AGREEMENT Between The Seneca Nation of Indians and The City of Salamanca,

PURPOSE AND SCOPE OF AGREEMENT; HISTORICAL BACKGROUND; 1 I. 2 PARTIES 3 4 A. Purpose and Scope 5 This Agreement establishes a framework for cooperation and a 6 7

mutually beneficial future for the Seneca Nation of Indians, 8

Nation members, the City of Salamanca and City residents. The

Agreement: (1) provides City residents with new leases of Nation

land; and (2) provides the Nation with fair compensation for the 10

use of its land and for the impacts on the Nation of the prior 11

12 lease arrangement.

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14 Historical Background

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16 The Agreement is rooted in an appreciation of the heavy toll paid by the Nation in the historical development of the City of 17 Salamanca. The parties are aware of the unique sequence of 18 events which deprived the Nation of the use of its lands. In the 19 mid-nineteenth century, several railroads, without Federal 20 authorization or approval and on terms adverse to the Nation 21

secured rights-of-way through the Allegany Reservation. 22

railroads were built on the Allegany Reservation under authority 23

which the State of New York lacked but purported to grant. 24

Subsequently, railroad employees, persons associated with the 25

railroads, city residents and non-Indian farmers obtained leases 26

27 of Allegany Reservation lands, also without Federal authorization

and, similarly, on terms adverse to the Nation. 28 By 1875,

Congress, aware of the considerable non-Indian settlement of and 29

investment in Nation land and at the urging of the State, 1 determined to act. By the Act of February 19, 1875 (18 Stat. 2 330), the United States confirmed existing leases of Allegany 3 Reservation lands, authorized further leasing and, over Indian 4 opposition, made the confirmed leases renewable for a twelve year 5 period. Fifteen years later Congress dealt the Nation yet 6 another blow. The Act of September 30, 1890 (26 Stat. 558), also 7 enacted over Indian opposition, amended the 1875 Act by 8 substituting a renewal term of "not exceeding ninety-nine years" 9 for the original renewal term of twelve years. 10 The leases were subsequently executed without federal supervision, assistance, or 11 support. Rentals were for a fixed sum, with no escalation. 12 Thus, the Nation has now been deprived of its lands for well over 13 one hundred years, yet has received extremely inadequate rental 14 payments and, in many cases, no payments at all. 15 16 The leases confirmed and authorized by these acts of 17 Congress and upon which the City of Salamanca was founded are now 18 due to expire on February 19, 1991. Understandably, this 19 approaching expiration date is creating considerable anxiety and 20 uncertainty on the part of City residents. Mindful of these 21 justifiable concerns on the part of City residents, as well as 22 the injustices suffered by the Nation and its members, the 23 24 parties have negotiated this Agreement to compensate the Nation fairly for the use of Nation lands, to provide a measure of 25 certainty and security to the City and City residents, and to 26 establish a framework for future cooperation and economic 27 28 advancement.

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30 C. Parties

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32 The following are parties to this Agreement:

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the Seneca Nation of Indians

35 2. the City of Salamanca

II. NEW LEASES

A. Nation's Commitment to Provide New Leases

The Nation agrees to provide new leases to any person holding a lease with the Seneca Nation which either expires on February 19, 1991 or is among the leases listed in Document 1 of the Technical Documents. After a leased property becomes the subject of a new executed lease, the old lease shall be treated as surrendered. The tender of the new leases, the surrender of the old leases, and the exercise of the option to renew the new leases, all as provided for under this Section, shall be subject to the terms of Section VII of this Agreement.

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B. Lease Terms

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The new leases will be for a term of 40 years from February 19, 1991. The Nation shall tender the new leases to any person holding a lease with the Seneca Nation which either expires on February 19, 1991 or is among the leases listed in Document 1 of the Technical Documents within sixty days of ratification of this Agreement by the Nation and the City, provided that the new leases so tendered shall not be binding on the Nation until the steps set forth in Section VI.D. of this Agreement have been accomplished. The leases shall become binding on the same basis as the Agreement is to become effective under Section VI.D. The option to accept the offer of a new lease shall expire on February 19, 1991 unless extended by the Nation.

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2. Lessees will have the option to renew the new leases for a period of 40 years, provided that the lessee is not in default at that time. The lessee may

exercise the option to renew the lease by giving notice to the Nation.

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3. The annual rental payment due for the new leases will be \$800,000 until this amount is less than the sum of 8% of the land value of the property leased for residential purposes and 10% of the land value of the property leased for non-residential purpose (the "formula"), at which time the amount determined by application of this formula shall become the annual rental payment. The annual rental payment determined by application of this formula shall be adjusted annually by the same percentage at which the full value of property in the City changes, as shown by the Equalization Rate. If the Equalization Rate (or a successor or substitute index similarly adjusted) is not available, the parties shall agree upon the use of a different methodology for determining the rate of change in property values in the City. The parties also agree that the property in the City will be the subject of an objective reappraisal to determine the land value of the leased property, to be completed by the end of the fifth year of the initial forty year term of the leases provided for under this Agreement. The reappraisal of the land value of the leased property shall be conducted by an appraiser retained specifically for this purpose, who is acceptable to both the Nation and the City, and shall be conducted on terms acceptable to both the Nation and the City. cost of the reappraisal shall be shared equally by the City and the Nation. The land value as determined by the objective reappraisal conducted under this Section shall become the land value for purposes of calculating the annual rental payment which the lessees collectively will pay under this Agreement.

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4. The Nation may, at its option at the end of any five year period of this Agreement: (1) upon satisfactory demonstration to the Joint Leasing Commission that the values used are not representive of market values, initiate an objective reappraisal to determine the land value of the leased property, to be conducted in accordance with Section II.B.3. of this Agreement, or (2) test the methodology used to determine the Equalization Rate through the use of a random sample selection of parcels in accordance with the procedures set forth by the State Board of Equalization and Assessment for such testing. The land value as determined by objective reappraisals conducted under this Section shall become the land values for purposes of calculating the annual rental payment determined by application of the formula set forth under Section II.B.3. of this Agreement. Equalization Rate as determined by the testing procedures set forth under this paragraph shall become the Equalization Rate used for purposes of determining the annual adjustment in the annual rental payment as provided for under Section II.B.3. of this Agreement.

5. The annual rental payment due the Nation will be apportioned between the lessees and the City and paid according to the following formula: The lessees collectively will pay the sum of 8% of the land value of property leased for residential purposes and 10% of the land value of property leased for non-residential properties; the City will pay the difference between this amount and \$800,000 until the amount paid by the lessees' collectively exceeds \$800,000. The rents described in this Agreement shall be the total

consideration due from the lessees for the occupancy of the leased lands.

6. Lessees shall agree as provided in Technical Document 2 to tender their annual rental payments to the City, as authorized under federal law by the Act of August 14, 1950, 64 Stat. 442 and in accordance with Chapter 878 of the laws of the State of New York for the year 1953. The City agrees to tender the annual rental payment to the Nation by check payable to the Nation. Notwithstanding the failure of any lessee to pay to the City the amount owed by that lessee, the City agrees to pay the Nation the lessees' collective share of the annual rental payment by tendering full payment to the Nation on or before the date the rent is due and payable.

7. Where any person holding a lease with the Seneca Nation which either expires on February 19, 1991 or is among the leases listed in Document 1 of the Technical Documents does not accept the new lease tendered by the Nation under Section II.B.1. of this Agreement the annual rental payment due from the City to the Nation under Section II.B.3. of this Agreement shall be ratably reduced. The amount of the reduction shall be the amount that would have been due if the new lease had been accepted.

8. Where a member of the Seneca Nation would be entitled to a new lease under this Agreement, the entitlement thereto is hereby modified to the extent that whether or not the Nation shall execute and deliver such new lease to such member of the Seneca Nation shall be determined by the Nation alone. Where no lease is executed pursuant to this Agreement the

City shall not be obligated to pay rent to the Nation for that parcel.

9. Where the Seneca Nation or a member of the Seneca Nation acquires the interest of a lessee in a parcel held under a new lease tendered by the Nation under Section II B.1. of this Agreement, and is not obligated to and elects not to hold the parcel under the new lease, the annual rental payment due from the City to the Nation under Section II.B.3. of this Agreement shall be ratably reduced. The amount of the reduction shall be the amount that would have been due if the parcel were held under the new lease.

10. Additional lease terms are set forth in Document 2 of the Technical Documents.

III. AUTHORITY TO INVESTIGATE COMPLIANCE WITH LEASE TERMS AND THIS AGREEMENT

The parties agree that the Council of the Seneca Nation and any person or persons designated by the Council will have the authority to investigate whether the City and the lessees are in compliance with the lease terms and any provisions in this Agreement relating to lease terms and lease administration. When, in the judgment of the Council or its designees such action is warranted, the Council may file a complaint under Section IV of this Agreement initiating a binding arbitration on whether there has been a breach of any lease term or provision of this Agreement relating to lease terms or lease administration. carrying out its responsibilities under this section, the Council or its designees shall have the authority to gather and compile information in all practicable ways, including but not limited to the power to take testimony of witnesses under oath; to issue subpoenas to compel attendance of witnesses or the production of

books, records, documents and other evidence. The Council may as part of its investigation prepare reports and recommendations which may be transmitted to the Commission established under 3 4 section IV. JOINT LEASING COMMISSION AND DISPUTE RESOLUTION PROCESS 6 7 The parties agree to the establishment of (1) a commission 8 which shall be known as the Seneca Nation -- City of Salamanca 9 Joint Leasing Commission, and (2) a dispute resolution process 10 for resolving disputes arising under the lease terms and 11 provisions of this Agreement relating to lease terms and lease 12 administration. The composition, powers, and duties of the 13 Commission and the dispute resolution procedures are set forth in 14 Document 3 of the Technical Documents. The objectives of the 15 Commission and the dispute resolution procedures are to ensure 16 that the lessees, the City and the Nation comply with the lease 17 terms and with any provisions in this Agreement relating to lease 18 19 terms and lease administration. 20 21 Commission Responsibilities A. 22 23 Among its other duties, the Commission is authorized and 24 directed to: 25 26 compute the annual rental payment due for the new 27 leases in accordance with Section II.B.3. of the Agreement (hereafter the "annual rental payment") and 28 29 to apportion the annual rental payment between the 30 lessees collectively and the City of Salamanca in 31 accordance with Section II.B.5. of the Agreement. 32 City shall make available to the Commission by December 33 1 of each year all records, figures, and dates within

its possession necessary to make the required

computation.

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2. notify the City annually by December 15 of each year of the share of the annual rental payment collectively owed by the lessees, and of the share of the annual rental payment owed by the City in accordance with Section II.B.5. of the Agreement. The amounts so determined and provided to the City shall be certified to the City by the Commission, and unless disputed by the City within 10 days, shall constitute the annual rental payment and the apportionment thereof between the lessees collectively and the City.

3. verify and confirm annually the amount of the annual rental payment which each individual lessee will pay pursuant to the procedures used by the City to determine said amount, which procedures shall be provided to the Commission at least 60 days before February 19 of each year. The Commission shall certify such amounts to the City, and the City shall then proceed to notify the lessees individually and to collect said amounts from the lessees individually under procedures approved by the Commission.

4. perform other administrative tasks necessary for administration of the leases, provided that the Commission shall have no authority to exempt any lessee from his or her share of the annual rental payment.

B. Initiation of Arbitration

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The City, the Nation, or any lessee or sublessee who believes that any other of these parties has failed to comply fully with any lease term or any provision in this Agreement relating to lease terms or lease administration may file a complaint with the Commission initiating

arbitration under this Section of the Agreement and pursuant to the procedures set forth in Document 3 of the Technical Documents. However, in any year in which the Nation timely receives from the City the total amount owed by the lessees as their collective annual rental payment, the Nation will have no recourse against individual lessees for failure to make rental payments and the City will have the exclusive right to seek redress from the defaulting lessees for failure to make rental payments. The Nation's right to seek redress against lessees for breach of provisions other than those relating to tender of payment is reserved and will be unaffected by timely payment of such collective annual rental. If, however, the City does not pay the lessees' collective share of the annual rental payment on or before the date it is due, then the Nation may seek redress against the City, the lessees, or both.

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V. ADDITIONAL TERMS

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A. Electric Utility Service

21 The City agrees to provide City electric utility service to Nation members and Nation buildings and facilities in 22 Jimersontown on the Allegany Reservation at the same rates 23 applicable within the community of Killbuck, or at a similarly 24 reduced rate if the rate in effect in Killbuck as of the date of 25 execution of this Agreement is eliminated, provided that in no 26 event shall the rate be greater than that charged by the City to 27 consumers outside the City, provided that the Jimersontown area 28 is first determined to be eligible for service by the City's 29 Electric Utility ("Utility") under applicable law, and further 30 provided that the Nation shall make available the poles, lines, 31 and transformers (if necessary) (hereinafter "equipment") needed 32 for the Utility to deliver service to this area, which equipment 33 the Utility shall maintain as part of the service provided and at 34 no cost to the Nation. The Nation and the City agree to jointly 35

take such action as may be needed to establish the eligibility of the Jimersontown area for City electric utility service.

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B. West End Properties

5 The City agrees to take all action which it is empowered to take, including if requested by the Nation seeking 6 an amendment to the City charter from the legislature of the 7 State of New York, to exclude the Nation properties shown on 8 Schedule A, which may be subject to confirmation by survey, from 9 the boundaries of the City, but shall continue to provide City 10 electric, water, and sewer utility service to these properties at 11 the same rates, as to electric utility service, applicable within 12 the community of Killbuck, or at a similarly reduced rate if the 13 rate in effect in Killbuck as of the date of execution of this 14 Agreement is eliminated, provided that in no event shall the rate 15 be greater than that charged by the City to consumers outside the 16 City, provided that the Nation shall provide the City with the 17 18 access and easements necessary for the City to continue to 19 provide such service.

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C. Salamanca Hospital District Authority Lease

22 The Nation agrees to provide a new lease with a term 23 and annual rental as set forth in Section II. of this Agreement to the Salamanca Hospital District Authority, provided that this 24 lease shall remain in effect only as long as the premises are 25 used as the site of a community hospital or for directly related 26 27 purposes, which shall include use as a health care center. Nation and the City agree to (1) work cooperatively to maintain 28 29 the property under lease to the Salamanca Hospital District Authority as the site of a community hospital or for directly 30 31 related purposes, which shall include use as a health care center, and (2) that in the event the property is no longer used 32 as the site of a community hospital or for directly related 33 purposes, which shall include use as a health care center, the 34 further use of the property shall be a matter of lease 35

- 1 administration and subject to a plan for its use and development
- 2 which has been agreed upon by the Nation, and the City, and
- 3 pursuant to a lease provided in accordance with Section II. of
- 4 this Agreement on which the term shall be considered to have
- 5 begun on February 20, 1991.

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- D. Economic Development
- The sum of \$3,000,000 from the Economic and Community
- 9 Development Fund provided for under Section VI.C.1.b. of this
- 10 Agreement shall be deposited in an escrow account which shall be
- 11 owned by the Nation. The escrow agent shall be selected by
- 12 agreement of the Seneca Nation and the City. The escrow account
- 13 shall remain in existence for a period of ten years from the date
- 14 on which the principal is deposited, or until all payments
- 15 provided for under this Section V.D. have been made. The escrow
- 16 account shall be held and disbursed by said escrow agent as
- 17 follows.

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- 19 1. Two-thirds of the income accruing to the escrow
- 20 account each year shall be paid to the City for economic and
- 21 community development in the City.

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- 2. One-third of the income accruing to the escrow
- 24 account each year shall be paid to the Joint Venture Commission
- 25 on Economic Development.

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- After ten annual disbursements of the income
- 28 accruing to the escrow account have been made in accordance with
- 29 this Section V.D., the principal of the account shall be paid to
- 30 the Seneca Nation to be used for such purposes as the Seneca
- 31 Nation may authorize.

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33 VI. IMPLEMENTATION AND MODIFICATION

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35 A. Structure of Agreement

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2	This Agreement consists of this document entitled					
3	"Agreement" and several separate documents contained in a					
4	technical appendix:					
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6	1. Document 1: Listing of leases, other than those					
7	expiring in 1991, which the Nation agrees to replace					
8	with new leases in accordance with this Agreement.					
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10	2. Document 2: Lease terms to be incorporated into					
11	all leases entered into pursuant to this Agreement.					
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13	3. Document 3: Seneca Nation - City of Salamanca					
14	Joint Leasing Commission.					
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16	Each of these three documents forms an integral part of the					
17	Agreement.					
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19	B. Ratification By Nation, and City					
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21	The Council of the Seneca Nation, on behalf of the					
22	Seneca Nation of Indians and the Council of the City of					
23	Salamanca, must ratify this Agreement no later than July 14,					
24	1990. Upon ratification, the parties shall convene to					
25	develop a plan for implementing the Agreement at the					
26	earliest possible date.					
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28	C. Federal and State Participation					
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3 0	1. In order to become effective, this Agreement					
31	requires that certain actions be taken by the United					
32	States Congress. These actions include but are not					
33	limited to:					
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35	a. Authorizing and appropriating \$30,000,000 for					

1 the Federal share of the cash payment to the 2 Nation. 3 4 Authorizing and appropriating \$5,000,000 for 5 the Economic Development Fund established for the 6 Nation. 7 8 In order to become effective, this Agreement requires that certain actions be taken by the 9 10 legislature of the State of New York, or be subject to 11 an agreement between the Nation and the State which 12 shall have the effect described in Section VI.D.3. 13 These actions are: 14 15 Authorizing and appropriating \$16,000,000 for 16 the State share of the cash payment to the Nation. 17 18 Authorizing and appropriating \$9,000,000 for 19 the State share of the economic development funds 20 to be provided to the Nation. 21 22 3. The parties agree that, among the other provisions 23 which must be included in the Federal legislation, the 24 Federal Act must include provisions to the effect that: 25 26 None of the rental payments made to the Nation and 27 none of the income generated thereby shall be subject 28 to taxation in any fashion whatever. 29 30 Neither the per capita distributions which may be 31 made by the Nation to individual members from rental 32 payment funds, nor any income generated thereby, shall 33 be subject to taxation in any fashion whatever. 34 35 None of the payments, funds, or distributions

1 authorized, established, or directed by this Agreement, 2 and none of the income derived therefrom, which may be 3 received by the Nation or individual members of the Nation, shall be subject to levy, execution, forfeiture, garnishment, lien, encumbrance, or seizure 5 6 in any fashion whatever. 7 8 None of the payments, funds, or distributions 9 authorized, established, or directed by this Agreement, 10 and none of the income derived therefrom, shall affect 11 the eligibility of the Nation or its members for, or be 12 used as a basis for denying or reducing funds under any 13 government program in any fashion whatever. 14 15 D. Effective Date 16 1.7 This Agreement shall become effective when all of the following steps have been accomplished. It is contemplated that 18 the steps will be fulfilled in the following order: 19 20 21 Approval of the Agreement by the Seneca Nation of 22 Indians and the City of Salamanca; 23 24 Enactment of the Federal legislation necessary to 25 effectuate the Agreement, and the appropriation of 26 funds sufficient to cover the Federal share of the cash 27 payment to the Nation and the Economic Development 28 Fund. 29 30 Enactment of State legislation necessary to 31 effectuate the Agreement, and the appropriation of

funds sufficient to cover the State share of the cash

payment to the Nation and the State share of the

economic development funds to be provided to the

Nation, or an agreement between the Nation and the

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State concerning the schedule and mechanism for payment to the Nation of the funds described in Section C. 2.

above, which shall render this Agreement effective for the period that payments are made as agreed upon by the Nation and the State, and after such payments have been made as agreed upon, thereafter for the term of the new leases described in Section II.B.1. and 2.

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E. Land Acquisition

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The funds appropriated under Section VI.C. above may be used at the Nation's option, to acquire lands to increase the land base of the Seneca Nation, provided that such lands shall be outside of that portion of the City of Salamanca that is within the Allegany Reservation.

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F. Modification

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After ratification of this Agreement by the Seneca Nation and the City of Salamanca, the parties may modify the Agreement or Documents 2 or 3 only by mutual consent.

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VII. LEGAL DISCLAIMER

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26 This Agreement, its accompanying Documents 1-3, and all negotiations and exchanges of technical information leading to 27 this Agreement constitute offers of settlement and compromise of 28 29 disputed issues entered into between the parties expressly pursuant to Rule 408 of the Federal Rules of Evidence. 30 Accordingly, in the event that the above conditions are not met 31 and this Agreement does not become effective, all statements and 32 agreements contained herein and in Documents 1-3, all technical 33 reports exchanged by the parties, and all negotiations conducted 34 by them are in strict confidence and will not be admissible or 35

used in any way against any of the parties to this Agreement, or the beneficiaries of this Agreement, in any judicial, administrative, or arbitration proceeding. 3 4 5 The parties agree that this Agreement (which includes Documents 1-3 of the Technical Documents), including its 6 execution and implementation (1) shall not foreclose any party from making any contention with respect to the interpretation of 8 the 1875 and 1890 Acts or any claim of being or not being a 9 lessee under these Acts; and (2) shall not be deemed an admission 10 by either party with respect to the interpretation of these Acts, 11

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14 The legal positions reserved under this Section are not and shall not be construed to be lease terms or provisions of 15 this Agreement relating to lease terms or lease administration, 16 and shall not be subject to presentation to or resolution by the 17 dispute resolution process and arbitration procedures established 18 under Section IV of this Agreement and set forth in Document 3 of 19 20 the Technical Documents.

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22 VIII. DEFINITIONS

now or in the future.

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For purposes of this Agreement and unless the context requires a different construction:

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1. "Agreement" means this document and, after said documents are finalized, will also include the three documents forming a technical appendix to this document; this document may be executed by the parties before the technical documents are finalized.

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33 "City" means the City of Salamanca; 2.

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"Commission" means the Seneca Nation - City of Salamanca 3.

Joint Leasing Commission described in section IV of this Agreement and Document 3 of the Technical Documents.

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5 6 4. "Equalization Rate" means the percentage of full value at which taxable property in the City of Salamanca is assessed, as determined by the State Board of Equalization and Assessment or as revised by the testing procedure set forth under Section II.B.4. of this Agreement.

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5. "Council" means the Council of the Seneca Nation of Indians.

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"Land value: means the value of the land, exclusive of 13 14 improvements, provided that the use of this term in 15 calculating the annual rental payment shall not effect the 16 Nation's claim for improvements on the leased lands, which 17 claim is preserved under Section VII of this Agreement. 18 land value for each parcel which is under lease shall be as 19 determined by the objective reappraisals provided for under 20 Section II.B.3. and 4. of this Agreement, provided that until the reappraisal to be completed by the end of the 21 22 fifth year of the initial forty year term of the leases 23 provided for under this Agreement, the land value for each 24 parcel shall be determined by the Equalization Rate applied to the assessed land value for each parcel. 25

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7. "Lessee" means a lessee or sublessee under a lease entered into pursuant to this agreement.

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30 8. "Nation" means the Seneca Nation of Indians;

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9. "Non-residential" means all types of property except that which is residential.

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10. "Residential" means one, two, three, and four-family residences, except cooperatives and condominiums.

11. "Technical Documents" means the three documents which comprise the technical appendix to this Agreement.

· SENECA NATION OF INDIANS

By:	LC	R	
	President		

Date:	7-	13-	90)	
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CITY OF SALAMANCA

By: Untono M. Carlione

Date: 7-12-90