

20

20

FINANCING ECONOMIC DEVELOPMENT

**REPORT**

# From the President

---

## Dear Friends,

As the reality of the words, “COVID pandemic” set in, I’ll admit to feeling a bit overwhelmed. However, it didn’t take long for me to realize that as a Bank, we had traveled this road many times. We’ve responded to natural disasters since our earliest days when we didn’t evict farmers from their land during the Great Depression. More recently, we have supported our residents during weather-related disasters and periods of rapid economic growth by either expanding programs or creating new ones.

I was inspired by our employees who responded with courage, innovation and dedication, working long days as many of them dealt with new challenges in their home lives. Within 48 hours, 90% of our workforce was set up and working remotely from their homes. Communications went into overdrive and we facilitated weekly conference calls with our congressional delegation, the Small Business Administration and local lenders so business owners could take advantage of the federal government’s Paycheck Protection Program. This early access to officials enabled North Dakota banks and

credit unions to facilitate more loans per capita during the initial round than any other state. We are indebted to them.

Bank of North Dakota (BND) met with state officials, local lenders and economic developers to identify the funding gaps and created programs to address them: The Small Employer Loan Fund, COVID-PACE Recovery I Loan, COVID-PACE Recovery II Program and the Ethanol Recovery Program. Employees cross-trained and assisted our lending team to process and approve the loans. In a typical year, we make approximately 800 business and agriculture loans. In 2020, we made more than three times that amount: 2,500 loans and grant distributions.

With concern for our student loan customers, we allowed six-month deferments upon request. Thirty-four percent of borrowers in repayment took advantage of the deferral, although we were surprised that many of them started making payments before the six months was up. On March 24, 2020, BND announced a 1% interest rate reduction, for all fixed rate borrowers within

its student loan portfolio. This reduced the interest by an average of \$6,400 over the life of the loan for 31,000 borrowers currently in repayment.

Our work isn’t complete. The long-term impacts of the pandemic will be felt for years to come. We’ll keep a close eye on the lending portfolio, identify sectors at risk and respond accordingly.

This year, I’ve seen our vision statement come to life daily through our employees and partnerships with the local lending community and stakeholders: Bank of North Dakota is an agile partner that creates financial solutions for current and emerging economic needs. It is our privilege to serve the state of North Dakota.

Sincerely,



**Eric Hardmeyer**  
President/CEO



*Creating financial solutions for current and emerging economic needs*

# BND Relief Programs

**B**ank of North Dakota, in partnership with 78 banks and credit unions, distributed funds through these five programs that impacted 399 industries in our state.

*All numbers are disclosed as of December 31, 2020.*

## AGRICULTURE DISASTER RELIEF LOAN PROGRAM

Initiated to provide relief to North Dakota farmers and ranchers impacted by the extreme weather conditions in 2019, applications were accepted through September 30, 2020.

Loan funds could be used to carry over operating shortfalls, term debt payments, and to restructure existing debt, including that from BND's Farm Financial Stability Program.

**\$134 Million**

272 Loans Approved

**\$16 Million**

32 Loans Pending



## SMALL EMPLOYER LOAN FUND

The Small Employer Loan Fund (SELF) assisted North Dakota businesses with an employee count of 10 full-time equivalents (FTE) or less. Loan funds at a fixed interest rate of 1% were used to support working capital needs, recurring expenses and to replenish inventory or term out COVID-related bridge loans or credit card debt.

The maximum loan amount was equal to six months of operating expenses plus interest plus the amount needed to replenish inventory, or a maximum of \$50,000, whichever was less.

**\$30 Million**

886 Loans Approved

**\$800 Thousand**

24 Loans Pending



## COVID-PACE RECOVERY I LOAN PROGRAM

The COVID-PACE Recovery I (CPRI) Loan Program supported the working capital needs of businesses in North Dakota. They were also able to term out COVID-related bridge loans or credit card debt originated after March 12, 2020 with the loan.

Businesses of 500 or fewer employees could receive up to six months of operating expenses plus interest, or \$5 million, whichever was less. For businesses larger than that, their maximum loan amount was \$10 million.

Through the program, \$337.5 million was distributed, of which \$217 million was net to BND. There was \$35 million of CARES Act funds allocated to buy down the interest rate to 1%.

**\$210 Million**  
265 Loans Approved

**\$9 Million**  
8 Loans Pending



## COVID-PACE RECOVERY II PROGRAM

The COVID-PACE Recovery II (CPRII) Program funded interest that businesses accrued for up to 10 months with a limit of \$50,000. This supported the hardest hit businesses in the state because they needed to establish at least a 20% year-over-year gross revenue loss between April 1, 2019-September 30, 2019 and the same period in 2020.

The funding source for CPRII was the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The funds will not be repaid.

**\$35 Million**  
810 Grants



## ETHANOL RECOVERY PROGRAM

The state's ethanol producers and those producing related products accessed loans through the Ethanol Recovery Program to support working capital needs for North Dakota operations.

The maximum loan amount was \$15 million or \$.50 per bushel of corn that would have normally been purchased in the first two quarters of 2020, whichever was less. The fixed interest rate received a buydown to 1%.

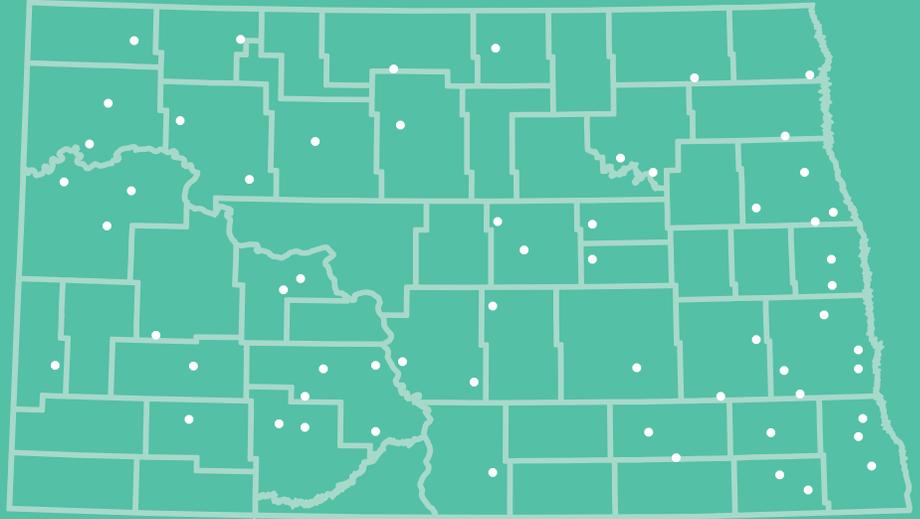
**\$14.8 Million**  
3 Loans Approved

**\$6.7 Million**  
1 Loan Pending

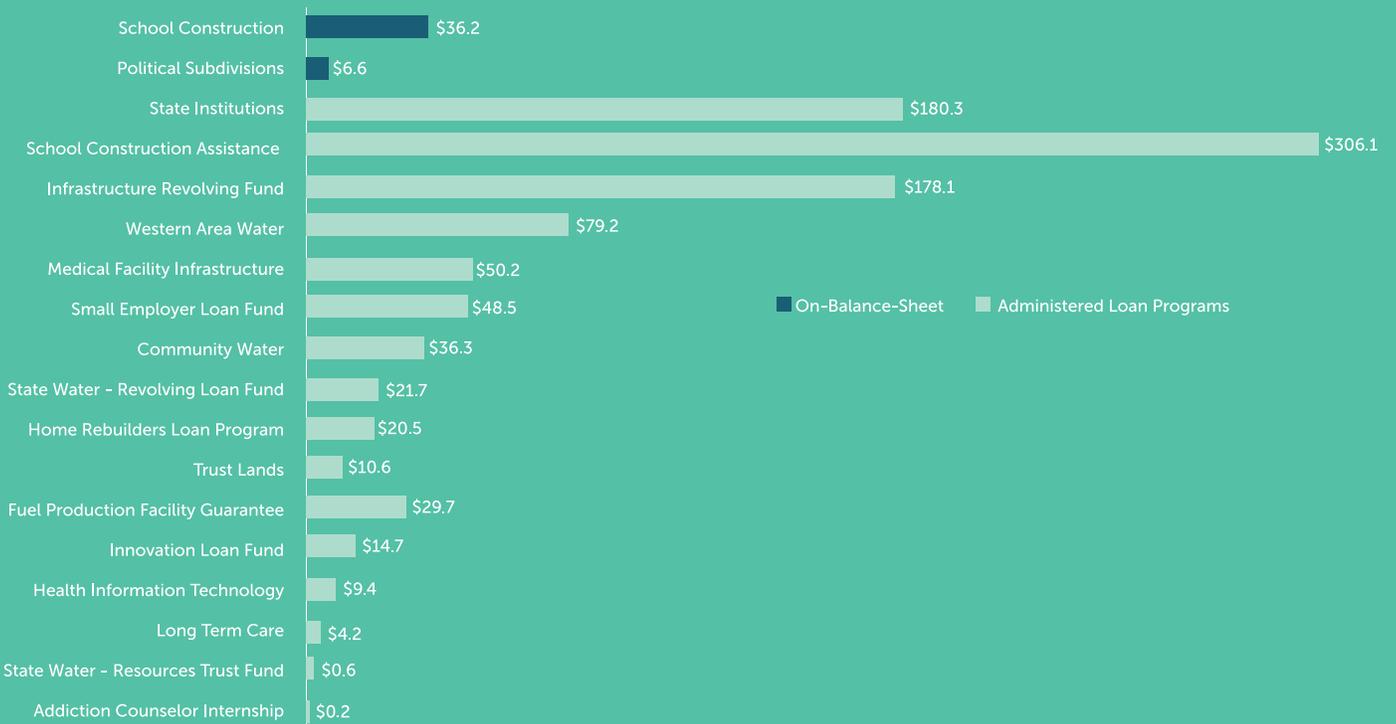


# Administered Loan Programs

In addition to the programs and loans carried on the Bank's balance sheet, BND serves as administrator for another billion dollars in programs and loans as directed by the North Dakota Legislature. These loan programs provide low-interest, long term loans to state and local government agencies to finance projects resulting in significant cost savings to the taxpayers of North Dakota. BND manages just over than \$1 billion in state loans and administered programs.



State Loans & Administered Programs  
(In Millions)





City	BND Administered Loan Programs (2016-2020)
Alexander	State School Construction
Arnegard	Political Subdivision
Beach	Infrastructure Loan Fund
Beulah	Infrastructure Loan Fund, Medical Facility Loan Fund, School Construction Loan Fund, State Water Commission Loan Fund
Bismarck	Community Water, Infrastructure Loan Fund, School Construction Loan Fund
Bottineau	Community Water, Political Subdivision, School Construction Loan Fund
Bowbells	Political Subdivision
Bowman	Medical Facility Loan Fund, Medical PACE
Buxton	Infrastructure Loan Fund
Carrington	State School Construction
Carson	Infrastructure Loan Fund
Casselton	Infrastructure Loan Fund, School Construction Loan Fund
Cavalier	Community Water, State Water Commission Loan Fund
Colfax	Infrastructure Loan Fund, School Construction Loan Fund
Cooperstown	Community Water
Crosby	Political Subdivision, School Construction Loan Fund
Des Lacs	School Construction Loan Fund
Devils Lake	Infrastructure Loan Fund
Dickinson	Medical Facility Loan Fund, State School Construction
Edgeley	Community Water, Infrastructure Loan Fund, State School Construction
Elgin	Community Water
Ellendale	Infrastructure Loan Fund
Enderlin	School Construction Loan Fund
Fargo	Infrastructure Loan Fund
Fessenden	Infrastructure Loan Fund
Finley	Community Water
Flasher	Community Water, School Construction Loan Fund
Forman	Community Water
Glen Ullin	Infrastructure Loan Fund
Grafton	School Construction Loan Fund, State Water Commission Loan Fund
Grand Forks	Infrastructure Loan Fund, School Construction Loan Fund
Granville	Infrastructure Loan Fund
Grenora	State School Construction
Hankinson	Community Water, Infrastructure Loan Fund
Hannaford	Community Water
Harvey	Infrastructure Loan Fund
Hatton	Community Water, Infrastructure Loan Fund, School Construction Loan Fund
Hazen	Infrastructure Loan Fund, Medical Facility Loan Fund
Hillsboro	School Construction Loan Fund
Hope	Community Water
Hunter	Infrastructure Loan Fund, School Construction Loan Fund
Jamestown	Community Water, Infrastructure Loan Fund, State Water Commission Loan Fund
Kindred	Infrastructure Loan Fund

City	BND Administered Loan Programs (2016-2020)
Kulm	School Construction Loan Fund
Lakota	Community Water, Infrastructure Loan Fund
LaMoure	Community Water
Leeds	Community Water
Lidgerwood	Community Water, Infrastructure Loan Fund
Lisbon	Infrastructure Loan Fund, State Water Commission Loan Fund
Mandan	Infrastructure Loan Fund, School Construction Loan Fund
Mantador	Community Water
Manvel	Infrastructure Loan Fund
Mapleton	Infrastructure Loan Fund, School Construction Loan Fund
Mayville	Community Water
McClusky	Infrastructure Loan Fund
McVie	Community Water
Medina	Community Water
Milnor	Infrastructure Loan Fund
Minot	School Construction Loan Fund, State Water Commission Loan Fund
Minto	School Construction Loan Fund
Napoleon	Community Water
New England	Infrastructure Loan Fund, School Construction Loan Fund
New Rockford	School Construction Loan Fund
New Salem	Infrastructure Loan Fund
Northwood	Community Water, School Construction Loan Fund
Oakes	Community Water
Park River	Infrastructure Loan Fund, School Construction Loan Fund
Parshall	School Construction Loan Fund
Portland	Community Water
Powers Lake	School Construction Loan Fund
Reile's Acres	Infrastructure Loan Fund
Rolla	Community Water
South Heart	School Construction Loan Fund
Stanley	Community Water, Medical Facility Loan Fund, School Construction Loan Fund
Steele	Community Water
Strasburg	Community Water, School Construction Loan Fund
Surrey	School Construction Loan Fund
Tioga	Medical Facility Loan Fund, School Construction Loan Fund
Trenton	School Construction Loan Fund
Turtle Lake	School Construction Loan Fund
Upham	Infrastructure Loan Fund
Valley City	State Water Commission Loan Fund
Wahpeton	Infrastructure Loan Fund, School Construction Loan Fund
Watford City	Medical Facility Loan Fund, School Construction Loan Fund, State School Construction
West Fargo	Infrastructure Loan Fund
Westhope	School Construction Loan Fund
Williston	Infrastructure Loan Fund, School Construction Loan Fund, State Water Commission Loan Fund

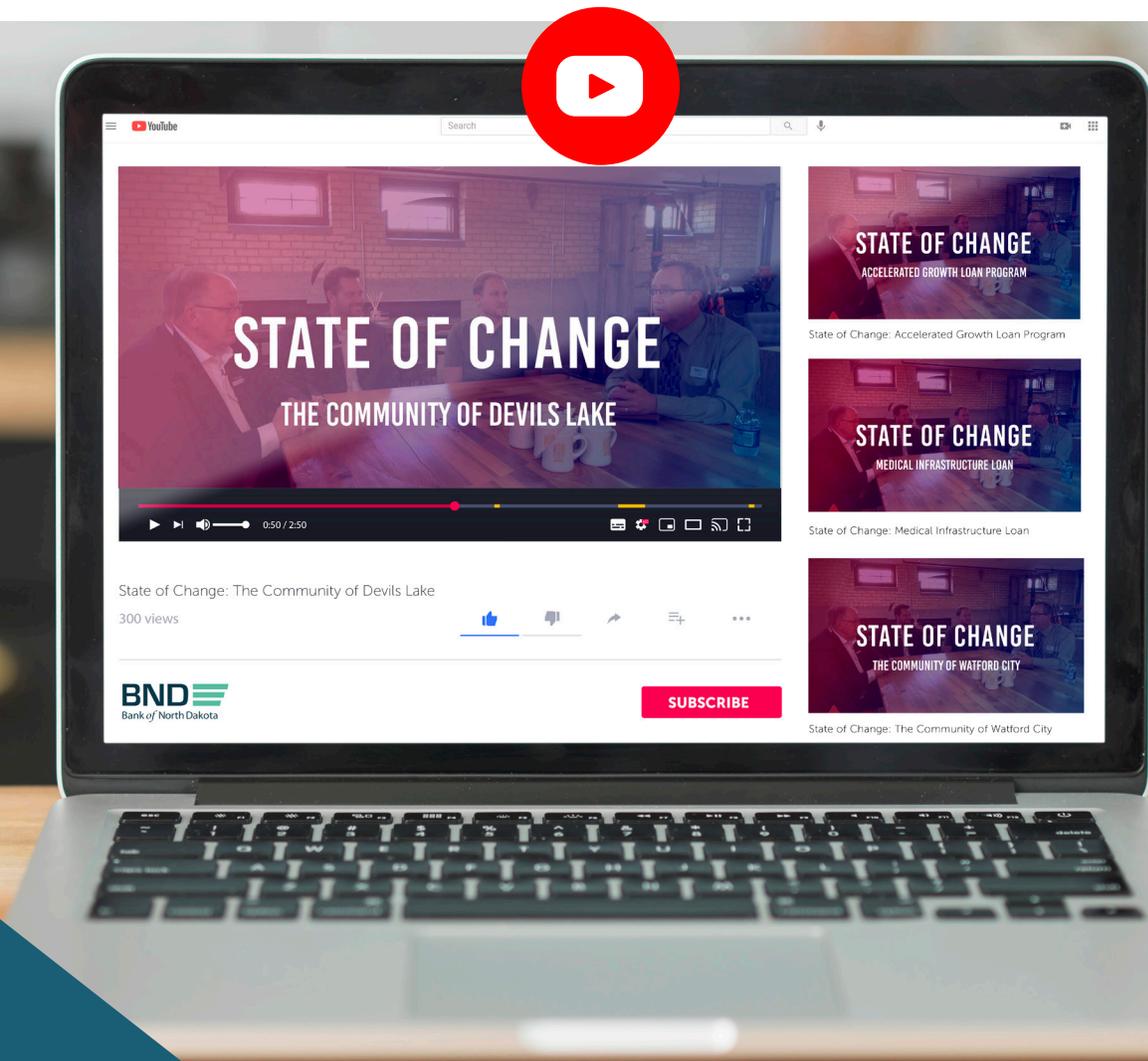
# State of Change

Bank of North Dakota hit the road in early 2020 to create a video series entitled “State of Change” that demonstrates the impact of the loan programs in North Dakota. Visit Bank of North Dakota’s YouTube page at [www.bnd.nd.gov/youtube](http://www.bnd.nd.gov/youtube) to see videos on the Flex PACE, Medical Infrastructure, School Construction and Accelerated Growth Loan programs along with videos featuring the communities of Devils Lake, Hazen, Watford City and West Fargo.

It’s interesting to see firsthand the flexibility BND programs have provided these communities to meet their business needs.

#### ON THE WEB:

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



# Celebrating North Dakota Banks and Credit Unions

Take a look down Main Street in most North Dakota communities and you will see at least one bank or credit union location. They are an integral part of each one, creating financial security for the local families and businesses. They work hand-in-hand, side-by-side with their neighbor. They cheer the success of each and every one, including children's sports teams, the local education system, the businesses, and individuals throughout their lives.

The dedication of North Dakota's lenders to their local communities shone brightly in response to the COVID pandemic. If you drove by late at night and most weekends, you saw the lights on as they worked to assist the local business community access federal funds through the Paycheck Protection Program or BND's COVID-relief programs. They gave up time with their own families who were also dealing with the stress of the pandemic, to make sure their communities remained economically strong.

North Dakota's lenders from 100 financial institutions approved 19,792 Payroll Protection Program loans for \$1,819,337,634, making North Dakota one of the largest recipients per capita in the U.S. There were 399 banks and credit unions who distributed \$614 million in relief with BND programs.

Thank you! We are so proud to work with you!



**399**

Banks and Credit Unions

**\$614 Million**

Distributed in relief with  
BND Programs

1200 Memorial Hwy.  
P.O. Box 5509  
Bismarck, ND 58506-5509

Telephone: 701.328.5600  
Toll-free: 800.472.2166  
TTY: 800.366.6888

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

Copyright © 2021 Bank of North Dakota

