DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

Indian Gaming

AGENCY: Bureau of Indian Affairs, Interior.

ACTION: Notice of Approved Amendment to Tribal-State Compact.

SUMMARY: Pursuant to section 11 of the Indian Gaming Regulatory Act of 1988, Pub. L. 100–497, 25 U.S.C. 2710, the Secretary of the Interior shall publish, in the **Federal Register**, notice of approved Tribal-State Compacts for the purpose of engaging in Class III gaming activities on Indian lands. The Assistant Secretary—Indian Affairs, Department of the Interior, through his delegated authority, has approved the Amended Tribal-State Compact for Regulation of Class III Gaming between the Coquille Indian Tribe and the State of Oregon which was executed on November 15, 2000.

DATES: This action is effective December 6, 2000.

FOR FURTHER INFORMATION CONTACT: George T. Skibine, Director, Office of Indian Gaming Management, Bureau of Indian Affairs, Washington, DC 20240, (202) 219–4066.

Dated: November 27, 2000.

Kevin Gover,

Assistant Secretary—Indian Affairs.

[FR Doc. 00–31026 Filed 12–5–00; 8:45 am]

BILLING CODE 4310–02–P

United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

NOV 27 2000

Honorable John Kitzhaber
Governor of Oregon
254 State Capitol
Salem, Oregon 97310

Dear Governor Kitzhaber:

On November 16, 2000, we received the Amended and Restated Tribal-State Compact for Regulation of Class III Gaming between the Coquille Tribe of Indians (Tribe) and the State of Oregon (State), dated November 15, 2000. We have completed our review of this Amendment and conclude that it does not violate the Indian Gaming Regulatory Act of 1988 (IGRA), Federal law, or our trust responsibility. Therefore, pursuant to Section 11 (d)(8)(A) of IGRA, 25 U.S.C. § 2710(d)(8)(A) and delegated authority in 209 DM 8.1, we approve the Amendment. The Amendment shall take effect when the notice of our approval, pursuant to Section 11 (d)(3)(B) of IGRA, 25 U.S.C. § 2710(d)(3)(B), is published in the FEDERAL REGISTER.

We wish the Tribe and the State continued success in their economic venture.

Sincerely,

Assistant Secretary - Indian Affairs

Enclosure

Similar Letter Sent to: Honorable Edward L. Metcalf
Tribal Chairman
Coquille Tribe of Indians
295 S. 10th
Coos Bay, Oregon 97420

AMENDED AND RESTATED
TRIBAL-STATE COMPACT FOR REGULATION OF CLASS III GAMING BETWEEN THE COQUILLE TRIBE OF INDIANS AND THE STATE OF OREGON

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AMENDED AND RESTATED TRIBAL-STATE COMPACT FOR REGULATION OF CLASS III GAMING BETWEEN THE COQUILLE TRIBE OF INDIANS AND THE STATE OF OREGON

PREAMBLE.

This amended and restated Compact is made between the State of Oregon (hereinafter "State") and the Coquille Tribe of Indians (hereinafter the "Tribe") and pertains to Class III gaming conducted on lands that are held in trust for the Tribe as part of the Tribe's Reservation, restored to federal recognition pursuant to P.L. 101-42 and 25 USC § 715-715e, and that are 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.

SECTION 1. TITLE.

THIS amended and restated Compact is entered into this ___ day of _____, 2000, by and between The Coquille Tribe of Indians, a federally recognized Tribe of Indians, and the State of Oregon. Upon execution by the parties and approval by the Secretary of the Interior, this amended and restated Compact replaces the Compact entered into between the parties on December 8, 1994, and approved by the Secretary of the Interior on February 16, 1995, and all amendments thereto.

SECTION 2. FINDINGS.

WHEREAS, the Tribe is a federally recognized Indian Tribe and is the beneficial owner of, and government for, the 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 tribal 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 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 authority over Tribal trust land that was restored to the Tribe pursuant to P.L. 101-42;

AND WHEREAS, the Secretary of the Interior has determined that the gaming location is on land described in 25 USC §2719(b)(1)(B)(iii);

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, 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 related to 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 primary 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 state regulation of Indian gaming in the State of Oregon will be funded by the Indian gaming industry;

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 I and 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 directly related 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 State recognizes the Tribe's continuing cooperation with the State in assuring the honesty, integrity and security of the gaming operation and the Tribe's commitment to an effective working relationship with the Oregon State Police;

AND WHEREAS, the State recognizes that the Tribe's gaming operation provides essential employment, substantial tax revenue, and significant commerce which directly benefit surrounding non-Indian communities;

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;

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 Exhibit:

A. "Average Daily Drop" means, in the context of Section 4(D), 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:

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

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 a security and financial history check of an applicant for a Class III Tribal gaming license, whether the applicant is a prospective employee, consultant, contractor or vendor.

C. "Certification" means the inspection process used by the State and the Tribe to approve Class III gaming equipment for use in the Gaming Facility.

D. "Class III Gaming Contract" means a contract that involves Major or Sensitive Procurements.

E. "Class III Gaming Contractor" is any individual, business or other entity that applies for or is a party to 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 no greater than ninety days in duration, or attorneys or accountants performing those functions.

G. "Controlling interest" means fifteen percent (15%) of the equity ownership of a company.

H. "Counter Game" means keno, race and sports book and off-race course mutuel wagering.

I. "Gaming Facility" means any building, structure and grounds at the location specifically described in Exhibit I to the Compact, which is hereby incorporated by reference, and

any property that is used by the Tribe in connection with Class III gaming, including any property used to store gaming equipment.

J. "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, gaming management consultants, 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.

K. "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 applicant for a Tribal gaming license.

L. "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.

M. "Major Procurement" means any procurement action or contract for goods, services or products used in the operation of Class III games, 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 in any Class III gaming;

3. Any goods, services, or products involving the determination of winners in any Class III gaming;

4. Video devices or other equipment used in Class III games that may affect the integrity, security, honesty or fairness of the operation and administration of Class III gaming; except equipment specifically included in the definition of sensitive procurement.

5. A contract or license to use a patented Class III game or game product.

6. Accounting systems or surveillance systems to be used in the Tribe's Class III gaming activities;

7. A contract 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 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 if the contract or procurement action was terminated prematurely.

N. "Mill Casino Net Income" means the net income of the Mill Casino operations, which includes Class III gaming, restaurant, bar, gift shop, bingo, pull tabs, and entertainment.

O. "Minimum Internal Controls" means the Tribal/State "Minimum Standards for Internal Controls" attached as the Appendix to this Compact, including revisions made pursuant to Section 8(A) of this Compact.

P. "Oregon State Police" or "OSP" refers to the Gaming Enforcement Division, or that administrative unit, of the Department of State Police established under Oregon Revised Statutes section 181.020, charged with gaming enforcement regulatory responsibilities, or its successor agency established by law.

Q. "Owner" means any person or entity that owns five percent (5%) or more of the equity ownership of a company, alone or in combination with another person who is a spouse, parent, child, or sibling.

R. "Primary Management Official" means any person who:

1. Has administrative or high-level management responsibility for part or all of the Class III gaming operation, whether as an employee or under a management contract;

2. Has authority --

a. to hire and fire Class III 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 Class III gaming operations.

S. "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 affect the integrity, security, honesty, and fairness of 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.

T. "Table game" means any Class III game allowed under this Compact except video lottery games, keno, off-race course mutuel wagering, and race book.

U. "Tribal Gaming Commission" or "Coquille Gaming Commission" means the entity established pursuant to tribal law with independent authority to regulate gaming activities on tribal lands.

V. Tribal Gaming Operation" means the entity, whether or not separately incorporated, 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.

W. "Tribal Gaming Code" means the code 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 subsequent amendments.

X. "Video Lottery Terminal" or "Terminal" means any electronic or other device, contrivance or machine where the game outcome decision-making portion of the overall assembly is microprocessor controlled wherein the ticket or game outcome is displayed on a video display screen, electronically controlled physical reels, or other electronic or electro-mechanical display mechanism 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. Such device shall also display both win amounts and current credits available for play to the player.

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. To the extent that elements of this Compact need to be altered to incorporate changes to the agreements between the parties, the parties shall provide such changes in accordance with Subsection 12(D) of this Compact.

B. Authorized games.

1. Subject to, and in compliance with the provisions of this Compact, the Tribe may engage in the following Class III games:

   a. Video lottery games of chance which meet the specifications set forth in the Appendix. The Oregon State Constitution prohibits video lottery terminals that dispense coins, which is reflected in the Minimum Internal Controls. Accordingly, all Video Lottery Terminals shall comply with that definition in the Minimum Internal Controls, unless and until there is a final enforceable court order requiring the state to negotiate regarding Video Lottery Terminals that dispense coins.

   b. keno,

   c. off-race course pari-mutuel wagering,

   d. blackjack,

   e. craps,

   f. roulette,

   g. pai-gow poker,

   h. Caribbean stud poker,

   i. let-it-ride,

   j. mini-baccarat,

   k. big 6 wheel.

   l. Off track pari-mutuel racing, except that no wagers may be accepted by telephone, except to accomplish off-race course mutuel wagering as permitted by state law.

Any off-track parimutuel wagering held at race courses outside the state shall be conducted in compliance with the applicable requirements of the interstate Horseracing Act of 1978, as amended 15 USC § 3001-3007.

2. Subject to, and in compliance with, the provisions of this Compact, the Tribe may engage in any other Class III game that has been approved by the Nevada Gaming Control Board. 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.

3. a. Before the Tribe offers a new game under subsection 4(B)(2), 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 the Tribal Gaming Commission and the State shall be adequately prepared to regulate and monitor the new game. The State will not unreasonably withhold its agreement. The State shall be deemed to be adequately prepared to fulfill its regulatory and monitoring roles regarding the new game 180 days from the Tribe's notice pursuant to Section 4(E)(1).

b. The Tribe and State make use of the Nevada Gaming Control Board decisions for convenience only. Nothing herein shall be interpreted as granting the Nevada Gaming Control Board jurisdiction over Tribal gaming activities in any form, whatsoever. In the event the State of Nevada changes its regulatory structure, or otherwise changes its laws to restrict the scope of permissible games, the Tribe and the State agree to substitute the Nevada Gaming Control Board with a comparable body of another state or national government, or otherwise agree to establish a comparable body at the State and/or tribal level.

The Tribe shall not offer any Class III games other than those authorized pursuant to Sections 4(B)(1) and (2) of this Compact.

4. 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 a Class II activity shall not be subject to the provisions of the Compact. The State and Tribe will enter into a memorandum of agreement regarding the manner in which gaming will be regulated if and when Class II and Class III gaming activities are intermingled.

5. No wagers may be placed or accepted over the internet or by any telecommunications system or device, except to accomplish off-race course mutuel wagering as permitted by state law.

C. Gaming Location. The Gaming Facility authorized by this Compact shall be located on the Tribe's trust land at North Bend, Oregon. The site of the Gaming Facility is specifically described in Exhibit I to this Compact. Gaming authorized under this Compact shall be conducted only in the Gaming Facility.

D. Number of Video lottery terminals.

1. The number of Class III video lottery games of chance authorized by this Compact shall not exceed 750, except as authorized pursuant to Section 4(D)(2) of this Compact. Subject to other terms of this agreement, the Tribe may determine in its discretion the location and spacing of video lottery terminals within the Gaming Facility.

2. The Tribe may request authorization for additional Class III Video Lottery Terminals as follows. When the Tribal Gaming Operation has maintained 550 or more Class III Video Lottery Terminals at an Average Daily Drop agreed on by the parties in a memorandum of understanding, for each of any three consecutive months chosen by the Tribe, the Tribe may request an increase in the authorized number of Class III Video Lottery Terminals. There shall be no increase of authorized Video Lottery Terminals prior to execution of the memorandum of understanding. The Tribes shall make the request in writing to OSP. Upon verification of the Average Daily Drop by OSP, the number of authorized Class III Video Lottery Terminals will increase to 850. Pursuant to the same procedures, the Tribe may request authorization for additional Video Lottery Terminals according to the following formula. When the Tribal Gaming Operation has maintained 700 Video Lottery Terminals at the agreed upon Average Daily Drop for each of any three consecutive months chosen by the Tribe, the number of Video Lottery Terminals authorized will increase to 1000. Once the OSP has verified the requisite Average Daily Drop provided pursuant to this subsection, the number of authorized Video Lottery Terminals shall automatically be increased as provided herein, without need to execute a Compact amendment.

3. After the Tribe is authorized to have 1000 Video Lottery Terminals, the Tribe may request negotiations regarding amending the compact to increase the number of authorized Video Lottery Terminals, pursuant to Section 12(D). In such an event, the scope of the Compact Amendment shall be limited to the Tribe's economic justification for the increase in the number of authorized Class III Video Lottery Terminals, and issues directly related to the requested increase in the number of authorized Class III Video Lottery Terminals, unless otherwise agreed by the parties. Such amendments shall not be in effect until approved by the Secretary or as otherwise provided under IGRA.

4. The Tribe may maintain Video Lottery Terminals that it is not using in on site storage at the Gaming Location, so long as the total number of Video Lottery Terminals in operation and in storage does not exceed 110% of the authorized number of Video Lottery Terminals, and so long as the site and manner of storage are consistent with Tribal Gaming Commission policies approved by the Oregon State Police. Off-site storage may occur so long as the site and manner of such storage is approved by the Oregon State Police, and the Oregon State Police are provided access to the storage site.

5. For purposes of the calculation of the authorized number of Class III Video Lottery Terminals in this subsection 4(D), a video lottery terminal providing for play by multiple players shall count as one VLT, as long as the total number of such devices does not exceed one (1) percent of the total authorized Video Lottery Terminals.

E. Addition of Authorized Games at Gaming Facility.

1. At least sixty (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 Facility 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 Facility 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 Commission, 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 Commission shall notify the Oregon State Police prior to beginning training and provide OSP an opportunity to participate.

   c. Ensure that the Gaming Facility 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, at the same time, provide to the Oregon State Police for review all of the internal controls, regulations, plans, procedures and rules required under 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 three of the games authorized under paragraph 1 of subsection B of this section;

b. Within the ninety-day period after the sixty-day period specified in subparagraph a of this paragraph, the remaining games authorized under paragraph 1 of subsection B of this section;

c. 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.

d. The Tribe may offer new games sooner if mutually agreed by OSP and the Tribal Gaming Commission. But in no event may the Tribe offer new games prior to approval of this Amended and Restated Compact by the Department of the Interior or as otherwise provided by IGRA.

3. The Tribe shall establish wager limits for all games. The maximum wager for any table game or counter game, except for race book, shall be $1,000. The maximum wagers for race shall be $5,500 for a straight bet and $500 for a parlay bet. Whenever a new table or counter game, other than race book, is introduced, the Tribe shall establish an initial wager limit of $500 per hand, play or bet. After a period of six months of operation of the new table game in full compliance with the requirements of this Compact, the Tribe may request that a maximum wager of $1,000 be authorized. If, after an increase in the wager limits, there are any significant problems with the conduct of the table games due to noncompliance with internal controls, rules of the games or with the terms of this subsection, the Oregon State Police will notify the Tribal Gaming Commission of the problems. If the Tribal Gaming Commission cannot correct the problem with 24 hours, the Tribal Gaming Commission will lower the wager limits to the previously authorized maximum wager limit.

4. The Tribe may operate a maximum of sixty (60) tables of Class III table games at the Gaming Facility.

SECTION 5. JURISDICTION.

A. In General.

1. The State shall have criminal jurisdiction over offenses committed by or against Indians and non-Indians at the Gaming Facility; the criminal laws of the State shall have the same force and effect at the Tribal gaming facility as they have on non-Tribal lands within the State. Nothing in this Compact shall be interpreted to diminish the criminal jurisdiction of the United States.

2. If the Tribe authorizes the Tribal Court to hear criminal cases arising at the Gaming Facility, 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 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, the Coquille Tribal Police Department and the Oregon State Police.

3. The Tribe and the State agree that tribal or local law enforcement officials will provide the first response for criminal or public safety issues that are not related to the operation of gaming or that occur other than in the course of the play of games. The Oregon State Police, the federal government and the Tribe shall each have authority to investigate crimes under state laws which are also assimilated into federal law that are related to the operation of gaming or that occur in the course of play of games. As between the OSP and local law enforcement officials, the OSP shall have exclusive authority to investigate violations of state criminal law related to the operations 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 at the Gaming Facility, the Tribe agrees that the State 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), law enforcement officers of the State of Oregon, or officers

designated by the State, shall have free access to all areas within the Gaming Facility and on 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. Action taken by the State pursuant to this section shall be conducted to minimize any interruption of the day-to-day operations of the Gaming Facility. The Tribe, or individuals acting on its behalf, shall provide Oregon State Police officers access to locked and secure areas of the Gaming Facility in accordance with the regulations for the operation and management of the gaming operation. Tribal Gaming Commission officials may accompany State officers during inspection of locked or secure areas of the Gaming Facility.

C. Nothing in this agreement shall be construed to affect the civil or criminal jurisdiction of the State under Public Law #83-280. The Tribe and the State agree that the criminal laws of the State 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 the Indian Gaming Regulatory Act. Nothing herein shall be interpreted to preclude a retrocession agreement with the State, as contemplated by the Coquille Restoration Act, which will supersede any conflicting provisions in this Compact.

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 an interest in protecting 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 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 and operation of the Tribal gaming enterprise, 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 gaming operation.

4. Regulation and operation of the Tribe's 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 gaming operation.

B. Procedure for Resolving Disputes Concerning Operational Decisions.

1. If the State, in good faith, believes that any 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 Tribal Gaming Commission. The written notice shall describe the factual basis for the State's concern.

2. The parties shall meet and confer within fifteen (15) days after the Tribal Gaming Commission receives the notice.

3. a. If the State's concern is not resolved informally, either party may initiate non-binding arbitration within forty-five (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 Tribal Gaming Operations, 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 prevent substantial harm from occurring. The Tribe agrees that the Tribal Gaming Commission shall act according to the State's recommendation or otherwise take mutually acceptable action to address the State's concerns, unless the Commission determines that such action would adversely affect the honesty, integrity, fairness and security of the Tribal Gaming Operation. Nothing in this subparagraph shall preclude the Tribe from invoking the dispute resolution procedures provided in this Compact after the Commission implements the State's recommendation.

b. The parties shall confer within five (5) days after the Tribal Gaming Commission receives the notice.

c. If the State's concern is not resolved informally within ten days after the Tribal Gaming Commission receives the notice, the State or the Tribe may initiate an action in the United States District Court for the District of Oregon as provided in Section 16 of this Compact.

d. An immediate threat to the honesty, integrity, fairness and security of the Tribal Gaming Operations includes but is not limited to the following examples:

(1) A felony criminal indictment or a gaming-related offense is filed against any contractor, or owner or key employee of 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 contractor, or a member of a criminal organization has become a key employee of a contractor;

(3) A malfunction of 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 gaming equipment has been impaired by loss, theft, or tampering;

(5) The physical safety or security of patrons at 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.

C. The provisions of this section shall provide the exclusive method for resolving disputes between the Tribe and the State as to the 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 employed in the Gaming Facility shall be licensed by the Tribal Gaming Commission in accordance with the provisions of this Compact.

2. All prospective employees -- whether High Security Employees, Low Security Employees or Primary Management Officials -- shall provide to the Coquille Tribal Gaming Commission any required application fees and full and complete information, on forms provided by the Coquille Tribal Gaming Commission and approved by the State, 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 or state-issued identification card;

   g. All licenses issued and disciplinary actions taken by any State agency or local, federal 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 Coquille Tribal Gaming Commission.

3. In addition to the requirements of paragraph 7(A)(2) above, prospective High Security Employees and Primary Management Officials shall provide two sets of fingerprints.

4. a. The Tribe shall forward the applicant information for each prospective High Security Employee and Primary Management Official to the Oregon State Police. The Oregon State Police may 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 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.

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 application for a license, committed a felony other than a traffic offense, whether or not conviction of such a felony 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.

(3) Knew or should have known that he associated in a direct business relationship, whether as a partner, joint venturer or employer, with any other person known to the applicant who has committed a felony other than a traffic offense, or a crime involving unlawful gambling, under the law of any federal, state, or tribal jurisdiction.

(4) Was employed by 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 or tribal jurisdiction, if the prospective employee or official was in any way an accomplice involved in or in any way aided and abetted the criminal activity.

(5) Notwithstanding anything herein to the contrary, in the absence of other violations, it shall not be automatic grounds for revocation, suspension, or denial for an Indian from a federally recognized Indian Tribe to have been charged or convicted of a felony if the case involved the following non-gambling related offenses; (1) fishing or hunting offenses; (2) cigarette, fireworks or alcohol sales offenses; or (3) cases involving the exercise of trust or treaty rights. In the absence of other violations, these Indian individuals shall not be barred solely as a result of such activities. This exemption shall not apply to offenses that are concurrent with any gaming-related activity.

b. 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 Tribal Gaming Commission or the State or its authorized agents during a background or security investigation; or

(2) The applicant misstates or falsifies a material fact to the Tribal Gaming Commission or the State during a background or security investigation.

c. The Tribal Gaming Commission may deny a gaming license to any prospective High Security Employee or Primary Management Official for any reason the Tribal Gaming Commission 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 Tribal Gaming Commission 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; or

(2) The applicant knew or should have known that he 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 Tribal Gaming Operation; or

(3) There is any aspect of the applicant's past conduct that the Tribal Gaming Commission determines would adversely affect the honesty, integrity, security or fairness of Tribal Gaming Operation.

d. After this Amended and Restated 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 subsubparagraphs (1) or (2) of subparagraph a of this paragraph. 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.

e. The Tribal Gaming Commission may reject an application if the applicant has not provided all of the information requested in the application.

f. Denial of a gaming license by the Tribal Gaming Commission is final.

g. No Primary Management Official or High Security Employee may receive a biannual gaming license by the Tribal Gaming Commission until all background checks required under paragraph 7(A)(4) of this section are completed.

6. Waiver of Disqualifying Criteria.

a. If a prospective Primary Management Official, High Security Employee or Low Security Employee is disqualified for licensing 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 Tribal Gaming Commission may give written notice to the Oregon State Police asking to meet and confer concerning waiver of the disqualification. The Tribal Gaming Commission and the State shall meet within fifteen (15) days after written notice is given.

b. In order to waive disqualification of licensing of any prospective Primary Management Official, High Security Employee or Low Security Employee, both the Tribal Gaming Commission and the Oregon State Police must agree on the waiver.

c. Waiver of disqualification of licensing 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 of a misstatement or omission made in the application.

7. Background investigation during employment. The Tribal Gaming Commission or the State may conduct additional background investigations of any Class III gaming employee at any time during the term of employment. If, after investigation, the State Police determine there is cause for the revocation of the license of any employee under the criteria established in this subsection 7(A), it shall promptly so report to the Tribal Gaming Commission and furnish the Tribal Gaming Commission with copies of all relevant information pertaining to such determination. The Tribal Gaming Commission shall review the State's report and supporting materials and if the report concludes that good cause for revocation is shown under the criteria established in this subsection 7(A), the license shall be revoked.

8. Temporary licensing of employees.

   a. The Tribal Gaming Commission may issue a temporary license to High Security Employees, Primary Management Officials or Consultants, ten working days after submission of the application to the Oregon State Police, or upon completion of a review of the employee's application, 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 review and checks. The temporary license shall expire and become void upon completion of the background check and submission of the results to the Tribal Gaming Commission. If the employee does not qualify for a biannual license, the Tribal Gaming Commission shall immediately revoke the temporary license and deny a biannual license.

   b. The Tribal Gaming Commission may issue a temporary license to a Low Security Employee 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 review and checks. Any Low Security Employee shall be subject to immediate termination 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 Tribal Gaming Commission by mail, the material is deemed to be submitted three days after the date of mailing.

9. Duration of license and renewal. Any 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 7(A)(2) to 7(A)(5) above. Applicants for renewal shall provide updated information to the Tribal Gaming Commission on a form provided by the Tribal Gaming Commission and approved by the State but will not be required to resubmit historical data already provided. The State may perform a new background investigation for any employee whose license is renewed.

10. Revocation of license. The Tribal Gaming Commission may revoke the license of any employee pursuant to policies determined by the Tribal Gaming Commission. 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.

11. The Gaming Operation shall maintain a procedural manual for employees that includes rules and regulations of conduct and disciplinary standards for breach of procedures.

12. 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 related to the fairness, integrity, security or honesty of the gaming operation, or termination of an employee, and any suspension or revocation of an employee's gaming license.

B. Contracts with Manufacturers and Suppliers.

1. Major Procurements.

a. The Tribe agrees not to execute or consummate any contract for a Major Procurement unless it is in writing. The Tribe also agrees not to consummate any contract until a background investigation has been completed by the Oregon State Police on the proposed Class III Gaming Contractor.

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 Tribal

Gaming Commission and the Oregon State Police under paragraph 4 of this subsection, without written notice to and consent by the Tribe.

d. If the Tribal Gaming Commission 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 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 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 Procurements.

a. After a proposed Class III Gaming Contractor has made full disclosure of all information requested by the Tribal Gaming Commission and the Oregon State Police under paragraph 4 of this subsection, and paid any necessary investigation fee required by the Oregon State Police, the Tribe may execute 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.

b. The Tribal Gaming Commission shall submit a proposed contract for a Sensitive Procurement, or if there is no written contract, a letter of intent to do business with the proposed Class III Gaming Contractor, or a confirming memorandum from the Tribal Gaming Commission representing that an oral contract is proposed, 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 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 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 Procurements, 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 Tribal

Gaming Commission 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 the Tribe shall terminate a contract for a Sensitive Procurement immediately, 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 Tribal Gaming Commission 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 Tribal Gaming Commission or their authorized agents during initial or subsequent background or security investigations as determined by the Tribal Gaming Commission 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 Tribal Gaming Commission or the Oregon State Police determines would adversely affect the integrity, security, honesty or fairness of the Gaming Facility;

(8) If 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 a tribe without a tribal-state Class III gaming compact, such Contractor shall not be disqualified per se, but shall be subject to strict scrutiny wherein the Contractor shall have the burden of establishing why such history should not disqualify the Contractor from the privilege of doing business with the Tribe. The final determination to approve the contractor shall be by mutual agreement of the Oregon State Police and the Tribal Gaming Commission.

(9) A prospective Class III Gaming Contractor fails to provide any information requested by the Tribal Gaming Commission or the Oregon State Police for the purpose of making any determination required by this subsection 7(B)

b. The Tribal Gaming Commission may choose not to approve any Class III Gaming Contract for any reason the Commission deems sufficient, consistent with the Tribal Gaming Code.

c. Other criteria the Tribal Gaming Commission may use to decide not to approve any Class III Contract include, but are not limited to, the Tribal Gaming Commission'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 proposed Class III Gaming Contract. In determining whether financing is adequate, the Tribal Gaming Commission 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.

d. 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 or tribal lottery, gambling or gaming control agency, or the National Indian Gaming Commission, and such ownership, manufacture, possession, operation, or income is disclosed to and approved by the Tribal Gaming Commission and the Oregon State Police.

e. 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 has been 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 Tribal Gaming Commission 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 Class III Gaming Contractor shall bear the burden of showing to the satisfaction of the Tribal Gaming Commission and the Oregon State Police that a relationship has been severed.

7. Rescission or Termination of Class III Gaming Contracts.

   a. The Tribal Gaming Commission may require the Gaming Operation to rescind or terminate any Class III Gaming Contract pursuant to policies and procedures determined by the Tribal Gaming Commission consistent with the Tribal Gaming Code.

   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. After the effective date of this Compact, such 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.

8. Contractor Reporting Requirements.

   a. All Class III Gaming Contractors shall submit to the Tribal Gaming Commission and the Oregon State Police any financial and operating data requested by the Tribal Gaming Commission or the Oregon State Police.

   b. The Tribal Gaming Commission shall specify the frequency and a uniform format for the submission of such data on a case by case basis.

   c. The Tribal Gaming Commission, the Oregon State Police, or their agents reserve the right to examine Class III Gaming Contractor tax reports and filings and all records from which such tax reports and fillings are compiled.

   d. All Class III Gaming Contractors shall notify both the Tribal Gaming Commission and the Oregon State Police of the transfer of a Controlling Interest in the ownership of the Class III Gaming Contractor.

9. Termination of Contract.

   a. No Class III Gaming Contract shall have a term longer than seven (7) years, other than contracts for traditional financing of capital.

   b. A Class III Gaming Contract shall terminate 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;

      (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. However, the Tribe may maintain the contract if the Class III Gaming Contractor has severed its relationship with the convicted or liable person or employee. Before the Tribe may maintain a Class III Gaming Contract under this subparagraph, the Oregon State Police and the Tribal Gaming Commission 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 Tribal Gaming Commission and the Oregon State Police that a relationship has been severed is on the Class III Gaming Contractor;

(4) The Class III Gaming Contractor jeopardizes the integrity, security, honesty, or fairness of the Gaming Facility; or

c. The Tribal Gaming Commission shall immediately require the Tribe to terminate a Class III Gaming Contract if the Tribal Gaming Commission determines satisfactory performance of the Class III Gaming Contract is substantially endangered or can reasonably anticipate such occurrence or default.

C. Fees for Background Investigations.

1. The State shall be reimbursed its reasonable and necessary costs for performing background investigations in accordance with the terms of Section 10 of this Compact.

2. The State will assess the cost of background investigations for Class III Gaming Contract applications to the applicants. The applicant is required to pay the investigation fee in full prior to commencement of the investigation. If the applicant refuses to prepay the cost of a background investigation, the State shall notify the Tribal Gaming Commission and the Tribal Gaming Commission may choose to pay the investigation cost or withdraw its request for the investigation.

D. Access to Contracts.

1. If the Primary Management Official is a corporation or other form of organization, the Primary Management Official shall provide the State 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 the Primary Management Official is a corporation or other form of organization, the Primary Management Official shall furnish to 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. In order to assure the honesty, integrity, fairness and security of the Tribe's Class III gaming activities, the Tribal Gaming Commission agrees to make available for inspection to the Oregon State Police, upon request, a list of all non-gaming contractors, suppliers and vendors doing business with the Gaming Facility and to give the Oregon State Police access to copies of all gaming contracts, provided however, that the Oregon State Police shall make a written request for such information.

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 with the "Minimum Internal Control Standards" attached as the Appendix; federal regulations applicable to Class III gaming, and with the Tribal Gaming Code. The Tribe shall be deemed to be in compliance with NIGC regulations for purposes of this Compact provision so long as its conduct is consistent with NIGC's application or interpretation of the regulations. The Tribe and the State agree that the Minimum Internal Control Standards may be modified or supplemented by mutual agreement of the Tribal Gaming Commission and the Oregon State Police. Subsequent amendment of this Compact shall not be necessary for that purpose. If the Oregon State Police notifies the Tribal Gaming Commission of a violation of the Minimum Internal Control Standards, the Tribal Gaming Commission will take corrective measures immediately upon such notice. Thereafter, the Tribal Gaming Commission shall meet with the Oregon State Police to discuss and identify specific measures that were and/or will be taken to bring the conduct of Class III gaming back into compliance with the Minimum Internal Control Standards within 48 hours (or such period as mutually agreed by the parties) of the notification of the violation. Failure of the Tribal Gaming Commission to bring the Class III gaming operation into compliance with the Minimum Internal Control Standards as set forth in this paragraph shall constitute a violation of the Compact.

B. Identification badges. The Tribal Gaming Commission shall require all employees to wear, in plain view, identification badges issued by the Tribal Gaming Commission that include photo and name. Employees assigned to covert compliance duties shall only be required to have on their person an identification badge. Oregon State Police employees shall be required to wear identification badges issued by Oregon State Police that include photo and name, or "VISITOR" badges issued by the Tribal Gaming Commission while in secured areas of the facility. OSP employees shall not be required to wear identification badges while in unsecured areas of the facility, but while on duty shall be required to carry badges on their persons at all times.

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. Cashing checks for purposes of Class III gaming constitutes extending credit under this subsection. 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. This section shall not restrict the right of the Tribe or any other person to 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. 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. Prohibition of firearms. With the exception of federal, state, local or Tribal law enforcement agents or officers on official business, no person shall possess firearms within the Gaming Facility.

F. Service of Alcohol. No alcohol shall be served in the Gaming Facility unless authorized by the Tribe as permitted by federal law. Nothing in this subsection shall permit the State to impose taxes on the sale of alcoholic beverages by the Tribe. If alcohol is served in the Gaming Facility, no alcoholic beverages may be served free or at a reduced price to any patron of the Gaming Facility as an inducement to participate in any gaming. In the event that the Tribe does not authorize service of alcohol on the gaming floor, the Tribe may locate up to five (5) of its total authorized Video Lottery Terminals in the Gaming Facility lounge. The Tribe and the State shall enter into a Memorandum of Understanding that will establish which State laws and Oregon Liquor Control Commission licensing regulations shall apply to the sale or service of alcoholic beverages at the Gaming Facility.

G. Liability for damage to persons and property. During the term of this Compact, the Tribe shall maintain public liability insurance 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, provided that the Tribe shall not be liable for any claim or cause of action for injury or damages caused

by the errors or omissions of the State, OSP, or their divisions, officers and employees. 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 agrees to maintain a Tribal Gaming Commission, which has the exclusive authority to regulate gaming activities on Tribal lands, and that has adequate resources to perform its duties under Tribal law and this Compact. The Commission or individuals designated to perform Commission duties shall not participate in any way in the management of the Gaming Facility. Commission members may be removed only for cause by the Tribal Council. Commission members must satisfy the security requirements that are applicable to High Security Employees and Primary Management Officials outlined in Section 7(A)(5) of this Compact.

2. The Tribal Gaming Commission shall have primary responsibility for the on-site regulation, control and security of the gaming operation authorized by this Compact, and for the enforcement of this Compact on Tribal Lands. The Tribal Gaming Commission's role shall include the following functions:

   a. 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;

   b. Ensure the physical safety of patrons in, and of personnel employed by, the establishment;

   c. Safeguard the assets transported to and from and within the gaming facility;

   d. Protect patrons and property from illegal activity;

   e. Detain persons suspected of crimes for the purpose of notifying law enforcement authorities;

   f. Record any and all unusual occurrences within the gaming facility on computer printouts or 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:

(1) The assigned sequential number of the incident;

(2) The date;

(3) The time;

(4) The nature of the incident;

(5) The person involved in the incident; and

(6) The security employee assigned;

g. Maintain logs relating to surveillance, security, cashier's cage, credit, video lottery terminals (showing when machines opened), and video lottery terminal location;

h. 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;

i. Obtain an annual audit by a Certified Public Accountant;

j. Ensure that a closed circuit television system is maintained in the cash room of the gaming facility and that copies of the floor plan and TV system are provided to the State;

k. Ensure that a cashier's cage is maintained in accordance with industry standards for security;

l. Ensure that sufficient security personnel are employed and trained;

m. Subject to State review and comment, establish a method for resolving disputes with players; and

n. Ensure that surveillance equipment and personnel are managed and controlled independently of management of the gaming facility.

3. Tribal Gaming Inspections.

a. Persons authorized by the Tribal Gaming Commission 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 Gaming Code and

regulations governing gaming. Any violations of the provisions of this Compact, or of the Tribal Gaming Code or regulations 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 by the persons authorized. The Tribal Gaming Commission shall report to the State within seventy-two (72) hours of the time the violation was noted by the Commission any violations of the provisions of this Compact, or of the Tribal Gaming Code or regulations by the Tribal Gaming Operation, a gaming employee, or any person on the premises whether or not associated with the Tribal Gaming Operation.

b. The Tribal Gaming Commission may designate any individual or individuals to perform the inspection duties outlined in this subsection 9(A)(3), so long as those individuals perform those duties independently of the management of the Tribal Gaming Operation, and are supervised and evaluated by the Commission as to the performance of those duties.

c. Inspections by the Tribal Gaming Commission shall include monitoring compliance with the requirements of applicable law, this Compact, regulations, internal controls, and policies and procedures, including but not limited to:

(1) Observation for compliance on a monthly basis, or more frequently, as determined by the Tribal Gaming Commission, the following:

(a) Sensitive gaming inventories;

(b) Video Lottery Terminal 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) Investigation of any potential violations of the provisions of this Compact, and applicable regulations, internal controls, policies and procedures.

(3) Investigation of any cash variance greater than $500 or that the Tribal Gaming Commission determines is a threat to the integrity of the gaming operation followed by a report of the findings to the Tribal Gaming Commission and the Oregon State Police.

(4) Review of all customer disputes reported and investigation of disputes over $100.

(5) Reporting to the Oregon State Police any criminal or regulatory issues that may affect the fairness, integrity, security and honesty of the gaming operation.

4. Investigations and Sanctions. The Tribal Gaming Commission shall investigate any reported violation of the Compact provisions and shall require the Tribal 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 the Tribal Gaming Code to impose fines and other sanctions within the jurisdiction of the Tribe against the gaming operation, a gaming employee, or any other person directly or indirectly involved in, or benefiting from, the gaming operation.

5. Reporting to State. The Tribal Gaming Commission shall allow the OSP to inspect completed investigation reports and final dispositions upon reasonable notice. The State acknowledges that access to the information is provided with the understanding that the information is confidential and is being provided with the expectation that the information will not be subject to public disclosure. 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 Gaming Code and regulations or applicable laws of the State.

B. State Enforcement of Compact Provisions.

1. Monitoring. The State 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 State 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 Commission. The State must, however, whenever practicable, give prior notice to the Tribal Gaming Commission unless, in judgment of the Oregon State Police, to do so would impair or jeopardize the integrity of the investigation. 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 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 State's regular monitoring functions, the Tribe agrees that the State may conduct the following activities, the cost of which shall also be assessed to the Tribe as provided in Section 10:

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, a review in the following areas: administrative controls (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, Class III 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;

2. 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, including all Class III gaming-related contracts, 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.

3. Investigation Reports. After completion of any inspection or investigation report, the State shall provide a copy of the report to the Tribal Gaming Commission.

SECTION 10. TRIBAL PAYMENT OF COSTS FOR OVERSIGHT; CONTRIBUTION FOR PUBLIC BENEFIT.

A. Assessment for State Regulatory and Law Enforcement Costs

1. The Tribe agrees that it has the responsibility to pay for its fair share of costs for the monitoring, law enforcement, annual compliance review and vendor and employee license background investigations authorized pursuant to this Compact. The Tribe agrees to pay its fair share of the Oregon State Police costs pursuant to the formula set forth in this Section.

2. To give the Oregon Gaming Tribes an opportunity for review and comment, the Oregon State Police shall distribute 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 Tribe 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 twenty four (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 sum 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:

$$\frac{\text{No. of direct Service Hours billed to Coquille Tribal Gaming Operations}}{\text{Total No. of Direct Service Hours Billed to All Oregon Tribal Gaming Operations.}} \times \text{Adjusted OSP Monthly Payment} = \text{Tribe's Share of OSP Monthly Payment}$$

   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 the 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. 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.

B. If the Tribal Gaming Commission disputes the amount of the assessment under this Section, the Tribal Gaming Commission 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. If the parties have not resolved the dispute within fifteen (15) days, the Tribal Gaming Commission 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 authorization by both the Tribal Gaming Commission 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 6(B)(3) and (4) of this Compact.

If the Tribal Gaming Commission fails to timely pay the disputed amount into escrow or timely pay the undisputed amount, 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.

C. Creation and Maintenance of Community Benefit Fund.

1. Joint Recognitions.

a. The Tribe and the State recognize that there are positive impacts and may be negative impacts or the perception of some negative impacts to the local community as a result of the presence of large employers such as the Tribe's gaming operation, some of which may be difficult or impossible to quantify.

b. The Tribe and the State recognize that a formal process for collaborative decision-making regarding contributions to charitable causes fosters the goals of both governments to improve the general welfare of the community and is a way to ameliorate any negative impacts from the Tribal Gaming Operation.

c. The Tribes and the State recognize that a formal community benefit fund allows specific benefits from this Compact to be identified by the community at large as stemming from the gaming operations conducted pursuant to this Compact.

2. Establishment of Fund. The Tribe agrees to establish a Fund within ninety (90) days of engaging in any of the games listed in Section 4(B)(1)(e)-(k) or 4(B)(2) ("new games"). The Tribe anticipates beginning to engage in the new games in the calendar year 2003. However, in the event the Tribe engages in any of the "new games" in the calendar year 2000, the fund contribution for that year shall be $60,000. In the event the Tribe engages in any of those games in the calendar year 2001, the fund contribution for that year shall be $90,000. In the event the Tribe engages in any of those games in the calendar year 2002, the fund contribution for that year shall be $120,000. Otherwise, and thereafter, the fund contribution shall be calculated as provided in Section 10(C)(5). Beginning in the first calendar quarter after the Tribe implements any of the new games described in subsection 4(B) of this Compact, the Tribe will contribute to the Fund, from the Mill Casino Net Income, an amount calculated as provided in paragraph 5 below. The Tribe, in its discretion, may choose to make its contributions quarterly or annually. The Tribe shall name the Fund.

3. Fund Administration.

   a. The assets of the Fund shall be expended for the benefit of the public within Coos, Curry, Douglas, Jackson and Lane Counties. Grants from the Fund may be made to charitable organizations in the above counties, to the Tribe, or to local government bodies within the county within whose boundaries the Coquille Tribal Reservation is located (Coos County) for any of the following purposes: education; health; public safety; gambling addiction prevention, education and treatment; the arts; the environment, cultural activities; historic preservation and such other charitable purposes as may be provided in the by-laws of the Fund.

   b. The Fund will be administered by a board of seven trustees. Each trustee shall have an equal vote on actions of the board.

   c. The trustees of the Fund shall establish by-laws governing the conduct and discharge of their responsibilities not inconsistent with the terms of this subsection.

   d. The Tribe shall submit proposals for grants from the Fund to the trustees, who shall make the final determination of the proposals to be funded in accordance with the by-laws. Grants shall be made on the basis of merit. The trustees may reserve a portion of the Fund in a single year to fund a multi-year grant or grants.

4. Qualifications, Term and Selection of Trustees.

   a. The membership of the board of trustees shall be:

      (1) One member of the Coquille Tribal Council of the Coquille Tribe of Indians, appointed by the Tribal Council;

(2) One representative of the Coquille Economic Development Corporation Board of Directors ("CEDCO"), appointed by the Tribal Council;

(3) Four members from the public at large, appointed by the Tribal Council after consultation with the Governor, from a list of candidates submitted by the community or tribe to the council. Two of these four must be non-tribal members.

(4) One member of the public at large, appointed by the Governor of the State after consultation with the Tribe.

b. Except for the initial board, trustees shall serve two-year terms and may be removed before the end of their terms by the appointing authority at any time for any reason. The initial board shall serve as follows: the Tribal Council member, CEDCO board member and the Governor's appointee shall serve for two years; the remaining members of the initial board shall serve for one year. Trustees may be reappointed. Vacancies on the board of trustees shall be filled within thirty days by the appropriate appointing authority. Any trustee whose term has expired shall continue to serve until a successor has been appointed.

5. Calculation of Fund Contribution. The Tribe's annual contribution to the Fund shall be based upon the Mill Casino Net Income as shown in the audited financial statement of the Gaming Facility for the calendar year ending before the contribution is made. The contribution shall be calculated as follows:

a. Deduct from the Mill Casino Net Income before tribal taxes, and excluding any payment for Oregon State Police assessments, for the prior calendar year, the amount paid by the Tribe for Oregon State Police Part A assessments for the State's fiscal year ending the preceding June 30.

b. Multiply the result in subparagraph a. of this paragraph by six per cent (6%). The product shall be the Tribe's base community benefit contribution.

c. Deduct from the base community benefit contribution the amount paid by the Tribe for Oregon State Police Part B assessments for the State's fiscal year ending the preceding June 30. An amount equal to the difference is the amount of the annual contribution to the Fund.

6. For purposes of this subsection:

a. Oregon State Police assessment Part A includes the amount paid by the Tribe to OSP for all employee background investigations, all criminal and regulatory investigations, and any consulting or gaming related services requested by the

Tribe that are not required by this Compact or by a Memorandum of Understanding under this Compact.

b. Oregon State Police assessment Part B includes the amount paid by the Tribe to OSP for routine monitoring activities and all comprehensive compact compliance reviews.

7. For purposes of determining Mill Casino Net Income, the Tribal Gaming Operation shall obtain an unqualified audit opinion from an independent public accounting firm that the financial statement fairly reflects the Mill Casino's financial position and the Mill Casino Net Income. For purposes of determining the Mill Casino's financial position, "Mill Casino" includes the Class III Gaming Operation, bingo, pull tabs, restaurant, bar, gift shop and entertainment. The firm must have recent casino experience with at least one other casino, at least one client with revenues in excess of $50,000,000, and must have received an unqualified report on its most recent peer review. The determination of the Mill Casino's financial position and the Mill Casino Net Income is subject to review by the State at its own expense. For purposes of this paragraph 10(C)(7), the State may act through the Oregon State Police or through an official designated as provided in Section 14 of this Compact. In the event the Tribal Gaming Operation has a qualified audit opinion, the State and the Tribal Gaming Commission shall confer on the materiality of the qualification.

8. Termination or Modification of Fund Contributions. The Tribe's contributions to the community benefit fund established as described in subsection C of this section may be discontinued if the Oregon Constitution is amended to remove the prohibition of casinos in the State. The Tribe and the State agree that if the Tribe is prohibited for any reason from offering blackjack or any of the Class III games listed in paragraphs 1 or 2 of subsection B of Section 7 of this Compact, the parties shall enter into negotiations to establish how the community benefit fund contribution provided for in this subsection shall be adjusted to reflect the impact of the discontinuation of those games on the Mill Casino Net Income.

9. Annual Fund Report. The Tribe shall provide a report to the Governor and the Oregon State Police detailing the amount contributed to the Fund for the calendar year, the grantees of the Fund and amounts of the grants. The Tribe shall provide the report within ninety (90) days of the end of the calendar year.

   The State may at its discretion and expense perform an audit of the calculation of the contribution to the Fund.

SECTION 11. APPLICATION OF STATE REGULATORY STANDARDS.

A. Health, Safety and Environmental Standards.

1. The Tribe agrees to adopt, and the Tribal Gaming Commission shall enforce, ordinances and regulations governing health, safety and environmental standards applicable to the Gaming Facility that are at least as rigorous as comparable standards imposed by the laws and regulations of the State. The Tribe agrees to cooperate with any State or local agency generally responsible for enforcement of such health, safety and environmental 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 regulatory jurisdiction to assure that health, safety and environmental 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 Gaming Facility would preempt such State standards, then such federal standards shall govern. Nothing herein shall be construed as precluding the Tribe from seeking "Treatment as a State" status under federal environmental laws.

2. Upon request by the State, the Tribal Gaming Commission 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 Tribal Gaming Commission can demonstrate that it has satisfied this section by providing a certificate or other evidence of compliance from the appropriate state, local or tribal official responsible for enforcement of comparable state standards.

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. After the State has notified the Tribal Gaming Commission, the State may have state or local inspectors verify compliance with this subsection. 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 such 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 shall maintain access from its Gaming Facility onto the public road known as Highway 101 that is adequate to meet standards of the Oregon Department of Transportation or shall enter into agreements with the Oregon Department of Transportation for the maintenance of such access by the State, including provisions for compensation by the Tribe for some portion of the costs incurred by the State in constructing such improvements to the public highway, including traffic control signals, as may be necessary.

C. 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 the management of the Gaming Facility 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.

SECTION 12. EFFECTIVE DATE; TERMINATION; AMENDMENTS.

A. Effective Date. This amended and restated 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, whether for profit or not for profit;

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 sixty (60) days after written notice following the conclusion of the dispute resolution process.

C. Automatic Amendment.

1. If a type of Class III game authorized under Section 4 of this Compact is criminally prohibited by an amendment to 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, 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.

3. If a type of Class III game authorized is prohibited as provided in paragraphs 1 or 2 of this subsection, 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.

D. Amendments.

1. This Compact may be amended if one of the following conditions occur:

a. The State becomes a party to another Tribal-State Compact that authorizes a tribe other than the Coquille Tribe of Indians 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 date this amended and restated Compact is approved by the Secretary of the Interior.

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.

d. The Tribe notifies the State that it has entered into an agreement with another Indian Tribe for joint operation, management or interest in the Gaming Facility or the gaming activities under this Compact.

2. Paragraph 12(D)(1)above does not authorize the Tribe to renegotiate the terms of this Compact applicable to forms of gaming authorized by Section 4 of this Compact, except to the extent that the State voluntarily consents to such renegotiation or as is otherwise provided for in 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.

4. No amendment per this section 12(D) shall be in effect prior to approval of the Department of the Interior or as otherwise deemed approved under IGRA.

SECTION 13. DISCLAIMERS AND WAIVERS.

A. Gaming at Another Location or Facility. For a period of five (5) years, 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, unless another Tribe that is operating a gaming facility in this State as of December 31, 1997, signs a Compact that authorizes that Tribe to operate more than one gaming facility simultaneously, or is otherwise authorized to operate more than one gaming facility simultaneously, or unless a physical calamity occurs that makes operation at the existing location unfeasible.

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 the Indian Gaming Regulatory Act 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. Except as provided in Section 9(A)(1), 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. 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.

G. 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, but only after the Tribe has provided thirty (30) days written notice of its intent to offer a game under this provision. Nothing herein shall be interpreted to prevent the State from objecting to the form of gaming pursuant to the dispute resolution provisions of this 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
400 Public Service Building
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

Chair of the Coquille
Tribal Gaming Commission
P.O. Box 1525
Coos Bay, OR 97420

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: 14 November, 2000

COQUILLE TRIBE OF INDIANS

Edward L. Metcalf, Tribal Chair

Date: 10/30/00, 2000

APPROVED FOR LEGAL SUFFICIENCY:

Stephanie L. Striffler
Special Counsel to the Attorney General

Date: 11/15/00, 2000

APPROVED BY THE ASSISTANT SECRETARY – INDIAN AFFAIRS

By: KEVIN GOVER

Date: NOV 27 2000, 2000

EXHIBIT I

DESCRIPTION OF PERMANENT GAMING LOCATION

Beginning at a point on the Easterly boundary of the Southern Pacific Railroad right-of-way, from which the City monument located at the intersection of the centerline of Sherman Avenue and the South line of Ohio Avenue, said monument being the initial point of Coos Bay Plat "B" (amended), North Bend, Oregon, bears North 55 degrees 55'11" West 1557.24 feet, more or less; thence North 17 degrees 43'30" East 110.42 feet to a 3-inch galvanized iron pipe fence corner; thence South 83 degrees 04'37" East 73.85 feet (formerly South 83 degrees 08'40" East) along the existing cyclone fence to a 3-inch galvanized iron pipe fence corner; thence North 09 degrees 35'53" East 172.13 feet (formerly North 09 degrees 31'50" East) along the existing cyclone fence to a 3-inch galvanized iron pipe fence corner; thence North 25 degrees 49'09" East 15.75 feet (formerly North 25 degrees 45'06" East) to a steel I-beam guard post; thence North 41 degrees 26'29" East 59.00 feet (formerly North 41 degrees 22'26" East) to a steel I-beam piping support post; thence South 80 degrees 18'00" East 111.42 feet along a line parallel to the North line of vacated Lombard Street; thence North 09 degrees 42'00" East 14.53 feet; thence South 80 degrees 18'00" East 194.58 feet, more or less, to the United States Harbor line; thence South 02 degrees 41'46" West 14.81 feet along said U.S. Harbor line; thence continuing along said U.S. Harbor line South 12 degrees 11'14" West 1427.66 feet, more or less, to the intersection of said U.S. Harbor line and an Easterly projection of the North line of Newmark Street; thence North 80 degrees 18'00" West 115.63 feet along said projected line of Newmark Street to the Southeast corner of Lot 9, Block 6, Coos Bay Plat "B", North Bend, Oregon; thence North 80 degrees 18'00" West 50.00 feet along the South line of said Lot 9, Block 6; thence North 09 degrees 42'00" East 99.82 feet to the North line of Lot 6, Block 6; thence North 80 degrees 15'43" West 190.00 feet to the East line of Tremont Street (also being the Easterly line of the Southern Pacific Railroad right-of-way), said point also being the Northwest corner of Lot 6, Block 19, Coos Bay Plat "B", North Bend, Oregon; thence North 09 degrees 42'00" East 861.46 feet along said Eastern boundary of Tremont Street (also being the Easterly line of the Southern Pacific Railroad right-of-way); thence leaving said Eastern line of Tremont Street, and continuing along said Easterly line of the Southern Pacific Railroad right-of-way 115.77 feet along a 739.72 foot radius curve left through a central angle of 08 degrees 58'02" (the long chord of which bears North 02 degrees 29'46" East 115.65 feet) to the point of beginning.

Said above described tract of land contains 11.88 acres, more or less.

DESCRIPTION OF PERMANENT GAMING FACILITY

The Gaming Facility is a building of approximately 340,000 square feet, consisting of more than one development phase.