

**TRIBAL - STATE COMPACT
BETWEEN THE CATAWBA INDIAN NATION
AND THE STATE OF NORTH CAROLINA**

THIS COMPACT made and entered into this the 13th day of January, 2021, by and between the **CATAWBA INDIAN NATION**, a federally recognized Indian tribe acting through its Chief, the Honorable William Harris, and the **STATE OF NORTH CAROLINA**, acting through its Governor, the Honorable Roy Cooper;

WITNESSETH:

WHEREAS, the Catawba Indian Nation is a federally recognized Indian tribe, possessed of all sovereign powers and rights thereto pertaining;

WHEREAS, the State of North Carolina is a sovereign state of the United States of America with all rights and powers thereto pertaining;

WHEREAS, the Congress of the United States has enacted into law the Indian Gaming Regulatory Act, P.L. 100-497, 25 U.S.C. §§ 2701 et seq., which provides in part that a Tribal - State Compact may be negotiated between a Tribe and a State to set forth the rules, regulations and conditions under which an individual Tribe may conduct Class III Gaming, as defined in the Act, on Indian lands within a state permitting gaming;

WHEREAS, the State of North Carolina seeks to generate funds to strengthen its schools, to create jobs, and to promote economic development;

WHEREAS, the Catawba Indian Nation and the State of North Carolina have mutually agreed to the terms and conditions under which Class III Gaming may be conducted on Catawba Indian Nation Lands;

WHEREAS, on July 26, 2019, the North Carolina General Assembly enacted legislation that authorizes sports and horse race wagering on Indian lands located within the State;

WHEREAS, professional and amateur sports (including equestrian sports) are a rich part of the tradition and history of the State, are a vital part of the State's economy and have enhanced the prominence of the State and its private and public universities;

WHEREAS, the Catawba Indian Nation and the State recognize the need to create and enforce regulations that will ensure the integrity of sports and horse race wagering and that the enforcement of these regulations will require a coordinated effort of the Tribe and the State;

WHEREAS, this Compact provides for a fair and equitable process for the Catawba Indian Nation to defray the costs to the State of North Carolina of regulating sports and horse race wagering that will be conducted on trust land;

WHEREAS, the Catawba Indian Nation and the State of North Carolina have mutually agreed that the conduct of Class III Gaming under the terms and conditions set forth below will benefit the Catawba Indian Nation and protect the citizens of the Catawba Indian Nation and the State of North Carolina, consistent with the objectives of the Indian Gaming Regulatory Act;

WHEREAS, the Catawba Indian Nation and the State of North Carolina have had amicable relations for many years and the two seek to use this economic development opportunity to seal a friendship for years to come in the spirit of the Treaty between North Carolina and the Catawba negotiated with the great Catawba leader, King Hagler, in 1754.

NOW, THEREFORE, THE CATAWBA INDIAN NATION AND THE STATE OF NORTH CAROLINA enter into this Tribal - State Compact as provided for herein.

Section 1. **TITLE**. This document shall be cited as “The Catawba Indian Nation — State of North Carolina Gaming Compact.”

Section 2. **DECLARATION OF POLICIES AND PURPOSES**. The purposes of this Compact are:

- (A) To authorize the operation of certain Class III Gaming by the Catawba Indian Nation on Catawba Indian Nation Lands as a means of promoting tribal economic development, self-sufficiency, and strong tribal government;
- (B) To provide for the regulation of certain Class III Gaming by the Catawba Indian Nation and the State of North Carolina to protect against organized crime and other corrupting influences, to assure that certain Class III Gaming is conducted fairly and honestly by both the Catawba Indian Nation and the participants and to ensure that the Catawba Indian Nation is the primary beneficiary of the Class III Gaming operation;
- (C) To fulfill the purpose and intent of the Indian Gaming Regulatory Act by providing for certain Class III Gaming by an Indian tribe on Catawba Indian Nation Lands as a means of generating tribal revenues; and
- (D) To enable the State of North Carolina to generate funds to strengthen its schools, to create jobs, and to promote economic development.

Section 3. **DEFINITIONS**. For purposes of this Compact:

- (A) “Act” or “IGRA” mean the Indian Gaming Regulatory Act, P.L. 100-497, 25 U.S.C. §§ 2701 et seq.
- (B) “Agreement” means the Tribal-State Compact herein.
- (C) “Authorized Games” or “Authorized Gaming” means all the games encompassed within the categories of games listed in Exhibit 1 to this Compact, a copy of which is attached and incorporated herein by reference.

- (D) **“Casino Structure”** means the physical building or buildings of the casino on the Catawba Indian Nation Lands as contemplated by the Tribe and communicated to the Governor in writing in the form of plans, drawings or sketches on or before the Execution Date and all reasonable and appropriate modifications and or expansions of those planned building(s).
- (E) **“Catawba Indian Nation Lands”** means all tribal trust lands located in Cleveland County, North Carolina, which meet the requirements of Section 20 of the Act, 25 U.S.C. Section 2719.
- (F) **“Certification Commission”** means that independent body established under the authority of the Tribal-State Compact to certify and approve video games as meeting the requirement and standards for games involving the use of skill or dexterity as allowed under N.C.G.S. § 14-306 and § 14-306.1A and to provide oversight for all forms of gaming being conducted under the Tribal-State Compact as described herein. The Certification Commission and the Compliance Committee, as defined in Section 6(A)(15)(e) below, shall also have oversight over sports and horse race wagering.
- (G) **“Chief”** means the top elected executive official for the Catawba Indian Nation.
- (H) **“Class II Gaming”** means all forms of gaming as defined in 25 U.S.C. § 2703(7) and as interpreted by the NIGC.
- (I) **“Class III Gaming”** means all forms of gaming that are not Class I gaming or Class II gaming, as defined in 25 U.S.C. §§ 2703(6), (7) and (8).
- (J) **“Commission”** (also referred to as the **“Tribal Gaming Commission”**) means the Tribal Gaming Regulatory Agency responsible for the effective regulation of all gaming activities on Catawba Indian Nation Lands.
- (K) **“Compact”** means this Tribal—State Compact between the Catawba Indian Nation and the State of North Carolina.
- (L) **“Coupon”** means an offer having a defined value issued by the Tribe and redeemed by a player at a Live Table Game.
- (M) **“Execution Date”** and **“Effective Date”** mean the date when the United States Department of the Interior, Bureau of Indian Affairs publishes its approval of this Tribal-State Compact Between the Catawba Indian Nation and the State of North Carolina, after this agreement is executed both by the Chief and the Governor.
- (N) **“Free Play”** has the same meaning as Coupon.
- (O) **“Gaming Facility”** means a Class III Gaming facility permitted under Section 5(D) of this Compact.

- (P) "Gaming Machine" means a machine that meets the definition set forth in N.C.G.S. § 14-306, the definition of "gaming machine" set forth in 25 C.F.R. § 542.2, or the definition of "gaming device" set forth in 15 U.S.C. § 1171.
- (Q) "Governor" means the top elected executive official for the State of North Carolina as set forth in Article III of the North Carolina State Constitution.
- (R) "Gross Revenue" means the amount remaining after deducting all gaming losses from amounts won.
- (S) "Gross Revenue From Live Table Gaming" means the total wagers, less prizes and promotional monies, from all Live Table Gaming authorized by this Compact.
- (T) "Horse race wagering" shall mean pari-mutuel and fixed-odds wagering by off-track betting (simulcasting) on thoroughbred, harness or other racing of horses, provided (1) the initiation of the wager occurs on Indian lands of the Tribe within the State and the receipt of that wager occurs within the Casino Structure and (2) such wagering is conducted in accordance with the limitations and restrictions set out in Section 5(A)(2) and Appendix A hereto.
- (U) "Indian Gaming" means gaming as regulated under the Act.
- (V) "Live Table Gaming" (or "Live Table Games") means games that utilize real non-electronic cards, dice, chips and equipment in the play and operation of the game.
- (W) "Monthly Payment" means the payments calculated and paid by the Tribe to the State in accordance with Section 4.1(B).
- (X) "National Indian Gaming Commission" ("NIGC") means the Federal Government Agency that was created under the Act to perform oversight of Indian Gaming throughout the United States.
- (Y) "New Class III Gaming Facility Operated by the Tribe" means any Class III Gaming which the Tribe seeks to conduct of any kind (including sports or horse race wagering) outside the physical structure of the Casino Structure. The term "New Class III Gaming Facility Operated by the Tribe," however, does not include the Tribe's use of mobile devices or the Internet if such wagering system is certified in accordance with Section 5(A)(20) and approved by the Governor and if the initiation of the wager occurs on Indian lands of the Tribe within the State and the receipt of that wager occurs within the Casino Structure.
- (Z) "Parties" means the Catawba Indian Nation and the State of North Carolina.
- (AA) "Prize" means a cash award given to a player for a favorable outcome from placing a wager.
- (BB) "Promotional Monies" means Coupons or Free Play given to players to utilize in the play of Live Table Gaming.

- (CC) “Proprietary Progressives” means a group of machines that are operated by the Tribe in the facilities owned and operated by the Tribe on Catawba Indian Nation Lands linked together by a network.
- (DD) “Raffles” means games in which a cash prize with a value of not more than \$50,000 or a merchandise prize with a value of not more than \$50,000 is won by the random selection of the name or number of one or more persons who have entries in the game.
- (EE) “Sports wagering” means wagering on the outcome of professional and collegiate sports contests, provided (1) the initiation of the wager occurs on Indian lands of the Tribe within the State and the receipt of that wager occurs within the Casino Structure; and (2) such wagering is conducted in accordance with the limitations and restrictions set out in Section 5(A)(20) and Appendix A hereto. “Sports wagering” does not include wagering on Olympic events which is not authorized by N.C.G.S. § 14-292.2(e)(3).
- (FF) “State” means the State of North Carolina, its authorized officials, agents and representatives.
- (GG) “Executive Committee” means the elected officials who serve as the Executive Committee of the Catawba General Council.
- (HH) “Tribal Gaming Commission” (also referred to as the “Commission”) means the Tribal Gaming Regulatory Agency responsible for the effective regulation of all gaming activities on Catawba Indian Nation Lands.
- (II) “Tribe” means the Catawba Indian Nation, its authorized officials, agents and representatives.
- (JJ) “Video Game” or “video game” means any electronic video game or amusement device that allows a player to play a game of amusement involving the use of skill or dexterity as allowed under N.C.G.S. § 14-306 and § 14-306.1A or as subsequently amended by the North Carolina General Assembly.

Section 4. **AUTHORIZED CLASS III GAMING.**

The Tribe has the right to license and regulate gaming activity on Catawba Indian Nation Lands in accordance with the Act and this Compact.

- (A) Subject to the conditions set forth in this Compact, and in accordance with the Act, the Tribe may conduct any or all of the following on Catawba Indian Nation Lands:
- (1) Raffles.
 - (2) Video Games.
 - (3) Gaming Machines.

- (4) Sports wagering and horse race wagering provided (1) the initiation of the wager occurs on Indian lands of the Tribe within the State and the receipt of that wager occurs within the Casino Structure; and (2) such wagering is conducted in accordance with the limitations and restrictions set out in Section 5(A)(20) and Appendix A hereto. All sports or horse race wagering is expressly limited by the scope and intent of N.C.G.S. § 14-292.2(e)(3) & (4) and all other applicable provisions of North Carolina law.
 - (5) All Authorized Games.
- (B) The Tribe may apply to the State for authorization under this Compact to conduct Class III Gaming not expressly enumerated in Section 4(A) of this Compact.
- (1) The application shall be submitted in writing by the Chief to the Governor and shall identify with specificity the additional proposed gaming activities and any proposed amendments to the Tribe's regulatory ordinances.
 - (2) The Governor shall take written action on the Tribe's application within one hundred and eighty (180) days after receipt. The Governor's action shall be based on:
 - a. whether the proposed gaming activities are permitted for the Tribe on Catawba Indian Nation Lands by the laws of the State of North Carolina consistent with the Act; and
 - b. whether the existing or proposed regulatory controls and criminal sanctions are adequate to fulfill the policies and purposes set forth in this Compact.
 - (3) Any gaming activity approved in writing by the Governor and the Tribe shall be incorporated into and deemed a part of this Compact, and the Compact, as modified, shall be submitted promptly to the Department of Interior for approval in accordance with federal law.
 - (4) If the Governor notifies the Tribe that the proposed gaming activities are not permitted under the laws of the State of North Carolina, the Tribe may seek amendment to the laws simultaneously with a request to amend this Compact.

Section 4.1. **REVENUE SHARING PROVISION.**

The Parties to this Compact fully affirm their mutual desire to enter into a mutually beneficial agreement and acknowledge the substantial benefits gained from the sharing of the consideration given by both Parties. Both Parties acknowledge the federal law prohibition against taxation of Indian Gaming by a State and hereby affirm the following agreement is not taxation but instead a mutually agreed upon benefit to the Parties.

(A) In the event that any Live Table Gaming is permitted for any person other than the Tribe in a geographical zone encompassing Ashe, Avery, Burke, Catawba, Cleveland, McDowell, Mitchell, Rutherford, Watauga, and Yancey counties within the State of North Carolina, as that area was located as of the Execution Date, the State shall forfeit its right to prospective Monthly Payments required by Section 4.1(B).

(B) Beginning with the month the Tribe initiates Live Table Gaming, the Tribe shall make a Monthly Payment each month of the calendar year in accordance with this Section.

(1) The amount of the Monthly Payment shall be calculated by multiplying the amount of the Gross Revenue from Live Table Gaming earned from the Tribe's Gaming Facility during a given month times the following percentages:

FIVE PERCENT (5%) for the period from the commencement of the Live Table Gaming by the Tribe to August 12, 2022;

SIX PERCENT (6%) for the period of August 13, 2022 to August 12, 2027;

SEVEN PERCENT (7%) for the period of August 13, 2027 to August 12, 2032;

and EIGHT PERCENT (8%) subsequent to August 12, 2032.

(2) With respect to each New Class III Gaming Facility opened by the Tribe after the opening of the Tribe's initial gaming facility, the Monthly Payment shall, beginning in the month following the month in which such facility opens, equal eight percent (8%) times the Gross Revenue from Live Table Games earned solely in such New Class III Gaming Facility in any given month.

(3) The Tribe shall calculate the Monthly Payment on a monthly basis and shall remit such in accordance with the provisions of Section 4.1(B)(5) no later than the 21st day of the month following the month in which the right to revenue accrued.

(4) The Tribe shall create and remit the Monthly Payment to the Catawba Indian Nation Foundation ("Foundation") (which shall act solely as a fiscal agent). The Foundation shall transmit the Monthly Payment electronically to the State's Indian Gaming Education Revenue Fund, as established by law. If, for any reason, the Indian Gaming Education Revenue Fund does not receive a Monthly Payment by the 25th day of the month following the month in which the right to the revenue accrued, the Tribe, upon written notice by the State, shall remit an amount equal to the amount of the Monthly Payment directly to the Indian Gaming Education Revenue Fund within 5 days of the Tribe's receipt of the written notice.

- (5) The Governor and the Tribe intend for the State's portion of revenue derived from this Compact to be spent for the purpose of educating children in the classroom. However, the Parties expressly recognize that the General Assembly is not bound by the Parties' intended disposition of the funds derived from the Compact, and that the Tribe hereby agrees to waive any claim based on impairment or breach of contract in the event that any legislation is enacted that disposes of the monies paid by the Tribe under this Compact for purposes other than the intended purpose set forth in this subdivision, including purposes other than education.
- (C) The Parties acknowledge that Congress has established a "service area" in North Carolina, consisting of Cabarrus, Cleveland, Gaston, Mecklenburg, Rutherford and Union Counties. Public Law 103-116, Section 3(9). This Public Law further provides that: "For the purpose of eligibility for Federal services made available to members of federally recognized Indian tribes because of their status as Indian tribal members, Members of the Tribe in the Tribe's service area shall be deemed to be residing on or near a reservation." Public Law 103-116, Section 4(b).

Section 5. **REGULATION OF CLASS III GAMING.**

- (A) The following regulatory requirements shall apply to the conduct of Class III Gaming authorized by this Compact. The Tribe shall maintain as part of its lawfully enacted ordinances, at all times in which it conducts any authorized Class III Gaming, requirements at least as restrictive as those set forth herein.
- (1) The Tribe may not hire, employ or enter into a contract for services relating to Class III Gaming with any person or any entity which employs a person in connection with Class III Gaming who:
- a. Is under the age of 21; provided, however, that for jobs that do not require the employee to serve alcohol or have any involvement with any gaming activity, the Tribe may employ persons who are less than 21 years of age for non-gaming and non-alcohol related employment.
 - b. Has, within the ten years immediately preceding the commencement of the person's employment, been convicted of or entered a plea of guilty or no contest to: a felony, any gambling-related offense, fraud or misrepresentation or any violation of Article 37, Chapter 14 of the North Carolina General Statutes, unless the person has been pardoned.
 - c. Is currently charged with any offense set forth in Section 5(A)(1)b above, which has not yet reached final disposition.
- (2) The Tribe shall publish the odds and prize structure of each Class III game, which publication shall be prominently displayed on every game.
- (3) The Tribe shall maintain the following records for a period of five years.

- a. Revenues, expenses, assets, liabilities and equity for the location(s) at which the Tribe conducts Class III Gaming;
 - b. Daily cash transactions for each game at the location at which the Tribe conducts Class III Gaming;
 - c. Individual and statistical game records for all games;
 - d. Records of all tribal enforcement activities;
 - e. All audits prepared by or on behalf of the Tribe;
 - f. Contracts, correspondence and other transaction documents relating to all vendors and contractors;
 - g. Personnel information of all Class III Gaming employees or agents, including rotation sheets, hours worked, employee profiles and background checks;
 - h. Records of all Promotional Monies and Prizes; and
 - i. Records of all Gross Revenue from Live Table Gaming
- (4) The Tribe shall maintain all accounting records on a double entry system of accounting, and shall maintain detailed, supporting, subsidiary records.
- (5) All personnel employed by the Tribe whose responsibilities include the operation or management of Class III games shall be licensed by the Tribe. The Tribe shall publish and maintain a procedural manual for such personnel, which shall include disciplinary standards for breach of the procedures.
- (6) No person under the age of 21 may purchase a gaming ticket or otherwise participate in any Class III game.
- (7) Except for employees under the age of 21 that are specified in Section 5(A)(1)(a), no person under the age of 21 shall be permitted in the gaming area of the Gaming Facility where any component of Class III Gaming is conducted; provided, however, that this subsection shall not apply to locations at which sale of gaming tickets is the only component of Class III Gaming.
- (8) If any person below the age of 21 plays and otherwise qualifies to win any Class III game, the prize shall not be paid, and the estimated amount wagered during the course of the game shall be returned to the person placing the wager.

- (9) The Tribe shall not knowingly permit any person who manages or is employed by a Tribal gaming facility, regulatory agency, or gaming machine vendor, to participate in any Class III Gaming or to collect any prize.
- (10) The Tribe shall not conduct or possess any Class III games or components thereof outside of the Catawba Indian Nation Lands except when transporting such games to or from the manufacturer, a certified testing laboratory, or to a certified repair facility. This prohibition shall include the use of common carriers (such as telecommunications, postal or delivery services) for the purpose of sale of a gaming ticket or playing card to, or placement of a wager by, a person who is not physically present on Catawba Indian Nation Lands to purchase the gaming ticket or card or place the wager. This prohibition shall not apply to the use of technology which shall permit the Tribe to conduct Proprietary Progressives. If the United States Congress enacts a law permitting on-line gaming, then the parties, at the Tribe's election, shall enter into discussions regarding the effect of the change in federal law on the ability of the Tribe to engage in on-line gaming.
- (11) The Tribe shall not extend credit to gaming customers for amounts less than One Thousand Dollars (\$1,000). The Tribe may extend credit to gaming customers in amounts of one thousand Dollars (\$1,000) or greater if the Tribe adopts and maintains internal control procedures that are at least as stringent as those promulgated by the NIGC at 25 C.F.R. § 542.15. Additionally, the Tribe may utilize cash machines (ATM machines) operated by a federal or state regulated and licensed bank or lending institution or cash advance system when the cash advance is from a preexisting credit line established on a credit card issued from a federal or state regulated and licensed bank.
- (12) At least once per year, the Tribe shall engage an independent certified public accountant to audit the books and records of all Class III Gaming conducted pursuant to this Compact and shall provide copies of the audit sections for Live Table Gaming revenues, which shall include a detailed accounting of all Promotional Monies, Coupons, Free Play and Prizes awarded during the audit period, and copies of all current internal accounting and audit procedures to the North Carolina Attorney General and the Governor's General Counsel within 30 days of the Tribe's receipt of the final audit report. The audit shall also include a section regarding practices, procedures, internal controls and all other steps to ensure the integrity of sports and horse race wagering, as well as any non-compliance with the Tribe's internal controls, federal regulations or Compact provisions regarding sports and/or horse race wagering. The Tribe shall provide this audit section to the North Carolina Attorney General and the Governor's General Counsel within 30 days of Tribe's receipt of the final audit report. The Tribe shall permit the State to consult with the auditors before or after any audits or periodic checks on procedures which may be conducted by the auditors, and shall allow the State to submit written or oral comments or suggestions for improvements regarding the accounting and audit procedures.

Within 30 days of receipt of any written or oral comments, the Tribe shall: (a) accept the comments and modify the procedures accordingly; or (b) respond to the comments with counter-proposals or amendments. The State shall pay for any additional work performed by the auditors at the request of the State.

- (13) Background Investigations. The Tribe, prior to placing a prospective employee whose responsibilities include the operation or management of Class III games or child care services, shall conduct a background investigation in accordance with the Tribe's gaming ordinance and in compliance with the Act and pertinent regulations promulgated by the NIGC consistent with any Memorandum of Understanding between the NIGC and the Catawba Indian Nation. If employed, each person whose responsibilities include the operation or management of Class III games shall be subject to such periodic review as may be required by the NIGC and appropriate tribal and federal regulations applicable thereto. Employees found to have been convicted of any violation described in Section 5(A)(1)(b) or who are currently charged with any offense set forth in Section 5(A)(1)(b) shall not be permitted to continue their employment. All principals of any entity that provides to the gaming operation by lease, rental or otherwise video game equipment or gaming machine equipment which has a total value of at least Twenty-five Thousand Dollars (\$25,000.00) shall be subjected to the same background investigation required for employees whose responsibilities include the operation or management of Class III games. The State may submit information or objections to the Tribe, which must be considered by the Tribe concerning any entity or person applying for a license from the Tribe. The Tribe shall respond to the State's information or objections, in writing, prior to making a final decision on the granting of any license to any entity or person.

- (14) Patron Dispute Resolution. The Tribe shall maintain a patron dispute resolution procedure. At a minimum, this procedure must provide the following:

Any person who has any dispute, disagreement or other grievance with a Tribal gaming operation that involves currency, tokens, coins, or any other thing of value, may seek resolution of such dispute from the following persons and in the following order:

- a. A member of the staff of the gaming operation;
- b. A supervisor in the area of the relevant gaming operation in which the dispute arose;
- c. A manager in the area of the relevant gaming operation in which the dispute arose;
- d. A director in the area of the relevant gaming operation in which the dispute arose;

- e. A vice-president in the area of the relevant gaming operation in which the dispute arose;
- f. The general manager of the relevant gaming operation; and
- g. The Commission.

Patron rights regarding disputes:

When a person brings a dispute for resolution by the Commission, the complainant has the right to explain his or her side of the dispute, and to present witnesses in connection with any factual allegations. At each level, if the dispute remains unresolved, the complainant shall be informed of the right to take the dispute to the next higher level. Resolution of any dispute by the personnel of a gaming operation shall always involve two or more staff members. All disputes, whether resolved or not, shall be reported in detail by the staff persons involved to their supervisor, or, in the case of the general manager of the gaming operation, to the Commission.

Gaming Commission action on patron disputes:

Patrons who have complaints against the gaming facility, a gaming employee, or a management contractor shall have as their final remedy the right to file a petition for relief with the Commission. Any patron complaint must be submitted to the Commission within 30 days after exhaustion of all management review options. Complaints shall be submitted in writing, and at the discretion of the Commission, the patron may be allowed to present evidence. The Commission may hold a hearing within 30 days of receipt of petitioner's complaint and the patron may have counsel present at such hearing. The decision of the Commission shall be in writing, shall be issued within 14 days of submission of the matter to the Commission, and shall be provided to the general manager of the gaming operation and to the complainant.

- (15) Problem Gambling and Youth Gambling. The Tribe shall prohibit any and all forms of advertising targeting or enticing underage gambling. The Tribe will continue to require that all casino employees receive mandatory training in identifying persons under age 21, procedures to verify individuals' age via proper identification, and methods to detect potentially invalid identification. The Tribe will maintain procedures and policies to fine any gaming facility which has permitted underage gambling to occur. Additionally, the Tribe shall adopt programs, to address gambling addiction and promote responsible gaming. The Tribe shall provide similar programs at any new gaming facilities of the Tribe. These programs shall include mandatory training for all casino employees to identify possible gambling addiction behavior in patrons, the posting of responsible gaming signage and gambling helpline phone numbers.

- (16) Wager/Bet Limits. For all gaming activities, the Tribe shall set forth in clear concise language the games wager/bet limits in both the minimum and maximum wager/bet amounts. These limits shall be established within the standard industry parameters of the market in order to maintain a competitive product for the game being conducted and shall be enforced throughout each gaming facility. Any deviation from these wager/bet limits shall be prohibited under the internal control procedures of the Tribe.
- (17) All sports wagering and horse race wagers shall comply with the provisions of Appendix A.
- (18) The Tribe shall provide access to the Certification Commission with all internal controls related to sports and horse race wagering. The Tribe and the Tribal Gaming Commission shall consult with the Certification Commission before making any changes to its internal control procedures relating to sports or horse race wagering. Should the Certification Commission suggest changes to such internal control procedures, the Tribe and the Tribal Gaming Commission agree to consider those suggestions in good faith.
- (19) No sports or horse race wagers will be accepted or placed on any event that is to occur on the Tribe's lands.
- (20) All wagers of any type shall be physically made within the Casino Structure. This Compact does not authorize the Tribe to accept any wager of any kind (including sports or horse race wagers) through a mobile device or through the Internet. Notwithstanding the foregoing, sports or horse race wagers may be placed on Catawba Indian Nation Lands, but only after the Certification Commission certifies to the Governor and the Governor concurs (which concurrence shall not be unreasonably withheld) that geolocation and age and identity verification procedures relating to the device fully ensure that (1) the wager is being placed by someone age 21 or older and while on Tribal land and (2) the identity of the person placing such wager is verified by the Tribe and all data relating to that transaction is preserved for a minimum of one (1) year.
- (21) The Tribe shall implement an effective cyber-security system with respect to casino operations or Tribal governance relating to casino operations, shall regularly update that system and shall promptly notify the State Bureau of Investigation ("SBI") and Office of the North Carolina Attorney General of any breaches or attacks of that system.
- (B) The regulatory requirements set forth in Section 5(A) of this Compact shall be administered and enforced as follows:
- (1) The Tribe shall have primary responsibility to administer and enforce the regulatory requirements set forth in Section 5(A).

- (2) The State and the Compliance Committee shall have the right to monitor the Tribe's Class III Gaming (including, but not limited to, raffles, video games, gaming machines, live gaming tables, sports wagering and horse race wagering) to ensure that the Tribe is administering and enforcing the regulatory requirements set forth herein. The State and the Compliance Committee shall, upon twenty-four (24) hours advance notice to the Tribal Gaming Commission, have the right to inspect all premises on which Class III Gaming is conducted and the right to inspect and copy during normal business hours, all tribal records relating solely to Class III Gaming, including, without limitation, any background checks available for Class III Gaming employees. All records, and copies thereof, shall remain the property of the Tribe regardless of their location. All such records and the information derived from such records are confidential and proprietary information of the Tribe. Access to all records, or copies thereof in the possession of the State or the Compliance Committee shall be limited solely to members of the Compliance Committee, the Office of the Governor, and State employees directly responsible for regulating gaming and, subject to the requirements of applicable State disclosure laws, shall not be disclosed to other persons or to third parties. Should a third-party request disclosure from the State of any of the Tribe's confidential and proprietary records or the information derived from such records, the State shall promptly notify the Tribe in writing of such request and provide the Tribe with an opportunity to object to such disclosure.
- (3) The Tribe shall have the right to inspect and copy State records available under the North Carolina Public Records laws concerning all Class III Gaming of the Tribe.
- (4) In the event the State believes that the Tribe is not administering and enforcing the regulatory requirements set forth herein, it may invoke the procedures set forth in Section 13 of this Compact.
- (5) The Compliance Committee shall convene quarterly to receive reports on the following matters:
- a. A written report from the Tribe of every new Class III game offered (of any type or category) in its Gaming Facilities since the date of the last such report; said report shall include, at a minimum, the name of the game, a description of the game, the rules of the game and the game's odds;
 - b. A written report of any amendments to policies or procedures involving gambling addiction programs and patron disputes;
 - c. A written report regarding any patron disputes that remain unresolved as of the date of the report;
 - d. A listing of all Class III Gaming employees who have passed a background investigation and been placed in employment since the date of the last such list provided to the Compliance Committee;

- e. A listing of all Class III Gaming employees who have left the employment of the Tribe since the date of the last such list provided to the Compliance Committee;
 - f. A report on any formal decision by the Tribe to build a new Gaming Facility on Catawba Indian Nation Lands since the date of the last such report;
 - g. A report on any and all issues with respect to the integrity of sports and horse race wagering, including but not limited to any non-compliance with regulations, internal controls or Compact provisions regarding sports and horse race wagering; any and all incidents regarding suspicious or irregular wagers or attempted wagers relating to sports and/or horse race betting; any patron who has been barred from the casino as a result of activity relating to sports and/or horse race wagering; any issues relating to any equipment, technology or devices used in connection with sports and/or horse race wagering; or concerns regarding the ability of any vendor who has supplied or is being considered for supplying any equipment, technology or devices used in connection with sports and/or horse race wagering; and
 - h. Any documents requested by the Compliance Committee in writing from the Tribe in accordance with Section 5(B)(2).
- (6) If the Compliance Committee believes that the Tribe may be violating a provision of the Compact, it may seek in writing additional information from the Tribal Gaming Commission. The Compliance Committee notice shall set forth clearly the potential alleged violation and the specific information or cure that it is seeking. The Tribal Gaming Commission shall have thirty (30) days to respond in writing to any such request. Upon the expiration of the thirty (30) day period, if the Compliance Committee determines that in its view the alleged violation is not cured, it shall notify the Governor in writing for possible further action pursuant to the dispute resolution procedures set forth in Section 13.
- (7) The Tribe and the SBI shall cooperate in the enforcement of regulations relating to sports and horse race wagering. The SBI and the Tribe shall also jointly plan and implement steps to prevent and minimize irregularities relating to sports and horse race wagering.
- (8) The State shall have the opportunity to annually inspect all sports wagering and simulcast wagering equipment, including related devices and software in the possession of, control of, or accessible to the Tribe.
- (C) The Tribe, whether it owns or leases them, shall operate all Class III games located on the Catawba Indian Nation Lands. However, nothing herein shall prohibit the Tribe from entering into a management agreement in accordance with the Act, or leasing agreements with the owners of intellectual property on specific game types.
- (D) The Tribe may operate up to three (3) Class III Gaming facilities on Catawba Indian Nation Lands, (each one a "Gaming Facility"). The Tribe shall provide written notice to the Governor and to the County Manager of the county in which any new Gaming Facility authorized by this subsection is to be located at least sixty (60) days prior to opening. Such written notice shall include the specific location or address of the facility to be opened. This notice

requirement is for information purposes only and does not create any other rights on the part of the County or any other party and shall not be interpreted or construed in any way as an impingement on the sovereign right of the Tribe to decide upon the location and operation of businesses located on Catawba Indian Nation Lands. As a matter of contract and not regulatory jurisdiction, all Gaming Facilities that the Tribe establishes after the Effective Date shall meet the standards established in the State for construction, fire and safety.

- (E) No Class III game may be played by a player who uses a credit card rather than currency or coin to participate in the game. However, nothing herein prohibits the use of credit card cash advance systems or extension of credit as provided for in Section 5(A)(11) of this Compact.

Section 6. **REGULATION OF GAMING ACTIVITY.**

- (A) **Regulation of Video Games** (defined by Section 3(JJ) of this Compact).

- (1) The Tribe shall purchase video game equipment only from a distributor or manufacturer. All such equipment must be certified by an independent testing laboratory. All video game equipment operated by the Tribe shall include an internal computerized accounting system which shall be monitored by the Tribe and/or its independent certified public accountant firm through on-line computer terminals.
- (2) **Non-Complying Video Games.** The following are declared to be non-complying video games:
 - a. All video games to which agents of the State have been denied access for inspection purposes.
 - b. All video games operated in violation of this compact.
 - c. Any video game not certified by the Certification Commission.

Any game deemed to be out of compliance by the State (not the Certification Commission) shall be inspected by an independent gaming test laboratory as provided below within three days of receipt of notice of non-compliance. If the independent laboratory finds that the video game or related equipment is non-complying, the non-complying equipment shall be permanently removed from play unless modified to meet the requirements of this Compact. Video games and related equipment removed from play and modified pursuant to this Section may be returned to play only after inspection by the State, under the guidance of the Certification Commission and an independent gaming test laboratory.

- (3) **Testing and Approval of Video Games.** No video game may be purchased, leased or otherwise acquired by the Tribe unless the video game, or a prototype thereof, has been tested and approved or certified by the Certification Commission and a gaming test laboratory as meeting the requirements and

standards of this Compact as allowed under N.C.G.S. § 14-306 and § 14-306.1A or as subsequently amended by the North Carolina General Assembly. For purposes of this Compact, a gaming test laboratory is a laboratory agreed to and designated in writing by the State and the Tribe as competent and qualified to conduct scientific tests and evaluations of video games and related equipment.

- (4) Application for Approval of Prototype Video Games. If requested by the gaming test laboratory, the Tribe shall provide or require that the manufacturer provide to the independent gaming test laboratory two copies of video game illustrations, schematics, block diagrams, circuit analysis, technical and operation manuals, program object and source codes, hexadecimal dumps (the compiled computer program represented in base 16 format) and any other information requested by the gaming test laboratory.
- (5) Testing of Video Games. If required by the independent gaming test laboratory, the Tribe shall require the manufacturer to transport not more than two working models of the video game and related equipment to a location designated by the laboratory for testing, examination and analysis. The Tribe shall require the manufacturer to pay for any and all costs for the transportation, testing, examination, and analysis. The testing, examination and analysis may include the entire dismantling of the video games and related equipment and some tests may result in damage or destruction to one or more electronic components of the devices. If required by the laboratory, the Tribe must require the manufacturer to provide specialized equipment or services of an independent expert to assist with the testing, examination and analysis.
- (6) Report of Test Results. At the conclusion of each test, the laboratory shall provide to the State and the Tribe a report that contains the findings, conclusions and a determination that the video game and related equipment conforms or fails to conform to the technical requirements and standards set forth in this Compact. If modifications can be made which would bring the video game or related equipment into compliance, the report may contain recommendations for such modifications.
- (7) Modifications of Approved Video Games. The manufacturer or distributor shall provide all video games and related equipment in a manner approved and licensed by the Tribe. No modification to the assembly or operational functions of any video game or related equipment may be made after testing and installation unless the Certification Commission and an independent gaming test laboratory certifies to the State and the Tribe that the modified video games conform to the standards of this Compact. All proposed modifications shall be described in a written request made to the State, the Certification Commission and an independent gaming test laboratory containing information describing the modification, the reason therefore and all documentation required by the laboratory. In emergency situations where modifications are necessary to prevent cheating or malfunction, the laboratory may grant temporary certification of the modification for up to 15 days pending compliance with this Section.

- (8) Conformity to Technical Standards. The Tribe shall require the manufacturer or distributor to certify, in writing, to the Tribe and to the State that, upon installation, each video game placed in a gaming facility within the Catawba Indian Nation Lands: (1) conforms precisely to the exact specifications of the video game prototype tested and approved by the testing laboratory; and (2) operates and plays in accordance with the technical standards set forth in this Compact.
- (9) Prizes. Prizes may be awarded in the form of free games, credits, cash or merchandise. Seventy-five percent (75%) of the video gaming devices may not exceed the value of \$100,000 prize for each individual award. The remaining 25% of the video gaming devices may award prizes without limit in dollar amount.
- (10) Video Games. Video games or prototypes thereof, operated within the Catawba Indian Nation Lands must be tested and approved by the Certification Commission and an independent gaming test laboratory as required by this Compact. If the video games do not comply with the standards of this Compact they shall be brought into compliance prior to their use after the effective date of this Compact or replaced with complying equipment. In no event shall the Tribe knowingly permit non-complying games to be operated on Catawba Indian Nation Lands.
- (11) Information to be provided. Prior to the installation of any video game acquired by the Tribe after the effective date of this Compact, and for any video game operated within Catawba Indian Nation Lands, the Tribe shall provide, or require that the manufacturer or distributor provide to the State:
- a. A list of all states in which the distributor or manufacturer from whom the video games were acquired is licensed, the license numbers (if license numbers are issued) and operative dates of the license(s); and
 - b. Identification numbers or codes for each video game placed on Catawba Indian Nation Lands.
- (12) Hardware Requirements for Video Games. Video games operated within Catawba Indian Nation Lands must be licensed by the Tribe to meet the following specifications:
- a. No Physical Hazard. Electrical and mechanical parts and design principles may not subject a player to any physical hazards.
 - b. Surge Protectors. A surge protector device must be installed for all power which is fed to the device.
 - c. Battery Back-up. A battery back-up, or an equivalent for the electronic meters must be capable of maintaining accurate

reading for 180 days after power is discontinued from the device for all information regarding:

1. current and total tallies of amounts wagered and paid out;
2. records of access to the logic board component;
3. records of access to the cash and coin component;
4. such other data as may be required by written regulation of the Tribe.

The back-up device shall be located within the locked logic board compartment and shall not be accessible to the manufacturer or distributor after the initial installation of the equipment.

- d. Power Switch. A power switch must be located in an accessible place within the interior of the game which controls the electrical current used in the operation of the game.
- e. Resistance to Electromagnetic Interference. The operation of the video game, including the coin drop and other such component parts, must not be adversely affected by static discharge, radio frequency interference or other electromagnetic interference.
- f. Approved Coin and Bill Acceptors. If a video game accepts coins, then at least one electronic or mechanical coin acceptor will be installed in or on that video game. The devices may also contain bill acceptors for denominations determined by the Tribe. Prior to operation within Catawba Indian Nation Lands, all models of coin and bill acceptors installed must have been tested and approved in writing by an independent gaming test laboratory as provided by this Compact.
- g. Secure Cabinets. The internal space of the video game shall not be readily accessible when the door is closed and sealed.
- h. Secure Electronic Components. Logic Boards and software, electronically programmable read only memory chips (hereinafter EPROMS), and other logic control components shall be located in a separate compartment within the video game and that compartment shall be locked with a different key or combination than that used for the main cabinet.
- i. Secure Cash Compartment. The coin and currency compartment shall be secured with a different key or combination than that used

for the main cabinet door, except that a separate cash compartment shall not be required for coins necessary to pay prizes in a machine which pays prizes through a drop hopper.

- j. No Hardware Modification of Pay Tables or Payouts. No hardware switches (DIP Switches) may be installed which alter the pay tables or payout percentages for the game, unless the hardware switches are located within the secure electronic components (logic compartment) as defined in Section 6(A)(12)(h) of this Compact and the Tribal Gaming Commission has sole custody of the key.
- k. Printed Record of Credits and Payouts Required. A single printing mechanism which must be capable of printing an original ticket and retaining an exact, legible copy, either within the game or in a management/reporting system approved by the independent gaming test laboratory, that provides permanent sequential tracking and which permits monitoring of error conditions on a printed medium for future use, and which records the following information: (a) the number of credits; (b) value of the credits in dollars and cents; (c) the cash paid by the device; and (d) any other data required by the Tribe. Video games utilizing coin drop hoppers are permitted, provided they are monitored by a management/reporting system of the type described in this paragraph which has been approved by an independent gaming test laboratory.
- l. Identification Plates Required. Each video game shall have an unremovable identification plate on the exterior of the cabinet, which contains the following information:
 - 1. Manufacturer;
 - 2. Serial number;
 - 3. Model number; and
 - 4. License stamp and number issued by the Tribe certifying compliance with the technical standards set forth in this Compact.
- m. Rules of Play and Possible Winnings Displayed. The rules of play for each game must be prominently displayed on the game screen or the cabinet face. The Tribe shall not permit the display of any rules of play, which are incomplete, confusing, or misleading. Each game must display the coins or credits wagered and the credits awarded for the occurrence of each possible winning combination

based on the amount wagered. All information required by this Section must be kept under glass or other transparent substance and at no time shall stickers or other such materials be placed on the machine face, which obscure the rules of play or the operational features of the game.

- n. Security Tape for EPROMS. Upon installation, the Tribe shall affix or cause to be affixed to the EPROM of each video game a strip of security tape, capable of evidencing the removal of the EPROM if the EPROM is removed from the circuit board. The security tape shall be secured and available only to the authorized personnel of the Tribe. The Tribe shall maintain accurate and complete records of the identification number of each EPROM installed in each video game.
- o. No Credit Card Meters Permitted. No video game may be equipped with a device, which permits the player to use a credit card rather than currency or coin to activate the game.

(13) Software Requirements for Video games. Video games operated within the Catawba Indian Nation Lands must meet the following software specifications.

- a. Software Requirements for Percentage Payout. Each video game must meet the following minimum theoretical percentage pay out during the expected lifetime of the game. Each video game machine shall pay out a minimum of 83 percent or a maximum of 100 percent of the total amount wagered over the expected life of the machine, including replays. This standard is met when using a method of play which will provide the greatest return to the player.
- b. Software Requirements for Continuation of Game After Malfunction. Each video game must be capable of continuing the current game with all current game features after a game malfunction is cleared automatically or by an attendant.
- c. Software Requirements for Play Transaction Records. Each game shall maintain electronic accounting meters. Such meters shall be maintained at all times, whether or not the game is being supplied with external power. The following information must be recorded and stored on meters capable of maintaining totals no less than eight digits in length:
 - 1. Total number of coins inserted (the meter must count the total number of coins, or the equivalent value if a bill acceptor is used, which are inserted by players);

2. Number of credits wagered;
 3. Number of credits won;
 4. Credits paid out by printed ticket voucher or cash paid by the device.
- d. The following information must be recorded and stored on meters capable of maintaining totals no less than six digits in length:
1. Number of coins or credits wagered in the current game;
 2. Number of coins or credits wagered in the last complete, valid game; and
 3. Number of cumulative credits representing credits won and money inserted by a player but not collected, commonly referred to as the credit meter.
- e. No Automatic Clearing of Accounting Meters. No video game shall have a mechanism or program which will cause the electronic accounting meters to automatically clear. The electronic accounting meters may be cleared only after written records of the readings before and after the clearing process are taken by the Tribe, which shall also record the reason the meter was cleared.
- (14) Amendments to Hardware and Software Requirements for Video Games. The technical standards set forth in the above sections shall govern the operation of video games unless amended pursuant to the appropriate provisions of this Compact.
- (15) Certification Commission
- a. The Certification Commission shall consist of three members, one of whom shall be appointed by the Chief and two of whom shall be appointed by the Governor. One of the two members appointed by the Governor will serve as Chair. All three members will have responsibility for testing and approving all video games sought to be offered by the Tribe at its gaming facilities for compliance with the skill and dexterity requirements set out in N.C.G.S. § 14-306 and § 14-306.1A (or in subsequent legislation enacted by the General Assembly). The two members appointed by the Governor shall have the responsibilities for regulatory oversight as set out in Section 5(B)(5) and (6). The term of a member shall be five years. The Certification Commission members shall be individually compensated by the Tribe for their services at

an annual salary between \$9,000 - \$12,000 as approved by the Executive Committee of the Catawba General Council.

- b. The Certification Commission shall also have responsibility for testing and approving of all video games sought to be offered by the Tribe at its gaming facilities for compliance with the skill and dexterity requirements set out in N.C.G.S. § 14-306 and § 14-306.1A (or in subsequent legislation enacted by the General Assembly). The Certification Commission shall hold meetings on an annual basis, if needed, to engage in the testing and approval process of video games hereunder.
- c. The Certification Commission shall be provided adequate meeting space on a quarterly basis to perform its duties as set out herein.
- d. The Certification Commission shall have the authority to retain independent legal counsel to advise it on legal issues and matters presented to the Commission on an as needed basis with the compensation for such services to be paid by the Executive Committee of the Catawba General Council.
- e. The members of the Certification Commission appointed by the Governor shall be identified as the "Compliance Committee" and shall be entitled to all rights and privileges as if acting as the Certification Commission.

Notwithstanding the provisions of this Section, the State shall retain all rights and remedies available to it under both existing law and created by this Agreement.

(B) Regulation of Raffles

- (1) Raffles shall consist of a game in which a cash or merchandise prize is won by the random drawing of the name or number of one or more persons who have entries in the game.
- (2) In no event shall the prize limit for a raffle game exceed the value of \$50,000 in cash or merchandise.
- (3) Electronic versions of raffles which comply with the statutory definition of raffles in N.C.G.S. § 14-309.15(b) shall be permitted and may be conducted by the Tribe, its agents or employees if played and operated within the Tribe's facility, provided that the Tribe shall first receive the Tribal Gaming Commission's game approval as well as Gaming Laboratories International certification prior to placing any game into operation.
- (4) All employees must be properly trained to operate the games. This training is primarily for protection of patrons and Tribal assets but this training must also include instruction on how to spot and watch out for any patrons who may be

having problem gambling issues. The employee must be trained in proper protocol on alerting supervisors to their observations and getting proper assistance to the customer.

(C) Regulation of Gaming Machines

- (1) Gaming Machines shall be in accordance with internal control procedures that are at least as stringent as the regulations found at 25 C.F.R. § 542.13. These regulations in their current form are made part of this Compact.
- (2) The NIGC regulations found at 25 C.F.R. § 542.13 shall be the minimum internal control standards for Gaming Machines, and the Tribe shall adopt internal control procedures at least as stringent as those listed therein.
- (3) All Gaming Machines that are not Video Games must receive approval and certification by the Tribal Gaming Commission, as well as Gaming Laboratories International certification prior to being placed into service.
- (4) All employees of the Gaming Facilities responsible for the operation of Gaming Machines must be properly trained to operate the Gaming Machines in operation. This training is primarily for the protection of patrons and tribal assets, but this training must also include instruction on how to spot patrons who may have problem gaming issues. Employees must be trained in the proper protocol within the gaming industry for alerting supervisors of any problem gaming patrons they spot and how to obtain assistance for such patron.

(D) Regulation of Live Table Gaming

- (1) The regulations for operating Live Table Gaming shall be in accordance with internal control procedures that are at least as stringent as the regulations found at 25 C.F.R. § 542.12. These regulations are made part of this Compact.
- (2) The NIGC regulations found at 25 C.F.R. § 542.12 shall be the minimum internal control standards for Live Table Gaming, and the Tribe shall adopt internal control procedures at least as stringent as those listed therein.
- (3) All equipment utilized in the conduct of Live Table Gaming must receive approval and certification from the Tribal Gaming Commission prior to being placed into operation.
- (4) All employees must be properly trained to operate the games. This training is primarily for protection of patrons and Tribal assets, but this training must also include instructions on how to spot and watch out for any patrons who may be having problem gambling issues. The employee must be trained to proper protocol on alerting supervisors to their observations and getting proper assistance to the customer.

(E) **Regulation of Sports and Horse Race Wagering and Associated Equipment, Devices and Technology (Including Wagering Through Mobile Devices)**

- (1) The regulations for operating sports and horse race wagering shall be in accordance with all federal regulations (including but not limited to applicable regulations and guidelines of the NIGC) and Appendix A hereto.
- (2) The NIGC's regulations shall be the minimum internal control standards for operating sports and horse race wagering, and the Tribe shall adopt internal control procedures at least as stringent as those regulations.
- (3) All equipment, devices and technology relating to sports and horse race wagering must receive approval and certification by the Tribal Gaming Commission, the Certification Commission, and an independent, third-party laboratory with recognized expertise with respect to such devices. No equipment, technology or devices associated with sports or horse race wagering may be purchased, leased or otherwise acquired by the Tribe unless the equipment, technology or device, or a prototype thereof, has been tested and approved or certified by the Tribal Gaming Commission, the Certification Commission and a gaming test laboratory as meeting the requirements and standards of this Compact. For purposes of this Compact, a gaming test laboratory is a laboratory agreed to and designated in writing by the State and the Tribe as competent and qualified to conduct scientific tests and evaluations of the equipment, technology or devices associated with sports or horse race wagering. The Certification Commission and the Compliance Committee shall be notified of all such approvals.
- (4) All employees of the Gaming Facilities responsible for the operation of any equipment, device or technology relating to sports and horse race wagering must be properly trained to operate any such equipment, device or technology. This training is primarily for (1) the protection of patrons and tribal assets and (2) preserving the integrity of sports and horse race wagering and events. This training must also include instruction on how to spot patrons who may have problem gaming issues. Employees must be trained in the proper protocol within the gaming industry for alerting supervisors of any problem gaming patrons they spot and how to obtain assistance for such patron.

Section 7. **PLANNING ORDINANCES.**

The Tribe recognizes the importance of preserving the natural beauty of Catawba Indian Nation trust lands, and it intends to protect, preserve and enhance the natural resources, environmental and aesthetic appearance of Catawba Indian Nation lands against long term degradation resulting from increased traffic and growth in connection with gaming activities, and to ensure continued quality development utilizing smart growth principles oriented toward the preservation and betterment of Catawba Indian Nation trust lands. The Tribe, the casino and all casino operations shall consider the feasibility and appropriateness of implementing federal and state laws, regulations and guidance intended to protect the environment and the public health.

Section 8. **CREATION OF FOUNDATION.**

- (A) A non-profit foundation shall be established which shall be funded and endowed by the Tribe and shall operate under the name of CATAWBA INDIAN NATION FOUNDATION (the "Foundation"), whose purpose shall be to enhance the long-term success of the casino and the development of the Catawba Indian Nation Lands; to protect, preserve and enhance the ancestral lands of the Catawba Indian Nation (and particularly the Catawba River) in proximity to the Catawba Indian Nation Lands through the acquisition of conservation easements and other real property interests; to implement other conservation measures to enhance the Catawba River; to assist in economic development for public services, recreation, entertainment and community economic development and foster employment opportunities on or near Catawba Indian Nation lands; to educate local children and federally and state-recognized Indian tribe children in the classroom; to provide educational scholarships for members of the Catawba Indian Nation and other federally and state-recognized Indian tribes within North Carolina; to fund high school internships for members of the Catawba Indian Nation involved in the preservation of ancestral lands of the Catawba Indian Nation or the Catawba River; and to preserve, research, study, and restore the history, tradition, culture, language, arts, crafts and heritage of the Catawba Indian Nation through programs and activities based on the Catawba Indian Nation Lands.
- (B) The Foundation shall be managed by a Board of twelve Directors who shall be appointed by the Governor. The Governor shall appoint the Chair of the Board from among the twelve members, and the Chair shall serve at the pleasure of the Governor. At least six of the twelve Directors shall be enrolled members of the Catawba Indian Nation. The Governor shall appoint to the Board those individuals filling the following positions.
- (1) Chief of the Catawba Indian Nation;
 - (2) Assistant Chief of the Catawba Indian Nation;
 - (3) One county commissioner from Cleveland County;
 - (4) Two individuals who shall be enrolled members of the Catawba Indian Nation selected from a list of six enrolled members nominated by the Chief to the Governor for appointment;
 - (5) Two individuals chosen at large by the Governor from among the enrolled members of the Catawba Indian Nation; and
 - (6) Five individuals chosen at large by the Governor.

The Chief and Assistant Chief of the Catawba Indian Nation shall serve during their term of elected office and have full voting rights on the Foundation Board. The other ten Directors shall serve staggered terms as follows:

- (1) The county commissioner Director shall serve four years and shall expire on each succeeding fourth anniversary of December 31, 2021. To be a Director, this appointee must continuously remain a county commissioner throughout the term. Should this appointee cease being a county commissioner at any time during his or her term as a Director, then by automatic operation of this provision he or she immediately shall cease to be a Director. If this appointee leaves the position of Director for any reason, then the Governor shall appoint a qualified replacement who shall complete the term of the departed Director.
 - (2) The two Directors selected from a list of six enrolled members nominated by the Chief to the Governor each shall serve four years and shall expire on each succeeding fourth anniversary of December 31, 2022. If one of these appointees leaves office for any reason, then the Chief of the Catawba Indian Nation shall submit to the Governor a list of three names of enrolled members of the Tribe and the Governor shall appoint one of the three nominees to complete the term of the departed Director.
 - (3) The two Directors chosen at large by the Governor from among the enrolled members of the Catawba Indian Nation each shall serve four years and shall expire on each succeeding fourth anniversary of December 31, 2023. If one of these appointees leaves office for any reason, then the Governor shall appoint a replacement from among the enrolled members of the Catawba Indian Nation to complete the term of the departed Director.
 - (4) The five individuals chosen at large by the Governor each shall serve four years and shall expire on each succeeding fourth anniversary of December 31, 2024. If one of these appointees leaves office for any reason, then the Governor shall appoint a replacement at large to complete the term of the departed Director.
- (C) Following the first full calendar year in which the Tribe has operated Class III Gaming ("Base Year"), the Tribe shall begin funding the Foundation. The first such annual funding of the Foundation shall be made on March 1 following the conclusion of the Base Year and annual funding to the Foundation shall be made on March 1 of every year thereafter. The net gaming revenue realized by the Tribe during the Base Year shall constitute the base net gaming revenue from which increased gaming revenue shall be calculated for purposes of funding the Foundation. The Tribe shall fund this Foundation at one million dollars per year during the first three years after the start of Class III Gaming by the Tribe. Beginning in year four, the Tribe shall fund this Foundation at five million dollars per year or at a percentage equal to that percentage of net gaming revenue for the Base Year represented by five million dollars, whichever is greater, but in any event not more than seven and one-half million dollars. Nothing shall prohibit the Tribe from contributing additional principal to the Foundation, nor shall the Foundation be prohibited from seeking additional funds from other sources to support projects consistent with the purposes of the Foundation. The Tribe shall continue to fund the Foundation during the life of the Compact.

- (D) The Foundation shall authorize and fund projects based upon a priority system approved by the Board of Directors including but not limited to projects promoting family and outdoor entertainment and sporting activities, projects promoting non-gaming economic development and projects enhancing, protecting and preserving the culture of the Tribe. Such projects may supplement and enhance but not replace existing tribal government budgeted projects. The intent of the parties is that the Foundation will enhance the Catawba Indian Nation Lands and the success of the casino. Accordingly, the Foundation shall give preference to projects and expenditures that will directly benefit the Catawba Indian Nation Lands and surrounding communities. The Tribe shall have the right to present and recommend projects to the Board for consideration and funding.
- (E) The Catawba Indian Nation Foundation shall adopt Articles of Incorporation and By-Laws. Any inconsistencies between the Articles of Incorporation, the By-Laws, and this Compact shall be resolved in favor of the provisions as set out in this Compact.

Section 9. **APPLICATION OF STATE LAWS.**

- (A) State civil and criminal laws shall be applicable to and enforceable by the State against any person for activities relating to Class III Gaming which occur outside of Catawba Indian Nation Lands.
- (B) State criminal laws and regulatory requirements shall be applicable to and enforceable by the State against any person who is not a member of the Tribe for activities relating to Class III Gaming which occur on Catawba Indian Nation lands.
- (C) In order to administer and enforce state laws as set forth in Sections 9(A) and 9(B) of this Compact, the State may investigate the activities of tribal officers, employees, vendors or gaming participants who may affect the operation or administration of tribal gaming, and shall report suspected violations of state, tribal or federal laws to the appropriate state, tribal or federal prosecution authorities. Pursuant to such investigation, the State may seek subpoenas, in accordance with state law, to compel the production of any books, papers, correspondence, memoranda, agreements, or other documents or records which are relevant or material to the investigation.
- (D) The State shall have concurrent jurisdiction to commence prosecutions for violation of any applicable state civil or criminal law or regulatory requirement as set forth in the Sections 9(A) and 9(B) of this Compact.
- (E) In order to administer and enforce state laws as set forth in Section 9 of this Compact, any papers required by law to be served may be served on tribal lands by any employee or agent of the State. The State shall notify the Tribe of such service as soon thereafter as possible, unless such service relates to an ongoing criminal investigation or prosecution.
- (F) The provisions of this Compact shall not be construed so as to create criminal jurisdiction over any person except as it presently exists under federal and state law.

(G) Except as expressly provided herein, this Compact shall not be construed to limit any jurisdiction or remedies available to either party pursuant to the terms of the IGRA or other applicable law.

(H) Nothing contained in this Compact shall be construed to limit the civil or criminal jurisdiction of the federal government in enforcing any applicable federal statute or regulation.

Section 10. DEFRAYAL OF STATE'S COSTS RELATING TO SPORTS AND HORSE RACE WAGERING.

The Tribe agrees to defray the costs to the State arising from this Compact with respect to sports and horse race wagering. The parties recognize that that sports and horse race wagering will result in the State incurring various costs including increased staffing of the State's gambling addiction hotline, review and analysis of reporting relating to sports and horse race wagering contemplated by the Compact amendments, and State employees' time and related expenses in ensuring the integrity of sports and horse race wagering. The Tribe and the State contemplate that these additional costs to the State will be approximately One-Hundred Ninety-One Thousand Dollars (\$191,000) per year and that these costs will annually increase by three and seven/tenths percent (3.7%) per year. The Tribe's payments to defray these costs shall be made on the first anniversary of the effective date of this Compact and each successive anniversary thereof, or the first anniversary of the commencement of sports or horse race wagering and each successive anniversary thereof, whichever is later. Upon written request by the Tribe, the State shall provide a good faith estimate of the time of state and local government employees, out-of-pocket expenditures and other related costs it has incurred within the previous twelve (12) months relating to regulatory and law enforcement efforts with respect to this Compact. If in any State fiscal year these expenditures and costs deviate from the applicable payment amount by more than ten (10) percent, either party may request a renegotiation of the amount to defray the State's costs. All payments pursuant to this Section will be made to the Foundation (which shall act solely as a fiscal agent). The Foundation shall transmit this annual payment electronically to the State's Indian Gaming Education Revenue Fund, as established by law. The annual payments set out in this Section are in addition to the Monthly Payments set out in Section 4.1.

Section 11. COMPLIANCE WITH COPYRIGHT STATUTES.

To the extent that the Tribe broadcasts a sporting or horse racing event on which the Tribe accepts wagers, the Tribe agrees to comply with all contractual or other restrictions regarding the use of that broadcast, as well as all provisions of the Copyright Act and all state or other statutes regarding the use or profit from the use of a player's name or likeness. This obligation includes, but is not limited to, paying any license fees for use of such protected broadcasts, materials and marks; liquidated damages set out in any applicable contract or license agreement; and interest. In the event the Tribe fails to comply with such obligations, the State may invoke the dispute resolution procedures set out in Section 13 of this Compact.

Section 12. AMENDMENTS.

The terms and conditions of this Compact shall not be modified, amended or otherwise altered except by written agreement of the Parties and enactment as set forth in Sections 4(B) and 15 of

this Compact. Either the Tribe or the State may request a re-negotiation of the terms of the Compact based upon a change in federal or State law that alters gaming permitted by the laws of the State of North Carolina.

Section 13. **DISPUTE RESOLUTION.**

- (A) If after the effective date of this Compact the State believes a gaming activity being conducted by the Tribe is in violation of the terms of the Compact, the State shall give notice to the Tribe to cease and desist such gaming activity and the State and the Tribe shall determine the validity of the State's objection in the following manner:
 - (1) The State shall notify the Tribe in writing of the gaming activity deemed to be in violation of the Compact, the reasons for or manner of violation by the activity, and a requested method of correcting the violation.
 - (2) The Tribe shall respond to the notice in writing within twenty days from receipt. Such response shall be in writing, signed by the Chief of the Tribe, and shall either concur in the non-compliance and provide written assurances of prompt action to cure the non-compliance, or contest the allegation of the violation.
 - (3) Nothing in this Section shall limit the rights or remedies available to the parties under the Act.
- (B) In the event either party believes that the other party has failed to comply with any requirement of this Compact, it may invoke the following procedures:
 - (1) The party asserting noncompliance shall serve written notice on the other party. The notice shall identify the specific statutory, regulatory or Compact provision alleged to have been violated and shall specify the factual basis of the alleged noncompliance. The State and Tribe shall thereafter meet within thirty (30) days in an effort to resolve the dispute.
 - (2) In the event the dispute is not resolved to the satisfaction of the parties within ninety (90) days after service of the notice set forth in Section 13(B)(1), either party may pursue any remedy which is otherwise available to that party to enforce or resolve disputes concerning the provisions of this Compact, and nothing in this Compact shall be interpreted to limit in any way the rights and remedies of the Tribe or the State under federal or state law.
 - (3) Nothing in Section 13(A) or 13(B) shall be construed to waive, limit or restrict any remedy which is otherwise available to either party to enforce or resolve disputes concerning the provisions of this Compact. Nor shall Section 13(A) or 13(B) be construed to preclude, limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution, including but not limited to mediation or arbitration; provided that neither party is under any obligation to agree to such alternative method of dispute resolution.

- (C) Both the Tribe and the State agree that in the event that a dispute arises as to an interpretation of the provisions of this Compact, or as to any of the rights, responsibilities or obligations attaching to the parties hereto, either party may commence an action in federal district court for the purpose of resolving such dispute.

Section 14. **CHOICE OF LAWS.**

The Tribe and the State agree that laws of the State of North Carolina shall be applied in any action arising from this Compact, however, this provision does not preclude the application or interpretation of applicable federal law.

Section 15. **EFFECTIVE DATE.**

This Compact shall be effective upon signature by the Chief of the Catawba Indian Nation, signature by the Governor of the State of North Carolina, and compliance with all of the requirements of 11(d)(3)(B) of the Act, 25 U.S.C. § 2710(d)(3)(B).

Section 16. **DURATION.**

This Compact shall remain from the date of its approval by the Secretary of Interior and published in the Federal Register for a period of thirty (30) years at which time this Compact shall expire unless extended by the parties.

Section 17. **NOTICES.**

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

Office of the Chief
Catawba Indian Nation
996 Avenue of the Nations
Rock Hill, SC 29730-7645

For Physical Delivery to the Governor:
Office of the Governor
116 West Jones Street
Raleigh, North Carolina 27603

For U.S. Mail to the Governor:
Office of the Governor
20301 Mail Service Center
Raleigh, North Carolina 27699

Section 18. **SEVERABILITY.**

- (A) In the event that any nonmaterial provision of the Compact is held invalid by a final order of a court of competent jurisdiction, it is the intent of the Parties that the remaining sections of the Compact shall continue in full force and effect.
- (B) The Parties agree that the gaming authorization and revenue sharing provisions of the Compact as set forth in Sections 4 and 4.1 are both material provisions. The Parties agree that any dispute regarding whether a provision other than Section 4 or Section 4.1 is a material provision of this Compact is subject to the dispute resolution procedures included in the Compact. In the event that any material provision of this Compact is held invalid in whole or part by a final order of any State or federal court of competent jurisdiction, then, immediately upon written notice from one party to the other, without the need for further action, the Compact shall be null and void in its entirety. Nothing in this Subsection should be interpreted or construed to mean that provisions other than Sections 4 and 4.1 of the Compact or this Addendum are not material.

Section 19. **EXECUTION.**

This Compact may be executed in multiple parts and by facsimile or other electronic signatures. Each and all parts are equally valid.


IN WITNESS WHEREOF, the State of North Carolina and the Catawba Indian Nation have hereto set their hands and seals.

STATE OF NORTH CAROLINA



Roy Cooper, Governor
North Carolina

CATAWBA INDIAN NATION

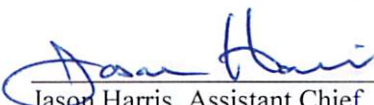


William Harris, Chief
Catawba Indian Nation

ATTEST:

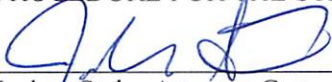


Elaine Marshall, Secretary of State
North Carolina

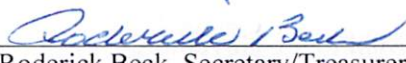


Jason Harris, Assistant Chief
Catawba Indian Nation

APPROVED AS TO FORM AND
PROCEDURE FOR THE STATE:



Joshua Stein, Attorney General
North Carolina



Roderick Beck, Secretary/Treasurer
Catawba Indian Nation



Samuel Beck, Committee Member
Catawba Indian Nation

Appendix A

(Regulations Applicable to Sports and Horse Race Wagering)

The following regulatory requirements shall apply to sports and horse race wagering authorized by this Compact. In addition to the provisions of Section 5 of this Compact, the Tribe shall maintain as part of its lawfully enacted ordinances, at all times during which it conducts any sports or horse race wagering, requirements at least as restrictive as those set forth herein.

(1) The Tribe shall publish and prominently display the average takeout fee and the range of these takeout fees with respect to horse race wagers. At a minimum, this average and range will be posted adjacent to the House Rules.

(2) The Tribe shall publish and prominently display the terms and conditions of sports and horse race wagering. Such terms and conditions shall be provided to the Certification Commission, as well as all amendments or modifications thereof

(3) The Tribe shall notify the Certification Commission in writing within twenty-four (24) hours of when it becomes aware of or suspects any of the following: (a) a sporting event or horse race on which wagers were placed was fixed or anyone has attempted to alter the outcome by illegitimate means; (b) an owner, member or employee of a team, participant, coach, referee or official (or immediate relative of any of the foregoing) has placed a wager on a sporting event in which that individual has a stake or interest (including wagering on another team within the same league or governing body); (c) any data security breach or attack relating to the Tribe's sports or horse racing wager data or systems; or (d) any other irregularity that could reasonably call into question the integrity of any sports or horse race wager placed at the Tribe. The Tribe shall promptly provide the Certification Commission all integrity alert reports and all other reports and video recordings of any suspicious or unusual event with respect to sports or horse race wagering.

(4) The Tribe shall promptly notify the Certification Commission in the event that it commences or believes that an investigation should be commenced with respect to any irregularity relating to sports or horse race wagering. The Tribe shall coordinate and cooperate with the State Bureau of Investigation, Office of the Attorney General or other appropriate law enforcement personnel with respect to any such investigation.

(5) With respect to all sports and horse race wagering, the Tribe shall follow requirements at least as restrictive and protective of the integrity of such wagering as set out in Section 61 & 62 of the Cherokee Tribal Commission – Internal Control Procedures, as amended from time to time.

(6) The Tribe shall maintain for a period of at least three years Multiple Transaction Logs (as that term is used by the casino and within the industry), reporting to the U.S. Internal Revenue Code of gambling winnings (i.e., IRS Form W-2G), and data recorded as a result of any casino loyalty program. To the extent that mobile or similar device are used in the future on Tribal Lands to place sports or horse race wagers, the Certification Commission shall evaluate what data may be captured through such devices (including but not limited to the identity of the person placing the wager; the date, time and amount of the wager; and the nature and specifics of the wager) and the appropriate means and length of time to preserve this data. No such device may be used to place a sports or horse race wager on Tribal Lands until the Tribal Gaming Commission has developed such protocols. The Tribal Gaming Commission and the Certification Commission shall evaluate these protocols and any relevant changes to technology relating to any such mobile or similar devices at least annually (or more frequently as circumstances require).

(7) No sports or horse race wager shall be accepted if employees of the Tribe/Casino know or should know that a wager is being placed on behalf of another who is prohibited from betting or that the wager otherwise is in violation of law.

(8) The Tribe shall ensure that video recordings are made of all kiosks, betting window and booths where sports or horse race wager may be placed. The recording equipment shall be placed so that images are captured of the face of the bettor and with sufficient resolution to allow facial recognition. The recording system and process for preservation of recordings shall be inspected by the State of North Carolina prior to operation and annually thereafter. The Tribe and the State recognize and agree that this data should be preserved to the longest extent economically feasible and that this data may be particularly valuable in investigating potential issues regarding the integrity of sports and horse race wagering. The Tribe and the State also recognize that publicly revealing the length of time that such data will be preserved would be detrimental to the law enforcement goals and other interests of the Tribe and the State. Accordingly, the Tribe and the Governor have reached an understanding regarding the length of time that this data may be economically preserved based on current technology, and the Parties intend to comply with that preservation period and protocols. The Tribe and the Certification Commission shall review applicable preservation periods and protocols annually and shall implement mutually agreed to revisions as appropriate. In the event that either the State or the Tribe believes that the other party has not acted in good faith in the annual review and update of the preservation periods and protocols, they may initiate the Dispute Resolution procedures of Section 13 of the Compact.

(9) The Tribe shall promptly pay all winning wagers and shall honor winning betting tickets for 180 (one hundred eighty) days after the conclusion of the event.

(10) The sports and horse race wagering system used by the Tribe shall be certified by an independent testing laboratory. No such system or equipment may be used unless and until it is approved by the Certification Commission. The Chair of the Certification Commission shall promptly transmit to the Office of the Governor any and all certifications by independent testing laboratories and any and all approvals of such systems or equipment by the Certification Commission.

(11) The Tribe shall promptly notify the Certification Commission of the names and addresses of anyone banned by the Tribe for sports or horse race wagering. This notification shall include the reason such individual was banned.

(12) The Tribe shall not use lines or odds, or offer wagering propositions, designed for the purpose of ensuring that a patron will win a wager.

(13) No wager will be accepted on an event whose outcome has already been determined.

(14) The Tribe shall take all reasonable steps to prevent cheating and theft and to protect the gaming operations from any form of influence or control by any form of criminal organization or influence.

(15) The Tribe's regulation of sports and horse race wagering shall be, at a minimum, consistent with generally accepted industry standards and practices. Sports and horse race wagering must satisfy National Indian Gaming Commission, Class III Minimum Internal Control Standards.

(16) All wagering propositions must be posted consistent with generally accepted practices in the gaming industry.

(17) Prior to making a sports or horse race wager, the bettor shall represent that: 1) the bettor is not a participant, referee, official, coach, team owner or employee or immediate relative of any of the foregoing and 2) has no non-public, confidential information that may have a material effect on the outcome of the event. In addition to prominently displaying this condition of sale where betting tickets may be purchased, the bettor's representation shall also be printed on the face of the ticket.

(18) Tribe shall comply with the provisions of the Interstate Horseracing Act, 15 U.S.C. § 3001, *et seq.* and the terms of that statute are incorporated by reference into this Compact Amendment.

(19) Pari-mutuel machines must be locked as required by the pari-mutuel pool operator at the host track and no later than the start of the race.

(20) Prior to conducting fixed odds horse race wagering, the Tribal Gaming Commission shall develop internal controls and protocols specific to fixed odds horse race wagering. Fixed odds horse race wagering may not occur until the Chair of the Certification Commission certifies to the Governor and the Governor concurs that these internal controls and protocols are sufficient to protect consumers and the integrity of horse race wagering. Should the Tribe offer fixed odds horse race wagering, the Tribe must make available to patrons a written explanation of the differences between fixed odds and pari-mutuel wagering. The availability of these written materials shall be prominently posted within the casino. Such information shall also be readily available and accessible from any device that may be used to place wagers on Tribal Lands. These materials must be reviewed and approved by the Certification Commission before any fixed odds horse race wagering may be offered to patrons. Furthermore, the Tribe must comply with all National Indian Gaming Commission rules, regulations, and internal minimum controls, as the same may be amended from time to time, in regard to fixed odds horse race wagering.

(21) No sports wager may be accepted unless the outcome of the event and the score of the event is reported in newspapers of general circulation; in the official, public records maintained by the appropriate league or governing body; or in other common media outlets (including, but not limited to, ESPN).

(22) The Tribe shall promptly notify the Certification Commission in the event that any vendor of equipment, software or devices related to sports or horse race wagering is convicted of a felony or is debarred by the United States or any States.

(23) The Tribe shall not object to, hinder or impede the Governor's request for any information from the Certification Commission or the Chair of the Certification Commission.

(24) The Tribe shall cooperate with the Governor in responding to any request that she or he may make directly to the Tribe regarding the Tribe's gaming operations and activities.

(25) No wagers shall be allowed on any sporting event or horse race in which the Tribe, the Tribal Gaming Commission, members of the Tribal Gaming Commission, or any officers or employees of the Tribe or Tribal Gaming Commission have an ownership interest or partial ownership interest in any team or horse participating in the event. Notwithstanding the foregoing, the individuals listed above may wager on a sports team that is publicly traded or is owned by a publicly traded company (a "Publicly Traded Team") provided that: (1) the individual and her or his immediate family do not have more than a 1% ownership interest in the sports team or the parent corporation (whether direct or indirect) of that sports team; (2) the individual discloses that ownership interest to the Certification Commission seven (7) days before placing any wager; (3) the individual has no non-public, confidential or inside information with respect to the sports team or the event on which a wager is to be placed; and (4) the individual takes no

steps to alter or influence any aspect of the sporting event. None of the individuals listed above, however, may wager on a Publicly Traded Team (even if their ownership interest is 1% or less) if the rules of the league in which the Publicly Traded Team is a member preclude such a wager.

EXHIBIT 1

List of Authorized Games

The following Class III Games constitute the Authorized Games, as that term is used in this Compact:

All forms of the following:

Baccarat

Blackjack and 21 games

Casino card games

Casino carnival games

Craps and other dice games

High-low (hi-lo) card games

Keno

Pai Gow

Poker

Roulette

Wheel games

The Parties acknowledge and agree that the Class III Games listed above constitute Live Table Games as that term is defined in Section 3(U) of the Compact.