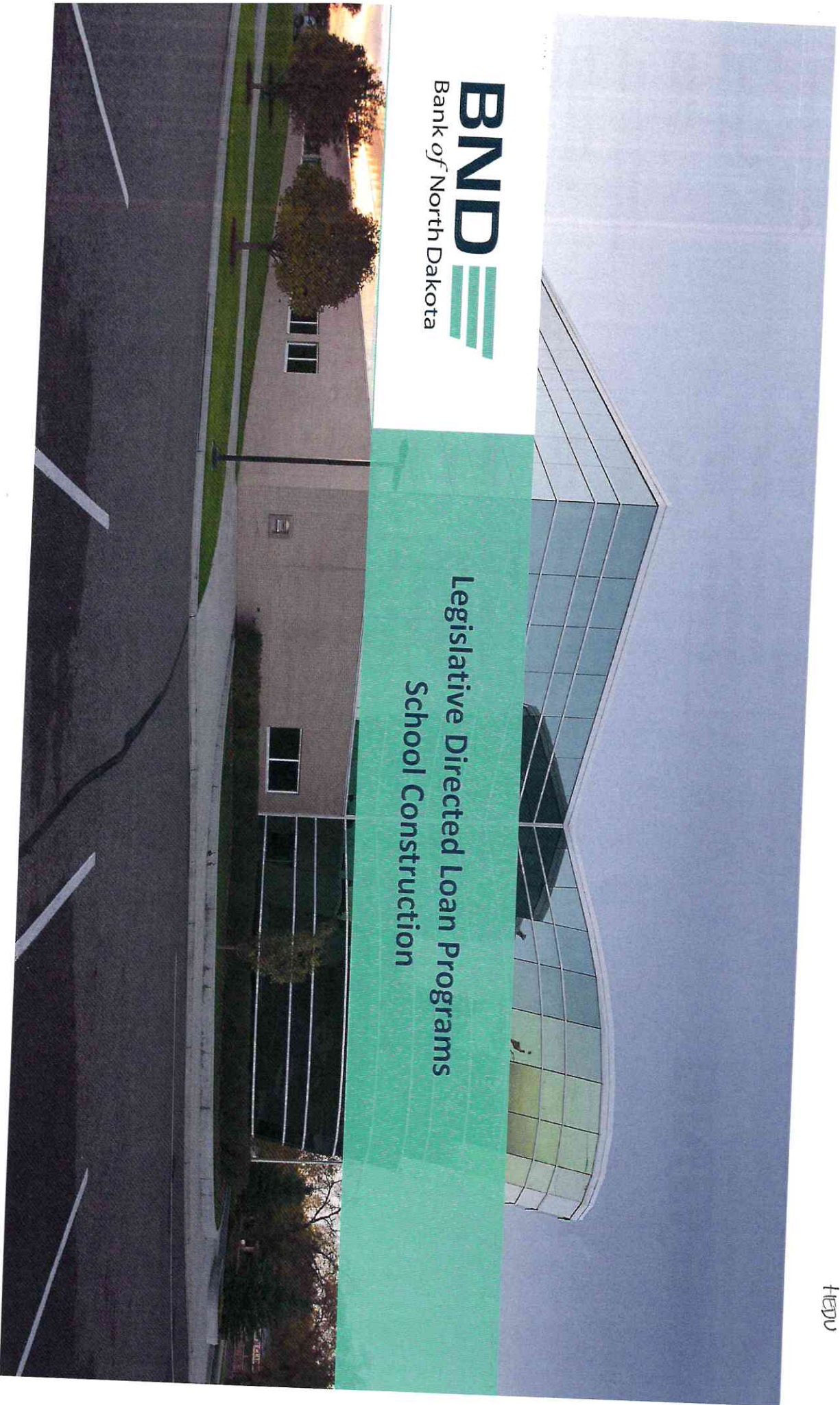


SB 2284  
3/13/23 PM  
Merkel  
HEDU



# Legislative Directed Loan Programs School Construction



# BND Balance Sheet

vs

## Legislative Directed Programs

Balance Sheet \$ in thousands		12/31/2022
Cash and due from banks		405,718
Federal funds sold		44,605
Securities		4,344,352
Loans		3,199,277
Commercial		709,866
Farm		351,076
Residential		1,104,408
Student		5,364,627
Less allowance for loan loss		(108,752)
		5,255,875
Other assets		145,265
Total assets		10,195,815
Deposits -		632,498
Non-interest bearing		7,679,449
Interest bearing		
Federal funds purchased and repurchase agreements		205,845
Borrowings -		675,000
Short-term		5,835
Other liabilities		9,198,627
Total liabilities		997,188
Equity		10,195,815
Total liabilities and equity		

Loans "On Balance Sheet" in which BND participates with a Lead FI and takes the Risk / Reward that contributes to the earnings at the end of the year.

The funding for these loans is backed by the "Capital" of BND.

### Why "Off Balance Sheet"

- Established by the Legislature
- Long-term fixed interest rate at 2%.
- Provides for up to 30 / 40 Year Terms

### Procedurally:

- BND underwrites and administers loans
- Principal and interest returned to the funds
- BND receives a .50bp service fee
- Audits of the Funds

# Legislatively Directed Loan Programs

*BND administers 23 programs and \$904 million in assets for the Legislature*



BND currently administers programs that 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 67<sup>th</sup> 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.



## Timeline of School Construction Revolving Loan Fund

### 2015 Legislative Session

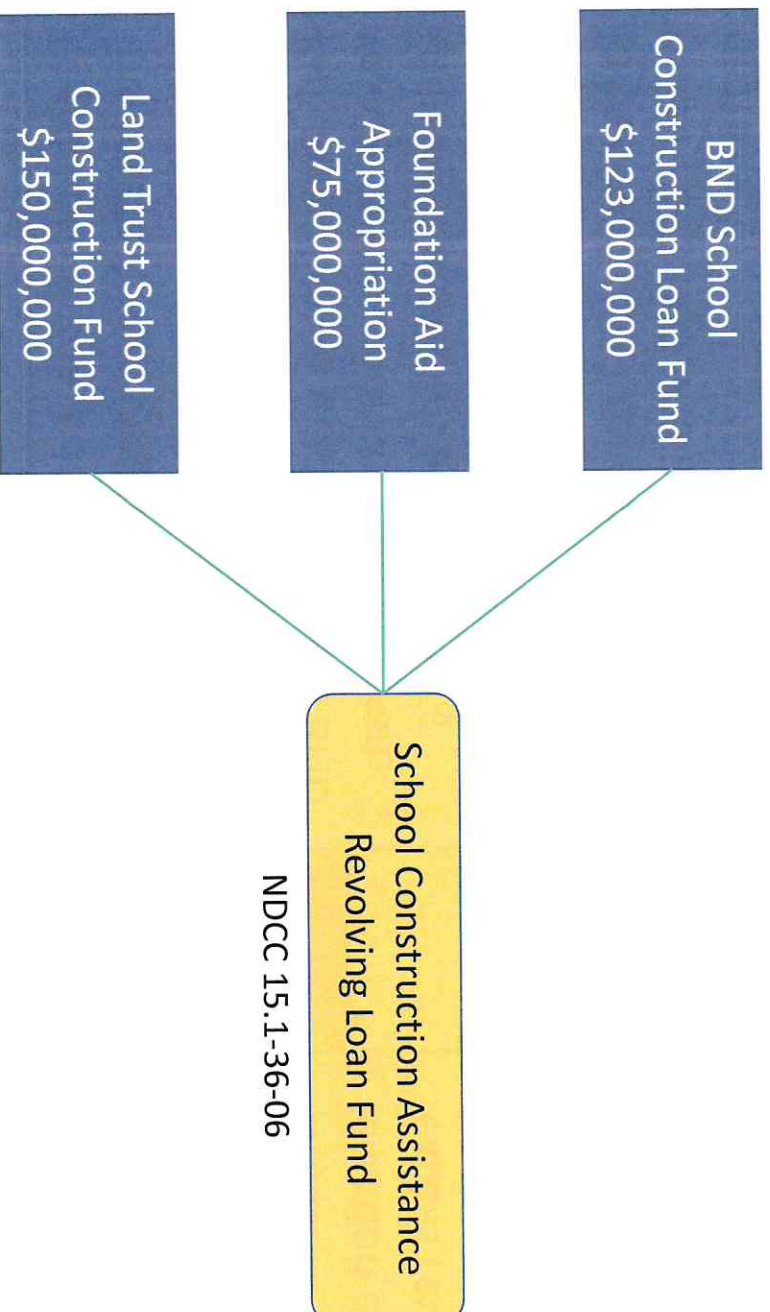
- Legislature made a decision to offer a low interest revolving loan fund for schools
- Put legislation in place to enable BND to offer the demonstration program utilizing a buydown approach (5% down to 2%)
- In the 2015-2017 Biennium, BND made \$123,000,000 in loans to school districts.



### 2016 Ballot Measure

- Legislature Passed SCR4003 to place a measure on the ballot
- Measure 2 passed in the 2016 general election enabling legislature to access excess revenues in the Foundation Aid Stabilization Fund for education purposes.

## Timeline of School Construction Revolving Loan Fund 2017 Became the "Merge" Session



Loan applications received  
and approved by Department  
of Public Instruction

Bond issue must be passed by  
60% in local election

Eligible for a loan of up to  
\$10,000,000 for 20-Years

Fixed Interest Rate of 2%

## Current Status of SCARLF—January 2023

Cash Balance		38,498,289.00
Repayments through 6/30/2023		15,393,970.00
Available Funds		53,892,259.00
In Construction Commitments		8,716,425.00
Approved Commitments		30,000,000.00
Pending Applications		10,000,000.00
<b>Current Available</b>		<b>5,175,834.00</b>
2023 - 2025 Repayments		45,000,000.00
<b>Available for New Loans 2023-2025</b>		<b>50,175,834.00</b>

**Total Loans Outstanding: \$311,000,000**

# Policy Proposal in SB2284

**SECTION 9. AMENDMENT.** Subsection 5 of section 15.1-36-08 of the North Dakota Century Code is amended and reenacted as follows:

- 1           5. If the superintendent of public instruction approves the loan, the Bank of North Dakota  
2           shall issue a loan from the school construction assistance revolving loan fund. For a  
3           loan made under this section:
- 4           a. ~~If the school construction project totals less than seventy-five million dollars,~~  
5           ~~the maximum loan amount for which a school district may qualify is ten million~~  
6           ~~dollars. However, if a school district's unobligated general fund balance on the~~  
7           ~~preceding June thirtieth exceeds the limitation under section 15.1-27-35.3, the~~  
8           ~~loan amount under this section may not exceed eighty percent of the project's~~  
9           ~~cost up to a maximum loan amount of eight million dollars;~~
- 10          b. ~~If the school construction project totals seventy-five million dollars or more, the~~  
11          ~~maximum loan amount for which a school district may qualify is fifty million~~  
12          ~~dollars. However, if a school district's unobligated general fund balance on the~~  
13          ~~preceding June thirtieth exceeds the limitation under section 15.1-27-35.3, the~~  
14          ~~loan amount under this section may not exceed eighty percent of the project's~~  
15          ~~cost up to a maximum loan amount of forty million dollars;~~
- 16          c. ~~The term of the loan is twenty years, unless the board of the school district~~  
17          ~~requests a shorter term in the written loan application; and~~
- 18          e.d. ~~The interest rate of the loan may not exceed two percent per year.~~

School Construction Project Under  
\$75m remains at \$10m loan limit

School Construction Project Over  
\$75m increases loan limit to \$50m

## Policy Proposal in SB2284

19       **SECTION 10. TRANSFER - FOUNDATION AID STABILIZATION FUND TO SCHOOL**  
20       **CONSTRUCTION ASSISTANCE REVOLVING LOAN FUND.** The office of management and  
21       budget shall transfer the sum of \$75,000,000 from the foundation aid stabilization fund to the  
22       school construction assistance revolving loan fund during the biennium beginning July 1, 2023,  
23       and ending June 30, 2025.

MAPLETON PUBLIC SCHOOL DIST	MAPLETON	ND	2/22/2017	\$3,891,976.85
MOTT REGENT SCHOOL DIST #1	MOTT	ND	3/1/2017	\$4,401,420.77
EDGELEY PUBLIC SCHOOL DIST #3	EDGELEY	ND	5/3/2017	\$2,180,326.76
CENTRAL CASS PUBLIC SCHOOL	CASSELTON	ND	6/30/2017	\$6,501,048.44
HATTON EIELSON DISTRICT 7	HATTON	ND	8/1/2018	\$5,128,962.75
STANLEY PUBLIC SCHOOL DIST #2	STANLEY	ND	6/25/2015	\$3,492,478.53
MANDAN PUBLIC SCHOOL DIST	MANDAN	ND	8/1/2013	\$6,458,616.18
NORTHERN CASS PUB SCHOOL #97	HUNTER	ND	8/1/2013	\$1,035,899.79
WEST FARGO PUB SCHOOL DIST #6	WEST FARGO	ND	6/1/2020	\$9,165,268.46
WEST FARGO PUB SCHOOL DIST #6	WEST FARGO	ND	8/1/2013	\$10,385,149.52
WEST FARGO PUB SCHOOL DIST #6	WEST FARGO	ND	4/1/2014	\$5,704,772.42
RICHLAND PUBLIC SCHOOL DIS #44	COLFAX	ND	8/1/2013	\$2,465,133.61
NEW ENGLAND PUB SCHOOL DIS #9	NEW ENGLAND	ND	8/15/2013	\$641,792.92
NEW ENGLAND PUB SCHOOL DIS #9	NEW ENGLAND	ND	7/1/2019	\$4,941,537.73
SURREY PUBLIC SCHOOL DIST #41	SURREY	ND	8/15/2013	\$555,880.48
TURTLE LAKE-MERCER DIST #72	TURTLE LAKE	ND	11/1/2013	\$1,084,803.99

GRAND FORKS PUB SCHOOL DIST #1	GRAND FORKS	ND	12/2/2013	\$8,950,211.40
WAHPETON PUBLIC SCHOOL DIST#37	WAHPETON	ND	1/22/2014	\$11,483,755.52
GRAFTON PUBLIC SCHOOL DIST #18	GRAFTON	ND	4/1/2014	\$8,419,965.62
BISMARCK PUBLIC SCHOOL DIST	BISMARCK	ND	6/30/2014	\$9,831,385.53
BISMARCK PUBLIC SCHOOL DIST	BISMARCK	ND	9/19/2018	\$8,213,861.28
POWERS LAKE PUB SCHOOL DIST#27	POWERS LAKE	ND	7/1/2014	\$1,254,165.56
MINOT PUBLIC SCHOOL DIST #1	MINOT	ND	11/13/2014	\$12,796,281.06
SOUTH PRAIRIE SCHOOL DIST 70	MINOT	ND	11/14/2014	\$5,577,147.22
TIOGA PUBLIC SCHOOL DIST #15	TIOGA	ND	12/1/2014	\$4,379,255.42
WESTHOPE PUB SCHOOL DIST #17	WESTHOPE	ND	12/1/2014	\$1,963,922.74
MCKENZIE COUNTY SCHOOL DIST #1	WATFORD CITY	ND	1/28/2015	\$4,570,287.48
MCKENZIE COUNTY SCHOOL DIST #1	WATFORD CITY	ND	3/1/2020	\$9,064,775.54
CENTRAL CASS PUBLIC SCHOOL	CASSELTON	ND	12/1/2017	\$7,717,816.35
UNITED PUBLIC SCHOOL DISTRICT	DES LACS	ND	5/15/2018	\$7,998,255.26
EIGHT MILE PUBLIC SCHOOL DIST6	TRENTON	ND	6/1/2018	\$7,305,001.71
NEW ROCKFORD SHEYENNE SCHOOL 2	NEW ROCKFORD	ND	6/1/2018	\$2,646,125.35

PARSHALL SCHOOL DISTRICT	PARSHALL	ND	8/9/2018	\$4,614,652.01
BOTTINEAU PUBLIC SCHOOL DIST	BOTTINEAU	ND	8/1/2019	\$6,524,286.48
NORTHWOOD SCHOOL DISTRICT #129	NORTHWOOD	ND	8/1/2019	\$5,042,208.14
ENDERLIN AREA PSD #24	ENDERLIN	ND	6/18/2020	\$1,267,858.10
RUGBY PUBLIC SCHOOL DIST. NO 5	RUGBY	ND	7/1/2022	\$1,824,253.96
LARIMORE PSD NO 44	LARIMORE	ND	7/1/2022	\$435,672.72