



Roadmap Report: Menominee County, WI

*Prepared for:
Menominee Indian Tribe of Wisconsin*

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Overview

CDFA selected the Menominee Indian Tribe of Wisconsin (MITW) to participate in the CDFA Community Facilities Technical Assistance Program. As supported by the USDA, this program brings dedicated technical assistance to rural communities and helps local leaders better understand how USDA financing programs, particularly the USDA Community Facilities Program, can be used with other development finance tools to meet economic development goals.

Native American communities have particular characteristics and face a unique set of socio-economic issues. According to the U.S. Census, about 80% of people who live in Menominee County are American Indian and Alaska Natives and 13% are White. 26.5% of the overall population is estimated to live in poverty, which ranks the highest among all counties in Wisconsin. In 2022, the unemployment rate in Menominee County is about 7%. The most common job groups, by the number of people living in the county, are Office & Administrative Support Occupations, Healthcare Support Occupations, and Food Preparation & Serving Related Occupations. Menominee County has the highest overdose death rate in all of Wisconsin. Since the COVID-19 pandemic, overdose deaths have hit record highs. In addition to poverty and overdose death issues in Menominee County, people also suffer from health issues like a high risk of diabetes. Menominee County is ranked the least healthy county in Wisconsin. Data have shown that 67% of the deaths are related to alcohol-impaired driving, 46% of adults are obese, 30% of adults are smoking, and 32% of residents are not engaged in any leisure-time physical activities.

To address these challenges and meet the growing demands of the population in Menominee County, The MITW intends to construct a new clinic, as an expansion of the newly constructed Omaeqnomenewak Wetohkatikamek Center (OWC/"Phase Center"). The goal is to build a "culture of health campus" to increase access to care and address various issues the community currently faces, such as diabetes prevalence, highest heart disease rates, and low life expectancy. The new clinic supports this initiative since the current clinic has reached its capacity to serve the community and is in desperate need of a larger healthcare facility to provide better patient care.

This project is shovel-ready. The Tribe has recognized the need for a new clinic and gained abundant community support. It also has worked with Performa Inc. to create the building concept and floor plans with cost estimates. The total cost of the project is estimated at \$57,523,221 as of 2022. The main challenge the Tribe faces in project development is assembling capital.

CDFA conducted preliminary research on the project and visited the MITW site on June 8, 2023. During this in-person visit, the CDFA team toured the proposed new clinic and current Menominee Tribal Clinic, facilitated conversation with current clinic leadership, introduced USDA financing programs, and discussed potential financing for the project.

SWOT Analysis

A SWOT analysis was used to assess the project's core strengths, weaknesses, opportunities, and threats. The SWOT approach defines these terms as follows:

Strengths & Weaknesses: internal factors that strengthen or weaken the organization or project

Opportunities & Threats: external factors that either present opportunities or problems to the organization or project

In discussions with the current clinic leadership, one of the main themes that emerged from the analysis of strengths is that the construction of the new clinic will provide enhanced efficiencies in terms of operations, building functionality, staffing requirements, and emerging technology. The new clinic will also provide more space for parking, designated breakrooms, storage, bathrooms, and offices. Building a new clinic will have the advantage of enabling the tribe to design the facility to operate in a more cost-effective and efficient manner, while also improving clinic services to provide a healing environment. These upgrades will further benefit the users of the facility, including both patients and staff. As a shovel-ready project, it has gained tremendous support from the tribal community and leadership, a crucial aspect for eligibility under the USDA Community Facilities Program. The tribe also boasts expertise in healthcare facility development, owing to its successful new construction of the OWC. These transferrable insights and resources will prove invaluable for the establishment of the new clinic.

The project faces several challenges regarding staff recruitment and retention, financial sustainability, and leadership. High turnover and low recruitment are two obstacles identified by the clinic staff, due in part to lower wages and facility location, which are risks to consider with the construction of the new clinic. Another significant weakness of building the new clinic is the financial sustainability difficulties the current clinic is facing. The staff shared three primary sources of funding for the current clinic: Indian Health Services (IHS) grants, Third-party revenue funds, and FQHC funding. In recent years, the clinic has experienced some financial uncertainty resulting from a decrease in FQHC funding while experiencing inflation, increased interest rates, and increased construction costs. This could be a challenge when financing the new clinic, especially because the estimated cost to construct has nearly doubled since the original plans. The current clinic is fully self-funded by grants and savings, resulting in the leadership's limited exposure to various debt financing tools commonly used for community facilities projects.

However, there are opportunities for greater collaboration and communication between the clinic and the tribal council. The staff discussed a proactive and collaborative approach by educating the tribal council, key community leaders, and stakeholders, on the need and importance of expanding the current clinic and its benefits on economic development. In addition to tribal equity, the tribe could explore alternative financing opportunities like USDA funding and tax credits. It is essential to incorporate these various financing avenues into the capital stack to establish a more sustainable and robust financial foundation for the new clinic.

Threats to the project are often external and not within the control of the organization. From a macro level, the annual inflation rate for the U.S. rose to 6.8% in 2021 since 1982. According to U.S. Labor Department data published on June 13, 2023, the current annual inflation rate for the U.S. was 4% for the 12 months ended May.¹ Inflation may pose additional risks to the project since the increased prices in materials and labor will decrease the purchasing power of the tribe. Another threat is related to priority setting within the tribal government. In order for this development to move forward, there must be adequate support to build momentum and transition the project past the planning phase.

SWOT Matrix

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> • Updated facilities would benefit both patients and staff • Site for the new clinic is shovel-ready • Broad support from the tribe for developing the larger health campus • Recent experience in developing a new healthcare facility • Clinic leadership has a Business Operation Plan 	<ul style="list-style-type: none"> • Challenges with staff recruitment and retention at current clinic • Financial uncertainty • Project scope has expanded since the initial budget estimate and the cost has nearly doubled • Limited experience financing new development projects • Lack of funding and financing resources for current project
<i>Opportunities</i>	<i>Threats</i>
<ul style="list-style-type: none"> • Collaboration with tribal leadership • Continued community engagement around building a new clinic • Financing options available, beyond tribal equity 	<ul style="list-style-type: none"> • Rising project costs, due to inflation and interest rate hikes • Competing priorities for tribal leadership, potential to lose momentum

¹ [Current US Inflation Rates: 2000-2023](#)

Financing Opportunities

Through engagement with the MITW, several financing opportunities could be used to develop the new clinic. The following potential financing tools should be explored by the tribe in consultation with qualified financial and legal advisors.

USDA Community Facilities Program

The USDA Community Facilities Program offers affordable funding via direct loans and grants to develop or improve facilities that provide essential public services to communities across rural America. Eligible communities must be located in a rural area such as cities, villages, townships, and towns with no more than 20,000 residents, with priority given to small communities with a population of 5,500 or less and low-income communities having a median household income below 80% of the state nonmetropolitan median household income.

The low-interest loan program has several requirements that will need to be met, including how the funds may be used and the terms of the loan. The loan terms include no pre-payment penalties, a fixed interest rate, and the loan repayment terms may not be longer than the useful life of the facility. The USDA Community Facilities Program is an optimal financing choice since its interest rates are fixed for the entire term of the loan. The interest is determined by the median household income of the service area and the population of the community, and there are no pre-payment penalties. The low-interest rate makes this loan an affordable and tangible financing option.

The construction of a new clinic counts as an essential community facility since it provides healthcare services to community members. As discussed, the majority of the patients of the current clinic are tribal members and they are also the targeted population for the new clinic. To apply, the tribe needs to prepare documents, such as the operating budget, proposed financial projections for the first full year of operation, and a statement regarding efforts to finance the project via other sources. One of the statutory requirements for applying for the USDA Program is to prove significant community support. Even though the tribe has indicated great community support for the project, there is no tangible or quantifiable data. It is important for the tribe to conduct analyses like needs analysis and market research to be more competitive in applying.

Community Facilities Guaranteed Loan Program

In addition to seeking loans and grants from USDA, USDA also offers Community Facilities Loan Guarantees to eligible lenders. This program provides loan guarantees for developing essential community facilities in rural areas with populations of 50,000 residents or less. Lenders with legal authority and financial strength can apply for this program, such as credit unions, federal and state-chartered banks, and savings banks. Eligible borrowers include public bodies, Indian tribes on federal and state reservations, federally-recognized tribes, and non-profit organizations. This loan guarantee fund can be used for essential community facilities, such as healthcare facilities and services and transportation facilities. The maximum guaranteed loan amount is \$100 million and the loan term will not exceed 40 years. A certain amount of fees will be applied, such as an initial guarantee fee, a guarantee retention fee, and reasonable and customary fees.

A loan guarantee works as a kind of insurance by providing lenders with the necessary security. Because they are designed to help lenders reduce risks on the loans they make to borrowers, they could increase the tribe's access to capital. With the help of loan guarantees, the tribe could take out loans from organizations like Native American Bank with better loan rates and terms to support the tribal project.

New Markets Tax Credit Program

New Markets Tax Credit (NMTC) was created in the Community Renewal Tax Relief Act of 2000 with the goal to incentivize private sector investment capital into low-income communities (LICs). For the purpose of the NMTC program, LICs are census tracts where either: (1) at least 20% of the population has an income below the federal poverty level; or (2) the median family income does not exceed 80% of the statewide or metropolitan area median family income. The Center is eligible for NMTC since it is located in a census tract with a poverty rate greater than 30% and the total development costs are more than \$5 million. Moreover, this project will provide benefits to the local community by generating economic activities and providing social services.

The Community Development Financial Institutions (CDFI) Fund co-administers the NMTC Program with the Internal Revenue Service (IRS). The CDFI Fund allocates NMTCs to Community Development Entities (CDEs). CDE is a domestic corporation or partnership that is an intermediary vehicle for the provision of loans, investments, or financial counseling in low-income communities. The CDE then leverages the allocation of NMTCs to raise equity from investors. An investor receives a federal income tax credit equal to 39% of a Qualified Equity Investment (QEI) made into a CDE which is then invested in a targeted low-income community. The QEI must remain invested in the CDE during the 7-year tax credit period from the date the investment was initially made. NMTC investments may include loans to businesses, commercial, grocery stores, industrial, and/or retail developments, and to developing for-sale housing.

NMTC projects in Indian Country can involve Native or non-Native CDEs, as either can effectively and collaboratively lead all parties to structure and close NMTC transactions. To tap into the right practitioners, the tribe can engage CDEs like [Travois, Inc.](#) and CDFIs such as [Forward Community Investments](#), [Wisconsin Native Loan Fund](#), and [First Nations Community Financial](#). Development Finance Agencies (DFAs) can also provide a variety of financing for economic development and community facilities projects. DFAs the tribe could consider include [Wisconsin Economic Development Corporation](#) (WEDC), [Wisconsin Housing and Economic Development Authority](#) (WHEDA), and [Wisconsin Rural Development](#).

Low-Income Housing Tax Credit

The Low-Income Housing Tax Credit (LIHTC) program finances the construction, rehabilitation, and preservation of affordable housing by providing private investors a federal income tax credit as an incentive to make equity investments in affordable housing. The equity raised can be used to construct new properties, acquire and renovate existing buildings, and refinance and renovate existing affordable housing. The program was established in 1986 and is now one of the largest financing sources of affordable housing in the United States. Nearly three million affordable housing units have been placed in service since its inception. It is also the longest-running national

affordable rental housing program producing new units due to the bipartisan and homebuilding industry support, as well as a history of strong program performance.

LIHTCs are allocated to each state using a per capita formula. Program criteria require affordable rents to low-income households for a period of at least 30 years. The basic requirements of the LIHTC program include how affordable the rents are and how long the rents will remain affordable. A unit is considered affordable if the household is paying no more than 30% of its income for housing costs. A variety of partners are involved in financing and structuring a LIHTC deal, such as federal, state, and local government agencies, equity investors, attorneys, and project developers.

Affordable housing can be integrated with other developments, and LIHTC should be considered if the tribe decides to include an affordable housing component with the new clinic construction.

Additional Recommendations

The following recommendations for operations, community engagement, and portfolio diversification will help the MITW advance plans to construct and finance a new clinic.

Operations

The tribal government should take a collaborative and proactive approach by establishing a strong partnership with the current clinic administration. It is crucial to clearly define each party's objectives and goals, mutual benefits, and roles and responsibilities. To advance the project, a project development team or tribal health committee could be formed with both representatives from the tribal council and the current clinic. The purpose of this committee would be to:

- Revisit the ordinance to clearly define each party's duties and obligations, explore a management agreement, and form a revenue-sharing agreement;
- Leverage the strengths and resources of all parties, discuss shared goals and outcomes, and identify barriers to reach the intended outcomes;
- Identify community needs;
- Create a master plan; and
- Brief leadership frequently to garner top-down support.

Community Engagement

To ensure the project truly reflects the collective vision and values of the community, it is imperative to involve a diverse range of community members in the decision-making process. The clinic's Business Operation Plan, which includes a community needs assessment, serves as a crucial foundation for this involvement. By concentrating on the following points, the clinic can maintain strong community engagement:

- Creating communication plans to clearly and efficiently communicate the goals, benefits, progress, and impact of the project on the community;
- Seeking feedback and addressing concerns to improve project outcomes and build trust;
- Maintaining continuous communication and active engagement throughout the project lifecycle by providing regular updates and achieved outcomes for community members; and
- Remaining flexible and adaptive to accommodate changing community needs and preferences as the project progresses.

Diversified Revenue

It is crucial to diversify the tribe's revenue portfolio to create a more resilient local economy, which will require a higher level of flexibility and creativity. Diversification can foster economic growth by unlocking new opportunities and attracting investments. It supports long-term sustainability and increases financial stability. It also ensures that adequate cash flows are generated to support the debt taken on for challenging economic development projects, like the construction of this clinic, which often requires multiple layers of financing. The tribe could do the following to diversify its revenue streams:

- Conduct market research to identify new opportunities and customer needs;
- Diversify revenue models by exploring other sources of revenue;
- Strategically partner with different organizations to seek various financing opportunities;
- Learn from the tribes who have developed similar community facilities projects; and
- Explore and utilize a variety of financing tools in the development finance toolbox.

Case Studies

Case studies provide insights into how other similarly positioned tribal communities have successfully financed their community facilities projects. These case studies provide detailed descriptions of the amount of financing secured, various financing tools utilized, and different partners involved in the project.

Lac Vieux Desert Health Center

The Lac Vieux Desert Band of Lake Superior Chippewa Indians is located in Watersmeet, MI. The Lac Vieux Desert Health Center, which was completed in 2016, is a state-of-the-art medical care center that provides tribal members and customers from the surrounding areas with high-quality health services. The health center provides services that include: family practice, dental, optometry, podiatry, chiropractic, and behavioral health. The health center not only offers essential services, but also sustains high-quality jobs and contributes to the community's economic growth.

The Lac Vieux Desert Health Center was largely financed with New Market Tax Credits (NMTCs). The total project costs \$13.5 million, of which \$3.5 million was investor equity from the band, and \$10 million was financed through NMTCs. The band was able to secure \$10 million in NMTCs by partnering with Chickasaw Nation Community Development Endeavor (CNCDE) and Travois, who assisted with assembling a financial structure that brought in U.S. Bancorp Community Development Corporation (U.S. Bancorp Impact Finance) as an NMTC Investor².



² [Lac Vieux Desert Health Center Case Study](#)

Turtle Mountain Recovery Center

The Turtle Mountain Band of Chippewa is located in Roulette County, ND. The Turtle Mountain Recovery Center, which broke ground in 2022, will be a culturally responsive drug and alcohol addiction healing center, serving Turtle Mountain tribal members. The center will serve the region by providing individual and family focused in-patient treatment and aftercare services to include life skills, workforce development, cultural teachings, and a sober living network. The 34,000-square-foot Recovery Center will also include housing and outdoor activities on the 100-acre site.

The Turtle Mountain Recovery Center cost \$19.5 million, with \$18 million coming from NMTCs. The band partnered with Bremer CDE and Midwest Minnesota CDC to attract investment. Bremer Bank was the NMTC investor. The Recovery Center will create 200 construction jobs and 38 full-time equivalent jobs³.



³ [Turtle Mountain Recovery Center Case Study](#)

Lac Du Flambeau Band of Lake Superior Chippewa Community Dental Facility

The Lac Du Flambeau Band of Lake Superior Chippewa Indians is located in Lac Du Flambeau, WI. The Lac Du Flambeau Band of Lake Superior Chippewa Indians Dental Facility was finished in 2012 to meet the dental care needs of band members and other regional residents. The center has agreements in place with a local community college for workforce development which trains tribal members to work in the dental industry.

The community dental facility's total project cost was \$11.5 million, with nearly \$8.5 million in NMTCs. The band partnered with Travois to attract an NMTCs investor. The project created 25 full-time equivalent jobs in addition to 102 construction jobs⁴.



⁴ [Lac Du Flambeau Band of Lake Superior Chippewa Community Dental Facility Case Study](#)

Additional Resources

- USDA Community Facilities Programs: [Community Facilities Programs | Rural Development \(usda.gov\)](#)
- Travois Case Studies: [Development Archive - Travois](#)
- CDFA Tribal Finance Webinar Series: [CDFA - CDFA Tribal Finance Webinar Series](#)
- BroadbandUSA: <https://broadbandusa.ntia.doc.gov/funding-programs/broadband-equity-access-and-deployment-bead-program-0>
- Tribal Ready: <https://tribalready.com/>
- How the Red Lake Nation Has Used the New Markets Tax Credit: <https://www.minneapolisfed.org/article/2023/how-the-red-lake-nation-has-used-the-new-markets-tax-credit>

Additional Contacts

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