



TFA
Monthly
Newsletter

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IN THE NEWS

Strike While the Iron Is Hot – A Borrower’s Market

By David Howard

Banks’ appetite for Native American gaming loans is very robust right now and that’s good news for tribes looking to embark on a new casino property, expand an existing property or just refinance their casino related debt.

While the depth of lenders participating in lending to Native American gaming operations has never been as deep as the commercial gaming market, by 2008, we estimated it peaked at 18-20 financial institutions that regularly participated in Native American gaming loans. Then the financial crisis of 2007 to 2008 happened and by 2009 many lenders completely exited lending in Indian Country. Most of the financial institutions were foreign banks that had over-extended themselves in all

areas of gaming and real estate loans. They vanished along with several conservative US banks who decided to sit on the sidelines and see how things played out.

In 2010, we felt there were only about 8 or 9 stalwarts that remained committed to Indian Country. These institutions stuck with the tribes and were rewarded as their Indian gaming portfolios grew. Their loans were conservative, and their returns were strong. Over the next several years, many of these banks witnessed better performance in their Native American portfolio than their commercial gaming portfolio. These banks now have a 25-year history of lending to Native American tribes and numerous lessons have been learned. Having seen how well tribal

Jicarilla Apache Solar Farm To Empower Albuquerque’s 100 Percent Clean Energy Mission

6/8/19 – NativeBusinessMag.com

Mohegan Gaming Assumes Control Of Two Canadian Casinos, A Step Forward In Its International Expansion

6/12/19 – NativeBusinessMag.com

Danger, Danger

6/18/19 – GGBMagazine.com

Pueblo Of Laguna Plans \$55 Million Investment In Racetrack In Kentucky

6/18/19 – Indianz.com

San Manuel Lays Infrastructure For Tribal Housing On Mountainous Reservation

6/20/19 – NativeBusinessMag.com

Trump Nominates New Leader For National Indian Gaming Commission

6/25/19 – Indianz.com

The Muscogee (Creek) Nation Is Thriving Making \$1.4B Annual Impact In US, \$866M On Oklahoma

6/27/19 – NativeBusinessMag.com

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gaming performs in all phases of the business cycle and their respective competitive environments, most banks have subsequently shifted their portfolio mix to be more heavily weighted to Native American gaming loans.

Fast forward to today. We feel that the number of banks wanting to participate in Indian gaming loans has returned to the pre-2009 peak. We have been fielding more and more calls from lenders wanting to look at deals coming to market. These are primarily US-based banks. We attribute this to a couple of factors: 1) several bank officers with Native American lending experience have switched jobs and have shared with their new institutions the strengths of lending in Indian Country; and 2) regional banks that previously only operated in their state and local region have expanded their geographic footprint.

More banks mean more competition which means better deals for tribes. Presently, we are seeing

better interest rate spreads and terms being offered to tribes looking to raise new capital or simply re-finance. However, a strong borrower's market does not imply narrow focus on loan pricing (interest rate and amortization/principal repayment). Banks are being more creative about structure and use of proceeds. The state of the lending market is strong right now. It's a good time to be a borrower!

Whether it's a complex project financing or a very simple transac-

tion, TFA has been working with tribes for over a decade to obtain deal terms that work best for them. We also have strong relationships with lenders which translates to a more efficient execution process. Call us today to discuss your financing or strategic advisory needs!



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