, off-track betting and security department controls;
- b) Periodic review of any part of the gaming operation in order to verify compliance with the requirements of this Compact and with the regulations and internal controls;
- c) Investigation of possible violations of this Compact or other gaming regulatory matters, whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise;
- d) Investigation of possible criminal law violations that involve the conduct of the gaming operation whether discovered during the

action, review, or inspection by the State during its monitoring activities, or otherwise;

- e) Investigation of a non-gaming contractor, supplier, or vendor to the Gaming Operation where the Oregon State Police has reasonable grounds to believe such contractor, supplier, or vendor may be subject to criminal influence or infiltration, or as set forth in Section 7.D.3 of this Compact.
2. The Tribe agrees that if any Class III gaming activities are conducted or intermingled in such a way that they are inseparable from Class II gaming activities, such as surveillance of both Class III and Class II gaming operations by a single surveillance department, the Oregon State Police shall have full access to both for purposes of carrying out the duties of the Oregon State Police with respect to Class III gaming under this Compact. If regulatory issues related to Class II games arise during the State Police's monitoring activity, those concerns will be documented and immediately reported to the Tribal Gaming Commission.
3. Access to Records. The State is authorized hereby to review and copy, during normal business hours, and upon reasonable notice, any and all Tribal records pertaining to the operation, management, or regulation of Class III Gaming by the Tribe, whether those records are prepared or maintained by the Tribe, the Tribal Gaming Commission or the Tribal Gaming Operation.
- (a) The State believes that its activities under this Compact are subject to the State Public Records Law, ORS 192.410 to 192.505, and the Tribe acknowledges that this is the State's position. The State and Tribe acknowledge that the Tribe may contractually agree that any records created by or maintained by the State, including any records created or maintained in connection with the performance of the State's duties and functions under this Compact, belong to the State and are fully subject to the State Public Records Law. The Tribe agrees that the State can legally include such a contractual provision in this Compact. Any information concerning the Tribe's Class III gaming operation that is contained in state records may be subject to disclosure under this contractual provision under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505. Examples of the kind of information that may be withheld from disclosure by the State under appropriate circumstances include:
 - (1) "Trade secrets" as defined in ORS 192.501(2);

- (2) Investigatory information compiled for criminal law purposes as described in ORS 192.501(3);
 - (3) Information submitted in confidence, as provided in ORS 192.502(3), which could include, for example, information contained in state records which would reveal information about the operation of any Class III game or which would reveal information about the workings of the Gaming Operation that could reasonably assist a person in the conduct of activity that could adversely affect the fairness, integrity, security or honesty of the Class III gaming activities; or
 - (4) Any information the disclosure of which is specifically prohibited by state or federal law.
- (b) The parties contractually agree that for purposes of this Compact, applications submitted to and retained by the Oregon State Police for Class III gaming licenses are State records and may be subject to disclosure under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505.
- (c) The parties contractually agree that for purposes of this Compact, information about the Tribe's Class III gaming activities, whether obtained from the Tribe or from any other source, that is included in a document prepared, owned, used or retained by the State in connection with its duties and functions under this Compact may be subject to disclosure under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505 or as otherwise provided by this Compact.
- (d) The Tribe has agreed to allow the Oregon State Police access to sensitive financial, security and surveillance information that the Tribe considers confidential. The State acknowledges that the Tribe has voluntarily given the state access to this information and that the Tribe would not otherwise be required by law to do so. The State acknowledges that this information should reasonably be considered confidential. To the extent such information is included in any State records that are subject to disclosure, the State hereby obliges itself not to disclose this information when the public interest, including the public interest in maintaining the honesty,

integrity, fairness and security of the Tribe's Class III gaming activities, would suffer by such disclosure.

- (e) The State agrees to notify the Tribe promptly of any request for disclosure of documents containing information about the Tribe's Class III gaming activities. If the State decides to release any documents that contain information about the Tribe's Class III gaming activities, the State will notify the Tribe at least five (5) working days before any disclosure is made.
 - (f) Any dispute as to the disclosure of documents under this subsection shall be resolved according to the dispute resolution provisions of Section 16 of this Compact, but the parties agree that in any event the sole jurisdiction for the interpretation of the State Public Records law shall be the Oregon state courts.
 - (g) Nothing in this subsection precludes the State or the Tribe from disclosing information pursuant to state, tribal or federal rules of civil procedure or evidence in connection with litigation, a prosecution or criminal investigation, subject to any defenses either party may assert.
4. Investigation Reports. After completion of any inspection or investigation report, the Oregon State Police shall provide a copy of the report and, upon request, all supporting documentation, other than information which could reveal the identity of a confidential informant, to the Tribal Gaming Commission.

SECTION 10. STATE ASSESSMENT OF COSTS FOR OVERSIGHT.

A. Assessment for State Monitoring, Oversight and Law Enforcement Costs.

- 1. The Tribe agrees that the Oregon Gaming Tribes have the collective responsibility to pay for the cost of performance by OSP of its activities authorized pursuant to this Compact, including associated overhead. The Tribe agrees to pay its fair share of the Oregon State Police costs pursuant to the formula set forth in this Section within 30 days of billing.
- 2. To give the Oregon Gaming Tribes an opportunity for review and comment, the Oregon State Police shall distribute, during the development of its biennium budget, a draft of the Tribal Gaming Section portion of the budget to the Oregon Gaming tribes prior to submission of the budget to either the Governor or the Legislature. The Oregon State Police shall give

full consideration to the Oregon Gaming Tribes' comments on the Tribal Gaming Section budget. Notwithstanding the right of the Oregon Gaming tribes to comment on the Tribal Gaming Section budget, each Tribe retains the right to participate in any public review by either the Governor or the Legislature on the Oregon State Police budget as well as before the Emergency Board for any increase in the Oregon State Police budget.

3. Because of the government-to-government relationship between the Tribes and the State, the parties recognize that the obligation of the Tribe to pay for the Oregon State Police costs as provided by this Compact is unique. Nothing in this Compact is intended to, nor shall be construed as, creating a responsibility for the Tribe to pay for any other governmental services rendered by or received from the State.
4. The Tribe's monthly payment to the Oregon State Police shall be computed as follows:
 - a) The biennium budget for the Tribal Gaming Section shall be divided by 24 to determine the total monthly payment that must be made by the Oregon Gaming Tribes to the Oregon State Police for Compact related activities. This payment shall be referred to as the "OSP Monthly Payment."
 - b) Amounts received by the Oregon State Police from Class III Gaming Contractor license applicants, or any other gaming vendor license applicant, and from the payment for the assignment of Tribal Gaming Section officers to non-tribal gaming duties, shall reduce the OSP Monthly Payment owed by the Oregon Gaming Tribes, which reduced amount shall be referred to as the "adjusted OSP monthly payment." The reduction in the OSP Monthly Payment owed by the Oregon Gaming Tribes shall occur in the month the Oregon State Police receives such payments from third party sources.
 - c) The Tribe's monthly payment to the Oregon State Police shall be computed as follows:

No. of direct Service Hours billed to
Siletz Tribal Gaming Operations

adjusted OSP
X Monthly
Payment

= Tribes Share of
OSP Monthly
Payment

Total No. of Direct Service Hours
Billed to All Oregon Tribal Gaming
Operations

- d) Every six months, or biennium quarter, the Oregon State Police shall reconcile the total payments received from the Oregon Gaming Tribes and third party sources during the six month period. The total of these payments should equal one-fourth of the Oregon State Police/Tribal Gaming Section biennium budget. Any underpayment or overpayment shall adjust the amount owed by the Oregon Gaming Tribes the month following the reconciliation.

5. As used in this section:

- a) "Oregon Gaming Tribes" means any federally recognized Indian Tribes in Oregon engaged in Class III gaming pursuant to a Tribal-State Compact.
- b) "Direct Service Hours" means the actual time spent by Oregon State Police personnel in performing employee background checks, performing background checks on Class III Gaming Contractors or other gaming vendors (unless paid by the Class III Gaming Contractor or other gaming vendor), performing Compact monitoring functions (including the annual comprehensive compact compliance review), conducting an investigation, and traveling to and from the Gaming facility or the site of a Class III Gaming Contractor background investigation, for a particular Tribal Gaming Operation. This definition is in no way intended to limit OSP's activities authorized pursuant to this Compact. The Oregon State Police shall keep direct service hour billing records setting forth the date work is performed, a brief description of the work performed and the amount of time spent.

6. The methodology for the payment of Oregon State Police costs shall begin on January 1, 1999.

- B. If the Tribe disputes the amount of the assessment under this Section, the Tribe shall timely pay the undisputed amount and within thirty (30) days of billing, shall notify OSP in writing of the specific nature of the dispute and the disputed amount. The parties shall meet and attempt to resolve the dispute. If the parties have not resolved the dispute within 15 days, the Tribe shall pay the disputed amount into an off-reservation escrow, mutually agreeable to the parties, with escrow instructions providing that the funds are to be released only upon the mutual authorization of the Tribes and the Oregon State Police. The parties shall share the reasonable costs of the escrow. The dispute shall then be resolved pursuant to the procedures set forth in section 6b(3) and (4) of this Compact.

If the Tribe fails to timely pay the disputed amount into escrow or timely pay the undisputed amount, OSP shall send written notice to the Chairman of the Tribe, informing him of OSP's authority to take further action. Fifteen (15) days after such notice is sent by OSP, the Oregon State Police may suspend any background checks that are in process or withhold authorization for the shipment of equipment, and/or pursue other remedies for Compact violations available under this Compact or IGRA.

SECTION 11. APPLICATION OF STATE REGULATORY STANDARDS.

A. Health and Safety Standards.

1. The Tribe agrees to adopt and enforce ordinances and regulations governing health and safety standards applicable to the Gaming Facility that are at least as rigorous as standards imposed by the laws and regulations of the State. The Tribe agrees to cooperate with any State agency generally responsible for enforcement of such health and safety standards outside Indian lands in order to assure compliance with such standards within the Gaming Facility. However, the Tribe shall have the exclusive regulatory jurisdiction over the enforcement of health, safety and environmental standards applicable to the Gaming Facility. The Tribe shall use its authority to assure that health and safety standards are met and maintained. Tribal ordinances and regulations governing water discharges from the Gaming Facility shall be at least as rigorous as standards generally imposed by the laws and regulations of the State relating to public facilities; provided, however, that to the extent that federal water discharge standards specifically applicable to the Tribal lands would preempt such State standards, then such federal standards shall govern.
2. Upon request by the State, the Tribe agrees to provide evidence satisfactory to the State that any new construction, renovation or alteration of the Gaming Facility performed after the effective date of this Compact satisfies applicable Tribal health, safety and environmental standards. The Tribe can demonstrate that it has satisfied this section by providing a certificate or other evidence of compliance from the appropriate state or local official responsible for enforcement of comparable state standards, or from a contractor who is certified by state or local government to evaluate such compliance.

3. As used in this subsection, "health, safety and environmental standards" include but are not limited to structural standards, fire and life safety standards, water quality and discharge standards, food handling standards, and any other standards that are generally applicable under state or federal law to a non-tribal facility that is open to the public for purposes of protecting the public within the facility. "Health, safety and environmental standards" does not include land use regulations or zoning laws.
 4. The Tribe agrees that the State may use state or local inspectors to verify compliance with this subsection. Such inspectors shall cooperate with Gaming Facility management to conduct such inspections in a manner that does not disrupt operations at the Gaming Facility, and shall be conducted only with advance notice to and permission of the Gaming Facility where practicable. If the State asserts that the Tribe is in breach of this subsection, and that the breach creates an immediate and substantial threat to the health or safety of the patrons or employees of the Gaming Facility, the Tribe agrees to take steps as are necessary to protect the public or employees until the breach is remedied. Resolution of any dispute as to what steps are necessary shall be conducted in the same manner as and under the principles and procedures established for resolution of operating disputes in section 6 of this Compact.
- B. Transportation Issues. The Tribe agrees to consult and cooperate with the Oregon Department of Transportation regarding any traffic issues arising out of the Gaming Operation and vehicles that patronize the Gaming Facility. To the extent the Gaming Facility contributes to any traffic impacts on surrounding city, county or State roads, the Tribe agrees to fund an appropriate proportion of improvements necessary to mitigate or reduce such impacts. The Tribe also agrees to participate in any community forum or process established to discuss or attempt to resolve traffic problems on Highway 101 at the North end of Lincoln City. If the State or Tribe disputes that the Tribe is contributing a fair share of necessary road improvements, taking into account any mitigation measures the Tribe adopts, the State or Tribe may initiate the dispute resolution procedure established under section 16 of this Compact.
- C. Report of Winnings. The Tribe shall report to the Oregon Department of Revenue gambling winnings paid to any person subject to Oregon Personal Income Tax on those winnings whenever the Tribe would be required to report those winnings to the Internal Revenue Service. The information shall be reported in the manner required by the Oregon Department of Revenue. The Tribe agrees that management of the Gaming Operation will withhold and remit personal income taxes from employee wages to the Oregon Department of Revenue in the manner prescribed by the Department of Revenue.

- D. Public Safety Issues. If local government officials believe that an off-Indian land public safety problem has been created by the existence of the Gaming Facility, the Tribe, or its designated representative, shall agree to meet with the mayor or county commission of the affected government to discuss whether a problem exists, and to develop mutually agreeable measures to alleviate the problem. The burden shall be on the local government officials to meet with the Tribe and to demonstrate that the public safety problem is directly attributable to the existence of the Gaming Facility. If an off-Indian land public safety problem has been created by the existence of the Gaming Facility, the Tribe shall undertake to perform any mutually agreeable and reasonable measures to alleviate the problem. If the Tribe and local government officials are unable to agree on measures to alleviate the problem, the State may initiate the dispute resolution process established in Section 16 of this Compact. Any burden imposed on the Tribe under this subsection shall be reasonable and proportionate to the problem created.
- E. Miscellaneous Issues. The State and the Tribe are executing simultaneously with this Compact a Memorandum of Understanding entitled "*Memorandum of Understanding between the Confederated Tribes of Siletz Indians of Oregon and the State of Oregon regarding Community Relations*" to address miscellaneous issues of State and local concern (MOU). The terms of the MOU, once properly executed, shall become effective and shall be incorporated by reference into this Compact upon approval of the Compact by the Secretary of the Interior and publication of such approval in the Federal Register. Any disputes arising under the MOU shall be resolved pursuant to Section 16 of the Compact.

SECTION 12. EFFECTIVE DATE; TERMINATION; AMENDMENTS.

- A. Effective Date. This Compact shall become effective upon execution by the State and by the Tribe and appropriate federal approval.
- B. Termination. This Compact shall remain in effect until such time as:
1. This Compact is terminated by written agreement of both parties;
 2. The State amends its Constitution or laws to criminally prohibit within the State conduct of all of the Class III gaming authorized by this Compact, for any purpose and conducted by any person, entity, or government;
 3. A court of competent authority makes a final determination that all of the Class III games authorized by this Compact are criminally

prohibited under the law of the State, and the determination has become final and enforceable;

4. The federal government amends or repeals IGRA so that a Compact is no longer required for the Tribe's exercise of Class III gaming; or
5. Either party materially breaches this Compact; but only after the dispute resolution process set forth in Section 16 of this Compact has been exhausted, and the breach has continued for a period of 60 days after written notice following the conclusion of the dispute resolution process, if the breach can be cured within such period. If the breach cannot be cured within 60 days, the time for termination shall be thirty (30) days after the time established in dispute resolution reasonably necessary to cure such breach.

C. Automatic Amendment.

1. If a Class III gaming activity authorized under Section 4 of this Compact is criminally prohibited for all purposes by all persons by State statute or Constitution, this Compact shall no longer authorize the Tribe to engage in that type of Class III game, and any provisions in this Compact authorizing such gaming shall be void and of no effect.
2. If a court decides that a Class III game authorized under this Compact is criminally prohibited as defined under IGRA, this Compact shall no longer authorize the Tribe to engage in that type of Class III game, and any provisions in this Compact authorizing such gaming shall be void and of no effect, but the Tribe shall be required to cease operating that Class III game only if and under the same circumstances and conditions as the State or any other affected person must cease operating the corresponding game under the court's decision.

D. Amendments.

1. Except as provided in subsection 12.C. above, this Compact shall not be amended unless one of the following conditions occur:
 - a. The State becomes a party to another Tribal-State Compact that authorizes a tribe other than the Confederated Tribes of the Siletz Indians of Oregon to engage in any Class III gaming activity or scope of gaming activity not permitted under the terms of this Compact;
 - b. One year elapses after the effective date of this Compact;

- c. The State amends State statute or Constitution to expand the type of Class III gaming permitted in the State for any purpose by any person, organization, or entity;
2. Paragraph 12.D.1. above does not authorize the Tribe to renegotiate the terms of this Compact that apply to those forms of gaming previously authorized by Section 4 of this Compact, unless the State voluntarily consents to such renegotiation or as is otherwise provided for in this Compact. Further negotiation of numbers of VLTs is specifically provided for in Section 4.F. of this Compact, and negotiation of Internet gaming is specifically provided for in Section 4.B.4 of this Compact.
3. Pursuant to paragraph 12.D.1., the State or the Tribe may by appropriate and lawful means, request negotiations to amend, replace or repeal this Compact. In the event of a request for renegotiation or the negotiation of a new agreement, this Compact shall remain in effect until renegotiated or replaced, unless sooner terminated under subsection 12.B. Such request to renegotiate shall be in writing and shall be sent by certified mail to the Governor of the State or the Chair of the Tribe at the appropriate office identified at Section 14 below. If a request is made by the Tribe, it shall be treated as a request to negotiate pursuant to IGRA. All procedures and remedies available under IGRA shall thereafter apply with the exception that the 180-day period for negotiation set forth at 25 U.S.C. 2710(d) shall be 100 days.

SECTION 13. DISCLAIMERS AND WAIVERS.

- A. Gaming at Another Location or Facility. The Tribe hereby waives any right it may have under IGRA to negotiate a Compact for Class III gaming at any other location or facility for a period of five (5) years from the effective date of this Compact, *provided*, that if any other Oregon Indian tribe operates Class III gaming at more than one location under a Compact with the State, the Tribe shall have the right to request immediate negotiations on the issue, *and provided further*, that the Tribe shall have the right to negotiate for Class III gaming at another location if some natural occurrence makes the Gaming Location unusable for a Gaming Facility.
- B. Status of Class II Gaming. Nothing in this Compact shall be deemed to affect the operation by the Tribe of any Class II gaming as defined in IGRA or to confer upon the State any jurisdiction over such Class II gaming conducted by the Tribe.

- C. Prohibition on Taxation by the State. Nothing in this Compact shall be deemed to authorize the State to impose any tax, fee, charge or assessment upon the Tribe or any Tribal gaming operation except for charges expressly authorized in accordance with this Compact.
- D. Preservation of Tribal Self-Government. Nothing in this Compact shall be deemed to authorize the State to regulate in any manner the government of the Tribe, including the Tribal Gaming Commission, or to interfere in any manner with the Tribe's selection of its governmental officers including members of the Tribal Gaming Commission. No licensing or registration requirement contemplated by this Compact shall be applicable to such officers with respect to their capacity as officers of the Tribe.
- E. This Compact is exclusively for the benefit of and governs only the respective authorities of and the relations between the Tribe and the State. Nothing in this Compact shall be construed as creating or granting any rights to any third party, or as establishing any objection or defense for any third party to any charge, offense or prosecution.
- F. Governing Law. The provisions of this Compact shall be construed consistently with the Indian Gaming Regulatory Act, and the laws of the State of Oregon. Tribal ordinances shall be construed consistent with tribal law.
- G. The Tribe and the State agree that any activities that must be performed under this amended and restated Compact to prepare for implementation of any new games authorized under Section 4 may be undertaken before the Secretary of the Interior approves this amended and restated Compact.
- H. Change in Federal Law. The Tribe reserves the right to take advantage of any change in federal law that permits additional gaming to be conducted by the Tribe without the need for a Compact. This Compact shall not be construed as a surrender by the Tribe of those rights.

SECTION 14. NOTICES.

All notices required or authorized to be served to the Oregon State Police shall be served by first class mail at the following address:

Captain
Oregon State Police
Gaming Enforcement Division
Salem, OR 97310

All other notices required or authorized to be served shall be served by first class mail at the following addresses:

Legal Counsel to the Governor
Office of the Governor
254 State Capitol
Salem, OR 97310

Tribal Council
Confederated Tribes of
Siletz Indians of Oregon
P.O. Box 549
Siletz, OR 97380

SECTION 15. SEVERABILITY.

In the event that any section or provision of this Compact is held invalid, or its application to any particular activity is held invalid, it is the intent of the parties that the remaining sections of the Compact and the remaining applications of such section or provision shall continue in full force and effect.

SECTION 16. DISPUTE RESOLUTION.

- A. At the discretion of either party, in the event either party believes that the other party has failed to comply with any requirement of the Compact, that party may invoke the following dispute resolution procedure in order to foster cooperation and avoid the costs of litigation:
 - 1. The party asserting noncompliance shall serve written notice on the other party in the manner provided in section 14. The notice shall identify the specific provision of the Compact alleged to have been violated and shall specify the factual basis for the alleged noncompliance. The State and the Tribe shall thereafter meet within thirty (30) days in an effort to resolve the dispute.
 - 2. In the event the dispute is not resolved to the satisfaction of the parties within ninety (90) days after service of notice, either party may initiate an action against the other party in the United States District Court for the District of Oregon to interpret or enforce the provisions of this Compact. In the event that the Federal court declines jurisdiction, an action can be filed in a State court of competent jurisdiction to interpret or enforce the provisions of this Compact.
- B. Nothing in subsection 16.A. shall be construed to waive, limit or restrict any remedy that is otherwise available to either party to enforce the provisions of this Compact or limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution.

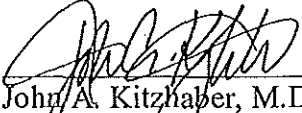
- C. With respect to gaming not authorized by this Compact, nothing in this Compact shall be construed to limit the authority of the State or the federal government to take immediate action to enforce and prosecute the gambling laws of the State and the United States pursuant to 18 USC §1166 (Section 23 of IGRA).

SECTION 17. INTEGRATION

This compact is the complete and exclusive expression of the parties' intent.


EXECUTED as of the date and year above-written.

STATE OF OREGON


John A. Kitzhaber, M.D., Governor

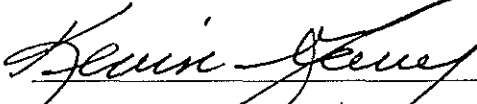
Date: 9-14, 1999

CONFEDERATED TRIBES OF SILETZ INDIANS OF OREGON


Delores Pigsley, Chairman

Date: 9/3, 1999

APPROVED BY THE ASSISTANT SECRETARY - INDIAN AFFAIRS

By: 
Date: OCT 28 1999, 1999

**Tribal-State Compact for Regulation of Class III Gaming
Confederated Tribes of Siletz Indians of Oregon
And the State of Oregon**

Exhibit 1

DESCRIPTION OF GAMING LOCATION

The Tribe's Gaming Facility is located on the following described property:

Lots 58, 59, 63 and 64, Lincoln Shore Star Resort, Lincoln County, Oregon.

Lincoln Shore Star Resort is a duly recorded subdivision located in the N.W. ¼ of Section 2, and the N.E. ¼ of Section 3, Township 7 South, Range 11 West, Willamette Meridian, Lincoln County, Oregon. The plat of the Lincoln Shore Star Resort is located in Plat Book 15, Page 21, Lincoln County, Oregon.