United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

TAKE PRIDE IN AMERICA

MAR - 6 1995

Honorable Raymond Calica, Sr.
Chairman
Confederated Tribes of the
Warm Springs Reservation of Oregon
P.O. Box C
Warm Springs, Oregon 97761

Dear Chairman Calica:

On January 19, 1995, we received the Compact between the Confederated Tribes of the Warm Springs Reservation of Oregon (Tribe) and the State of Oregon (State), dated January 6, 1995. 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 the 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 note, that § 4 (C) contains a typographical error, citing § 30 of IGRA which does not exist. We believe that the parties meant § 20 of IGRA.

Notwithstanding our approval of the Compact, Section 11(d)(1) of the IGRA, 25 U.S.C. § 2710(d)(1), requires that tribal gaming ordinances be approved by the Chairman of the National Indian Gaming Commission (NIGC). Regulations governing approval of Class II and Class III gaming ordinances are found in 25 C.F.R. §§ 501.1-577.15 (1994). Pursuant to the IGRA and the regulations, even previously existing gaming ordinances must be submitted to the NIGC for approval when requested by the Chairman. The Tribe may want to contact the NIGC at (202) 632-7003 for further information to determine when and how to submit the ordinance for approval by the NIGC.

In addition, if the Tribe enters into a management contract for the operation and management of the Tribe's gaming facility, the contract must likewise be submitted to, and approved by the Chairman of the NIGC pursuant to Section 11(d)(9) of the IGRA, 25 U.S.C. § 2710(d)(9) and the NIGC's regulations

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governing management contracts. The Tribe may want to contact the NIGC for information on submitting the ordinance and the management contract for approval by the NIGC.

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

Sincerely,

/S/ Ada E. Deer

Ada E. Deer
Assistant Secretary - Indian Affairs

Enclosures

Identical Letter Sent to: Honorable Barbara Roberts
Governor of Oregon
254 State Capitol
Salem, Oregon 97310

cc: Portland Area Director w/copy of approved Compact
Supt., Warm Springs Agency w/copy of approved Compact
National Indian Gaming Commission w/copy of approved Compact
Pacific NW Regional Field Solicitor w/copy of approved Compact
Portland United States Attorney w/copy of approved Compact

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

Indian Gaming

AGENCY: Bureau of Indian Affairs, Interior.

ACTION: Notice of Approved Tribal-State Compact.

SUMMARY: Pursuant to 25 U.S.C. 2710, of the Indian Gaming Regulatory Act of 1988 (Pub. L. 100–497), the Secretary of the Interior shall publish, in the **Federal Register**, notice of approved Tribal-State Compacts for the purpose of engaging in Class III (casino) gambling on Indian reservations. The Assistant Secretary—Indian Affairs, Department of the Interior, through her delegated authority, has approved the Tribal-State Government-to-Government Compact for Regulation of Class III Gaming Between the Confederated Tribes of the Warm Springs Reservation of Oregon and the State of Oregon, which was executed on January 6, 1995.

DATES: This action is effective upon date of pul cation.

FOR FURTHER INFORMATION CONTACT: George T Skibine, Director, Indian Gaming Management Staff, Bureau of Indian Affairs, Washington, D.C. 20240, (202) 219–4068.

Dated: March 6, 1995.

Ada E. Deer,

Assistant Secretary—Indian Affairs.

[FR Doc. 95–6412 Filed 3–10–95; 8:45 am]

BILLING CODE 4310–02–M

TRIBAL-STATE GOVERNMENT-TO-GOVERNMENT COMPACT FOR REGULATION OF CLASS III GAMING BETWEEN THE CONFEDERATED TRIBES OF THE WARM SPRINGS RESERVATION OF OREGON AND THE STATE OF OREGON

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TRIBAL-STATE GOVERNMENT-TO-GOVERNMENT COMPACT FOR REGULATION OF CLASS III GAMING BETWEEN THE CONFEDERATED TRIBES OF THE WARM SPRINGS RESERVATION OF OREGON AND THE STATE OF OREGON

PREAMBLE:

This Compact is made between the State of Oregon (hereinafter "State") and the Confederated Tribes of the Warm Springs Reservation of Oregon (hereinafter the "Tribes") and pertains to Class III gaming to be conducted on lands within the Warm Springs Indian Reservation pursuant to the Indian Gaming Regulatory Act of October 17, 1988 (Public Law 100-497), 25 U.S.C. 2701 et seq. ("IGRA") and reflects the sovereign status and jurisdictional authority of the Tribes and addresses the legitimate concerns of the State. 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 held in trust by the United States, and that these lands may be used for Class III gaming under IGRA.

SECTION 1. TITLE.

THIS Compact is entered into this 6th day of January, 1995, by and between The Confederated Tribes of the Warm Springs Reservation of Oregon, a federally recognized Tribe of Indians, and the State of Oregon.

SECTION 2. FINDINGS.

WHEREAS, Tribes is a federally recognized Indian Tribe and is the beneficial owner of, and government for, the Warm Springs Indian Reservation (hereinafter the "Reservation") located within the State of Oregon;

AND WHEREAS, the Tribes have adopted a "Declaration of Sovereignty," dated June, 1992, setting forth the Tribes' position as to the inherent sovereignty of the Tribes;

AND WHEREAS, the Tribes have adapted a "Vision for Tribal Gaming" to guide the development, planning and implementation of Indian gaming by the Tribes;

AND WHEREAS, the Reservation is specifically exempted from the extension of state jurisdiction to Indian country by Public Law 83-280.

AND WHEREAS, the Reservation consists of approximately 1,000 square miles, almost all of which is eligible trust lands;

AND WHEREAS, the Reservation encompasses no non-tribal communities and non-tribal activity is almost solely limited to tribally supported tourist and recreational activities;

AND WHEREAS, the Tribes provides a full range of governmental services on the Reservation;

AND WHEREAS, the economic benefits to be realized from Indian gaming are consistent with the goals of the Oregon Benchmarks;

AND WHEREAS, the State and the Tribes 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, which, at the time of execution of this Compact, authorize a variety of games classified as Class III games under IGRA;

AND WHEREAS, the State Constitution provides that the "Legislative Assembly has no power to authorize, and shall prohibit casinos from operation in the State," and the parties to this Compact recognize that the precise meaning and application of this provision to the conduct of Class III games in this State is currently unsettled and unclear;

AND WHEREAS, the Tribal public policy, as reflected in the Tribes' Constitution and Bylaws includes the powers of the Tribal Council to negotiate with state government, manage the economic affairs of the Tribes and protect the health, security and general welfare of the members of the Tribes;

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

AND WHEREAS, the Tribes exercises governmental authority over all lands within the Warm Springs Indian Reservation;

AND WHEREAS, IGRA is intended to provide a statutory basis for regulation of gaming by the Tribes adequate to shield them from organized crime and other corrupting influences, to ensure that the Tribes are 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, in IGRA, Congress recognized a role for State public policy and State law in the regulation of Class III Gaming;

AND WHEREAS, nothing in the Tribal-State Government-to-Government Compact shall be construed to extend to any other activities or as an abrogation of other reserved rights of the Tribes or of the Tribes' sovereignty; and the Tribes expressly reserve all such rights and sovereign powers;

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

AND WHEREAS, the Tribes are authorized to act through Ordinance and Resolutions adopted by its Tribal Council; subject to the referendum powers of the members of Tribes;

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 Tribes and the State enter into the following Compact:

SECTION 3. DEFINITIONS.

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

A. "Background investigation" means the security and financial history checks of an employee, licensee or applicant for Tribal contract for the operation or sale of Class III games to the Tribes.

B. "Certification" means the inspection process used by the Oregon State Lottery to approve video lottery game terminals and games.

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

D. "Class III Gaming Contractor" is an individual, business or other entity that applies for or is a party to a Class III Gaming Contract.

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

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

G. "Gaming Facility" means any building or structure in which the Tribes conduct Class III gaming under this Compact, and includes both the Kah-Nee-Ta facility and the Permanent Gaming Facility as those terms are defined in this Compact.

H. "Gray Machine" means any electrical or electro-mechanical device, whether or not it is in working order or some act of manipulation, repair, adjustment or modification is required to render it operational that:

1. Awards credits or contains or is readily adaptable to contain, a circuit, meter, or switch capable of removing or recording the removal of credits earned by a player, other than removal during the course of continuous play; or

2. Plays, emulates, or simulates a casino game, bingo, or keno. A device is no less a gray machine because, apart from its use or adaptability as such, it may also sell or deliver something of value on the basis other than chance.

"Gray Machine" does not include any device operated under the authority of State law or under the terms of this Compact.

I. "High Security Employee" means any person with responsibility for the management or operation of the Class III gaming activities or access to gaming terminals or cash.

J. "Kah-Nee-Ta Facility" means the addition to the Kah-Nee-Ta Lodge proposed to be constructed as of the date of execution of this Compact by the Tribes on Indian trust lands at the Kah-Nee-Ta Resort on the Warm Springs Indian Reservation, as more specifically described in Exhibit "1" to this Compact, and includes the square footage of any expansion devoted to the play of Class II or Class III games.

K. "Key Employee" means any officer or any person who can affect the course of business, make decision, or is in a sensitive position.

L. "Low Security Employee" means any person employed to work in a gaming area with no responsibility for management or operation of the Class III gaming activities and no access to inside gaming terminals or cash.

M. "Major Procurement" means any procurement action or contract for:

1. The printing of tickets used in any Class III gaming;

2. Any goods or services involving the receiving or recording of number selections in any Class III gaming;

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

4. Video devices.

N. "Minor Procurement" means any procurement action or contract related to Class III gaming that is neither a Major Procurement nor a Sensitive Procurement. A typical example of this class of procurement is a contract to change the external appearance of a video terminal.

O. "Owner" means any person or entity that owns 5 percent or more of the equity ownership of a company.

P. "Permanent Gaming Facility" means any building, other than the Kah-Nee-Ta Facility, constructed by the Tribes on Indian trust lands on the Warm Springs Indian Reservation pursuant to Section 4 of this Compact.

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

1. Has management responsibility for any gaming management contract;

2. Has authority -

   a. to hire and fire employees; or

   b. to set or otherwise establish working policy for the gaming operations; or

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

R. "Sensitive Procurement" means any procurement action or contract for goods or services, other than a "Major Procurement," that may either directly or indirectly affect the integrity, security, honesty and fairness of the operation and administration of Class III gaming. A typical example of this class of procurement is the acquisition of security systems required to protect the security and integrity of the Class III gaming.

S. "Temporary Gaming Facility" means the Temporary Gaming Facility described in Section 4.F. of this Compact.

T. "Video lottery terminal" or "terminal" means an electrical or electro-mechanical device, component, or terminal that displays a ticket through the use of a video display screen, and that is available for consumer play 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 as more fully described in Appendix A.

SECTION 4. AUTHORIZED CLASS III GAMING.

A. This Compact shall be the only Compact between the Tribes and State and any and all Class III gaming conducted in any 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 D of Section 12 of this Compact.

B. **Authorized Games.**

1. Subject to the provisions of this Compact, the Tribes may engage in only the following Class III games: Video lottery games of chance as described in Appendix A, keno as described in Appendix B, and off-race course mutuel wagering as described in Appendix C.

2. This Section shall be construed consistent with federal classification of gaming activities. Notwithstanding any provision of this Compact, any gaming activity classified by federal regulation as Class II activity shall not be subject to the provisions of the Compact.

C. **Gaming Location.** 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 Tribes does not hereby abrogate any rights it may have under Section 30 of IGRA. Gaming authorized under this Compact may be conducted at either the Kah-Nee-Ta Facility or the Permanent Gaming Facility, but not at both facilities concurrently. If the Tribes elect to conduct gaming at the Kah-Nee-Ta Facility first, they agree to discontinue gaming at that facility before opening a Permanent Gaming Facility at another location.

1. The Kah-Nee-Ta Facility authorized under this Compact shall be located on the Warm Springs Indian Reservation at the site of the Kah-Nee-Ta Lodge.

2. The Permanent Gaming Facility shall be located on Indian lands that qualify for Class III Gaming under 25 USC §2701 et seq. within the boundaries of the Warm Springs Indian Reservation at a site, other than the Kah-Nee-Ta Lodge, to be designated by the Tribes.

D. **Number of Video Terminals.** The number of Class III video lottery terminals authorized by this Compact for either Gaming Facility shall not exceed the number of such terminals that would occupy fifteen percent (15%) of the total square footage of the gaming area and related portions of the Gaming Facility under customary industry spacing. Subject to other terms of this agreement, the Tribes may determine in its discretion the location and spacing of video lottery terminals within the Gaming Facility.

1. The parties acknowledge that the Kah-Nee-Ta Lodge is a mixed use facility. The parties agree that the size of the Kah-Nee-Ta Facility to be devoted to Class III video lottery terminals is determined by the areas of those parts of the facility and the Lodge

of which it will be a part that are appropriately related to the gaming activities conducted therein (the gaming area). The parties also agree that, in combination, the gaming area of the facility and the lodge and the spacing of video lottery terminals customary in the industry limit the number of video lottery terminals on the gaming floor to no more than 295.

2. The Permanent Gaming Facility has not yet been designed. The Tribes anticipate that the Permanent Gaming Facility will be a mixed used facility. The Tribes and the State agree that the number of video lottery terminals to be authorized in the Permanent Gaming Facility shall be established, according to the principles described in this subsection, in a memorandum of understanding entered into between the Tribes and the State at such time as the Permanent Gaming Facility is designed.

E. Expansion of Gaming Area. If the Tribes expands the square footage of the Gaming Facility, the limit on the number of video lottery terminals established in subsection D of this section shall be increased by the number of video lottery terminals that would occupy fifteen percent (15%) of the total square footage of the expansion that is devoted to Class II and Class III gaming and related activities, given customary industry spacing of video lottery terminals. The parties shall enter into a memorandum of understanding in which the precise number of additional video lottery terminals shall be established.

F. Temporary Gaming Facility.

1. The Tribe is authorized to develop a Temporary Gaming Facility on eligible trust lands on the reservation. The location of a Temporary Gaming Facility has not been determined. The Tribe shall notify the State in writing at such time as a location for a Temporary Gaming Facility is determined.

2. Class III Gaming. The only Class III games that will be conducted in the Temporary Gaming Facility will be video lottery terminals as defined in this Compact. The Tribe may install up to 250 video lottery terminals in the temporary Gaming Facility: provided that the total square footage of the Temporary Gaming Facility shall be not less than 10,000 square feet. If the square footage of the Temporary Gaming Facility is less than 10,000 square feet, the number of video lottery terminals authorized shall be reduced proportionately.

3. Duration of Temporary Gaming. Gaming under this subsection may be conducted for a period of no more than one year beginning after the effective date of this Compact and ending before the opening of the Gaming Facility.

4. Access to Temporary Facility. Access to the Temporary Gaming Facility shall be provided subject to the conditions imposed in Section 11.B of this Compact. In the event that the Temporary Gaming Facility is accessed from U.S. Highway 26, rather than BIA roads, the Tribe shall consult with the Oregon Department of Transportation and appropriate local officials so that access from State Highway 26 will meet appropriate standards and shall otherwise comply with Section 11.B.2. of this Compact. The Tribe is responsible to provide adequate parking for patrons of the Temporary Gaming Facility.

5. Alcohol Policy. No alcohol will be served in the Temporary Gaming Facility.

6. Security. The Tribe shall consult with the Oregon State Police to assure that the security requirements of the Compact are fully satisfied before opening the temporary Gaming Facility.

7. Applicability of Compact Requirements: Except as explicitly provided in this subsection, all terms of this Compact shall apply to the operation of the Temporary Gaming Facility.

G. **Off-Track Mutuel Wagering.** The Tribes may conduct off-track mutuel wagering on races held at race courses within or outside the State. Any off-track 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). All off-track mutuel wagering at any Gaming Facility shall be conducted in person and no wagers may be accepted by telephone or other electronic medium.

SECTION 5. JURISDICTION.

A. **In General.**

1. The Tribes and Federal Government have criminal jurisdiction over offenses committed by Indians within the Reservation. The criminal laws of the Tribes, and the Federal Government where applicable, shall govern the criminal conduct of Indians on the Reservation. The Tribes have a

Police Department, a Tribal Court and a facility for incarceration of Indian offenders.

2. The State and Federal Government have criminal jurisdiction over offenses committed by non-Indians within any Gaming Facility and over offenses committed by Indians outside the exterior boundaries of the Reservation. The criminal laws of the State shall be applicable to non-Indians and have the same force and effect at any Gaming Facility within the Reservation as they have on non-Tribal lands within the State. The enforcement of criminal laws with respect to non-Indians at any Gaming Facility within the Reservation shall be established pursuant to and by a Memorandum of Understanding to be executed by the Tribes and the Oregon State Police. The State shall make reasonable efforts to enforce the criminal laws applicable to offenses committed by non-Indians within any 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 of the State of Oregon, or officers designated by the State, shall have free access to anywhere within any 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 and applicable inter-governmental agreements between the Tribes and the state and local governments, the Tribes' Extradition Code and the Cross Deputization Agreement executed by the Warm Springs Tribal Police Department and the State. The Tribes, or individuals acting on their behalf, shall provide State law enforcement officers or officers designated by the State access to locked and secured areas of any Gaming Facility in accordance with the regulations for the operation and management of the gaming operation.

C. Subject to the provisions of paragraph 1 of subsection B of Section 9 of this Compact, the State may station one or more officers at any Gaming Facility by mutual agreement with the Tribes. The Tribes agree to provide appropriate training in tribal culture and the institutions to any officer stationed at any Gaming Facility.

D. Nothing in this Compact shall be construed to affect the civil jurisdiction of the State under Public Law 83-280.

SECTION 6. PRINCIPLES GOVERNING GAMING OPERATIONS DECISIONS.

A. The Tribes and the State agree that maintaining the honesty, integrity, fairness and security of the Tribes' gaming operation is essential both to the success of the enterprise and to satisfy the interests of the State and of the Tribes. Accordingly, all decisions by the Tribes concerning operation of their Gaming Facility, including those decisions expressly placed within the Tribes' discretion under the terms of this Compact, shall be consistent with each of the following principles:

1. Any and all of the Tribes' decisions concerning operation of the Tribal gaming enterprise shall reflect the particularly sensitive nature of a gaming operation.

2. In order to maintain the honesty, integrity, fairness and security of the Tribes' gaming operation, the Tribes shall work diligently and take all reasonably necessary affirmative steps to prevent cheating and theft, and to protect the gaming operations from the influence or control by any form of criminal activity or organization.

3. The honesty, integrity, fairness and security of the Tribes' 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 Tribes shall make no decisions that compromise the honesty, integrity, fairness or security of the gaming operation.

4. Regulation and operation of the Tribes' 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 Tribes' gaming operation.

B. **Procedure for Resolving Disputes Concerning Operational Decisions.**

1. If the State, in good faith, believes that any decision by the Tribes 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 Tribes. 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 Tribes receive 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 operations, and believes that substantial harm will result during the time that would pass if the procedure established in paragraphs 1 to 3 of this subsection is followed, the State may give written notice to the Tribes. The written notice shall describe the factual basis for the State's concern.

b. The parties shall confer within five days after the Tribes receive 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 operations includes but is not limited to the following examples:

(1) A criminal indictment is filed against any contractor, or owner of key employee of a contractor;

(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.

6. The provisions of this Section shall provide the exclusive method for resolving disputes as to the Tribes' 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 and High Security Employees to be employed in the Gaming Facility shall be licensed by the Tribes 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 Tribes any required application fees and the following information:

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 and addresses for the past five years;

e. Employment history for the past five years;

f. Driver's license number;

g. All licenses issued and disciplinary actions taken by any State agency 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 Tribes.

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

4. a. The Tribes shall forward the applicant information to the State, along with the State required portion of the application fee as described in subsection C of this Section. The Oregon State Police shall 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 thirty (30) days without notice to and consent of the Tribes.

b. The Tribes may request the State to perform a background investigation on any prospective Low Security Employee. Upon such request, the Oregon State Police shall conduct a background check as provided in subparagraph a. of this paragraph.

5. a. The Tribes shall deny a gaming license to any prospective High Security Employee or Primary Management Official who has committed any of the following crimes under the law of any jurisdiction, or is the subject of a civil judgment in any jurisdiction that is based upon facts that constitute the elements of any of the following crimes:

(1) Aggravated murder; murder in the first degree
(2) Assault (in the first or second degree)
(3) Kidnapping in the first degree

(4) Rape in the first degree
(5) Sodomy in the first or second degree
(6) Unlawful sexual penetration in the first degree
(7) Sexual abuse in the first or second degree
(8) Any crime related to child pornography
(9) Forgery in the first degree
(10) Possession of a forgery device
(11) Unlawful factoring of a credit card transaction
(12) Falsifying business records
(13) Sports bribery or receiving a sports bribe
(14) Making a false financial statement
(15) Obtaining execution of a document by deception
(16) Theft by extortion
(17) Arson in the first degree
(18) Computer crime
(19) Robbery in the first or second degree
(20) Bribery
(21) Bribing a witness
(22) Perjury
(23) Any theft accomplished by manipulation of records; e.g., embezzlement
(24) Promotion of unlawful gambling
(25) Conviction of any crime if the original charge was promotion of unlawful gambling, and a lesser charge was plea-bargained.
(26) Tax evasion

b. The Tribes shall deny a gaming license to any prospective High Security Employee or Primary Management Official who has associated in a business relationship, whether as a partner, joint venturer or employer, with any other person who has been convicted of one of the crimes listed in subparagraph a. of this paragraph. The Tribes shall deny a gaming license to any prospective High Security Employee or Primary Management Official who was employed by any other person who has been convicted of one of the crimes listed in subparagraph a. of this paragraph, if the prospective employee or official was in any way involved in or aware of the criminal activity as it occurred.

c. The Tribes 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 Tribes 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 Tribes or the State during a background or security investigation.

d. The Tribes may deny a gaming license to any prospective High Security Employee or Primary Management Official for any reason the Tribes deem 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 Tribes 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 Tribes' gaming operation; or

(3) There is any aspect of the applicant's past conduct that the Tribes determine would adversely affect the honesty, integrity, security or fairness of Tribal gaming operation.

e. The Tribes shall deny employment to any prospective Low Security Employee who does not meet the criteria established in sub-subparagraph (1) to (5) of this subparagraph. The Tribes may deny employment to any Low Security Employee applicant who does not meet the criteria established in sub-subparagraphs (6) to (26) of this subparagraph or in subparagraphs c. or d. of this paragraph. Decisions to grant or deny employment shall be consistent with the principles set forth in subsection A of Section 6 of this Compact.

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

6. Denial of employment or a license by the Tribes is final.

7. **Waiver of Disqualifying Criteria.**

a. If a prospective Primary Management Official, High Security Employee or Low Security Employee is disqualified for licensing or employment under the provisions of paragraph 5. above, and the Tribes believe that there are mitigating circumstances that justify waiver of the disqualifying factor, the Tribes may give written notice to the State asking to meet and confer concerning waiver of the disqualification. The Tribes and the State shall meet within 15 days after written notice is given.

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

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

(1) Passage of time since conviction of a crime;

(2) The applicant's age at the time of conviction;

(3) The severity of the offense committed;

(4) The overall criminal record of the applicant;

(5) The applicant's present reputation and standing in the community;

(6) The nature of the position for which the application is made.

8. **Temporary Licensing of Employees.**

a. The Tribes may issue a temporary license to High Security Employees 30 days after submission of the application to the Oregon State Police. The temporary license shall expire and

become void upon completion of the background check and award or denial of a permanent license.

b. The Tribes may employ Low Security Employees on probation 10 days after submission of the application to the State Police. Any Low Security Employee shall be subject to immediate termination during probation if the Tribes determine that the employee does not meet the criteria established in sub-subparagraphs (1) to (5) of subparagraph a. above.

9. **Background Investigation During Employment.** The Tribes 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 Tribes any cause for 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 Tribes shall review the State's report and supporting materials and if the Tribes conclude that good cause for dismissal is shown under the criteria established in paragraph 5 of subsection A above, the subject employee may be dismissed. An employee shall be dismissed if the Tribes would have been required to deny employment to that employee under the provisions of paragraph 5 of subsection A above.

10. **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 a 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 a renewal fee and updated information to the Tribes but will not be required to resubmit historical date already provided.

11. **Revocation of License.** The Tribes may revoke the license of any employee pursuant to policies determined by the Tribes. The Tribes shall revoke the license of any employee upon determination that an event has occurred that would have prohibited the Tribes from hiring the employee under the criteria described in paragraph 5 of subsection A above.

12. The Tribes shall maintain a procedural manual for employees that includes rules and regulations of conduct and disciplinary standards for breach of procedure.

B. <u>Contracts with Manufacturers and Suppliers</u>.

1. The Tribes shall contract with all managers, manufacturers or suppliers of goods or services related to the play of Class III games authorized by this Compact before conducting any business related to Class III games.

2. The Tribes shall submit any proposed Class III Gaming Contract to the State for review and comment, and for a background investigation of the contract applicant.

3. A background investigation may be conducted by the State on all Class III Gaming Contract applicants or contractors. The level of investigation will be determined by whether the individual procurement is classified as a Major Procurement, Minor Procurement or Sensitive Procurement. The level of investigation for a Major Procurement and Sensitive Procurement shall be more intense than that for a Minor Procurement.

4. All Class III Gaming Contract applicants, and any owner or key employee of an applicant, shall provide all personal and business information required by the State to conduct its background investigation.

5. The Tribes shall not enter into any Class III Gaming Contract that does not grant the State or the Tribes access to the contractor's business and financial records.

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

   a. The Tribes shall deny a Class III Gaming Contract application for a Major or Sensitive Procurement if the applicant, or any owner or key employee of the applicant has been convicted of a crime, or is the subject of a civil judgment based upon facts that constitute the elements of a crime described in subparagraph a of paragraph 5 of subsection A above.

   b. The Tribes shall deny a Class III Gaming Contract application for a Major or Sensitive Procurement if the applicant, or any owner or key employee of the applicant, has associated in a business relationship, whether as a partner, joint venturer or employer, with any other person who has been convicted of one of the crimes listed in subparagraph a of paragraph 5 of subsection A above. The Tribes shall deny a Class III Gaming Contract for a Major or Sensitive Procurement if the applicant, or any owner or key employee of the applicant, was employed by any other person who

has been convicted of one of the crimes listed in subparagraph a of paragraph 5 of subsection A of this Section, if the applicant, owner or key employee was in any way involved in or aware of the criminal activity as it occurred.

c. The Tribes shall deny a Class III Gaming Contract application for a Minor Procurement if the applicant, or any owner or key employee of the applicant, has been convicted of a crime described in sub-subparagraphs (1) to (5) of subparagraph a of paragraph 5 of subsection A of this Section, or is the subject of a civil judgment based upon facts that constitute the elements of a crime described in sub-subparagraphs (1) to (5) of subparagraph a of paragraph 5 of subsection A of this Section.

d. The Tribes shall deny a Class III Gaming Contract application if:

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

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

e. The Tribes may deny any Class III Gaming Contract application for any reason the Tribes deem sufficient. Such decisions to deny a Class III Gaming Contract application shall be consistent with the principles set forth in subsection A of Section 6 of this Compact. In determining whether to deny a Class III Gaming Contract application, the factors to be considered by the Tribes shall include, but need not be limited to the reasons described in subparagraph d of paragraph 5 of subsection A of this Section.

f. The Tribes may deny any Class III Gaming Contract application if:

(1) A person who is unqualified or disqualified to be a Class III Gaming Contractor owns, is an agent of or has any other interest in the applicant, regardless of the qualifications of the person who seeks approval as a contractor;

(2) The applicant demonstrates inadequate financing for the business proposed under the type of contract for which application is made. In determining whether financing is adequate, the Tribes shall consider whether financing is from a source that meets the qualifications of paragraph 5 of subsection A of this Section, or paragraph 6 of subsection B of this Section and whether that financing is in an amount to ensure the likelihood of success in the performance of the contractor's duties and responsibilities; or

(3) The applicant or its employees fails to demonstrate business ability and experience to establish, operate, and maintain the business for the type of contract for which application is made.

g. In evaluating whether to deny a contract related to Class III gaming based on subparagraphs e or f of paragraph 6 of subsection B of this Section, the Tribes may consider the following factors:

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

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

(3) The number of offenses or crimes; and

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

h. (1) No person applying for a Class III Gaming Contract shall own, manufacture, possess, operate, own an interest in, or gain income or reimbursement in any manner from video gaming devices in any jurisdiction unless the devices are approved and certified by another state lottery, gambling or gaming control agency, Indian Tribe, National Indian Gaming Commission, or foreign country, that has jurisdiction to approve that activity, and such ownership, manufacture, possession, operation, or income is disclosed to the Tribes.

(2) No person applying for a Class III Gaming Contract shall own, operate, own an interest in, or gain income or reimbursements in any manner from off-track pari-mutuel wagering in any jurisdiction unless that activity is approved and certified by another state racing regulatory body, gambling or gaming control agency, Indian Tribe, National Indian Gaming Commission, or foreign country, that has jurisdiction to approve that activity, and such ownership, operation or income is disclosed to the Tribes.

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

7. **Contractor Reporting Requirements.**

a. All contractors shall submit to the Tribes and the State any financial and operating data requested by the Tribes or the State.

b. The Tribes and the State each may specify the frequency and a uniform format for the submission of such data.

c. The Tribes, the State, or their agents reserve the right to examine contractor tax records and the detailed records from which the tax reports are complied.

C. **Fees for Approval of Employment Licenses and Contracts.**

1. The State shall be reimbursed its costs for approval of employees and licenses, in accordance with the terms of this Compact.

2. The fees for State approval of licenses and contracts shall be set pursuant to a Memorandum of Understanding between the parties to be negotiated annually.

3. Should actual costs incurred by the State exceed the fees agreed to by the parties in the annual Memorandum of Understanding, the State will assess those additional costs to the applicants during or after the investigation. The applicant is required to pay the investigation fee in full prior to issuance of the contract or license except that interim contracts or licenses shall be issued for the period of time that a dispute is pending as contemplated at paragraph 4 of this subsection.

4. Should the State and the Tribe fail to agree to fees in the Memorandum of Understanding, the dispute shall be resolved pursuant to Section 6 of this Compact.

D. Management Contracts.

1. The Primary Management Official shall provide the State at all times with a current copy of any management agreement with the Tribe that allows it to conduct Class III gaming on the Tribal trust land.

2. The Primary Management Official shall furnish to the Tribes and the State complete information pertaining to any transfer of controlling interest in the management company at least 30 days before such change; or, if the Primary Management Official is not a party to the transaction effecting such change of ownership or interests, immediately upon acquiring knowledge of such change or any contemplated change.

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

A. Compliance with Regulations. The acquisition, use and operation of all video lottery games of chance, keno and off-track parimutuel wagering authorized under this Compact shall be in accordance with the rules and regulations set forth in Appendices A, B and C. Appendices A, B and C are hereby incorporated into and made a part of this Compact.

B. Identification Badges. The Tribes shall require all employees to wear, in plain view, identification badges issued by the Tribes that include photo and name. This requirement shall not apply to those security or compliance personnel identified in a memorandum of understanding between Tribes and the State.

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 Tribes permit any person or organization to offer such credit for a fee. This restriction shall not apply to credits won by players who activate play on video games of change after inserting coins or current into the games. This Section shall not restrict the right of the Tribes 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 under the age of 21 shall be allowed to play any video lottery game of chance operated under this Compact. If any person under the age of 21 plays and otherwise qualifies to win

any video lottery prize or compensation, the prize or compensation shall not be paid. No person under the age of 18 shall be allowed to play keno or place or collect pari-mutuel bets.

E. **Prohibition of Firearms.** With the exception of federal, state, county or Tribal law enforcement agents or officers, 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 Tribes as permitted by Federal law. Currently, the Tribes do not legally permit the sale or possession of distilled spirits within the Warm Springs Indian Reservation, except at Kah-nee-ta Lodge. If tribal law is changed to permit alcohol sales at other locations, the Tribes shall notify the State. The Tribes and the State shall enter into a memorandum of understanding which will establish which state laws and Oregon Liquor Control Commission regulations shall be applied to the sale or service of alcoholic beverages at such location. Where required by federal law, service of alcohol shall be in compliance with State laws and Oregon Liquor Control Commission licensing regulations. Nothing in this subsection shall permit the State to impose taxes on the sale of alcoholic beverages by the Tribes. If alcohol is served in the Gaming Facility, no alcoholic beverages may be served free or at a reduced price to any patron of the Gaming Facility as an inducement to participate in any gaming.

G. **Liability for Damage to Person and Property.** During the term of this Compact, the Tribes shall maintain public liability insurance with limits of not less than $250,000 for one person and $2,000,000 for any one occurrence of any bodily injury or property damage. The Tribes' insurance policy shall have an endorsement providing that the insurer may not invoke Tribal sovereign immunity up to the limits of the policy. The Tribes 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 Tribes relating to the inspection of any gaming or gaming related facility pursuant to this Compact.

SECTION 9. INSPECTION AND ENFORCEMENT OF GAMING REGULATIONS.

A. **Tribal Gaming Commission.**

1. The primary responsibility for the regulation of the gaming operation authorized by this Compact, and for enforcement of this Compact within

the Warm Springs 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;

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

c. Safeguard the assets transported to and from the gaming facility and cashier's cage department;

d. Protect patrons and property from illegal activity;

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

f. Record any and all unusual occurrences within the gaming facility in indelible ink in a bound notebook from which pages cannot be removed, and each side of each page of which is sequentially numbered, as follows:

(1) The assigned sequential number of the incident;

(2) The date;

(3) The time;

(4) The nature of the incident;

(5) The person involved in the incident; and

(6) The security employee assigned;

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

h. Establish and maintain an updated list of persons barred from the Gaming Facility either because of their criminal history or because their association with career offenders or career offender

organizations poses a threat to the honesty, security and integrity of gaming operations, and furnish that list to the State as updated;

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

j. Maintain a closed circuit television system in the cash room of the Gaming Facility and provide copies of floor plan and TV system to the State.

k. Maintain a cashier's cage in accordance with industry standards for security;

l. Employ and train sufficient mutuel clerks;

m. Employ and train sufficient security personnel; and

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

2. **Reporting of Violation.** A tribal game inspector shall inspect the Gaming Facility at random during all hours of gaming operation, and shall have immediate access to any and all areas of the gaming operation for the purpose of ensuring compliance with the provisions of this Compact and Tribal ordinances. Any violations of the provisions of this Compact, or of Tribal ordinances by the Tribal gaming operation, a gaming employee, or any person on the premises whether or not associated with the Tribal gaming operation, shall be reported immediately to the Tribal Gaming Commission and reported to the State within 72 hours of the time the violation was noted.

3. **Investigations and Sanctions.** The Tribal Gaming Commission shall investigate any reported violation of the Compact provisions and shall require the Tribal gaming operation to correct the violation upon such terms and conditions as the Tribal Gaming Commission determines to be necessary. The Tribal Gaming Commission shall be empowered by Tribal ordinance to impose fines and other sanctions within the jurisdiction of the Tribes against a gaming employee, or any other person directly or indirectly involved in, or benefitting from, the gaming operation. The State shall make all reasonable efforts to assist the Tribes in enforcing sanctions imposed by the Tribal Gaming Commission against non-Indians.

4. **Reporting to State.** The Tribal Gaming Commission shall forward copies of all completed investigation reports and final dispositions to the State on a continuing basis. If requested by the Tribal Gaming Commission, the State shall assist in any investigation initiated by the Tribal Gaming Commission, and provide other requested services to ensure proper compliance with the provisions of this Compact, Tribal ordinances and regulations or applicable laws of the State.

B. **State Enforcement of Compact Provisions.**

1. **Monitoring.** The State is authorized hereby to monitor the Tribal gaming operation to ensure that the operation is conducted in compliance with the provisions of this Compact. The Tribes may request removal of a State law enforcement officer or monitor on the basis of malfeasance, abuse or authority, or conduct disrespectful of Tribal institutions or culture. Effective performance of the officers' or monitor's duties shall not be the basis for disapproval. The State shall have free and unrestricted access to all areas of the Gaming Facility during normal operating hours without giving prior notice to the Tribal gaming operation.

2. **Access to Records.** 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; provided, that any copy thereof and any information derived therefrom, shall be deemed confidential and proprietary financial information of the Tribes to the extent provided under ORS 192.410 to 192.505. Any records or copies removed from the premises shall be returned to the Tribes after use. Only the State employee(s) formally designated by the State, and approved by the Tribes, shall be authorized to access Tribal gaming records pursuant to this subsection. Nothing in this subsection precludes the State or the Tribes from disclosing information subject to the Rules of Civil Procedure or Evidence in connection with litigation, a prosecution or a criminal investigation.

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

SECTION 10. STATE ASSESSMENT OF COSTS FOR OVERSIGHT.

A. **Imposition of Assessment for State Law Enforcement and Regulatory Expenditures.** The State shall make annually an assessment sufficient to compensate the State for the reasonable and necessary costs of regulating gaming

operations and conducting state law enforcement investigations pursuant to this Compact. The State shall assess only those costs related to gaming. The State acknowledges expressly herein that the extent of oversight is related directly to the size and scope of gaming. Such assessment shall include any costs of fringe benefits for personnel. Fees received with respect to the submission of gaming licenses and contracts pursuant to subsection C of Section 7 of this Compact shall be subtracted from the amount of the assessment.

B. **Procedure for Assessments.** The procedure for assessments shall be determined and agreed upon annually in a Memorandum of Understanding between the parties to this Compact. Such agreement shall include provisions for adjustments of excess assessments and underpayment of costs.

C. If the parties fail to agree to the assessments under this section, such dispute shall be resolved pursuant to Section 16 of this Compact.

SECTION 11. APPLICATION OF REGULATORY STANDARDS.

A. **Health and Safety Standards.** Tribal ordinances and regulations governing health 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 Tribes agree to cooperate with any State agency generally responsible for enforcement of such health and safety standards outside the reservation in order to assure compliance with such standards within the Gaming Facility. However, the Tribes shall have the exclusive regulatory jurisdiction over the enforcement of health and safety standards applicable to the Gaming Facility. The Tribes shall use their regulatory jurisdiction to assure that health and safety standards are met.

B. **Traffic Standards.**

1. Kah-Nee-Ta Site. The Tribes shall provide and maintain access from the Kah-Nee-Ta site from BIA roads onto the public road known as U.S. Highway 26 that is adequate to meet standards of the Oregon Department of Transportation or shall enter into agreements with the Oregon Department of Transportation for the provision and maintenance of such access by the State, including provisions for compensation by the Tribes for some portion of the costs incurred by the State in constructing such improvements to the public highway, including traffic control signals, as may be necessary. If the Oregon Department of Transportation determines that highway improvements are necessary, the department shall confer with the Tribes concerning the planning, design and construction of those improvements. If the Tribes dispute the amount of the cost to be

paid by the Tribes, the Tribes may initiate the dispute resolution procedure established under Section 6 of this Compact.

2. Permanent Gaming Facility.

a. The Tribe shall provide a traffic impact study, prepared by a qualified traffic engineer registered in the State of Oregon. The study shall evaluate the effect of the proposed Gaming Facility, and any related development proposed by the Tribe as part of the same site, on U.S. Highway 26. The traffic impact study shall determine the impacts of the proposed Gaming Facility and related development on the level of service of U.S. Highway 26.

b. The Tribe shall provide and maintain access from its Gaming Facility onto the highway that is adequate to meet standards of the Oregon Department of Transportation, or shall enter into agreements with the Oregon Department of Transportation for the provision of such access by the State.

c. Traffic improvements shall be those necessary to maintain the level of service of U.S. Highway 26 and to provide safe access to and from the Gaming Facility. 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.

d. The Tribe shall pay the reasonable cost of necessary street, road or highway improvements determined to be necessary on the basis of the 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.

C. The Tribes 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 Tribes 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.

SECTION 12. EFFECTIVE DATE; TERMINATION; AMENDMENTS.

A. **Effective Date.** This Compact shall become effective upon execution by the State and by the Tribes 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 Tribes' exercise of Class III gaming; or

5. Either party materially breaches this Compact; but only after the dispute resolution process set forth in Section 16 of this Compact has been exhausted, and the breach has continued for a period of 60 days after written notice following the conclusion of the dispute resolution process.

C. **Automatic Amendment.**

1. If a type of Class III game authorized under Section 4 of this Compact is criminally prohibited by an amendment to State statute or Constitution, this Compact shall no longer authorize the Tribes 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 Tribes 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 Tribes shall be required to cease operating that Class III game only if and under the same circumstances and conditions as the State or any other affected person must cease operating the corresponding game under the court's decision.

D. **Amendments.**

1. Except as provided in subsection C of this section, 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 Confederated Tribes of the Warm Springs Indian Reservation 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 State amends any rule or regulation that corresponds specifically to Appendices A, B or C of this Compact, but in such case this Compact shall be subject to amendment only to the extent of the specific rule or regulation.

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

2. 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 1 of subsection D above, 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 Compact, this Compact shall remain in effect until renegotiated or replaced, unless sooner terminated under subsection B of Section 12. Such request to renegotiate shall be in writing and shall be sent by certified mail to the Governor of the State or the Chairman of the Board of Trustees of the Tribes at the appropriate office identified in 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.** Except as provided in this Compact, the Tribes hereby waive any right it may have under IGRA to negotiate a Compact for Class III gaming at any other location or facility for a period of three years from the effective date of this Compact.

B. **Status of Class II Gaming.** Nothing in this Compact shall be deemed to affect the operation by the Tribes 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 Tribes.

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 Tribes 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 Tribes, including the Tribal Gaming Commission, or to interfere in any manner with the Tribes' 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 Tribes.

E. This Compact is exclusively for the benefit of and governs only the respective authorities of and the relations between the Tribes and the State. Nothing in this Compact shall be construed as creating or granting rights to any third party, or as establishing any objection or defense for any third party to any charge, offense or prosection.

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:

Lieutenant
Oregon State Police
Lottery Security Section
Salem, Oregon 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, Oregon 97310

Secretary/Treasurer, Tribal Council
Confederated Tribes of the
Warm Springs Reservation of Oregon
P.O. Box C
Warm Springs, Oregon 97761

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 RESOLUTIONS.

A. Except as specifically provided in Section 6 of this Compact, 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 alleges to have been violated and shall specify the factual basis for the alleged noncompliance. The State and the Tribes shall thereafter meet within thirty (30) days in an effort to resolve the dispute.

2. In the event the dispute is not resolved to the satisfaction of the parties within ninety (90) days after service of notice, either party may initiate an action against the other party in the United States District Court for the District of Oregon to interpret or enforce the provisions of this Compact. In the event that the Federal court declines jurisdiction, an action can be filed in a State or Tribal court of competent jurisdiction to interpret or enforce the provisions of this Compact.

B. Nothing in subsection A of this section 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 or 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

Barbara Roberts

Date: January 6, 1995

CONFEDERATED TRIBES OF THE WARM SPRINGS RESERVATION OF OREGON

Raymond F. Calica Sr.

Date: 1-6-95

APPROVED BY THE ASSISTANT SECRETARY - INDIAN AFFAIRS
ADA E. DEER

By: Ada E. Deer

Date: MAR 06 1995, 1995

Tribal-State Government-to-Government Compact for
Regulation of Class III Gaming Between the
Confederated Tribes of the Warm Springs Reservation of Oregon
and the State of Oregon

Appendix A

I. VIDEO LOTTERY GAMES

APPLICATION FOR CERTIFICATION OF A VIDEO LOTTERY TERMINATION

Section 177-100-070

(1) A manufacturer shall not distribute a video lottery game or terminal for placement at the Gaming Facility unless the manufacturer and the game have been approved and the terminal has been certified by the State of Oregon. Only approved manufacturers may apply for certification of a video lottery terminal. Any manufacturer approved for Oregon State Lottery shall automatically be approved for the Tribes' gaming enterprise.

(2) The manufacturer shall supply the Tribe and the State with a guideline and time table for accomplishing tasks involved in the acceptance and testing of the video lottery terminals. This includes all system functionability and communication of all information to and from the video lottery terminals, if any.

(3) The manufacturer must provide a person to work with the Tribe and the State as needed in establishing, planning, and executing acceptance tests. Manufacturer assistance may also be requested in trouble-shooting communication and technical problems that are discovered when video lottery terminals are initially installed.

(4) The manufacturer must submit terminal illustrations, schematics, block diagrams, circuit analysis, technical and operation manuals, program source codes and hexadecimal dumps (the compiled computer program represented in base 16 format), and any other information required by the Tribe and the State for purposes of analyzing and testing the video lottery terminal.

(5) Testing of video lottery terminals will require working models of a video lottery terminal, associated required equipment, documentation described above to be transported to locations the Tribe and the State designate for testing, examination and analysis. The manufacturer shall pay all costs of any testing, examination, analysis and transportation of all video lottery terminals. The testing, examination and analysis of the video lottery terminals may include entire

dismantling of the video lottery terminal and some tests that may result in damage or destruction to one or more electronic components of the video lottery terminal. The Tribe or the State may require that the manufacturer provide specialized equipment or the services of an independent technical expert to test the video lottery terminal.

(6) All video lottery terminal manufacturers must submit all hardware, software and test equipment necessary for testing of their video lottery terminals.

(7) Hardware that does not meet the standards of the Compact, its appendices, the Tribe and the State shall not be acceptable.

TRIBAL GAMING INVENTORY DECAL.

Section 177-100-080

(1) Each video lottery terminal certified for placement in the Gaming Facility shall display a Tribal Gaming Inventory Decal and must conform to the exact specifications of terminal prototypes and certified by the State.

(2) No persons other than authorized Tribal or State personnel or their agents may affix or remove a Tribal Gaming Inventory Decal. The placement of the Tribal Gaming Inventory Decal represents that the terminal has been certified, inspected and approved for operation in the State. The placement of the Tribal Gaming Inventory Decal on any equipment by the Tribal Gaming Commission represents that the terminal has been certified, inspected and approved for operation in the State and shall constitute documentation that the certification has been and will be kept on file by the Tribe. No persons other than authorized tribal personnel may affix or remove the Tribal Gaming Inventory Decal.

(3) No terminal may be transported off Tribal land until the Tribal Gaming Inventory Decal has been removed.

(4) A terminal shall not be moved out of the Gaming Facility without prior notification to the State.

EXTERNAL TERMINAL SPECIFICATIONS.

Section 177-100-095

The terminals must be located in an area that is at all times monitored by the owner, manager, or employee of the manager to prevent access or play of video lottery terminals by persons under the age of 21.

DUTIES OF PRIMARY MANAGEMENT OFFICIAL.

Section 177-100-110

(1) No Primary Management Official or any employee of the Primary Management Official shall own or operate any gray machines.

(2) The Primary Management Official shall not provide any form of financial assistance, or grant credit to enable players to play video lottery games.

(3) The Primary Management Official shall attend all meetings, seminars, and training sessions required by the Tribe.

(4) The Primary Management Official shall supervise its employees and their activities to ensure compliance with these rules.

(5) The Primary Management Official shall assume responsibility for the proper and timely payment to players of video lottery game prizes.

DUTIES OF MANUFACTURERS.

Section 177-100-130

Manufacturers, their representatives and agents shall have the following duties and constraints:

(1) Promptly report to the Tribe any violation or any facts or circumstances that may result in a violation of these rules.

(2) Provide immediate access to all records and the entire physical premises of the business for inspection at the request of the Tribe, the State or their auditors.

(3) Provide the Tribe or State with keys to the logic area of each approved video lottery terminal model upon request.

TRANSPORTATION OF VIDEO LOTTERY TERMINALS WITHIN, INTO OR THROUGH THE STATE.

Section 177-100-160

(1) No person shall ship or transport video lottery terminals within or into the State, without first obtaining a written authorization or notification of approval from the State. Transporting or shipping within the State means

the starting point and termination point of a trip are both within the boundaries of the State. Transportation or shipping into the State means the starting point is outside the State and terminates in the State.

(2) No person shall ship or transport video lottery terminals through the State without first obtaining a written authorization from the nearest port of entry immediately upon arrival in the State.

(3) The written authorization required under Subsections (1) and (2) of this rule shall include:

(a) The serial number of each terminal being transported;

(b) The full name and address of the person or establishment from which the terminals are obtained;

(c) The full name and address of the person or venue to whom the machines are being sent or transported; and

(d) The dates of shipment or transport within, into or through the State.

(4) The written authorization shall accompany, at all times, the terminal or terminals in transport.

II. GENERAL VIDEO LOTTERY GAME RULES

AUTHORIZED VIDEO LOTTERY GAMES.

Section 177-200-000

(1) Video lottery terminals may offer any video lottery game that satisfies the elements of prize, chance and consideration as described in Op. Atty. Gen. No. 6336, September 25, 1989.

(2) A video lottery terminal may offer one or more of the authorized video games.

GAME REQUIREMENTS.

Section 177-200-010

(1) Each game must display the amount wagered and the amount awarded for the occurrence of each possible winning occurrence based on the number of tickets wagered.

(2) Each game must provide a method for players to view payout tables.

TICKET PRICE.

Section 177-200-015

Except as limited by the terms of the Compact, the price of a ticket for all video lottery games shall be determined by the Tribe.

PAYMENT OF PRIZES.

Section 177-200-020

No payment for prizes awarded on a terminal may be made unless the cash slip meets the following requirements:

(1) It is fully legible and meets all the Tribe's security requirements.

(2) It must not be mutilated, altered, unreadable or tampered with in any manner.

(3) It must not be counterfeit in whole or in part.

(4) It has been presented by a person authorized to play under these rules.

METHOD PAYMENT.

Section 177-200-030

The Primary Management Official shall designate employees authorized to redeem cash slips during the Tribe's business hours of operation. Prizes shall be immediately paid in cash or by check when a player presents a cash slip for payment meeting the requirements of these rules. No prizes may be paid in tokens or chips.

REQUIREMENTS FOR RANDOMNESS TESTING.

Section 177-200-050

Each video lottery terminal must have a random number generator that will determine the occurrence of a specific card or a specific number to be displayed on the video screen. A selection process will be considered random if it meets the following requirements:

(1) Each card position, symbol position or, in the case of Keno, each number position satisfies the 99 percent confidence limit using the standard "Chi-squared analysis." "Chi-squared analysis" is the sum of the squares of the difference between the expected result and the observed result. "Card position" means the first card dealt, second card dealt, in sequential order. "Number position" means first number drawn, second number drawn in sequential order, up to the 20th number drawn.

(2) Each card position, symbol position or number position does not produce a significant statistic with regard to producing patterns of occurrences. Each card or number position will be considered random if it meets the 99 percent confidence level with regard to the "run test" or any similar pattern testing statistic. The "run test" is a mathematical statistic that determines the existence of recurring patterns within a set of data.

(3) Each card position, symbol position or number position is independently chosen without regard to any other card or number drawn within that game play. The test is the "correlation test." Each pair of card or number positions is considered random if they meet the 99 percent confidence level using standard correlation analysis.

(4) Each card position, symbol position or number position is independently chosen without reference to the same card or number position in the previous game. This test is the "serial correlation test." Each card or number position is considered random if it meets the 99 percent confidence level using standard serial correlation analysis.

(5) The random number generator and selection process must be impervious to influences from outside devices including, but not limited to, electro-magnetic interferences, electrostatic discharge and radio frequency interfaces.

Tribal-State Government-to-Government Compact for Regulation of Class III Gaming Between the Confederated Tribes of the Warm Springs Reservation of Oregon and the State of Oregon

Appendix B

KENO DESCRIPTION

DEFINITIONS

Section 177-99-000

For the purposes of Keno, the following definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Oregon State Lottery Commission.

(1) "Exchange ticket" means the ticket used to replace a consecutive game ticket that is validated before the last game on the ticket.

(2) "Game" means the opportunity provided to a player to win a prize.

(3) "Game slip" means the form used to indicate a player's selection.

(4) "Spot" means the amount of numbers a player may play per game.

(5) "Winning numbers" means the twenty (20) numbers from one (1) to eighty (80) which are randomly selected for each game.

(6) "Keno runner" means an individual who picks up and delivers the Keno tickets that are written by customers in the gaming facility.

(7) "Keno writer" means an individual stationed at the Keno counter who processes received tickets from either the customer or Keno runner.

GAME DESCRIPTION

Section 177-99-010

A Keno ticket has the numbers 1 through 80 on it. For each game a player may select from 1 to 20 numbers or spots. Twenty numbers are selected or drawn randomly. Prizes are awarded based on the total amount of winning numbers matched by a player for the number of spots played for that game.

PLAY RULES

Section 177-99-020

(1) To play, a player must use a game slip.

(2) The play must mark the amount of spots to be played. A player can pick from one (1) to twenty (20) spots per game slip. A player must also play a "way ticket." A way ticket is the equivalent of playing multiple Keno tickets, but marking only one ticket.

(3) The player must mark the number of dollars to be wagered per game and/or per way.

(4) The player may then select the spots to be played by one or two methods. The player may mark the player's own selections on the game slip; if this method is used, the number of spots marked on the game slip must equal the number of spots that were selected to play. The other method of play is to select "Quick Pick," the number of spots randomly generated by the computer will match the number of spots indicated by the player.

(5) The player shall indicate the number of consecutive games to be played; 1, 2, 3, 4, 5, 10, 20, 50 or 100.

(6) The player shall present the completed game slip and the amount wagered either to a Keno runner or directly to the Keno counter for processing by the Keno writer. The cost of the ticket is equal to the amount wagered times the number of ways you are playing the ticket times the number of consecutive games indicated by the player. For example, if $2 per game is wagered on a regular (one-way) ticket for 5 consecutive games, the total cost is $10. If the same ticket is played "3 ways," the cost is $30.

(7) Minimum and maximum wagers will be set by the Tribal Gaming Commission.

CANCELLATION OF TICKETS

Section 177-99-030

A game ticket may be cancelled or voided provided it is cancelled from the system prior to the start of the game.

DETERMINATION OF WINNERS

Section 177-99-040

(1) Keno tickets will be sold only during the hours of operation of the gaming facility. The selection of winning numbers shall take place at established intervals.

(2) Winning number combinations shall be generated at the established intervals through the use of a computer-driven random number generator or conventional Keno blower mechanism. The number generating device shall meet the requirements of the Tribal-State Government-to-Government Compact pertaining to contracts with manufacturers and suppliers, security, terminal specifications, equipment testing, procurement, duties of manufacturer and requirements for randomness testing.

(3) The Tribal Gaming Commission shall establish the procedures for the operation and security of the numbers generation equipment.

PRIZE STRUCTURE

Section 177-99-050

(1) Published payoff schedule shall be made available to the public at all times throughout the facility and in a conspicuous place immediately adjacent to the game.

(2) A player is eligible to receive only the highest prize per game played on a ticket.

TICKET VALIDATION REQUIREMENTS

Section 177-99-060

(1) After the numbers are drawn, the manager will review all inside (house copy) tickets and pull all winning tickets.

(2) A master ticket to verify winners will be produced. The master ticket will have the winning numbers hole punched. This facilitates the verification of the customer's tickets.

Tribal-State Government-to-Government Compact for Regulation of Class III Gaming Between the Confederated Tribes of the Warm Springs Reservation of Oregon and the State of Oregon

Appendix C

I. PARI-MUTUEL RULES - IN GENERAL

OPERATION OF PARI-MUTUEL DEPARTMENT

Section 462-50-040

The Tribal Gaming Commission shall require a Primary Management Official to maintain separate oversight of par-mutuel activities within the Gaming Facility.

PROHIBITIONS AGAINST WAGERS BY MINORS AND EMPLOYEES

Section 462-50-140

(1) No person under the age of 18 years shall be allowed to place or collect a wager at the off-track wagering facility.

(2) No employee of the off-track wagering facility shall be allowed to place or collect a wager at the off-track wagering facility while on duty.

UNCLAIMED WINNINGS

Section 462-50-210

(1) The Tribal Gaming Commission shall require the pari-mutuel wagering facility to maintain, or provide for, an unclaimed winnings account for each race meet in which wagers are accepted.

(2) The Commission shall require that any person claiming to be entitled to any part of the winnings from a mutuel wagering system operated by the Tribes who fails to claim the money due the person prior to completion of the race meet for which a mutuel ticket was purchased, may file a claim for payment of winnings within 90 days after the close of the race meet. After 90 days from the close of a race meet, all tickets may be deemed void.

(3) After 120 days after the close of a race meet, unclaimed winnings in the account may revert to the Tribes.

RECORDS

Section 462-50-240

The Tribal Gaming Commission shall assure that sufficient records of wagering are maintained by the pari-mutuel wagering facility to allow review of the opening line, odds fluctuations and the amount of wagers at each window or station.

PARI-MUTUEL TICKETS

Section 462-50-250

(1) A pari-mutuel ticket is evidence of a contribution to the pari-mutuel pool in which the Tribes are participating, and is evidence of the obligation of the operator of the pool to pay to the holder thereof such portion of the distributable amount of the pari-mutuel pool as is represented by such valid pari-mutuel ticket. The Tribes shall cash all valid winning tickets when such are presented for payment during the course of the race meeting for which the tickets are sold, and for 90 days after the last day of the race meeting.

(2) To be deemed a valid pari-mutuel ticket, such ticket shall have been issued by a pari-mutuel ticket machine operated by the Tribes and recorded as a ticket entitled to a share of the pari-mutuel pool, and contain imprinted information as to:

(a) The name of the Tribes and of the association operating the race meeting;

(b) A unique identifying number of code;

(c) Identification of the terminal at which the ticket was issued;

(d) A designation of the performance for which the wagering transaction was issued;

(e) The contest number for which the pool is conducted;

(f) The type or types of wagers represented;

(g) The number of numbers representing the betting interests for which the wager is recorded;

(h) The amount or amounts of the contributions to the pari-mutuel pool or pools for which the ticket is evidence.

(3) The Tribes may withhold payment and refuse to cash any pari-mutuel ticket deemed not valid. A ticket is not valid if it has been recorded or reported as previously paid, cancelled or non-existent.

PARI-MUTUEL TICKET SALES

Section 462-50-260

(1) Pari-mutuel tickets shall not be sold by anyone other than the Tribes or a licensed employee of the Tribes.

(2) No pari-mutuel ticket may be sold on a contest for which wagering has already been closed and the Tribes shall not be responsible for ticket sales entered into but not completed by issuance of a ticket before wagering is closed on that contest.

(3) Claims relating to a mistake on an issued or unissued ticket must be made by the bettor before leaving the seller's window. Once a bettor has left the window all bets are final, except as provided by rule of the Tribal Gaming Commission.

(4) Payment on winning pari-mutuel wagers shall be made on the basis of the order of finish as posted and declared "official." Any subsequent change in the order of finish or award of purse money as may result from a subsequent ruling by race stewards or the regulatory body governing the race meet shall in no way affect the pari-mutuel payoff.

(5) The Tribes are not required to satisfy claims on lost, mutilated or altered pari-mutuel tickets, except as provided in rules of the Tribal Gaming Commission.

(6) The Tribes are not obliged to enter a wager into a betting pool if unable to do so due to an equipment failure.

CLAIMS FOR PAYMENT FROM PARI-MUTUEL POOL

Section 462-50-280

(1) At a designated location, a written, verified claim for payment from a pari-mutuel pool shall be accepted by the Tribes in any case in which the Tribes have withheld payment or have refused to cash a pari-mutuel wager. The claim shall be made in the manner and on such form as prescribed by the Tribal Gaming Commission.

(2) In the case of a claim made for payment of a mutilated pari-mutuel ticket that does not contain the total imprinted elements required in Section 462-50-250, the manager of the pari-mutuel department shall make a recommendation to accompany the claim to the Tribal Gaming Commission as to whether or not the mutilated ticket has sufficient elements to be positively identified as a winning ticket.

(3) In the case of a claim made for payment for a pari-mutuel wager, the Commission shall adjudicate the claim and order payment, deny the claim or make such other order as it may deem proper.

PAYMENT FOR ERRORS

Section 462-50-290

If an error occurs in the payment amounts for pari-mutuel wager that are cashed or entitled to be cashed; and, as a result of the error the pari-mutuel pool involved in the error is not correctly distributed among winning ticket holders, the following shall apply, unless otherwise provided in the rules governing any interstate pari-mutuel pool in which the Tribes participate.

(1) The Tribes shall verify that the amount of the commission, the amount of breakage and the amount of payoffs is equal to the total gross pool. If the amount of the pool is more than the amount used to calculate the payoff, the underpayment shall revert to the Tribes.

(2) If the error results in an overpayment to winning wagers, the Tribes shall be responsible for such payment.

COMPLAINTS CONCERNING PARI-MUTUEL OPERATIONS

Section 462-50-350

(1) When a patron makes a complaint concerning the pari-mutuel department to the Tribes or the Primary Management Official, a complaint report shall be prepared. The report shall contain the following information:

(a) The name of the complaint;

(b) The nature of the complaint;

(c) The name of the person(s), if any, against whom the complaint was made;

(d) The date of the complaint;

(e) The action taken or proposed to be taken, if any, by the Tribes or Primary Management Official.

(2) The complaint report shall be submitted to the Tribal Gaming Commission as required by the Commission.

II. OFF-TRACK PARIMUTUEL WAGERING

DEFINITIONS

Section 462-50-400

The following definitions shall apply to these rules unless the text otherwise requires.

(1) "Authorized User" means a person authorized by the Tribes to receive, to decode and to use for legal purposes the encrypted simulcast signal of racing events.

(2) "Combined Pari-Mutuel Pools," or "Combined Pools" means the pari-mutuel wagers at one or more off-track wagering facilities being contributed into the pari-mutuel pools of a host association.

(3) "Commission" means the Tribal Gaming Commission.

(4) "Host," "Host Association," or "Host Track" means the race track conducting a licensed race meet that is being simulcast.

(5) "Intrastate Wagering" means pari-mutuel wagering at an off-track wagering facility on Oregon racing events being run at an Oregon host association.

(6) "Off-Track Wagering" means pari-mutuel wagering conducted on a race at a location other than the race course where the race is actually held.

(7) "Off-Track Wagering Facility," "Intrastate Wagering Facility" or "Extended Wagering Facility" means physical premises, utilized for the conduct of pari-mutuel wagering on racing events being run elsewhere.

(8) "Simulcast" or "simulcasting" means live audiovisual electronic signals emanating from a race meeting and transmitted simultaneously with the running of the racing events at that meeting, and includes the transmission of pari-mutuel wagering odds; amounts wagered and payoff on such events, and other racing programming relating to the race animals or participants.

OFF-TRACK WAGERING RULES

Section 462-50-420

No person, partnership, corporation or other entity shall be allowed to operate an off-track wagering facility under this Compact except according to the rules of the Tribal Gaming Commission. No change in the plan of operation of an off-track wagering facility may occur until the change to the plan is approved by the Commission.

APPROVAL OF OFF-TRACK WAGERING FACILITIES

Section 462-50-430

The Commission's rules shall require an off-track wagering facility to:

(1) Provide security measures adequate to assure personal safety of patrons and employees, safeguard transmission of simulcast signals, secure moneY used for pari-mutuel wagering activity and to control the transmission of wagering data to effectuate common wagering pools.

(2) Use data processing, communication and transmission equipment that will at all times assure accurate and secure transmission of wagers, take outs and surcharges; program information, weight changes, over weights, tip sheets, scratches and all other information that is usually made available to patrons at a race track.

(3) Use adequate transmitting and receiving equipment of acceptable broadcast quality.

(4) Assure that all equipment is in proper working order, and that sufficient back up equipment is available to prevent foreseeable interruption in operations due to breakdowns or malfunctions of data, transmission or communications equipment.

(5) Use a system of accounts that will maintain a separate record of pari-mutuel revenues collected by the simulcast facility, the distribution of those revenues (take out, breakage and return to the public) and account for costs of the simulcast operation.

(6) Provide, or obtain access to, the necessary totalizator equipment to conduct simulcast wagering, and assure that the integrity of the tote system used by the off-track wagering facility is maintained.

(7) Ensure correct payment of the distributable amounts of parimutuel pools held by the Tribes pursuant to the rules applicable to the combined pools in which the off-track wagering facility is participating, and rules of the Commission.

(8) Ensure that patrons of the off-track wagering facility receive accurate information as to the rules for wagering and distribution of winnings that apply to each race.

(9) Ensure that personnel employed in the off-track wagering facility are sufficiently trained in the areas of money handling, operation of tote and ticket generating equipment and communications equipment.

(10) Provide for continuous viewing and continuous transmission of odds for the race meets on which wagers will be accepted by the off-track wagering facility.

FINANCIAL RECORDS

Section 462-50-440

The Commission shall provide for the audit of the pari-mutuel operations at an off-track wagering facility. The audit shall enable review of the financial records related to each separate betting pool in which patrons of the facility participate.

GENERAL OPERATIONS

Section 462-50-460

The Commission shall provide for sufficient communications capability with the disseminator of a simulcast signal to assure accurate transmission and receipt of wagering and odds information. The Commission shall provide for immediate, uninterruptible communication by voice and by other data transmission media in order to be able to respond in a timely way to any operational problem with equipment or any problem related to the conduct of a race meet that would affect wagering at the off-track facility.

UNUSUAL SITUATIONS IN OFF-TRACK WAGERING

Section 462-50-480

The Commission shall establish procedures for responding to loss of audio or video signal at the off-track wagering facility. In the case of loss of signal, the Commission's rules shall assure that unless an alternative means of displaying odds is provided, wagering shall cease until signal can be re-established.

INTERSTATE COMMON POOL WAGERS

Section 462-50-490

(1) Pursuant to the Interstate Horseracing Act of 1978 (15 USC § 3001 to 3007), the Tribal Gaming Commission shall obtain consent from the Oregon Racing Commission in order to participate in interstate common pools.

(2) The Tribal Gaming Commission shall require any wagers in interstate common pools to be accounted for separately other than four purposes of computing odds and calculating payoffs and breakage.

GUEST STATE PARTICIPATION IN INTERSTATE COMMON POOLS

Section 462-50-500

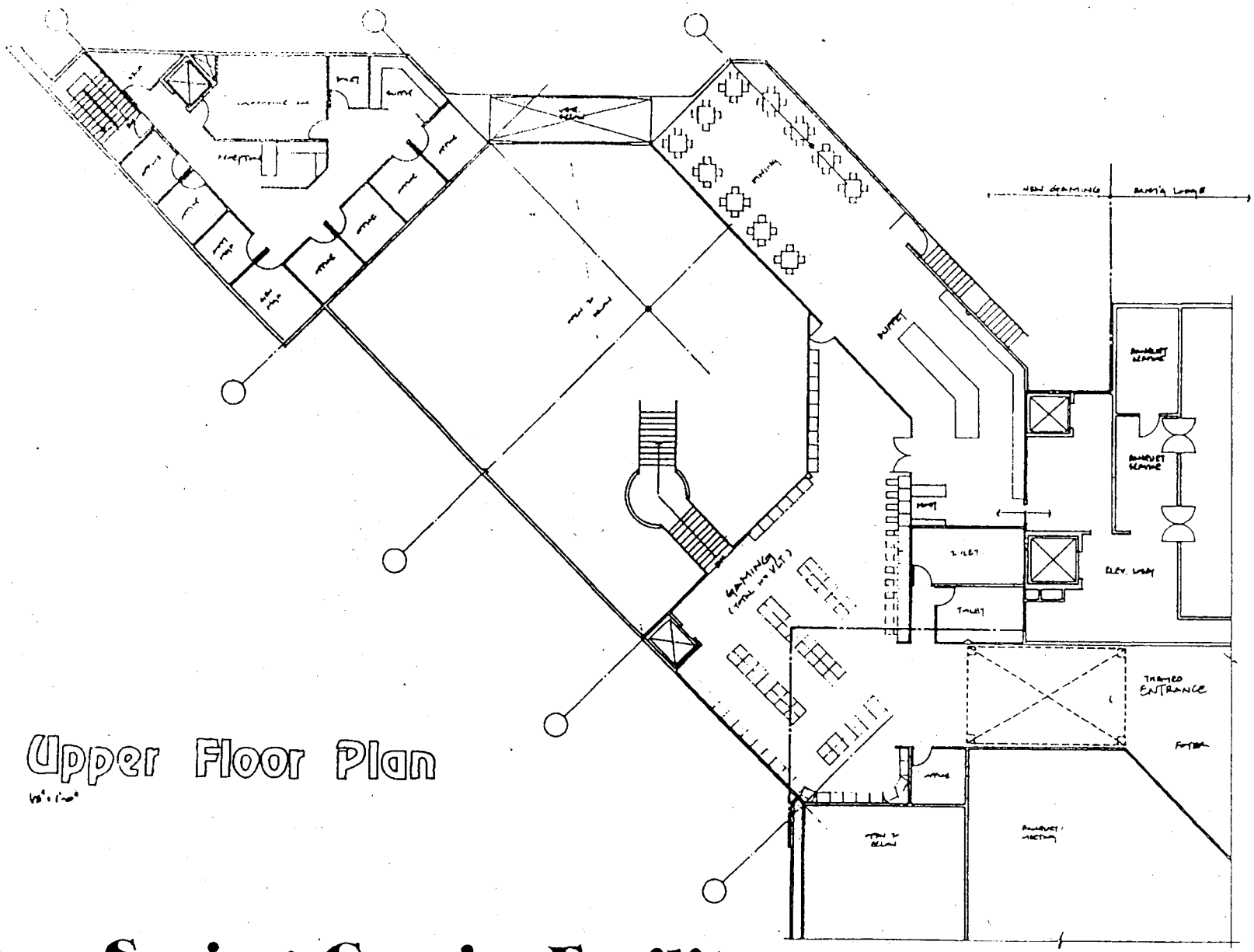
The Tribal Gaming commission shall provide rules for the combination of pari-mutuel wagering pools with corresponding pools in multiple jurisdictions. Those rules shall govern the adjustment of takeout rates and merging of bets placed in an interstate common pool.

Tribal-State Government-to-Government Compact for Regulation of Class III Gaming between the Confederated Tribes of the Warm Springs Reservation of Oregon and the State of Oregon

EXHIBIT 1

DESCRIPTION OF GAMING LOCATION

The Kah-Nee-Ta Facility is an addition to the existing Kah-Nee-Ta Lodge building. The combined Facility and Lodge will consist of at least 70,838 square feet, including the following major areas: Entry and public areas of approximately 10,687 square feet; Class II and Class III gaming areas of approximately 8,518 square feet; Kitchen and Food Service of approximately 24,853 square feet; Meeting Rooms of approximately 6,400 square feet; Building Services of approximately 12,896 square feet; and Administrative Area of approximately 9,426 square feet. The Gaming Facility will be as illustrated in this Exhibit, or an alternate design similar in all material respects.

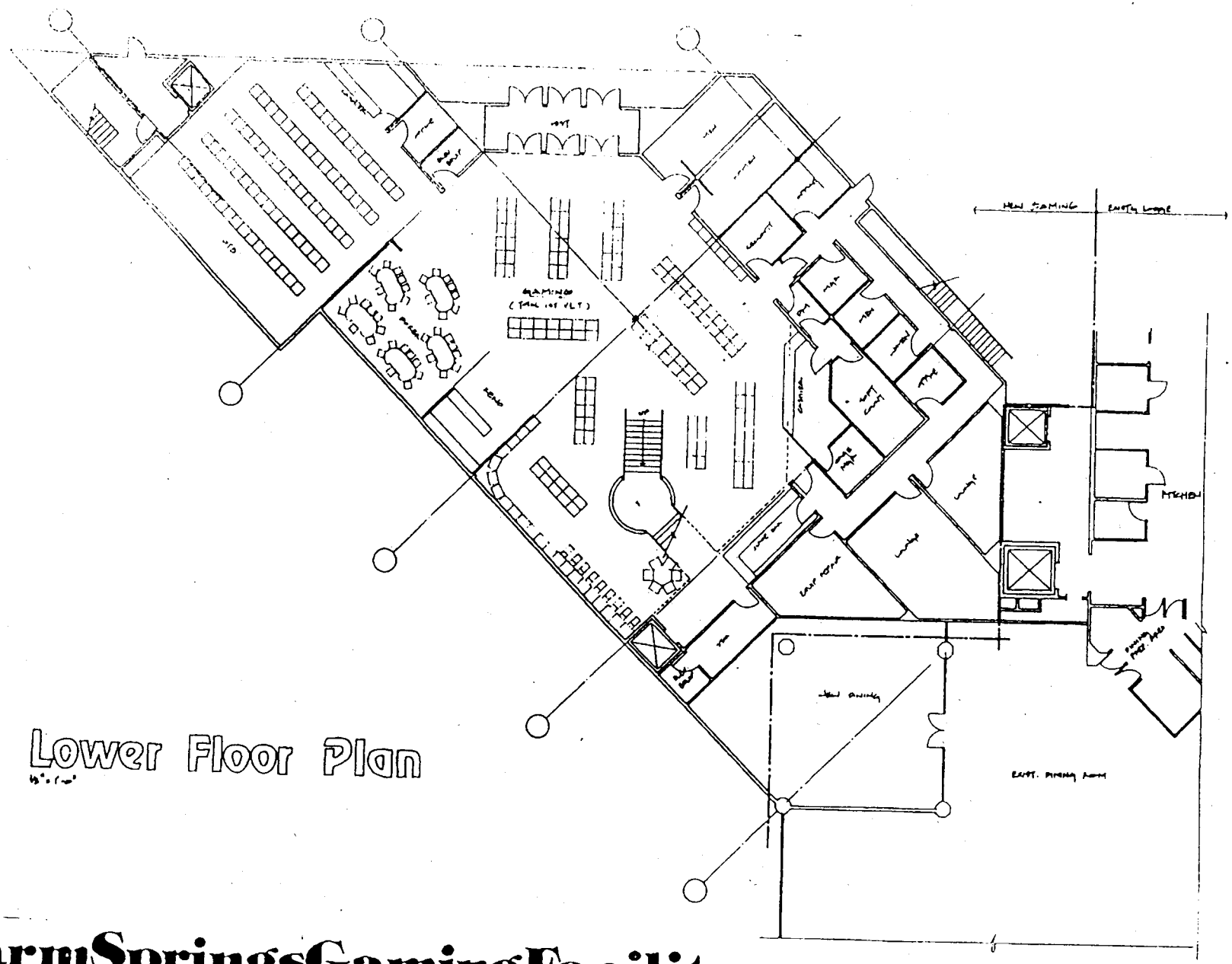


Upper Floor Plan

GROUP WEST ASSOCIATES, INC.

Floor Plan

WarmSpringsGamingFacility



Lower Floor Plan

WarmSpringsGamingFacility

GROUP WEST ASSOCIATES, INC.

FLOOR PLAN