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GOVERNOR, SENECA SIGN PACT ON BUFFALO, NIAGARA FALLS CASINOS

Historic Agreement Clears the Way for Major Boost to Western New York Economy

As part of his continuing effort to create jobs and opportunities in Western New York, Governor George E. Pataki today joined Seneca Nation President Cyrus Schindler in signing a Nation-State Gaming Compact that will enable the Seneca Nation to open up to three Class III gaming facilities -- one in Buffalo, a second at the Niagara Falls Convention Center and a third on existing Seneca territory.

The casinos will boost economic activity in Western New York by providing real competition with similar facilities in Niagara Falls, Ontario, which has seen tremendous redevelopment spurred by the construction of casinos.

"This is an historic day for Niagara Falls, for Buffalo and for all of Western New York," Governor Pataki said. "By allowing us to compete with our Canadian neighbors, these casinos will provide a major boost to the Western New York economy -- creating thousands of new jobs, bringing thousands of tourists to the region, and encouraging new private-sector investments from around the world.

"When combined with our tax cuts, new Empire Zones and Buffalo's Center of Excellence, these new casinos represent another bold step forward in our ongoing effort to strengthen Western New York's economy," the Governor said. "I look forward to working in partnership with our local government leaders and the Seneca Nation as we continue our efforts to secure a brighter, stronger, more prosperous future for everyone in Western New York."

Cyrus Schindler, President of the Seneca Nation, said, "This is an important and historic step for our Nation. We've gotten this far because my administration and the Tribal Council are determined to make casinos -- and the economic benefits they bring -- a reality for our people. Running our own casinos will bring economic sovereignty to our people. I'm sure that when the Department of Interior reviews our compact they will agree that this is a positive thing for our Nation."

Under the terms of the compact, the State will receive a portion of the proceeds from electronic gaming devices, including slot machines, based on the net drop of such machines. The net drop is the money dropped into the machines after payout but before expenses. The State would receive a portion of the proceeds on a sliding scale of 18 percent for the first four years, 22 percent for years 5 to 7, and 25 percent for the remainder of the compact.

The compact must receive approval from the federal Department of Interior. In addition, the Nation must receive approval from the Interior Secretary to take the land where the casinos are located into trust, making them Indian lands.

Under the compact, the Nation for \$1 a year will immediately take control of the Niagara Falls Convention Center and begin renovating the facility for transformation into a casino. Once a permanent casino, which would include adjacent lands the Nation purchases, is operational, the Nation will pay off the balance of the convention center debt that was outstanding as of April 1, 2002.

The Nation also expects to select a site in Buffalo in the near future for location of a facility in the City. The compact also allows the Nation to open a third casino in the future on existing reservation lands, subject to terms of the compact.

Senator George Maziarz said, "I recognize fully that the process leading to a Niagara Falls casino has been a long, difficult one involving a tremendous amount of work by many talented individuals. Today we celebrate. Thanks to the tireless efforts of Governor Pataki, a casino in Niagara Falls will now be a reality. This is the beginning of many great things to come."

Assemblywoman Francine DelMonte said, "I'm so pleased to see this part of the process favorably concluded. I've been fighting hard to restore our economy, and I firmly believe the success of my efforts and advocacy to bring casino gambling to our side of the river is a sign of more good things to come. The Governor's approval of this compact brings us one step closer to revitalizing our economy and providing much needed jobs to our families."

Erie County Executive Joel A. Giambra said, "The signing of this compact could be the beginning of a comprehensive re-development plan for Erie County and Western New York and it will provide much needed revenues to help our local governments. We commend the Governor for his commitment and his tenacious efforts to continue to create new jobs and opportunities here in Western New York."

Buffalo Mayor Anthony Masiello said, "With this announcement, we stand poised to create much needed jobs and revenue for our City and its services."

Niagara Falls Mayor Irene Elia said, "Once again, Governor Pataki is coming to our City with great news to support the entire community. This casino compact will undoubtedly provide a major boost to our local and regional economy. This is another big step on the road to revitalization for Niagara Falls."

The agreement also provides that the State will share a portion of its revenue with host municipal governments to offset any costs associated with the casinos and the economic activity they are expected to trigger.

In addition, the agreement also calls for the creation of a screening process that will include criminal background checks of prospective employees to protect the integrity of the casinos.

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