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HOW TO STRUCTURE A DEAL

WYOMING

BUILDING RESILIENT COMMUNITIES (BRC) DEAL STRUCTURING GUIDE: THE ECONOMIC GROWTH FLYWHEEL FRAMEWORK

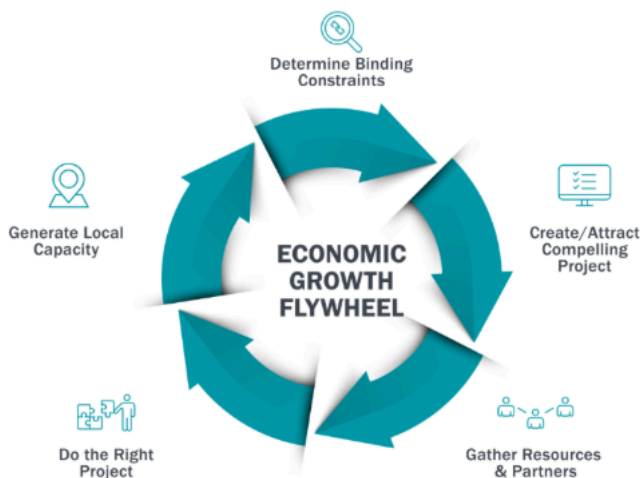
INTRODUCTION

The Building Resilient Communities (BRC) program (formerly Business Ready Communities) is Wyoming's premier instrument for fostering economic health. By providing the means for local governments to solve binding constraints through publicly owned infrastructure, the BRC program builds the foundation for long-term regional stability.

As a BRC Program Architect, your focus must remain on the **"Win-Win-Win" Directive**:

A successful BRC deal is a strategic partnership where the business achieves the operational environment needed to thrive, the local community solves a verified barrier to growth, and the State of Wyoming realizes a stronger, more diverse economy through new wealth creation and revenue recapture.

This guide utilizes the **Economic Growth Flywheel** as its structural framework. Each phase is designed to remove "friction" – the barriers to growth – and build the momentum necessary for the community to eventually fund its own future development.



PHASE 1: DETERMINE BINDING CONSTRAINTS

The BRC Flywheel cannot begin to turn if it is stuck on an unidentified obstacle. Every deal must start with a clearly identified **"Barrier to Growth"** – a factor or set of factors,

verified by objective data, that limits a region from experiencing economic expansion. We encourage communities to focus on the biggest constraint to growth.

- **Verified Data Over Intuition:** You must provide evidence at the time of submittal (e.g., engineering reports on sewer capacity, broadband latency data, or industry-specific labor shortages).
- **The Logic of the Constraint:** The proposed project is not merely an improvement; it must be the solution to the identified barrier. If the project does not directly result in measurable economic growth by removing a proven constraint, it fails the flywheel's first test.

PHASE 2: CREATE AND ATTRACT A COMPELLING PROJECT

Strategic deal structuring requires selecting the right "tool" for the barrier. The BRC program offers three primary project mechanisms:

Project Type	Primary Objective	Key Limitations & Nuance
Infrastructure Projects	Construction or rehabilitation of physical structures and public facilities (Ch 1, Sec 5a).	Must be within jurisdictional bounds. Excludes movable equipment, appliances, furnishings, and non-attached assets (Ch 1, Sec 3q, u).
Managed Data Center (MDC)	Reduction of electrical power and/or broadband costs (Ch 3, Sec 3).	Must be a centralized repository for multiple businesses. Excludes individual workstations or office server rooms (Ch 1, Sec 3s).
Planning Projects	Development of community strategic planning documents to identify/address barriers (Ch 1, Sec 5b).	Block Grant process. Max award: \$100,000. Restricted to document creation; excludes salaries, travel, or promotion (Ch 1, Sec 6a).

The "Committed Business" and Primary Job Standard

When a project involves a specific partner, they must qualify as a "**Committed Business.**" This partnership requires the creation or retention of **Primary Jobs**, which are specifically defined as roles that result in the **creation of new wealth** by exporting goods/services, gaining market share from imports, or meeting unmet local needs (Ch 1, Sec 3aa).

- **Wage Benchmarking:** To ensure high-quality growth, jobs must meet the **Median Wage** requirement. This is the County Median Wage (or State Median if the project spans counties). Critically, the wage must also meet or exceed the State or National Average for that specific industry, whichever is higher (Ch 1, Sec 3t).

PHASE 3: GATHER RESOURCES & PARTNERS (STRUCTURING THE FINANCIAL DEAL)

Grant Match Requirements: The Local Buy-In

Grants represent a state investment that must be protected by local "skin in the game."

- **The 25% Rule:** A minimum match of 25% of total eligible project activities is required (Ch 1, Sec 13e).
- **Cash Match:** At least 50% of the required match must be cash. This includes cash on hand, appraised real estate (not previously BRC-funded), and design work completed within six months of application (Ch 1, Sec 3h).
- **In-kind Logic:** Valid in-kind sources include labor, materials, and land. However, grant administration, operations, maintenance, and grant writing are strictly ineligible as match sources (Ch 1, Sec 3r).

BRC Loans: Strategic Leverage

Loans offer a flexible alternative or supplement to grants (Ch 2).

- **No Match Required:** Loans do not carry a 25% match mandate.
- **Grant Match Credit:** Up to 50% of a BRC loan can satisfy the match requirement for a grant on the same project.
- **The Floor:** Interest rates have a 0% floor for non-revenue projects and a 1% floor for revenue-generating projects, with terms up to 30 years (Ch 2, Sec 4).

Managed Data Center (MDC) Financial Specifics

MDC deals follow a unique "Private Investment Match" logic (Ch 3, Sec 2b):

- **125% Match:** The private investment must be at least 125% of the grant amount.
- **150% Wage Requirement:** At least 50% of the match must come from gross wages of employees earning at least 150% of the county median wage.
- **Capital Cap:** No more than 50% of the match can be private capital investment in taxable items.

Financial Scenarios for Managed Data Centers:

- **\$2,250,000 Grant:** Requires 1,406,250 in wages; \$1,406,250 max capital.
- **\$1,500,000 Grant:** Requires 937,500 in wages; \$937,500 max capital.
- **\$750,000 Grant:** Requires 468,750 in wages; \$468,750 max capital.

PHASE 4: DO THE RIGHT PROJECT (EXECUTION AND GOVERNANCE)

Strategic Transparency through Public Engagement

Public engagement is not just a checkbox; it is a mechanism to mitigate local opposition and ensure alignment.

- **Digital Presence:** The application must be prominent on the official website homepage and announced via social media (Ch 1, Sec 10a).

- **The Hearing:** A public hearing with 10 days' notice is required. You must specifically highlight the barrier to growth and solicit testimony from potential industry competitors (Ch 1, Sec 10b).

Governance and Ownership

- **Title and Reversion:** Infrastructure must be owned by the Applicant or an Agent (CDO, DDA, URA). Crucially, the deal must include **reversion** clauses in real estate records or articles of incorporation: if the owner dissolves, the asset reverts to the sponsoring Applicant (Ch 1, Sec 7b).
- **Procurement:** All projects must adhere to state procurement regulations for cities and towns and comply with the **Wyoming Preference Act** (Ch 1, Sec 14a).
- **Sequencing (The 80% Rule):** For hybrid grant/loan deals, BRC grant funds will not be disbursed until **80% of the loan funds** have been expended. This ensures the state's low-interest capital is utilized before grant funds (Ch 1, Sec 14b).

PHASE 5: GENERATE LOCAL CAPACITY (REVENUE RECAPTURE AND REINVESTMENT)

Negotiation Logic

The recapture rate (between 25% and 100% of net revenue) is a lever for the state. The rate is **negotiated** to be commensurate with the Applicant's co-investment; higher local investment can lead to more favorable recapture terms (Ch 1, Sec 8a).

The Local Reinvestment Account

Recaptured funds kept locally must be managed through a segregated economic development account:

1. **Operational Cap:** No more than 50% can be used for operations/personnel (requires a dollar-for-dollar local match).
2. **The 25% Growth Floor:** At least 25% of local recapture must be reserved for the **next revenue-generating project**. This is how the flywheel becomes self-sustaining.

Long-term Accountability

Success is measured over a **minimum 5-year post-construction reporting period**. You must provide annual reports using quantitative and qualitative data to prove the project is successfully mitigating the original barrier to growth (Ch 1, Sec 14f).

DEAL STRUCTURING CHECKLIST FOR LOCAL LEADERS

- Strategic Consultation:** Has the WBC Regional Director been consulted at least one month prior to submittal? (Ch 1, Sec 11)
- Barrier Verification:** Is the "Barrier to Growth" supported by objective, verified data?
- Primary Job Creation:** Does the project create "new wealth" through jobs meeting both the Median Wage and the higher of the State/National Industry Average? (Ch 1, Sec 3)
- Cash Match Verification:** Is 50% of the 25% grant match in cash? (Excluding grant administration fees).
- Public Resolution:** Has the Applicant adopted a **signed resolution** after the public hearing and consideration of comments? (Ch 1, Sec 10)
- Legal Safeguards:** Has the Attorney General issued a written opinion on the legality of the committed business or loan project? (Ch 1, Sec 16)
- Loan Authority:** Has the Applicant's attorney provided an election determination and affirmed borrowing capacity? (Ch 2, Sec 3/6)
- Property Recording:** Is the Applicant prepared to file a property recording at the time of agreement execution? (Ch 1, Sec 8f)