

MONTANA INDIAN BUSINESS ALLIANCE



Montana Indian Business Alliance
CAPITAL ACCESS WORKING FORUM REPORT

February 25, 2011
Helena, Montana

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*This report was developed by the
Executive Committee of the Montana Indian Business Alliance
and **REDSTONE** Consulting*

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Maria Valandra
Vice President, First Interstate BancSystem

Leia Loonsfoot
MIBA Project Administrator

Major Robinson
Owner, Redstone Consulting

Latonna Old Elk
Director, Little Big Horn College Extension Service

Philip Belangie
*Entrepreneur Development Program Manager, SBDC
Lead Center, Montana Department of Commerce*

Craig Smith
*Vice President, Institutional Development
Fort Peck Community College*

Elizabeth Ching
*Economic Development Director for
U.S. Senator Max Baucus*

Barbara Stiffarm
*Executive Director
Opportunity Link*

Natalie Flores
Business owner, Rocky Boys Reservation

Yvonneda "Henry" Thompson
Director, Chief Dull Knife College Extension Service

Pamela Haxby-Cote
*Regional Director for
U.S. Senator Jon Tester*

Susan Woodrow
*Project Director, Community Development
Federal Reserve Bank of Minneapolis, Helena Branch*

Executive Summary

The Montana Indian Business Alliance (MIBA) hosted a daylong working session in Helena on January 19, 2011 titled “*Capital Access for Montana Native American Small Businesses - A Working Forum.*” The purpose of the forum was to engage policy makers and practitioners in a discussion about how to improve access to capital for Montana Native American small businesses, and to explore possible new methods for non-bank lenders and their funding entities to make capital more readily available to Indian businesses.

Approximately 60 persons attended the forum and participated in engaging breakout session discussions. Those attending were representatives of organizations with loan or investment funds or loan guaranty programs including tribal loan funds, community development corporations, state and federal agency programs, financial institutions, and private investors. Also attending were representatives of tribal governments, tribal colleges, financial institution regulatory agencies, and staff from Montana’s U.S. Congressional representatives.

This report provides a brief background of MIBA; a summary of the 2009/2010 MIBA policy roundtables; the MIBA Capital Access Survey summary of non-bank small business lenders in Montana developed in response to the Policy Roundtables; an overview of the Working Forum proceedings and synopsis of the outcomes; and a preliminary prioritized action plan generated from outcomes of the forum small group discussions.

In brief, the preliminary action plan consists of two priority workgroups:

(1) Financing Issues

This work group will focus on:

- (a) seeking ways to expand the current Montana Indian Equity Fund;
- (b) developing a model Indian Equity Fund pilot; and
- (c) reviewing underwriting criteria currently used by commercial and non-bank lenders in Montana, with a view toward developing a pilot loan product for Native American small businesses.

(2) Federal Regulatory Issues

This group will focus on:

- (a) reviewing upcoming regulatory amendments to applicable federal regulations concerning trust land use, and drafting comments in response to the Federal Register requests for comments;
- (b) seeking ways to provide input to a proposed national initiative that will be exploring ways to utilize trust land value as business finance collateral; and
- (c) exploring ways to streamline and make more uniform applicable loan guaranty program processes, and engaging the appropriate federal agencies in discussions regarding such issues.

Volunteers who signed up for specified initiatives at the forum will be contacted to determine their availability for participation in one or both work groups.

A more complete discussion of the preliminary action plan is set forth on page 7 of this report.

Montana Indian Business Alliance Background

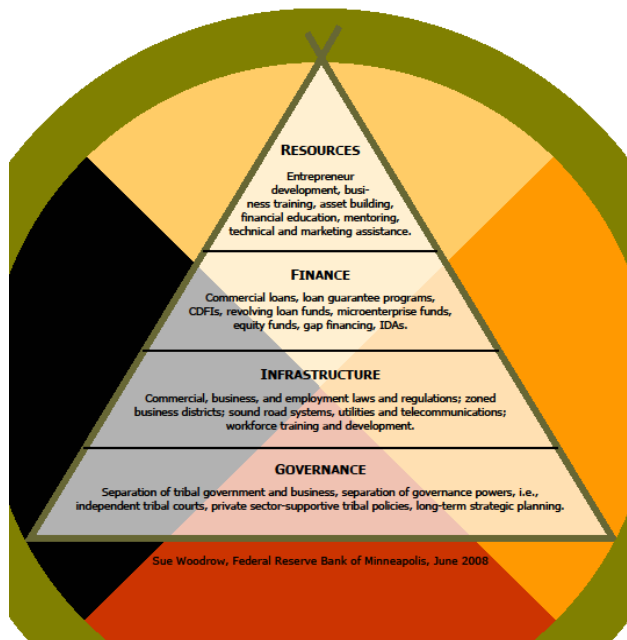
MIBA is an outcome of the historic 2006 Montana Indian Business Conference held in Great Falls in February of that year. Three months later, MIBA was established by approximately 45 attendees of the conference attendees who determined to collectively continue the dialogue about the importance of Native small business development, and who committed to expand the new alliance of organizations engaged in and dedicated to furthering that mission.

MIBA partners now number more than 100 individuals and entities supportive of private sector Native American small business and entrepreneur development. They include Native American organizations, tribal governments, tribal colleges, Indian-owned businesses, state and federal agencies, lending institutions, consumer advocacy agencies, community development organizations, foundations and other non-profits, financial institution regulatory agencies, and the Montana Governor's Office.



Business Development in Indian Country

A Strategic Approach to Sustainability



MIBA's sole purpose is to foster development of Indian-owned small businesses. The path to economic success and stability is steeper in Indian Country. MIBA is a uniquely Montana-specific Indian business advocacy collaboration working to level out that steep grade by equipping Indian business owners and entrepreneurs with resources, data, information and networks to accelerate opportunity and development in their specific industries and professional fields. MIBA also supports efforts to enhance tribal business environments by providing advocacy and resources for tribal leaders and policy makers to strengthen tribal governance, business policies, and legal infrastructure.

Since 2006, MIBA has sponsored or supported numerous statewide and local conferences, workshops, forums and trainings, as well as developed an online Montana Indian Business Directory and MIBA Financial Resources Guide, both of which are posted on MIBA's website at www.mibaonline.org. In addition, the MIBA model has been replicated in South Dakota (SDIBA), Minnesota (MNIBA), and Wisconsin (WIBA). These sister alliances pursue the same mission of Native American small business and entrepreneurship development and support.

MIBA Mission

The Montana Indian Business Alliance promotes private Indian business development by maximizing and developing resources that encourage and support Montana Indian entrepreneurs.

Montana Indian Business Alliance

MIBA Policy Roundtables

MIBA hosted three policy roundtables in Great Falls (November 2009), Billings (February 2010), and Polson (April 2010). A total of 78 persons participated in the roundtables. Attendees included Native American small business owners, and representatives of community development corporations, state and federal agencies, tribal colleges, and financial institutions. All Montana reservations as well as the Little Shell Band of Chippewa were represented. The purpose of the roundtables was to provide a forum for Native small businesses and business development practitioners to share their thoughts as to what policy changes at the tribal, state and federal government levels would assist their businesses specifically, and more generally the private business sectors in their communities, to grow and become sustainable. Many potential policy recommendations were brought to the table. Access to business capital, however, was consistently raised as the most critical issue.

A complete discussion of the policy roundtables and resulting recommendations may be found on the MIBA website at <http://www.mibaonline.org/about.html>.

MIBA Capital Access Survey

Based on the outcome of the policy roundtables and to inform its next steps, the MIBA executive team developed a survey instrument to gain a better understanding of the business lending and commercial capital environment for Indian small businesses in Montana. In November 2010, MIBA sent the Capital Access Survey to 17 non-bank lenders and funding entities in Montana that offer small business loans, loan guarantees or similar capital to American Indian small businesses in Montana, or that invest in or otherwise provide funding for such loan funds. The survey requested specific loan portfolio and loan product information such as the amount and type of capital available for and actually loaned to Indian small businesses in Montana, underwriting criteria for the loan products, and specific funding sources. 15 survey recipients responded with completed surveys, providing information for a total of 38 individual loan funds and/or products. The findings show that there is ample capital available for Native American small businesses in Montana; however, for a variety of reasons, capital is not sufficiently flowing into this sector. The survey results, summarized in Appendix One of this report, helped inform the planning and agenda for the MIBA Capital Access Working Forum.

MIBA Capital Access Working Forum

The purpose of the Capital Access Working Forum, held in Helena on January 19, 2011, was to convene key stakeholders from a variety of organizations and entities to develop strategies for improving access to capital for Montana Native American small businesses and to explore opportunities to develop new loan products and processes more suitable for Native small businesses. Major Robinson of Redstone Consulting facilitated the daylong session which included small group discussions that laid the framework for the group to identify defined and tangible goals. More than 60 persons attended, representing tribal governments, non-bank lenders, commercial lenders, state and federal agencies, tribal loan funds, financial regulatory agencies, and investors.

In the first session of the day, a proposed issue statement pertaining to the intended purpose of the forum was presented to help the group identify a more specific focus for the day's activities. Following discussion, the attendees refined the statement as follows:

Improve Native American small business access to capital.

Participants then subdivided into four groups for a "blue sky exercise." Each group was asked to envision how they would like to see the future of lending in Indian Country, both on and off the reservations. The resulting "visioning concepts" were then shared with the entire group. Each group then selected their top four concepts, and developed more specific goals to realize those concepts including identifying whether the goals pertained to tribal, state, federal and/or private partners. These, too, were shared with the entire group. In the final session, each participant was encouraged to review the prioritized goals from every group, and to indicate whether they would be interested in participating in working groups for the particular goals.

A complete summary of the Working Forum is set forth in Appendix Two of this report.

Working Forum Follow-up

Following the forum, the MIBA executive committee aggregated the work of the separate forum discussion groups. Each of the individual group goals fell into one or more of the following nine broad categories:

1. Develop new loan products for Native American small businesses
2. Expand the Montana Indian Equity Fund, and develop a model Indian Equity Fund pilot
3. Develop new lender models for Native American business communities
4. Improve/streamline applicable federal loan guaranty programs
5. Advocate/provide resources for tribal legal infrastructure development to support business activity
6. Advocate for regulatory alternatives for the use of tribal trust land as collateral for business financing
7. Encourage and seek resources to develop tribal physical infrastructure necessary for business development
8. Advocate and provide resources for financial education programs for Indian entrepreneurs and business owners
9. Develop virtual small business incubators for Indian entrepreneurs

The MIBA executive committee carefully reviewed the specific goals within each of these categories to determine which fall within the scope of MIBA's mission and are within its capacity to engage in. The committee concluded that the following offer opportunities that are both appropriate and feasible for MIBA: (1) develop new loan products for Native American small businesses; (2) explore means to expand the current Indian Equity Fund, and develop a model Indian Equity Fund pilot; (3) develop new lender models for Native American business communities; (4) develop recommendations and engage federal agency officials to improve and streamline applicable federal loan guaranty program processes; and (5) advocate for regulatory alternatives for the use of tribal trust land as collateral for business financing.

Without diminishing the importance of any of the remaining goals, the committee determined that

Categories 7, 8 and 9 fall outside of MIBA’s specific scope of activities, are beyond MIBA’s capacity, are currently being addressed or could be managed more effectively by other groups (physical infrastructure development, financial education, and small business incubator development), or to some degree, will be incorporated within other objectives. For example, financial education technical assistance to write a business plan is a critical component for successful Indian Equity Fund implementation, so financial education is, to this extent, incorporated in the Indian Equity Fund objectives.

Category 5 — tribal legal infrastructure development — has been a focus of MIBA’s advocacy work since its inception. MIBA partners will continue to provide resources to assist Montana tribes in this area, including working with individual tribes, posting resources on the MIBA website, and ensuring this topic is included in future MIBA conferences and workshops.

The executive team developed a preliminary action plan to begin addressing the topics in which it will engage interested partners as set forth below.

Preliminary Capital Access Action Plan

From the viable categories noted above, the MIBA executive committee determined it would be useful to combine the remaining goals into two initial areas of focus – finance and federal regulatory issues. MIBA plans to form two work groups to prepare proposals and detailed 12-month action plans. These groups, formed from volunteers who signed up for initiatives at the forum, may determine to further divide into sub-groups once objectives and action items are more clearly identified.

1. Financing Issues

This work group will focus on:

- ▶ seeking ways to expand the current Montana Indian Equity Fund;
- ▶ creating an Indian Equity Fund model pilot; and
- ▶ reviewing underwriting criteria currently used by commercial and non-bank lenders in Montana, with a view toward developing a pilot loan product for Native American small businesses.

2. Federal Regulatory Issues

This group will focus on:

- ▶ reviewing upcoming regulatory amendments to applicable federal regulations concerning trust land use, and drafting comments in response to the Federal Register requests for comments;
- ▶ seeking ways to provide input to a proposed national initiative to explore ways to utilize trust land value as business finance collateral (or collateral alternative); and
- ▶ exploring ways to streamline and make more uniform applicable loan guaranty program processes, and engaging the appropriate federal agencies in discussions regarding such issues.

APPENDIX ONE

MIBA Capital Access Survey Summary

In November 2010, MIBA sent a *Capital Access Survey* to 17 non-bank lenders in Montana that offer small business loans, loan guarantees or similar capital to American Indian small businesses in Montana. The survey asked for specific information such as the amount and type of capital available for and actually loaned to Indian small businesses in Montana, underwriting criteria for the loan products, and funding sources.

15 survey recipients responded with completed surveys, providing information for a total of 38 individual loan funds and/or products. Survey respondents included:

Apsaalooke Nation Revolving Loan Fund	MT Department of Commerce, Entrepreneur Development Program, SBDC Lead Center
Bear Paw Development Corporation	Opportunity Link
Headwaters RC&D	S&K Holding Company
Montana Area Economic Development Corporation	Southeastern Montana Development Corporation
Montana Community Development Corporation	U.S. Small Business Administration
MT Dept of Agriculture-Growth Through Agriculture	USDA Rural Development
Montana Department of Commerce	U.S. Dept of Interior/Office of Indian Energy and Economic Development
Native American Development Corporation	

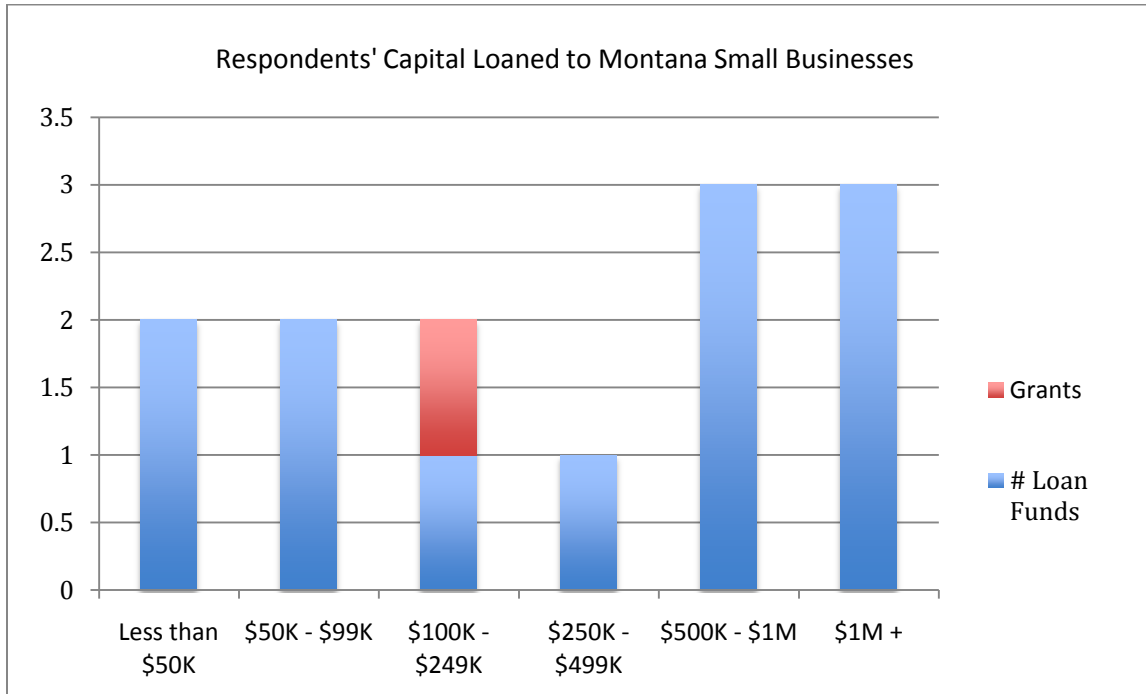
The following summary aggregates the information provided by survey question.

GENERAL QUESTIONS PERTAINING TO ALL FUNDS IN PORTFOLIOS:

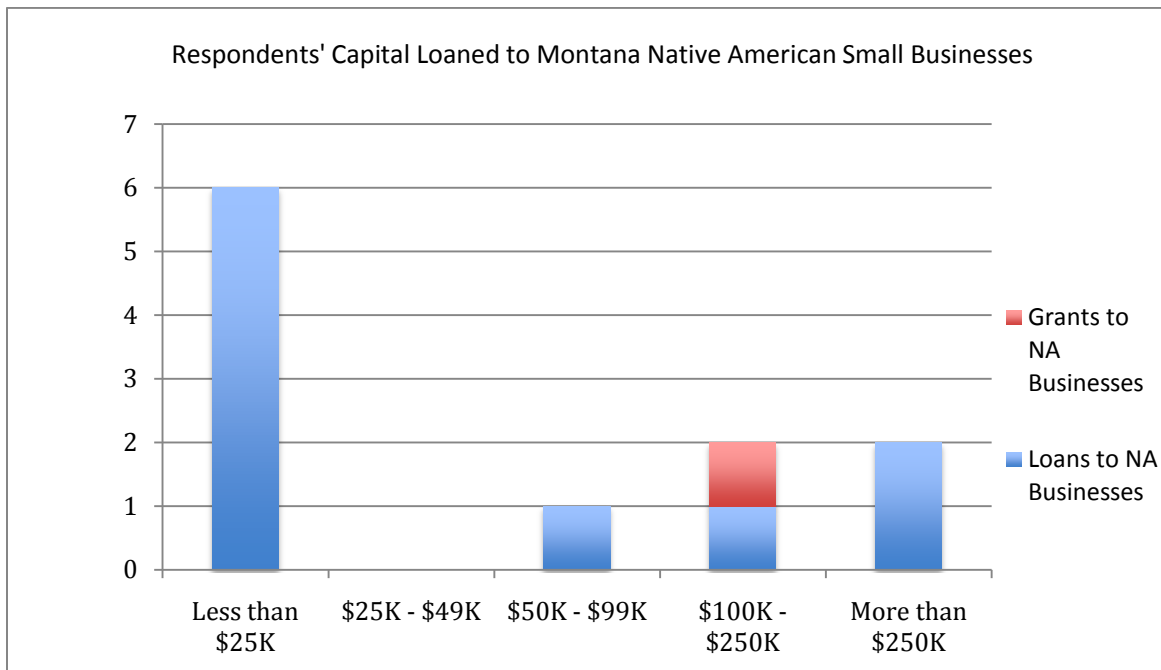
Survey Question 1. What is your total loan fund/s capital?

\$165,826,054.00	Total loan fund capital available in Montana for small businesses
\$ 89,000,000	Department of Interior's Office of Indian Energy & Economic Development funds available nationwide for Native American businesses.

Survey Question 2. What is your dollar amount of loaned capital per year?

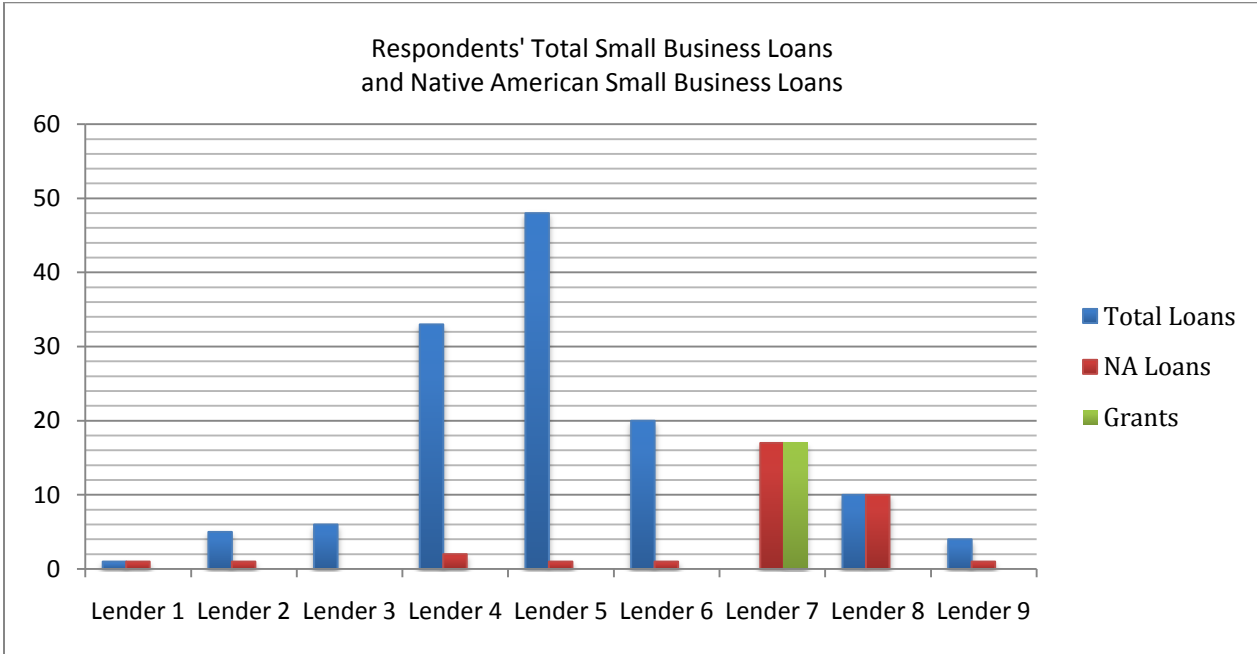


Survey Question 3. What is your dollar amount of loaned capital per year to Native American small businesses?



Note: More than \$250K category omits loan guaranty lenders and intermediary lenders.

Survey Questions 4 and 5. What is your total number of small business loans and Native American small business loans per year?



- * Graph does not include loan guaranty lenders or intermediary lenders.
- ** SBA data omitted on graph due to graph scale (480/year average, and NA loans 9/year average).

Survey Question 6. Specify for each dollar range the approximate percentage of total number of loans in your Native American small business portfolio:

# of Lenders	Approximate Loan Value Range	Average % of Respondents' Loan Portfolios w/Native Small Businesses
4	Less than \$10,000	65%
3	\$10,000 – \$24,900	16%
3	\$25,000 - \$49,900	34%
4	\$50,000 - \$74,900	11%
3	\$75,000 – 99,900	5%
4	\$100,000 – \$150,000	14%
5	More than \$150,000	37%

*In addition, one public lender provided 17 equity grants of less than \$10,000 each to Native American small businesses.

LOAN PRODUCT-SPECIFIC QUESTIONS:

Survey Questions a, b, d. Specify types of loan products and percentages of loan portfolios represented by fund type:

Survey respondents submitted aggregate information for 38 loan funds/products. These break down into the following broad categories:

34%	Microloans
61%	Macroloans
Remainder	Loan guaranties, leases or grants

Survey Question c. What are the funding sources for the loan funds/products:

# of Loan Funds	Source of Funding
27	Public only - may be multiple government sources
0	Commercial bank only
2	Corporate only
3	Philanthropic only
1	Public and philanthropic
1	Public and commercial bank
3	Public and corporate
1	All sources

Federal Sources:

Community Development Financial Institutions (CDFI) Fund
 Economic Development Administration (EDA)
 Housing and Urban Development (HUD)
 USDA Rural Development

State Sources:

Community Development Block Grant (CDBG) – State
 State of Montana – Indian Country Economic Development Program
 State of Montana - Montana Department of Commerce
 State of Montana – Department of Agriculture

Survey Question e. Are the underwriting criteria for the various loan funds specified by the funding sources?

Underwriting criteria are specified for 47% of the loan funds by their funding sources.

Survey Question f. Are the underwriting criteria different than commercial loan criteria for the various funds? If so, how do they differ?

More than 47% of respondents stated that the underwriting criteria for their funds are more flexible than commercial loan criteria.

Responses

- We are more flexible in areas of credit. We do not require a specific credit score, but require a good credit history. We accept collateral that is anything of value (i.e., can be a dancing outfit).
- More flexibility on credit history, credit score, collateral, equity, and experience. We require a business plan and cash flow projections. If no prior experience, borrower must take an entrepreneur training.
- More flexibility on credit history, credit score, collateral, and equity. Applicant must be at 200% of poverty line or less.
- More flexibility on credit history, credit score, collateral, equity, and experience. We require a business plan and cash flow projections. If no prior experience, borrower must take an entrepreneur training.
- More flexibility on credit history, credit score, collateral, equity, and experience. We require a business plan and cash flow projections. If no prior experience, borrower must take an entrepreneur training.
- Non-profits and local governments or municipalities are eligible to apply.
- Subordinate collateral positions, focus is on job creation/retention, dollars loaned may be based on number of FTEs created/retained, more liberal debt/equity ratio (varies by program).
- Yes. We usually subordinate our collateral position to a commercial lender. Credit history, credit score, collateral, equity, and borrower experience are all factors taken into consideration by loan committee.
- Lower collateral, debt coverage, and equity requirements. Financial projections are required. Start-ups are allowed.
- Lower collateral, debt coverage and equity requirements. Projections required; start-ups are allowed.
- Yes. Possibly secured by collateral in lieu of personal guarantees; credit score, projections, and experience are considered during review.
- Yes. Secured by personal guarantees and collateral; credit score, projections and experience are considered during review and application process only no financial projections or no credit score needed for this mini grant.
- Flexibility on credit history, credit score, collateral, and equity. Applicant must be at 200% of poverty level or less.

- Grant: complete commercial loan applications and show assets to match grant amount. Community reviewed including a commercial lender. No credit score required and no acid tests. Application is considered training-developing a commercial loan business plan.
- Yes. Must have two years of operating history.
- Yes. More flexibility for credit history and fewer steps in the approval process.
- Yes. Only change is that applicant must be current on all loans.
- 504 requires minimum 10% equity and can be as much as 20%.
- SBA underwriting generally mirrors commercial loan criteria; however, SBA relies on cash flow to support repayment and not collateral. We do have established collateral policies or requirements.
- More flexible. We are not regulated like a traditional lending institution. We can be more flexible, but still have to follow our loan policies and procedures as well as requirements of our funding sources.

Survey Question g. Are there other requirements, restrictions or parameters, i.e., geographical location, maximum # of FTEs, or gross annual sales?

Responses

- We limit our loans to Crow enrolled Tribal members and the businesses must be located on the Crow Reservation.
- Must have less than 11 FTE and less than or equal to \$1,000,000 in gross sales. Must be located within BPDC's service area (Liberty, Hill, Blaine, Phillips, and Choteau counties; and Rocky Boy and Ft. Belknap Reservations).
- ≤ 10 FTE and ≤ \$1,000,000 gross annual sales and must be within BPDC's service district.
- Must be located within BPDC service district (Liberty, Hill, Blaine, Choteau, and Phillips counties; and Rocky Boy and Ft. Belknap Reservations).
- ≤ 10 FTE and ≤ \$1,000,000 gross annual sales and must be within BPDC's service district.
- Project must provide an economic impact to the nearest Reservation where the business is located.
- Must benefit agriculture in Montana.

- Geographical area (within Headwaters 7 County region in Southwest Montana): other requirements may vary per program.
- Primary focus is Missoula County, except for our wood products program. Business must be in Montana. Restrictions include ethnicity or Native American.
- Yes. Geographic restriction to within reservation boundary, and target market restriction to Tribal members, descendants, or Tribal entities.
- Job creation, retention criteria, is one job for every \$65K. Size standard is maximum tangible net worth not more than \$15 million and average net income for two year no more than \$5 million.
- Size standards apply based on industry (either money or 8 employees).
- Native American.

Survey Question h. Are there fees associated with the loan funds?

Percent of Loan Funds/Products	Type of Fee	Fee Amount or Percentage
61%	Origination	1% – 2%, or up to \$290
16%	Administration	\$100-\$150 annually
42%	Closing costs	Responses varied; some indicated this fee as 3%, and some said up to \$500.
8%	Prepaid penalties	-----
26%	Misc. fees such as application and credit report fees	-----

Note: Most of the funds have 2 - 3 fees associated with them.

Survey Question i. What is the dollar range for your loan products?

Loan amounts range from a minimum of \$200 to a maximum of \$5 million

Survey Question j. What are the Interest rates and loan terms for your loan products?

Interest rates vary from prime+2% up to prime+4%. Others vary from a flat fee, to 0% to 12%.

Loan terms vary from a minimum of 3 years to a maximum of 20 years. Most loan terms are between 3 years and 10 years.

Survey Question k. What are the percentages of your *total aggregated loaned funds* for the following purposes:

Equipment acquisition	41%	Business purchase	26%
Working capital	36%	Inventory acquisition	14%
Commercial real estate	34%	Construction	8%
Business start-up	27%	Refinance	3%

APPENDIX TWO

MIBA Capital Access Working Forum Visioning and Goals Group Outcomes

GROUP ONE

Tom White: Small Business Administration; Kristi Old Coyote: Little Big Horn College; Craig Smith: Fort Peck Community College; Dave Glaser: Montana Community Development Corporation; John Guthmiller: USDA Business and Cooperative Program; Pam Haxby-Cote: Senator Jon Tester's Office; Latonna Old Elk: Little Big Horn College USDA Extension; Dave Pitts: USDA Farm Service Agency; Taffy Lafferty: Native American Development Corporation; and Tim Guardipee: Rural Dynamics, Inc

BLUE SKY THINKING

1. Strategic development of community infrastructure
2. Financial education / financial literacy
3. Incentives for financial institutions to lend in tribal communities
4. Business capital blueprint through collateral

GOALS

Goal 1: Strategic development of community infrastructure (tribal)

- a. Map assets in each community. Define access to areas of tribal communities that offer the best or potentially best places for businesses.
 - i) Define areas of the tribal communities that have access or need access to required facilities
 - (a) Sufficient water and sewer
 - (b) Proper road access
 - (c) High speed Internet/fiber optics
- b. Identify what assets that the community has and how the community wants to develop those assets. The entire community is involved in this process, the young and the old.
 - i) Natural
 - (a) Develop the resources
 - (b) Maintain sustainability
 - ii) Historic
 - (a) Enhance or develop tourism
 - (b) Preserve historic ideals
 - iii) Human
 - (a) Educated
 - (b) Diverse
 - (c) Readily available workforce population

- c. Enterprise Zones. Define or creation of areas of tribal communities that would offer favorable business access with proper protections for investors.
 - i) Create of business districts
 - ii) Create commercial zones
 - iii) Create industrial parks
- d. Develop long range funding sources
 - i) Define the need for not only current developments but for long range planning in 5 year blocks, i.e, needs for 10, 15 20 years down the road
 - ii) Develop federal, state and private long range funding sources to address the strategic needs of the community's long range plan

Goal 2: Financial Literacy (federal, state, tribal, private)

- a. Develop and/or implement a curriculum model for all ages from grade school through adults
 - i) Broad-based with flexibility to meet the needs of the local community
- b. Gain school access
 - i) Develop partnerships with local schools to implement curriculum
 - ii) Seek buy-in from teachers, administrators and the local public
- c. Individual Development Accounts along with financial education for:
 - i) Higher education
 - ii) Small business
 - iii) Home ownership
- d. State/tribal mandate for financial education in schools
 - i) Legislative process mandating financial education by a certain age and continuing throughout
 - ii) Provide a framework for school systems

Goal 3: Create incentives for financial institutions to lend in Tribal communities (federal, state)

- a. Develop Native American tax credit similar to new market tax credits
 - i) Institutions doing business on the reservations would receive a tax credit applicable to their business
- b. Peer to Peer co-op lending
 - i) Community members are the lending institution, loan review and collection committee
 - ii) Random reception of loan to members during loan tenure, not everyone receives a loan at the same time
 - iii) Payments are made pre, post and during loan regardless as to when they received loan
- c. Easy access to collateral collection
 - i) Develop collection procedures for tribal areas allowing business easy remediation of collection of collateral
 - ii) Set up a process all businesses can follow
- d. Access to equity injection to provide for gap or intermediate financing needs

- i) State/national Indian equity funds
- ii) Community foundations
- iii) Other federal/state programs granting startup capital
- e. Establish tribal credit unions
 - i) Membership and initial cash infusion would be paid by tribe as a per capita payment for every member i.e. \$25 per person
 - ii) All tribal members would have free access

Goal 4: Create a business capital blueprint through collateral (federal and tribal)

- a. Develop standardized methods for lending institutions
 - i) Examine and modify regulations from different institutions and agencies
- b. Uniform Commercial Codes
 - i) Develop codes that are similar and easy for outside institutions to understand in all reservations and tribal communities
- c. Allow the use of tribal trust land for collateral
 - i) Tribe or tribal members have first right of refusal
 - ii) Allow other federal agencies and private institutions to use land as collateral
 - iii) Remove levels of bureaucracy and streamline information process

GROUP TWO

Tom Jacobson: Rural Dynamics, Laura McGee: Montana Good Works Foundation, Liz Ching: Senator Max Baucus' Office, Amy Croover: Senator Jon Tester Office, Burton Warrington: Office of the Assistant Secretary, Department of the Interior, Indian Affairs

BLUE SKY THINKING

1. Financial literacy
2. Access to collateral
3. Virtual Incubator for promoting small businesses
4. Engage state, federal and tribal governments

GOALS

Goal 1: Financial literacy (federal, state, tribal, private)

- a. Make it a priority with the tribe
- b. Build a financially literate community

Goal 2: Access to collateral (federal, state, tribal, private)

- a. Research alternatives to collateral for landholding options
- b. System for recourse

Goal 3: Virtual incubator for promoting Indian small businesses (federal, state, tribal, private)

- a. Identify and procure resources for capacity building strategies
- b. Implement capacity building strategies to increase effectiveness and efficiency

Goal 4: Engage state, federal and tribal governments (federal, state, tribal, private)

- a. Increase participation of Native Americans in planning and decision making processes
- b. Develop a best practice model for accessing capital in Native American communities.

GROUP THREE

Barbara Stiffarm: Opportunity Link, Natalie Flores: Stone Child College, Emorie Davis-Bird: Blackfeet Tribe, Patty Gobert: Native American Bank, Yolanda Old Dwarf: Apsaalooke Nation, Steve Clairmont: S&K Holding Company, Kevin Johnson: First Interstate Bank, Sue Woodrow: Federal Reserve Bank of Minneapolis, Don McGee: Montana Good Works Foundation, Michou Kokodoko: Federal Reserve Bank of Minneapolis

BLUE SKY THINKING

1. Trust land as collateral
2. Indian Equity Fund
3. Streamline federal loan/loan guaranty processes
4. Create a level playing field for Indian business with a clear set of rules, policies and procedures
5. One-stop shop for Indian business owners seeking assistance to apply for loans or other funding
6. Create a resource pool to guarantee loans
7. Support creation of a pilot fund (payment in lieu of taxes on reservations) for developing needed infrastructure for Indian businesses
8. Build asset communities for Indian entrepreneurs
9. Seek funding to purchase, develop, lease land/buildings on reservations for Indian businesses

GOALS**Goal 1: Trust Land as Collateral** (federal, state, tribal, private)

Sign-up volunteers - Kevin Johnson, Patty Gobert, Emmie Davis-Bird, Sue Woodrow

- a. Support efforts such as the Uniform Law Commission initiative to address issues surrounding the limitations of utilizing the value tied up in trust land as collateral for commercial loans.

Goal 2: Indian Equity Fund (federal, state, tribal, private)

Sign-up volunteers: Craig Smith, Patty Gobert

- a. Support efforts to seek investment funding for and to expand the IEF from both public and private sources, including federal, state and tribal governments, foundations, and corporate sources.

Goal 3: Streamline Federal Loan/Loan Guaranty Processes (federal, state, tribal, private)

Sign-up volunteers: Tom White, Patty Gobert, Laura McGee, Emmie Davis-Bird, Barb Stiffarm, Sue Woodrow

- a. Create a work group to explore solutions and proposals for streamlining and simplifying the loan application and approval processes for Indian business owners seeking government or government-guaranteed loans (SBA, USDA RD, USDA FSA, BIA/OIEED).
- b. Follow requests for public comment soon to come out on a new regulation from Interior regarding the commercial lending process for Tribes and having MIBA submit comments
- c. Host education sessions for lenders, borrowers and agencies on the applicable regulations such as BIA loans, etc.

* Group 3 had a fourth goal that they did not have time to discuss further but want to mention: "Create a level playing field for Indian business with a clear set of rules, policies and procedures."

GROUP FOUR

Robert Much: Small Business Administration, Ann Desch: Montana Department of Commerce, Richard Litsey: U.S. Senate Finance Committee, Barbara Braided Hair: First Interstate Bank, Tim McInerney: First Interstate Bank, Collin Watters: Montana Department of Agriculture, Sandy Gerber: Federal Reserve Bank of Minneapolis, Mary Stranahan: Montana Good Works Foundation, Maria Valandra: First Interstate Bank

Blue Sky Thinking

1. Have easy access to capital
2. Think regionally
3. Create partnerships regionally
4. Educate potential businesses
5. Curriculum in middle schools
6. Double the capacity of technical assistance
7. Vibrant main streets on reservations
8. Have 'on the ground' local capital
9. Business clusters – mentoring
10. Capacity and relationships – local

11. Revival and expansion of programs that work i.e. Equity Fund, SBA, BIA
12. Expand the programs that have the appetite for risk
13. Access to collateral is not an issue
14. Cultivate the business between grant and loan
15. Delayed grant program – forgiven over 5 year period
16. Supplement the current Indian Equity Fund with other sources – SBA, USDA, DOI
17. Mandate funds that have to go to Native small business
18. Relax the regulations
19. \$20 million Indian Equity Fund
20. Larger number of Indian businesses get government contracts

GOALS

Goal 1: Expand the current Indian Equity Fund (federal, state, tribal, private)

Sign-up Volunteers: Ann Desch, Craig Smith, Latonna Old Elk

- a. Secure State funding by 2013
- b. Double the number of Native businesses assisted
- c. Secure other non-state funding sources by 2013
- d. Organizations to be involved: state, federal, private, tribal

Goal 2: Revive and expand financing that has a high tolerance for risk (federal, state, tribal, private)

Sign-up Volunteers: Colin Watters, Tim Guardipee, Robert Much, Sue Woodrow, Kaia Peterson

- a. Research and identify best practices and programs
- b. Mandate set-a-sides for a Native American loan program
- c. Collaborate with the Montana Indian Caucus for specific legislation for 2013