

TRIBAL GAMING WEBINAR: Considerations for Reopening Your Casino

REDW_{LLC} expertise.

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The information provided herein is for informational purposes only and should not be construed as financial, investment, tax, accounting or legal advice.





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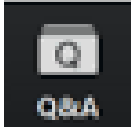


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Housekeeping Notes

- Click on  at the bottom of your screen to open the Q&A window (the Chat feature is disabled)
- Access to recording and slides will arrive via email at this time tomorrow
- Earn 1.0 CPE credit by:
 - Attending at least 50 minutes of the *live* session
 - Answering all polling questions
- Please give us your feedback

Agenda

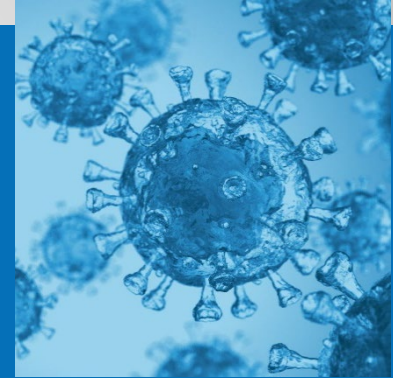
- Strategies for Returning to Work
- Compensation Strategies
- Positive Takeaways from Quarantine
- Cash Flow and Financial Impacts
- Regulatory Considerations
- Health & Safety Best Practices

Polling Question #1

- For Gaming Operators (or for the Casino you work with most closely), what is the status regarding the reopening of your Casino?
 - A) We have reopened within the last 2-3 weeks.
 - B) We plan to reopen within the next 2-3 weeks.
 - C) Our reopening date is still TBD.



Human Resources Considerations



Strategies for Returning to Work

- Rehiring/returning from furlough
 - Mission-critical staffing and reassessing necessary staffing levels
 - Workplace safety considerations
 - Unemployment addiction
- New Policies & Procedures
 - Remote Work
 - FFCRA
 - Updates to ADA considerations

Compensation Strategies

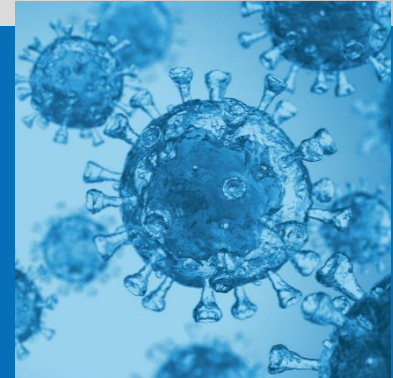
- Analysis of cost of compensation and opportunities of reducing compensation of those being re-hired/hired
- Will PTO balances be restored?
- Will tenure with the Casino be restored?

Positive Takeaways from Quarantine

- Remote work cost savings
 - Reduced overhead
 - Cost-effective remote staffing
 - Online training
- Productivity over presence
- Focus on agility and adaptability



Cash Flow and Financial Impacts



Polling Question #2

- What would you say the current level of coordination is between the Tribe and Casino regarding cash flows, budgets, access to CARES Act funds, etc.?
 - A) Significant
 - B) Little to moderate
 - C) None

Cash Flow and Financial Impacts

- How quickly will guest confidence return?
- Revenue and profit shortfalls
- Spending cuts
- Long-term obligations
 - Can current payments be made?
 - Will the Tribe/Casino be in compliance with any financial covenants?

Cash Flow and Financial Impacts

- Coordination Between Tribal Government and Casino Is Key:
 - Effect on profit distributions/transfers
 - Any carryover effect on the Tribal government's budget?
 - How long will the effects of the pandemic be felt?





Coordination
Between Tribal
Government &
Casino Is Key

Cash Flow and Financial Impacts

- Some possible help: Tribal Coronavirus Relief Fund (CARES Act funding, Phase 3)
 - Funds must be spent for:
 - Costs necessary due to COVID-19 public health response;
 - Costs that were not accounted for in a tribally-approved budget by March 27, 2020; **and**
 - Costs incurred between March 1, 2020 and December 31, 2020.



Coordination
Between Tribal
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Cash Flow and Financial Impacts

- Some possible help: Tribal Coronavirus Relief Fund (CARES Act funding, Phase 3)
 - Does the Tribe have funding available for use by the Casino?
 - Examples of costs that potentially qualify.
 - May not be used to cover revenue shortfalls.



Coordination
Between Tribal
Government &
Casino Is Key

Cash Flow and Financial Impacts

- Some possible help: Tribal Coronavirus Relief Fund (CARES Act funding, Phase 3)
 - These funds **will** be subject to Single Audit. New CFDA #21.019.
 - Maintaining documentation for these costs.
 - If funds are available for Casino use, how are these transactions structured between the Tribe and Casino?
 - Potential Casino classification as a *Subrecipient* (i.e., subject to Single Audit).



Coordination
Between Tribal
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Cash Flow and Financial Impacts

- Some possible help: Tribal Coronavirus Relief Fund (CARES Act funding, Phase 3)
 - Subrecipients: Uniform Guidance §200.330
 - A non-Federal entity (i.e., Tribe) provides a **subaward** to a subrecipient (i.e., Casino) for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship between the non-Federal entity and the subrecipient.
 - What the document is called does not matter; the relationship is the basis for determining which requirements are applicable.
 - Consider reimbursement basis relationship rather than subaward.

Polling Question #3

- Is your Casino currently separately tracking costs (via general ledger, spreadsheets, other) which might be recoverable under the CARES Act?
 - A) Yes
 - B) No
 - C) Unsure

Payroll Protection Program (PPP)

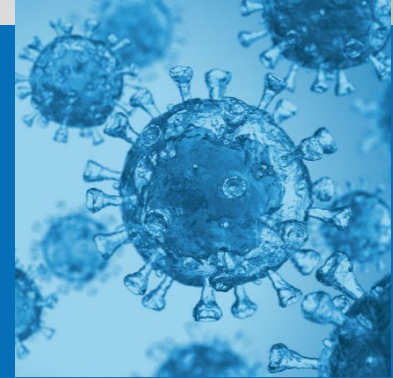
- There **are** still funds available!
- Provides small businesses (including casinos now) with funds to pay 24 weeks (previously was 8 weeks – PPP Flexibility Act) of payroll costs including certain benefits. Funds can also be used to pay interest on mortgages, rent/lease, and utilities.
- Available for organizations with 500 or fewer employees.

Payroll Protection Program (PPP)

- Funds are provided in the form of a loan that will be fully forgiven when used for payroll cost, interest on mortgages, rent/lease, and utilities within the covered period.
 - A minimum of 60% (previously 75%) MUST be used on payroll costs. The 60% is a “cliff.”
- Forgiveness is based on employer maintaining or quickly rehiring employees and maintaining pay rates. Forgiveness may be decreased if full-time equivalent employees decline, or if salaries and wages decrease.
 - Exemptions exist



Regulatory Considerations



Regulatory Considerations

- Providing advance notice of intent to reopen with regulatory bodies.
 - TGRA
 - State Gaming Agency
 - NIGC

Regulatory Considerations

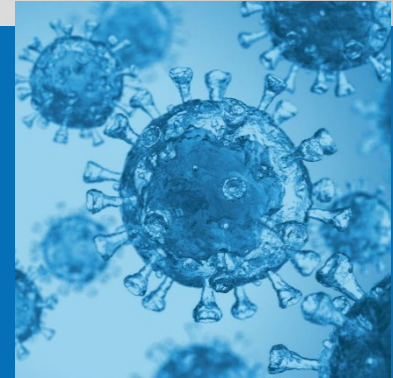
- Regulatory Compliance Submissions
 - Facility licensing
 - EPHS certification
 - External and Internal Audits
 - Fees
 - Employee licensing

Regulatory Considerations

- NIGC MICS Compliance
 - Closure period: Compliance areas needing to be brought up to date
 - §543.24 Auditing Revenue
 - Monthly or quarterly inventories and statistical reviews
 - » §543.24(d)(1)(i): Monthly bingo paper inventory
 - » §543.24(d)(2)(i): Monthly pull tab inventory
 - » §543.24(d)(8)(iv): Quarterly controlled keys inventory
 - » Monthly review of statistical data for each game



Health & Safety Best Practices



Health & Safety Best Practices

- Pre-entrance screening
 - Employees and guests
 - Non-invasive temperature check
 - Testing of employees
- Social distancing
 - 6 feet of separation
 - Floor markers
 - High traffic queuing areas

Health & Safety Best Practices

- Sanitation
 - Hand washing
 - Hand sanitizer stations
 - Use of PPE (personal protective equipment)
 - High touch surfaces
 - Likely upgraded cleaning and disinfectant products

Health & Safety Best Practices

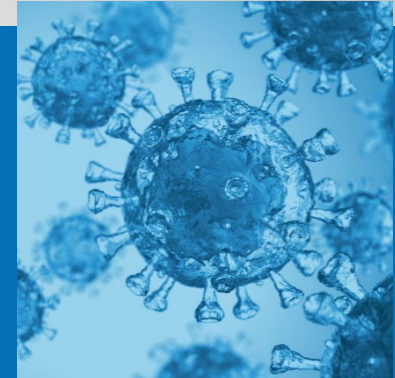
- Game Operations
 - Slots
 - Floor configuration
 - Utilization of other games' space
 - Every other machine available for play
 - Plexiglass partitions
 - Disinfection of machines in between guest usage

Health & Safety Best Practices

- Game Operations
 - Table Games
 - Three spaces available for play: corners and middle
 - Plexiglass partitions
 - Disinfection of chairs and rails in between guest usage



Questions?



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