



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

FEB 28 2008

Honorable Joe Kirk
Chairperson, Klamath Tribes
501 Chiloquin Blvd.
P.O. Box 436
Chiloquin, Oregon 97624

Dear Chairperson Kirk:

On February 21, 2008, we received Amendment I of the Amended and Restated Tribal-State Compact for Regulation of Class III Gaming (Amendment) between the Klamath Tribes (Tribe) and the state of Oregon (State). We have completed our review of this Amendment and conclude that it does not violate the Indian Gaming Regulatory Act of 1988 (IGRA), any other provision of Federal law that does not relate to jurisdiction over gaming on Indian lands, or the trust obligations of the United States to Indians. Therefore, pursuant to my delegated authority and Section 11 of IGRA, we approve the Amendment. This Amendment shall take effect when the notice of our approval pursuant to Section 11(d)(3)(B) of IGRA, 25 U.S.C. § 2710(d)(3)(B), is published in the Federal Register.

A similar letter is being sent to the Honorable Theodore R. Kulongoski, Governor, State of Oregon. We wish the Tribe and the State continued success in their economic venture.

Sincerely,

Acting, Deputy Assistant Secretary -
Policy and Economic Development

Enclosure

**AMENDED AND RESTATED TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN THE KLAMATH TRIBES AND THE STATE OF
OREGON**

AMENDMENT I

This amendment is made to the Class III Gaming Compact between the Klamath Tribes ("the Tribes") and the State of Oregon executed on June 27, 2002 and approved by the Secretary of the Interior on August 24, 2002, effective September 17, 2002. The terms of this Amendment are in addition to and, except as specifically provide herein, do not supersede any of the provisions of the original Compact.

WHEREAS, the State wishes to amend the Compact to both revise the methodology for the Tribes' payment for Oregon State Police (OSP) activities authorized in the Compact and to remove the OSP payment provisions from the Compact and place them in a memorandum of understanding; and

NOW THEREFORE, the Tribes and the State hereby approve the following amendment to the Compact:

I. Section 10.A is revised as follows:

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

1. The Tribes agree that the Klamath Tribes have the responsibility to pay for their fair share of the cost of performance by OSP of its activities authorized pursuant to this Compact, including associated overhead. The Tribes agree to pay within 30 days of billing its fair share of the Oregon State Police costs pursuant to the formula set forth in a memorandum of understanding (OSP Payment MOU) executed by the Tribes and the State this section within 30 days of billing. The OSP Payment MOU can be amended by the parties without amending this Compact.
2. To give the Tribes an opportunity for review and comment on its biennium budget, the OSP agrees to meet and discuss the proposed budget with the Tribes no later than thirty (30) days before the proposed budget is submitted to the Governor. During the development of its biennium budget, the Oregon State Police shall distribute, during the development of its biennium budget, a draft of the Tribal Gaming section portion of the budget to the Oregon Gaming Tribes of the Tribal Gaming portion of the budget. for their review and comment p Prior to submission of the proposed budget to either the Governor or the Legislature, OSP agrees to meet with the Tribes. The Oregon State Police shall give full consideration to the Oregon Gaming Tribes' comments on the Tribal Gaming Section budget. Notwithstanding the right of the Oregon Gaming Tribes to comment on the Tribal Gaming Section budget, before it is finalized within the Oregon State Police, each the Tribes retains the right to participate in any public

review by either the governor or the Legislature on the Oregon State Police budget as well as before the Emergency Board for any increase in the Oregon State Police budget.

3. Because of the government-to-government relationship between the Tribes and the State, the parties recognize that the obligation of the Tribes to pay for the Oregon State Police costs as provided by this Compact is unique. Nothing in this Compact is intended to, nor shall be construed as, creating a responsibility for the Tribes to pay for any other governmental services rendered by or received from the State.

4. ~~The Tribes' monthly payment to the Oregon State Police shall be computed as follows:~~

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

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

- e. ~~The Tribes' monthly payment to the Oregon State Police shall be computed as follows:~~

$$\begin{array}{l} \text{No. of direct Service Hours billed to} \text{-----} \text{Adjusted OSP} \\ \text{Klamath Tribal Gaming Operations} \\ \text{----- Tribes' Share of} \\ \text{-----} \times \text{----- Monthly -----} = \\ \text{----- OSP Monthly} \\ \text{Total No. of Direct Service Hours} \text{-----} \text{Payment} \\ \text{----- Payment} \\ \text{Billed to All Oregon Tribal Gaming} \\ \text{Operation.} \end{array}$$

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

~~shall adjust the amount owed by the Oregon Gaming Tribes the month following the reconciliation.~~

~~5. As used in this section~~

~~a. "Oregon Gaming Tribes" means any federally recognized Indian Tribes in Oregon engaged in Class III gaming pursuant to a Tribal State Compact.~~

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

~~6 4. The methodology for the payment of Oregon State Police costs as set forth in the OSP Payment MOU shall begin on the effective date of the OSP Payment MOU referenced in Section 10.A.1. Until the date the OSP Payment MOU becomes effective, the current methodology remains in effect. began on January 1, 1999.~~

~~7 5. If the Tribes dispute the amount of the assessment under this section, the Tribes shall timely pay the undisputed amount and within thirty (30) days of billing, shall notify OSP in writing of the specific nature of the dispute. If the parties have not resolved the dispute within 15 days, the Tribes shall pay the disputed amount into an off-reservation escrow, mutually agreeable to the parties, with escrow instructions providing that the funds are to be released only upon authorization by both the Tribes and the Oregon State Police. The parties shall share the reasonable costs of the escrow. The dispute shall then be resolved pursuant to the procedures set forth in Section 6(b)(3) of this compact.~~

If the Tribes fail to pay the disputed amount into escrow or timely pay the undisputed amount, the Oregon State Police may suspend any background checks that are in process or withhold authorization for the shipment of equipment, and/or pursue other remedies for compact violations available under this Compact.

Executed as of the date and year below.

STATE OF OREGON

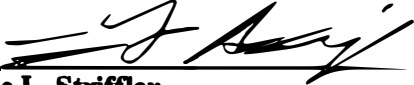
Dated: 2-15-1


Theodore R. Kulongoski, Governor

Dated: 1-7-08


Joe Kirk, Chairperson

APPROVED FOR LEGAL SUFFICIENCY


Stephanie L. Striffler
Special Counsel to the Attorney General

Dated: 2/20/08

Approved by *Acting* Deputy Assistant Secretary
- Policy and Economic Development

By: 

Dated: FEB 28 2008