



# Bank of North Dakota Business Development Financing

September 23, 2021 / ND Petroleum Council Annual Meeting



# A.C. Townley - Nonpartisan League (NPL)



State Historical Society of North Dakota

Socialist grassroots organizer

North Dakota farmers felt they were charged unfair interest rates by Minneapolis banks and paid low prices for the wheat they produced.

By 1919 the NPL controlled levers of state government including the Governor and Legislature.

Passed three acts:

1. Created bank and elevator
2. Created the Industrial Commission
3. Allowed for sale of bonds

Mission: To deliver quality, sound financial services that promote agriculture, commerce and industry in North Dakota



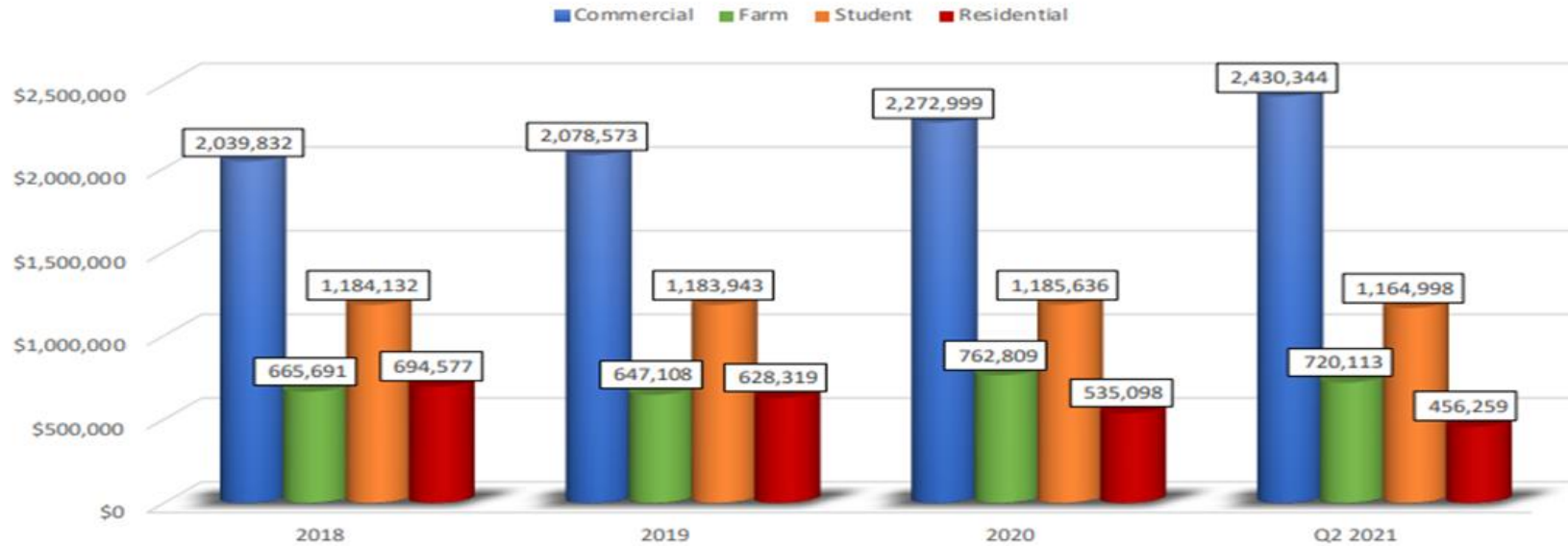
BND is an agile partner that creates financial solutions to current and emerging economic needs.

**BND**   
Bank of North Dakota



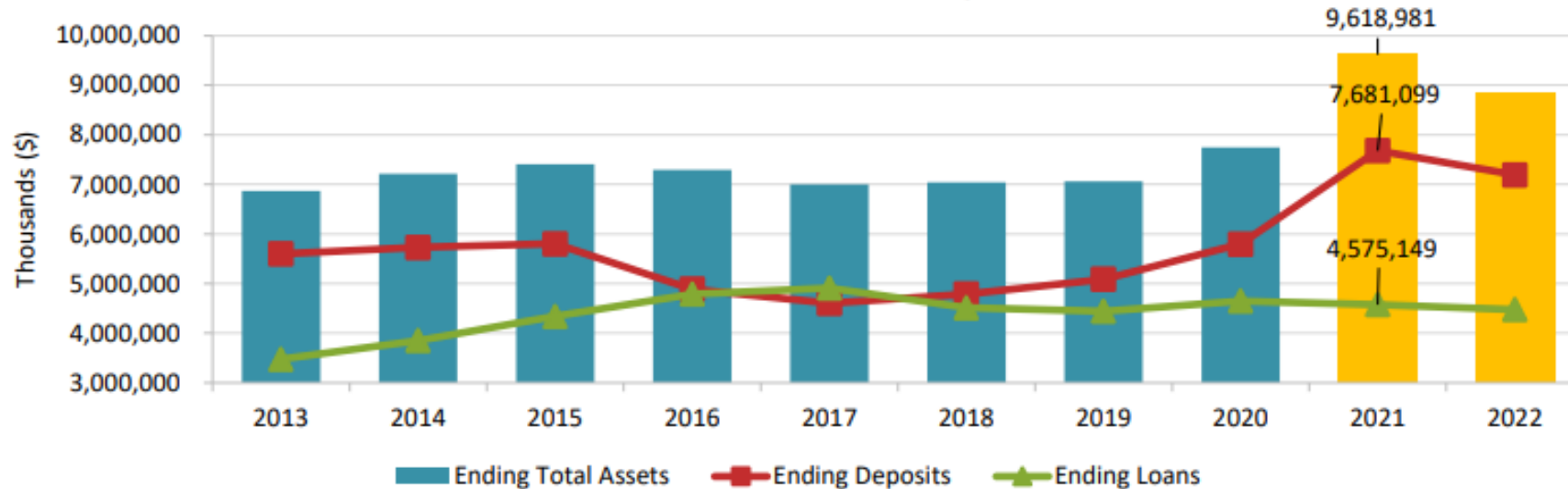
## Consolidated Loan Portfolio

(In Thousands)



## Balance Sheet

### BND Total Assets & Total Deposits



# Bank of North Dakota

- Does NOT compete with private sector
- Lead Financial Institutions serve as distribution channel
- Over \$1 Billion in loan participations each year.



# Financing Programs





# SB2230 Increased Funding For Value Added Energy Projects

21.0386.01000

Sixty-seventh  
Legislative Assembly  
of North Dakota

SENATE BILL NO. 2230

Introduced by

Senators Wanzek, Elkin, Klein

Representatives Brandenburg, Headland, Howe

1 A BILL for an Act to amend and reenact section 6-09.7-05 of the North Dakota Century Code,  
2 relating to the use of the strategic investment and improvements fund.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 6-09.7-05 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **6-09.7-05. Establishment and maintenance of adequate guarantee funds - Use of**  
7 **strategic investment and improvements fund.**

8 The Bank of North Dakota shall establish and at all times maintain an adequate guarantee  
9 reserve fund in a special account in the Bank. The Bank may request the director of the office of  
10 management and budget to transfer funds from the strategic investment and improvements  
11 fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve  
12 fund balance. Transfers from the strategic investment and improvements fund may not exceed  
13 a total of ~~fiftyone hundred~~ million dollars. Moneys in the guarantee reserve fund are available to  
14 reimburse lenders for guaranteed loans in default. The securities in which the moneys in the  
15 reserve fund may be invested must meet the same requirements as those authorized for  
16 investment under the state investment board. The income from such investments must be made  
17 available for the costs of administering the state guarantee loan program and income in excess  
18 of that required to pay the cost of administering the program must be deposited in the reserve  
19 fund. The amount of reserves for all guaranteed loans must be determined by a formula that will  
20 assure, as determined by the Bank, an adequate amount of reserve.

## Program Intent

The intent of this program is to encourage lenders to provide financing for projects located in North Dakota, that add value to North Dakota commodities with a guarantee provided by the Bank of North Dakota.

- Program requires a lead FI to initiate the transaction.
- Normally Guarantees are 30% to 50% of the Loan Amount.

Value added energy is a change made to hydrocarbons or by-products of hydrocarbons produced in North Dakota that increase the product's value, thereby creating new economic activity.

## Funding Available

Total program funding is \$80 million.  
Currently \$40 million in Available

# “Match” Loans To Large Scale Projects

## Program Intent

- MATCH serves as the primary loan program to support large-scale economic diversification projects with **investment rated companies**.
- 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.
- Transaction must have a lead financial institution with knowledge and understanding of how to appropriately structure the loan.

## Example

Current 20-Year US Treasury	1.85
Bank of North Dakota Fee	.25
Lead FI Service Fee	.25
20-Year Fixed Term Rate	2.40

## Funding Available

- Total Program Availability is \$478,000,000
- Current Balance Available is \$243,000,000
- Normal Loan \$10m to \$75M



# LIFT—Legacy Investing in Future Technology

Administered Through ND Department of Commerce

## Program Intent

The Innovation Technology Loan Fund (LIFT) is an innovation loan fund to support technology advancement by providing financing for commercialization of intellectual property within the state of North Dakota.

Loan funds may be used to conduct applied research, experimentation or operational testing within the state.

Loan funds may not be used for capital or building investments.

### Term of Loan:

- 3-Years No Interest / No Payment
- 2-Years, Interest Only Payment (2%)
- Loan “Due” at Beginning of Year Six or may be refinanced with normal IR terms.

Applicant Loan Amount: \$500,000-\$1,000,000

Total Program Funding: \$30,000,000 with \$15,000,000 in current funding round.

### More Information:

<https://www.business.nd.gov/lift>

# Wrap up and Questions

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## Contact Information



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All Program Information Available

[www.bnd.nd.gov](http://www.bnd.nd.gov)