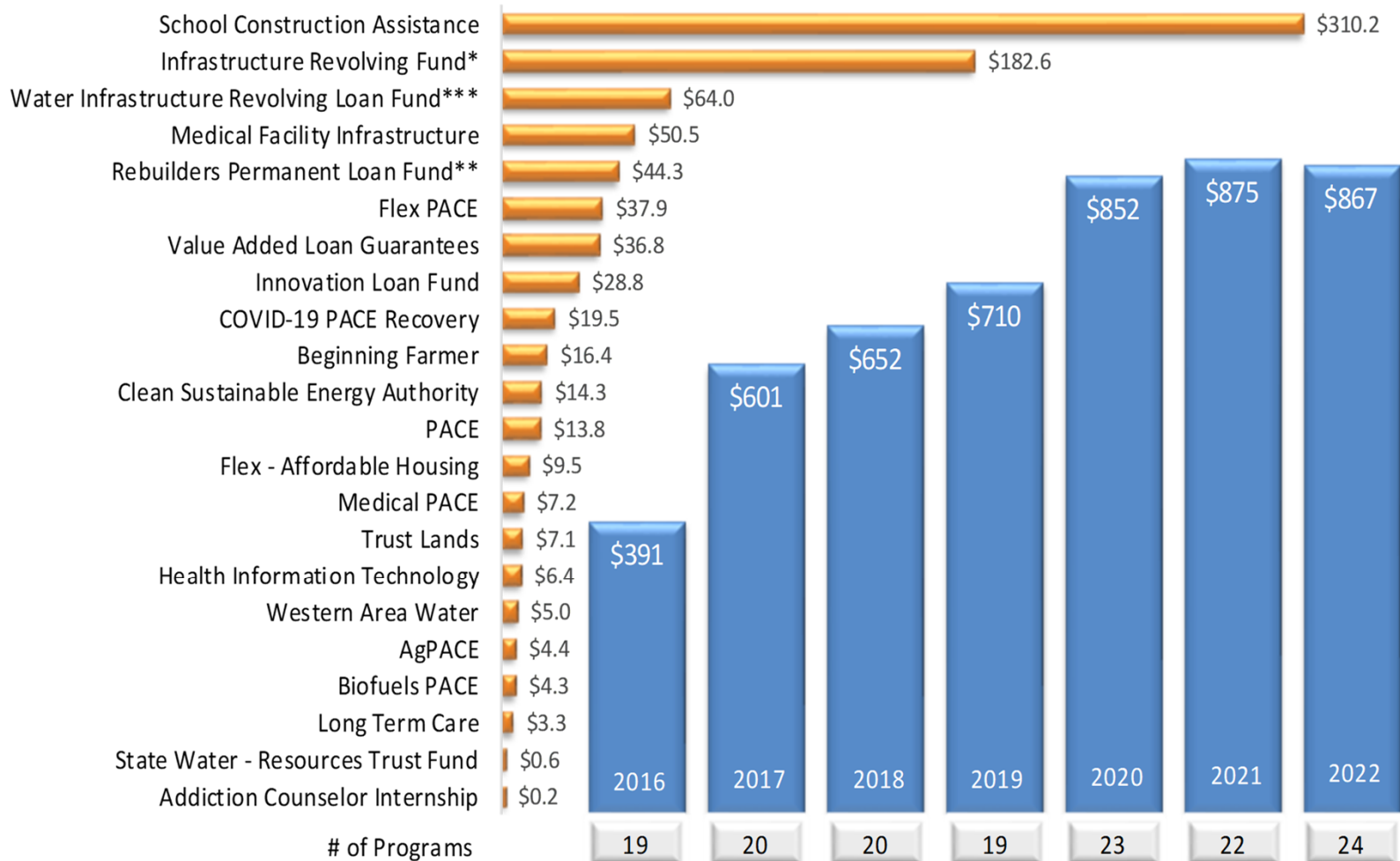




Infrastructure Programs Administered by BND
Kelvin Hullet, SVP Business Development
February 7, 2023

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.

On Balance Sheet

vs

Legislative Directed Programs

Balance Sheet

\$ in thousands

	6/30/2022
Cash and due from banks	950,452
Federal funds sold	18,895
Securities	4,150,254
Loans	
Commercial	2,721,823
Agriculture	693,005
Residential	375,190
Student Loans	1,121,733
	4,911,751
Less allow. for credit loss	(107,543)
	4,804,208
Other assets	106,338
Total assets	10,030,147
Deposits -	
Non-interest bearing	618,816
Interest bearing	8,001,799
	8,620,616
Federal funds purchased and repurchase agreements	445,860
Other liabilities	3,966
Total liabilities	9,070,442
Equity	959,705
Total liabilities and equity	10,030,147

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 "Equity" of BND.

Infrastructure Revolving Loan Fund--\$230m

- BND Earnings--\$100m (2015)
- SIIF--\$50m (2015)
- Oil Tax--\$25m (2017)
- Bonding--\$50m (2021)

Why "Off Balance Sheet"

1. Long-term Fixed Interest Rate at 2%.
2. Provides for up to 30 / 40 Year Terms.

Procedurally:

BND underwrites and administers loans

Provides for Audits of the Funds

Principal and interest returned to the Fund

BND receives a .50bp service fee



Definition of Essential Infrastructure

Revised Definitions of Essential Infrastructure

Previous Definitions

- 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:

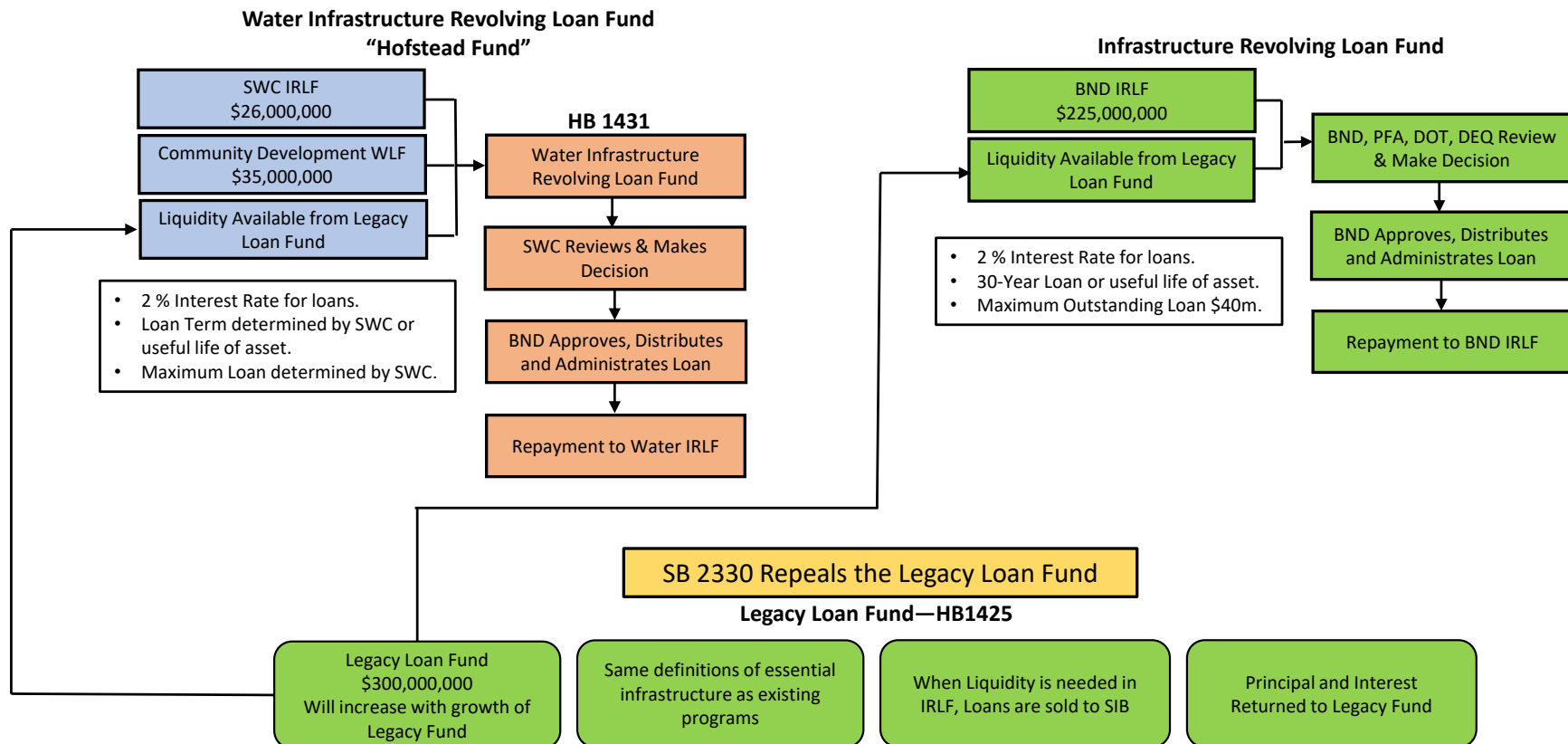
- a. Water treatment plants;
- b. Wastewater treatment plants;
- c. Sewer lines and waterlines, including lift stations and pumping stations;
- Water storage systems, including dams, water tanks, and water towers;
- e. Storm water infrastructure, including curb and gutter construction;
- **f. Road and 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

Water and Infrastructure Funding Process



- **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.

Status of Loan Funds

Including Proposed 2023 Legislative Changes

Infrastructure Revolving Loan Fund

Cash Balance		24,075,583.30
Bond Proceeds Remaining		69,781,906.31
BND Capital Remaining		52,000,000.00
Available Funds		145,857,489.61
In Construction Commitments		34,604,602.72
Approved Commitments		16,591,815.00
Pending Applications		1,940,708.00
Current Available		92,720,363.89
Bond Proceeds Returned to DOT	HB 1021	35,000,000.00
WAWSA Refinance	SB 2196	41,000,000.00
After Pending Legislation		16,720,363.89

Water Infrastructure Revolving Loan Fund

Cash Balance		27,122,779.33
In Construction Commitments	3	15,144,449.49
Pending Applications	1	1,100,000.00
Current Available		10,878,329.84

Revolving Loan Funds

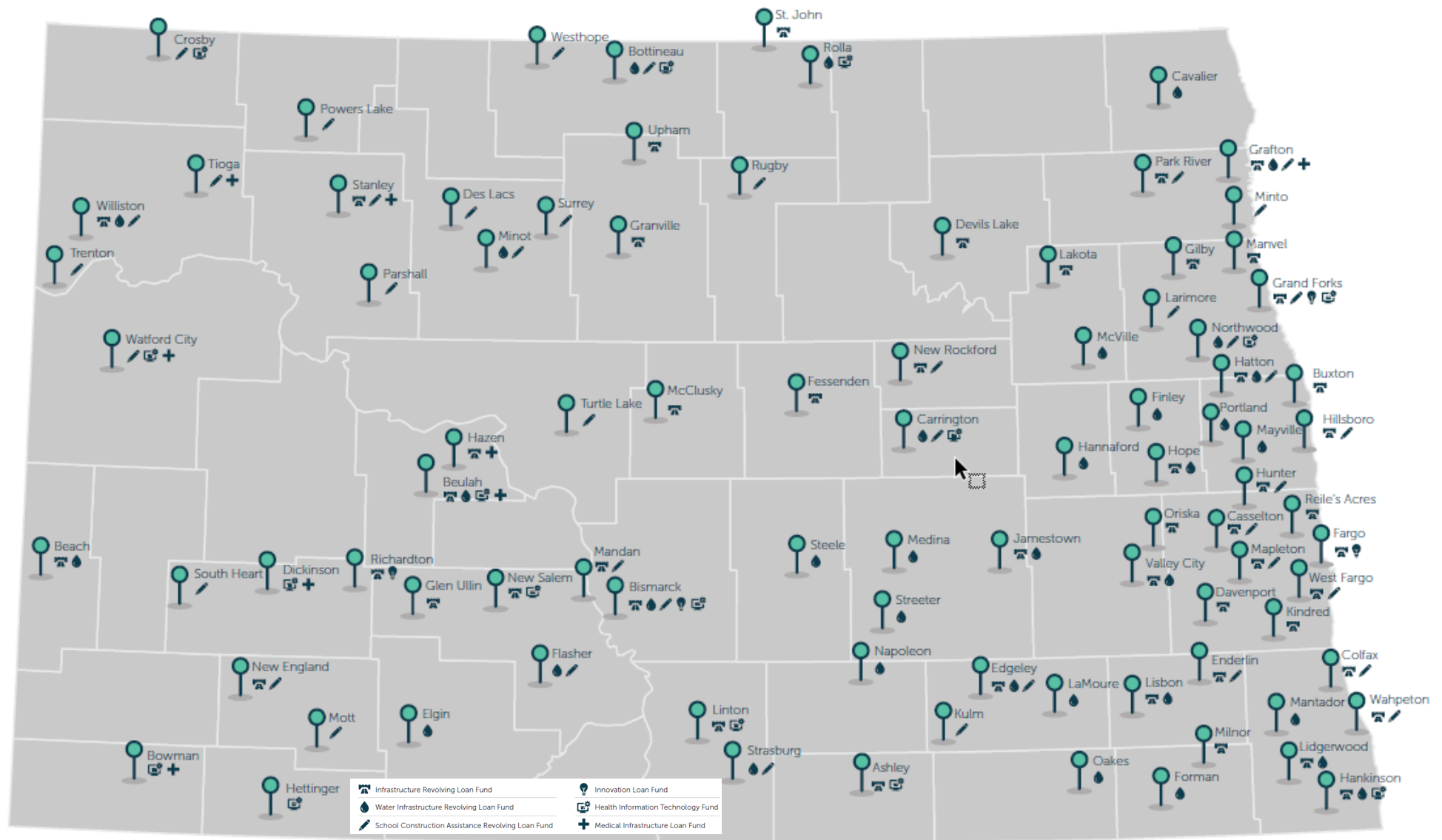
By Term of Loan

Infrastructure Revolving Loan Fund				
Term	Approved Amount	Outstanding Balance	Number of Loans	% of Approved
5 Years	\$1,775,000.00	\$459,345.70	2	0.92%
10 Years	\$5,704,381.00	\$2,849,451.62	8	2.96%
15 Years	\$19,156,731.00	\$11,367,828.81	15	9.94%
20 Years	\$78,581,714.00	\$43,411,260.64	24	40.77%
25 Years	\$35,332,120.00	\$28,216,301.48	7	18.33%
30 Years	\$52,202,050.00	\$34,770,167.61	21	27.08%
	\$192,751,996.00	\$121,074,355.86	77	
Water Infrastructure Revolving Loan Fund				
Term	Approved Amount	Outstanding Balance	Number of Loans	% of Approved
10 Years	\$350,000.00	\$315,600.27	1	0.53%
20 Years	\$14,132,385.00	\$9,726,624.52	8	21.37%
25 Years	\$600,000.00	\$395,904.75	1	0.91%
30 Years	\$18,704,814.00	\$12,291,105.81	16	28.28%
40 Years	\$32,343,400.00	\$14,649,204.56	26	48.91%
	\$66,130,599.00	\$37,378,439.91	52	

Revolving Loan Funds

By Population of Borrower

Infrastructure Revolving Loan Fund				
Population	Approved Amount	Outstanding Balance	Number of Loans	% of Approved
Under 1,000	\$38,219,400.00	\$31,804,168.77	27	19.83%
1,001 to 5,000	\$48,821,800.00	\$26,153,330.55	24	25.33%
5,001 to 10,000	\$7,079,931.00	\$4,703,689.67	9	3.67%
10,001 to 25,000	\$17,210,865.00	\$12,524,891.27	7	8.93%
Over 25,000	\$81,420,000.00	\$45,888,275.60	10	42.24%
	\$192,751,996.00	\$121,074,355.86	77	
Water Infrastructure Revolving Loan Fund				
Population	Approved Amount	Outstanding Balance	Number of Loans	% of Approved
Under 1,000	\$7,294,500.00	\$3,487,890.43	17	11.03%
1,001 to 5,000	\$18,566,985.00	\$13,702,213.33	27	28.08%
5,001 to 10,000	\$12,054,114.00	\$8,155,050.62	6	18.23%
10,001 to 25,000	\$0.00	\$0.00	-	0.00%
Over 25,000	\$28,215,000.00	\$12,033,285.53	2	42.67%
	\$66,130,599.00	\$37,378,439.91	52	



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

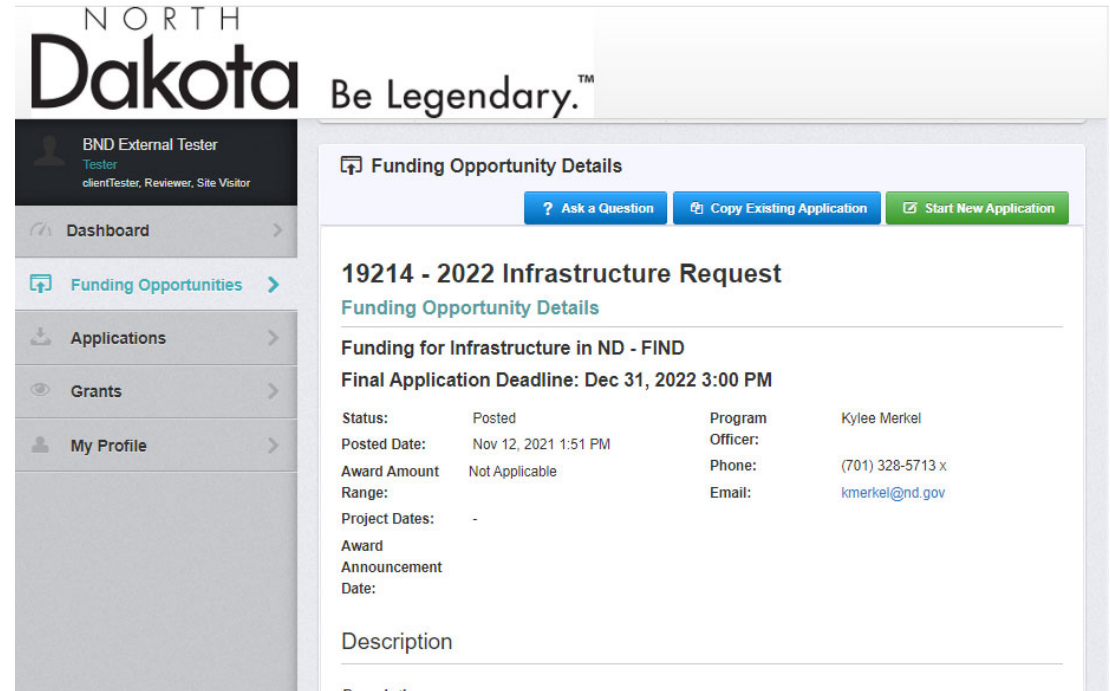
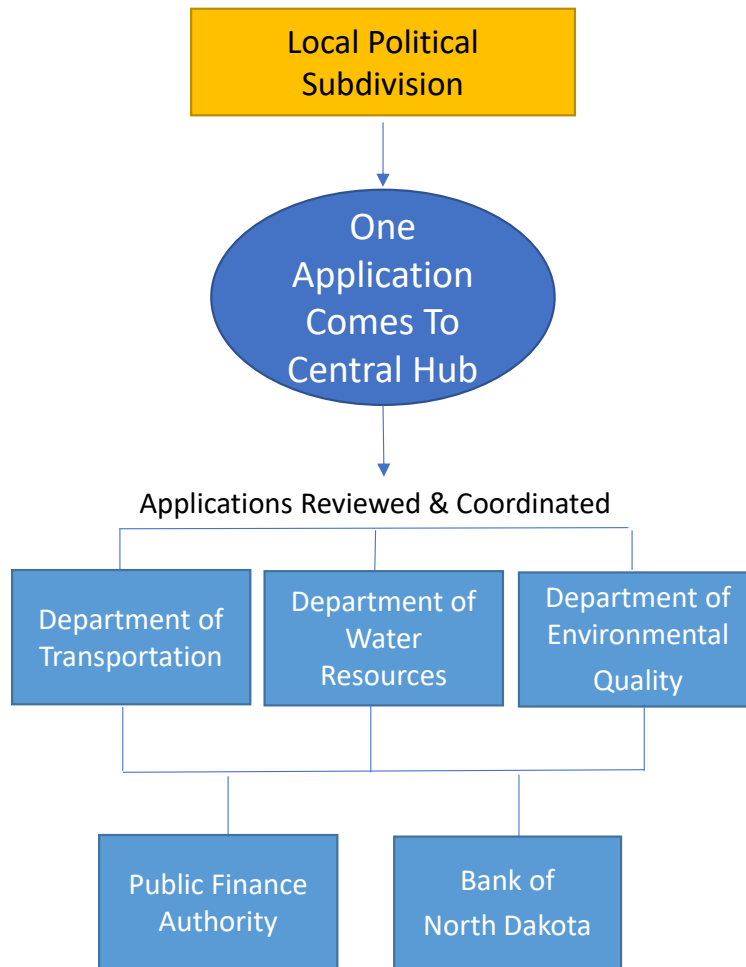
	30-Year Term Total Paid	Interest Paid
Market Rate Loan (4.50%)	\$27,030,000	\$12,030,000
BND Infrastructure Revolving Loan	\$19,900,000	\$4,895,000

\$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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Questions?
