

Selecting Your Financing Team

Find the Dolphins, Avoid the Sharks

Gavin Clarkson, Assistant
Professor

University of Michigan

School of Information

School of Law

Native American Studies

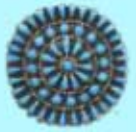
Lessons from a Makah Friend

When You Are Heading Into Deeper Water

- Dolphins are good



- Sharks are bad



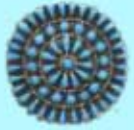


How to Find Dolphins

- Make firms compete for tribal business
 - Law Firms
 - Financial Partners
 - Investment Banking
 - Commercial Banking
- Request for Proposal (RFP)
 - Multi-faceted evaluation
 - Lowest price not always the best deal
 - Good firms not afraid of competition

Hire a Dolphin Finder

- Important to Align Incentives
- Hire Financial Advice to help with RFP
 - Financial Advisor
 - Fixed fee or retainer arrangements
 - Not part of underwriting team
 - Co-manager
 - Receives part of the placement fees
 - No additional cost to the tribe
 - Co-manager is part of the underwriting team
 - Law firm can assist with RFP
 - Fixed fee or retainer arrangements are preferable
 - Avoid open-ended fee arrangements
 - Can be very expensive for the tribe





Not All Lawyers are Sharks

- Choose from multiple firms
 - Evaluate expertise and check references
 - Spread tribal legal business between at least two firms
 - If tribe needs to fire one law firm, the other can pick up the slack until tribe selects a replacement
- Get estimates of projected fees for legal work
 - Much, but of course not all, legal work is repeatable and therefore somewhat predictable
 - Avoid being a cash cow
- Critical to have an expert in Indian Law
 - May be from an other firm
- Limit lawyers to providing legal advice
 - Getting business advice from your lawyer is like getting medical advice from your plumber



Finding the Finance “Flipper”

- Send RFP to several firms
 - Depending on size, include commercial banks
- Evaluate experience inside and outside of Indian Country
- Rigorously examine proposals
 - Use hired financial advisory help
- Placement fee only part of expense
 - Split of legal fees
 - Expenses
 - Don't let them keep the Town Cars idling
- Harder to fire an investment bank than a law firm, so choose carefully

Additional Resources

<http://www.tribalfinance.org>
tribalfinance@gmail.com

