



Meeting Needs In A Transitioning Economy

Presented by
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Presentation Overview

- **The Bank of North Dakota—Who are We?**
- **The Changing North Dakota Economy**
- **BND Economic Development & Infrastructure Loan Programs**

Mission To deliver quality, sound financial services that promote agriculture, commerce and industry.



Vision Bank of North Dakota is an agile partner that creates financial solutions for current and emerging economic needs.

BND Is... North Dakota's Unfair Competitive Advantage



- Only state-owned bank in the USA
- Profit of \$131m in 2015. Projected Similar for 2016.
- Banker's bank—Limited Direct Lending
- Depository for state funds
- General fund contributions of \$585M since inception

North Dakota Today...



Not Your Father's Economy

Economic Development Challenges

- ✓ Diversify the Economy From Oil and Agriculture
- ✓ Evolving our “Tools” to a 21st Century Economy
- ✓ Fostering the “Digital Economy”
- ✓ Affordable Housing—What’s that Mean?
- ✓ Need for Technical Skills
- ✓ Talent Attraction and Retention—Making ND Cool

Infrastructure Revolving Loan Fund



House Bill 1433—2015 Session

- **Provided \$150m in Funding to the Program**
 - **Maximum Loan is \$15m**
 - **Interest Rate of 2% for up to 30-years**
- **Directed to “Essential Infrastructure”**
 - **Water and Wastewater Treatment Plants**
 - **Sewer; Water and Storm Water Infrastructure**
 - **Transportation Infrastructure--Curb & Gutter**
 - **BND Authorized to Make Some Determination**
- **Capital Construction Not Eligible**
- **Surge Communities & Counties--July 1, 2017**

Current Obligations

Towns Under 2,000 Population (\$50m Available)

Beach	\$3,888,888
Milnor	\$1,545,000
<u>Colfax</u>	<u>\$1,265,000</u>
Total	\$6,699,288

Cities Over 2,000 Population (\$100m Available)

West Fargo	\$15,000,000
Grand Forks	\$15,000,000
Wahpeton	\$600,000
<u>Hazen</u>	<u>\$700,000</u>
Total	\$31,310,000

Total To Date = \$38,009,288

Community Water R.L.F.

- **Supplementary Financing in conjunction with USDA Rural Development.**
- **Used when expense exceeds loan limits set by RD**
- **Legal Entity with Authority for Water Facilities**
- **Loan limit is 50% of Total Project Cost or funds available.**
- **Projects established and approved by USDA RD**

Medical PACE Program

Provides interest buy down to assist in the financing of critical access hospitals or medical facility expansion or improvement projects.

Must provide critical access services and be located in a community of less than 20,000.

Anticipate a 30-Year facility lifespan with a minimum investment of \$1,000,000.

Medical Infrastructure Loan

Provides construction funds for critical access medical facilities in North Dakota. May be used for building or expanding medical facilities.

Maximum loan may not exceed 75% of project costs:

\$1,000,000 Minimum Investment

Maximum Loan is \$15,000,000 per Project

Construction period may not exceeds 24 months

Economic Development Tools



Partnership Assisting Community Expansion (PACE)

Matching Buy Down Program For Primary Sector, Targeted Job Growth Industries

"Primary sector business" means an individual, corporation, limited liability company, partnership, or association certified by the department of commerce division of economic development and finance which through the employment of knowledge or labor adds value to a product, process, or service which results in the creation of new wealth.

For purposes of this subsection, "new wealth" means revenues generated by a business in this state through the sale of products or services to:

- a. Customers outside of this state; or
- b. Customers in this state if the products or services were previously unavailable or difficult to obtain from a business in this state.

One FTE for Every \$100,000 of PACE Borrowing with a Maximum Buy-Down of \$300k

BND Loan Programming

**BND
Venture
Capital &
Seed
Funding**

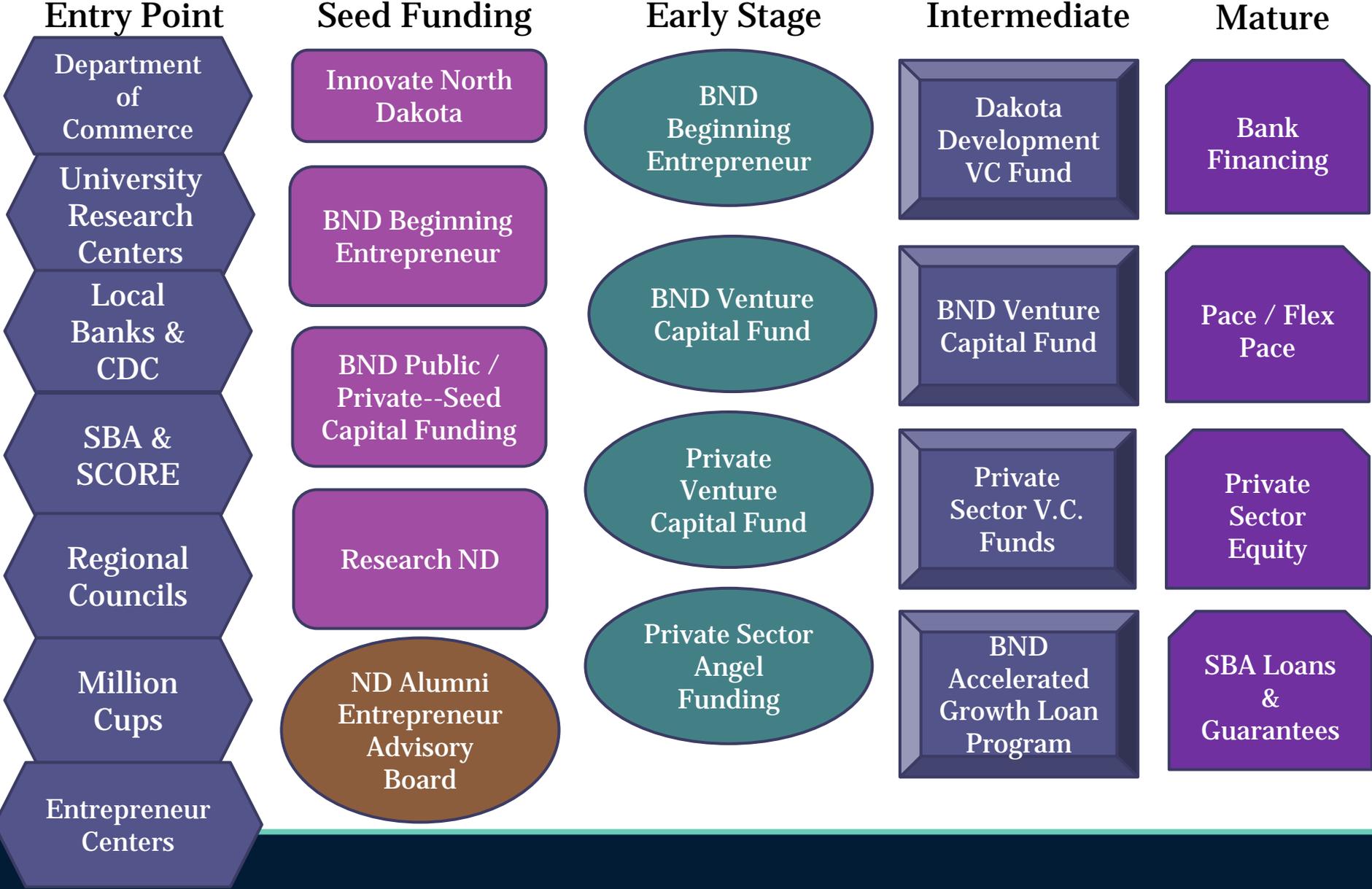
**BND
Beginning
Entrepreneur
Program**

**BND
Emerging
Entrepreneur
Loan
Program**

**BND
Accelerated
Growth
Loan and
Equity
Program**

**BND
Participation
Loan**

Fostering A Culture of Entrepreneurship



Beginning Entrepreneur Program

Start-Up Financing

- \$5,000-Loan Guarantee for Start-Up Costs
- \$25,000-Guarantee without Collateral
- \$200,000-Maximum Loan Amount
- \$300,000-Maximum Net Worth to Qualify

BND Sliding Scale Guarantee

85% of \$100,000

80% of \$100,001 to \$150,000

75% of \$150,001 to \$200,000

FLEX PACE

Businesses Supporting Community Needs, Licensed Day Care Operations and Affordable Housing

Job Requirements are NOT a requirement for Flex Pace

Maximum Buy-Downs

Business	\$100,000
Day Care	\$300,000
Affordable Housing	\$500,000

MATCH Program

For Large Scale Projects With Companies holding a Long-Term Investment Grade Rating. Intended to support the Creation of New Jobs.

Maximum Loan is \$15m

Up to a 15-Year Loan

Interest Rate Floor of 2%

What's To Come?

- **Anticipate Introduction of New Programs by End of the Year:**
 - **Beginning Entrepreneur Revisions**
 - **Entrepreneur Growth Loan Program**
 - **Accelerated Growth Loan Program**
 - **Changes to PACE and Flex PACE**
 - **Enhance Venture Capital Fund**

QUESTIONS?