

Headline News:

11/25/13: Group Opposed to Station Casino Project Qualifies for California Referendum
(reviewjournal.com)

11/22/13: Tribe Looking at Expansion of Casino Complex
(seattlepi.com)

11/18/13: New NIGC Acting Chair on His Work, IGRA, Bay Mills and More
(indiancountrytoday.com)

11/10/13: Indian Revenue Up, Non-Indian Down in Alabama Gaming
(gadsentimes.com)

11/7/13: State Senate Ok's Mashpee Compact
(capecodtoday.com)

11/4/13: Report: Sales Up at Tribal Casinos in Weak Economy
(businessweek.com)

Let's Do Lunch

by Kristi Jackson

We recently completed a financing for a Tribe that was coming from an all-bond capital structure to one that was all-bank. They were used to having lots of investors, never seeing them, never meeting them, and, hoping that they didn't need anything from them until maturity or repayment. The lender relationship with an all-bank investor group is completely different, as many Tribes that have been through this evolution have learned.

Banks will visit you - and frequently. They want to know you - management and council. Often, there can be so many meeting requests that a Tribe can feel overwhelmed with scheduling them all. Our advice - rooted in years of experience - take them up on the offer of the meeting - it will be

worth it.

Banks offer very low borrowing rates generally. The reasons are many. All stem from the concept that the banks will take the least risk of all possible investors. They are typically in the first priority position - if there is a hiccup in cash flow - banks will be repaid first. They maintain a tight monitoring of operations - they test covenants quarterly (or more frequently). They want to really know their borrowers.

When considering a new lending relationship, bankers will most always travel to meet with the prospective client at their place of business. This is two-fold - they want to understand the operation and they want to personally meet the management and the owners.

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TFA will be presenting at the Northwest Gaming Law Summit - December 12-13



Please let us know if you will also be in attendance and would like to set up a meeting with TFA.

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For Tribes, this usually means meetings with the Tribal Council. In most banks case, this on-site meeting is a prerequisite to closing any loan.

This type of close relationship can appear burdensome at first. If you are putting together a new deal and there are several prospective lenders - meeting with all of them can certainly de-rail you from your day job.

We have seen the time a Tribe spends knowing its banks pay off handsomely. This is typically borne out when an amendment is needed. Having a group of lenders that know you and like you can result in a less-painful and less-expensive process.

The stronger the relationship a borrower has with its bankers, the more likely bankers are to respond supportively when you need them. Tribes who have invested in strong banking relationships often can approach their lender group with amendment requests and obtain them at significantly less cost or no cost at all. These requests can range from going over budget on a construction project, allowing for covenant relief when financial ratios are tight, or removing certain re-

strictive covenants. Bankers approved amendments - some were offering significant changes - at no charge. While tough to measure the true cost of investment which include meetings, hosting dinners or inviting banker to tour their facilities - building a strong relationship with your core lenders can be very beneficial (banks benefit too by knowing their customer better, which mitigates their lending risk).

We compare this to the typical response that bond investors offer when a borrower asks for an amendment or a consent to a change in a deal - how much of a fee are you offering? In many cases, institutional investors will ask if a fee is involved before they even hear the request.

While we aren't suggesting that every borrowing Tribe throw a party - we do highly recommend that Tribes invest the time in meeting with their bankers. Agreeing to meet with them for lunch at a conference, play golf at a convenient spot, or arranging for a meeting with Tribal Council all can offer the same result.

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