

## BUDGET STABILIZATION & LEGACY FUNDS

Budget Stabilization Fund and Legacy Fund money will not be pooled with other funds.

Create Three Funds:

**Fund A** - *Budget Stabilization "Income" Fund*

**Fund B** - *Legacy "Income" Fund*

**Fund C** - *Legacy "Growth" Fund*

### Fund A:

This will consist of fixed maturity corporate bonds and cash equivalents. Bonds will be purchased to provide a "ladder" of maturities over 5 years. Existing bank loans, short term cash at BND, Pru Alpha, and the bond fund will be liquidated by the end of 2011. Bonds will be purchased so maturities of existing bonds, CD's, and newly purchased bonds are substantially balanced for years 2013-2016.

Only investment grade bonds will be purchased. Bonds downgraded below investment grade will be liquidated immediately. North Dakota offices of qualified broker/dealers will be solicited to bid Fund A purchases.

### Fund B:

This will consist of fixed maturity corporate bonds and cash equivalents. Bonds will be purchased to provide a "ladder" of maturities over 5 years. Legacy Fund money collected in 2011 and 2012 and invested in the "Income" fund will be used for bonds with 2017 maturity dates. 2013 collections will be used for bonds with 2018 maturity dates. Future years' collections will follow a similar "ladder" pattern.

Only investment grade bonds will be purchased. Bonds downgraded below investment grade will be liquidated immediately. North Dakota offices of qualified broker/dealers will be solicited to bid Fund B purchases.

### Fund C:

Plans for this "Growth" fund will be finalized by the committee in the coming months. A set percentage of revenues will be assigned to this fund.