

SUMMARY

Roundtable Proceedings

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UCROSS FOUNDATION

"Roundtable on Financial Institutions in Wyoming"

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I. WHAT OPPORTUNITIES DOES WYOMING HAVE (NOW AND IN THE FUTURE) FOR THE FINANCIAL INDUSTRY?

A. As a state, Wyoming currently has to offer:

1. A wealth of natural resources.
2. An excellent lifestyle, in a unique state.
3. Good educational opportunities.
4. A good tax base and good cash flow at the governmental level.
5. The tourism industry.
6. An unsurpassed interstate highway system.
7. A quality work force.
8. The agricultural industry.
9. High per capita wealth.
10. Low costs for financial industry.
11. A citizenry of survivors.

B. In the future, Wyoming could offer the following opportunities:

1. The prospect for the unification of state goals and planning.
2. The opportunity to capitalize on added value to our currently exported raw materials.
3. More freedom from deregulation and in interstate banking.
4. Imaginative approaches to the delivery of financial services.
5. The potential for economic development and growth.
6. The possibility of international trade.

II. WHAT BARRIERS DOES THE FINANCE INDUSTRY FACE IN WYOMING?

A. There were many barriers perceived, quite a few of which were viewed as being of the "Catch 22" or "chicken and egg" variety. Of these, the tougher barriers were thought to be:

1. Lack of economic diversification, including a lack of industry and reliance on the energy sector.
2. Lack of clearly defined directions for the private and governmental sectors.
3. A declining market due to a loss of population in-state.
4. A poor human transportation system.
5. Lack of specific goals in attracting industry to Wyoming.
6. The overall poor economy nationwide.
7. National goals and policies which are at odds with state goals and policies.
8. A focus on immediate problems without considering future opportunities.
9. Sending funds out of state instead of investing them locally.
10. Little interbank cooperation.
11. Lack of coordination for business planning and services.
12. No national image of Wyoming.
13. Some lack of financial services and marketing know how in-state.
14. The high cost of production or extraction of raw materials
15. A resistance to change on the part of the populace.
16. Antiquated banking laws and diverse lending rules for different types of lending institutions.

B. Also seen as problematic were the following:

1. Difficulty in attracting good people to Wyoming, along with a low internal creativity level.
2. Lack of loan demand.
3. A low population level, in a large state.
4. Competition from outside financial institutions.
5. A bad financial image due to foreclosures and liquidations.
6. Wyoming's small voice in the national financial community.
7. Continuing adjustment to deregulation.
8. Fear of lawsuits to financial institutions.

COMMENT One other perceived problem in the state was that there are too many financial institutions; however, it was felt that the free-market system would take care of that problem.

III. WHAT MEASURES MIGHT BE TAKEN IN CONCERT WITH THE PRIVATE SECTOR, THE PUBLIC SECTOR, AND THE FINANCE INDUSTRY WHICH WOULD BENEFIT THE CITIZENS OF WYOMING?

A. Those measures held in the highest regard by the participants were:

1. Develop an organized, unified plan for the state's economy.
2. Develop a state master plan on transportation.
3. Keep currently exported goods in the state for value added processing.
4. Target industries which could be brought in to diversify the economic base.
5. Provide or develop government coordination in marketing Wyoming nationally and abroad.
6. Promote a statewide communter air service.
7. Provide assistance for small businesses through a coordinated effort by the financial industry.
8. Simplify the current banking laws.
9. Promote technological solutions to Wyoming's remoteness, such transmission power lines to Washington, D.C.
10. Target industries which use the same raw materials we produce and sell to those not currently buying Wyoming goods.

B. These measures were also considered to be of considerable value:

1. Develop a problem-solving network of expert state citizens.
2. Promote a coopearative plan to best use monies from Amendment 4.
3. Promote cooperation among all governmental agencies.
4. Promote media support for solutions to the state's economic problems.
5. Consider selling problem loans to the state or private sectors, with a guaranteed buy-back over time.
6. Establish a statewide pool of "other real estate owned (OREO)".
7. Provide state-funded feasibility studies for promising projects.
8. support more creative loan funding (e.g., link deposits).
9. Develop a site location service.
10. Remove government from competition with the private sector, buy doing away with government warehouses, motor pools, gas stations and the like.
11. Provide a centralized job location and counseling center to supplant the discontinued Job Service of Wyoming offices.
12. Provide tax incentives in purchasing land, or in some other way provide financial assistance to businesses wishing to base in Wyoming.
13. Legislate tort reform for the financial sector.

IV. WHAT BUSINESSES COULD BE STARTED IN WYOMING BY AN OUTSIDE INVESTOR WHICH WOULD BOTH MAKE MONEY AND PROVIDE JOBS? WHAT OPPORTUNITIES ARE THERE FOR OUTSIDE INVESTORS?

A. The participants listed the following possibilities:

1. Establish or takeover a ski complex.
2. Establish a consulting firm for:
 - a. small businesses
 - b. international businesses
 - c. siting for industry or other business
 - d. financial management
 - e. community development and diversification
3. Establish a transportation firm (for people).
4. Provide feasibility studies and marketing plans for D.C. transmission lines.
5. establish a bio-chemical industry
6. Develop hearing technology
7. Become a Lobbyist for private businesses to get government out of the marketplace.
8. Establish a medical center.
9. Provide financial services relocation.
10. Provide retirement facilities.

V. SUGGEST SPECIFIC DISCRETE PLANS OF ACTION BY WHICH THE FINANCE INDUSTRY
COULD MAKE A MEASUREABLY GREATER CONTRIBUTION TO WYOMING'S WELL-BEING.

A. Participants suggested the following:

1. Revamp and streamline state government agencies, personnel and operations.
2. Subsidize intrastate air transportation, to be provided by the Lowest-bidding air carrier.
3. Draft favorable interstate and/or branch banking legislation.
4. Develop a state master plan on tourism.
5. Establish a small business advisory group to assist new or current small businesses.
6. Develop a strategic plan for statewide economic development.
7. Encourage more venture capital in the state.
8. Establish county-level futures committees to work toward state planning in all phases of the economy with the Wyoming Futures Project.
9. Develop a state pool for temporary relief to financial institutions on "other real estate owned" assets.

Following are two plans (GOALS) for action, and one discussion about the feasibility of an interstate airline.

SMALL BUSINESS ADVISORS

GOAL To establish an advisory board for small businesses made up of professionals, who would assist in aiding the start up of a new business or enhancement of a current business; designing business plans; obtaining financing; and providing follow-up and support for a five-year period.

COMMENT The business plan would contain a five-year projection, and the board would advise entrepreneurs if it felt the projected business were not feasible.

The business plan would also include marketing, financial assistance available, and production expectations.

The LEADER in this effort would be the governor of Wyoming.

PROPOSERS of this effort would be the Economic Development and Stabilization Board, and, possibly, the Institute for Business Management Services at the University of Wyoming.

The participants in this plan of action could not think of any possible OPPOSERS to this plan.

NEUTRAL participants were thought to be the Wyoming Community Development Authority, the State Treasurer, the Securities Division of the Secretary of State's office, and venture capitalists.

The FIRST STEP in implementing this plan is to present it to the Wyoming Futures Project board, and should be done as soon as possible.

Once the plan is underway, the PROCESS should be in the hands of the Economic Development and Stabilization Board.

The STEPS leading to the goal, and the TIMING would be:

The chairpersons of the Wyoming Futures Project should present this plan to Governor Sullivan 90 days after he takes office.

The governor should give the responsibility and accountability to the EDS board within 90 days.

Finally, the EDS board would have another 90 days in which to implement the plan.

The total time frame would thus be nine months to completion, or approximately mid-September, 1987.

ASSISTANCE in fulfillment of this goal can be provided by the University of Wyoming, the Wyoming industrial Development Corporation, the Wyoming Bankers' Association, and the retired executives' group, SCORE (which will provide the follow-up and nurturing mentioned in the GOAL, above).

FINANCING for this goal will come from the EDS board's budget.

HINDRANCES to this plan might be raised by competitors to those businesses which would be helped, but these can be OVERCOME by stressing that the service is available to all small businesses in Wyoming.

ALLOCATION OF STATE FUNDS

GOAL To assist the legislature in the most optimal allocation of available state funds, in order to maximize the economic benefit to the citizens of Wyoming.

COMMENT Wyoming has many resources, including cash or potential capital, at the state level. Legislation should be drafted to allow flexibility in financing economic development projects, to utilize the state's natural resources, and diversify the economic base.

The funds should be used to assist in the financing of existing businesses that can effectively expand (not used for refinancing to save jobs), and also used to attract outside industry that is currently exporting raw materials that could be used to create jobs in the state by exporting the finished product.

The state funds should be used in conjunction with private industry capital to maximize or leverage the state funds. Attainment of this goal would create a partnership of all capital raising sources.

The LEADER in pursuing this goal should be the five elected state officials and the Legislature.

PROPOSERS to this pursuit would be:

- the Economic Development and Stabilization Board
- the Wyoming Community Development Authority
- the Wyoming Economic Development Association
- the Wyoming Association of Municipalities
- local economic development groups
- the Wyoming Bankers' Association
- venture capitalists
- leaders of the public sector
- investment bankers
- economic development consultants

OPPOSERS to this goal might be:

- some members of the agriculture sector
- some bankers
- some legislators
- members of the public with misconceptions about Amendment 4 monies

NEUTRAL participants in the development of this goal would be:

- the governor
- the legislature
- the state treasurer
- economic development groups
- the general public
- outside investment advisors and consultants.

The FIRST STEP in attaining this goal will be to discuss this goal with the new governor, which the EDS board and the WCDA are going to do. Then, draft legislation, with the Legislative Committee for Amendment 4, would be necessary, followed by gathering of statistics to show benefits and garnering of support in the leadership of the Wyoming Senate and House.

Members of the WCDA and the EDS board will talk with the governor-elect by December 10, 1986.

Ultimately, achievement of this goal will be reached at the State Capitol.

The process in achieving this goal consists of involving interest groups, attending legislative hearings, drafting the bill or enabling legislation, media exposure, public input to the legislature, and testimony by experts of the benefits of such a goal.

The TIME FRAME would be to have the draft bill written within 30 days (by mid-December, 1986), with the balance of action before and during the legislative session early next year.

ASSISTANCE in achieving this goal can be provided by the EDS board and the WCDA, state and local economic development people, and feedback to legislators during the session.

COMMENT The Wyoming Farm Loan Board would be in charge of allocating this money, but would have no other function, i.e., the five elected state officials would administer the distribution of funds.

HINDRANCES to reaching the goal might arise from

1. the groups in competition for the funds
2. some legislators
3. some members of the agriculture industry
4. misinformed people
5. some bankers and business people
6. losses or mismanagement of Amendment 4 monies

NEUTRALIZATION of the hindrances can be achieved through relating the benefits that will accrue to those in opposition, positive exposure from the various news media, and education of the public.

This project is already underway, and appears likely to succeed.

COMMENT The group which formulated this goal presented two real examples of how the monies might be used. For one, the Lok-Blok company of Australia, which manufactures gypsum construction blocks and would like to locate its business in Wyoming, the scenario was as follows:

<u>\$4,000,000</u>	<u>total capital needed</u>
1,000,000	equity provided by Lok-Blok
250,000	provided by the EDS board
750,000	provided by community where Lok-Blok will set up
1,000,000	provided from Amendment 4 monies
1,000,000	provided by the WCDA
Or	
500,000	provided from Amendment 4 monies
500,000	provided by the WCDA
1,000,000	provided by commercial lending institutions

By such a use of Amendment 4 monies, financing for the Lok-Blok company can be provided, where, without Amendment 4 monies, the state agencies would not be able to finance without exceeding their budget limits for loans.

The second company used as an example was Centrex, which has a cement factory in Laramie. Centrex needs a total of \$35,000,000 in capital, and has provided \$15,000,000 of that itself. It asked the WCDA to buy down the interest rate on funding for the remaining \$20,000,000, which the WCDA was ultimately unable to do because of limitations on how much money it could spend. Had there been Amendment 4 monies available to buy down the interest, the state could have assisted Centrex in obtaining its loan. Fortunately, Centrex is staying in Laramie even though the state could not provide assistance.

STATE-SUBSIDIZED AIR TRANSPORTATION

One discussion group had chosen state-subsidized intra- and interstate air transportation as its goal. Although during the course of the roundtable it became apparent that the participants thought air transportation in-state was vital, the group which chose this goal decided it was not feasible. The group decided to open the topic for discussion by all the roundtable participants. Following are some pertinent comments.

- A. The biggest problem is getting from one city in the state to another in the state without also going to the hubs of Denver, Salt Lake City and/or Billings. If air transportation were available from city to city in-state, would there be enough use to justify state subsidy? Would such transportation really benefit Wyoming economic development?

At the current time, many people drive to hub airports, or drive between communities which can be reached by air, albeit in a round-about fashion. The reasons given for driving were: direct route, sometimes less travel time, convenience of having one's car at one's destination, relative cheapness (in relation to air transportation cost), and flexible travel time (it was noted that even when Wyoming did have considerable in-state air transportation that flight schedules were highly inconvenient).

- B. If state-subsidized air transportation were provided, all communities would want it, but it would not be feasible to serve, for instance, every community in the Big Horn Basin. Who would decide which communities would receive the service?
- C. A commuter airline already in existence, such as Centennial in Wyoming or Continental Express from Denver, could conduct a feasibility study, during which time the state would pay its costs, to see which, if any, airports had sufficient user demand between Wyoming cities to make such a project affordable.
- D. Airlines are already serving Cody, Sheridan, Gillette, Casper, Cheyenne, Evanston and other cities. However, few if any flights connect Wyoming cities. Instead of the airline having two flights per day, for instance, one from Casper to Denver and one from Cheyenne to Denver, it could fly from Casper to Cheyenne to Denver. Is there some good reason why the airlines are not currently doing this?
- E. Getting into Wyoming from out of state is fairly easy at the present time, while getting around the state is not. Except for some areas on the Atlantic and Pacific coastlines, this is true in any state. If we are trying to bring out-of-state entrepreneurs into the state so they will invest here, they can easily get to Wyoming, and may not be impressed with a little commuter airline for in-state travel anyway. So the need may not really be there.

- F. Future advanced telecommunications may make much intrastate travel unnecessary.
- G. A charter clearinghouse could be set up, wherein in-state travelers would call a central office with a WATS line, and pool their rides. This could be done on a community-, regional-, or statewide basis. Travelers who use the clearinghouse would pay its costs, or some of them.
- H. One suggestion to the Transportation and Telecommunications Task Force of the Wyoming Futures Project was another type of charter pool, which would receive subsidization up to the point at which pilots could make profits themselves. This would involve a computer network in Casper. Charter pilots in various parts of the state would contract to fly from their origination points, to midway points, to Casper, on any day that they had a request for charter service at their origination point. The pilots would arrive in Casper by a certain time each morning, then go back to their origination points, carrying outgoing passengers. In the evening the pilots would fly the same loop. The computer would coordinate all passengers. Passengers originating their flights in Casper on days when there was no charter arriving from their destination point would then charter their own flights from Casper.

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