

WHAT'S IN A TITLE?

FINANCE DEPARTMENT



Depending on which casino CEO you ask, the Finance department may be the most important departmental function within the property. Not only for the obvious reasons such as accounts receivable/payable, payroll, cashier cages running smoothly, safeguarding of assets, etc, but also for regulatory compliance and reporting, road shows to raise money, investments and diversification of assets.

To get a better insight into this area I reached out to Tjeerd Brink, Vice President of Finance, and CFO at Pechanga Resort & Casino. Tjeerd is a seasoned casino veteran with more than 4 years at Pechanga, is a CPA, and has also worked for Harrah's St. Louis, The Palms and the Hard Rock casinos in Las Vegas, Caesars World, and the Street Experience in downtown Las Vegas. He has some excellent information to share, and I thank him for his time:

G&L: Tell us about your property.

TB: Pechanga Resort & Casino is an AAA Four Diamond property and the largest gaming facility west of the Mississippi. Pechanga is located in Temecula, which is about an hour southeast of Los Angeles and north of downtown San Diego, and offers the following amenities:

200,000+ sq. ft. casino floor, 28,300 sq. ft. high-limit area, 3,000+ Class III slot machines, 130+ table games, 54 poker tables, 517 hotel rooms including 64 suites, World Class Journey at Pechanga Golf Course, full-service Spa & Fitness Center, 53,000 sq. ft. indoor meeting space, Eight full-service restaurants including a 12,000+ sq. ft. buffet and a food court, Southern California's largest nightclub Silk, a 270-seat Comedy Club, 168-site RV Resort with full hookups, a Gas Station, a 1,200-seat Showroom and a 4,000 sq. ft. Cabaret Lounge.

G&L: Tell us about the Organizational Chart and some of the responsibilities of each department head.

TB: At Pechanga we have a General Manager and 10 Vice Presidents. The General Manager reports to the Pechanga Development Corporation, which is a five member board of elected members of the Pechanga Tribe. All operational functions report up through one of the Vice Presidents:

- Slots
- Table Games (includes Poker)
- Food and Beverage
- Hotel Operations (includes Spa and Golf)
- Marketing (includes Entertainment and Bussing program)
- Information Technology
- Talent Management / Human Resources
- Public Safety / Security
- Facilities
- Finance

G&L: What are the main differences in responsibilities between a CFO and a Vice President of Finance?

TB: This really depends on the company or property. Most single property operations have one top finance person, and the title can be Vice President of Finance, Chief Financial Officer, or both. At Pechanga we use the title of "Vice President of Finance and CFO". Additionally, we have a Director of Finance and a Controller. In addition to the Director of Finance, the CFO's direct reports include the Director of Planning and Analysis, the Director of Cage and Credit, and the Director of Purchasing. The Director of Finance oversees several other finance areas including: Revenue Audit, Regulatory Compliance, Count Room, Inventory Control, Payroll, and Accounting. At other companies, the Director of Finance duties described above may be at a Vice President level.

Larger, multi-property companies may have a Corporate CFO and Several Vice

Presidents of Finance at the property level. It really depends on the size of the enterprise and their use of titles. Recall 20 years ago every person working in a bank was a "Vice President" of something. These days, most companies, including banks, use the Vice President titles much less frequently.

G&L: Describe a typical day in your work schedule.

TB: I generally arrive on property between 8:00 and 8:30am. I usually start my day reviewing shift reports from several departments, which quickly provides details if we had anything unusual happen the night before. I also get a general idea if the volumes were greater or less than expected, and if we had any service issues. I also review cash activity from the day before to ensure we have proper cash levels in our accounts and on the casino floor. By 9:00am, the day is usually kicked into gear, and we could be working on anything. Some days are filled with meetings, both with Vice Presidents of other departments or members of the Finance Team.

Depending on the calendar, we may be working on a month end close, reviewing draft financial statements, or reviewing other financial summaries. We look at our business from many sides and are always looking for ways to improve our operations. Like most people, I have a list of projects that need my attention, and I will attack items on the list between meetings and other unallocated time periods that comes up during the day. On some days, I make great progress on my project list, and other days, I'm lucky if I get to anything on it. The fun parts of my job and this business

| Casino Size | Manager | Director | Vice Pres |
|-------------|---------|-----------|-----------|
| Small | 50K-65K | 65-85K | 85K-110K |
| Medium | 65K-80K | 85K-110K | 115K-130K |
| Large | 65K-85K | 85K-115K | 120K-175K |
| Mega | 75K-95K | 100K-170K | 175K-275K |

Job Titles, and Ranges, subject to change

are that no days are ever the same and I continue to learn new things every day.

G&L: What are some of your top departmental priorities, and challenges?

TB: Like any Finance Department, my top priority is always to prepare accurate financial statements and reports. Every company needs accurate financial data to make sound business decisions. I am a stickler for details, and I demand accuracy from my staff. Reports must be checked before "hitting send" on emails – my pet peeve.

Proper internal controls are also a major priority for my departments. We are very control oriented, and we work closely with the Pechanga Gaming Commission to ensure our controls protect the assets of the Pechanga Tribe and comply with our Minimum Internal Control Standards. We have a large Count Room operation and five Cashier Cages at Pechanga, and it is critical we follow procedures. Proper procedures are also a big key to operating an effective purchasing program.

I am also very involved in our insurance programs. We have a great facility, but we are located in the middle of Southern California's earthquake country. We

buy large insurance policies to protect both the facility and the business income in case of a large loss.

G&L: Has the slowdown in the economy noticeably affected your department?

TB: Like most casinos we were affected by the economic recession, but we were not affected as much as most. We managed the expense side of our business very well given the circumstances, which kept our financial condition strong. We are still a very busy casino, and we are seeing year over year growth. We have less direct competition in Southern California than properties in Las Vegas, and we have not had large increases of supply in California.

G&L: Where do you see the future of the industry going?

TB: I believe the industry as a whole has some more tough years ahead. Las Vegas has obviously overbuilt, and it will take a long time for demand to catch up with supply. Most states are looking to gaming for tax revenue help, and we will continue to see new casinos built-in new markets. I think this will continue to hurt Las Vegas and Atlantic City, as there are many more choices than there were 10 years ago. In markets where growth

is limited (like Southern California), casinos should recover faster.

Despite the recent extension of the Bush tax breaks, I share the concerns of many that most state governments and the Federal government are spending more than they can afford. Our home state of California, for instance, faces a \$28 billion budget deficit and Governor-Elect Jerry Brown has already hinted at draconian budget cuts. These will likely lead to tax increases, which affect the disposable income of our customers. We are overdue for a period of \$5 per gallon gas prices, and the real estate recession is far from over in many regions, especially California. Most people who still own homes have lost substantial equity, and they cannot borrow against their homes like they used to. This is probably a positive for our society, as I believe people need to save for rainy days. On the flip side, for the gaming business, these factors are not positive growth drivers. I have not even mentioned Internet gaming, but that's a different story...

Marc Weiswasser is Managing Member of CasinoRecruiter.com, an Executive Recruiting firm for the gaming & hospitality industry. He can be reached at 702-798-0180, marc@CasinoRecruiter.com or www.CasinoRecruiter.com.

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