

What should you be looking for when selecting your Independent Director?

Market fluctuations have changed the capital financing landscape and financial structures are becoming more sophisticated and complex. The role of the independent director has evolved as well from the proverbial rubber stamp to providing a high level of expertise and playing an integral role in your transaction's success. Quality independent directors are approaching transactions with greater financial and corporate governance knowledge than ever. The question is, how do you know if your independent director provider has risen with the times?

Following are three actions that could positively impact the caliber of your independent director, and ultimately, the success of your transaction.

Quality



Choose quality over cost. There is something to be said for value, but could it come at the expense of experience and integrity? Professionals who serve as independent directors should show a high degree of engagement and have a financial background enabling them to read, interpret, and understand financial statements and operating agreements. They should be well connected with legal and accounting communities and use them as resources when needed. The independent director should have efficient Know Your Client (KYC) procedures in place that validate participants in the transaction and reduce involvement with bad actors. While regulated firms are required to have disaster recovery policies and procedures that are designed to protect the transaction, there are other firms that may not have those safeguards in place.

In the end, it just may be worth the peace of mind that comes from paying for a quality partner.

Experience



- Ask the important questions up front. Ask about the company experience. A credible firm will openly share their voting experience as independent director related to bankruptcy and material actions.
- Know the bench strength of the team. Being in the middle of a high-value sale, merger, or bankruptcy is no time to find out that the provider's team does not have the depth of expertise to provide additional directors if the transaction requires them.
- Inquire about the worst-case scenario—what happens if the deal fails? For example, can your independent director provide additional resources to assist with liquidation or bankruptcy?
- Understand if the independent director role is provided by internal staff or if the function is subcontracted outside the firm. If subcontractors are used, do they have the necessary credentials and experience?

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A relationship
focused
service
provider



Form a relationship with a provider who can do more for you and your clients. Independent director services are typically one role offered amongst an array of corporate governance and accounting and administration solutions, which can work in tandem on the same deal or be commissioned separately. Some firms offer these services, however, long term it could be much more beneficial to find a strong partner that can provide these services as well as those that expand outside of directorship including trustee, indenture trustee, paying agent, collateral agent, and escrow agent.

Please contact one of our team members to schedule an appointment to discuss your next deal or opportunity.



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Whether you are structuring commercial real estate financings, project financing arrangements, collateralized debt obligations, or securitizing assets, you need a provider who is knowledgeable, reliable, and accessible. Wilmington Trust is a nationally recognized provider of these services and has the knowledge, expertise, and capacity to execute even the most complex transactions and financial structures.

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