

**FIRST AMENDMENT TO THE
TRIBAL-STATE COMPACT
BETWEEN
THE STATE OF CALIFORNIA
AND THE
PECHANGA BAND OF INDIANS**

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PREAMBLE

The Pechanga Band of Indians, a federally recognized Indian tribe (Tribe), and the State of California (State) enter into this First Amendment to the Tribal-State Compact Between the State of California and the Pechanga Band of Indians (First Amendment) pursuant to the Indian Gaming Regulatory Act of 1988 (IGRA) and section 15.1 of the Tribal-State Compact Between the State of California and the Pechanga Band of Indians (2016 Compact).

WHEREAS, the Tribe and State entered into the 2016 Compact on August 4, 2016; and

WHEREAS, the United States Court of Appeals for the Ninth Circuit's decision in *Chicken Ranch Rancheria of Me-Wuk Indians v. California*, 42 F.4th 1024 (9th Cir. 2022) clarified what provisions may be included in tribal-state class III gaming compacts entered into pursuant to the Indian Gaming Regulatory Act (IGRA); and

WHEREAS, the Tribe and the State wish to confirm their understanding of the proper interpretation of the 2016 Compact arising from *Chicken Ranch*; and

WHEREAS, the Tribe and State recognize the need for flexibility to respond to changing economic conditions, and agree this Amendment will provide for such flexibility; and

WHEREAS, the Tribe and the State have a common interest in ensuring the Revenue Sharing Trust Fund, which benefits non-gaming and limited gaming tribes, is adequately funded; and

WHEREAS, the Tribe and the State intend that this First Amendment shall take effect upon execution by authorized representatives of the Tribe and the State, ratification by the State Legislature, and approval by the Secretary of the Interior pursuant to IGRA.

NOW, THEREFORE, the State and the Tribe, for good and valuable consideration, receipt of which is hereby acknowledged, agree as follows:

The following sections of the 2016 Compact are repealed:

- (a) **Section 2.19** (“Interested Persons”).
- (b) **Section 2.22** (“Project”).
- (c) **Section 2.23** (“Significant Effect(s) on the Off-Reservation Environment”).
- (d) **Section 11.0** (“Off-Reservation Environmental and Economic Impacts”), including sections 11.1 through 11.8.
- (e) **Section 12.6(e)**, relating to child and spousal support orders.
- (f) **Appendix B** (“Off-Reservation Environmental Impact Analysis Checklist”).

I. DEFINITIONS.

A. Section 2.1 is repealed and replaced by the following:

“Applicable Codes” means the California Building Code and the California Public Safety Code applicable to the County, as set forth in titles 19 and 24 of the California Code of Regulations, as those regulations may be amended during the term of this Compact, including, but not limited to, codes for building, electrical, energy, mechanical, plumbing, fire, and safety. For purposes of this Compact, the Applicable Codes apply solely as standards for the design and construction of the Gaming Facility and areas used in connection with Gaming Activities, and do not require any off-reservation environmental review or impose generally applicable state regulatory schemes on the Tribe.

B. Section 2.6 is repealed and replaced by the following:

“Compact” means this Tribal-State Compact Between the State of California and the Pechanga Band of Indians, as amended.

C. Section 2.12 is repealed and replaced by the following:

“Gaming Facility” means the buildings or structures in which Class III Gaming, as authorized by this Compact, is conducted.

D. Section 2.29 is repealed and replaced by the following:

“Tribe” means the Pechanga Band of Indians, a federally recognized Indian tribe listed in the Federal Register or an authorized official or agency thereof.

E. A new Section 2.30 is hereby added as follows:

“Gaming Spaces” means the areas within a Gaming Facility (as defined in section 2.12) that are directly related to and necessary for the conduct of Gaming Activities such as the casino floor; vault; count room; surveillance, management, and information technology areas; Gaming Device and supplies storage areas; and other secured areas where the operation or management of Gaming Activities take place.

II. SECTION 4.0. AUTHORIZED LOCATION OF GAMING FACILITY, NUMBER OF GAMING DEVICES, COST REIMBURSEMENT, AND MITIGATION.

A. Section 4.1 is repealed and replaced by the following:

Sec. 4.1. Authorized Number of Gaming Devices.

The Tribe is entitled to operate on its Indian lands up to a total of six thousand five hundred (6,500) Gaming Devices pursuant to the conditions set forth in section 3.1 and sections 4.2 through and including section 5.3.

B. Section 4.2 is repealed and replaced by the following:

Sec. 4.2. Authorized Gaming Facility.

The Tribe may establish and operate not more than two (2) Gaming Facilities and engage in Class III Gaming only on eligible Indian lands held in trust for the Tribe, located within the boundaries of the Pechanga Reservation as those boundaries exist as of the execution date of this Compact and on which Class III

Gaming may lawfully be conducted under IGRA, as legally described in, and represented on the map at Appendix A hereto.

C. Section 4.3.1 is repealed and replaced by the following:

Sec. 4.3.1. Use of Special Distribution Funds.

Revenue placed in the Special Distribution Fund shall be available for appropriation by the Legislature for the purposes specified in California Government Code section 12012.85 consistent with IGRA.

D. Section 4.4(c) and Section 4.4(d) are repealed.

E. Section 4.5 is repealed and replaced by the following:

Sec. 4.5. Effective Date of Revenue Contribution Provisions.

The provisions of this Compact establishing or amending existing revenue sharing obligations of the Tribe, including sections 5.2 and 5.3, will take effect on January 1, 2027 if the Compact is in effect pursuant to section 14.1 on that date, or, if not, will take effect on the first day of the calendar month following the effective date of this Compact, to allow the State and the Tribe time to plan for the implementation of these provisions. Until that date, the revenue contributions set forth in the 2016 Compact will remain in effect.

F. The following language in Section 4.6 is repealed:

“Before the commencement of a Project, the Tribe shall follow those procedures, and enter into those agreements, required pursuant to section 11.0, to mitigate Significant Effects on the Off-Reservation Environment that any tribal environmental impact report described in section 11.0 identifies may occur as a result of the Gaming Facility. In addition,”

III. SECTION 5.0. REVENUE SHARING WITH NON-GAMING AND LIMITED-GAMING TRIBES.

A. A new Section 5.3(a)(11) is hereby added as follows:

(11) Any other expenditure by the Tribe supporting the provision of

governmental services by the Tribe, including but not limited to public safety, fire prevention and suppression, health care and public health, education, transportation, sanitation, environmental protection, and other public services that the Tribe in its sovereign capacity may choose to provide to support the health, safety, and welfare of its members and other communities.

B. Section 5.3(c) is repealed.

C. Section 5.3(d) is repealed and replaced by the following:

- (d) Upon request from the State, the Tribe shall provide to the State a report of annual contributions to and expenditures from the Local Community Credit Fund. The reporting will include sufficient detail to enable both parties to ensure that the funds are being used in a manner consistent with the purposes set forth in subdivision (a).

D. A new Section 5.3(e) is hereby added as follows:

- (e) Notwithstanding the amount in subdivision (a), commencing January 1, 2027, the Tribe shall make quarterly payments into the Local Community Credit Fund in equal installments totaling Twenty-Four Million Dollars (\$24,000,000), which amount shall increase by Two Million Dollars (\$2,000,000) each January 1 thereafter until reaching Thirty-Two Million Dollars (\$32,000,000) effective January 1, 2031, whereupon such amount shall remain fixed for the duration of the Compact term. At any time the Tribe may, in its sole discretion, decrease the annual amount payable into the Local Community Credit Fund; provided, however, that the annual amount shall not be reduced below Twenty-One Million Dollars (\$21,000,000) in any calendar year. The Tribe makes this decision in the exercise of its sovereignty and in furtherance of its longstanding commitment to the beneficial projects and purposes served by the Local Community Credit Fund.

E. Section 5.4 is repealed.

F. Section 5.5 is repealed and replaced by the following:

In the event the Tribe's annual Gross Gaming Revenue decreases by twenty percent (20%) or more in a given fiscal year, the Tribe shall no longer be required to pay the credit amounts into the Local Community Credit Fund identified at section 5.3, subdivisions (a) and (e), until the Tribe's annual Gross Gaming Revenue has recovered to the level at which it was before the decrease of twenty percent (20%) or more. The Tribe shall provide notice to the State Gaming Agency of its intent to exercise its option under this section, with supporting documentation, no later than ninety (90) days before the payment identified at section 5.3, subdivision (a), is to be paid. If the State objects to the exercise of the option, the Tribe shall make a good-faith effort to address the State's concerns, but if the State does not withdraw its objection, the matter will be resolved in accordance with the dispute resolution provisions of section 13.0.

G. A new Section 5.6 is hereby added as follows:

Sec. 5.6. Covenant Not to Sue to Challenge Certain Provisions.

During the term of the Compact, as established by section 14.2, the Tribe shall not directly or indirectly initiate, commence, prosecute, or participate in any action, proceeding, arbitration or lawsuit arising from, or relating to, the validity or enforceability of the Compact's provisions relating to the Indian Gaming Special Distribution Fund (sections 4.3 and 4.3.1), or the Indian Gaming Revenue Sharing Trust Fund or Tribal Nation Grant Fund (sections 5.1 and 5.2), regardless of any subsequent court or administrative interpretation of the validity of those provisions under IGRA. For the avoidance of doubt, this section does not restrict or otherwise affect any rights, procedures, or remedies available to the Tribe pursuant to section 4.3, subdivision (a)(2) (concerning certain procedures to object to the calculation of the Special Distribution Fund), or section 4.8 (concerning exclusivity).

IV. SECTION 10.0. PATRON DISPUTES

Section 10.0 is repealed and replaced by the following:

SECTION 10.0. PATRON DISPUTES.

The Tribal Gaming Agency shall promulgate regulations governing patron disputes over the play or operation of any game, including any refusal to pay to a

patron any alleged winnings from any Gaming Activities, which regulations must meet the following minimum standards:

- (a) A patron who makes an oral or written complaint to properly designated personnel of the Gaming Operation over the play or operation of any game within three (3) days of the play or operation at issue shall be notified in writing of the patron's right to request in writing, within fifteen (15) days of the Gaming Operation's written notification to the patron of that right, resolution of the dispute by the Tribal Gaming Agency.
- (b) Upon receipt of the patron's written request for a resolution of the patron's complaint pursuant to subdivision (a), the Tribal Gaming Agency shall conduct an appropriate investigation, shall provide to the patron a copy of its regulations concerning patron complaints, and shall render a decision in accordance with industry practice. The decision shall be issued within sixty (60) days of the patron's written request, shall be in writing, shall be based on the facts surrounding the dispute, and shall set forth the reasons for the decision.
- (c) If the patron is dissatisfied with the decision of the Tribal Gaming Agency issued pursuant to subdivision (b), or no decision is issued within the sixty (60)-day period, the patron may seek further review only in accordance with the appeal procedures established by the Tribe, as set forth in applicable Tribal law, regulations, or policies. Nothing herein shall be construed to create any right of appeal or review except as expressly provided by the Tribe's established procedures.
- (d) Consistent with industry practice, if any alleged winnings are found to be a result of a mechanical, electronic or electromechanical failure and not due to the intentional acts or gross negligence of the Tribe or its agents, the patron's claim for the winnings shall be denied but the patron shall be awarded reimbursements of the amount wagered by the patron that were lost as a result of any mechanical, electronic or electromechanical failure.
- (e) The Tribe shall not be deemed to have waived its sovereign immunity from suit with respect to patron disputes by establishing the Tribe's appeal procedures provided for in this section 10.0, but agrees the Gaming Operation shall not assert such immunity with respect to any

patron dispute disposed of in accordance with such appeal procedures.

V. SECTION 12.0. PUBLIC AND WORKPLACE HEALTH, SAFETY, AND LIABILITY.

Section 12(5)(a) and (b) are repealed and replaced by the following:

Sec. 12.5. Insurance Coverage and Claims.

- (a) The Tribe shall establish written procedures for the disposition of tort claims arising within the Gaming Spaces from personal injury or property damage alleged to have been suffered by any person who is a patron of the Gaming Facility or member of the public lawfully in the Gaming Spaces. The Tribe shall enact such tribal law as is necessary to implement these procedures. The procedures shall include all time limits applicable to the disposition of the tort claim and a provision that, upon request, a patron or member of the public lawfully in the Gaming Spaces who claims to have suffered personal injury or property damage in the Gaming Spaces, or the person's designated representative, shall be provided with a copy of the procedures as well as the name, address and telephone number of the Gaming Operation and the appropriate contact information for the person to provide any required document or materials to initiate or process the tort claim. The Tribe's procedures may provide that the Tribe shall not be liable for any punitive damages or attorney's fees. The Tribe shall not be deemed to have waived its sovereign immunity from suit with respect to such claims by establishing such procedures or by any provision of this Compact but agrees not to assert such immunity as provided in subsection (b) of this section.
- (b) During the term of this Compact, the Gaming Operation shall maintain a policy of commercial general liability insurance consistent with industry standards for non-tribal casinos in the United States underwritten by an insurer with an AM Best rating of A or higher (Policy). Coverage shall be provided in an amount of not less than ten million dollars (\$10,000,000) per occurrence. The Policy shall include an endorsement providing that neither the insurer nor the Gaming Operation may invoke tribal sovereign immunity up to the limits of the Policy set forth above with respect to any claim covered

under the Policy and disposed of in accordance with the Tribe's tort claim procedures. The Policy shall not have the effect of excluding all otherwise valid claims for personal injury or property damage made by patrons or members of the public lawfully in the Gaming Spaces. Neither the insurer nor the Gaming Operation shall be precluded from asserting any other statutory or common law defense and provided further that any award or judgment rendered in favor of a claimant shall be satisfied solely from the insurance proceeds.

VI. SECTION 14.0. EFFECTIVE DATE AND TERM OF COMPACT.

Section 14.2(a) and (c) are repealed, and Section 14.2(a) is replaced by the following:

Sec. 14.2. Term of Compact; Termination.

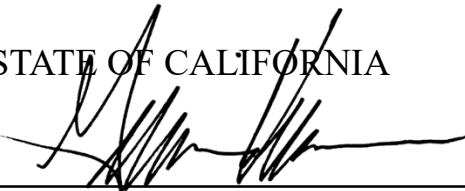
- (a) This Compact shall be in full force and effect until December 31, 2060.

VII. WITHDRAWAL OR EXPIRATION OF PENDING AMENDMENT.

The parties agree that the Tribe may choose to withdraw this First Amendment at any time prior to ratification by the California Legislature. In that event, or if this First Amendment does not take effect by December 31, 2026 (unless the Tribe and the State agree in writing to extend that date) for any other reason, it shall be deemed null and void, and the 2016 Compact shall remain in full force and effect as it existed prior to this First Amendment.

IN WITNESS WHEREOF, the undersigned sign this First Amendment to the Tribal-State Compact Between the State of California and Pechanga Band of Indians on behalf of the State of California and the Pechanga Band of Indians.

STATE OF CALIFORNIA


By: Gavin Newsom
Governor of the State of California

Executed this 5th day of August ,
2026, at Sacramento, California.

PECHANGA BAND OF INDIANS


By: Mark A. Macarro
Chairperson of the Pechanga Band of
Indians

Executed this 5th day of August,
2026, at Temecula, California.

ATTEST:

Shirley N. Weber, Ph.D.
Secretary of State, State of California