



MONTANA
ECONOMIC DEVELOPMENT CDFI

FINANCIAL GROWTH PLAN FY 2024 to 2028

December 2023



in partnership with



EXECUTIVE SUMMARY

Great Falls Development Authority, Inc. (GFDA, dba Great Falls Development Alliance) is a certified CDFI and an economic development entity serving the Great Falls trade area, a 13-county (small metro, rural, and tribal) region in Montana. Its mission is to grow diverse economic opportunities that enhance quality of life. As the only economic development CDFI in its service area, GFDA provides access to financial products and targeted technical assistance to catalyze investments that would not otherwise become available in north central Montana.

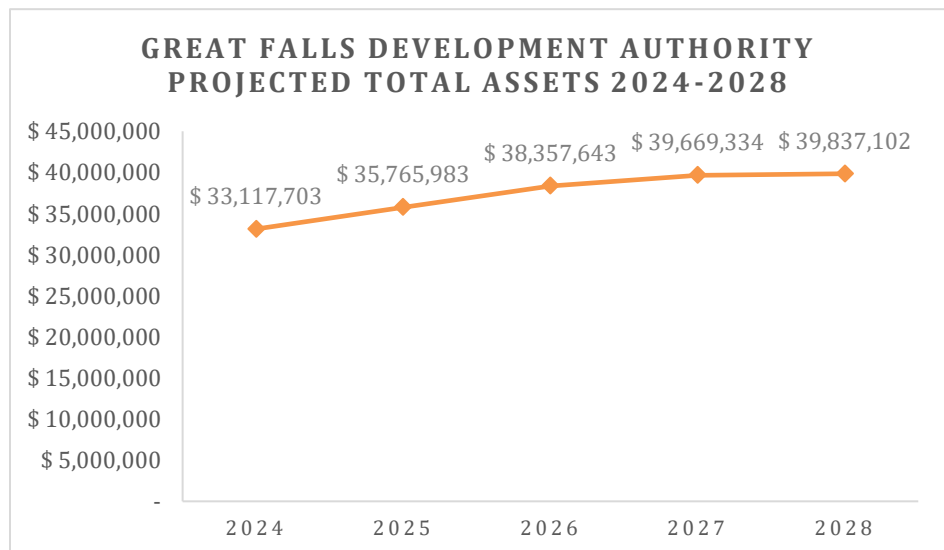
GFDA is a public-private partnership, formed explicitly to harness the power of collaborative community sharing of risk and the development of innovative and long-term impacts. In its role as a regional economic development alliance and a mission driven CDFI, the organization leads, guides, and facilitates regional efforts to build a prosperous and sustainable future. GFDA specializes in big-picture, innovative approaches that both attract new businesses and help local businesses expand and thrive.

This financial growth plan provides GFDA's stakeholders, including foundations and mission-focused investors, with a strong operational plan driven by a passion for true economic development impacts. The plan also complements the strategic planning work GFDA has recently completed.

Five-Year Projected Impacts

This 5-year plan is based on projections for growing the portfolio under management to achieve greater impacts throughout the service region, while increasing GFDA's financial sustainability,

defined as maintaining an operating profit each year through a combination of both earned income and grant revenue. GFDA's beacon goals are to reach operating break even, growing net assets under management to nearly \$30 million and increasing Total Assets to nearly \$40 million.



5-year objectives for FY 2024-2028 include:

- Scale overall capacity and impact of GFDA lending programs, resulting in over \$50.5 million in new lending activity over five years, including:
 - Gap financing for real estate and small business - \$21 million;
 - Bridge financing for real estate and small business - \$19 million;
 - Meat and Poultry Intermediary Relending Program - \$4.18 million;
 - State Small Business Credit Initiative Lending (SSBCI) Lending - \$3.9 million; and
 - Brownfields development lending - \$2 million.

- Expand technical assistance services by 10% per year.
 - Serve more than 2,000 clients per year by FY 2028.
 - Focus and tailor services to minority, rural, female, and veteran entrepreneurs.

- Support competitive improvements to strengthen the regional economy.
 - Development of 400+ workforce housing units per year.
 - Development of new quality childcare for 100 children per year.
 - Improve health care services through health education center infrastructure investments.
 - Remediate 3 downtown/riverfront brownfield sites.

- Build financial sustainability and balance sheet strength, while maintaining a net asset ratio above 70% each year.
 - Achieve net operating profit by FYE 2027 with continued profit in 2028.
 - Maintain 6 months' of operating cash.
 - Manage capital to maintain deployment ratios at or above 80%.
 - Maintain quality in the portfolio with PAR 90 delinquency and charge off rates at less than 5% and 3% respectively.
 - Maintain a 7% loan loss allowance for all new loans at the portfolio level.

- Increase and diversify loan fund capital investments, including new warehouse line of credit, borrowed capital and restricted capital grants, to maintain financial strength.
 - Leverage balance sheet with \$8.175 million in new debt capital from 2024 to 2028.
 - Draw down over \$11 million in additional restricted capital grant awards for relending from the CDFI Fund, SSBCI, USDA MPILP, and Brownfield sources.
 - Secure a \$1 million warehouse line of credit to increase flexibility of financing tools for gap financing projects.

- Invest in organizational capacity and GFDA's people.
 - Grow, invest in, and support GFDA's professional team from 18 to 20 FTEs, including a new loan officer position to meet loan volume demand.
 - Continue to invest in diversity of staff and review compensation plans annually for competitiveness.
 - Make significant investments in loan management workflow technology to improve production throughput.

MARKET DEMOGRAPHICS AND DISPARITIES

Regional Market Needs and Challenges

GFDA's service area has an underutilized and undercompensated labor market that includes workers with a higher-than average educational attainment. Despite this level of education attainment, weighted MHI in GFDA's 10-county core service area is \$46,746, and lags below both Montana's median income of \$63,214 and the national average of \$67,521. The opportunity for higher-wage jobs – employment that can allow a family to climb out of poverty, overcome debt, or save for a home or college – remains lacking. The weighted average poverty rate is 15.2% compared to the US rate of 11.4%.

The region has experienced decades of job decline and today the economy is still struggling. According to the University of Montana Bureau of Business and Economic Research's (UMBBER, 2019), the Great Falls post-recession regional economy has been on a slower growth trajectory than the rest of the state. Cascade County, home of Great Falls, is the only county in the state that saw negative job growth in 2016 and 2017; in 2019, employment growth totaled just 0.4%, one third of

the Montana and national growth rates (Chmura Economics). The region has lost over 3,600 jobs since the beginning of the pandemic (Chmura Economics, 2021). While the economy is expected to rebound in the near future, the permanent impact of the pandemic on certain industries is likely to shift the demands of the regional economy.

The service area is largely agricultural and overly dependent on the military, due to the presence of the Malmstrom Air Force Base, which currently employs nearly 3,400 people. Since 1975, the area has seen steady military cutbacks which have severely impacted the local economy. Even so, the military comprises 47% of today's Great Falls regional economy (UMBBER). Dependence on military spending for growth and lack of economic diversification stifles economic growth and dampens private business investment. Since 2008, private sector jobs in all industries have increased a mere 1.6%. COVID-19 caused an 11.5% decrease in the regional workforce, resulting in increased unemployment rates.

Despite a lagging economy, home prices continued their rapid growth in many Montana markets. According to the National Low Income Housing Coalition (2019), low-income residents would need to work 1.9 full-time jobs at minimum wage to afford a 2-bedroom rental and 1.5 full-time jobs at minimum wage to afford a 1-bedroom rental in Montana.

GFDA Client Needs and Challenges

A major challenge of the Great Falls region is limited access to capital. According to Policy Map, the total volume of loans made to small businesses in Cascade County is down 55% since pre-recession 2007 showing a steep decline in availability of capital in GFDA's service area. The number of banks and credit unions in this area is not enough to address the need for capital and fewer bank branches are directly correlated to less business lending and more payday lenders and check cashers (NCRC). GFDA works to increase bank capacity by filling capital gaps that conventional lenders cannot or will not fill.

Many borrowers find conventional loans offered in the market too inflexible or too small given their capital needs. Increased construction costs and the impact of the pandemic have significantly increased demand for GFDA's gap and bridge financing products. Brownfield remediation is just one example of this need, which lays the groundwork for the future development of economic activity centers. GFDA has been able to respond through the Brownfields Revolving Loan Fund.

2019 - 2023 LENDING IMPACTS

Lending Impacts - 2019-2023

Over the past five fiscal years, GFDA has provided \$20.5 million in direct financing. The pandemic provided limited opportunities for growing annual loan volume due to capital constraints, especially in 2020. However, during this time GFDA entered into COVID-related relief arrangements with a number of government entities and provided forgivable loans and grants to small businesses.

5 YEAR HISTORIC LOAN PRODUCTION

Line of Business	Loans by Number				
	2019	2020	2021	2022	2023
Microloans	1	6	2	1	1
Small Business	8	3	9	7	15
Total	9	10	12	8	16

Business Line	Loan dollars				
	Historic FY 2020	Historic FY 2021	Historic FY 2022	Historic FY 2022	Historic FY 2023
Microloans	33,000	274,058	80,000	30,000	80,000
Small Business	3,371,751	365,000	9,153,799	2,824,162	5,380,691
Total	\$ 3,404,751	\$ 853,705	\$ 9,323,636	\$ 2,854,162	\$ 5,460,691

Business line	Average loan size				
	Historic FY 2020	Historic FY 2021	Historic FY 2022	Historic FY 2022	Historic FY 2023
Microloans	33,000	45,676	40,000	30,000	80,000
Small Business	421,469	121,667	1,017,089	403,452	358,713
Total	\$ 227,234	\$ 127,330	\$ 382,309	\$ 216,726	\$ 219,356

Cumulative Impacts

GFDA is a recognized, award-winning leader in community and economic development for the north central region of MT. Over the past 27 years since its inception, GFDA has closed 190 loans totaling \$67,797,671 which leveraged an additional \$305 million in local investment. This lending has led to the creation of over 3,600 jobs; the creation of 544 workforce housing apartments; and the addition of essential community service facilities, like the Central Montana Birthing Center, the Great Falls Community Food Bank, and the Maclean-Cameron Animal Adoption Center.

FIVE-YEAR GROWTH PLAN (FY 2024 TO FYE 2028)

GFDA has developed an ambitious but realistic plan to raise the required capital and build its internal capacity to support high-impact lending activities and a continued growth trajectory.

In developing these forecasted model assumptions, GFDA worked with consultants to analyze several possible model scenarios during a month-long planning process. A CDFI peer analysis was also conducted to better understand how GFDA compares to other organizations in its overall financial structure and activities. The CDFI has planned accordingly for appropriate staff and operational capacity to ensure its lending targets and mission-based impact goals are able to be met.

Production Volume Projections

GFDA projects closing over \$50.53 million in loans over the next five years through 5 loan fund programs, including Brownfields Remediation, Montana SSBCI, Gap and Bridge Financing, and a new USDA funding source -- Meat and Poultry Intermediary Lending Program (MPILP), which provided two grant awards to GFDA to finance meat and poultry operations.

Great Falls Development Authority Inc. Five Year Financial Projections Overview

Loan Volume by Fund	Current 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	5 Year Total
Loan originations by product line						
MPILP Total	1,950,000	1,130,000	1,100,000	-	-	4,180,000
Brownfields Total	300,000	800,000	897,000	-	-	1,997,000
SSBCI Total	3,900,000	-	-	-	-	3,900,000
Gap Financing Total	3,400,000	3,000,000	4,000,000	5,000,000	6,000,000	21,400,000
Bridge Financing Total	3,060,000	6,000,000	3,000,000	3,000,000	4,000,000	19,060,000
Total Loan Originations	\$ 12,610,000	\$ 10,930,000	\$ 8,997,000	\$ 8,000,000	\$ 10,000,000	\$ 50,537,000

Financial Products

GFDA's product strategy is to create unique products which meet the financial needs of borrowers where conventional lenders will not. After working with the borrower and conventional lenders, GFDA meets borrower needs through a gap loan that is usually 1-2 points above conventional interest rates. Given the risk, GFDA prefers to position the CDFI as last in and first out. Its projected loan volume increases will be deployed among small businesses, workforce housing development, and commercial real estate projects as follows:

1) Commercial Real Estate Gap & Bridge Financing: 2nd position debt to fill the gap between the percentage conventional lenders will finance and available equity.

Typically, it finances 15-30% (average size of \$500,000 to \$1,000,000) of a project for 3 to 7-year terms with a balloon, at 6% to 8% interest rates. This product finances commercial real estate development, including affordable workforce housing, downtown and riverfront revitalization, and nonprofits, particularly those providing essential community services – i.e. rural health care.

2) Microenterprise: Financing up to \$100,000 for businesses with less than \$1 million and 10 or fewer employees, offered with less collateral and shorter credit histories than traditional lenders. Loans carry interest rates of 6%-9% and terms of 3-6 years.

3) Small Business Gap and Bridge Financing: 2nd position debt to fill the gap between what conventional lenders will finance and available business equity. Typically, it finances 15-30% (average of \$100,000 to \$500,000) of a project for 3 to 7-year terms with a balloon, at 6% to 9% interest rates. This product finances business start-ups and expansions.

4) Commercial Real Estate Brownfield Clean Up: Low-interest capital for contamination cleanup. This financing is rarely provided by banks, which are unable to lend until a property is remediated, inhibiting redevelopment. GFDA also provides TA to these projects. GFDA projects \$2 million in of these loans over the next five years. Average interest rates are 3% with 5 year terms and longer amortization periods.

5) Meat and Poultry Intermediary Lending Program: Low-interest capital for startup or existing meat or poultry processors with a 5-year term with up to 15-year amortization. The MPILP's objective is to strengthen the financing capacity for independent meat processors, and to create a more resilient, diverse, and secure U.S. food supply chain. Interest rates are fixed at 5%.

Technical Assistance Services

GFDA's expanded technical assistance services help its clients to survive, thrive and contribute to its regional economy and create a stronger entrepreneurial support ecosystem. Over the next five years, the CDFI will increase TA services by 10% per year to serve more than 2,000 clients per year.

Enhanced services and outreach will be targeted to increasing minority, rural, female, and veteran entrepreneurs in its service area, and to offer advanced TA services to second stage companies with high growth potential.

This year, GFDA will enhance its technical assistance services by launching a volunteer mentor network, adding an online loan application system, offering more

virtual training through video conferences, and holding more entrepreneur events and trainings in rural and tribal communities and urban neighborhoods to make its services more accessible to clients.

Key Community Partnerships

As an economic development alliance, GFDA must coordinate closely through the following community liaisons:

- City, county, and state elected leaders,
- Rural and urban chambers of commerce,
- Tribal governments and institutions,
- Universities and community colleges, and public schools,
- Rural Economic development authorities
- Health care providers,
- Trade unions,
- Housing and social service agencies, and
- Neighborhood councils,

Its team also coordinates with over 200 banks, professional firms, and companies. GFDA's 50-member Board of Directors reflect this broad partnership approach.

The organization's recently completed strategic plan includes active public and private participation throughout the region. Board meetings are open to the public, and its team is active on local boards and advisory committees.

GFDA's planning reflects, and is reflected in, city and county growth policies, neighborhood master plans, and EDD Comprehensive Economic Development Strategies. GFDA regularly partners with public and private agencies to commission special studies to help foster growth in the region's economy and is active in the Montana Economic Developers Association, state legislative committees, the Montana Chamber, Montana Infrastructure Coalition, Montana Bankers Association, and agriculture and industry associations.

Market Strategy and Key Referral Partners

GFDA markets its products and services in multiple ways but will implement additional marketing and outreach efforts to continue to build a strong pipeline of potential borrowers and projects in its 13-county service area.

One of its primary means of marketing and outreach is through business development officers, positions expanded by GFDA in 2021 in response to its

commitment to increase equity in lending and program services. Business development officers are tasked with community outreach using a “boots on the ground” approach to create awareness of GFDA’s financial products and services. They meet with community organizations, churches, tribal departments and organizations, minority organizations, and rural leaders and community organizations.

GFDA works hard to build capacity among its community partnerships to meet the regional economic development needs of the region and strengthen relationships with rural community leaders. These groups include:

- The Great Falls Downtown Development Partnership
- The Montana Defense Alliance,
- Great Falls Tourism
- Central Montana Tourism

One strong example is the partnership formed with the City of Great Falls, Cascade County, and state and federal agencies, to develop a very successful Brownfield redevelopment program.

To increase its impact and volume, GFDA works with nearly all banks and credit unions in its region. They partner with traditional lenders by providing the gap and bridge financing needed to make economy-stimulating projects possible. Lenders often refer clients to GFDA’s TA services team to help them get bank ready.

GFDA receives referrals from local chambers, county governments, economic development organizations, private professionals, and tribal councils. Within its service area are three federally recognized Native American tribes. The GFDA team has a formally stated objective in its strategic plan to improve access to loans and TA services for Native American businesses and have tribal council representatives on its board. This had led to increased partnership with an emerging CDFI, Montana Native Growth Fund, and the newly recognized Little Shell Tribe.

GFDA’s team also works closely with several development service partners, including the Montana Manufacturing Extension Center, that they provide a free office to, Montana Cooperative Development Center, U.S. Commercial Service, and the Montana World Trade Center.

Market Competition

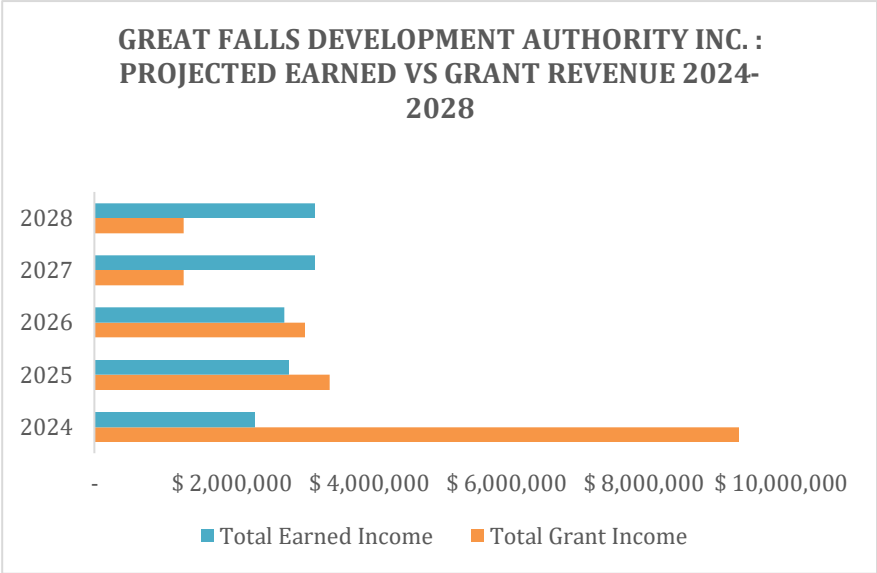
GFDA is the only CDFI serving businesses, entrepreneurs, nonprofits, and real estate developers in its service region – a territory larger than the State of Maine containing over 8,000 small businesses. GFDA’s loan products address a pressing need left unmet by other lenders, including area banks and credit unions. The service area is challenged by the lack of financial resources -- both traditional and nontraditional.

In its role as a regional, largely rural economic development CDFI, GFDA works to increase the competitive market and create more opportunities for financial investment and lending. Furthermore, with more stringent underwriting and other policies, these traditional lenders often cannot provide all the financing needed to make important neighborhood revitalization and other business development projects possible. GFDA finds that projects are more likely to be financed by its banking partners if it has already made a financial commitment to provide the gap or bridge financing needed to make high-impact projects possible. Historically, GFDA finances an average of 18% of a deal, leveraging 82%. These partnerships stretch its limited loan capital to create significant impact in its target market.

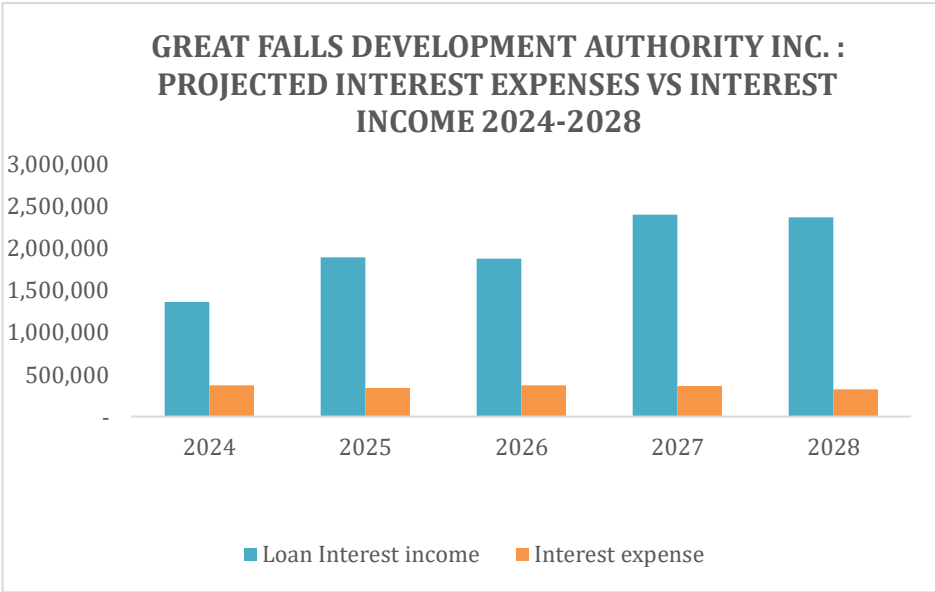
GFDA enjoys an array of banks and credit unions in its region, lenders that they approach as partners rather than competitors. GFDA’s role is to fill the gaps and provide the bridge loans during development that conventional lenders cannot or will not fill. They have been successful in attracting three Montana community banks to expand into its market in the last three years including Citizens Alliance Bank, Independence Bank, and Opportunity Bank. Partnering with the new lenders has led to an increase in lending and development service volume. Some entrepreneurs in the area have turned to predatory lenders for business expansion, where high interest rates limit their economic impact on their bottom line and the region’s economy.

Revenue Model Projections

GFDA’s revenue model includes a strategic goal of increasing loan fund profitability and sustainability year-over-year as part of its growth trajectory. The revenue model assumes relatively consistent growth of the loan program income as a percentage of total revenue.



The revenue projections are based mainly on four revenue sources: 1) Loan origination and interest income from new lending and the loan portfolio outstanding; 2) Operating grants provided by private annual investments by corporate partners and bank partners; 3) Restricted capital grants that are designated for direct re-lending or serve as loan loss reserve capital; and 4) Government funding by federal, state, and local partners to support its loan fund and its operations including allocations of large award from the CDFI Fund ERP Program. FY2024



revenue and expense assumptions are based on 2024 approved budgets by the GFDA Board of Directors, updated in October 2023.

An increase in total net assets is estimated over the five-year period of just over \$10.7 million with operating break even projected in FYE 2027 and FYE 2028.

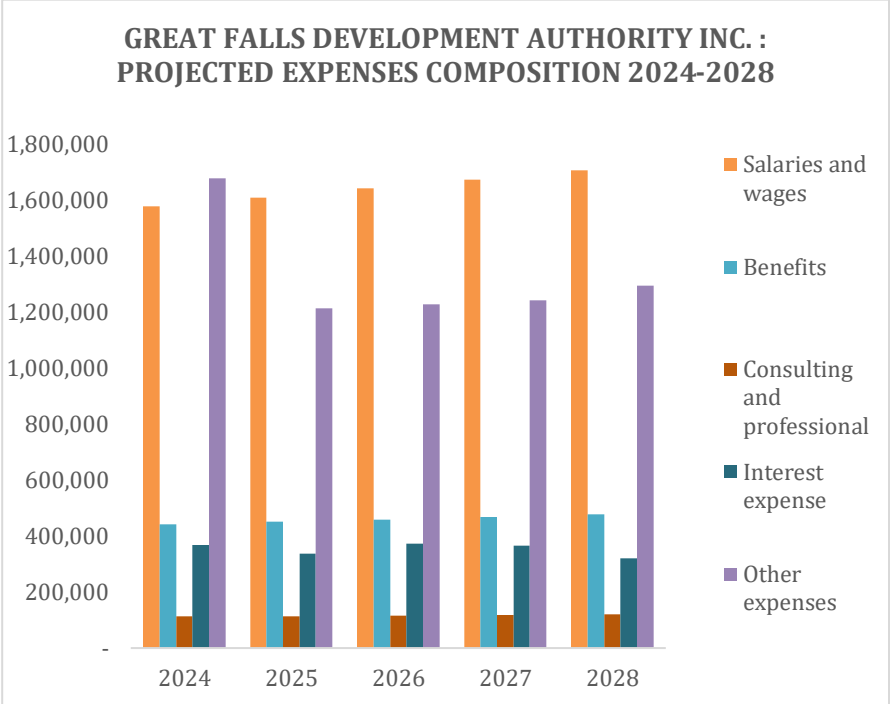
Operating Expense Assumptions

Staffing and related personnel benefit expenses comprise the greatest portion of GFDA’s operating expenses. Staffing

financial assumptions include 28% fringe benefits as well as merit bonuses and an annual cost of living adjustment (COLA) of 2% per year. Projections include both merit and cost-of-living adjustment increases and increases in the overall cost of fringe benefits. These expenses are expected to continue representing 50-55% of the operating budget.

To protect against unexpected losses, GFDA uses an allowance methodology for recognizing loan loss reserves (LLR) as a non-cash operating expense. For FY 2024-2028, GFDA adjusted the LLR allowance of loans receivables to 7% to recognize the fact that it had no charge offs in the preceding 4-year look period.

GFDA expects modest increases in expenses over the next five-year period for additional staffing costs and continued investment in organizational infrastructure capacity. As the cost of capital increases, interest expense will be another major line-item expense to watch closely, as they rely on a healthy interest rate spread to help fund operations.



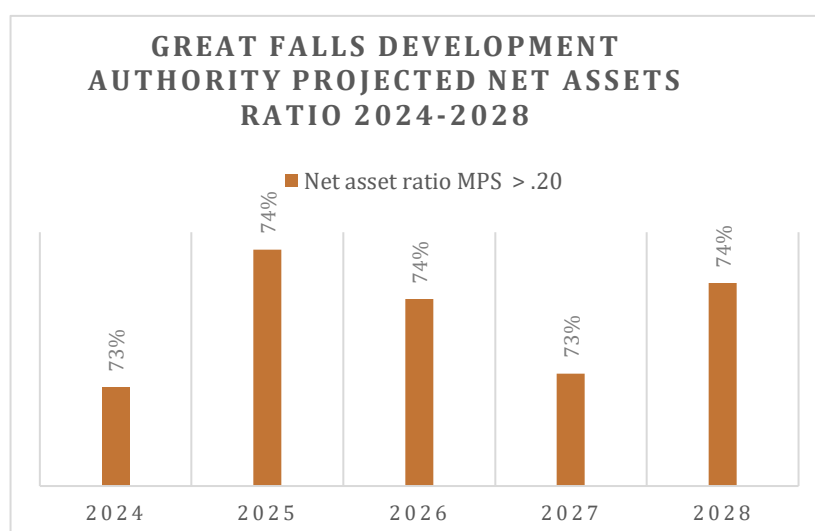
On the following financial statements “Statement of Activities and Balance Sheet”, GFDA included budgeted performance for 2024 as well as 4 years of projections from 2025-2028.

Great Falls Development Authority Inc. Five Year Financial Projections Overview

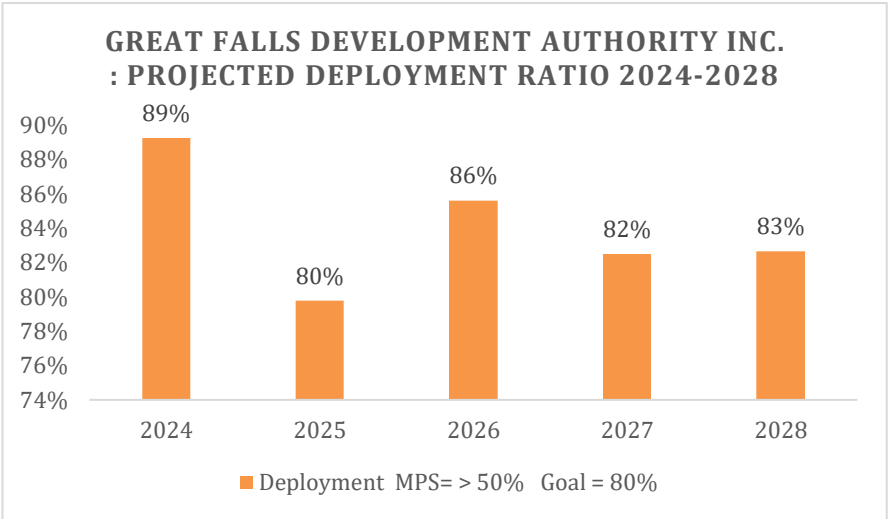
STATEMENT OF ACTIVITIES	Budgeted 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	5 Year Total
REVENUE AND INCOME						
Operating grants	1,327,635	1,300,000	1,200,000	1,000,000	1,000,000	5,827,635
Capital grants	8,058,269	2,125,000	1,872,000	300,000	300,000	12,655,269
Total Grant Income	\$ 9,385,904	\$ 3,425,000	\$ 3,072,000	\$ 1,300,000	\$ 1,300,000	\$ 18,482,904
Loan fees (origination/ funding/ service)	237,650	203,300	157,355	142,400	172,400	1,018,105
Loan Interest income	1,363,817	1,894,908	1,878,988	2,399,194	2,371,666	11,837,106
Other loan related income	-	-	-	-	-	-
Loan forgiven	335,000	335,000	335,000	269,000	269,000	1,543,000
Other earned income	399,500	399,500	399,500	399,500	399,500	2,022,500
Total Earned Income	\$ 2,335,967	\$ 2,832,708	\$ 2,770,843	\$ 3,210,094	\$ 3,212,566	\$ 16,420,711
Total Revenue	\$ 11,721,871	\$ 6,257,708	\$ 5,842,843	\$ 4,510,094	\$ 4,512,566	\$ 34,903,615
EXPENSES						
Salaries and wages	1,576,938	1,608,477	1,640,647	1,673,460	1,706,929	9,947,518
Benefits	441,543	450,374	459,381	468,569	477,940	2,785,305
Consulting and professional	112,200	114,444	116,733	119,068	121,449	707,771
Interest expense	368,795	335,915	372,769	365,662	321,368	2,325,877
Provision for loan losses	377,412	(383)	299,055	(4,506)	15,343	533,726
Depreciation	28,000	28,000	28,000	28,000	28,000	168,000
Other expenses	1,676,730	1,213,729	1,227,002	1,240,556	1,294,396	7,720,940
Total Expenses	\$ 4,581,619	\$ 3,750,556	\$ 4,143,587	\$ 3,890,807	\$ 3,965,425	\$ 24,189,138
Change in Net assets	\$ 7,140,253	\$ 2,507,152	\$ 1,699,256	\$ 619,287	\$ 547,142	\$ 10,714,478
Change in Net assets Less Capital Grants	(\$ 918,016)	\$ 382,152	(\$ 172,744)	\$ 319,287	\$ 247,142	(\$ 1,940,791)

Balance Sheet Projections

GFDA is forecasting strong balance sheet performance through FYE 2028, based on financial assumptions that include \$10.7 million in increases in net assets driven by new restricted capital grants and operating grants. Net Asset Ratios are projected to stay above 70% each year during the projected growth period.



GFDA will raise substantial loan fund capital designated for re-lending over the 5-year projected period; this will be used to satisfy projected demand for loan capital from target funds. Deployment ratios will be monitored closely each year. GFDA projects continuing to manage deployment above 80% through the end of FYE 2028. The balance sheet also shows moderate total assets growth due mainly to growing notes payable by \$5 million over the 5-year forecasted period.



Great Falls Development Authority Inc. Five Year Financial Projections Overview

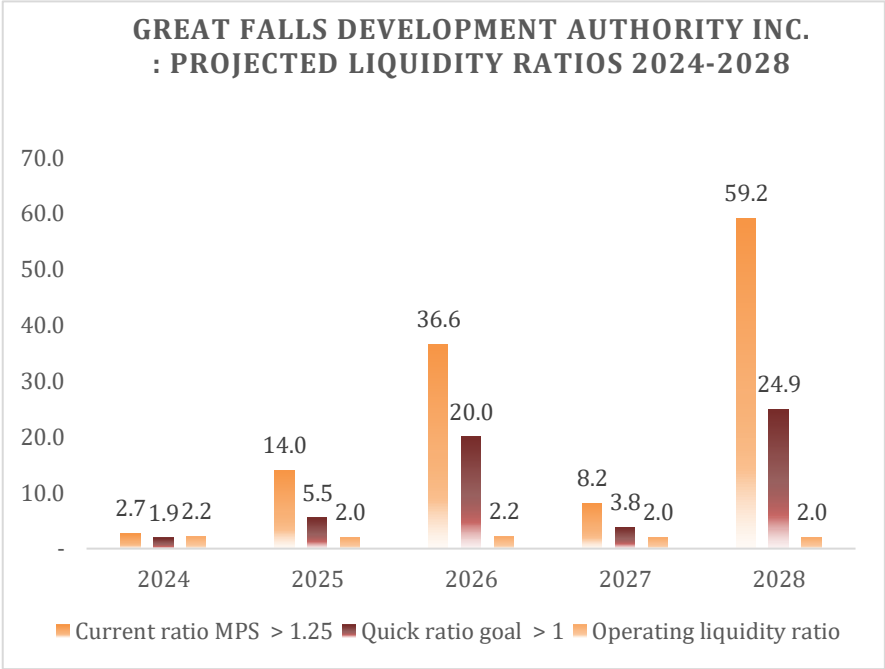
STATEMENT OF FINANCIAL POSITION	Budgeted 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
BALANCE SHEET					
Operating cash (6-12 months)	2,290,809	1,875,278	2,071,793	1,945,404	1,982,712
Current portion of loans receivable, net	1,779,464	10,935,466	4,724,785	8,064,368	9,780,812
Loan fund capital (cash designated for lending)	2,093,539	5,190,434	3,640,419	5,166,363	5,120,977
Total current assets	6,163,813	18,001,178	10,436,998	15,176,135	16,884,501
L-T Loans receivable	25,927,664	16,766,196	27,249,092	23,845,140	22,347,884
Allowance for loan losses & participations	(1,939,499)	(1,939,116)	(2,238,171)	(2,233,666)	(2,249,009)
L-T Loans receivable, net	23,988,165	14,827,079	25,010,920	21,611,474	20,098,876
Other assets	2,965,725	2,937,725	2,909,725	2,881,725	2,853,725
Total Assets	\$33,117,703	\$35,765,983	\$38,357,643	\$39,669,334	\$39,837,102
Current maturities of notes payable	1,008,872	1,007,596	7,596	1,579,374	7,596
Other current liabilities	1,277,750	277,750	277,750	277,750	277,750
Total current liabilities	2,286,622	1,285,346	285,346	1,857,124	285,346
L-T Notes payable	5,972,536	7,114,940	9,007,344	8,127,970	9,320,374
Other long-term liabilities	792,461	792,461	792,461	792,461	792,461
Total Liabilities	\$ 9,051,619	\$ 9,192,747	\$ 10,085,151	\$ 10,777,555	\$ 10,398,181
Prior year net assets	16,925,831	24,066,084	26,573,236	28,272,492	28,891,779
Change in net assets	7,140,253	2,507,152	1,699,256	619,287	547,142
Total Net Assets	\$ 24,066,084	\$ 26,573,236	\$ 28,272,492	\$ 28,891,779	\$ 29,438,921
Total Net Assets and Liabilities	\$ 33,117,703	\$ 35,765,983	\$ 38,357,643	\$ 39,669,334	\$ 39,837,102

Great Falls Development Authority Inc. Five Year Financial Projections Overview

Key Ratios	Budgeted 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
CDFI fund Self-sufficiency MPS >=40%	56%	76%	73%	83%	82%
Net asset ratio MPS \geq .20	73%	74%	74%	73%	74%
Current ratio MPS \geq 1.25	2.7	14.0	36.6	8.2	59.2
Quick ratio goal \geq 1	1.9	5.5	20.0	3.8	24.9
Change in Net assets MPS > 0	42.19%	10.42%	6.39%	2.19%	1.89%
Deployment MPS = \geq 50% Goal = 80%	89%	80%	86%	82%	83%
Deployment of financing-related cash	95%	86%	92%	88%	88%
Loan loss reserve ratio	7%	7%	7%	7%	7%
Operating liquidity ratio	2.2	2.0	2.2	2.0	2.0

Liquidity and Key Ratios

Operating liquidity ratios, including Current and Quick Ratios, are projected to continue to be strong as loan operations expand. Operating cash is projected in the model assumptions, which sets a minimum threshold of 6 months' of operating cash over the five-year projected period to cover operating expenses.



Loan Capitalization Strategy

To achieve its lending goals over the next 5 years, GFDA will embark on a capital campaign to raise a total of \$8.175 million in debt capital, with \$6.5 million to be raised from bank, foundation and government sources at interest rates averaging 4%. The CDFI has already secured nearly \$1.7 million in debt from the CDFI Fund and the Montana Board of Investment. The funds are in addition to a \$1 million warehouse line of credit to be secured and used on a project-by-project basis.

Name of source	Interest rate	Maturity	Budgeted 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	5 Year Total
Identified sources of borrowed loan capital			\$ 2,225,260	\$ 2,150,000	\$ 1,900,000	\$ 700,000	\$ 1,200,000	\$ 8,175,260
Other borrowed funds	4.00%	10	1,750,000	1,750,000	1,500,000	500,000	1,000,000	6,500,000
CDFI FA fund	1.39%	13	237,630	200,000	200,000	200,000	200,000	1,037,630
Montana board of investment	2.00%	15	237,630	200,000	200,000			637,630
Total			\$ 2,225,260	\$ 2,150,000	\$ 1,900,000	\$ 700,000	\$ 1,200,000	

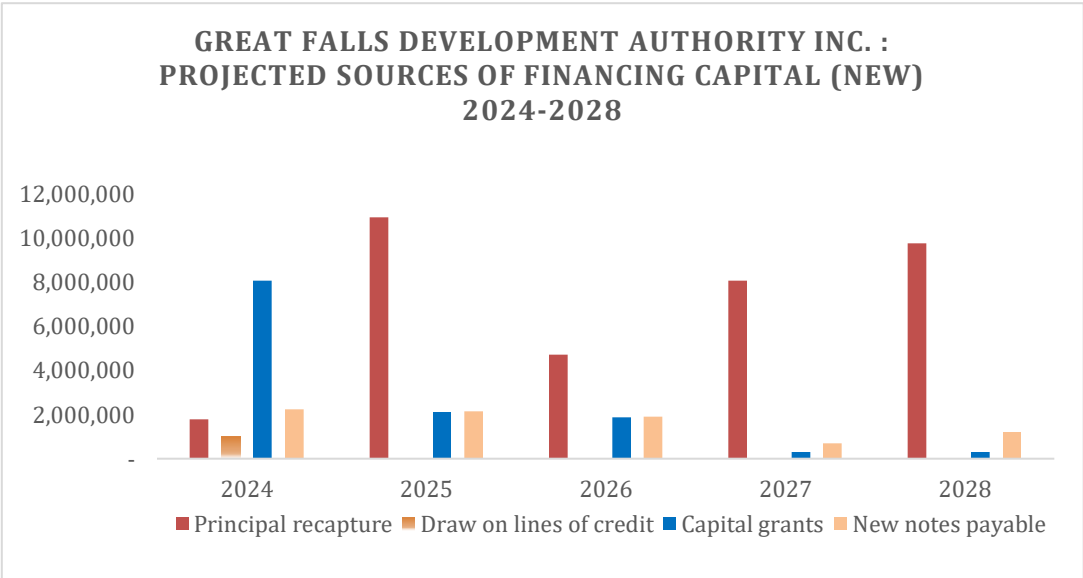
This capital will only be used to support the new \$50 million in lending impacts the CDFI is projecting.

In addition to debt capital secured in 2023, GFDA has also secured or intends to secure \$11.083 million in restricted capital grants over the next five years to build a strong balance sheet and equity capital base. Once repaid by borrowers, these funds will serve as equity in the loan fund.

Great Falls Development Authority Inc. Sources of New Grant, Contract, Consulting & Other Income

Committed Sources & Sources with High Level of Confidence

Sources of Grant Income		Current 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	5 Year Total
Restricted capital grants / Loan Capital Grants	Notes	\$ 8,058,269	\$ 2,125,000	\$ 1,872,000	\$ 300,000	\$ 300,000	\$ 11,083,269
Brownfield 2		300,000	800,000	472,000			
CDFI FA	FA 2022 award received in FY24	427,015	300,000	300,000	300,000	300,000	1,627,015
SSBCI 2.0	Received as of 10/2/23	3,900,000	-				3,900,000
USDA MPILP 1		1,775,000	1,025,000	1,100,000			3,900,000
CDFI ERP		1,656,254					1,656,254



Forecasted Grant Support and Project/Contract Income

Over its 25+ year track record, GFDA has grown into its role as the economic fixture in their region. In addition to being the resource for project grants from government agencies including the EPA, USDA, and the CDFI Fund, GFDA has developed strong relationships with key economic development partners, as well as corporate and bank supporters. To this end, GFDA anticipates annual support from long-time corporate investors of \$600,000 per year.

A summary snapshot of the sources by type is on the page below. All revenue assumptions are conservative; they include only committed sources and those

anticipated with high confidence due to its proven track record and informed communications with funders to date.

Great Falls Development Authority Inc. Sources of New Grant, Contract, Consulting & Other Income

Committed Sources & Sources with High Level of Confidence

Sources of Grant Income		Budgeted 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	5 Year Total
Corporations	Notes	\$ 575,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 3,075,000
Investments - corporate	Annual corporate investments	550,000	600,000	600,000	600,000	600,000	2,950,000
Sponsorships		25,000	25,000	25,000	25,000	25,000	125,000
Project Grants	Notes	\$ 752,635	\$ 675,000	\$ 575,000	\$ 375,000	\$ 375,000	\$ 2,752,635
EPA RLF Admin	Estimated use of new RLF grant funds	60,000					60,000
EPA Assessment	Estimated use of new grant	100,000	200,000	200,000			500,000
USDA MPILP 1	Funds received 9/29/23	100,000					100,000
USDA MPILP 2	Assumes no drawdown	-	100,000				100,000
Downtown Market Assess.	State, City & NWGF funds awarded	45,000					45,000
New Grants	Assumes 67% of EDA TA Grant drawn	80,000	300,000	300,000	300,000	300,000	1,280,000
CDFI FA	operating part of award	75,355	75,000	75,000	75,000	75,000	375,355
CDFI ERP	Awarded grant	292,280	-				292,280
Contract Income : FADC, PTAC & SBDC, Downtown	Notes	\$ 335,000	\$ 335,000	\$ 335,000	\$ 269,000	\$ 269,000	\$ 1,543,000
FADC	Assumes renewal of state funding	65,000	65,000	65,000	65,000	65,000	325,000
FADC SCBG Staff	Under contract	66,000	66,000	66,000	-		198,000
PTAC	Contract renewal approved by DOD	74,000	74,000	74,000	74,000	74,000	370,000
SBDC	Anticipated contract renewal January 1st	130,000	130,000	130,000	130,000	130,000	650,000
Other service fee income/ Technical assistance fees	Notes	\$ 374,500	\$ 374,500	\$ 374,500	\$ 374,500	\$ 374,500	\$ 1,617,500
AgriTech TIF Reimbursement	Estimate (pass thru)	270,000	270,000	270,000	270,000	270,000	1,350,000
Downtown BDO	Assumes continued funding	51,000	51,000	51,000	51,000	51,000	
SBDC Program Income	Based on average annual income	5,000	5,000	5,000	5,000	5,000	25,000
Client Grant Management	HPF management	48,500	48,500	48,500	48,500	48,500	242,500

Management Team and Staffing Projections

GFDA has experienced staff who have the diverse skills, strategic expertise, and collaborative orientation to successfully lead this next chapter of organizational growth. This talented team brings a wealth of resources to help small businesses and real estate developers grow and thrive.

GFDA's current lending and development services staff includes a 3-person lending team: a vice president of lending/loan officer, a loan origination and closing manager, and a loan portfolio manager. The 6-person business development team includes: a senior vice president/business development and pipeline director, 4 business development officers, and a marketing and communications director. The 5-person business technical assistance team includes a vice president of APEX Accelerator and brownfields, a Small Business Development Center director, and three business advisors. *A current organizational chart is attached in Appendix A.*

GFDA has built a strong culture of service within the organization, committed to fighting poverty and marginalization and transforming local economies within its service area.

Over the next five years, from 2024 through FYE 2028, GFDA plans to increase staff from current 19 FTE to 20 FTE by FYE 2024, adding one new position:

- Loan Officer – An experienced commercial loan officer with prior regional economic development project experience will be hired in 2024.

With this new hire over the next year, the CDFI will have the internal infrastructure and staffing capacity to meet the strategic goals and objectives highlighted in the executive summary.

Key management team members include:

Brett Doney, President & CEO

With over 30 years' experience leading economic development organizations. Brett is responsible for implementing GFDA's strategic plan, marketing the Great Falls region, managing its staff team, and strengthening relationships with its investors and partners. He also serves as senior loan officer. Prior to leading GFDA, Brett was the President & CEO of Enterprise Maine.

Jolene Schalper, Senior Vice President, Business Development & Client Impact

Jolene Schalper serves as Senior Vice President and leads its overall delivery of TA services and marketing of its loan products. She is responsible for managing and developing its business development team and for managing its pipeline. She is responsible for marketing and communications, and business development services involving business retention and expansion, attraction of investment into its service region.

Jake Clark, Vice President, Business Development

Jake Clark serves as a Vice President of Business Development focused on housing production and health/bioscience. He is responsible for attracting and supporting affordable and workforce housing development including emergency, transitional and supportive housing.

Jill Kohles, Vice President Lending

Jill Kohles serves as Vice President of GFDA's lending operations. She is responsible for managing and developing its lending team, assuring its compliance with its

lending policies and procedures, and reporting to loan capital sources. She manages its lending consultants, and leads its deal structuring, loan origination, underwriting, closing and portfolio management.

Tyler Menzales, Vice President, Strategic Initiatives

Tyler Menzales serves as vice president of strategic initiatives, a new position to put into action strategic initiatives detailed in the organization's 2023-2025 Economic Development Strategy. Priorities under his leadership include launching an Angel Investor Network, exploring the feasibility of creating an Equity Investment Fund, assessing market opportunities for creating greater economic opportunity in the region, and other key regional initiatives.

Lillian Sunwall, Vice President, APEX Accelerator & Brownfields

Lillian Sunwall leads GFDA's regional APEX Accelerator (formerly called Procurement technical Assistance Center) that helps entrepreneurs and businesses to earn minority, women, veteran, hub zone and other government small business certifications and to better compete for government contracts. She also leads GFDA's brownfields redevelopment program.

Jana Williams, Vice President, Accountant & Office Manager

Jana Williams leads the financial oversight and operations of Great Falls Development Authority. She is responsible for financial management and reporting, accounting, payroll, insurance, human resources, and office operations. As a certified Federal Grants Management and Cooperative Agreements Manager, she monitors GFDA's compliance with government contracts.

For a complete list all professional staff at GFDA please visit its [website](#).

CONCLUSION

GFDA's vision is to be a change agent, catalyst, and facilitator in the Great Falls region, fostering collaboration and partnerships to support diverse economic opportunities, innovation, and growth.

The goal of its work providing access to capital, consulting, training and resources for entrepreneurs, businesses, developers, and nonprofits is to transform Great Falls and the surrounding 10-county trade area into a thriving regional economy that enhances the standard of living for all people. As the only established CDFI in the service region, GFDA's team has been significantly increasing efforts to overcome challenges facing historically marginalized groups.

This plan forges an achievable path for the CDFI to grow to nearly \$40 million in Total Assets CDFI by FYE 2028 driven by a growing loan portfolio and the talented team of committed CDFI professionals.

GFDA hopes that this plan provides sufficient and convincing information to help your investment team make a funding decision and that we can work together to invest in these underserved communities and create a resilient future Montana. Should you require additional supporting data or documents as part of your due diligence process please do not hesitate to reach out.

ABOUT THE DEVELOPMENT OF THIS PLAN

The team at GFDA collaborated closely with Friedman Associates (F|A), a national CDFI consulting firm, to develop this plan. The consultants at F|A conducted a full review of its historical financial condition as well as:

- **A Review of Loan Fund Documentation and Policies and Procedures.** This included a look at audited and interim financial statements, policies and procedures, loan product features, strategic planning documents and grant applications. They also evaluated portfolio health and ongoing portfolio quality maintenance practices over the past four fiscal years.
- **Staff Interviews.** Consultants conducted video interviews with leadership and loan team members to get their reflections, observations, vision, and perspectives on the future state of the CDFI.
- **Virtual Brainstorming and Growth Modeling Sessions.** A “blue sky” whiteboard session was held with the lending and leadership team to get direct team input on lending goals, new product development, and to identify staff and other resource allocation constraints. Additional video-facilitated planning sessions were held with leadership and in-house accounting professionals to develop a five-year financial roadmap for the team. The financial projections were developed using the assumptions defined by GFDA’s leadership team with direct input by the GFDA Chief Executive Officer (CEO) and GFDA Vice President of Lending every step of the way.

APPENDIX A: ORGANIZATIONAL CHART



Organizational Chart
10/11/23

