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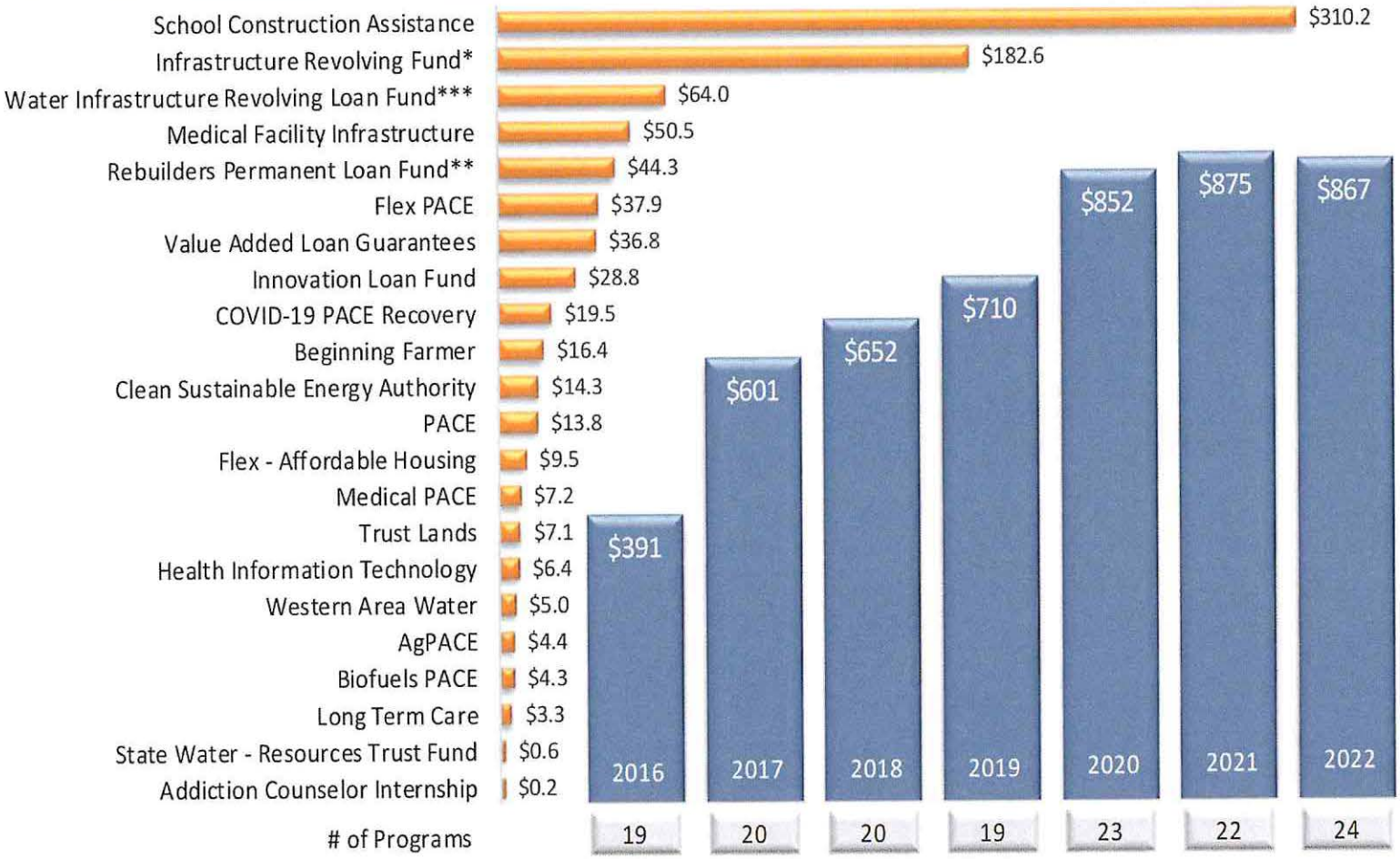
Infrastructure Programs Administered by BND
Senate Bill 2330

Legislatively Directed Loan Programs



- BND currently administers $867 million in net assets for legislatively directed loan programs. These programs serve a wide range of purposes, including school construction, water projects, general and medical infrastructure, and disaster recovery.
- *Infrastructure Revolving Fund includes $52 million to be transferred from BND's capital.
- ** HB 1187 created The Rebuilders Permanent Loan Fund (RPLF) during the 67th Legislative Session. This permanent revolving loan fund was established by transferring $50 million in loans and cash from the Small Employer Loan Fund (SELF) created by BND during the Covid 19 pandemic to the RPLF.
- ***The Water Infrastructure Revolving Loan Fund was created by HB 1431. The Fund combined previously reported Community Water and State Water – Revolving Loan Fund.

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2021 Legislative Session—HB1425 –Legacy Fund In-State Investments

HB1425—In State Investments

20% of Legacy Fund Principal Directed To In-State Investment

10% of the 20% is Directed to Fixed Income

- 60% to BND Match Program
- 40% to Legacy Infrastructure Loan Fund

10% of the 20% to Equity Investments

- 3% of 10% to Equity / V.C. / Alternative
- Gives Preference to In-State Investment Firms

Exempts Legacy Fund from Prudent Investor Rule

Adds "Direct Benefit" to the State to the Mission Statement of the Legacy Fund.

Current Implementation

Legacy Fund Principal Balance	$8,158,071,509
20% of Principal	$1,631,614,302

Fixed Income

10% of 20% to Fixed Investment	$815,807,151
BND Match Program	$489,484,291
Legacy Infrastructure Loan Fund	$326,322,860

Equity Investments

10% of 20% to Equity Investment	$815,807,151
3% to Venture	$244,742,145
Pref to In-State	$571,065,006

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SB2330—Changes To Legacy Fund Fixed Income Language

3. The board shall determine the asset allocation for the investment of the principal of the legacy fund including:
   a. A target allocation of ~~ten~~six percent to fixed income investments within the state, ~~of which:~~
      ~~(1) Up to forty percent must be targeted for infrastructure loans to political subdivisions under section 6-09-49.1. The net return to the legacy fund under this paragraph must be fixed at a target rate of one and one-half percent;~~
   ~~(2)~~ ~~Up to sixty percent,~~ with a minimum of four hundred million dollars~~, must be~~ designated to the Bank of North Dakota's certificate of deposit match program with an interest rate fixed at the equivalent yield of United States treasury bonds having the same term, up to a maximum term of twenty years~~;~~ and
   ~~(3)~~ ~~Any~~ with any remaining amounts ~~must be~~ designated for other qualified fixed income investments within the state.

SB2330 removes the Legacy Infrastructure Loan Fund eliminating the ability to transfer loans into the Legacy Fund to create additional capital for the infrastructure and water infrastructure revolving loan funds.

SB2330 does maintain access to 6% of Legacy Fund For Match Program.

21-10-12. Legacy fund definitions.

For the purposes of section 26 of article X of the Constitution of North Dakota:

1. "Earnings" means ~~net income in accordance with generally accepted accounting principles, excluding any unrealized gains or losses~~an amount equal to seven percent of the five-year average value of the legacy fund assets as reported by the state investment board using the value of the assets at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.
2. "Principal" means all moneys in the legacy fund not included in earnings as defined under subsection 1.

SECTION 3. REPEAL. Section 6-09-49.1 of the North Dakota Century Code is repealed.

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Match Program Purpose

- MATCH serves as the primary loan program to support large-scale economic diversification projects with **investment rated companies.**
- State Investment Board utilizes the "Legacy Fund" to purchase CDs at BND to provide funding for the loan.
- Goal is to provide bond type interest rates without going to the market.
- May be a fixed rate up to 20-years with a like term US Treasury + .25 basis points to BND and up to +.25 basis points for the Lead Financial Institution for servicing the loan.

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Match Program Status

- HB1425 provided BND access to a minimum of $400m or 60% of the fixed income investment amount for the Match Program.

- BND provided a $150m Match loan to the ND Transmission Authority to assist in financing the High Voltage Line purchase as part of the Coal Creek Transaction with Rainbow Energy.

PROGRAM AVAILABILITY	
TOTAL AVAILABLE FUNDS AS OF 12/31/22	483,000,000
CURRENT BALANCE	187,916,666
CURRENT PENDING	280,000,000
REMAINING FUNDS	15,083,334

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Essential Infrastructure Definitions – 2021 Session

Revised Definitions of Essential Infrastructure

- Eligible infrastructure projects under this subsection are capital projects to construct new infrastructure or to replace infrastructure and which provide the fixed installations necessary for the function of a political subdivision. Capital construction projects exclude routine maintenance and repair projects, but include:

Previous Definitions

- a. Water treatment plants;
- b. Wastewater treatment plants;
- c. Sewer lines and waterlines, including lift stations and pumping stations;
- Water storage systems, including dams, water tanks, and water towers;
- e. Storm water infrastructure, including curb and gutter construction;
- f. Road and bridge infrastructure, including paved and unpaved roads and bridges;
- g. Airport infrastructure;
- h. Electricity transmission infrastructure;
- i. Natural gas transmission infrastructure;
- j. Communications infrastructure;
- k. Emergency services facilities, excluding hospitals;
- l. Essential political subdivision building and infrastructure; and
- m. The Red River valley water supply project
- Flood control; Conveyance projects; Rural water supply; Water supply; and General water management.

ND Department of Transportation will create program policy and guidelines and approve projects for transportation infrastructure

Essential buildings and infrastructure such as fire stations, municipal court facilities not including recreational facilities

ND Department of Water Resources will create program policy and guidelines and approve project for water related infrastructure

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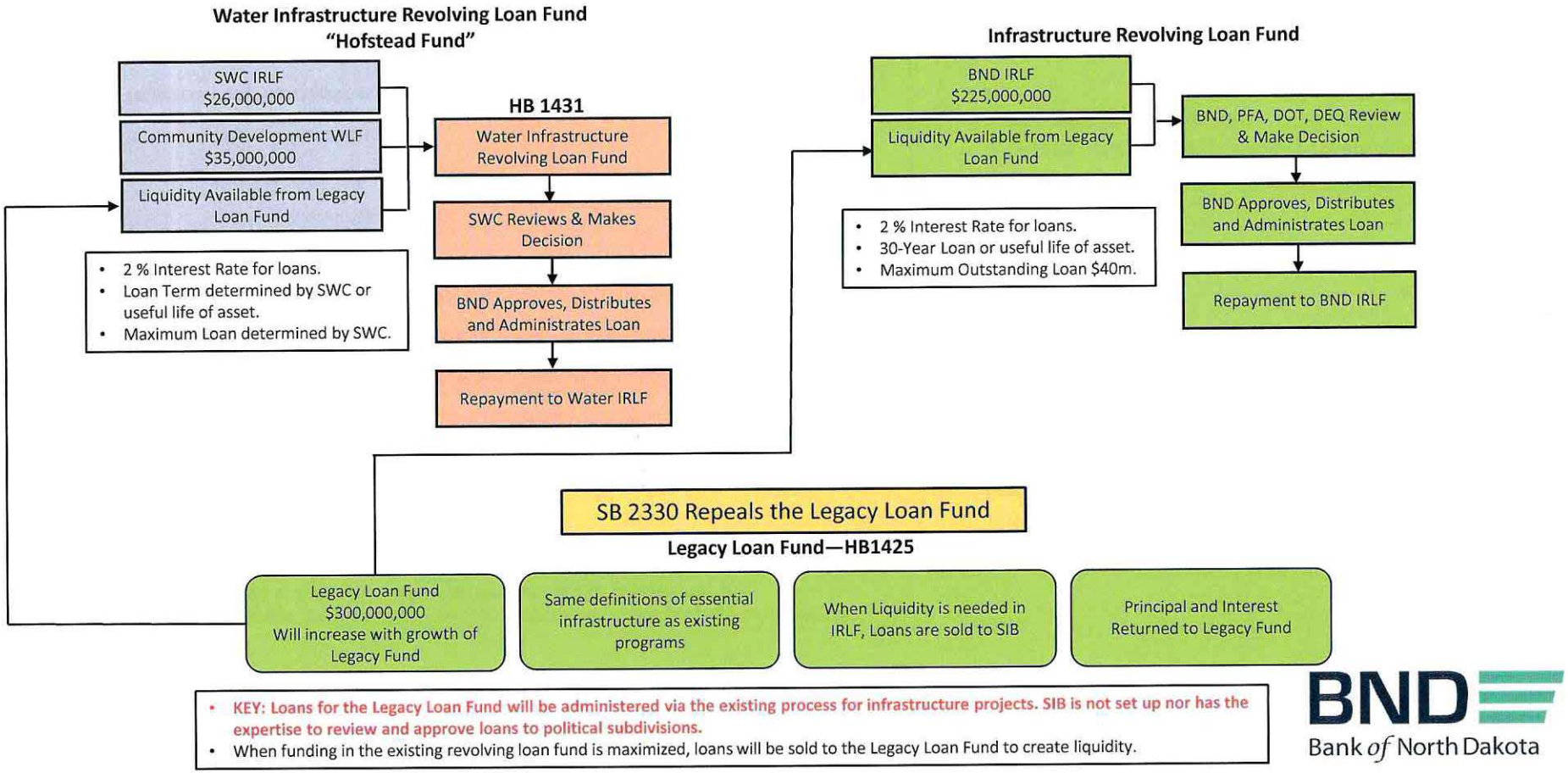
Legacy Infrastructure Loan Fund – HB1425



- KEY: Loans for the Legacy Loan Fund will be administered via the existing process for infrastructure projects. SIB is not set up nor has the expertise to review and approve loans to political subdivisions.
- When funding in the existing revolving loan fund is maximized, loans will be sold to the Legacy Loan Fund to create liquidity.

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Infrastructure Revolving Loan Fund—Legacy Fund

Infrastructure Revolving Loan Fund

Cash Balance		24,417,967.99
Bond Proceeds Remaining		59,396,252.25
BND Capital Remaining		52,000,000.00
Available Funds		135,814,220.24
In Construction Commitments		30,820,197.83
Approved Commitments		13,893,026.00
Pending Applications		42,328,910.31
Current Available		**48,772,086.10**
2023 - 2025 Repayments		19,999,366.72
Available for New Loans 2023-2025		**68,771,452.82**
Bond Proceeds Returned to DOT	HB 1012	35,000,000.00
WAWSA Refinance	SB 2196	42,723,429.00
After Pending Legislation		**(8,951,976.18)**

Water Infrastructure Revolving Loan Fund

Cash Balance		27,137,971.57
In Construction Commitments		14,902,038.65
Pending Applications		1,700,000.00
Current Available		**10,535,932.92**

IRLF Loan Originations

	Number of Loans	Original Loan Amount
2016	8	$28,269,550.00
2017	22	$45,913,930.00
2018	6	$29,726,896.00
2019	7	$12,103,000.00
2020	7	$12,112,889.00
2021	15	$43,950,931.00
2022	11	$19,414,800.00
YTD 2023	5	$6,347,510.00

Water and Infrastructure Revolving Loan Fund

By Population of Borrower

Infrastructure Revolving Loan Fund

Population	Approved Amount	Outstanding Balance	Number of Loans	% of Approved
Under 1,000	$36,076,400.00	$29,350,171.31	25	18.93%
1,001 to 5,000	$48,821,800.00	$22,230,810.57	24	25.61%
5,001 to 10,000	$7,079,931.00	$4,900,750.84	9	3.71%
10,001 to 25,000	$17,210,865.00	$12,635,510.09	7	9.03%
Over 25,000	$81,420,000.00	$44,784,839.98	10	42.72%
	$190,608,996.00	**$113,902,082.79**	**75**	

Water Infrastructure Revolving Loan Fund

Population	Approved Amount	Outstanding Balance	Number of Loans	% of Approved
Under 1,000	$8,231,600.00	$4,057,539.11	19	12.27%
1,001 to 5,000	$18,566,985.00	$13,860,442.52	27	27.68%
5,001 to 10,000	$12,054,114.00	$8,479,009.04	6	17.97%
10,001 to 25,000	$0.00	$0.00	-	0.00%
Over 25,000	$28,215,000.00	$9,942,760.38	2	42.07%
	$67,067,699.00	**$36,339,751.05**	**54**	

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Water and Infrastructure Revolving Loan Fund

By Term For Borrower

Infrastructure Revolving Loan Fund

Term	Approved Amount	Outstanding Balance	Number of Loans	% of Approved
5 Years	$1,775,000.00	$459,345.70	2	0.93%
10 Years	$5,704,381.00	$1,406,068.75	8	2.99%
15 Years	$19,118,731.00	$8,773,239.82	14	10.03%
20 Years	$76,476,714.00	$39,952,730.32	23	40.12%
25 Years	$35,332,120.00	$28,105,935.30	7	18.54%
30 Years	$52,202,050.00	$35,204,762.90	21	27.39%
	$190,608,996.00	**$113,902,082.79**	**75**	

Water Infrastructure Revolving Loan Fund

Term	Approved Amount	Outstanding Balance	Number of Loans	% of Approved
10 Years	$350,000.00	$315,600.27	1	0.52%
20 Years	$14,132,385.00	$9,889,368.27	8	21.07%
25 Years	$600,000.00	$410,431.94	1	0.89%
30 Years	$18,704,814.00	$12,627,177.91	16	27.89%
40 Years	$33,280,500.00	$13,097,172.66	28	49.62%
	$67,067,699.00	**$36,339,751.05**	**54**	

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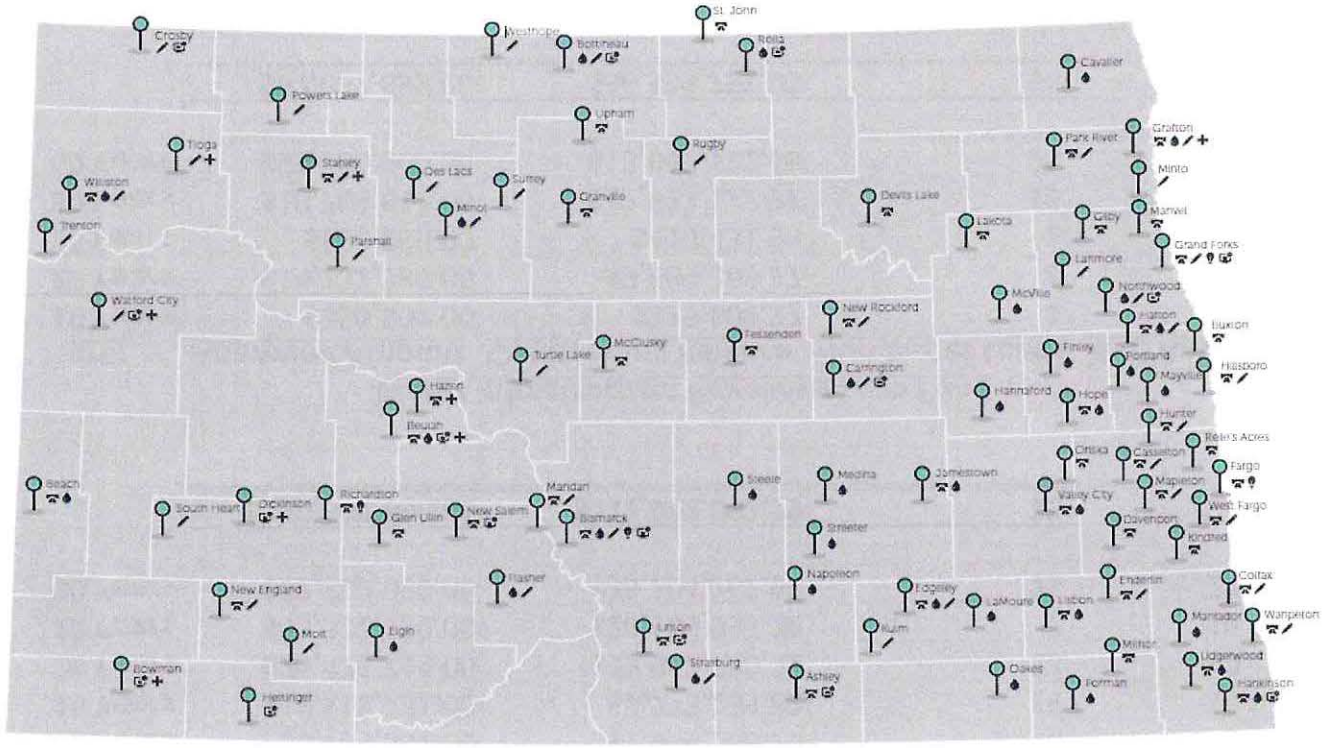
Legislative-Directed Program Recipients

AS OF SEPTEMBER 2022



Legend

- Infrastructure Revolving Loan Fund
- Water Infrastructure Revolving Loan Fund
- School Construction Assistance Revolving Loan Fund
- Innovation Loan Fund
- Health Information Technology Fund
- Medical Infrastructure Loan Fund

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BND Infrastructure Loan Project Cost Comparison

$5 Million Project - Total Savings: $2,380,000		
	30-Year Term Total Paid	Interest Paid
Market Rate Loan (4.50%)	$9,010,000	$4,010,000
BND Infrastructure Revolving Loan	$6,630,000	$1,630,000

$15 Million Project - Total Savings: $7,135,000		
	30-Year Term Total Paid	Interest Paid
Market Rate Loan (4.50%)	$27,030,000	$12,030,000
BND Infrastructure Revolving Loan	$19,900,000	$4,895,000

$40 Million Project -Total Savings: $19,025,000		
	30-Year Term Total Paid	Interest Paid
Market Rate Loan (4.50%)	$72,080,000	$32,080,000
BND Infrastructure Revolving Loan	$53,050,000	$13,055,000

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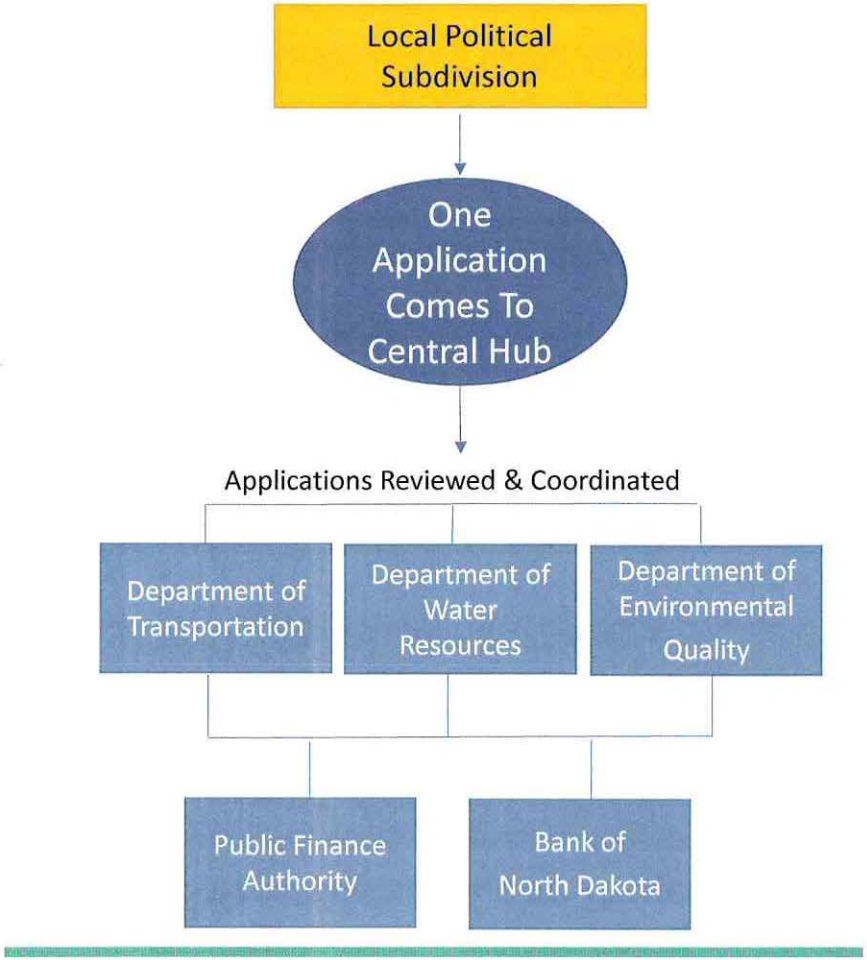
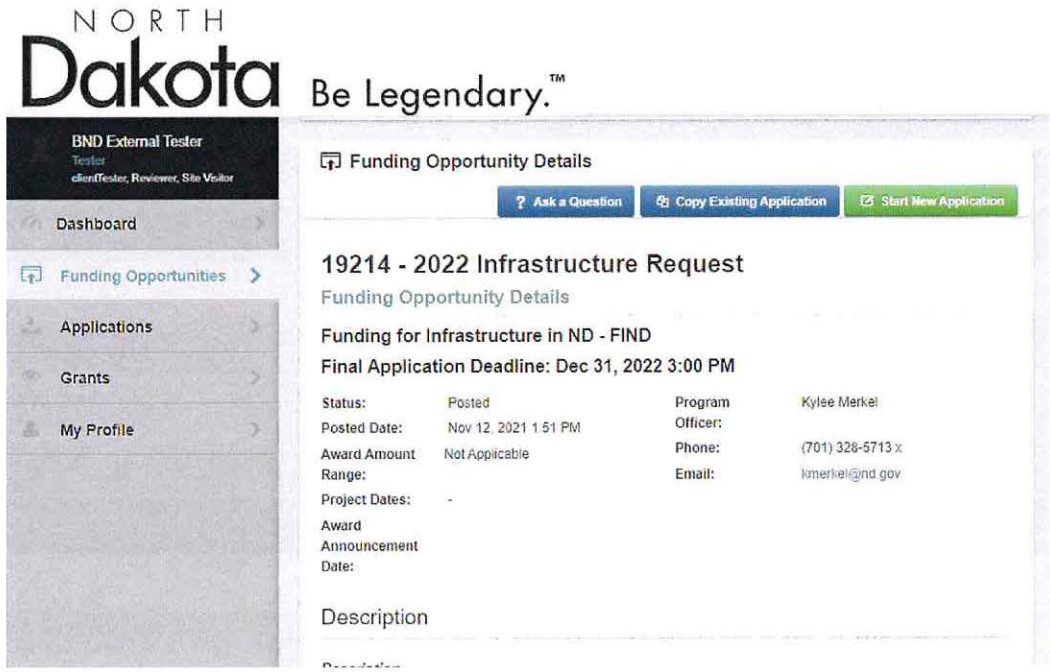
The Vision. One Application.

FIND—Funding for Infrastructure in North Dakota





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Questions?