

**Headline News:**

**11/27/12:** Gun Lake casino increases revenue-sharing payments  
([www.grbj.com](http://www.grbj.com))

**11/24/12:** ND tribe selects firm for refinery construction  
([wahpetondailynews.com](http://wahpetondailynews.com))

**11/19/12:** Shakopee Mdewakanton Extend \$48 Million Loan to Lower Sioux Indian Community  
([www.pechanga.net](http://www.pechanga.net))

**11/19/12:** Calif. Governor Brown Signs Compact with Shingle Springs Band of Miwok Indians  
([www.californianewswire.com](http://www.californianewswire.com))

**11/13/12:** Viejas tops off five-story hotel project  
([www.utsandiego.com](http://www.utsandiego.com))

**11/05/12:** Lansing casino moves closer to reality  
([www.grbj.com](http://www.grbj.com))

## Looking Forward - Key Themes for 2013

by William Crader

While concerns around the “fiscal cliff” will dominate headlines and the business environment from now until the beginning of 2013, other important factors will also play a key role in Indian Country finance in 2013. As financial advisors to tribes and their enterprises, TFA is always looking forward in an attempt to assess how these factors will impact tribes so that we may better serve our tribal clients. We hope this month’s newsletter provides a catalyst for being proactive in assessing your financing needs.

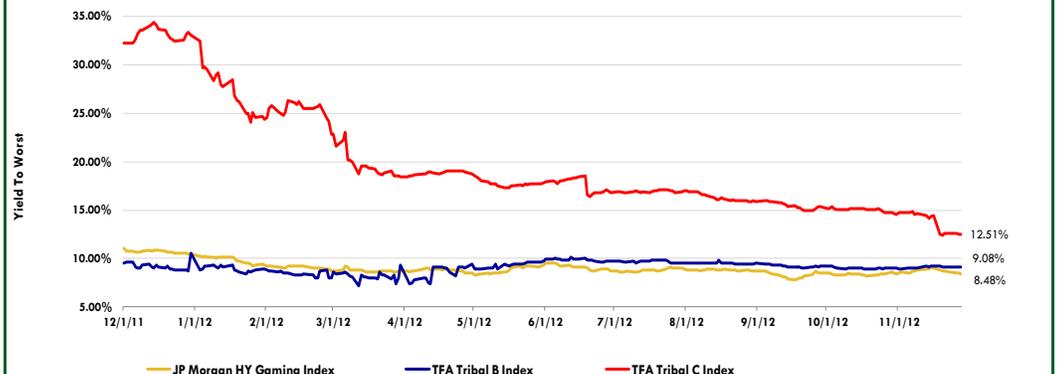
**THE FISCAL CLIFF.** With respect to the fiscal cliff (which we addressed in-depth in our November newsletter), uncertainty regarding its resolution is clearly having an impact on debt and equity capital mar-

kets. Although the presidential election has cleared up who the players will be in this drama, the electorate provided no clear mandate as to how to resolve the country’s budgetary problems. Consensus is that the capital markets will eventually provide the final catalyst for resolution, as politicians likely do not want to be held responsible for deterioration of the capital markets and the potential descent of the U.S. economy into a “double-dip” recession.

As long as the uncertainty of the impact of the fiscal cliff looms, on the margin we believe riskier projects (like early-stage economic diversification efforts or greenfield casino developments) are going to be more challenging – or at least

*(Continued on Page 2)*

### TFA Index Chart: A Comparison of HY Bond Interest Rates



Source: Wall Street High Yield Research  
Notes: Yield to Worst represents the current average interest rate on bonds that comprise each index. Composite Gaming Index represents the average market interest rate of over 80 corporate and Tribal high yield gaming issues



(Continued from Page 1)

more expensive – to finance. That said, commercial banks are still looking to put money to work, and if your credit story works (around 2.5x leverage with stable cash flows) this is still a great time to aggressively get a more borrower-friendly financing in place.

Working under the assumption that the politicians are, however, able to reach a working compromise, we suggest the following factors will play key roles during 2013:

**TRIBAL GAMING – CONTINUED FOCUS ON COMPETITION AND CONSUMER SPENDING.**

Gaming in U.S. locals markets has for the most part matured and investors and commercial lenders will continue to focus on how competition and consumer spending impact Tribal gaming operations. In addition to understanding the impact any new competition has on existing gaming operations, lenders remain diligent in evaluating the strength of the local economy and consumer spending in determining what financing options are available to Tribes and their gaming enterprises.

**STRONG INVESTOR APPETITE.** Offsetting property-specific performance will be investor and lender appetite for yield. Consensus thinking is that the low interest rate environment will persist through 2013. That “technical” factor, coupled with a lack of quality investment opportunities in the market should translate to a strong borrowing environment for Tribal entities seeking to either refinance existing debt or access capital for new economic development projects.

**DIVERSIFICATION.** We continue to see strong interest from Tribes in pursuing economic diversification strategies and obviously are enthusiastic about helping Tribes achieve their goals. We believe 2013 may see some interesting activity around economic diversification efforts with the possibility of utilizing TEDB, the BIA (IEED) loan guarantee program and other creative financing solutions to finance these opportunities. Having a solid plan in place and making sure a project is financeable and economically viable for a Tribe continue to be key components for success in this area.

We look forward to working with our tribal clients in 2013 and are excited about the opportunities we see in Indian finance in the coming year.

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