

## Profile: Iipay Nation Leader Helps Modernize Reservation

**Johnny Hernandez** had no intention of becoming involved in politics when he retired and moved back to the Santa Ysabel reservation after more than two decades working for Pacific Bell.

He wanted to return to the land nestled in the hills above Julian where he grew up, where the landscape is beautiful and life is quiet.

But the people of the Iipay Nation of Santa Ysabel had a different idea. They soon nominated him to run for Tribal Chairman, and he was elected in 2002 to a four-year term. He's since been elected two more times and will serve as Chairman until 2010.

He agreed to serve because it's an honor, he says.

"I do this for our future, for the kids and the elders," explains Hernandez. "Our people suffered so much for us in the past, I feel it is my duty to help keep Santa Ysabel alive."

The tribe also needed help. When he became Tribal Chairman, there was little economic development on the reservation because the tribe had declined to participate in the original 1999 gaming agreement between the State of California and several California tribes. Reservation infrastructure was better than when Hernandez grew up—without running water, indoor plumbing or electricity—but still needed modernization and improvement.

Hernandez and the Tribal Council tackled several projects, including paying down delinquent debt with the help of tribe members, overhauling the domestic



"You have to look to the future and keep moving forward," says Tribal Chairman Johnny Hernandez.

water system and installing electrical infrastructure across a wider swath of the 15,000-acre reservation. They also passed a new tribal constitution after four years of hard work.

Most importantly, Hernandez and tribal council members secured a gaming agreement that allowed the tribe to build a casino. Because it was not part of the 1999 pact, Santa Ysabel was only allowed to have 349 slot machines in its casino, instead of 2,000.

The 39,000-square-foot casino, which resembles a mountain lodge, opened in April 2007. It sits atop a plateau and features a sweeping view of Lake Henshaw. The casino employs 150 workers.

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## Notes

Every day brings a new headline about turmoil in the financial markets and its ripple effects throughout the economy. The availability of capital and tightening credit are perhaps the most worrisome issues for businesses and tribal entities.

During this unsettling economic period, Union Bank is in an excellent position to meet our clients' needs, as well as those of tribal communities. The bank's credit quality remains high—in large part because we did not engage in subprime lending practices—enabling us to focus on other priorities, including our commitment to provide the high level of service our customers have come to expect from us.

You have our commitment that we will continue to facilitate financing for high-quality projects during this market disturbance. We look forward to working with you and helping to meet the needs of your communities.

A handwritten signature in black ink, appearing to read "Paul Lindsay".

Paul Lindsay  
Senior Vice President  
Government Markets



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## Bishop Paiute Tribe Partners with State of California

The first ever Department of Motor Vehicles office has opened on Native American soil, the result of a special partnership between two government entities.

The Bishop Paiute Tribe constructed the new 4,150-square-foot building in Bishop, Calif., to meet the needs of the State of California's Department of Motor Vehicles, which had struggled to find a suitable site in the area.



The new DMV building stands ready for its first clients.

The Tribe owns the land and the building, while the DMV holds a 10-year lease with a 10-year extension option. The new facility is nearly four times the size that it was in its previous location and was officially dedicated in a grand opening ceremony in March.

"This was a joint government effort to serve a local community that happens to

include a tribe," says **Glenn Hall**, Chief Executive Officer of the Bishop Paiute Tribe. "It's an excellent example of how a community benefits when government entities cooperate."

Usually, the DMV works with commercial property developers or private landowners when constructing a new building, says **Genevieve Agustinez**, DMV Facility Leasing Unit Manager.

"It's an exciting project for the DMV," she says. "Working with a sovereign nation was not a traditional approach. There was a lot of learning on both sides, and it ended up being a good project for both parties."

Union Bank of California provided a \$1.2 million loan to help the tribe fund the construction of the building. "Union Bank was instrumental in helping us obtain the money we needed for the project," Hall says.

Union Bank previously facilitated a loan in 2003 to help the tribe construct a commercial building that is now leased to the Bureau of Land Management and the U.S. Forest Service.

The Bishop Paiute Tribe has been a Union Bank client since 2000, says **Susan Hale**, Vice President and Relationship Manager, Native American Markets.

"We were happy to help facilitate these

historic partnerships among government entities," Hale explains.

Features of the new DMV facility include a carport to keep customers and DMV vehicle examiners protected during



Left to right: Michael Marando, DMV Deputy Director of Communications; Lori Lopez, Bishop Tribal Human Resources Manager; George Valverde, Director of California's DMV; Teri Cawelti, Bishop Economic Development Corporation Board Member; and Tilford Denver, Former Bishop Tribal Chairman. (Photo by Gene Burke)

inclement weather, a special motorcycle skills testing area and plenty of parking spaces for customers.

The new building had a special significance for the DMV's Agustinez, a Navajo. "It's wonderful to see the state and the Bishop Paiute Tribe working together in an enterprising way to meet the needs of the local community." ■

## Safeguarding Tribal Finances

As tribes continue to grow and prosper, the collateralization of Native American tribal funds is increasingly becoming the subject of conversation for financial officers.

"In my discussions with tribal executives, collateralization is a hot topic," says **Michael Ferrara**, Union Bank of California Vice President and Relationship Manager for the Native American market.

He explains that collateralization ensures the safety and security of tribal funds deposited with a banking institution. In other words, the bank sets aside securities to cover the amount of money deposited by the government entity.

In case of a bank failure, the Federal Deposit Insurance

Corporation (FDIC) will honor properly executed collateralized agreements. But if funds are not collateralized, the FDIC will only protect up to \$250,000 per depositor.

Many auditing firms suggest that tribal governments follow Governmental Accounting Standards Board (GASB) guidelines, which require disclosure in financial statements if government deposits are not collateralized or insured.

"It can be a significant issue," says **Randy Finden**, GASB project manager. "There have been instances when local governments lost monies when a bank failed."

Union Bank's Ferrara explains that his company offers collateralization for tribal government funds and casino funds

# ■ ■ ■ Save Money and Improve Operating Efficiency with Remote Deposit

There's a new, innovative and safe way for Native American enterprises to quickly deposit checks and eliminate the need to physically visit the bank. Remote Deposit is a Web-based application that gives Union Bank's business customers the ability to scan checks and electronically submit the images as deposits using a bank-approved scanner.

This capability is particularly advantageous to Native American enterprises in locations where visiting a bank branch is time consuming and daily armored transport services may not be available.

"This service works well for health clinics, casinos and other tribal entities that accept checks," says **Michael Ferrara**, Union Bank's Vice President and Relationship Manager for the Native American market. "The benefits of Remote Deposit include faster access to funds, reduced costs related to check handling, and automated updates to the customers' receivables systems."

Remote Deposit can also help business customers with multiple locations consolidate their banking relationships, as well as handle cash management transactions electronically.

"The bank is committed to providing quality cash management products to meet the needs of our customers," says **Paul Lindsay**, Union Bank's Senior Vice President of Government Markets. "Remote Deposit is just one example of the bank's investment in new technology to accommodate our customers' needs."

Union Bank also has a dedicated support team to help customers set up the equipment as well as to teach users how to operate the systems via telephone, Web-based or in-person training sessions. ■

## How Remote Deposit Works



- 1 **Scan.** Up to 90 checks can be scanned per minute—anytime, day or night.
- 2 **Review.** Check images are recorded and data is collected for review, revisions, approval and submission.
- 3 **Submit.** Deposits are transmitted securely to Union Bank via the Internet. You will receive online confirmation of the transmission time, deposit amount and item count.

to help assure tribes their financial assets are safeguarded. In fact, the bank has extensive experience providing a safe place for government funds at both the local and state level.

The Agua Caliente Band of Cahuilla Indians collateralizes most government funds in cash deposit accounts—a tribe policy, says Chief Financial Officer **Max Ross**.

"The Tribe maintains a portion of cash in bank deposit accounts that may at times exceed federally insured limits," he says. "The Tribe primarily mitigates this credit risk by having the financial institutions collateralize deposits with government securities and by maintaining deposits with financial institutions with high credit ratings." ■

"The Agua Caliente Band of Cahuilla Indians collateralizes most government funds in cash deposit accounts—a tribe policy"

Max Ross, Chief Financial Officer



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## Meet the Team

Union Bank of California has worked with federal, state and local governments since the early 1990s. Today, the bank's Government Markets team also maintains a specialized group dedicated to serving the needs of Native American governments as they seek to generate revenues, diversify economic activities and develop reservation infrastructure.

To help tribes meet these objectives, Union Bank offers cash management, commercial and tax-exempt lending, Bureau of Indian Affairs loan guarantees and electronic delivery of TANF benefits. For more information, please contact one of the following team members:



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## Profile

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The going has not been easy, however. When the casino opened, a major fire nearby shut the casino for 15 days, followed by floods and high winds. The casino's small size and remote location are another challenge.

"We survived, and we're improving all the time," Hernandez says. "There is light at the end of the tunnel. Every month, every day it gets better."

To secure its financial future, the tribe is also studying energy, rock quarry, bottled water and horseback riding ventures.

The lipay Nation also wants to develop a hotel and RV park to support the casino, which the tribe envisions expanding one day.

"Times change, and you have to change with them," Hernandez says. "You have to look to the future and keep moving forward." ■