

ECONOMIC DEVELOPMENT FINANCE PROGRAMS

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TOPICS

- Why it is important
- Technology development and innovation
 - Wyoming and peer states
- Financing for stages of business development
 - Wyoming Focus: SBIC, Challenge Loan, Large Loan, Mineral to Value Add
 - Other: Alberta, Industrial Development Acts
- Infrastructure: BRC
 - Other means, TIF, New Markets Tax Credits
- Public Purpose Investments

DISCLAIMER

This presentation is not an exhaustive survey of financial aid.

See:

<http://www.wyomingbusiness.org/content/businesses-seeking-financing>



2015 FINANCIAL RESOURCE GUIDE



FINANCIAL RESOURCES AVAILABLE TO BUSINESSES, COMMUNITIES AND HOMEOWNERS

KEY POINTS

- Access to capital and business finance is a big deal in diversification. Companies go where the money is, and capital flows to some states more than others
- Wyoming consistently ranks last in access to capital
- Our key financing program is targeted at infrastructure—it is important
- There are other things we should be looking at to finance diversification

2016 GDP: PRIVATE VS GOVERNMENT

States	Private Industries	Government
Alaska	79%	21%
Colorado	88%	12%
Idaho	87%	13%
Montana	85%	15%
Nebraska	87%	13%
New Mexico	76%	24%
North Dakota	89%	11%
South Dakota	88%	12%
US	88%	12%
Utah	87%	13%
Wyoming	83%	17%

Red: Wyoming's toward the bottom

Green: Wyoming's toward the top

2016 GDP: GOODS VS SERVICES

States	Private Goods	Private Services
	Producing	Providing
Alaska	23%	56%
Colorado	17%	71%
Idaho	23%	64%
Montana	20%	65%
Nebraska	21%	67%
New Mexico	17%	59%
North Dakota	29%	60%
South Dakota	21%	68%
US	18%	69%
Utah	18%	68%
Wyoming	33%	51%

Red: Wyoming's toward the bottom

Green: Wyoming's toward the top

2016 GDP: ALL SECTORS

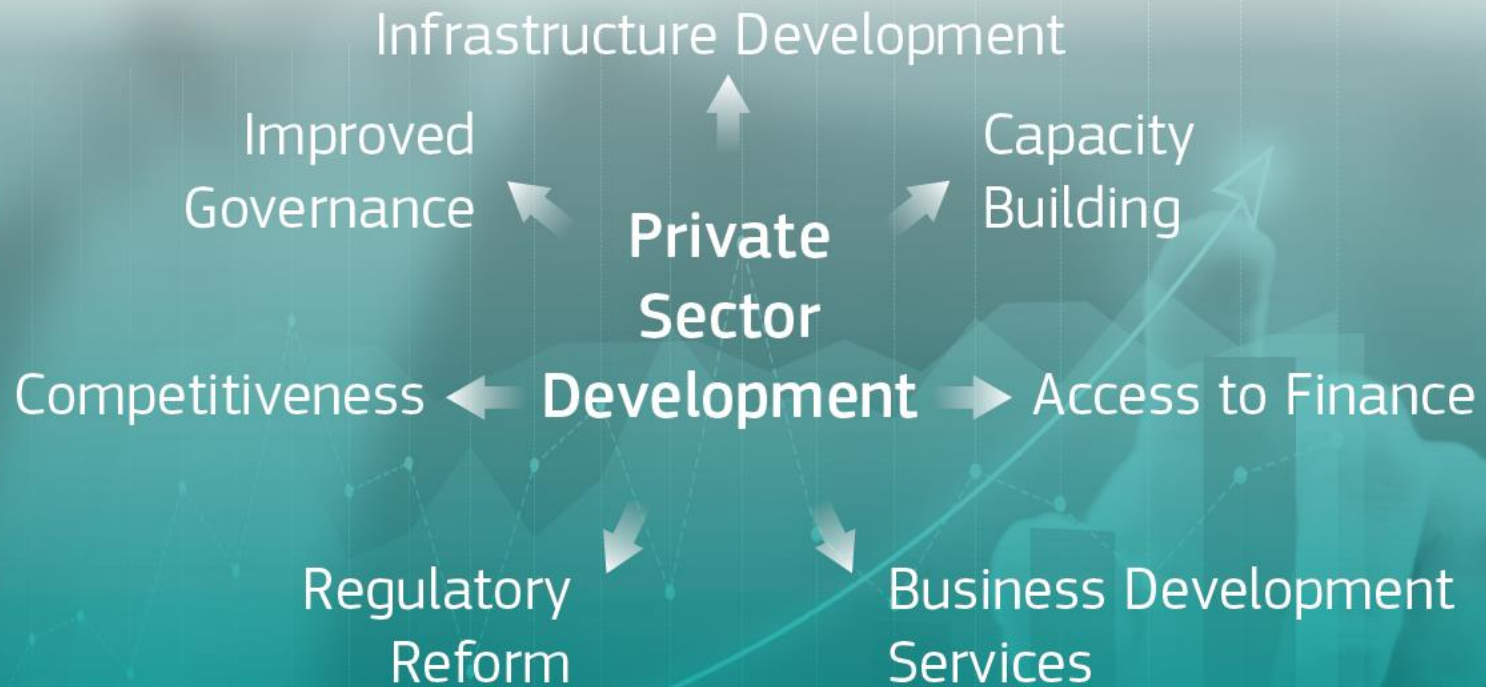
	Alaska	Colorado	Idaho	Montana	Nebraska	New Mexico	North Dakota	South Dakota	US	Utah	Wyoming
Ag	1%	1%	5%	3%	6%	1%	4%	7%	1%	0%	1%
Mining	15%	3%	1%	3%	0%	8%	10%	0%	1%	1%	20%
Utilities	2%	1%	1%	2%	2%	1%	3%	2%	2%	1%	2%
Construction	4%	6%	6%	6%	4%	4%	8%	5%	4%	6%	6%
Manufacturing	3%	7%	12%	8%	11%	4%	7%	9%	12%	11%	6%
Wholesale Trade	2%	6%	6%	6%	7%	3%	8%	7%	6%	5%	4%
Retail Trade	5%	6%	9%	7%	6%	6%	6%	8%	6%	7%	6%
Transportation/utilities	12%	3%	3%	5%	8%	3%	5%	2%	3%	4%	7%
Information	3%	6%	2%	2%	3%	4%	2%	3%	5%	4%	2%
FIRE	13%	20%	18%	18%	20%	17%	17%	24%	21%	23%	14%
Professional/Business Services	7%	15%	10%	8%	9%	10%	6%	6%	13%	11%	5%
Education/Health Care	8%	7%	9%	10%	8%	8%	8%	10%	9%	7%	5%
Arts, entertainment, recreation, accommodation, and food services	4%	5%	4%	5%	3%	4%	3%	4%	4%	3%	4%
Other services, except government	2%	2%	2%	2%	2%	2%	2%	2%	2%	3%	2%
Government	21%	12%	13%	15%	13%	24%	11%	12%	12%	13%	17%

Red: Wyoming's toward the bottom

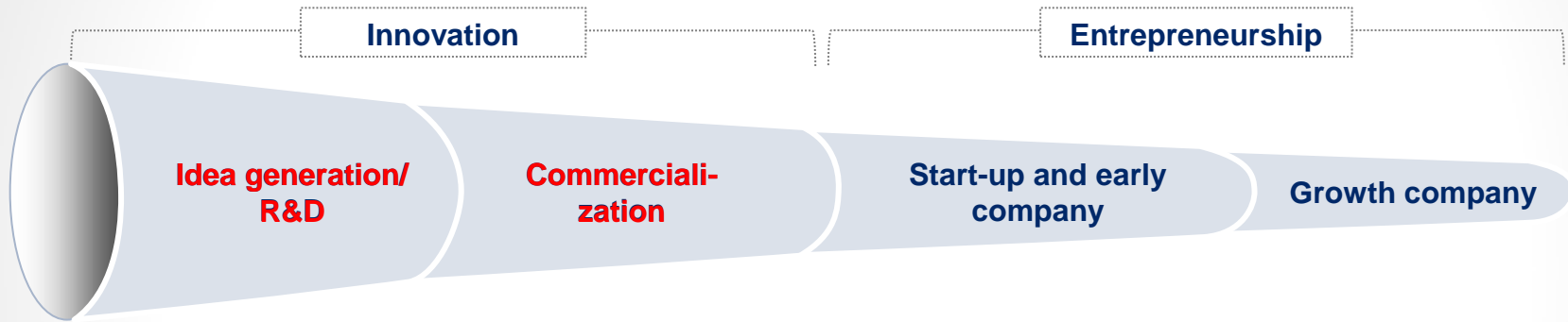
Green: Wyoming's toward the top

GROWING THE PRIVATE SECTOR

Private Sector Development



INNOVATION AND ENTREPRENEURSHIP



- Wyoming ranks 49th in Academic science/engineering R&D per \$1k GDP
- Wyoming ranks 50th in business R&D as % of private industry output
- Wyoming ranks 38 in Small Business Innovation Research/Tech transfer, per \$1M GDP

WYOMING RESEARCH AND DEVELOPMENT FUNDING EXAMPLES

Program	Industry Specific	Funds available	Description
Advanced Conversion Technologies task force	Coal, advanced conversion technologies	\$0	Sunsetted June 30, 2017
Science Technology and Energy Authority Funding	No	\$0. Balance of available funding was swept in 2016.	Seed capital to cover "initial capitalization needs" for projects that "have a reasonable potential to create a substantial amount of primary employment within the state".
Small Business Innovation Research (SBIR) Grants, Phase 0	No	Approximately \$120K annually/ \$5,000 maximum awards	Used to attend SBIR conferences and workshops, communication with and travel to targeted federal agencies, consultant and mentor services for preparation of Phase I/II SBIR and Small Business Technology Transfer (STTR) programs. These programs provide billions of contract dollars to small companies



WYOMING SBIR / STTR FUNDING

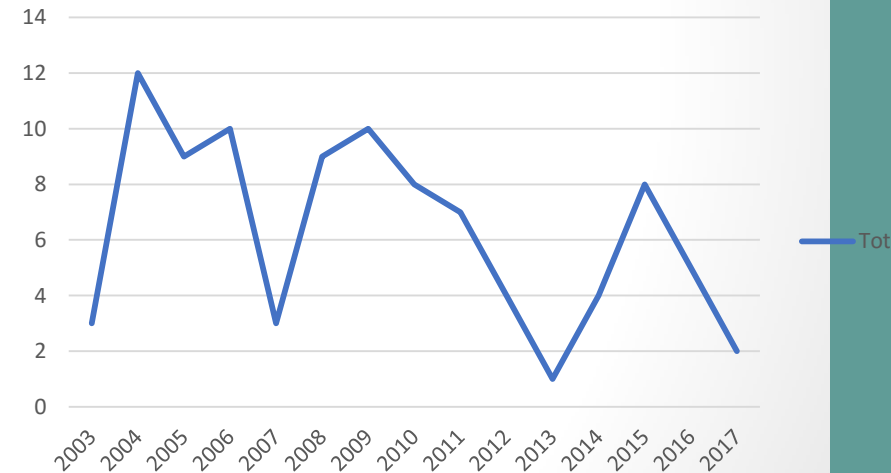
2015-2017 Wyoming Awards

Company	Award Title	Agency	Amount	City
The Local Crowd	Enhancing Rural Access to Capital Through Local Crowdfunding Incubator	Dept Ag	\$ 500,000	Laramie
Alpenglow Instruments LLC	The Alpenglow All-Phase Water Probe	DOE	\$ 1,423,191	Laramie
Thermosolv, LLC	Upgrading of crude from direct gas-to-liquid processing	DOE	\$ 150,000	Laramie
Square One Systems Design	Modular X-Ray Detection System Based on Silicon Drift Diodes	DOE	\$ 224,765	Jackson
Alpenglow Instruments LLC	Atmospheric measurement technology	DOE	\$ 224,919	Laramie
Pollution Control Technologies	On Site Mercury Remediation via Activated Fly Ash	HHS	\$ 1,263,430	Laramie
Thermosolv, LLC	Electric field-assisted membranes for organic solvent nanofiltration	HHS	\$ 133,111	Laramie
MKS TECHNOLOGY, LLC	Chemical Specific Device for Illicit Drug Detection	HHS	\$ 150,000	Centennial
GLYCOBAC, LLC	Glycoengineered insect cells for commercial biologics manufacturing	HHS	\$ 446,173	Laramie
Kennon Products, Inc.	Lightweight, Compact Survival Rafts	NASA	\$ 124,988	Sheridan
Thermosolv LLC	Nanostructured Dielectrics for High-Temperature Capacitors	NASA	\$ 125,000	Laramie
Arnoldware Applications LLC	Touchscreen Devices for Motion-Disabled Users	NSF	\$ 149,930	Laramie
Teton Composites	Thermo-mechanical analysis of chopped fiber-reinforced plastics for the design engineer	NSF	\$ 224,194	Laramie
ESal	Novel Water Flooding Technique to Enhance Oil Recovery	NSF	\$ 224,740	Laramie
KiteFarms LLC	AirLoom Investigation-- Modular, Scalable Wind Turbine at 23x Mass Savings	NSF	\$ 225,000	Laramie

Wyoming SBIR funding since 2003

Phase 1		Phase 2		Totals	
Awards	Obligations	Awards	Obligations	Awards	Obligations
162	\$15,977,678	64	\$ 39,813,336	226	\$55,791,014

Wyoming SBIR/STTT Awards



BUSINESS COUNCIL

WHAT OTHER STATES ARE DOING TO FINANCE R&D

What other states are doing to finance R&D				
State	Program	Industry	Funds available	Description
Colorado	Advanced Industry Proof of Concept Program	Aerospace, advanced manufacturing, bioscience, electronics, energy, infrastructure engineering, and technology and information.	Up to \$150,000. 3-1 match (state/non-state)	Identify and pull technologies from research institutions where they were discovered and connect them to the private sector where they can be developed into commercialize-able products.
Idaho	Idaho Global Entrepreneurial Mission	New technologies, scientific developments, and industry-changing services	The Idaho Department of Commerce disperses \$950,000 in funds directly to Idaho's public research universities for projects approved by the IGEM Council	It was created to assist in advancing the growth of Idaho's economy through commercialized research at Idaho's three public research universities: Boise State University, Idaho State University, and the University of Idaho
Montana	Montana Board of Research and Commercialization Technology	Has potential to diversify or add value to a traditional basic industry of the state's economy	The board has about \$650,000 available to grant in fiscal year 2018 (7/1/17 - 6/30/18) for such projects. The emphasis of the program is on projects that lead to marketable products or processes. Projects must be matched with non-Montana state government funds at an amount equal to at least 25% of the total project cost	Provides a predictable and stable source of funding for research and commercialization projects in Montana. MBRCT encourages economic development through investment in research projects that have a clear path to commercialization.
Various states	SBIR matching funds			

WHAT OTHER PROVINCES ARE DOING TO FINANCE R&D

What other Provinces are doing to finance R&D				
State	Program	Industry	Funds available	Description
Alberta	Alberta Innovates-Bio Solutions Alberta Innovates--Health Solutions	Bio encompasses a wide range of focus areas. These include: sustainable production; bioindustrial innovation; food innovation; ecosystem services and biodiversity; and the Alberta Prion Research Institute. Issues RFP for energy related research, demonstrations (waste-value-added products)		New knowledge or industry practices New products, services or technologies. Our funding programs support projects at various stages of the innovation continuum - from basic research to applied research to commercialization. Bio encompasses a wide range of focus areas. These include: sustainable production; bioindustrial innovation; food innovation; ecosystem services and biodiversity; and the Alberta Prion Research Institute.
Ontario	TargetGHG	Industrial Point Source: Technologies that reduce GHG emissions through more sustainable approaches at industrial production sites. Value Chain: Technologies that reduce GHG emissions using more sustainable approaches through the industrial value chain. CO2 Innovations: Technologies that involve new and innovative uses of CO2.	\$12M	The TargetGHG Collaborative R&D Program supports industry-academic collaborative research and development projects. The projects will address Ontario's 2020-2030 targets for GHG emission reduction and provide significant economic benefits to Ontario (jobs, revenues, etc.).



WHAT OTHER PROVINCES ARE DOING TO PILOT SCALE DEMONSTRATION

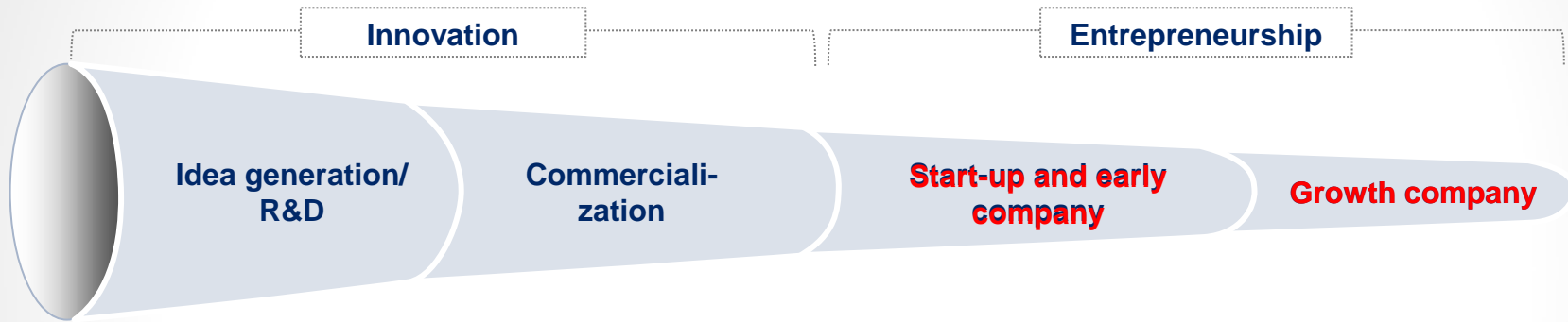
What other States/Provinces are doing to Finance Pilot Demonstration				
State	Program	Industry	Funds available	Description
Ontario	Ontario Centres of Excellence-Carbon Xprize Partnership		\$2.5M	OCE is partnering with NRG COSIA Carbon XPRIZE to help reduce greenhouse gases. Funding will be made available to Ontario teams for the development and demonstration of their concepts through the three stages of the Carbon XPRIZE competition. Funding will exclusively support Ontario-based activities across the three stages of the competition, including pilot scale demonstration, demonstration in a controlled environment, and demonstration in a real-life environment. Teams will be subject to XPRIZE competition guidelines, including meeting minimum requirements and will be scored on how much CO2 they convert, and the net value of their products.
Ontario	Northern Innovation Program-Pilot Demonstration and Commercialization Projects	Natural Resources Advanced manufacturing Clean technology health sciences Bioeconomy Digital economy	\$500,000 max and 50% total costs 100% labor Buildings 70% loan	The purpose of this program stream is to help Northern Ontario businesses with reducing the technical and financial risks associated with scaling-up and demonstrating their new and innovative technologies. It is also intended to support them as they ramp-up for commercial production. Eligible: labor for one year, building renovation costs, prototype costs, material costs, product certification costs, marketing costs

WHAT OTHER STATES ARE DOING TO FINANCE COMMERCIALIZATION

What other States/Provinces are doing to finance commercialization

State	Program	Industry	Funds available	Description
Utah	Technology Commercialization & Innovation Program	A technology developed by a university team or be a licensee of a university technology or be a small business (per the SBA definition) Life Sciences, IT & Software, Energy, Aerospace/Advanced Materials, Outdoor Rec	\$50,000 to \$100,000	The Technology Commercialization and Innovation Program, administered by the Governor's Office of Economic Development, provides competitive grants to small businesses and university teams to accelerate the commercialization of their innovative technologies. This program helps companies secure non-dilutive funding at critical points in their funding and commercialization lifecycles, resulting in long-term success and economic development in the state.
Colorado	Advanced Industry Early Stage Capital and Retention Grant Program	aerospace, advanced manufacturing, bioscience, electronics, energy, infrastructure engineering, and technology and information	up to \$250,000	fund companies using technologies developed in proof of concept grants and other early stage start-ups that have created viable products, meet a market need, and can be created or manufactured in Colorado and exported globally.
Idaho	Idaho Global Entrepreneurial Mission	new technologies, scientific developments, and industry-changing services	The Idaho Department of Commerce disperses \$950,000 in funds directly to Idaho's public research universities for projects approved by the IGEM Council	The Idaho Global Entrepreneurial Mission (IGEM) grant program initiative was sponsored by Idaho Governor C.L. "Butch" Otter during the 2012 Idaho legislative session. It was created to assist in advancing the growth of Idaho's economy through commercialized research at Idaho's three public research universities: Boise State University, Idaho State University, and the University of Idaho
Western Canada	Western Innovation Initiative	Clean Technology/Clean Energy; Digital Economy/New Media/Information and Communication Technology; Value-Added Natural Resources; Health/Life Sciences; Nanotechnology; Value-Added Manufacturing; Aerospace, Defence and Marine; And others.	up to \$3.5 million per project to commercialize the development of their technology-based products, processes and services. There is a maximum funding limit of \$7.5M per recipient over the five-year period.	WINN is a \$100 million five-year federal initiative that offers repayable contributions for small and medium-sized enterprises (SMEs) with operations in Western Canada, in order to help move their new and innovative technologies from the later stages of research and development to the marketplace.

INNOVATION AND ENTREPRENEURSHIP



- Wyoming has the third highest rate of entrepreneurs of small states
- Wyoming is 47th in VC funding per \$1k GDP
- Wyoming ranks 50th in the number of incubator/accelerator programs
- Wyoming ranks last in high growth company density
- Wyoming's business survival rate is 28th

FUNDING OPPORTUNITIES FOR WYOMING START UP

Program	Type	Total Amount	Description
Silicon Couloir Pitch Day	Pre-venture seed capital	Varies	handful of local entrepreneurs pitching their business ideas to a panel of experienced investors
Fisher Innovation Challenge, Casper and Sheridan Start up Challenges	Pre-venture seed capital	\$100k, \$50k,	WTBC Sponsored. Handful of local entrepreneurs pitching their business ideas to a panel of judges.
UW Ellbogen \$30k Entrepreneurial Competition	Pre-venture seed capital	\$30k	College of Business. Handful of local entrepreneurs pitching their business ideas to a panel of judges.
Wyoming Smart Capital Network	Collateral Support	\$10.8M fully expended	Provides collateral support in the form of a certificate of deposit for up to 50 percent of a loan and for as long as five years. The maximum support is \$1 million, but WSCN has approved only two transactions near that limit. WSCN charges a fee of up to 2 percent of the loan amount (not the collateral amount) for the collateral support if it is required for the maximum five-year term and lower fees for lower levels of support and shorter terms.
Wyoming Smart Capital Fund	Venture Capital	\$470,000 Fully expended	To date, WSCN has reviewed several investment opportunities and executed one investment in a company building compressed natural gas fueling stations in several consortium communities. WSCN attracted angel investors from Colorado, Missouri, and Oklahoma to support the project and made its investment through the iSelect Angel Fund. WSCN committed \$500,000 towards a targeted \$1.5 million investment round that closed June 12, 2015. WSCN has funded its commitment in 11 increments with a total of approximately \$452,000 contributed through December 31, 2015. Despite this initial success, WSCN has not achieved the volume of participation it expected at the time the strategy was developed.
Wyoming Invests Now	Capital Access	None	WIN or Wyoming Invests Now is Wyoming's Crowdfunding exemption. WIN is available for Wyoming based companies and Wyoming investors only.
Wyoming Women's Center	Direct Loans		The WWBC offers loans up to \$50,000.00 to start or expand Wyoming businesses. Our interest rates range from 6.0% to 9.5% depending on overall risk. The repayment may occur over a period not to exceed 6 years and will be determined by the WWBC staff based upon the loan amount, use of funds, collateral, and repayment source.
Breakthrough 307	Capital Access	\$2.1 M Angel Fund	

BUSINESS TYPES AND STATE FINANCE

	Start Up	Early Stage	Early Growth	Established Growth
Financial	Pre-revenue Unprofitable Negative Cash Flow	Revenue Start Unprofitable Negative Cash Flow	Revenue Acceleration Break Even Weak Cash Flow	Revenue Diversification Profitable Positive Cash Flow
Focus	Research Create Organize	Deploy Validate Refine	Strengthen Achieve Expand	Leverage Diversify Solidify
Capitalization	Bootstrapping and Seed Creative Finance Informal Investors	Series A Informal Investors Angel Groups	Series B Angel Groups Venture Capital Groups	Mezzanine Venture Capital Groups Public Offerings
State				
SBIR	X			
SBIC		X		
Challenge Loan		X	X	
Large loan			X	X
WY Mineral to Value Added			X	X

WYOMING SMALL BUSINESS INVESTMENT CREDIT PROGRAM (SBIC) WS 9-12-201 THROUGH 202

- Provides alternative sources of capital to qualifying Wyoming businesses and entrepreneurs.
- In 2010, the Wyoming Legislature allocated \$30 million to the program in the form of tax credits.
- SBICs invest designated capital into qualified businesses. The SBIC's investments, either in the form of debt or equity purchase, stimulate job creation by making capital available to Wyoming businesses.

Combined SBIC Program Totals

Investment Amount	Debt or Equity	Employees at time of investment	Employees as of 12/31/16	Follow-On Capital
\$20,074,233	Equity = \$560,204 (2.8%) Debt = \$19,514,029 (97.2%)	341	462	\$17,812,874

SBIC CHALLENGES

- SBIC companies are not as interested in helping to fund start-ups
 - Have funded some start-ups, but prefer to help "expand" existing businesses in some form
- State of Wyoming has no control over disbursement of investment funds
 - Wyoming Business Council checks to make sure investment conforms to rules of program, but there is no guidance on what kind of investment (equity v debt; start-up v expansion, etc.)
- Administrative Issues
 - Difficulty receiving correspondence from SBIC company with prospective clients (companies) looking to receive investment, Wyoming Business Council, bankers and other financial professionals around the state

CHALLENGE LOAN-AMENDMENT IV ORIGINS

- October 1992 Management Audit Committee Report:
 - 1987 the Legislature established the Investment Fund Committee (IFC) and appropriated \$10 million to a revolving investment fund
 - “Political pressure from all levels to “fix” the economy and public pressure to get program running quickly and to get Amendment IV money pumped into the economy as soon as possible.”
 - All but \$155,000 of the \$10 million appropriation was committed within the first ten months.
 - “Problems with Amendment IV began to surface quickly. Lacking a carefully developed loan policy, IFC first tended to make large loans to high risk applicants such as start-up ventures, under-capitalized businesses and individuals with little or no business management or finance background.”

- 2009 - \$2M appropriation
- 2010 - \$2M appropriation

CHALLENGE LOAN

WS 9-12-301 THROUGH 9-12-306

Challenge Loan Program Types	Other State Agencies and External Partners	Scope	Sample of Projects Financed	Issues / Limitations	Opportunities	Other Info
Bridge Loan Guaranteed Participation Main Street Natural Gas Infrastructure Emergency Loans	Commercial lender, SBA, USDA, Main Street, Local Economic Development Organizations Some direct loans	Loans up to \$2 million Rate @ 4.5% Term- up to 25 years	Wheatland COOP / Platte Valley Bank- \$785,000 Gluten Free Oats / 1st National Bank Powell - \$595,000	When interest rates are low the program has little value. Loan amounts do not benefit large projects	Increase loan limits (legislation)	Requiring a participation with local commercial lender has almost eliminated loan losses Since 1999 over \$50 million loaned with the state portion @ \$18 million



BUSINESS COUNCIL

CHALLENGE LOAN TYPES (AND NUMBER OF LOANS MADE)

- **Partnership Challenge Loan (2)** : Partner with a local economic development organization to create combined loan proceeds that assist a business (third-party loan recipient). The state portion of the matching funds must be secured, cannot exceed \$500,000 and have a maximum loan term of 10 years.
- **Partnership Bridge Loan (44)** : The Wyoming Business Council can participate with a local lender on a loan to a business. The state's portion may be up to 35% of the project (maximum of \$1,000,000) in a shared note and collateral position with the local lender.
- **Partnership Guaranteed Loan Participation (1)** : The Wyoming Business Council can partner with a commercial lender on loans that have a federal guarantee, such as SBA or USDA, so that combined proceeds assist a business (third-party loan recipient). The state can participate in up to 50% of the note (maximum of \$2 million).
- **Main Street Loan Participation (2)**: The Wyoming Business Council can participate with a local lender on a loan to a building owner for building improvements to maintain the structure's historical character. The state's portion of the participation may be up to 75% of the loan (maximum of \$100,000) in a shared note and collateral position with the local lender.
- **Participation Loan Guarantee (0)** : The Wyoming Business Council may guarantee a portion of a loan made by a local lender to a business that is starting, expanding or relocating to Wyoming.
- **Economic Disaster Loan (146)** : The Challenge Loan statute allows a business or group of businesses to apply to the Wyoming Business Council for an Economic Disaster declaration. If the request is approved, affected individual businesses then may apply for direct Challenge loans in the amount of their actual dollar loss in order to spread their losses over several years to maintain operation.
- **Natural Gas Fueling Infrastructure Loans(1)**: This program allows for a direct loan to a business for the purpose of financing qualifying costs to install a functioning natural gas filling station to fuel motor vehicles that operate on natural gas as a transportation fuel.

CHALLENGE LOAN BUDGET

- Challenge Loan Balance (as of 6/30/17) was \$13,367,199
- Received \$25,000,000 on July 1, 2017 (Governor has ability to transfer funds for Large Loan Projects) per HB-0253

Borrower	Amount	Remaining Balance
Western Sugar Economic Disaster Loan Designation (potential of 67)	\$5,396,750	\$7,970,449
WYCO Recycling, LLC (Bridge)	\$141,859	\$7,828,590
Loan Loss Reserve (new loans)	\$886,525	\$6,942,065
HB-0253 Allocation	\$25,000,000	\$31,942,065

CHALLENGE LOAN BUDGET

- Any disbursement of money from the new allocation triggers a fiduciary analysis to be performed by the Treasurer. This fiduciary analysis shall identify any induced revenues and induced costs associated with the project under consideration for the ten (10) years following completion of the project. A local cost analysis shall consider impacts on public education, public safety, fire protection, public utilities and the courts.
- The analysis shall be performed by an entity qualified to provide analysis using nationally accepted econometric modeling techniques. The analysis shall be paid for using funds appropriated by this act.
- Monies moved from Challenge Loan to Large Loan are permanently appropriated and do not return to the Challenge Loan account as the loan is repaid.

LARGE LOAN FUND

- Projects Are anticipated to have an economic impact and a public benefit greater than the economic impact and public benefit of projects regularly funded under the Wyoming Business Ready Community program;
- Based upon the findings of an independent third party approved by the Wyoming Business Council, will provide the following minimum public benefits:
 - The creation of a significant expansion of permanent jobs in the county or counties in which the project will be located;
 - Significantly increases the assessed valuation of the counties or counties in which the project will be located, by not less than the value of the loans or loan guarantees received by the applicant borrower;
 - A substantial increase in the sales, property or other tax revenues to the county where the project will be located;
 - Promotion of a stable, balanced and diversified economy; and
 - Private investment in the county or counties in buildings, equipment and direct project infrastructure of not less than twenty-five percent (25%) of the total cost of the project.
 - The project has a high likelihood of completion.

LARGE LOAN FUND—DETERMINING LOAN AMOUNT

- **Existing Businesses:** Include both direct and indirect increases in assessed valuation over a 3 year period. This recognizes that the companies have made previous investments in Wyoming
- **Economically Distressed Areas:** Extended the period of calculating assessed valuation to 9 years for the project in an economic depressed area.
- **New Companies:** Use only direct increases for 2.5 years for new companies (no past investments in the state)

LARGE LOAN FUND—DETERMINING LOAN AMOUNT

EXAMPLE

Third-party estimate of the assessed value associated with a company. The assessed value includes value of the company's capital investment, plus additional assessed value created by supplier and consumer businesses and their employees that would benefit from the increase demand created by the company.

	2017	2018	2019	2020	2021
Direct					
Company	\$0	\$0	\$3,308,550	\$3,444,250	\$3,444,250
Employees	\$0	\$0	\$982,142	\$982,142	\$982,142
Total Direct	\$0	\$0	\$4,290,692	\$4,426,392	\$4,426,392
Supplier (Indirect)					
Related Businesses	\$0	\$0	\$344,539	\$344,539	\$344,539
Employees	\$0	\$0	\$1,031,249	\$1,031,249	\$1,031,249
Total Supplier	\$0	\$0	\$1,375,788	\$1,375,788	\$1,375,788
Consumer (Induced)					
Related Businesses	\$0	\$0	\$283,738	\$283,738	\$283,738
Employees	\$0	\$0	\$854,827	\$854,827	\$854,827
Total Consumer	\$0	\$0	\$1,138,565	\$1,138,565	\$1,138,565
Total	\$0	\$0	\$6,805,044	\$6,940,744	\$6,940,744

LARGE LOAN FUND—SUGGESTIONS

- Shared collateral position through a participation
 - Require a commercial bank to be the lead lender
 - State could participate up to 50% of the loan
 - Shared collateral position
- Benefits to the state
 - Experienced third party (bank) performs due diligence on the front end before a participation is asked of the state
 - Bank prepares all loan documents including participation agreement and certificate and services the loan
 - Leverages additional private sector dollars

WYOMING MINERAL TO VALUE ADDED PROGRAM

- The program is intended to aid economic development of the state by providing mineral product input guarantees to enable the recruitment and operation of commercial scale minerals to value added products facilities, which have demonstrated proof of performance.
- No funds have been appropriated and deposited to the value added products program account.
- There have been eight inquiries from a variety of companies as of August 31, 2016.
 - There have been four inquiries about the conversion of natural gas to liquids as a fuel source.
 - There have been four inquiries relating to the various uses of coal to create carbon. These projects include the manufacturing of activated carbon and carbon fiber.

WYOMING STATUTES WORTH DUSTING OFF

- **Industrial Development Projects Act (WS 15-1-701 thru 710)**
 - In order to facilitate and promote the local health and general welfare, the sound economic growth of the state of Wyoming, the development of its natural resources, the protection of its natural environment, provision of health care services, energy improvements and to promote employment opportunities for the citizens of Wyoming by creating or encouraging the expansion of manufacturing, industrial plants, processing facilities and all kinds of business which contribute payrolls and tax base to the state of Wyoming, and by attracting to and encouraging the location or the expansion within this state of such plants, facilities and businesses all of which are hereby declared to be and constitute public purposes
- **Industrial Development Corporations Act (WS 17-11-101 thru 120)**
 - to promote, stimulate, develop and advance the business prosperity and economic welfare of Wyoming and its citizens; to encourage and assist through loans, investments or other business transactions in the location of new business and industry in this state and to rehabilitate and assist existing business and industry; to stimulate and assist in the expansion of all kinds of business activity which will tend to promote the business development and maintain the economic stability of this state, provide maximum opportunities for employment, and improve the standard of living of the citizens of this state; similarly, to cooperate and act in conjunction with other organizations, public or private, in the promotion and advancement of industrial, commercial, agricultural, and recreational developments in this state; and to provide financing for the promotion, development, and conduct of all kinds of business activity in this state. The purposes for which the corporation is formed may also include the rendering of service to industry by providing feasibility, product, production and market analyses, patent advice, technological information, research and development assistance, financial availability counseling, management counseling, and any other information, assistance or facilities required for the creation of new industry, to further the expansion of existing industry, or to induce industry to locate in the state

INDUSTRIAL DEVELOPMENT PROJECTS—HOW IT COULD WORK

- A business commits to a large infrastructure project adding value to a state natural resource
- The business pays for all equipment and working capital
- Ad valorem taxes are exempt
- Public entity issues revenue bonds for infrastructure and fixed assets and leases them to the business. Lease covers principal cost of the bond.
- Business pays premium annual fee in the amount of the property tax that would be assessed
- State pays interest on bond
- This would lower the cost to provide an incentive to jump start large value added projects

WYOMING INDUSTRIAL DEVELOPMENT CORPORATION ACT—HOW IT IS CURRENTLY USED

The SBA 504 loan program provides long-term, low interest, fixed-rate financing to small businesses for construction, purchase or renovation of facilities; or to acquire machinery and equipment. A 504 loan package is a combination of two loans, one from WIDC. Frontier and a second loan from a commercial lender selected by the borrower.

	Commercial Lender	WIDC•Frontier	Business Borrower
Loan Amount	\$1,100,000	\$880,000	\$220,000
Percent of Project	50%	40%	10%*
Term	Min 10 Years	20 Years	Equity
Interest Rate	Market Rate	Fixed Rate	
Collateral	1st Mortgage	2nd Mortgage	

ALBERTA ROYALTY CREDIT PROGRAM

- The Government of Alberta will award royalty credits to select petrochemical facilities through a competitive application process. The total amount of the program is \$500 million.
- Credits will be awarded once approved projects are completed and feedstock consumption begins.
- While petrochemical facilities do not directly benefit from royalty credits, as they do not pay royalties, the credits earned by an approved facility can be traded or sold to an oil or natural gas producer. This producer would use these credits to reduce their royalty payments to government.

BRC-OVERVIEW

The guiding principles of the program are to:

- Provide support to Wyoming's communities which are diverse in size, resources, and economies.
- Focus BRC resources on projects that are likely to produce benefits that endure beyond the funding of the program.
- Support projects which will help people, families and communities thrive.
- Increase the capacity of community and economic development partnerships and cooperative efforts between the private and public sectors, recognizing that each has its own responsibilities.
- Support and encourage communities that develop innovative responses to their economic challenges through a flexible review and recommendation process.

BRC-PROJECT TYPES

- **Business Committed Project:** Business committed to start-up, expand, locate or retain jobs in the community. The applicant must demonstrate that new primary jobs will be created or retained by the business and that the new jobs will be created at or above the county mean and/or median wages and/or improve community and economic capacity.
- **Community Readiness Project:** The community wants to build infrastructure to ready itself for new business development under a specific strategy or plan of action; for example, development of a business or industrial park, a downtown development project or facilities for labor force or entrepreneurial training. The applicant must demonstrate potential exists for creation of new primary jobs.
- **Community Enhancement Project:** improve the community's aesthetic character or quality of life in order to make itself more attractive for business development or workforce attraction and/or retention under a specific strategy or plan of action.
- **Planning Project:** creates or further develops a community's economic development strategy and outlines an implementation plan.

BRC-PORTFOLIO PERFORMANCE

- 570 businesses have been assisted
- 4,683 jobs have been created plus an additional 377 jobs that are proposed
- \$3.49 of private capital investment has been leveraged for every dollar of BRC funds invested
- Over \$1.28 billion of private capital has been or is anticipated to be invested
- 352 projects in 23 counties have been awarded BRC grants or loans
- \$299 million has been contributed to projects by communities.
- 7,363 acres of land have been developed, plus another 429 acres that are currently in progress
- Over 50% of all business ready acreage is currently owned or occupied by businesses
- Nearly \$3.1 million has been recaptured back to the program from principal and interest repayments on BRC loans and State recapture from BRC grants generating revenue
- Nearly 1.4 million square feet of building space developed, plus an additional 194,000 square feet are under construction
- 564,720 linear feet of roads completed, plus an additional 49,893 linear feet that are in progress
- 757,000 linear feet of water and sewer lines have been completed, plus an additional 37,000 linear feet that are in progress

BRC-ALLOCATION PLAN

- **Purpose of Allocation Plan**
 - Ensure funds are available throughout the biennium (July 1, 2016 through June 30, 2018) for opportunities as they arise
 - Allow WBC Board to set and communicate priorities for funding specific project types
- **Considerations**
 - Flexibility over rigidity
 - Staff recommends the allocation plan is used as a guideline and not a hard-and-fast rule.
 - The allocation plan is a guide and may be revisited regularly by the WBC Board.
 - Priorities
 - The WBC Board recommends prioritizing funding
 - The WBC Board recommends higher priority projects may “pull” money from lower priority allocations, but not the other way around.
 - Schedules
 - WBC Board makes allocations quarterly and adjusts funding annually.

BRC—FY17 FUNDING

- FY2017 Plan

BRC Project Types	Priorities	% of Allocation	Annual Allocation
Business Committed and Managed Data Center Cost Reduction	High	45%	\$ 7,926,313
Community Readiness	Medium	39%	\$ 6,869,471
Community Enhancement	Low	15%	\$ 2,642,104
Planning	Low	1%	\$ 176,140
Totals		100%	\$17,614,028

- FY2017 Actuals

BRC Project Types	Priorities	% of Allocation	Funds Awarded
Business Committed and Managed Data Center Cost Reduction	High	21%	\$ 3,748,360
Community Readiness	Medium	39%	\$ 7,952,104
Community Enhancement	Low	15%	\$ 1,660,526
Planning	Low	1%	\$ 88,035
Totals		76%	\$13,449,025

A total of \$4,165,003 (24%) was not used in FY17 and will roll forward to be used in FY18.

BRC—FY17 PROJECTS

FY17 Projects	Project Type	Amt Awarded
Q2 - HiViz Expansion	Business Committed	\$3,000,000
Q3 - Wyoming Authentic Expansion	Business Committed	\$748,360
Q2 - Empress Re-Developmenet	Community Readiness	\$3,000,000
Q3 - Bar Nunn Interchange	Community Readiness	\$1,000,000
Q3 - Old Stoney Renovation	Community Readiness	\$2,452,104
Q4 - Advanced Carbon Innovation Center	Community Readiness	\$1,500,000
Q1 - Lander Chamber and Visitor Center- grant	Enhancement	\$500,000
Q1 - Lander Chamber and Visitor Center - loan	Enhancement	\$160,526
Q2 - Old Pen Visitor's Center	Enhancement	\$500,000
Q3 - David Street Station, Phase IV	Enhancement	\$500,000
Q1 - Niobrara County Recovery Plan	Planning	\$44,035
Q3 - Sheridan Renewal Energy Plan	Planning	\$44,000
Total		\$13,449,025

BRC—FY 18 ALLOCATION

(WITH FY2017 CARRY OVER)

BRC Project Types	Priorities	% of Allocation	Annual Allocation	Quarterly Allocation
Business Committed and Managed Data Center Cost Reduction	High	53%	\$ 13,609,146	\$ 3,402,287
Community Readiness	Medium	34%	\$ 8,590,678	\$ 2,147,670
Community Enhancement	Low	13%	\$ 3,220,504	\$ 805,126
Planning	Low	1%	\$ 214,700	\$ 53,675
Totals		100%	\$ 25,635,028	\$ 6,408,757

TIF FINANCING—WHAT IT IS

- A program that allows a local government or redevelopment authority to generate revenues for properties targeted for improvement within a designated district
- As improvements are made within the district, and as property values increase, the incremental increases in property tax revenue are earmarked for a fund that is used to pay for the improvements, such as water, sewer, utilities, street and parking improvements, and other streetscape beautification projects within the designated area.
- It is common that a bond is created and revenues repay the bond over time.

TIF FINANCING—WHAT IT IS

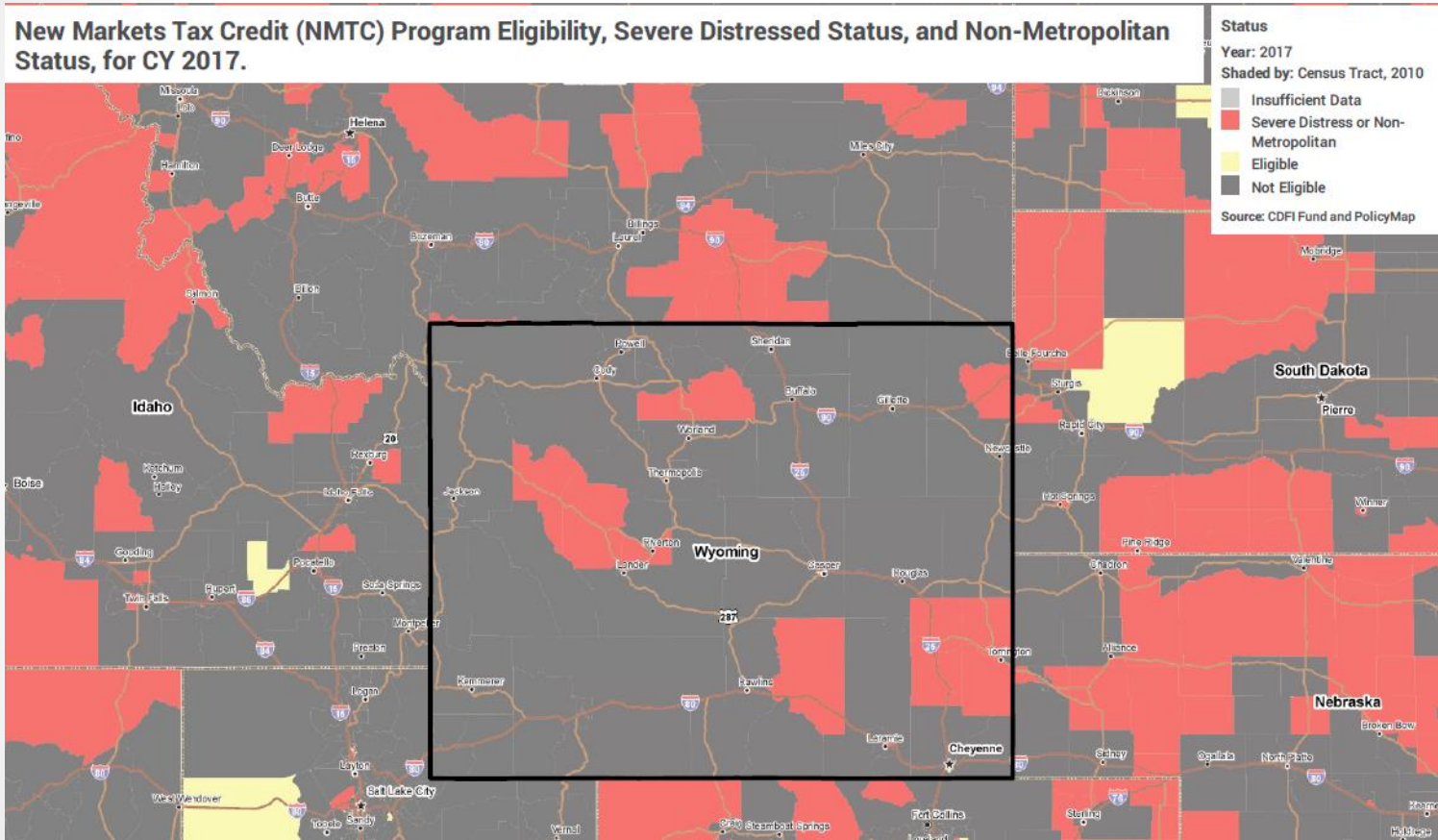
- Tax increment financing is generally designed to channel funding toward improvements in underdeveloped or underutilized areas where development may not otherwise occur.
- In most states TIF is used extensively in areas that have brownfield redevelopment but are used in greenfield areas also.
- Since property tax rates in Wyoming are typically low, a sizable capital investment is required in order to support a bond of \$1MM or more for a single project.

NEW MARKET TAX CREDITS

- The NMTC program was established in 2000 and has become a very important financing tool for non-housing community development, business and real estate development projects. Despite current economic conditions, NMTCs are a reliable incentive for attracting equity and debt capital to projects in economically disadvantaged communities from major commercial financial institutions.
- Through the sales of the credits, equity is brought into community development projects, usually to fill a critical gap in financing.
- NMTCs are allocated by the US Treasury through the Community Development Financial Institutions Fund. Through a competitive process, Community Development Financial Institutions (CDFIs) apply for credits through a designated development entity (approved by the CDFI Fund). These development entities, in turn, allocate credits to projects in eligible geographies.
- The project developer will subsequently sell the tax credits to investors. The investment becomes project equity and the investor receives tax credits against their Federal income tax. The equity must remain in the project for seven years.

NEW MARKET TAX CREDITS

New Markets Tax Credit (NMTC) Program Eligibility, Severe Distressed Status, and Non-Metropolitan Status, for CY 2017.



PUBLIC PRIVATE INVESTMENT

- Under the prudent investor rule the trustee's management decisions shall not evaluate each investment in isolation but in the context of the portfolio as a whole
- Prudent investor rule generally meet at least these three conditions
 - Corpus is public permanent or non-permanent funds
 - PPI's do not go through the regular appropriations process
 - Use of funds focus on people, communities or businesses rather than financial rate of return

PERMANENT TRUST FUNDS: FUNDING ECONOMIC CHANGE WITH FRACKING REVENUES

2016 Brookings report advances five elements of good fund governance and management that states should consider in the design and implementation of permanent trust funds:

- Establish an effective governance framework
- Define the fund's revenue source, deposit, and withdrawal rules
- Design the investment strategy
- Seize the opportunity to invest fund earnings to economic transformation
- Formulate explicit disclosure and transparency standards

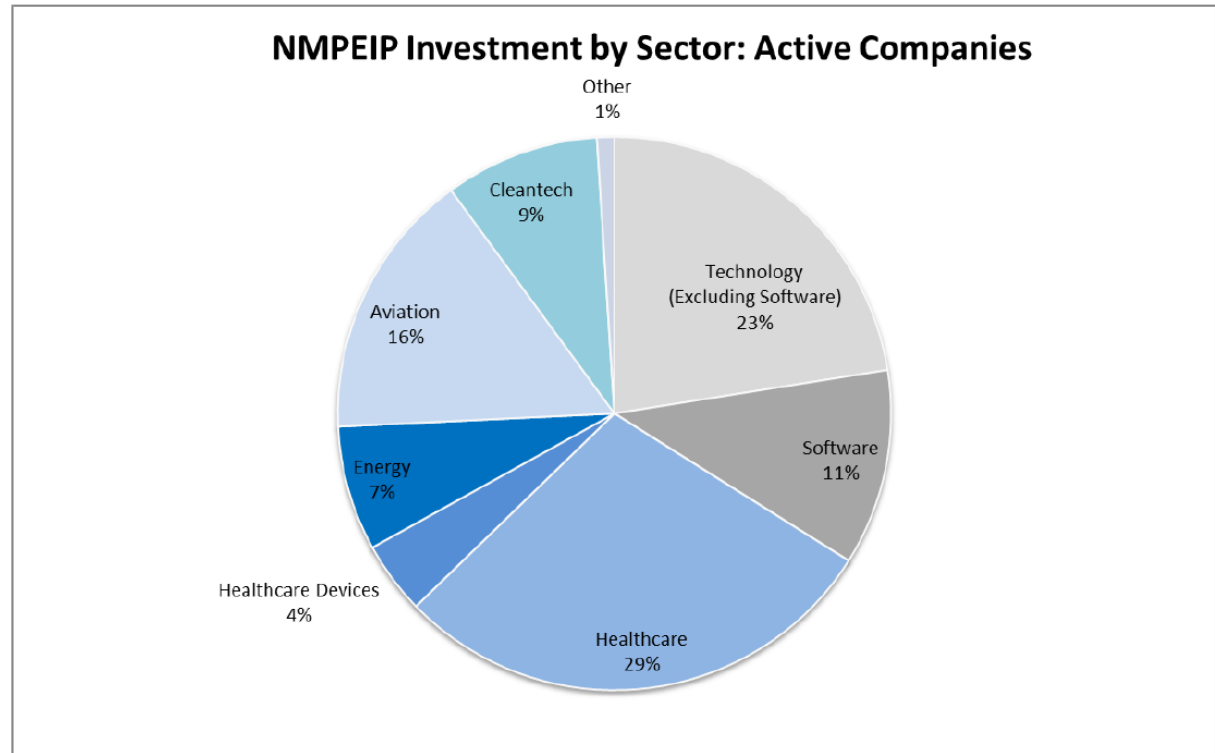
MONTANA—BIG SKY ECONOMIC DEVELOPMENT FUND

- The 2005 Montana Legislature established the Big Sky Economic development program to fund qualified economic development projects.
- The fund receives 25% (12.5% of the total) of the remaining coal severance tax revenue after deposits (if any) in the coal tax bond fund. The deposit of coal severance tax revenue to this fund terminates the end of FY 2025.
- Grants and loans are available to local governments for economic development projects and to certified regional development corporations for the purposes of:
 - creating good-paying jobs for Montana residents;
 - promoting long-term, stable economic growth;
 - encouraging local economic development organizations; and
 - retaining or expanding existing businesses

MONTANA—BIG SKY ECONOMIC DEVELOPMENT FUND—PROJECTS FUNDED 2016-2017

Project Applicant	Project Description	Award Amount	Total Project Cost
Missoula County	Grant to assist Project Spokane LLC with creation of 65 net new jobs	\$416,000.00	\$25,063,807.00
Flathead County Economic Development Authority	Grant to assist ViZn Energy Systems with creation of 40 net new jobs	\$300,000.00	\$690,000.00
Missoula County	To assist Consumer Direct with purchase of furnishings, equipment and software, creating 40 jobs.	\$268,000.00	\$5,166,998.00
Flathead County Economic Development Authority	Grant to assist SmartLam, LLC with the creation of 33 net new jobs	\$247,500.00	\$420,000.00
Missoula County	Grant to assist Advanced Technology Group, Inc. with equipment and software purchase, creating 30 jobs.	\$225,000.00	\$1,444,548.00
Missoula County	Grant to assist OnXmaps with the creation of 25 jobs.	\$187,500.00	\$1,805,697.00
Custer County	Grant to assist Transco Railcar Repair, Inc. with equipment purchases, creating 35 jobs	\$175,000.00	\$625,000.00
Lake County	Grant to assist Jore Corporation with the creation of 23 net new jobs	\$170,200.00	\$497,500.00
Missoula County	Grant to assist Orbital Shift, Inc. with the creation of 16 net new jobs in Missoula.	\$120,000.00	\$1,276,725.00
Great Falls, City of	Grant to assist First Call Resolution with the creation of 26 net new jobs	\$120,000.00	\$1,468,000.00
Shelby, City of	Grant to assist Humic Growth Solutions with the equipment purchases and creation of 18 jobs.	\$118,800.00	\$9,120,000.00
Cascade County	Grant to assist Anderson Steel Supply, Inc. with purchase of equipment, creating 15 jobs	\$112,500.00	\$821,990.00
Bozeman, City of	Grant to assist Wisetail with the purchase of new equipment creating 20 jobs.	\$100,000.00	\$300,000.00
Bozeman, City of	Grant to assist Orbital Shift Inc. with the creation of 16 net new jobs in Bozeman	\$80,000.00	\$1,276,725.00
Bozeman, City of	Grant to assist OnXmaps with the creation of 16 jobs.	\$80,000.00	\$1,805,697.00
Missoula County	Grant to assist Modern Entrepreneur, LLC with the creation of 10 net new jobs	\$75,000.00	\$419,140.00
Butte-Silver Bow City-County	Grant to assist Marcom, LLC with equipment purchase, machinery, wages and software, creating 10 jobs.	\$75,000.00	\$113,089.00
Lake County	Grant to assist Hot Woods, LLC with creation of 11 net new jobs	\$70,400.00	\$558,503.00
Missoula County	Grant to assist Audience Awards, Inc. with the creation of 8 net new jobs	\$60,000.00	\$446,115.00
Butte-Silver Bow City-County	Assist Headframe Spirits, Inc. with the creation of 8 net new jobs	\$60,000.00	\$527,598.00
Missoula County	Grant to assist VIM & VIGR, LLC with the creation of 5 net new jobs	\$37,500.00	\$282,141.00
Flathead County	Grant to assist Old Town Creative Communications, LLC with purchase of equipment, furniture and software, and reimbursement of wages, creating 6 jobs	\$30,000.00	\$60,000.00
Missoula County	Grant to assist HB Enterprises, Inc. with the creation of 4 net new jobs	\$29,600.00	\$90,000.00
Ravalli County	Grant to assist Everstone Sustainable Products with creation of 3 net new jobs	\$22,500.00	\$56,250.00
Flathead County Economic Development Authority	Grant to assist Stoll Innovations, LLC dba Learned Reality with creation of 2 net new jobs	\$15,000.00	\$30,000.00
Drummond, Town of	Award to assist Better Than Logs, Inc. with creation of 2 jobs.	\$15,000.00	\$90,000.00

NEW MEXICO—PRIVATE EQUITY INVESTMENT PROGRAM





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