

Spotlight on California

In this month's Tribal Leader Roundtable, we talked to five leaders from California about the current economic and political landscapes, as well as their outlook for 2011. Here is what they had to say...

**Vincent Armenta, Tribal Chairman
Santa Ynez Band of Chumash Indians
Chumash Casino Resort in Santa Ynez, CA
www.chumashcasino.com**



Vincent Armenta

We have been very fortunate in that the Great Recession has not significantly impacted our gaming property. In spite of the continuing challenging economic environment, our business enterprises have survived quite well due to implementation of the tried and true strategies that must be employed during an economic downturn – strategies such as tightly controlled expenses and working smarter by accomplishing more with fewer people.

In addition, we are located in beautiful Santa Barbara County wine country – a thriving destination locale. Visitors travel to our region for a variety of activities and we benefit from it. For example, if wine enthusiasts want to spend a day wine tasting, they can stay at either our Hotel Corque or our Chumash Casino Resort and be within minutes of some of California's top wineries. For foodies, we have Root 246, our restaurant created by celebrity chef Bradley Ogden or The Willows, our four diamond-rated restaurant. For visitors seeking entertainment, we have a gaming floor filled with a variety of fun games and a showroom that is host to headliner performers that range from country to pop to classic rock. Between our three business enterprises – the Chumash Casino Resort, Hotel Corque and Root 246 – we can fulfill most of the activities that visitors to our region seek.

Between sound strategies, fantastic location and a dedication by our tribal leadership team and our employees, we have survived the economic storm of the past few years and have surfaced intact. We have all been tested and have learned that pulling together as one cohesive team has made us stronger than ever.

On the federal level, the Carciere case has put many legitimate tribal land acquisitions for housing and economic development into confusion and jeopardy. We believe that the President and Congress must act immediately to reverse the wrongly decided Carciere decision and create and

implement a clean Carciere fix. Here in California, we are all watching closely to determine what position our new governor will take on tribal issues. We are confident that he will listen to tribal leaders and take our viewpoints into consideration when making decisions that impact tribal nations in the state.

With the start of every New Year, I am enthusiastic about the possibilities of the coming months. As we move toward a more favorable economic environment in our state, I am looking forward to seeing us realize our full potential in a newly-energized market. In addition, I'd like to see us continue to grow our portfolio in areas that complement our current business enterprises. There are so many opportunities for us as a tribal nation to flex our entrepreneurial muscle, become leading philanthropic players in our community, and demonstrate the true meaning of Chumash hospitality. I'm excited to continue to expand our brand and capture additional opportunities that may come our way in 2011 and into the future – both in Chumash country and beyond our geographic region. The future looks bright!

**Mark Macarro, Tribal Chairman
Pechanga Band of Luiseño Indians
Pechanga Resort & Casino in Temecula, CA
www.pechanga.com**



Mark Macarro

Much of our economy, both locally and in the Southern California region, was tied to the housing market here in southwest Riverside County. Insofar as disposable income was intertwined with homeowner equity, we took a pretty good economic blow just like everyone else.

Sovereignty protection—in Sacramento and in Washington, D.C. is by far the top “political issue.” It is political because, as long as there are term-limited legislators, it is a constant uphill battle to educate and win over would be advocates (the ideal) or keeping bad things from happening (pro-active defense). In a perfect world every proposed bill, state or federal, would acknowledge tribal sovereignty and jurisdiction and any potential impacts. We shouldn't have to be arguing for inclusion like we do now: “What about us?!”

What we have for 2011 and beyond is more of a strategy and a game plan. At Pechanga Resort & Casino, we will continue finding better ways to be efficient and maintain competitiveness. We must keep faith with our tribal citizens and a pulse on public temperaments regarding the direction of gaming, generally. Internet gaming and its many facets like intrastate poker and mobile gaming are upon us. How we analyze and position ourselves now will determine our relative chances for success a few years from now.

Robert Martin, Tribal Chairman
The Morongo Band of Mission Indians
 Morongo Casino, Resort & Spa in Cabazon, CA
www.morongocasinoresort.com

The challenging economic conditions gripping our country have been difficult in Inland Southern California, which has experienced some of the highest unemployment and foreclosure rates in the nation. Despite this economic uncertainty, the Morongo Casino, Resort & Spa has held firm, buoyed by outstanding management and a willingness to identify and embrace new opportunities.



Robert Martin

While we are not immune to the prolonged downturn and its impact on discretionary consumer spending, Morongo is weathering this economic storm and will emerge stronger than ever before. We've worked hard to improve our operational efficiencies without sacrificing the absolute best guest experience, complete with world-class entertainment and gaming. We can see the seeds of these efforts taking root. We reopened a restaurant and a night-

club at the casino and, in October, the tribe finalized its purchase of a lush 36-hole golf course, the local home of the PGA of Southern California, which will offer a wonderful new amenity for our patrons.

We are fortunate to be our region's largest private-sector employer, generating thousands of direct and indirect jobs. Amid the economic turmoil wracking our state, we are equally fortunate to be able to maintain our community outreach

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programs to support local schools and non-profits, including food banks that feed hungry seniors, veterans and families. Just two months ago, we donated 9,000 holiday turkeys to those in need.

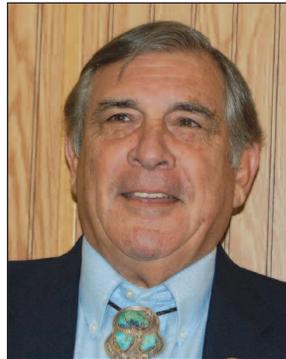
In part, our resiliency has grown from Morongo's focus on economic diversification. Recognizing and acting on past opportunities has provided our tribe with a robust portfolio of successful business ventures in health care, agriculture and other sectors. It is with that same spirit and commitment to identifying new opportunities that we are looking at intrastate Internet poker as a very important issue facing tribes in 2011. Morongo is one of more than 25 California tribes who formed the California Online Poker Association (COPA). Together, we are working to pass legislation in the Golden State to authorize and regulate online poker, with all California tribes being eligible to serve as operators.

This Class II game (as defined by IGRA) is expanding at a rate of more than 10 percent annually – nearly five times faster than brick-and-mortar casinos. As the nation's gaming leaders, tribes must adapt to the changing market to stay competitive. For a cautionary tale, one only needs to look at Blockbuster Video, a onetime industry leader who recently filed bankruptcy after it failed to embrace new technologies and lost its market share to NetFlix and Redbox.

Nearly three decades have passed since Morongo opened an unassuming bingo hall. Not long after, Morongo and the Cabazon Band of Mission Indians secured the landmark 1987 U.S. Supreme Court decision that confirmed the rights of federally recognized Indian tribes, as sovereign nations, to offer gaming on Indian reservations. Much has changed since those early days of that simple bingo hall, which marked a pivotal first step in our road toward self-determination and self-reliance – values that continue to guide our vision for the future.

Bo Mazzetti, Chairman
Rincon Band of Luiseño Indians
Harrah's Rincon Casino & Resort in Valley
Center, CA
www.rinconmembers.net

Caught between one the highest unemployment rates of 12.4 percent in the nation and a budget deficit that increases annually (25.5 billion for 2011, in California), gaming revenues have been hurt by both the current unemployment and future expected job losses in the government and public sectors as the state attempts to balance its budget. Given the number of casinos in California, and despite the nation's economic woes, most of the state's tribal casinos have adjusted and are faring well. We are pleased that Harrah's Rincon Casino, as well as those of other local tribes, continues to see



Bo Mazzetti

positive peaks in revenue. The good news is that California still has one of the largest economies in the world, currently ranked in the top ten. And while casinos have lost some ground, losses have stabilized and tribes are optimistic about the future.

Harrah's Rincon Casino has expanded and upgraded our restaurants, adding popular venues such as a new sports bar, all of which keep consumers coming. The casino has under-

taken a green energy initiative, and looks forward to both improvements in environmental quality, as well as energy costs. Rincon took on the previous governor, Arnold Schwarzenegger, suing for illegal taxation, when we could not reach an agreement with the governor on a compact renewal for 900 machines. The five-year-old lawsuit is currently before the United States Supreme Court, having won in the local federal court and the Ninth District Circuit Court of Appeals.

We have successfully argued that the Indian Gaming Regulatory Act (IGRA), as well as our governmental status, precludes taxing our revenues as part of fee agreements for state gaming compacts. IGRA's stated purpose that tribal gaming funds are to be used to improve the economic conditions of tribal communities, not balance a state budget, was definitely in question given the fact that the governor's proposal to Rincon provided \$35 million to the state and a paltry \$2 million in profits for the tribe. This five-year court battle – in which we expect to prevail by the U.S. Supreme Court denying cert, or in court if we must – is about protecting tribal economic ventures as an absolute right and necessity for exercising sovereignty and self determination.

The issue of taxation in all arenas that affect tribes is a growing issue of concern, especially with the country's economic downturn. Tribes must be prepared to meet this issue head on wherever it arises. Tackling an issue means more than legal action. It means unity, developing public support and education, partnerships with state and local governments, and good relations with our neighbors. Nationally, tribes must continue to take responsibility for advancing, enforcing, and developing creative ways to implement tribal sovereignty within today's modern challenges. In California, the agenda for the New Year includes protecting tribal gaming exclusivity, new forms of economic development, settling water rights, land into trust issues, and improved government-to-government relations with the new governor and developing an institutional consultation and collaboration presence within the administration.

**Anthony R. Pico, Tribal Chairman
Viejas Band of Kumeyaay Indians**
Viejas Casino in Alpine, CA
www.viejasbandofkumeyaay.org

Like all gaming properties, tribal or commercial, we have experienced a drop in business due to the economic downturn. However, since approximately the 2nd half of 2010 we have seen continued positive trends. They are not huge positive movements, but they are sustained and positive. It's not going to turn around overnight, but we are seeing movement in the right direction again.

During the downturn, we worked hard to maintain foot traffic, which we've done fairly well. People are just spending less than they had been. The downturn forced us to look inward, create efficiencies, re-double our commitment to customer service and keep a very sharp eye on what works for our guests in terms of promotions, etc. All of this has positioned Viejas Casino well for continued growth as the economy (hopefully) continues to turn around.

Issues that concern us the most include Internet gaming,



Anthony R. Pico

off-reservation gaming outside aboriginal lands, the Carcieri fix, land-into-trust and sacred site protection. Of course, all of these issues link back to one overriding political and social issue: protecting tribal sovereignty through tribal economic development and self-sufficiency.

For our casino, we'll be watching economic trends very carefully, but we are cautiously optimistic about what 2011 will bring. We have a strong new executive team and dedicated, talented team members. For our tribal community, I am also optimistic, since we have a new, energized Tribal Council that is committed to Nation re-building to improve and continue to strengthen our government, which is the foundation of our economic success. These efforts, with the support of our tribal members, will serve and support our tribal community for generations to come. ♣

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