United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

FEB 14 2003

Honorable Albert Teeman
Chairman, Burns-Paiute Tribe
100 Pasigo Street
Burns, Oregon 97720

Dear Chairman Teeman:

On January 3, 2003, we received the Amended and Restated Tribal-State Compact for Regulation of Class III gaming between the Burns-Paiute Tribe (Tribe) and the State of Oregon (State). We have completed our review of this Compact and conclude that it does not violate the Indian Gaming Regulatory Act of 1988 (IGRA), Federal law, or our trust responsibility. Therefore, pursuant to my delegated authority and Section 11 of IGRA, we approve the Compact. The Compact 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,

/sgd/ James McDivitt

Acting Assistant Secretary - Indian Affairs

Enclosure

Similar Letter Sent to: Honorable John A. Kitzhaber
Governor of Oregon
State Capitol
Salem, Oregon 97310

cc: Northwest Regional Director w/copy of approved Compact
National Indian Gaming Commission w/copy of approved Compact
Oregon United States Attorney w/copy of approved Compact

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

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

PREAMBLE.

This Compact is made between the State of Oregon (hereinafter "State") and the Burns-Paiute Tribe (hereinafter the "Tribe") and pertains to Class III gaming to be conducted on lands that are held in trust for the Tribe 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 and reflect the fact that the lands that are the subject of this Compact are subject to IGRA.

SECTION 1. TITLE.

This Compact is entered into this ____ day of _____, 2002, by and between The Burns-Paiute Tribe, a federally recognized Tribe of Indians, and the State of Oregon. Upon execution by the parties and by the Secretary of the Interior, this Amended and Restated Compact replaces the Compact entered into by the parties on December 19, 1996, and approved by the Secretary of the Interior on February 12, 1997, and Amendments I-VII thereto.

SECTION 2. FINDINGS.

WHEREAS, the Tribe is a federally recognized Indian Tribe, and is the beneficial owner of, and local 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 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 within the Burns-Paiute Tribe Indian Reservation, (hereafter referred to as "Indian Lands");

AND WHEREAS, the Tribe has represented that the gaming location is on land held in trust by the United States for the Tribe since 1972.

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

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

AND WHEREAS, IGRA provides for a system of joint regulation by Indian Tribes and the Federal government (to the exclusion of the State) of Class 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 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, the Tribe and the State agree that the State functions of monitoring and oversight of tribal gaming operations will be fully funded by the Oregon gaming tribes;

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 State and the Tribe recognize that all representatives of both sovereign governments deserve to be treated with respect;

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

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

AND WHEREAS, the Tribe is authorized to act through Resolutions adopted by their 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 Exhibits:

A. "Average Daily Drop" means the difference between total wagers made, minus the total prizes paid on Class III VLTs in a day, with that difference divided by the number of Class III VLTs on the gaming floor on that day:

$$\frac{\text{Total wagers} - \text{total prizes paid}}{\text{VLTs}}$$

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

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

B. "Background investigation" means the examination of the background of an employee, licensee or applicant whether the applicant is a prospective employee, consultant or vendor, and may include but is not necessarily limited to, an examination of the applicant's character, and criminal and financial history.

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

D. "Class III Gaming Contractor" is any individual, business or other entity that proposes to consummate, or in fact consummates a Class III Gaming Contract.

E. "Consultant" means any person, other than an employee, who provides advice or expertise to the Tribal Gaming Operation concerning the operation or management 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 one month in duration.

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

G. "Counter Game" means keno and off-track pari-mutuel wagering.

H. "Display" means the visual presentation of video lottery game features shown on the screen of a video lottery terminal.

I. "Gaming Facility" means the casino building and outbuildings constructed on the Old Camp site, including any property used to store Class III gaming equipment, that is located within the Tribe's Reservation at Burns, Oregon, and specifically described in Exhibit I to this Compact. If the size of the Gaming Facility is expanded as otherwise provided in this Compact, the term "Gaming Facility" shall thereafter refer to the expanded facility.

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: Tribal Gaming Operation 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, Consultants, Video Lottery Terminal technicians, junket representatives; and any other person whose employment duties require or authorize uncontrolled access to areas of the Gaming Facility related to Class III gaming and which are not otherwise open to the public. The Tribal Gaming Commission or its inspectors shall not be considered "High Security Employees."

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 an applicant for a Class III 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 the following products, systems or services used in, or affecting the fairness, integrity, security, or honesty of Class III gaming, including but not limited to:

1. The printing of tickets;

2. Any goods or services involving the receiving or recording of number selections or bets;

3. Any goods, services, or products used to determine winners; or

4. Video devices or other equipment, except equipment specifically included in the definition of Sensitive Procurement;

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

6. Accounting systems or surveillance systems;

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. "Management Contract" means any contract, subcontract, or collateral agreement between the Tribe and a contractor or between a contractor and a subcontractor if such contract or agreement provides for the management of all or part of a gaming operation.

O. "Minimum Internal Control Standards" or "MICS" means the Tribal/State "Minimum Standards for Internal Controls" attached as the Appendix to this Compact, including revisions that may be agreed upon by the Tribal Gaming Commission and the Oregon State Police from time to time.

P. "New Class III Games" means those Class III gaming activities authorized in Section 4(B)(2) of this Compact.

Q. "Oregon State Police" or "OSP" refers to the Tribal Gaming Section within the Gaming Enforcement Division, or that administrative unit charged with gaming

enforcement regulatory responsibilities, of the Department of State Police established under Oregon Revised Statutes section 181.020, or its successor agency established by law.

R. "Owner" means any person or entity that owns 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.

S. "Primary Management Official" means any person, whether employed by the Tribe or the Tribal Gaming Operation, who:

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

2. Has authority --

a. to hire and fire supervisory employees of the Tribal Gaming Operation; or

b. to set or otherwise establish working policy for the Tribal Gaming Operation; or

3. Is the chief financial officer or other person who has financial management responsibility for Class III gaming operations.

T. "Sensitive Procurement" means any procurement action or contract that is not a "Major Procurement," for Class III gaming equipment (examples of Major Procurements include 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.

U. "Table Game" means any Class III game allowed under this Compact except video lottery games, keno, and off-track pari-mutuel wagering.

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 Ordinance" means the ordinance adopted by the Tribe and approved by the National Indian Gaming Commission to govern the conduct of Class III gaming, as well as non-Class III gaming activities, as required by IGRA. Any reference to the Tribal Gaming Ordinance shall also refer to any subsequent amendments to the ordinance.

X. "Video Lottery Terminal" or "VLT" 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 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 Tribe and State. This Compact shall be the only Compact between the Tribe and State 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 -- including to permit additional Class III gaming -- the parties shall provide such changes in accordance with Subsection 12(D) of this Compact.

B. Authorized games.

1. Subject to the provisions of this Compact, the Tribe may engage in the following Class III games: Video Lottery Terminals, keno, off-track pari-mutuel wagering, and blackjack. The Tribe may conduct off-track pari-mutuel wagering on animal races held at race courses within or outside the State. Any off-track pari-mutuel wagering on races 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 U.S.C. §3001 to 3007).

2. Beginning January 1, 2004, subject to, and in compliance with, the provisions of this Compact, the Tribe may, subject to the provisions of Section 4(E), engage in craps, roulette, pai-gow poker, Caribbean stud poker, let-it-ride and big 6 wheel and any other Class III gaming activity that has been approved by the Nevada Gaming Commission or by an Indian tribe with an approved Class III Compact in the state in which the

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

3. The Tribe may engage in New Class III games only if each of the following conditions have been met:

   a. The Governor's negotiating team, consisting of the Governor's Legal Counsel, the Captain of the Oregon State Police Gaming Enforcement Division, and a designee of the Attorney General (or the duly appointed successors to that team) have determined that for the one year period immediately preceding, the Tribe has engaged in Class III gaming without significant violations of the provisions of this Compact affecting the fairness, integrity, security and honesty of the Tribal Gaming Operation, and that the Tribe will be able to meet the requirements of Section 4(E) of this Compact.

   b. The State and the Tribe have executed an agreement on the terms of a Community Benefit Fund, through which a percentage of all gaming revenues of the Tribal Gaming Operation is contributed to charitable purposes, pursuant to Section 10(C) of this Compact.

4. Before the Tribe offers a New Class III Game, the Tribe and the State must agree that the Tribe has adopted appropriate internal controls, surveillance plans, game rules and procedures, as provided in Subsection E of this Section, and that the Tribal Gaming Commission is fully prepared to regulate and the Oregon State Police fully prepared to monitor the new game, and that the Tribal Gaming Operation and Tribal Gaming Commission have adequate resources to engage in the new Class III games in compliance with this Compact. In particular, the Tribe and the State must agree that the Tribal Gaming Operation has a sufficient number of adequately trained personnel to supervise the conduct of the games, and that the Tribal Gaming Commission has a sufficient number of adequately trained regulatory personnel to monitor and regulate the conduct of the games, and that the Tribe has made timely payments to the Oregon State Police in compliance with Section 10(A) and (B) of this

Compact for the six months preceding the request to offer a New Class III Game.

5. This Section shall be construed consistent with federal classification of gaming activities under IGRA. Notwithstanding any provision of this Compact, any gaming activity classified by federal regulation as Class II activity shall not be subject to the provisions of the Compact. However, the Tribe agrees that if any Class II gaming activities are conducted or intermingled in such a way that they are inseparable from Class III gaming activities, such as surveillance, those activities shall be considered as Class III for purposes of the regulatory authority of the State under this Compact.

6. The Tribe may not offer sports bookmaking, except as may be agreed to under Section 12(D)(1)(a) of this Compact.

7. a. No wagers may be placed or accepted by telephone or other electronic medium, including over the internet or any future technology that simulates internet services, except as may be authorized in Section 4(B)7(b) of this Compact.

   b. This Compact is not intended to preclude the Tribe from seeking negotiation, consistent with the policies of IGRA and this Compact, to offer internet gaming in the event of a final federal judicial decision binding in Oregon, final State of Oregon judicial decision, or congressional legislative action permitting internet gaming. If the State disputes whether internet gaming may be offered consistent with this subsection and federal and/or state law, including IGRA, such dispute shall be resolved pursuant to Section 16 of this Compact. Compact negotiation as set forth in this Subsection B(4) shall be initiated pursuant to Section 12(D) of this Compact. No such gaming shall be offered until dispute resolution concludes and all legal appeals are final.

   c. Nothing in this Section 4 is intended to, nor shall be construed to, prohibit the use of telecommunications systems, including the internet, or successor technology, to conduct off-track pari-mutuel wagering and progressive VLT games as are being operated by the Tribe at the time of the execution of this Compact.

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

C. Gaming Location.

The Gaming Facility authorized by this Compact shall be located on the Tribe's land near Burns, Oregon. Both the Gaming Facility and the land are specifically described in Exhibit I to this Compact. This land is held in trust for the Tribe by the United States. Gaming authorized under this Compact shall be conducted only in the Gaming Facility. If another Oregon Tribe is authorized to operate a gaming facility on non-Tribal lands, the Tribe does not hereby abrogate any rights it may have under Section 20 of IGRA.

D. Number of Video Lottery Terminals.

1. The number of Class III VLTs authorized by this Compact shall not exceed 175 except as increased pursuant to the process set forth in this Subsection 4(D). Subject to other terms of this Compact, the Tribe may determine in its discretion the location and spacing of Video Lottery Terminals within the Gaming Facility.

2. Beginning January 1, 2004, the Tribe may request authorization for additional VLTs as follows. When the Tribal Gaming Operation has maintained 140 or more VLTs 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 VLTs. There shall be no increase of authorized VLTs prior to execution of the memorandum of understanding. The Average Daily Drop should be determined based on the actual number of VLTs available for play on the floor, even if that number exceeds 140. The Tribe shall make the request in writing to OSP. Upon verification of the Average Daily Drop by OSP, the number of authorized VLTs will increase to 225. Pursuant to the same procedures, the Tribe may request authorization for additional VLTs according to the following formula. When the Tribal Gaming Operation has maintained 180 or more VLTs at the agreed upon Average Daily Drop for each of any three consecutive months chosen by the Tribe, the number of VLTs authorized will increase to 275. The Average Daily Drop should be determined based on the actual number of VLTs available for play on the floor, even if that number exceeds 180. When the Tribal Gaming Operation has maintained 220 or more VLTs at the agreed upon Average Daily Drop for each of any three consecutive months chosen by the Tribe, the number of VLTs authorized will increase to 300. The Average Daily Drop should be determined based on the actual number of VLTs available for play on the floor, even if that number exceeds 220. Once the OSP has verified the requisite Average Daily Drop provided pursuant to this subsection, the number of authorized VLTs shall be automatically increased as provided herein without need to execute a Compact amendment.

3. After the Tribe is authorized to have 300 VLTs, the Tribe may request negotiations regarding amending the Compact to increase the number of authorized VLTs, pursuant to Subsection 12(D). In such an event, the scope of the Compact amendment shall be limited to the increase in the number of authorized VLTs, and directly related matters, unless otherwise agreed by the parties.

4. 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.

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

E. Addition of Authorized Games at Gaming Facility.

1. At least sixty (60) days before any New Class III Game authorized under this Compact is conducted at the Gaming Facility, the Tribal Gaming Commission shall:

   a. Ensure that the Tribal Gaming Operation develops rules and procedures for a system of internal controls for the new game that meets the minimum standards established in the Appendix to this Compact.

   b. Require that the Tribal Gaming Operation provide appropriate training for all dealers, supervisors, surveillance personnel and any other employees involved in the conduct or regulation of the new game and for the Tribal Gaming Inspector, such that those employees have the knowledge and skills required under typical industry standards for the job function that employee performs, including but not limited to player money management and betting, card counting and detection of cheating methods. The Tribal Gaming Operation or Tribal Gaming Commission, as appropriate, shall notify the Oregon State Police prior to beginning training and shall provide the Oregon State Police opportunity to participate.

c. Ensure that the Tribal Gaming Operation establishes a security and surveillance plan for the new game that meets the minimum standards established in the Appendix hereto.

d. Adopt rules of operation for the game that meet the minimum standards established in the Appendix hereto, including rules of play and standards for equipment.

e. Ensure that the Tribal Gaming Operation and Tribal Gaming Commission have adequate resources to engage in the new Class III games in compliance with this Compact.

f. Notify the Oregon State Police that the Tribe propose to offer the new game to the public, and provide to the Oregon State Police for review all of the internal controls, regulations, plans, procedures and rules required under this paragraph 1 of this subsection.

2. The Tribe agrees to introduce new games authorized under this Section according to the following schedule:

a. Subject to the requirements of Section 4(B), the Tribe may offer the following six games: craps, roulette, Caribbean stud poker, big 6 wheel, let-it-ride, and pai-gow poker beginning January 1, 2004.

b. If the Tribe chooses, after the period of time specified in subparagraph a of this paragraph, for any game authorized by paragraph 2 of Subsection B of this Section, one new game within a single calendar quarter.

c. After January 1, 2004, the Tribe may offer new games sooner than the time tables established under this subsection if mutually agreed upon in writing by the Tribal Gaming Commission and the Oregon State Police.

F. Number of Table Games. The Tribe may operate a maximum of fifteen (15) tables of Table Games at the Gaming Facility for a period of one year after this Compact becomes effective. The Tribe may request negotiations to continue Table Games after that date. The State will agree to continuation of Table Games only if there has been full compliance with the Minimum Internal Controls, the Tribal Gaming Ordinance and the rules of operation of the game for the preceding six months and if the Tribe has maintained adequate resources for the new Class III games as described in Subsection 4(B)(4) of this Compact.

G. Table Game Wager Limits.

The Tribe shall establish wager limits for all Table Games. The Tribe has established a current wager limit of $500 per hand for house banked blackjack offered at the Gaming Facility, and the Tribal Gaming Commission has adopted regulations establishing a minimum level of experience, training and competence for dealers at those tables that were commensurate with the need to maintain the honesty, integrity, fairness and security of the Table Games. In the event the Tribe offers Table Games other than house banked blackjack pursuant to Section 4(B) of this Compact, the initial wager limit under this Compact shall not exceed $500 initial wager per hand. The Tribe may request an increase in the wager limit of any Table Game, including blackjack, offered at the Gaming Facility, up to a maximum wager of $1,000 initial wager per hand. The State shall not withhold its consent to an increase in the wager limit of any Table Game if there has been full compliance under the previous wager limit with the Minimum Internal Controls, the Tribal Gaming Ordinance, the rules of operation of that game and with the terms of this subsection for a period of ninety (90) days and upon mutual consent, which time frame can be extended by either party for a period not to exceed an additional 90 days. The amount of any increase in the wager limit must be agreed to by both the State and the Tribe before the limits are changed on the gaming floor. If, after an increase in the maximum wager limit for any Table Game, the State determines that there has been any significant problems with the conduct of any Table Game, the State may require that the maximum wager limit for that Table Game be reduced to the previously authorized maximum wager limit.

H. For purposes of Subsection 4(F) and Subsection 4(G), "full compliance" means:

1. All of the rules, procedures and plans required under Subsection G of this Section have been adopted and approved by the Tribal Gaming Commission, have been approved by OSP as meeting the Minimum Internal Control Standards, and have been implemented;

2. All training required by the Minimum Internal Control Standards and the regulations of the Tribal Gaming Commission is up to date;

3. The Tribal Gaming Commission has adopted policies and procedures that set forth appropriate sanctions for employees who fail to follow the regulations and internal controls of the commission, Tribal Gaming Operation management has committed in writing to train employees and impose the sanctions for violations, and the Tribal Gaming Commission's procedures provide for investigation of possible violations by the Tribal Gaming Operation;

4. The Tribal Gaming Commission has adopted and implemented procedures for direct reporting of possible violations to the Tribal Gaming Commission by any employee of the Tribal Gaming Operation; and

5. The Tribal Gaming Commission has maintained records of investigations of all reports of possible violations, and has promptly reported confirmed violations to the Oregon State Police including the action taken by the Commission or Tribal Gaming Operation management to correct the failure, and the discipline or sanctions imposed. The parties recognize that such violations may occur consistent with "full compliance" under this Subsection 4(H).

SECTION 5. JURISDICTION.

A. In General.

1. The Tribe and Federal Government shall have criminal jurisdiction over offenses committed by Indians within the Gaming Facility. The criminal laws of the Tribe, and the Federal Government where applicable, shall govern the criminal conduct of Indians at the Gaming Facility. The Tribe has a Police Department, a Tribal Court and an agreement with Harney County for incarceration of Indian offenders.

2. The State has criminal jurisdiction over offenses committed by non-Indians within the Gaming Facility and the Burns Paiute Indian Reservation. The criminal laws of the State shall be applicable to non-Indians and have the same force and effect at the Gaming Facility as they have on non-Tribal lands within the State. The enforcement of criminal laws with respect to non-Indians at the Gaming Facility shall be established pursuant to and by a Memorandum of Understanding to be executed by the Tribe and the Oregon State Police. The State shall make reasonable efforts to enforce the criminal laws applicable to offenses committed by non-Indians within the Gaming Facility and the reservation.

B. Except as provided in a Memorandum of Understanding executed in accordance with the foregoing paragraph 2 of Subsection A above, law enforcement officers of the State of Oregon, or officers designated by the State, shall have free access to anywhere within the Gaming Facility for the purpose of maintaining public order and public safety, conducting investigations related to possible criminal activity and enforcing applicable laws of the State with respect to non-Indians. Any law enforcement activities undertaken by law enforcement officers of the State shall be in compliance with this Compact. The Tribe, or individuals acting on its behalf, shall provide State law enforcement officers or officers designated by the State access to locked and secure areas of the Gaming Facility in

accordance with the regulations for the operation and management of the gaming operation.

Consistent with their Memorandum of Understanding governing law enforcement coordination executed under the foregoing Subsection A(2) of Section 5 of this Compact, both the Tribe and the State, through their respective law enforcement agencies, agree to cooperate with one another in 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 the Gaming Facility or from any other tribal gaming facility in this State.

SECTION 6. PRINCIPLES GOVERNING TRIBAL GAMING OPERATIONS DECISIONS.

A. The Tribe and the State agree that maintaining the honesty, integrity, fairness and security of the Tribal 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 a responsibility to protect the citizens of this State who patronize the Tribe's Gaming Facility from any breach of security of the Tribal Gaming Operation. Accordingly, all decisions by the Tribe, the Tribal Gaming Commission and the management of the Tribal 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 Tribal Gaming Operation, shall reflect the particularly sensitive nature of a Tribal Gaming Operation.

2. In order to maintain the honesty, integrity, fairness and security of the Tribal Gaming Operation, the Tribe, the Tribal Gaming Commission and the management of the Tribal Gaming Operation shall work diligently and take all reasonably necessary affirmative steps to prevent cheating and theft, and to protect the Tribal Gaming Operation from the influence or control by any form of criminal activity or organization.

3. The honesty, integrity, fairness and security of the Tribal 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 Tribal Gaming

Operation shall make no decisions that compromise the honesty, integrity, fairness or security of the Tribal 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 Tribal Gaming Operation.

5. In order to maintain the honesty, integrity, fairness and security of the Tribal Gaming Operation, as well as the primary regulatory licensing duties of the Tribal Gaming Commission, the Tribe shall abide by the principal that Commission members shall meet or exceed the licensing standards of high security employees in its appointments to the Commission under the Tribal Gaming Ordinance.

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 Tribe. The written notice shall describe the factual basis for the State's concern.

2. The parties shall meet and confer within 15 days after the Tribe receives the notice.

3. a. If the State's concern is not resolved informally, either party may initiate non-binding arbitration within 45 days after the service of the written notice.

b. An arbitrator shall be selected in the following manner:

(1) The parties shall obtain a list of qualified arbitrators from U.S. Arbitration and Mediation of Oregon, or any other arbitration panel agreed to by the parties.

(2) Each party, in turn, shall strike one name from the list, until one name remains. The parties shall draw lots to determine which party makes the first strike.

c. Upon agreement by both parties, the arbitration proceeding shall be binding.

d. The parties shall divide the cost of the arbitration proceeding equally between them.

4. Upon conclusion of the arbitration proceeding, if the parties have not elected to be bound by that result, either party may initiate an action in the United States District Court for the District of Oregon as provided in Section 16 of this Compact.

5. Expedited Procedure.

a. If the State, in good faith, believes that there is an immediate threat to the honesty, integrity, fairness and security of the Tribal Gaming Operation, and believes that substantial harm will result during the time that would pass if the procedure established in paragraphs 1 to 3 of this subsection is followed, the State may give written notice to the Tribe and the Tribal Gaming Commission. The written notice shall describe the factual basis for the State's concern. The written notice shall recommend specific action or actions the State believes will prevent substantial harm from occurring. The State and the Tribal Gaming Commission shall meet and confer, in person or by conference call, within 24 hours after the Commission, or any member thereof, receives the notice. The Tribal Gaming Commission shall consider the State's recommendation and immediately thereafter shall take such action that addresses the State's concern as is necessary to protect the honesty, integrity, fairness and security of the Tribal Gaming Operation. Nothing in this subparagraph shall preclude either party from invoking the dispute resolution procedures provided in this Compact after the Commission has acted.

b. On request of either party, the parties shall again confer within 5 days after the Tribe receives the notice.

c. If the State's concern is not resolved informally, the State may initiate an action in the United States District Court for the District of Oregon as provided in Section 16 of this Compact.

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

(1) A criminal indictment 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 is seriously at risk;

(6) A continuing pattern of failure by the Tribe, the Tribal Gaming Commission or management of the Tribal Gaming Operation to enforce compliance with the provisions of this Compact, or the regulations and internal controls governing the Tribal Gaming Operation.

6. The provisions of this section shall provide the exclusive method for resolving disputes 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 to be 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 -- Primary Management Officials, High Security Employees and Low Security Employees -- shall provide to the Tribal Gaming Commission at a minimum the following information on forms mutually agreed to by the Tribal Gaming Commission and the Oregon State Police:

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 federal, state (or subdivisions thereof) or tribal gaming agency;

h. All criminal proceedings, except for minor traffic offenses, to which the applicant has been a party;

i. A current photograph;

j. Any other information required by the Tribal Gaming Commission.

3. In addition to the requirements of paragraph 2 of this subsection, prospective High Security Employees and Primary Management Officials shall provide two sets of fingerprints.

4. a. The Tribal Gaming Commission shall forward the applicant information to the Oregon State Police. The Oregon State Police may conduct a background investigation on all prospective Primary Management Officials and High Security Employees, and provide a written report to the Tribal Gaming Commission within a reasonable period of time, but in no event shall such background checks exceed sixty (60) days without notice to the Tribe. In the event that the Tribal Gaming Commission conducts a background investigation, it shall submit the completed report to the Oregon State Police within 60 days. The Oregon State Police shall return to the Tribe copies of tribal documents related to background investigations within 60 days of obtaining the copies. The Oregon State Police shall be entitled to retain copies of the following: the Tribal Gaming Commission investigative report, a photograph of the applicant, and information release forms. The Oregon State Police will not retain records of information regarding applicants developed by the Tribal Gaming Commission solely from tribal records which are not accessible in any other manner.

b. The Tribe may request the Oregon State Police 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 7(A), the Tribal Gaming Commission shall deny a gaming license to any High Security Employee or Primary Management Official who:

(1) has, within the ten-year period preceding the date of license application, committed any felony other than a traffic offense, whether or not the crime resulted in a conviction or any such conviction has been expunged, under the law of any federal, state or tribal jurisdiction, or is the subject of a civil judgment under the law of any federal, state or tribal jurisdiction that is based on facts that constitute the elements of a felony other than a traffic offense, in that jurisdiction;

(2) has committed a crime involving unlawful gambling under the law of any federal, state (or subdivisions thereof) 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) has associated in a direct business relationship, whether as a partner, joint venturer or employer, with any other person who has committed a felony other than a traffic offense, or a crime involving unlawful gambling, under the law of any federal, state or tribal jurisdiction; unless the prospective employee or official demonstrates that he or she did not and could not reasonably have been expected to know of the criminal activity or;

(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 involved in the criminal activity as it occurred.

(5) Has been subject to convictions or judicial findings of offenses within a ten year period preceding a license application, other than traffic offenses, that demonstrate a pattern of disregard for the law and which bear on the applicant's honesty or truthfulness.

(6) The Tribal Gaming Commission or the Oregon State Police determine that it has reasonably reliable information that the applicant has engaged in conduct in the ten year period preceding a license application that demonstrates a pattern of disregard for the law bearing on the applicant's honesty or truthfulness, and that the conduct can be proven by a preponderance of the evidence.

b. The Tribal Gaming Commission shall deny a gaming license to any prospective High Security Employee or Primary Management Official if:

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

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

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 Tribe shall include, but need not be limited to, the following:

(1) The applicant has been convicted of any crime (other than a crime listed in subparagraph a. of this paragraph) in any jurisdiction;

(2) The applicant has associated with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, honesty, integrity, security, fairness or reputation of the Tribe's class III gaming activities; 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 the Tribal class III gaming activities.

d. The Tribal Gaming Commission shall deny a gaming license to any prospective Low Security Employee who has committed a crime described in subparagraphs (1) or (2) of subparagraph a. of this paragraph. The Tribal Gaming Commission may deny a gaming license to any prospective 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 Tribe may reject an application if the applicant has not provided all of the information requested in the application.

f. No Primary Management Official or High Security Employee may be permanently licensed by the Tribal Gaming Commission until all background checks required under Section 7(A)(4) are completed.

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

6. Waiver of Disqualifying Criteria.

a. Notwithstanding the requirements of paragraph 5 of this subsection, if a prospective Primary Management Official, High Security Employee or Low Security Employee is disqualified for licensing 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, it shall set forth the basis for its waiver decision in writing, which decision should specifically identify the factors listed under subparagraph (c) below, and the facts which justified the waiver. At either party's written request, the Tribal Gaming Commission and Oregon State Police shall meet and confer within 15 days concerning the waiver request.

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

c. Waiver of disqualification of licensing or employment may be based on one or more of the following circumstances:

(1) Passage of time since conviction of 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;
(8) In the event that the applicant was convicted of a crime that was due in part to alcohol or drug dependency, the applicant's participation in any treatment program for this dependency and/or the applicant's progress in recovery from this dependency; and
(9) Whether the Tribal Gaming Commission has imposed any conditions on the applicant's license, such as a probationary period, restrictions on duties or specific kinds of supervision.

e. The Oregon State Police may approve a waiver subject to conditions, such as a probationary period, restrictions on duties or specific kinds of supervision.

f. No gaming employee license granted by the Tribal Gaming Commission prior to the execution of this Compact shall be revoked or renewal denied solely because of the change in licensing criteria set forth in Section 7(A)(5) of this Compact from the different licensing criteria set forth in the previous Compact between the parties. However, this provision shall not prevent revocation or denial of such a license under the new licensing criteria based on conduct occurring after the execution of this Compact.

7. Temporary licensing of employees.

a. The Tribal Gaming Commission may issue a temporary license to High Security Employees fifteen days after submission of the application to the Oregon State Police, or upon completion of a review of the employee's application and completion of a computerized criminal history check and credit check by the Tribal

Gaming Commission, if the applicant would not be disqualified on the basis of the results of the application review and preliminary checks. The temporary license shall expire and become void upon completion of the full background check by the Oregon State Police and submission of the results to the Tribal Gaming Commission. If the employee does not qualify for a permanent license, the Tribal Gaming Commission shall immediately void the temporary license and deny a permanent license.

b. The Tribal Gaming Commission may issue a temporary license to a Low Security Employee upon submission of the application to the Oregon State Police, or upon completion of a review of the employee's application and completion of a computerized criminal history check by the Tribal Gaming Commission, if the applicant would not be disqualified on the basis of the results of the application review and preliminary checks. Any Low Security Employee shall be subject to immediate license revocation if the Oregon State Police or the Tribal Gaming Commission determines that the employee does not meet the criteria established in subparagraph 7(A)(5)(d).

c. For purposes of this paragraph, if an application is forwarded by mail to the Oregon State Police or the results of a background check by the Oregon State Police are provided to the Tribal Gaming Commission by mail, the material is deemed to be submitted three days after the date of mailing.

d. No temporary license may be granted under this paragraph to a Primary Management Official or to a Consultant performing or consulting on Primary Management Official functions or duties.

8. Background investigation during employment. The Tribe may request the State to conduct additional background investigations of any gaming employee at any time during the term of employment. The State shall report to the Tribe any cause for revocation or suspension of the employee's gaming license, the dismissal of any employee under the criteria established in paragraph 5 of Subsection A above, and furnish the Tribe with copies of all relevant information. The Tribe shall review the State's report and supporting materials and, if the Tribe conclude that good cause for revocation or suspension is shown under the criteria established in paragraph 5 of Subsection A above, the subject employee's gaming license may be revoked or suspended. An employee's license shall be revoked if the Tribe would have been required to deny employment to that employee under the provisions of paragraph 5 of Subsection A above.

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 2 to 5 of Subsection A above. Applicants for renewal shall provide the Tribal Gaming Commission with updated information on a form mutually agreed to by the Oregon State Police and the Tribal Gaming Commission but will not be required to resubmit historical data already provided. The Oregon State Police may perform an updated background investigation for any employee who has applied for license renewal.

10. Revocation of license. The Tribal Gaming Commission may revoke the license of any employee pursuant to policies and procedures set forth in the Tribal Gaming Ordinance. The Tribal Gaming Commission shall revoke the license of any employee upon determination that an event has occurred that would have prohibited the Tribe from hiring the employee under the criteria described in paragraph 5 of Subsection A above.

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

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 or termination of an employee, related to the fairness, integrity, security or honesty of the Tribe's Class III gaming activities, and any suspension or revocation of an employee's gaming license.

B. Contracts with Manufacturers and Suppliers.

1. Major Procurements.

a. The Tribe agrees not to consummate any contract for a Major Procurement unless it is in writing and 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 7, and full disclosure of all information requested by the Tribe and the Oregon State Police under paragraph 4 of this Subsection 7(B), without written notice to and consent by the Tribe.

d. If the Tribe requests, the Oregon State Police agrees to make its best efforts to complete a background investigation within less than sixty days. The Tribal Gaming Commission and the Oregon State Police may also agree that if business necessity or the protection of the honesty, integrity, fairness and security 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 submitted full disclosure of all information requested by the Tribe and the Oregon State Police under paragraph 4 of this Subsection 7(B), and 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, to the Oregon State Police for a background investigation of the proposed Class III Gaming Contractor before consummation 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.

4. Class III Gaming Contractors, and any Owner or Key Employee of a Class III Gaming Contractor, shall provide all personal and business information required by the Oregon State Police to conduct its background investigation, before executing a contract or beginning to do business with the Tribe.

5. The Tribe shall not consummate any Class III Gaming Contract with a Class III Gaming Contractor that does not grant both the Oregon State Police and the Tribe access to such Class III Gaming Contractor's business and financial records upon request.

6. <u>Criteria for Denial of Contract Application.</u>

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

      (1) A conviction of the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor for any felony other than a traffic offense, in any jurisdiction within the ten year period preceding the date of the proposed Class III Gaming Contract;

      (2) A conviction of the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor for any gambling offense in any jurisdiction;

(3) A civil judgment against the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor, based in whole or in part upon conduct that would constitute a gambling offense, or a civil judgment entered within the ten year period preceding the date of the proposed Class III Gaming Contract against the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor, based in whole or in part upon conduct that would constitute a felony other than a traffic offense;

(4) A failure by the Class III Gaming Contractor to disclose any material fact to the Oregon State Police or the Tribe or its authorized agents during initial or subsequent background or security investigations;

(5) A misstatement or untrue statement of material fact made by the Class III Gaming Contractor to the Oregon State Police or the Tribe or its authorized agents during initial or subsequent background or security investigations as determined by the Tribe or the Oregon State Police;

(6) An association of the Class III Gaming Contractor with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, security, integrity, honesty, fairness or reputation of the Gaming Facility;

(7) Any aspect of the Class III Gaming Contractor's past conduct that the Tribe or the Oregon State Police determines would adversely affect the integrity, security, honesty or fairness of the Gaming Facility;

(8) The Class III Gaming Contractor has engaged in a business transaction with a tribe that involved providing gaming devices for Class III gaming conducted by such tribe without a state-tribal Class III gaming compact in violation of IGRA; or

(9) A prospective Class III Gaming Contractor fails to provide any information requested by the Tribe or the Oregon State Police for the purpose of making any determination required by Section 7(B)(6).

b. The Tribe may choose not to consummate any Class III Gaming Contract for any reason the Tribe deem sufficient.

c. In evaluating whether to deny a contract related to Class III gaming based on subparagraph e or f of paragraph 6 of Subsection B of this section, the Tribe may consider the following factors:

(1) The nature and severity of the conduct that constituted the offense or crime;

(2) The time that has passed since satisfactory completion of the sentence, probation, or payment of the fine imposed;

(3) The number of offenses or crimes; and

(4) Any extenuating circumstances that enhance or reduce the impact of the offense or crime on the security, integrity, honesty, and fairness of the Tribal gaming enterprise.

d. No Class III Gaming Contractor shall own, manufacture, possess, operate, own an interest in, or gain income or reimbursement in any manner from Class III gaming activities or gaming devices in any jurisdiction unless the activities or devices are approved and certified by another state gambling or gaming control agency, or tribal gaming commission operating through an IGRA Compact (where necessary because of the involvement of Class III gaming), National Indian Gaming Commission, that has jurisdiction to approve that activity, and such ownership, manufacture, possession, operation, or income is disclosed to and approved by the Tribe and the Oregon State Police.

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 entered against the Class III Gaming Contractor or its employee within the ten year period preceding the date of the proposed Class III Gaming Contract, based in whole or in part upon conduct that allegedly constitutes a felony other than a traffic offense, the Tribe may enter into the proposed Class III Gaming Contract if the Class III Gaming Contractor has severed its relationship with the convicted or liable person or employee. Before the Tribe may enter into a Class III Gaming Contract under this subparagraph, the Oregon State Police and the Tribe must

agree that the relationship between the Class III Gaming Contractor and the convicted or liable person or employee has been severed. For purposes of this subparagraph, a relationship is severed if the convicted or liable person or employee has no continuing connection with the direction or control of any aspect of the business of the Class III Gaming Contractor, and the convicted or liable person or employee is no longer employed by the Class III Gaming Contractor in any capacity. The burden of showing to the satisfaction of the Tribe and the Oregon State Police that a relationship has been severed is on the Class III Gaming Contractor.

f. The Tribe may reject an application if the applicant has not provided all of the information requested in the application.

7. Contractor Reporting Requirements.

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

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

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

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

8. Termination of Contract.

a. No Class III Gaming Contract shall have a term longer than seven (7) years.

b. The Tribe shall terminate a Class III Gaming Contract immediately upon the occurrence of any of the following:

(1) The Class III Gaming Contractor is discovered to have made any material 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 the time period provided in the contract for cure of such a breach or a reasonable time if the contract does not provide a specific period.

(3) The Class III Gaming Contractor, or any Owner, officer or key employee of the Class III Gaming Contractor is convicted of a felony or a gambling-related offense that reflects on the Class III Gaming Contractor's ability to perform honestly in carrying out the Class III Gaming Contract;

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

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

9. Annual Update.

The Oregon State Police may at its sole election conduct an annual update background investigation of each Class III Gaming Contractor, the expense of which will be assessed to the Class III Contractor.

C. Fees for Background Investigations.

1. The Oregon State Police shall be reimbursed its costs for performing background investigations made pursuant to this Compact as provided in Section 10 of this Compact.

2. The Oregon State Police will assess the cost of a background investigation of a Class III Gaming Contractor to such Class III Gaming Contractor. Class III Gaming Contractors are required to pay the investigation fee in full in advance. If the Class III Gaming Contractor refuses to prepay the investigation fee, the Oregon State Police shall notify the Tribe and the Tribe may pay the investigation cost or withdraw the request for the investigation.

D. Access to Contracts.

1. If a Primary Management Official is a corporation or other form of organization, the Primary Management Official shall provide the Oregon State Police at all times with a current copy of any management agreement with the Tribe that allows it to conduct Class III gaming on the Tribal trust land.

2. If a Primary Management Official is a corporation or other form of organization, the Primary Management Official shall furnish to the Tribe and the Oregon State Police complete information pertaining to any transfer of controlling interest in the management company at least 30 days before such transfer; 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 gaming and 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 and non-gaming contracts.

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, the minimum standards set forth in the Appendix to this Compact, federal regulations applicable to Class III gaming, and the Tribal Gaming Ordinance. The provisions of the Appendix, "Tribal/State Minimum Internal Control Standards," are hereby incorporated into and made a part of this Compact. The Tribe and the State agree that the minimum standards set forth in the Appendix may be modified or supplemented by mutual agreement of the parties, and that subsequent amendment of this Compact shall not be necessary for any such modification or supplementation of the minimum standards set forth in the Appendix.

B. Identification badges. The Tribe shall require all employees to wear, in plain view, identification badges issued by the Tribe that include photo and name. The Tribe and the State may provide, in a memorandum of understanding, for exceptions to the requirement that badges be worn in plain view, for confidential compliance personnel.

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 in the class III gaming area 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 offer check cashing or install and accept bank card or credit card transactions in the same manner as is permitted at any retail business in the State.

D. Prohibition on attendance and play of minors. No person under the age of twenty one (21) shall be allowed to 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 video lottery prize or compensation, the prize or compensation shall not be paid. All employees of the Tribal Gaming Operation whose job duties require them to be present in areas where Class III gaming takes place shall be at least twenty-one (21) years of age, except that so long as the Tribe does not serve alcohol in areas where Class III gaming takes place, the Tribe may permit enrolled Indians to work on the Class III gaming floor who are at least eighteen (18) years of age.

E. Prohibition of firearms. With the exception of federal, state, county, city or Tribal law enforcement agents or officers on official business, no person shall possess firearms within the Gaming Facility.

F. Alcohol Policy. No alcohol shall be served in the Gaming Facility unless authorized by the Tribe as permitted by federal law. Service of alcohol shall be in compliance with State laws and Oregon Liquor Control Commission licensing regulations as provided in a memorandum of understanding under this Compact. Nothing in this subsection shall permit the State to impose taxes on the sale of alcohol by the Tribe. If alcohol is served in the Gaming Facility, no alcoholic beverages may be served free of charge or at a reduced price to any patron of the Gaming Facility as an inducement to participate in any gaming.

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 in a case filed in a court of competent jurisdiction, which may be a state, federal or the Burns Paiute tribal court, including when the Tribe or a tribal entity is the named defendant, 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

February 25, 2003

Sharon Wells, Special Assistant to the Deputy Director for School Operations, reported today that at the School Board Meeting held on Feb. 19 Mr. Terry Albers was selected as the Lead Principal and will report to work on Mar. 17. Kay Flock who is serving as the acting Elem. Principal was also selected on Feb. 19 to serve as the permanent Elementary Principal. These administrators will have the additional support of Mr. Charlie Frazier to assist them with implementing policies and procedures through the end of the school year, 2003. The position for High School Principal is being advertised.

Ms. Beverly Mestes, the Special Education Coordinator for the Sacramento Area Office, is on detail at Pine Ridge Agency to assist the seven schools on Pine Ridge through the end of March. To date, no one has applied for any of the special education positions at the school or at the agency. The position for Education Line Officer for Pine Ridge Agency is being advertised and will close on Mar. 17, 2003.

A team of Personnel Specialists will be traveling to Pine Ridge Schools to assist them with following the proper personnel procedures for hiring and placements of school staff. Rather than making one visit to Pine Ridge Schools, the Human Resources staff have been available to provide immediate assistance on an as needed basis over the past six months.

The Deputy Director for School Operations along with the Team Leaders for the Center for School Improvement will meet with the President and Education Committee of the Oglala Lakota Nation and the Pine Ridge School Board today, Feb. 25.

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. It shall not be a violation of this Compact for the Tribe to adopt a Tribal Code establishing jurisdiction and waiving sovereign immunity in the tribal court and requiring any person claiming personal injury or death or damage to property at the Gaming Facility to file the claim in the Tribe's courts.

SECTION 9. INSPECTION AND ENFORCEMENT OF GAMING REGULATIONS.

A. Tribal Gaming Commission.

1. The Tribe has established, and will maintain, a Tribal Gaming Commission and has granted such Commission the independent authority to regulate gaming activities on Tribal lands. The Tribe agrees to provide such Commission with adequate resources to perform its duties under Tribal law and this Compact. The Commission shall not be responsible for the management of the Tribe's Class III gaming activities. Commission members may be removed only for cause by the Tribe's Board of Trustees, as provided in the Tribal Gaming Ordinance.

2. The primary responsibility for the regulation, control and security of the gaming authorized by this Compact, and for enforcement of this Compact within the Burns Paiute Indian Reservation, shall be that of the Tribal Gaming Commission. The Tribal Gaming Commission's role shall include the promulgation and enforcement of rules and regulations to provide for the following:

   a. Ensure compliance with all relevant laws, Compact provisions, regulations, internal controls, policies and procedures;

   b. Ensure the physical safety of patrons in, and of personnel employed by the Tribal Gaming Operation;

   c. Ensure that the assets transported to and from the Gaming Facility are safeguarded;

   d. Protect Gaming Facility patrons and property from illegal activity;

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

f. (1) Ensure that the security department record any and all unusual occurrences within the Gaming Facility that come to the attention of that Department in indelible ink in a bound notebook from which pages cannot be removed, and each side of each page of which is sequentially numbered, as follows:

(a) The assigned sequential number of the incident;

(b) The date;

(c) The time;

(d) The nature of the incident;

(e) The person involved in the incident; and

(f) The security employee assigned;

(2) Ensure that the surveillance department record any and all unusual occurrences within the Gaming Facility that comes to the attention of that Department, which may be recorded in different form.

g. Ensure that logs are maintained relating to surveillance, security, cashier's cage, video lottery terminal (showing when video machines opened), and Video Lottery Terminal location;

h. Establish and maintain an updated list of persons barred from the Gaming Facility and furnish that list to the Oregon State Police as updated;

i. Ensure that an annual audit by a Certified Public Accountant is obtained;

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 Oregon State Police;

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

l. Ensure that pari-mutuel clerks are sufficiently trained;

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

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

o. Ensure that surveillance equipment and personnel are managed and controlled independently of management of the Gaming Facility.

3. Inspections.

a. Agents of the Tribal Gaming Commission shall inspect the Gaming Facility at random during all hours of operation, and shall have immediate access to any and all areas of the Gaming Facility for the purpose of ensuring compliance with the provisions of this Compact, the Tribal Gaming Ordinance, the Tribal Gaming Commission Regulations and applicable federal regulations governing gaming. Any material violations of the provisions of this Compact, the Tribal Gaming Ordinance or of Tribal Gaming Commission regulations or applicable federal regulations by the Tribal Gaming Operation, a gaming employee, or any person on the premises whether or not associated with the Gaming Facility, shall be reported immediately to the Tribal Gaming Commission, and the Tribal Gaming Commission shall report such violations to the Oregon State Police within seventy-two (72) hours of the time the violation was noted.

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

c. Inspections shall include monitoring compliance with the requirements of applicable law, this Compact, regulations, internal controls, 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:

(a) Sensitive gaming inventories;

(b) VLT or table game drop;

(c) Soft count;

(d) Security and surveillance logs;

(e) Movement of cash within, into and outside the Gaming Facility;

(f) Surveillance procedures;

(g) Security procedures;

(h) Games controls;

(i) Integrity of VLT, microprocessor or E-PROM CD-ROM, hard disk or other electronic decision-making technologies.

(2) 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 $100 and report the findings to the Tribal Gaming Commission, which shall report such variances to the Oregon State Police.

(4) Investigation of customer disputes related to gaming that are not resolved by management of the Tribal Gaming Operation.

(5) Reporting to the Oregon State Police any criminal or regulatory issues that may affect the fairness, integrity, security and honesty of the Tribal 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 actual violations upon such terms and conditions as the Tribal Gaming Commission determines to be necessary. The Tribal Gaming Commission shall be empowered by Tribal ordinance to impose fines and other sanctions within the jurisdiction of the Tribe against a gaming employee, or any other person directly or indirectly involved in, or benefiting from, the Tribal Gaming Operation. The State shall make all reasonable efforts to assist the Tribe in enforcing sanctions imposed by the Tribal Gaming Commission against non-Indians.

5. Notification to State. The Tribal Gaming Commission shall forward copies of all civil and criminal investigation reports and final dispositions to the Oregon State Police on a regular continuing basis. In cases where an investigation lasts longer than forty-five (45) calendar days, the Tribal Gaming Commission shall notify the Tribal Gaming Section at the expiration of the forty-five (45) days and every thirty (30) days thereafter in writing as to the status of the investigation, why the matter is taking longer than forty-five (45) days, and the anticipated completion date of the investigation. If requested by the Tribal Gaming Commission, the Oregon State Police 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, the Tribal Gaming Ordinance, the Tribal Gaming Commission regulations and applicable federal regulations or applicable laws of the State.

B. State Enforcement of Compact Provisions.

1. a. Monitoring. The Oregon State Police is authorized hereby to independently monitor the Tribal Gaming Operation in the manner the State considers necessary to ensure that the operation is conducted in compliance with the provisions of this Compact. The Tribe may request removal of a State law enforcement officer or monitor on the basis of malfeasance, abuse of authority, or conduct disrespectful of Tribal institutions or culture. Effective performance of the officer's or monitor's duties shall not be a basis for disapproval. The Oregon State Police shall have free and unrestricted access to all areas of the Gaming Facility during normal operating hours without giving prior notice to the Tribal Gaming Operation. The Tribe agrees that the Oregon State Police monitoring function includes at a minimum the activities identified in the Compact, any amendments and any memoranda 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 Oregon State Police's regular monitoring functions, the Tribe agrees that the Oregon State Police may conduct the following activities, which shall also be assessed to the Tribe as provided in Section 10 of this Compact:

(1) An annual comprehensive review, which shall be preplanned and conducted jointly with the Tribal Gaming Commission, of the Tribe's Class III gaming activities to verify compliance with the requirements of this Compact and with the regulations and internal controls adopted by

the Tribal Gaming Commission, including at a minimum review in the following areas: administrative controls (gaming management internal controls), gaming operations controls, drop boxes, station inventories, surveillance department controls, cashier cage controls, count room controls (security and surveillance), accounting department controls (security), general controls (Compact regulatory requirements), blackjack controls, VLT controls, accounts payable, employee identification, gaming chip inventory for gaming floor and cage, physical examination of all class III gaming cards, chips, e-proms, paper stock, printers, keno balls, fill slips, video gaming devices, keno controls, off-track betting and security department controls;

(2) Periodic review of any part of the Tribal Gaming Operation in order to verify compliance with the requirements of this Compact, the Tribal Gaming Ordinance, and with the Tribal Gaming Commission regulations and applicable federal regulations governing gaming and with the Minimum Internal Control standards;

(3) 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;

(4) Reasonable periodic review of contracts between the Tribe and the suppliers, vendors or contractors that provide non-gaming goods or services to the Gaming Facility. The Oregon State Police will report any concerns about a particular supplier, contractor or vendor to the Tribal Gaming Commission before taking any action.

b. As provided in Section 5 of this Compact, the Tribe's law enforcement agency is responsible for investigation of criminal law violations by Indians on the Reservation. The Tribe and the State agree that the Tribe's criminal law jurisdiction does not prevent the State from investigating 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. The Tribe and the State agree that their respective law enforcement agencies shall cooperate in any investigation that involves or potentially involves both criminal and gaming regulatory violations.

2. The Tribe agrees that if any Class III gaming activities are conducted or intermingled in such a way that they are inseparable from Class II gaming activities, such as surveillance of both Class III and Class II Tribal Gaming Operations by a single surveillance department, the Oregon State Police shall have full access to both for purposes of carrying out the duties of the Oregon State Police with respect to Class III gaming under this Compact. Nothing in this subsection shall be construed as authorizing state regulation of Class II gaming, which is prohibited under Section 13(B) of this Compact.

3. Access to Records.

a. The State is authorized hereby to review and copy, during normal business hours, and upon reasonable notice, all records maintained by the Tribal Gaming Operation pertaining to the operation, management, or regulation of Class III Gaming by the Tribe, whether those records are prepared or maintained by the Tribe, the Tribal Gaming Commission or the Tribal Gaming Operation, including all Class III Gaming Contracts. Any records or copies removed from the premises shall be returned to the Tribe after use, except as provided in Section 7(A)4.

b. The State acknowledges that records created and maintained by the Tribe, the Tribal Gaming Commission or the Tribal Gaming Operation belong to the Tribe. The Tribe agrees that, in order to facilitate the State's carrying out of its oversight functions, it shall require applicants for a Tribal gaming license to consent to disclosure to the State of relevant tribal records.

c. The Tribe acknowledges that any records created 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, ORS 192.410 to 192.505. Any information concerning the Tribe's Class III gaming operation that is contained in state records 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. 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).

(4) Any information the disclosure of which is specifically prohibited by state or federal law.

d. 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.

e. 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.

f. 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.

g. The State agrees to notify the Tribe promptly of any request or 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.

h. The parties agree that any dispute as to the disclosure of documents under the Public Records Law or under this subsection shall first be brought in state court.

i. 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 a criminal investigation.

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

C. If local government officials believe that an off-reservation law enforcement problem has been created by the existence of the Gaming Facility, the Tribe shall meet with the mayor or county commission of the affected government to develop appropriate measures to alleviate the problem. The burden shall be on the local government officials to demonstrate that the law enforcement problem is directly attributable to the existence of the Gaming Facility. If an off-reservation law enforcement problem has been created by the existence of the Gaming Facility, the Tribe shall take all reasonably necessary steps to alleviate the problem. If the Tribe and local government officials are unable to agree on appropriate measures to alleviate the problem, the State may initiate the dispute resolution process established in Section 6 of this Compact.

SECTION 10. STATE ASSESSMENT OF COSTS FOR OVERSIGHT; CONTRIBUTION FOR PUBLIC BENEFIT.

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

1. The Tribe agrees that the Oregon Gaming Tribes have the collective responsibility to pay for the cost of performance by OSP of its activities authorized pursuant to this Compact, including associated overhead. The Tribe agrees to pay its fair share of the Oregon State Police costs pursuant to the formula set forth in this Section within 30 days of billing.

2. To give the Oregon Gaming Tribes an opportunity for review and comment, the Oregon State Police shall distribute a draft of the Tribal Gaming Section portion of the budget to the Oregon Gaming Tribes prior to submission of the budget to the Governor. 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 (as in the "Burns Paiute Tribe") monthly payment to the Oregon State Police shall be computed as follows:

   a. The biennium budget for the Tribal Gaming Section shall be divided by 24 to determine the total monthly payment that must be made by the Oregon Gaming Tribes to the Oregon State Police for Compact related activities. This payment shall be referred to as the "OSP Monthly Payment."

   b. Amounts received by the Oregon State Police from Class III Gaming Contractor license applicants, or any other gaming vendor license applicant, and from the payment for the assignment of Tribal Gaming Section officers to non-tribal gaming duties, shall reduce the OSP Monthly Payment owed by the Oregon Gaming Tribes, which reduced amount shall be referred to as the "Adjusted OSP Monthly Payment." The reduction in the OSP Monthly Payment owed by the Oregon Gaming Tribes shall occur in the month the Oregon State Police receives such payments from third party sources.

   c. The Tribe's (as in the "Burns-Paiute Tribe") monthly payment to the Oregon State Police shall be computed as follows:

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

   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 any federally recognized Indian Tribes in Oregon engaged in Class III gaming pursuant to a Tribal-State Compact.

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

B. If the Tribe disputes the amount of the assessment under this Section, the Tribe shall timely pay the undisputed amount and within thirty (30) days of billing, shall notify OSP in writing of the specific nature of the dispute. If the parties have not resolved the dispute within 15 days, the Tribe shall pay the disputed amount into an off-reservation escrow, mutually agreeable to the parties, with escrow instructions providing that the funds are to be released only upon authorization by both the Tribe 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 Tribe fails to 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.

C. Creation and Maintenance of Community Benefit Fund.

1. Joint Recognitions.

a. The Tribe and the State recognize that there may be both positive and negative impacts to the local community -- or the perception of such impacts – as a result of the presence of 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 is a way to ameliorate negative impacts (or the perception of negative impacts) from the Tribal Gaming Operation.

c. The Tribe 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. As provided in Section 4 of this Compact, before the Tribe may engage in any New Class III Games, the Tribe and the State will execute an agreement on the terms of a formal community benefit fund, which agreement shall contain community benefit fund terms generally consistent with similar provisions in existing Tribal-State Compacts between Oregon tribes and the State.

SECTION 11. APPLICATION OF STATE REGULATORY STANDARDS.

A. Health, environmental and safety standards.

1. Tribal ordinances and regulations governing health, environmental and safety standards applicable to the Gaming Facility shall be at least as rigorous as standards imposed by the laws and regulations of the State. The Tribe agrees to cooperate with any State agency generally responsible for enforcement of such health, environmental and safety standards in order to assure compliance with such standards. However, the Tribe shall have the exclusive regulatory jurisdiction over the enforcement of health, environmental and safety standards applicable to the Gaming Facility. The Tribe shall use its regulatory jurisdiction to assure that health, environmental and safety standards are met. Tribal ordinances and regulations governing water discharges from the Gaming Facility shall be at least as rigorous as standards generally imposed by the laws and regulations of the State relating to public facilities; provided, however, that to

the extent that federal water discharge standards specifically applicable to the Tribal lands would preempt such State standards, then such federal standards shall govern.

2. Upon request by the State, the Tribe agrees to provide evidence satisfactory to the State that any new construction, renovation or alteration of the Gaming Facility performed after the effective date of this Compact satisfies applicable Tribal health, safety and environmental standards. The Tribe can demonstrate that it has satisfied this Section providing a certificate or other evidence of compliance from the appropriate state or local official responsible for enforcement of comparable state standards, or from a contractor who is certified by state or local government to evaluate such compliance.

3. As used in this subsection, "health, safety and environmental standards" include but are not limited to structural standards, fire and life safety standards, water quality and discharge standards, food handling standards, and any other standards that are generally applicable under state or federal law to a non-tribal facility that is open to the public for purposes of protecting the public within the facility. "Health, safety and environmental standards" does not include land use regulations or zoning laws.

4. The Tribe agrees that the State may use state or local inspectors to verify compliance with this subsection. Such inspectors shall cooperate with Gaming Facility management to conduct such inspections in a manner that does not disrupt operations at the Gaming Facility, and shall be conducted only with advance notice to and permission of the Gaming Facility where practicable. If the State asserts that the Tribe is in breach of this subsection, and that the breach creates an immediate and substantial threat to the health or safety of the patrons or employees of the Gaming Facility, the Tribe agrees to take steps as are necessary to protect the public or employees until the breach is remedied. Resolution of any dispute as to what steps are necessary shall be conducted in the same manner as and under the principles and procedures established for resolution of operating disputes in Section 6 of this Compact.

B. Transportation Issues

1. If the Tribe plans additional development of the Gaming Facility site, the Tribe shall advise the appropriate state or local transportation planning officials of the planned development by submitting a master plan. In planning street, road or highway improvements, the Tribe, state and local transportation planning officials shall plan for improvements using the

master plan. Construction of street, road or highway improvements may be completed in phases if practicable.

2. Traffic improvements shall be those necessary to maintain the level of service of the affected highway(s), road(s) or street(s), and to provide safe access to and from the Gaming Facility. The Tribe shall not be responsible for improvements to affected high-ways, roads or streets unless the improvements are necessary to correct traffic impacts attributable to the Gaming Facility. For state highways, traffic improvements shall be consistent with the requirements of the State Highway Plan, including improvements necessary to mitigate traffic congestion, and to conform to the Oregon Department of Transportation access management policies. If the Oregon Department of Transportation determines that highway improvements are necessary, the department shall confer with the Tribe concerning the planning, design and construction of those improvements.

3. The Tribe shall pay the reasonable cost of necessary street, road or highway improvements determined to be necessary on the basis of a traffic impact study and Oregon Department of Transportation requirements. If the Tribe disputes the amount of costs to be paid by the Tribe, the Tribe may initiate the dispute resolution procedure established under Section 16 of this Compact.

4. The Tribe agrees to consult and cooperate with the Oregon Department of Transportation regarding any other 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. If the Tribe disputes the amount of the cost to be paid by the Tribe, the Tribe may initiate the dispute resolution procedure established under Section 16 of this Compact.

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.

SECTION 12. EFFECTIVE DATE; TERMINATION; AMENDMENTS.

A. Effective Date. This Compact shall become effective upon execution by the State and by the Tribe and appropriate federal approval.

B. Termination. This Compact shall remain in effect until such time as:

1. This Compact is terminated by written agreement of both parties;

2. The State amends its Constitution or laws to criminally prohibit within the State conduct of all of the Class III gaming authorized by this Compact, 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 6 of this Compact has been exhausted, and the breach has continued for a period of 60 days after written notice following the conclusion of the dispute resolution process.

C. Automatic Amendment.

1. If a type of Class III game authorized under Section 4 of this Compact is criminally prohibited for all purposes by all persons 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, but the Tribe shall be required to cease operating that Class III game only if and under the same circumstances and conditions as the State or any other affected person must cease operating the corresponding game under the court's decision.

D. Amendments.

1. This Compact shall not be amended for a period of three years after the effective date of this Compact, unless one of the following conditions occur:

   a. The State becomes a party to another Tribal-State Compact that authorizes a tribe other than the Burns Paiute to engage in any Class III gaming activity or scope of gaming activity not permitted under the terms of Section 4 of this Compact;

   b. 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;

   c. The parties to this Compact agree in writing to enter amendment negotiations.

1. Paragraph 1 of this subsection does not require the State to renegotiate those terms of this Compact that apply to the 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 Tribes 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 Tribes at the appropriate office identified at Section 14 below. If a request is made by the Tribes, it shall be treated as a request to negotiate pursuant to IGRA. All procedures and remedies available under IGRA shall thereafter apply with the exception that the 180-day period for negotiation set forth at 25 U.S.C. 2710(d) shall be 100 days.

SECTION 13. DISCLAIMERS AND WAIVERS.

A. Gaming at Another Location or Facility. The Tribe hereby waives any right it may have under IGRA to negotiate a Compact for Class III gaming at any different or additional location or facility for a period of five (5) years from the effective date of this Compact, provided, that if any other Oregon Indian tribe operates Class III gaming at more than one location under a Compact with the State, the Tribe shall have the right to request immediate negotiations on the issue, and provided further, that the Tribe shall have the right to negotiate for Class III gaming at another location if some natural occurrence makes the Gaming Facility unusable. In the event that the State enters a Compact with another tribe in Oregon that authorizes such tribe to operate Class III gaming pursuant to 25 U.S.C. §2719(b)(1)(A), the Tribe shall be authorized to request that the State meet to consider a Compact Amendment proposal by the Burns Paiute Tribe for authorization to develop and operate Class III gaming at an off-reservation site. Nothing in this Compact shall be construed as a limitation on the Governor's discretion to deny such a request, consistent with 25 U.S.C. §2719(b)(1)(A).

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 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. 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.

SECTION 14. NOTICES.

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

Captain
Oregon State Police
Gaming Enforcement Division
Salem, OR 97310

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

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

Chairperson, Tribal Council
Burns Paiute Tribe
HC 71, 100 Pasigo Street
Burns, Oregon 97720-9303

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 *sua sponte* or in response to a defense or motion filed by the Tribe, an action can be filed in a State court of competent jurisdiction to interpret or enforce the provisions of this Compact. The Oregon Legislature has waived the State's sovereign immunity to such a suit pursuant to ORS 30.320, and the Tribe hereby waives its immunity to suit in State court for the limited purpose of enforcing this Compact according to the terms of this Section 16. In the event that the Federal court declines jurisdiction due to a defense or motion filed by the State, the above-referenced limited Tribal sovereign immunity waiver shall not be effective to permit suit by the State against the Tribe in State court. In such event, the Tribe shall waive its sovereign immunity to permit an action to enforce this Compact to be filed by the State in the Burns Paiute Tribal Court.

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 Kitzhaber, M.D., Governor

Date: 12/27, 2002

BURNS-PAIUTE TRIBE

Albert Teeman, Chairperson

Date: 12/30, 2002

APPROVED FOR LEGAL SUFFICIENCY

Stephanie L. Striffler, Special Counsel to the Attorney General

Date: _____, 2002

APPROVED BY THE SECRETARY OF THE INTERIOR

By: _____
Acting Assistant Secretary - Indian Affairs

Date: 2/14, 2003

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