

Wyoming Interagency CRA Officer Roundtable

May 25, 2023

10:00 – 11:30 am MT

Virtual session



Welcome and Overview

Ariel Cisneros, Senior Advisor

Federal Reserve Bank of Kansas City, Denver Branch



The information, analysis and conclusions set forth in this presentation represent the work of the authors and do not indicate concurrence by the Board of Governors of the Federal Reserve System, the Federal Reserve Banks, FDIC, OCC or their staff or its Board of Directors.



Welcome and Overview

CRA and Leveraging Native CDFI Opportunities in Wyoming

Small Business: Wyoming Smart Capital Network

Small Business: Updates from the Wyoming Business Council

Dialogue with Presenters and Participants

Closing Remarks and Adjourn



Fortifying the Indigenous Finance Industry

Paul F. Huberty, Executive Director
Marie Mellick, Senior Loan Officer

Organizational Profile

- Located on the Wind River Indian Reservation
 - Home to the Eastern Shoshone and North Arapaho Tribes



- Chartered under the Eastern Shoshone Tribe (2001)
- 501c3 Tax-Exempt Organization
- Native-led board and organization



Paul F. Huberty
Executive Director
White Earth Band of Ojibwe



Marie Mellick
Senior Loan Officer
Coeur d'Alene



Erika Yarber
Director of Development
Northern Arapaho



Shila Kaze
Office/Building Manager
Northern Arapaho



Cora Lamebear
Accounting Associate
Northern Arapaho/Cheyenne

Organizational Profile

- Certified Native Community Development Financial Institution (“Native CDFI”)
- 1,385 CDFIs in the US, but just 64 (4.6%) are Native CDFIs serving Indian Country¹
- **WRDF is the only Native-CDFI in all of Wyoming**

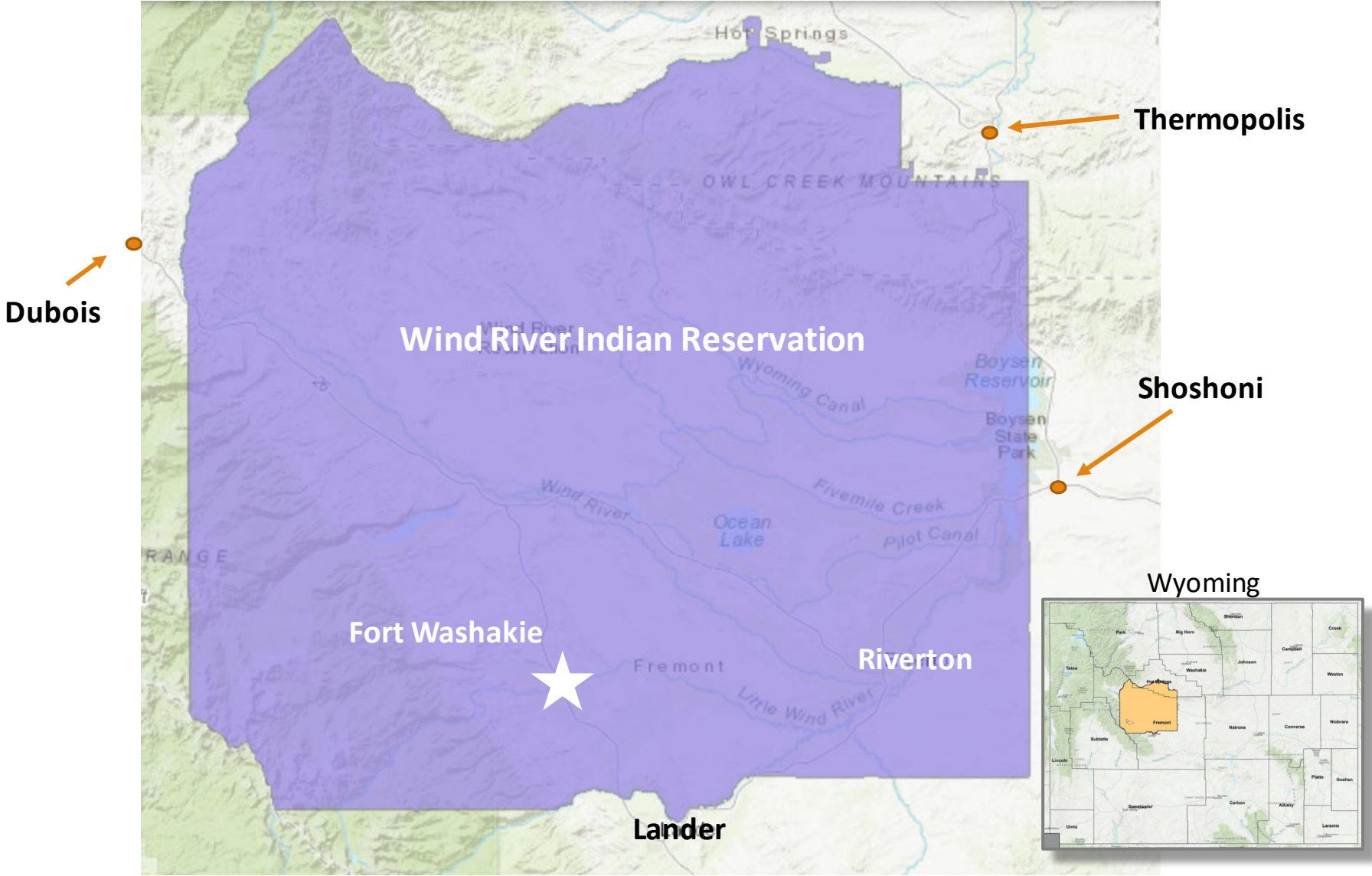


¹ Source: CDFI Fund's 2022 Financial Report, US Department of the Treasury

Our Purpose & Passion

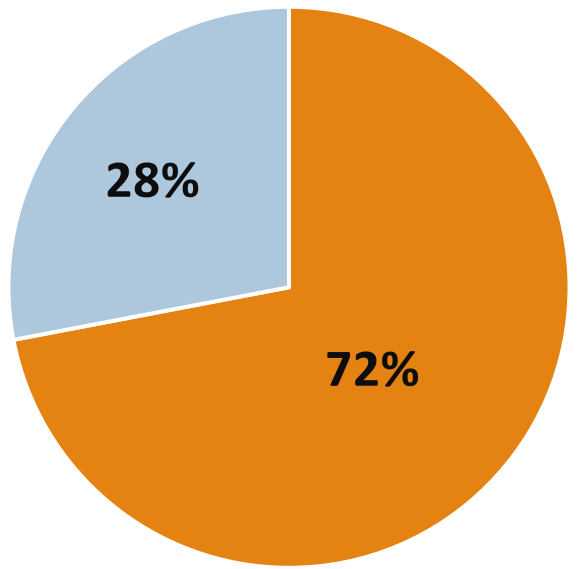
- Leverage our in-depth understanding of the Reservation, native people, traditions, unique challenges and barriers, and the effects of historical trauma.
- Provide indigenous-based training and technical assistance
 - Financial literacy, credit coaching, business planning, entrepreneurship, and homeownership
 - Collaborative partner with Wind River Startup Challenge
- Attract and deploy lending capital to the Wind River Indian Reservation, spur economic development, and **build inter-generational wealth.**

CDFI Fund "Target Market"



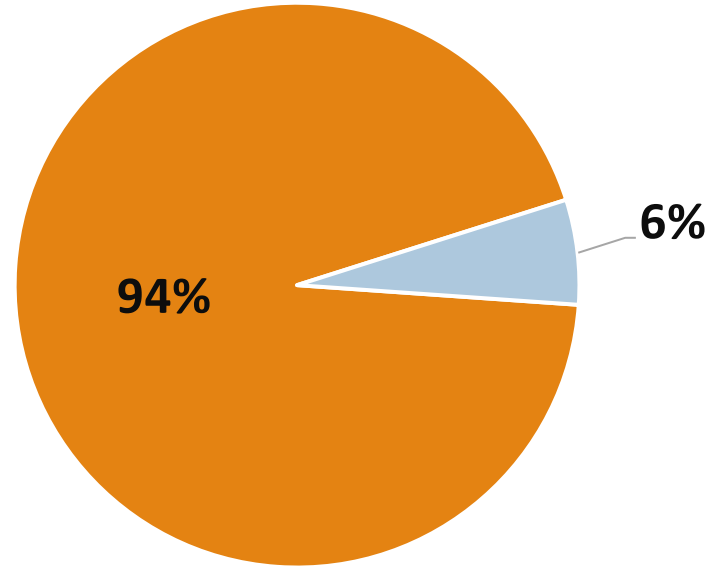
Loan Portfolio: 20 loans / \$1.6 million

Loan Distribution, \$



■ Native ■ Non-Native

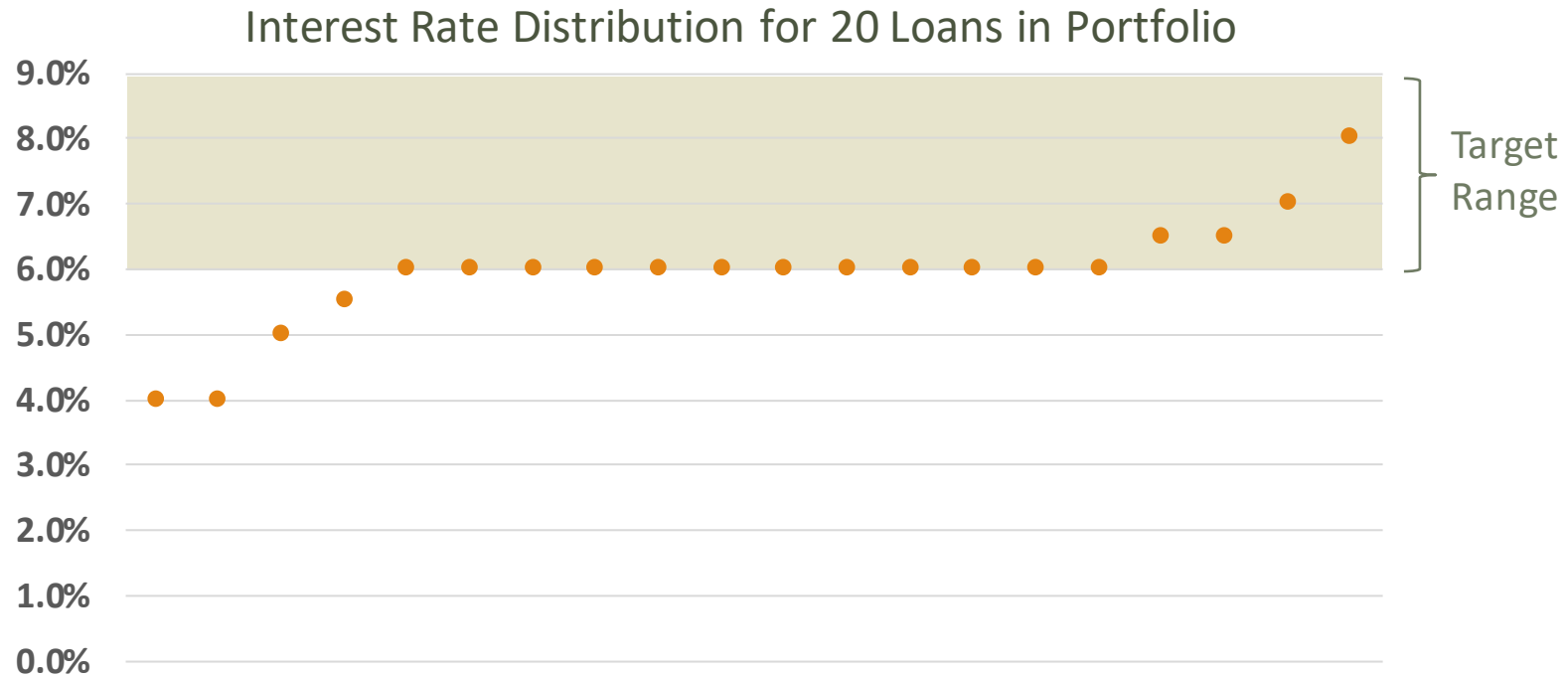
Loan Distribution, \$



■ Target Market ■ Out of Target Market

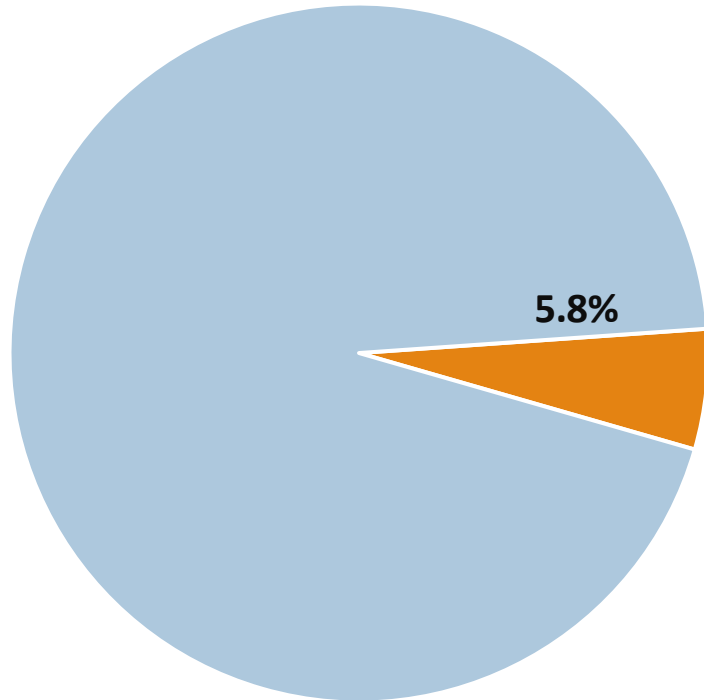
Competitive Interest Rates

- While serving a “higher risk” client base, WRDF offers capital at competitive market rates.



Managing Risk Through Relationships

Percentage of Loan Portfolio at Risk



Total Portfolio Balance of \$1.6 million

Defined as more than 60 days delinquent, as of 5/16/23

Building Intergenerational Wealth

Wealth provides people with five key functions:

- Resilience
- Investment in mobility
- Intergenerational support
- Mental and physical well-being and quality of life
- Ownership, voice, and control over assets and institutions.

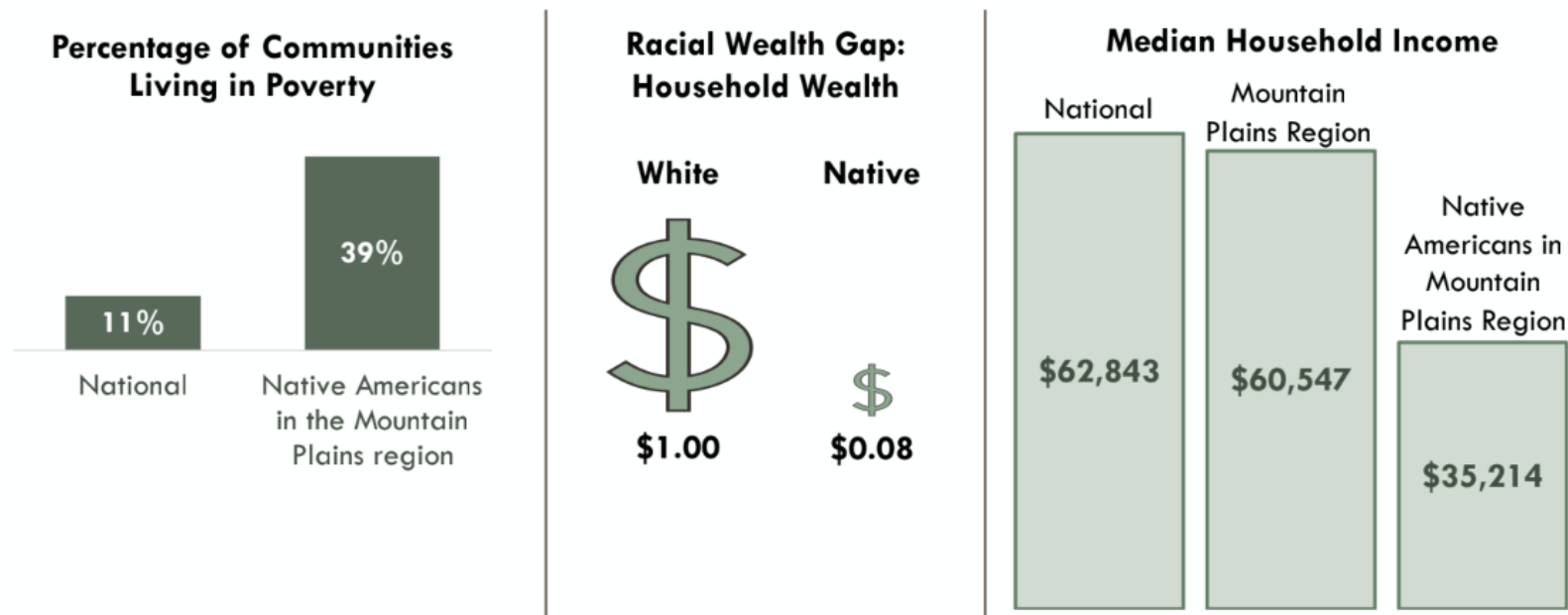
Our Mission: To provide financial opportunities to stimulate economic development on and near the Wind River Indian Reservation, to promote **self-sufficiency**, **self-determination**, and an **enhanced quality of life** for the reservation community.

Source: Foundations of a New Wealth Agenda: A Research Primary On Wealth Building For All, Aspen Institute, December 2021

A Broken System | Native communities have been left behind



By design, mainstream economic systems oppress & exclude Native communities.



Sources:

Foundations of a New Wealth Agenda: A Research Primary On Wealth Building For All, Aspen Institute, December 2021

Federal Reserve Bank of Minneapolis, Center for Indian Country Development

Access to Capital in Indian Country: A Historical and Systemic Issue

- “**Complications**” of lending on reservations and Native American lands
- “A major constraint impeding the growth of commercial lending in Indian Country is that many lenders are **unfamiliar with this market**. As with any niche market, lending in Indian Country requires a **specific understanding** of how to approach and manage business risks...”¹
- **We know how to lend in Indian Country**

¹Commercial Lending in Indian Country: Potential Opportunities in a Growing Market, Office of the Comptroller of the Currency, February 2016

An Indigenous-Led Solution

Mountain Plains Regional Native CDFI Coalition

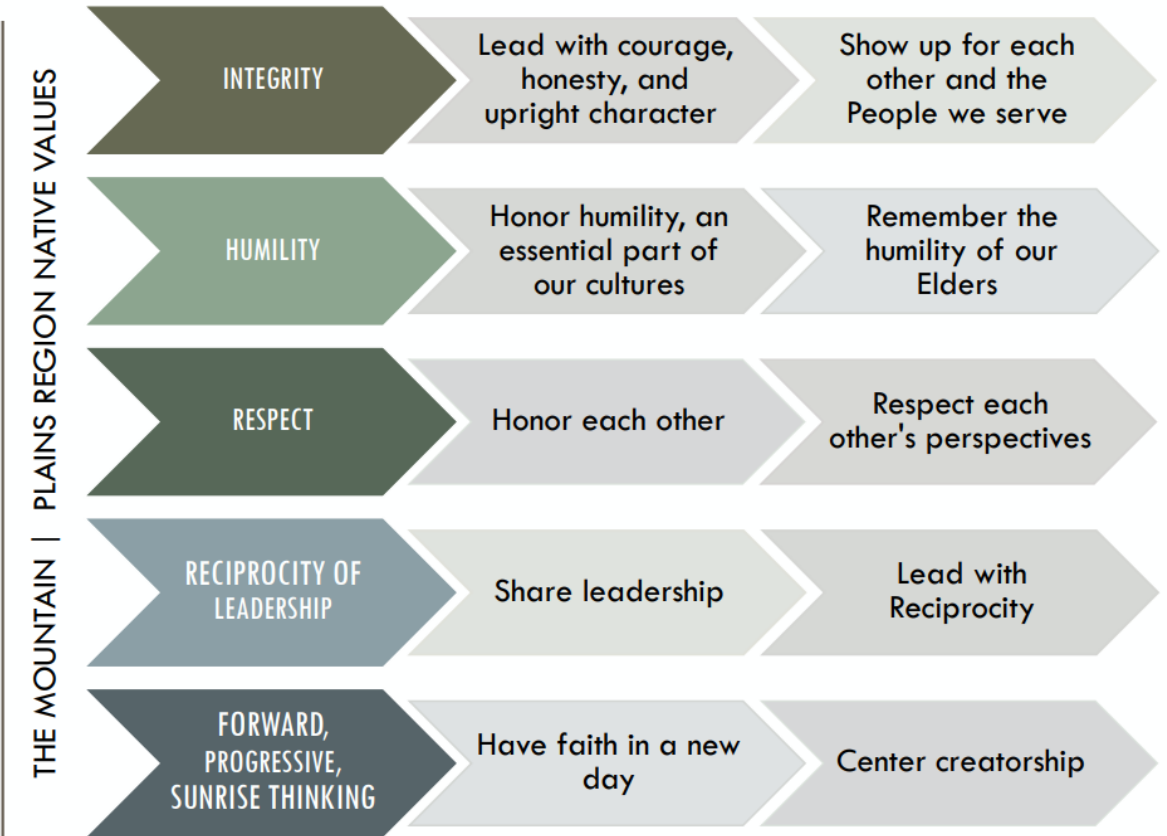


Creating A New Economic System

Values & Culture | A new economic system fueled by Indigenous values & culture



Native Community Development Financial Institutions (CDFIs) emphasize holistic, relationship-based solutions grounded in Indigenous values and culture.



Celebrating Our Collective Success

9th
SEPTEMBER
2022

NEWS

Regional Native CDFI Coalition Wins \$45 Million Through Build Back Better Challenge

On September 2, President Biden announced the Mountain | Plains Regional Native CDFI Coalition as one of 21 winners of the \$1 billion **Build Back Better Regional Challenge**, the most impactful regional economic development competition in decades.

Funded by President Biden's American Rescue Plan and administered by the U.S. Department of Commerce's Economic Development Administration (EDA), the Regional Challenge is awarding approximately \$45 million in grants to the Mountain | Plains Regional Native CDFI Coalition, led by OFN member **Four Bands Community Fund**, to grow the Indigenous finance sector and expand economic opportunity in Native American communities in Montana, North Dakota, South Dakota, and Wyoming.

“The creation of a locally led financing infrastructure aims to reverse decades of historical disinvestment and institutionalized inequities for Native communities.”



WIND RIVER
Development Fund

GENERATING ECONOMIC GROWTH & OPPORTUNITY



Wyoming CRA Bankers Roundtable
May 25, 2023
Christina Kappaz



WSCN Celebrates 10 Years

Achievements **2012 - 2021:**

\$22 million *funds deployed*

1,600
jobs
created/retained

157 **SMALL BUSINESS
LOANS SUPPORTED**

\$105 million
capital leveraged
for small businesses

78% of businesses have 10 < employees • **67%** of projects in small towns and rural areas
23% women or minority owned • **24%** start ups

WSCN Credit Support

We partner with commercial lenders to provide capital for small businesses that create jobs for Wyoming communities

Our growing network of bank partners in Wyoming:

ANB Bank

Banner Capital Bank

Big Horn Federal

First Bank of Wyoming, Div of Glacier Bank

First State Bank, Div of Glacier Bank

Commerce Bank of Wyoming

First Interstate Bank

First National Bank of Gillette

First National Bank of Omaha

First Northern Bank of Wyoming

Hilltop Bank

Jonah Bank of Wyoming

Nebraska Land National Bank

Pinnacle Bank

Platte Valley Bank

Points West Community Bank

Riverstone Bank

RNB State Bank

Security State Bank

State Bank

Sundance State Bank

Western States Bank

Product: Growth Capital Loan Participations

- Work through lending institutions who in turn work directly with small business owners
- Purchase loan participation for up to 25% of the total loan amount
- Subordinate our participation. 2nd collateral position
- Up to a 10-year term
- Maximum WSCN participation of \$1 million
- Fee to borrower of no more than 1% of the total loan amount
- Eligible commercial uses of funds:
 - Equipment, working capital, real estate acquisition, business purchase
 - Construction only in certain eligible counties

Process – “Speed of Business”

Banker identifies prospective borrower.

Collateral gap identified o borrower wishes to hold on to cash for operations.

Bankers sends WSCN our application, bank’s credit memo, business plans, and financials.

WSCN reviews the project for eligibility.

If eligible, WSCN sends bankers draft : Lender Certification, Certification of Loan Parties, Participation Certificate and Commitment Letter.

Bank identifies closing date and sends draft loan documents, one week prior to closing.

WSCN compliance review and final approval.

WSCN wires funds on day of closing. Whole Process can take as little as 2 weeks.

Access to Capital for Underserved



**Community
Navigator
Pilot Program**

Objectives

Increase Access

- ✓ Outreach to lenders statewide to increase use of the Program

Leverage Assets

- ✓ Educate small business support organizations on financing options available to clients

Build Knowledge

- ✓ Referral network for businesses in need of technical assistance
- ✓ Education and networking events with participating lenders focused on building banking relationships and understanding financing products

Contact us

Wyoming Smart Capital Network

www.wyosmartcapital.org

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Acting Loan Officer, WSCN

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Mark Huston

Enterprise Manager

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WYOMING ROUNDTABLE

WBC INVESTMENTS TEAM



GORDON FINNEGAN

Equity Portfolio Manager



JOHN WENDLING

Loan Portfolio Manager



NOELLE REED

Grants Portfolio Manager



WYVC FUND

INTRO & STRATEGY

EQUITY PATHWAY



LOCAL ANGELS

REGIONAL AND COASTAL CAPITAL



\$10B

U.S. FEDERAL
TREASURY STATE
SMALL BUSINESS
CREDIT INITIATIVE
(SSBCI)

\$58.4M

WYOMING
VENTURE
CAPITAL
(WYVC)

\$23.4M

FUNDS
STRATEGY

VENTURE
CAPITAL
FUNDS

Funds Criteria:

- Organized investment fund
- Committed management team
- Focused fund strategy investing in WY companies
- Additional investors or Limited Partners (LPs)



WYOMING
STARTUPS

\$35M

DIRECT
STRATEGY

Direct Criteria:

- Wyoming-based company
- Startup or high-growth company
- Committed to future exit
- Planned or current fundraising round



WYOMING
STARTUPS

HOW TO APPLY



The screenshot shows the WYVC application process page. At the top, there is a header with the Wyoming Business Council logo and the WYVC logo. Below the header is a navigation bar with links for Home, Direct FAQ, Funds FAQ, Contact Us, and Login. The main content area is divided into two columns. The left column is titled "WYVC APPLICATION PROCESS" and contains a welcome message, a list of required documents, and a "REGISTER TO APPLY" button. The right column is titled "ABOUT THE STATE SMALL BUSINESS CREDIT INITIATIVE (SSBCI) PROGRAM" and contains a paragraph of text and a link to the "SSBCI Program Fact Sheet". Below the text is a video player titled "APPLICATION TUTORIAL" showing a video thumbnail with the WYVC logo.

WYVC APPLICATION PROCESS

Welcome to the Wyoming Venture Capital (WYVC) Program

In most circumstances, the application process should take approximately 30 - 45 minutes. Please plan to have your core documents, listed below, easily accessible before starting. If you have questions please review the [Program Summary](#), [FAQ's](#), [certifications](#), [rules](#), and [treasury guidelines](#).

- Completed and signed Auditor's Office specific W9
- Pitch Deck
- Optional Documents
 - Business Plan
 - Proforma or Financials
 - Etc.
- Additional Documents Required at Diligence

All applicants that receive funds under any of the Wyoming Business Council programs will be listed on the Wyoming State Auditor's Office transparency website at [wyopen.gov](#).

All funds received under the Wyoming Venture Capital (WYVC) Programs must be reported as taxable income on your next federal tax filing. Applicants are encouraged to work with a qualified accountant to determine how funds awarded under this program might affect their tax situation. The Wyoming Business Council cannot advise you on tax or business matters.

Funds awarded under this federal program may be subject to random audits. Current rules may be found online at [rules.wyo.gov](#). Knowingly making a false statement to obtain funding under these programs may require total or partial repayment of the funds and is punishable under the law, including under 18 USC 1343 by imprisonment of not more than thirty years and/or a fine of up to \$1,000,000 and Wyo. Stat. Ann. 6-3-402 by imprisonment of not more than ten years and/or a fine of up to \$10,000.

[REGISTER TO APPLY](#)

Already have an account? [LOGIN](#)

ABOUT THE STATE SMALL BUSINESS CREDIT INITIATIVE (SSBCI) PROGRAM

On March 11, 2021, President Biden signed The American Rescue Plan Act, which reauthorized and funded the State Small Business Credit Initiative (SSBCI). The new version of the SSBCI program provides a combined \$10 billion to states, the District of Columbia, territories, and Tribal governments to empower small businesses to access capital needed to invest in job-creating opportunities as the country emerges from the pandemic. The funds will also support recipient jurisdictions in promoting American entrepreneurship and democratizing access to startup capital across the country, including in underserved communities.

[SSBCI Program Fact Sheet](#)

APPLICATION TUTORIAL

WYVC APPLICATION

<https://wyo.my.site.com/ssbci/s/>



[WHY WYOMING](#) ▾ [BUSINESS](#) ▾ [COMMUNITIES](#) ▾ [ABOUT](#) ▾ [NEWS](#) ▾ [SEARCH](#)

DIRECT

[Home](#) » [Business](#) » [Financing](#) » [Equity](#) » [Direct](#)

WYVC DIRECT STRATEGY

[Apply Now](#)

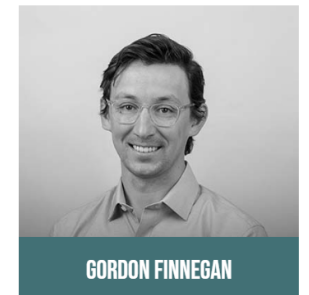
The \$35M in the Direct investment strategy is focused on direct equity co-investment into Wyoming entrepreneurs. Follow-on funding has been a challenge for Wyoming startups and the Direct Strategy enables WYVC to participate in funding rounds for Wyoming companies headquartered across the state.

Who is Eligible

- Wyoming-based company
- Startup or high-growth company
- Committed to future exit
- Planned or future fundraising round

Investment Details

- WYVC is targeting 20% of the round when appropriate
- WYVC max investment of \$5,000,00 or 50% of total round whichever is less
- Other investors in the round are Pari Passu with, or junior to, the WYVC investment in cash flow rights





WYVC QUESTIONS

Learn More At

[wyomingbusiness.org](https://www.wyomingbusiness.org)



WBC LOAN PROGRAMS

3 NEW PROGRAMS

50/50 FINANCING PROGRAM



- *WBC max participation is the lesser of \$2,500,000 or 50% of total project.*
- *Business must contribute 15% or more of total project costs.*
- *Minimum interest rate of 4% and loan origination fee of 1%.*
- *Max term is 10 years and can be amortized up to 25 years.*





SUCCESSION LOAN

- *WBC max participation is the lesser of \$500,000 or 50% of the total loan.*
- *Minimum interest rate of 4% and loan origination fee of 1%.*
- *Max term is 10 years and can be amortized up to 25 years.*



CONTRACT LOAN



- *Maximum loan amount is \$200,000.*
- *Business must contribute no less than 10% of total costs.*
- *The WBC must be listed as a co-payee on the contract alongside the borrower.*
- *Minimum interest rate of 4% and loan origination fee of 1%.*
- *Maximum loan term is 2 years unless this provision is specifically waived by the WBC Board of Directors.*

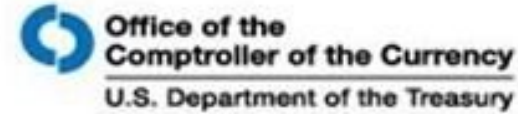




LOAN QUESTIONS

Learn More At

wyomingbusiness.org

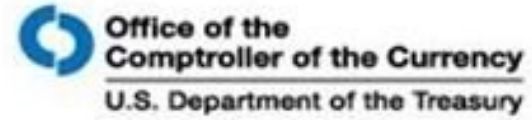


Dialogue with
Presenters and
Participants

Closing Remarks and
Adjourn

Ariel Cisneros, Senior Advisor

Federal Reserve Bank of Kansas City, Denver Branch



Thank you!

- Please complete the evaluation for the session.