



Conversations w/Tino

Guests	Harold Baugus
	CEO
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Tino Magnatta: Hello, and welcome to another episode of GT Radio Conversations with Tino. I'm very, very excited tonight. I have a great guest on the show. He's a good friend. He's been around a long time. He's a hard worker, great morals. He's done a lot of things for Indian country. Welcome to the show Harold Baugus. How are you Harold?

Harold Baugus: I'm very good, Tino. How are you doing? Thanks for having me.

Tino Magnatta: Yeah, no problem. So, tell us a little bit about where you were born, what your family did, where you got your work ethic from, all that stuff.

Harold Baugus: Sure. I was actually born and raised in a little town. Well, it used to be a little town south of Phoenix called Maricopa. It was a small farming community up until about 2000. Right now, there's about 60,000 people here. It's not the farming community it was no more. But I actually started, my parents harvest grain and they were in the agricultural logistic business, hauling different kinds of agricultural product. They have a number of semis harvesters. My dad was a Marine, eight-year Korean veteran towards the Korean War. He didn't actually fight in the war, but he was a staff sergeant for eight years. Him and my mom met and moved here in the early 50's and they started several businesses. Then they went into the agricultural logistic business and the harvest business.

My mom was a school teacher. My work ethic started with them. I actually started in the grain field for as long as I could remember. I remember being out there when I was five years old, hanging around. But they actually put me working driving a harvester when I was 12 years old. I was a big kid. Still a big guy.

Tino Magnatta: Wow.

Harold Baugus: They taught me one thing, nothing in life's going to be ever for free. Another thing, is it's never going to be easy, but I learned the work ethic from them. My father, he was a 6'6" tall gentleman. My mom was a little, short lady, but she ran the household and ran the business. That's where I also learned a great respect for women in the workplace because my mom was always working.

She's still alive. She's 86-years-old. Only thing that frustrates her now is the fact that she can't work no more. But I learnt that from them. I worked probably just about every day. I'm 58-years-old, since I was about 12-years-old, in some form or another. I learnt everything from them. I have to give them all the credit from giving me a great, solid foundation.

Tino Magnatta: Yeah, and the crop business wasn't an easy business, was it?

Harold Baugus: Oh no. No. It's feast or famine. You start in May and you... April, May, and you start harvesting barley and then you go into wheat, and then once you work

your wheat, you go into sunflower. And then you go into milo maize and then, right after that, the cotton harvest started.

We didn't pick cotton. We have cotton harvesters, but we hauled all the cotton seed. That would go to about January and then you held on until April. Fixed or repaired all the equipment and that's what we did on weekends. We got to play football. We got to play sports, but come Saturday morning, didn't matter how late you were up at night. Saturday and Sunday, you were out there, helping fix the equipment.

So, it was constant grind, kind of like the casino business. We deal with that feast or famine now sometimes. So, it was a constant grind, never did stop.

Tino Magnatta: Yeah, the farming business is a 24-hour business, just like the casino, right?

Harold Baugus: Absolutely. Yeah, it never stops. I mean, there's some little lulls here and there, but once you're harvesting it, and then once you get ready to harvest, you have to start already planting it again. Like I said, we didn't farm ourself, but we did all the logistics for the agriculture and we did all of the harvesting in the local area.

I went a couple of times to different states. But I just didn't get into that route and about 2000... no, actually about 1991, '92, '93, something like that, we just decided to go different directions and not... It's a tough life. It's just a tough life, especially in Arizona, where it's 120 degrees.

Tino Magnatta: Yeah, it is a tough life. Tell me a little bit. After that, you did some work before gaming. So, you were like a special ed... You did a bunch of stuff, right?

Harold Baugus: Well, for my first career, my very, very first career, I was going to be a special education teacher in high school and coach football. And, actually, while I was going to college, I coached football and here in Maricopa, I volunteer coached for three years. I hate to say it like this, but unfortunately, what I learned very, very fast, was I was not going to be able to... Because the kids started coming along.

I got married at an early age. I got married at 19, but we didn't start having kids until I was 23. Then I found out that, unfortunately, we weren't going to be able to raise a family and support kids on a teacher's salary, which is unfortunate.

Tino Magnatta: Right.

Harold Baugus: So, I branched out to my own... My parents had a trucking business, but I also branched out onto my own, and I did that. I didn't quite finish school. I had one semester left from being a school teacher, and I found an opportunity with a company out of California, actually Ontario, that they saw that I had a good work ethic and they were going to create some railroad offloading agriculture

here. They asked me if I'd go into business with them and they would help me go into business with my own trucking company and I did that until 1995.

I just got tired of it. It got very, very competitive. I was working for the same amount per tonnage-wise, hauling per tonnage-wise in 1994 that I was in 1984 to 1986. I just got to where... Also, like I said, it was a tough life. Wore my dad down pretty good. I wanted to be around for my kids. So, one day, me and my wife said, "You know what? Let's sell it. Let's try something different."

And I sold it. Didn't really make any money. It was just, it was kind of a wash, actually. [inaudible 00:07:57] But then I didn't really do anything for about six months, other than get a few jobs here and there. I had some [inaudible 00:08:05] I did a few jobs with. And then my wife said, "You probably need to find something a little more steady." I said, "Yes."

You know, [inaudible 00:08:14] business and they had just opened up Gila River, the small casino, and the sprung structure had only been open for about six months. I went out there and I knew those guys... I lived between Ak Chin and Gila River all my life, and I know individuals on both sides, and I remember a guy named John [Giff 00:08:37]. He was the HR person at the front door and I had known John for years.

John says, "Well, we don't really have anything other than maintenance." I really didn't want to pull wrenches anymore. I didn't want to do that kind of work. Nothing wrong with it. I just wanted to find something different. And he says, "Well, I'll tell you what." He says, "I do have one position open for security. Would you be interested in that?" I said, "John, I never worked security in my life." He says, "We'll teach you." I said, "Okay. If you'll teach me then I'll learn how to do it."

So, John Giff, no longer with us, but he's the one that gave me the opportunity. He was an HR recruiter or something like that. I can't remember. He stayed with casino for a number of years. So, I went to work as a security officer. My first job was working graveyard. Now, mind you, I hadn't worked graveyard in my life.

I worked late in the night. I'd work until two or three o'clock in the morning, but I never actually got up and worked graveyard all night long. That was probably the most difficult experience I've ever had in my life. First of all, I never wore a uniform. I always wore Levis and a blue shirt and work boots to work.

So, he sent me downtown Phoenix in a uniform and he says, "You need to report to Stephen King." I thought that was kind of strange. I got to report to Stephen King in graveyard.

Tino Magnatta: That's the graveyard shift.

Harold Baugus: Pulling the graveyard shift, yeah.

Tino Magnatta: That's funny.

Harold Baugus: So, I walked in there and... Well, I interviewed, like I said, and I knew the couple of guys that were on the panel, Randy Stone and Brian Davis. I had known those for basically most of my life. That was kind of strange. I was even interviewed by them, I said, "Hey guys, I just want to try something different." They said, "Okay."

Anyway, I went to Phoenix, got my uniform and I walked in, I said, "Stephen King." Stephen King, a little guy stature, but one of the nicest guys you've ever met in your life. He was my very, very first supervisor. I worked graveyard about as long as I could. I went to the powers that be, I said, "Look guys, I love working here. I think I might be able to stick around for a while."

Now, mind you, I had never held a job for other than contract work in my life, ever. I had never worked by the hour in my life and that was a very different situation. But I went to them, I said, "Look, you guys got to get me on days. I got a family. I can't stay up all night and sleep all day." I was 35 at that time. And I said, "My younger years, I might have been able to do that."

So, they put me on day shift and [Willard Dancomb 00:11:28] was my first supervisor on day shift. I have a pretty good memory. So, I worked there and I just worked my way up. I worked to assistant supervisor and then I worked to supervisor, then I went to a manager and assistant director. And then there was a restructuring with the management that came in and then I went back down to a manager after some restructuring.

And then Willard, I had kind of followed him and worked with him. He ended up being the director, but he subsequently left. [inaudible 00:12:16] was a tribal member. He was there for a number of years. So, they asked me to be the interim director for a while and I said, "Sure, I can handle it."

We have a big staff. Gila River had three different casinos. Our security staff was right north of 300 staff members. So, it was a pretty good size on three different facilities. We had managers at each site, shift managers and so forth. Apologize.

So, I held that position. I acquired that position in 1999. It was the infancy of tribal gaming. And, you know, in infancy, a lot of guys came and left. I was the director of security, so whenever a CEO departed, I was the one that handled all the logistics, like I used to in trucking. I got him and helped them pack and walked them to their vehicle and stuff.

They were getting ready to release their sixth CEO in nine years. The board of directors called me and they says, "Well, we're going to need your assistance here." I said, "Yeah, I understand the drill. It's not a problem." And they said, "Well, wait a minute." I said, "Well, what?" "Well," he says, "we want you to be the interim CEO."

Now, I've only said upward progression in my life. I had never planned on being the director of security, not that I didn't like it, I just thought that it was not an upward mobility, but I wanted to still continue to move on. My goal, at some point, was to be a general manager at [inaudible 00:14:15] Casino.

They told me, "Well, we'd like for you to be interim CEO until we start the search." I says, "Well, let me go home and think about it." I said, "I'm going to tell you, 'yes,' but I have some things I want to talk to you about, but let me really think about it."

So I came back the next day and I said, "look," I said, "absolutely," I said, "I'll never hurt the business." And I says, "I know enough about this business." Because, one of the benefits of being in security, and I learned this through my career, a lot of guys that are general managers now and CEOs, they start off in security. And what gives us the benefit by that is we get to be involved in every single operation. We're involved in the HR. We're involved in cage. We're involved in all the-

Tino Magnatta: Everything.

Harold Baugus: Everything. There's not one aspect that we're not involved in. That doesn't mean we run it, but we get some knowledge. You can either sit there and just go through the motions or you can start learning about it and I started learning about it from day one, because my mobility was upwards, but there's not one single area in the entire building that you never get involved in at some level. Some more than others and stuff.

So, anyway, I said, "Yes. I'll tell you what." I says, "I'll do this." I says, "But we have a real good group of management here." And I says, "Why don't you let us make a few changes? I won't make any changes. I won't do anything drastic, unless I tell you. I promise you that." And they had a good level of trust in me because they used to come to our directors' meetings and I guess I was pretty vocal and talked about making things better. So, they had a pretty good idea from prior histories and stuff, but they knew I wasn't ever going to hurt the business. I would do anything stupid, I guess, is the best way to say it.

I had a very good group of management. I went to the management, I said, "look," I says, "They're asking me to be the interim CEO and I can't do it unless you guys help me. I'm willing to listen. I'm willing to try and make this better." I says, "Why don't we try to do some things before they hire a new CEO?" And I said, "Why don't we put a strategic plan together?" The enterprise had never had one prior to that.

I says, "Why don't we point the organization in a direction, so when they do hire a new CEO, at least, either they'll come on board or they'll come in and try to change it." Now, keep in mind, we had some good guys that came through that

building. Through there, it's your approach. A lot of them were really good. I think they say a hundred times, approaching the position where we were at.

Anyway, that was September of 2004 when that had happened. So, we went through and right at that time, TITO, ticketing, ticket in, ticket out, we had just implemented that. That was turning into a disaster. We had just had table games for a year, blackjack for a year. We were still feeling our way through that, so we had a lot of things going on that we had to get cleaned up real fast. It wasn't a matter of just having to do it. There wasn't any other choice.

So, all of the directors, they got behind me and if they hadn't, I would have probably been in trouble. They got behind me. They seen that I didn't have a big ego. They understood that I was going to let them do their job. You know, look at it, it's like my job is to give them the tools to do their job.

So, I held that position until February 22nd of 2005. The board came in and says, "Well, we're going to go ahead and open the position up." Well, about January, they said, "We're going to open up the position up." I said, "Well, okay, I understand." I says, "Thank you for the opportunity." I said, "I really appreciate you guys letting me have this experience." And they said, "Well, no, no. You don't understand. We want you to interview for the position." And I said, "Okay."

I was kind of surprised, to be honest with you. They said, "If you were selected, do you think you could do it?" I said, "Yeah." I said, "With this management group that I have, absolutely." So, they interviewed a lot of people. I mean, they interviewed 10 or 12 from all over the United States. Quite frankly, I honestly thought they were going to hire somebody... I don't want to say more qualified. I thought that they would hire somebody different.

They interviewed for the position and then they come in and they offered me the position. I was surprised, but I wasn't surprised because we had started to accomplish a lot of things. I didn't find out until a couple of years later that actually, the board had went back to all the management and talked to them. I didn't know. No one ever told me until a couple of years later and asked what they felt about me having the job.

I guess what they told them, they says, "Look, Harold may not be the most qualified. He may not be, but he's probably the best person for the position. One of the things that he knows how to do is help us get things done." I was very proud of that. Here again, I didn't know that though. Actually, it was two or three years later and one of the board members had shared that with me. Nobody had shared, never shared that with me, and that was a pretty good experience. Kind of helped the ego a little bit because I didn't know then.

During that time, there was a great appetite for the tribal council to look at some developments. While the casinos weren't that old, the design probably

wasn't what they needed to be. New [inaudible 00:20:28] were just started. There needed to be some expansion. The building that we're in was not conducive for expansion. They were also getting, I don't want to say old, but they were getting dated a little bit.

So, we look at either totally renovating what we had already or building new facilities, and the decision was made to go new facilities. We started that process in late 2005, the actual discussions, put in to pen and paper, drawing diagrams with a pencil and going from there. We started off with about a \$200 million dollar project with the Wild Horse Pass and the Lone Butte. It ended up going to about \$360 million with [inaudible 00:21:23].

From late 2005, then 2008, we opened Lone Butte and then 2009, we opened Wild Horse Pass. We opened two casinos right in the middle of a recession. I can remember the news media saying, "Well, why are you guys opening in the middle of a recession?" Well, it wasn't a recession when we started. The recession's now so, what are you going to do? Can't just stop.

Tino Magnatta: Yeah, because it took a couple of years to build it, right?

Harold Baugus: Yeah.

Tino Magnatta: So funny.

Harold Baugus: Yeah. We got beat up a lot. "Well, why are they building these casinos because it's the middle of a recession and all these tragedies going on." It was like, "Well, hell, what do you do?" So, we opened them and we stayed pretty flat. We didn't go a tremendous amount. We actually didn't go down at all, but we didn't really spike it like we thought we were going to because it was a pretty tough time, especially in Phoenix. The housing market was brutal. I don't know if there was anybody I don't know that didn't get affected by the housing market in some form or another.

So, we were able to do that. We built a corporate structure. When I took over in 2004, we had just hired our first general manager, that was John [Cirincione 00:22:48] and that was the first general manager that the casino ever had because the CEO was kind of a general manager CEO for all of them. He was the first general manager. He was there for about three years. Very intelligent individual. I learned a lot from John. He's actually been at Santa Ana Star, right down the road from me for, oh geez, I think seven, eight years now, maybe even be going on nine years, but John was a very smart guy. I learned a lot from him.

But anyway, then for about two years after that, he held that one, but I was still the CEO over all three and then general manager for Wild Horse and Lone Butte. And then we created a corporate structure where we had general managers at each site. We had marketing structure at each site. More of a [inaudible 00:23:39] property, making sure each one ran in a proper manner. So, it was a

very good experience. So, 2010, it was a very amicable separation. It's tribal gaming. I am forever, ever indebted to Gila River.

If they had not given me an opportunity and that opened the door for me, I don't know what would have happened, but I did know what happened and it was a very, very good experience. I actually saw a number of those individuals that night. I got to talk to them. But that was probably one of the hardest thing I ever had to deal with in my life, but it was probably one of the best things I did, that had ever happened to me because I ended up... There's something very good to stay for, when someone stays at one place for a long, long time, but also there's some opportunity if you don't. And that's how I had to look at it.

So, I went to California for a short time. I actually went back to finish my degree up. I was close to 48, I believe, 49 and I've always promised my mom I would finish my degree, her being a school teacher. I was finishing my degree up and I worked at a small casino for a short time. I actually learned a lot there. Try to learn something wherever place I go and make it beneficial because being a CEO at Gila River, I never got into the weeds a lot. It was more of a strategy, vision. Here, I was able to get more in slot and analytics, and some other areas.

There for a short time and then I went to Indian Head Casino in Oregon and that was a great experience. Very, very nice people. A little bit bigger property than what was in California, then I got to hone skills a little bit more and more, started to get more intricately involved in the marketing side, the database side. I had a pretty good database background. I had a lady taught me years ago, her name was Karen [Braunberg 00:25:54]. Unfortunately, no longer with us, but she's probably one of the smartest ladies I've ever dealt with when it comes to database. She taught me the importance of database and direct mail

So, I got to delve a little bit more. Actually, at the Indian Head, there wasn't even a database program. They didn't have a direct mail program. They didn't have anything. All they had was you could get \$5 free play once a month and you had to download off of the internet. So, we created that entire program from the ground up.

I was there about two years and then... I'm from southwest. I loved Oregon, some of the most beautiful places in the world, but about four months out of the year, you're frozen to the ground. And being from the southwest, 2013 I went there, 2014 they had a 28 inches of snow in 24 hours. Now-

Tino Magnatta: Oh my god.

Harold Baugus: This is a true statement. I had never seen snow fall in my life, ever. Now, I had seen it on the ground after it fell, but I never seen it. My wife's 5'4" and I have some pictures with the snow up to her waist. And-

Tino Magnatta: Oh my god.

Harold Baugus: But anyway, yeah. It was good, though. I kind of liked it, though. You kind of like the snow when it falls the first few times, but then when it starts to pile up on the windows, they you're kind of like, "Oh my god." That one day, we stayed in the house for three days. I was driving to work one day-

Tino Magnatta: Wow.

Harold Baugus: And I had a pickup and it had 16 below. I said, "My thing must be broken." And it was, it was 16 below. Anyway, I got a call from a recruiter to come back out southwest. I had always told individuals that, at Indian Head, if I got that opportunity, I was going to do that. My wife, part Native American, Hispanic, she has five brothers and three sisters.

Tino Magnatta: Wow.

Harold Baugus: Big family. I have a small family. On my side, just my sister and my mom. She's really very family oriented. So, I got the opportunity to get closer back to home. So, I was given the opportunity at [inaudible 00:28:12] and I went and interviewed for there.

I really like where I'm at. One is, while I'm the CEO, I still get to be involved in a lot of operations, not from a micro-manage standpoint, but more from a learning. I'm a learner. I learn all the time. It's a very unique experience. I have a lake, a RV park, a fishing lake, RV park. I have a 27-hole golf course. I don't get to play in it, but I get to watch it out my window. I just don't have the time. We have a Fun Connection, have a great resort, showroom.

So, it's an overall complement. The people are there really good. They're a people very, extremely rich in culture. Their culture trumps everything which I fully respect and admire that. It trumps business. It trumps everything. Well, I should say, "trumps." It takes priority. But they have the feast. You go out to the feast and they just invite you into their home. It's like, "Come on in. Let's go eat."

My administrative assistant is a tribal elder and she... Every time I go out there, "Come on. We got to go in the house and eat." We sit in these adobe houses and we eat, and it's a great experience.

But what they did is, the property was getting a little outdated. When I got there in 2015, it had been 15 years old. They had went to the Hard Rock brand. That didn't last no more than a couple of years and then it came back. So, their only real type of renovation or upgrade they had done is when they [inaudible 00:29:56] really old and Hard Rock went back to the [inaudible 00:29:58].

The council approached me and says, "Well, what do you think?" And I said, "Well, we do need probably a decent uplift, our idea of a facelift." I says, "I don't know." I said, "Let's take a look at it. Let's get a feasibility study." One of the

major problems that we had, we had a beautiful showroom that holds 2,300, but also doubled as a Bingo. I don't know if there's anybody that's really successful on that because what happens, every two weeks... Bingo players, love them to death, but you don't want to disrupt their world and their lives.

So, what we did is, did a study, and we had to put... I know we're probably running out of time, so I'll hurry up here.

Tino Magnatta: Yeah, no problem.

Harold Baugus: So, what we did is, commission the feasibility study, see what it would do to put the Bingo outside next to the building, just create an addition. One of the major problems that I had was, like last weekend, I had 1,000-seat governor's ball, the state of New Mexico's governor's ball. I had [inaudible 00:31:16]. I had about four event going on and probably close to 3,000 to 4,000 people in the building, but we couldn't service them. I mean, we don't do that a lot, but it does happen. But, even in concerts, it was very hard to service them.

So, we looked at the food and beverage component of it. That's primarily, other than Bingo and a showroom, is what we're really focused on. The showroom needed an uplift, an upgrade, desperately. So, we upgrade the showroom and we put a 500-seat Bingo hall right next to the building, but by itself.

We have, I don't really want to call it a night club, but I guess it is our night club. We call it Triple 7, but it's more of a country and western, classic rock 'n roll, 35 and up, whiskey and beer drinkers, not a real fancy place. It only held about 135 and we were packing it every Thursday, Friday, and Saturday, and Sunday. So, we traded another Triple 7 that holds over 500 now. If you ever get the opportunity, please come out there and look at it. We're proud. Not real fancy. It's kind of like a Gilley's type of atmosphere in Las Vegas.

Tino Magnatta: Sure, yeah.

Harold Baugus: By no means is it Gilley's or are we trying to be Gilley's, but it's kind of that country and western, sawdust on the floor, stuff like that. But, what we did was... All those so far have turned out to be a massive success. We went from about 150 to on a real, real, real good day in the Bingo to where we're doing close to 400 to 500, about 400 a day in Bingo. We opened up a matinee in the evening session. The Triple 7's now, I've never worked in a facility where the alcohol sales were so high. We do it legally. But it's just where we can get more volume in there. Then we restructured the alcohol facility inside of the showroom and that's really kicked off.

Our next project, we'll start sports betting probably in July. We have a temporary area in the center of the casino where we're going to open up sports betting and [inaudible 00:33:39] facility. Most people are aware. It's already started in New Mexico at Santa Ana Star and Buffalo Thunder. We got our, the

[inaudible 00:33:49] was a little bit more methodical about approaching it, wanted to make sure that everything was right which I respect that.

We are looking probably late July in getting that open and then probably in September, we'll have our primary facility, because we're restructuring our food and beverage. We don't have a buffet. We do have buffet on an occasional basis and out of one of our restaurants, but we don't have a... All of our competitors have them, but I think the business mold that we're creating has worked, worked before, so we're not having one.

But, we are looking for some amenities of some extra draw. So, we are, we have our own brand which is called Chili Rista. We're downsizing that. And that should open probably August, we're thinking. And then we've already inked the bills for the Panda Express. Well, Panda Express is not unique, but it's a creature comfort everybody knows and then also Fatburger. It's not a proposal. It's something that's already in the works. Signs are already being ordered. It'll be the only Fatburger that's in New Mexico, that's ever been in New Mexico. We did that here in Arizona and it was extremely successful.

So, after that, the [inaudible 00:35:18] in September, but right there, we're moving along. We're getting some things done. New Mexico is a tough market. I got 1.2 million people and I got about 8,000 close to 9,000 gaming positions. It's a competitive grind on a daily, daily basis. It's tough. It's real tough.

Tino Magnatta: Yeah, yeah. Always trying to get in. Should we take some calls?

Harold Baugus: Yeah.

Tino Magnatta: Should we take some calls? Yeah, let's take some calls. Hello, this is [crosstalk 00:35:47].

Larry: Hi, this is Larry.

Tino Magnatta: Hey Larry, how are you? Do you have a question for Harold?

Larry: Hey, good. Yeah, yeah, Harold. Good story. I was wondering. I work in database marketing myself and I wondered, I'm always curious... You were talking about your appreciation for database and about all the other amenities you have and Sportsbook coming on board. What are your, if any, do you have any efforts to capture the player's non-gaming spend or other wagering spend and to get like a holistic value of the customer?

Harold Baugus: Absolutely. I'm glad you asked that. We are converting over to a new slot system. We're actually converting over to IGT. The deal's already been cut and we actually have our first kickoff meeting next week and we hope to have installation in, in probably the latter part of September, October. I know. We've been doing everything in September now.

But what we're going to do is we're going to have what we call a one card or a resort card. We haven't figured out what we're going to call it yet. Because we do have to change all our cards when you change slot system, all your cards have to get changed. I apologize because I'm a little under the weather.

Tino Magnatta: Yeah, that's okay. No problem.

Harold Baugus: Well, what we're going to do Larry... what we're going to do is, and we're not inventing this. It's like Palazzo. I'm going to put a value to every point of sale. Every [inaudible 00:37:14] that we have, we're going to have some kind of a value to it. I haven't determined that yet or we haven't determined that. Obviously, the highest value... For instance, I'm going to choose arbitrary numbers here. So, if I have 100 points... If I spend a dollar, I get a point, okay? Here I'm going to choose arbitrary numbers. So, if I spend a dollar on a slot machine, I get a point. And maybe if I do a round of golf, I get a half a point. If I fish at the lakes, maybe I get a quarter of a point.

So, we haven't worked on that calculation yet. We're going to work with IGT to help us. But every point of sale, we're going to have a reward. Now, the only downfall of that is we do have a lot of... we have the lakes and we have some of the Fun Connection. That's something that we can't tie it to the player's club card because they have to be 21 or over to have a card.

In our group, we've been talking about this for two years. So, absolutely. That's going to be one of our selling points. Nobody else in New Mexico will have that. So, that's going to be one of our selling points. "Hey, go over here and play. Fish in our lakes and you'll be able to gain points at the casino." And so, absolutely. That's how we're going to do that.

Larry: Good deal. Thanks.

Harold Baugus: That's great. Did you have any other questions, Larry?

Larry: Well, I just wondered. You mentioned Sportsbook and the casino industry has a demo that's getting a little older now and we're going to have to start looking how we can get some new, younger folks interested in gaming. Do you have any plans or any kind of interest in pursuing esports?

Harold Baugus: You know, I just saw a advertisement for that today and yes, we've have... Overall, we have a considerable amount of convention space, meeting space. What I would like to do... I saw advertisement, but I'm not going to be able to make it. I would like to try that in our resort side, because you're going to skew to the younger demographic. If I have all that food and beverage on that side of the building, but I think we all are going to have to take a look at that. We're just going to have to figure out how we're going to make money on it. I don't know if it's going to be putting it all on ourself. I don't know if it's going to be attracting those companies that do that, bring them to the facility, but absolutely. I think

we all are probably going to be looking at that at some point or another, because they days, hell, you can go get a scholarship to go play a video game now.

I saw that on TV. I forgot what school it was back east. So, yeah. Somebody's thinking really big out there about how that's going to go. I mean, these guys are quitting grade school and going and being, some of them millionaires. So, absolutely.

Tino Magnatta: There you go. Thanks so much, Steve, really appreciate it.

Larry: All right, thanks guys.

Tino Magnatta: Thanks, take care. Let's see if we got another question here. Hello, this is Tino Magnatta, do you have a question for Harold?

Nick: Hey Tino and Harold, this is Nick [Lawson 00:40:40]. How are you guys?

Tino Magnatta: Good.

Harold Baugus: Great.

Nick: Good, good. I also have... I'm under the weather a little bit, so if I cough at you, I apologize ahead of time. Hey Harold, I don't think I've ever met you, but man, listening to your story, it seems like I've known you for a long time. I worked down in Maricopa and lived there for a couple of years myself.

Harold Baugus: Where at?

Nick: You may not have known at the time because you moved away or I don't know when you left there, but by [inaudible 00:41:08] parks. Yeah, they just built a Walmart there.

Harold Baugus: Yeah, no, even though, I still own a home here. My mom's still here. So, I'm here quite frequently, so even though I've moved away, I've never officially left completely.

Nick: Okay. Yeah, I used to take the dirt roads or the railroad tracks to work every day. I don't even know if they're there anymore, but it brings up memories. [crosstalk 00:41:38] cow pasture.

Harold Baugus: When was this?

Nick: Sorry?

Harold Baugus: When was this?

Nick: I was there '08 to... I left in 2010.

Harold Baugus: Yeah, all the [inaudible 00:41:48] are all gone away. They're all down in Stanfield now.

Nick: Holy crap.

Harold Baugus: Yeah, there's no, and then the housing market. You left in '10, so that was when the housing market dipping here. It's building back up. You got everyone building homes like crazy now. The traffic is just as bad. They almost had that bridge built. They were probably talking about that bridge when you were here.

Nick: Yeah, yeah.

Harold Baugus: But they're about six months away from getting that big, old, ugly bridge built over the railroad tracks.

Nick: I'm down here in Eagle Pass. It's got elders. Their hit team was down here. Yeah, the last few days and they were telling me how different it is and I couldn't believe it. Hey, well, I'll tell you, Harold, like you're definitely an example of the right career finding you, man. You were doing everything else, but what you're doing now from when you're a young guy, huh?

Harold Baugus: Yeah. Yeah, well, it all relates. Look, we're in the gaming business. While I think we do a very important job, I mean, we're not curing cancer, we're not brain surgery. It's about treating people right and being able to motivating them to help you get what you want to get done, and have a good [inaudible 00:43:04] under you. You can't do all this yourself. I've see a lot of micro-managers in my career and they never succeed. So, letting the people around you help you be successful... I'm only as successful as the people around me.

Nick: I agree. How did you learn marketing analytics from the background you had?

Harold Baugus: I learned the importance of it. There was two phases. I learned the importance of it. There was a lady, her name was Karen Braunberg and she had a company called ROI. She went to another company and she went back. One of the companies she worked for was actually her first marketing agency that Gila River ever had. She [inaudible 00:44:00] became real good friends and she just taught me.

Played a lot of golf with her. She was 115 pounds and could out-drive us all. That's a true story. She played on the LPGA.

Tino Magnatta: Wow.

Harold Baugus: Yeah. She was a great lady. Unfortunately, she passed from cancer in 2013, I believe. Anyway, she just taught me the importance of it and why it's so crucial.

She didn't really teach me a lot about the details of it. Where I really learned the details of it was from another gentleman that I worked with, his name was [James June 00:44:40], in '08, analytics.

He has got me into the weeds and showed me the actual, how that relates, how it doesn't relate. We live in a world in New Mexico of free play. So, we really have to be very, very careful about the [inaudible 00:45:02] side of it because it skews it quite a bit. And he talked about the handle pulls and the time on device, all the different elements that go into it.

In my opinion and, here again, I probably know just enough to be dangerous, but not enough to make a good, intelligent decision on my own. But think about the [inaudible 00:45:25] side when you, when we all were [inaudible 00:45:27], there was no free play. It was pretty black and white. Now, it's free play. It throws another caveat into it, especially if you live where I do, where it is so high.

The free play investment rate is outrageous, but we have to do that to stay competitive. Now, I cut it back almost in half to what it was when I first got there and actually raised [inaudible 00:45:56]. So, that's why I've learned it. I look at numbers from a macro-view on a daily basis, and I see that number going back and forth, and it's relative to our win for the day. But, I'm not that smart. So, I've had people teach me that.

Nick: So, well, the people who are the most humble are usually smarter. [crosstalk 00:46:27].

Tino Magnatta: Yeah, absolutely.

Harold Baugus: The what?

Nick: Your family is deeply rooted in the Maricopa-Phoenix area, how did you get them to move out to California across the country with you? What's your secret sauce?

Tino Magnatta: Very carefully.

Harold Baugus: Well, this is the deal. When I was asked to be CEO... I got married young. Like I said, I was 19. We didn't start having kids until I was 23. So, when I had become CEO in 2005, officially... I was an interim in 2004, but when I became the CEO was 2005, that was my oldest son's... That was the year he graduated from high school. So, he went off to college and then... I guess I was at Gila River 2010, but I was getting close to 50 years old and it was either that or go change another career. There was not another casino in Arizona at the time that really, that had a position, a general manager, or management positions, so I had to go start searching.

It hasn't been easy. It's been tough, to be honest with you. It's just me and my wife. It's much, much harder on her than it is me because, like I said, she has five sisters and three brothers. Her mother and father are still alive here. I lived in [inaudible 00:47:57] for a little, but in this general area, I live here for 51 years. Yeah, it gets a little tough every once in a while.

That's why we were trying to get back to the southwest. We said, "Let's at least try to get back to the southwest where we're at least a day from home, instead of two days." When I was in central Oregon, we would drive every once and a while, flew most of the time, but sometimes we would have to drive for certain reasons, and that was a two-day drive. That was brutal. So, you're two days here. You're two days back. So, four days of just driving.

Here, I can make it from Albuquerque here in about six and a half hours so, it's not easy. It's not easy on my wife. But, you know, I'm 58. I'm not going to change another career right now. Gaming's been very good to us. I'm mentoring in a tribal member right now. I think she's going to be on the show here.

Tino Magnatta: Yeah, she's amazing.

Harold Baugus: She's a lot smarter than I was when I started, I tell you what.

Tino Magnatta: She's amazing.

Harold Baugus: Yeah.

Tino Magnatta: Adrianna [inaudible 00:49:10], right?

Harold Baugus: So, I got about two more years with her, right at two years. She's very good. It's not going to take her long to catch on. As far as intelligent-wise, she knows how to do it. It's more of a day-to-day operations and how you deal with all the situations. So, then I'll be right at 60 years old. I haven't really looked passed. Well, I been looking a little passed that, a little bit. I'll probably try to, and I to say that because every time someone doesn't have a job, they call themselves a consultant, but... I guess I shouldn't have said that. I think I have enough knowledge and experience. I could probably go out and help some people. I stopped trying to get rich a long time ago. All I'm looking for is a good, healthy life where I can help people. So, that's probably what I'm going to do after that. That way, my wife, she gets to come back home and I get to leave every once in a while, go do some work and come back. So, I know that was a long answer to your question, but it's not easy.

Tino Magnatta: No, it's not.

Nick: Nope.

Harold Baugus: When my kids were young, I had an opportunity here in Arizona to go be a general manager at a smaller casino, a real small casino. I couldn't convince them to go. They were in mid-high school. And if they were in high school now, I wouldn't be able to do it. It's tough.

Tino Magnatta: Great, Nick. Thank you so much. Great questions.

Nick: Thanks guys.

Tino Magnatta: Thank you. Yeah, it's tough when you got to move around. This is Tino Magnatta. I have Harold Baugus. Do you have a question for him?

Rogelio: Yeah, hey, it's Rogelio, out in North Dakota.

Tino Magnatta: How are you, Rogelio?

Rogelio: Good, good, good. Hey Harold, how's life?

Tino Magnatta: You were just in Phoenix, right? You were just in-

Rogelio: Yeah, I was there this weekend. I'm also a Arizona native, Harold. So, I know how it feels to go from Arizona to a cold climate because I'm here in, close to Fargo, North Dakota. It's just as freezing.

Harold Baugus: [crosstalk 00:51:26] help you, man.

Rogelio: [crosstalk 00:51:27] melting here. I do got a question about you mentioning going to different places. You mentioned something like about, it says something good, or something good to stay at one location for a long time. But, at the same time, it's not and how you learned something new at each property you went to. I'm starting to see that as well. What was your, I don't want to say favorite, but what was your eye opener, or what was the new thing that you learned by going to a different property that maybe boost your career or opened your eyes more, or just gave you a little bit more experience in your position? Do you have a certain location or a certain something that you really enjoyed learning at a new property?

Harold Baugus: Well, it's like this. Like I said, when I was at Gila River, I didn't start off as a general manager. I learnt from people around me. Like I said, I mentioned John Cirincione while I was in Arizona, I learnt a tremendous amount from him. When you're the CEO of a large organization like that, we have three different casinos, 2,700 machines, and 2,400 employees. So, you're at a very high level of decision making and you don't get in the weeds a lot.

My career was a little backwards. I wasn't in the weeds a lot and I had never been a micro-manager, but... So, you have that overall view. So, when I went to the smaller casino, in some respects, it was actually harder. I was at a small

casino in northern California and, in some respects, it was actually harder because I hadn't worked on all [inaudible 00:53:24]. I was involved in some of the slot machine purchases and some of the other high-level, corporate sponsorships, a lot of those other things.

So, when I got into the northern California, I actually had to start analyzing slot machines. I wasn't very proficient at it and I had to get some help. I knew the basics. I knew the time on device, I knew the point in, I knew the handle pulls, and number of jackpots. I knew the basics, but really getting to understand why am I losing money on a slot machine. You should never lose money on a slot machine, not for a long period of time.

So, I started getting heavily involved. Like I said, it was a smaller casino and I got involved in small promotions and how those small promotions work, what was working and what wasn't working. I had to develop an entirely different mentality that forced me to learn different things, even though it was... especially, the older I get, bigger is not always better. Sometimes, smaller is harder. A lot of times, smaller is harder.

Working there, I learnt [inaudible 00:54:35]. Now, I was very proficient already on the HR side. I was very proficient on the financial side and on some of those other marketing, slot database, I wasn't real proficient in. I still don't do it a lot, but I have a better understanding of what to look for and what not to look for.

When I went to Oregon, it was a little bit bigger property, but also what you learn... And, you're learning this now. I guarantee that you're learning it. You were at Cliff Castle, right?

Rogelio: Yep.

Harold Baugus: Okay. I promise you you're learning this without even talking to you. It's a totally different market. It's a totally different approach. So, it hones your skills to look at different things differently. There's nothing wrong... There's some guys that have been extremely successful at being at places for 10, 15 years. I would never say that, that is a downfall because every individual is different. I think we would all like to stay someplace for all of our career where we wouldn't have to move around and have different houses and this stuff.

Rogelio: Right, right.

Harold Baugus: You're able to look at things differently. Every place that I worked at has been totally different. Now, the operational side is the same, but how you market and how you promote is different to each one of those demographics.

Rogelio: Right.

Harold Baugus: Now, I was completely lost when I got to New Mexico the first three or four months. I was lost. When I saw the amount of free play that was flooding market, it's like, okay. And I took a big risk. [inaudible 00:56:11] said [James Ginny 00:56:12] came over and we sat down and went over this and went over this. And then, not too long after I got there, I had a director Mark [inaudible 00:56:19]. And we bowled this over and we made some mistakes in the beginning because you can only buy business for so long.

That's what everybody in that market was trying to do. We created a different point structure. When you're having problems like that, it forces you to go out and look at every single aspect. Now, I'm not saying that the Phoenix market is easier, but you have more there. I'm not saying that San Diego or Portland market is easier, but when you make more money, it covers up a lot more mistakes. When you make less money, you can't cover nothing up.

I'm not trying to cover up anything. I'm just saying they're exposed more. I mean, if somebody's ever on the edge of saying, "Well, should I go out and look for something different?" I would just say, from a learning stand, especially if you're young, from a learning standpoint, because now you're able to approach situations differently.

I draw from Arizona. I draw from California. I draw from Oregon when I'm dealing with issues and New Mexico. So, that's kind of what I mean by that. But, by no means would I ever say that it's wrong for someone to stay forever because it's not.

Rogelio: Right. Yeah, no, I totally understand that. The market is completely different everywhere you go sometimes, so. I don't know if I have time, let's see, another question-

Tino Magnatta: Yeah, you have time for one more.

Rogelio: Okay. I know there's a lot of people out there that seen their fair share of construction and renovations, whatnot. We went through one here. It's funny. I just asked this question to a fellow coworker or at a business meeting or something. What what was your construction nightmare? Or, what was your biggest hurdle in construction or renovation, and how did you, if you don't mind sharing that, how did you get over it?

Harold Baugus: One of the biggest problems that we had when we started is we didn't have as-builts. When we started peeling the walls back, we found a lot of things. The building was built in 2000. So, one of the things we started, peeling the walls back, is a lot of... One, is we didn't have as-builts and we tore up a few things until we could figure it out a little bit better.

Also, one of the biggest problems that you find, that we're finding is, construction codes change. So, if you haven't done anything in 20 years, those

construction codes aren't totally different, but there's a lot of difference. One of the biggest issues that we're dealing with right now is seismic restrictions, earthquake restrictions. So, there's some things that we are doing and we're not doing it because we didn't factor those costs in.

For instance, ceiling tiles. We're having to go in and spend, in some cases... Well, one thing I'm not going to do is I'm not going to make a decision on the casino floor because if I have to go and change the casino floor, it's going to cost me an extra half a million dollars. Because to meet the seismic codes now, if I don't take them down, then I don't have to do it.

We had some other fire codes that have changed. So, when you start peeling those walls back, you have to start putting more fire protection. It's safety of the people. I have no problem with that. But that's one of the major problems that I'm fighting with an older building. When you start peeling those walls off, you have to have them inspected before you can put them back up. What's happening is, you did some cost back there. You couldn't factor in because you didn't know what was back there.

So, my recommendation to anybody is make sure that you have a bare contingency just on code requirements. Everybody is getting more and more restrictive on code requirements, following them. The [inaudible 01:00:29] has their own code officer and he's very restrictive, which I don't blame him. I have no problem with that, but it is affecting our budget considerably.

Tino Magnatta: Great. Thanks so much.

Rogelio: Yeah, no problem.

Tino Magnatta: Thanks so much, Rogelio. Appreciate it.

Rogelio: Yep.

Tino Magnatta: I think we have time for one more. Let's try it.

Harold Baugus: Sure.

Tino Magnatta: Hello, this is Tino Magnatta, do you have a question for Harold?

Nancy: Yes, my name is Nancy. I'm actually calling from Albuquerque. I was just wondering with Albuquerque being such a competitive market with so many casinos in the area, what do you feel is the biggest advantage from [inaudible 01:01:12]. Or, just advantage.

Harold Baugus: The disadvantage first is, what I'm finding in Albuquerque is, everybody says we're so far away. I grew up in the Phoenix market. [inaudible 01:01:31] for quite a while. The traffic is not as near as fat in New Mexico as it is in any place.

That's one of the biggest stigmas that we face. [inaudible 01:01:44] too far, we don't want to go. And we're also dealing with some traffic issues. What part of Albuquerque are you from?

Nancy: I'm actually northeast.

Harold Baugus: Okay. So, right there on the 25 from Gibson all the way through Rio Bravo up to where we're at, traffic's been... They've been working on that exit for two years now. I think they have another year or something like that. So, when you come to us in the evening, if you're coming that way in the evening, right in front of our casino, which is a good thing. 17,000 cars pass a day and about 25,000 to 35,000 on a busy day, put down 25,000.

So, traffic's hurting us and people, there's a perception. Too far out there. I don't want to go out there. [inaudible 01:02:36] disadvantages. They have a lot of casinos. It's pretty unrestrictive. We built our renovation and I didn't have one slot machine. I didn't need slot machines.

Our advantage is going to be, one is, we're right in the middle of developing our customer service. You're from Albuquerque. You know it's a very relationship demographic which is a very good thing. So, one of the things that we're working on tremendously is to enhance our customer service program and then also enhance our product.

We're going to have a product that's not going to be any place in New Mexico. Which, it doesn't sound like a lot. I know they put Five Guys in there. Five Guys is pretty common, but Fatburger's not. I think once we get that promoted, we get that our there, people are really going to draw to that.

We've got just about every amenity that you could possibly imagine. We have the lakes. We have the RV park. We have all that there. I still say there's nobody in the southwest that has as many amenities that we have. Then, what's going to be our big, big advantage, is once we get, add a new slot system in September, to be able to reward every point of sale. Wherever there's a point of sale, we're going to be able to reward anybody over 21.

And we struggle because everybody else... You can drive by Santa Ana Star, but you have to drive to us. If you're familiar with that area, if you're northeast, okay, so, Bernalillo. You go down by Santa Ana Star, even though they're dealing with traffic issues too. So, I think our advantage is going to be the fact that that we're going to have just about every amenity that you could possibly imagine. We're looking at some future things that haven't been announced yet. But, we're not finished. Like I said, we won't be finished with this renovation and we're going to have some things that New Mexico has never seen, or the Albuquerque market's never seen.

Nancy: Oh, that's wonderful. I look forward to any announcements or anything that you guys advertise for the projects you guys are working on, and I appreciate your time Harold, thank you.

Harold Baugus: Thank you.

Tino Magnatta: Thanks, Nancy. Appreciate it. Harold, it's been fantastic. You've been great on the show. Got some great stories and a perfect example of how you can make your way to the top and still work hard when you get there and do great things. So, I appreciate you being on the show and looking forward to having you back on.

Harold Baugus: Okay. Appreciate you having me.

Tino Magnatta: Thanks Harold. Have a good night.

Harold Baugus: Thank you.

Tino Magnatta: Bye bye.

Harold Baugus: Bye bye.

Tino Magnatta: Great interview. So, next week, I think it's Monday. I have Henry Childs. He's the GM of Desert Diamonds, again, in Phoenix. It's going to be fantastic. Can't wait to have him on. Him and I had a long conversation about tribal gaming and succession, and all that stuff, so. It's going to be fantastic. Remember, everybody's got a story to tell. You just have to have time to listen. Have a great night everyone. We'll see you on Monday.

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