

**2023 SENATE INDUSTRY AND BUSINESS**

**SB 2330**

# 2023 SENATE STANDING COMMITTEE MINUTES

## Industry and Business Committee Fort Union Room, State Capitol

SB 2330  
2/7/2023

A bill relating to the legacy and budget stabilization fund advisory board and legacy fund definitions; relating to the legacy infrastructure loan fund.

9:59 AM Chairman D. Larsen called the meeting to order. Members present: Chairman D. Larsen, Senator Barta, Senator Klein, Senator Boehm. Members absent: Vice Chairman Kessel.

### Discussion Topics:

- Legacy fund definitions
- Legacy infrastructure loan fund
- Match program
- Budget
- Project cost comparison

9:00 AM Senator Klein, North Dakota State Senator, District 14, introduced SB 2330 and testified in favor. (verbal)

9:07 AM Todd Steinwand, President, Bank of North Dakota, testified neutral. #19532

9:17 AM Kelvin Hullet, Senior Vic President of Business Development, testified neutrally. #19532

9:36 AM Scott Anderson, Chief Investment Officer, Retirement Investment Office, introduced Josh Kevan.

9:38 AM Josh Kevan, Senior Consultant, RVK, testified neutral. #19492

10:04 AM Scott Anderson, Chief Investment Officer, Retirement Investment Office, verbally testified in favor.

10:22 AM David Lakefield, Financial Director, City of Minot, testified in opposition. #19497

### Additional written testimony:

Tim Mahoney #19414

Dani Quissell #19415

Dennis W. Reep #19480

Janilyn K. Murtha #19489,

10:46 AM Chairman D. Larsen closed the hearing on SB 2330.

*Brenda Cook, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Industry and Business Committee Fort Union Room, State Capitol

SB 2330  
2/7/2023

A bill relating to the legacy and budget stabilization fund advisory board and legacy fund definitions; relating to the legacy infrastructure loan fund.
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2:53 PM Chairman D. Larsen called the meeting to order. Members present: Chairman D. Larsen, Senator Barta, Senator Klein, Senator Boehm. Members absent: Vice Chairman Kessel.

### **Discussion Topics:**

- Bill update
- Loan funds
- Other funding sources

2:53 PM Chairman D. Larsen provided information.

2:54 PM Senator Klein provided information.

2:59 PM Chairman D. Larsen closed the meeting.

*Brenda Cook, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Industry and Business Committee Fort Union Room, State Capitol

SB 2330  
2/8/2023

A BILL for an Act relating to the legacy and budget stabilization fund advisory board and legacy fund definitions; and relating to the legacy
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10:50 AM Chairman D. Larsen called the committee to order. Senators Klein, Boehm, Larsen, and Barta present. Senator Kessel absent

### **Discussion Topics:**

- Schedule a presentation
- HB 1425 and its interaction with SB 2330

10:57 AM Chairman D. Larsen closed the committee work on SB 2330

*Dave Owen on behalf of Brenda Cook, Committee Clerk*



# 2023 SENATE STANDING COMMITTEE MINUTES

## Industry and Business Committee Fort Union Room, State Capitol

SB 2330  
2/13/2023

A bill relating to the legacy and budget stabilization fund advisory board and legacy fund definitions; relating to the legacy infrastructure loan fund.
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3:27 PM Chairman D. Larsen called the meeting to order. Members present: Chairman D. Larsen, Vice Chairman Kessel, Senator Barta, Senator Klein, Senator Boehm.

### Discussion Topics:

- Committee action

3:43 PM Senator Barta moved DO PASS SB 2330.

3:43 PM Senator Boehm seconded the motion to DO PASS SB 2330.

Roll call vote:

Senators	Vote
Senator Doug Larsen	Y
Senator Greg Kessel	Y
Senator Jeff Barta	Y
Senator Keith Boehm	Y
Senator Jerry Klein	Y

Motion Passes 5-0-0.

Senator Klein will carry the bill.

3:44 PM Chairman D. Larsen adjourned the meeting.

*Brenda Cook, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2330: Industry and Business Committee (Sen. Larsen, Chairman) recommends DO PASS (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).** SB 2330 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.

**2023 HOUSE FINANCE AND TAXATION**

**SB 2330**

# 2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Room JW327E, State Capitol

SB 2330  
3/14/2023

A bill relating to the legacy and budget stabilization fund advisory board and legacy fund definitions and relating to the legacy infrastructure loan fund.
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**Chairman Headland** opened the hearing at 10:38AM.

**Members present:** Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVille, and Representative Ista. No members absent.

**Discussion Topics:**

- Asset allocation
- Infrastructure revolving loan fund
- Match program
- Definition of earnings
- Legacy infrastructure loan fund

**Senator Klein** verbally introduced the bill in support.

**Todd Steinwand, President and CEO for the Bank of North Dakota**, testified in a neutral capacity (#24861).

**Jim Voytko, President and Senior Consultant with RVK, Inc.**, testified in a neutral capacity (#24536).

**Jan Murtha, Executive Director with the North Dakota Retirement and Investment Office**, testified in support (#24475).

**Matt Gardner, Executive Director with the North Dakota League of Cities**, testified in opposition (#24539).

**David Lakefield, Finance Director with the City of Minot**, testified in opposition (#24720).

**Ryan Riesinger, President of Airport Association of North Dakota and Executive Director with the Grand Forks Regional Airport Authority**, testified in opposition (#24553).

**Additional written testimony:**

Dani Quissell, Executive Vice President with North Dakota Water Users, testimony in opposition #24748.

Shawn Dobberstein, Executive Director with Municipal Airport Authority of the City of Fargo, North Dakota, testimony in opposition #24714.

Tom Erdmann, Mayor for the City of Carrington/LAWA, testimony in opposition #24670.

Jay Anderson, Director of Southeast Waters Users District, testimony in opposition #24669.

Delore Zimmerman, Executive Director with Valley Prosperity Partnership, testimony in opposition #24608.

Cole Higlin, North Dakota Recreation and Park Association Public Policy Chair, testimony in opposition (#24480).

Tim Mahoney, Fargo Mayor, testimony in opposition, (#26361).

**Chairman Headland** closed the hearing at 11:35AM.

*Mary Brucker, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee  
Room JW327E, State Capitol

SB 2330  
4/11/2023

A bill relating to the legacy and budget stabilization fund advisory board and legacy fund definitions and relating to the legacy infrastructure loan fund.

**Chairman Headland** opened the meeting at 9:11 AM.

**Members present:** Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Toman, Representative Finley-DeVilleville, and Representative Ista. **Members absent:** Representative J. Olson, Representative Steiner.

**Discussion Topics:**

- Proposed amendment 23.0469.03004
- Committee vote

**Chairman Headland** distributed a proposed amendment 23.0469.03004 (#27426).

**Representative Bosch** explained the proposed amendments.

**Representative Bosch** moved amendment 23.0469.03004.

**Representative Dockter** seconded the motion.

**Roll call vote:**

<b>Representatives</b>	<b>Vote</b>
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVilleville	Y
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	AB
Representative Vicky Steiner	AB
Representative Nathan Toman	Y

**Motion carried 12-0-2**

**Representative Bosch moved a Do Pass as Amended.**

**Representative Dockter seconded the motion.**

**Roll call vote:**

<b>Representatives</b>	<b>Vote</b>
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVill	Y
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	AB
Representative Vicky Steiner	AB
Representative Nathan Toman	Y

**Motion carried 12-0-2**

**Representative Bosch is the bill carrier.**

**Chairman Headland** adjourned at 9:22 AM.

*Mary Brucker, Committee Clerk*

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Pg. 1002

PROPOSED AMENDMENTS TO SENATE BILL NO. 2330

Page 1, line 3, remove "repeal section 6-09-49.1 of the North Dakota Century Code, relating to"

Page 1, line 4, replace "the legacy infrastructure loan fund" with "declare an emergency"

Page 1, line 19, remove "six"

Page 1, line 19, overstrike "percent" and insert immediately thereafter "seven hundred million dollars"

Page 1, line 20, after "~~which~~" insert "including"

Page 1, line 20, remove the overstrike over the overstruck semicolon

Page 1, line 21, remove the overstrike over "~~(4)~~ Up to"

Page 1, line 21, after "~~targeted~~" insert "one hundred fifty million dollars"

Page 1, line 21, remove the overstrike over "~~for infrastructure loans to political~~"

Page 1, remove the overstrike over lines 22 through 24

Page 2, line 1, remove the overstrike over "~~(2)~~"

Page 2, line 1, overstrike "with a" and insert immediately thereafter "A"

Page 2, line 2, overstrike "designated to" and insert immediately thereafter "for"

Page 2, line 5, remove the overstrike over the overstruck semicolon

Page 2, line 6, remove the overstrike over "~~(3)~~"

Page 2, line 6, remove "with any"

Page 2, line 6, overstrike "remaining amounts"

Page 2, line 6, overstrike "designated for other" and insert immediately thereafter "Other"

Page 2, line 7, after "state" insert "based on guidelines developed by the legacy and budget stabilization fund advisory board"

Page 2, line 8, remove "three"

Page 2, line 8, overstrike "percent" and insert immediately thereafter "six hundred million dollars"

Page 2, line 8, overstrike "of which" and insert immediately thereafter "including"

Page 2, line 9, remove "Three"

Page 2, line 9, overstrike "percent may be targeted for investment" and insert immediately thereafter "Investments"

Page 2, line 20, remove "Any remaining amounts may be targeted"

Page 2, line 20, overstrike "for other" and insert immediately thereafter "Other"



Page 3, replace line 23 with:

**"SECTION 3. EMERGENCY.** Section 1 of this Act is declared to be an emergency measure."

Renumber accordingly

*Atty  
4/11/22  
pg. 2 of 2*

**REPORT OF STANDING COMMITTEE**

**SB 2330: Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2330 was placed on the Sixth order on the calendar.

Page 1, line 3, remove "repeal section 6-09-49.1 of the North Dakota Century Code, relating to"

Page 1, line 4, replace "the legacy infrastructure loan fund" with "declare an emergency"

Page 1, line 19, remove "six"

Page 1, line 19, overstrike "percent" and insert immediately thereafter "seven hundred million dollars"

Page 1, line 20, after "~~which~~" insert "including"

Page 1, line 20, remove the overstrike over the overstruck semicolon

Page 1, line 21, remove the overstrike over "~~(1) Up to~~"

Page 1, line 21, after "~~targeted~~" insert "one hundred fifty million dollars"

Page 1, line 21, remove the overstrike over "~~for infrastructure loans to political~~"

Page 1, remove the overstrike over lines 22 through 24

Page 2, line 1, remove the overstrike over "~~(2)~~"

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Page 2, line 2, overstrike "designated to" and insert immediately thereafter "for"

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Page 2, line 6, remove "with any"

Page 2, line 6, overstrike "remaining amounts"

Page 2, line 6, overstrike "designated for other" and insert immediately thereafter "Other"

Page 2, line 7, after "state" insert "based on guidelines developed by the legacy and budget stabilization fund advisory board"

Page 2, line 8, remove "three"

Page 2, line 8, overstrike "percent" and insert immediately thereafter "six hundred million dollars"

Page 2, line 8, overstrike "of which" and insert immediately thereafter "including"

Page 2, line 9, remove "Three"

Page 2, line 9, overstrike "percent may be targeted for investment" and insert immediately thereafter "Investments"

Page 2, line 20, remove "Any remaining amounts may be targeted"

Page 2, line 20, overstrike "for other" and insert immediately thereafter "Other"

Page 3, replace line 23 with:

**"SECTION 3. EMERGENCY.** Section 1 of this Act is declared to be an emergency measure."

Renumber accordingly

**2023 CONFERENCE COMMITTEE**

**SB 2330**

# 2023 SENATE STANDING COMMITTEE MINUTES

## Industry and Business Committee Fort Union Room, State Capitol

SB 2330  
4/19/2023  
Conference Committee

A bill relating to the legacy and budget stabilization fund advisory board and legacy fund definitions and relating to the legacy infrastructure loan fund.
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4:00 PM Chairman Klein called the conference committee to order.

Members present: Chairman Klein, Senator D. Larsen, Senator Barta, Representative Bosch, Representative Headland, Representative Dockter.

Members absent: None.

### **Discussion Topics:**

- Legacy Fund
- In state investment programs

4:00 PM Chairman Klein opened the discussion on SB 2330 and handed out an informational packet on various forms of in-state investments as described in HB 1425. #27724

4:05 PM Representative Bosch compared SB 2330 with HB 1425 and talked about their similarities.

The committee discussed scheduling another meeting and bringing in someone from RIO to explain the options regarding investment funds.

4:21 PM Chairman Klein adjourned the meeting.

*Brenda Cook, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Industry and Business Committee Fort Union Room, State Capitol

SB 2330  
4/20/2023  
Conference Committee

A bill relating to the legacy and budget stabilization fund advisory board and legacy fund definitions and relating to the legacy infrastructure loan fund.
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10:00 AM Chairman Klein opened the conference committee meeting.  
Members Present: Chairman Klein, Senator D. Larsen, Senator Barta, Representative Bosch, Representative Headland, Representative Dockter.  
Members absent: None.

### **Discussion Topics:**

- Legacy Fund
- Availability of capital
- Emergency clause

10:00 AM Chairman Klein opened the discussion on SB 2330 with members of the committee.

10:03 AM Scott Anderson, Chief Investment Officer, RIO, answered questions from the committee and explained different options that the committee could take regarding the Legacy Fund.

10:29 AM Chairman Klein adjourned.

*Brenda Cook, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Industry and Business Committee Fort Union Room, State Capitol

SB 2330  
4/20/2023  
Conference Committee

A bill relating to the legacy and budget stabilization fund advisory board and legacy fund definitions and relating to the legacy infrastructure loan fund.
---

3:00 PM Chairman Klein opened the conference committee meeting.

Members Present: Chairman Klein, Senator D. Larsen, Senator Barta, Representative Bosch, Representative Headland, Representative Dockter.

Members absent: None.

### **Discussion Topics:**

- Legacy Fund
- Infrastructure loan fund
- Budget stabilization
- Workforce

3:00 PM Committee discussion on SB 2330.

3:05 PM Scott Anderson, Chief Investment Officer, RIO, answered questions from the committee.

The committee discussion.

3:20 PM Chairman Klein adjourned.

*Brenda Cook, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Industry and Business Committee Fort Union Room, State Capitol

SB 2330  
4/21/2023  
Conference Committee

A bill relating to the legacy and budget stabilization fund advisory board and legacy fund definitions and relating to the legacy infrastructure loan fund.
---

2:05 PM Chairman Klein called the conference committee to order.

Members present: Chairman Klein, Senator D. Larsen, Senator Barta, Representative Bosch, Representative Headland, Representative Dockter.

Members absent: None.

### **Discussion Topics:**

- Funding
- Legacy fund
- Earnings

2:08 PM Greg Tehven, CEO and Founder of Emerging Prairie, answered questions from the committee.

2:17 PM Randy Schneider, CPA, Pioneer Capital Fund, answered questions from the committee.

2:30 PM Chairman Klein adjourned.

*Brenda Cook, Committee Clerk*



# 2023 SENATE STANDING COMMITTEE MINUTES

## Industry and Business Committee Fort Union Room, State Capitol

SB 2330  
4/22/2023  
Conference Committee

A bill relating to the legacy and budget stabilization fund advisory board and legacy fund definitions; and relating to the legacy infrastructure loan fund.
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9:00 AM Chairman Klein opened the conference committee meeting.  
Members present: Chairman Klein, Senator D. Larsen, Senator Barta, Representative Bosch, Representative Headland, Representative Dockter.

### Discussion Topics:

- Legacy Fund
- Committee action

9:02 AM Representative Bosch introduced proposed amendments to SB 2330. Representative Bosch said there were technical corrections to the bill. They had the Emergency Clause in Section 1, and it should have been in Section 1 and Section 2. There was also a change in the Revolving Loan Fund from 40 million to 20 Million dollars.

9:04 AM Committee discussion.

9:05 AM Representative Headland moved the House Recede from ouse Amendments and further Amend SB 2330 with LC 23.0469.03005.  
Seconded by Senator D. Larsen.

9:05 AM Roll call vote: 6-0-0. Motion passed.

Senator Klein is the Senate bill carrier

Representative Bosch is the House bill carrier.

9:06 AM Chairman Klein adjourned.

*Brenda Cook, Committee Clerk*

April 22, 2023

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PROPOSED AMENDMENTS TO SENATE BILL NO. 2330

That the House recede from its amendments as printed on pages 1667 and 1668 of the Senate Journal and pages 1853 and 1854 of the House Journal and that Senate Bill No. 2330 be amended as follows:

Page 1, line 1, after "reenact" insert "subsection 3 of section 6-09-49 and"

Page 1, line 2, after "to" insert "the infrastructure revolving loan fund,"

Page 1, line 2, after "board" insert a comma

Page 1, line 3, remove "repeal section 6-09-49.1 of the North Dakota Century Code, relating to"

Page 1, line 4, replace "the legacy infrastructure loan fund" with "declare an emergency"

Page 1, after line 5, insert:

**"SECTION 1. AMENDMENT.** Subsection 3 of section 6-09-49 of the North Dakota Century Code is amended and reenacted as follows:

3. In processing political subdivision loan applications under this section, the Bank shall calculate the maximum outstanding loan amount per qualified applicant. A qualified applicant under this section may have a maximum combined total of ~~forty~~twenty million dollars in outstanding loans under this section and section 6-09-49.1. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan."

Page 1, line 19, remove "six"

Page 1, line 19, overstrike "percent" and insert immediately thereafter "seven hundred million dollars"

Page 1, line 20, after "which" insert "including"

Page 1, line 20, remove the overstrike over the overstruck colon

Page 1, line 21, remove the overstrike over "{1} Up to"

Page 1, line 21, after "targeted" insert "one hundred fifty million dollars"

Page 1, line 21, remove the overstrike over "for infrastructure loans to political"

Page 1, remove the overstrike over lines 22 through 24

Page 2, line 1, remove the overstrike over "{2}"

Page 2, line 1, overstrike "with a" and insert immediately thereafter "A"

Page 2, line 2, overstrike "designated to" and insert immediately thereafter "for"

Page 2, line 5, remove the overstrike over the overstruck semicolon

Page 2, line 6, remove the overstrike over "{3}"

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Page 2, line 6, remove "with any"

Page 2, line 6, overstrike "remaining amounts"

Page 2, line 6, overstrike "designated for other" and insert immediately thereafter "Other"

Page 2, line 7, after "state" insert "based on guidelines developed by the legacy and budget stabilization fund advisory board"

Page 2, line 8, remove "three"

Page 2, line 8, overstrike "percent" and insert immediately thereafter "six hundred million dollars"

Page 2, line 8, overstrike "of which" and insert immediately thereafter "including"

Page 2, line 9, remove "Three"

Page 2, line 9, overstrike "percent may be targeted for investment" and insert immediately thereafter "Investments"

Page 2, line 20, remove "Any remaining amounts may be targeted"

Page 2, line 20, overstrike "for other" and insert immediately thereafter "Other"

Page 3, replace line 23 with:

**"SECTION 4. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

**2023 SENATE CONFERENCE COMMITTEE  
ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2330

**Senate Business and Industry Committee**

- Action Taken**
- SENATE accede to House Amendments**
  - SENATE accede to House Amendments and further amend**
  - HOUSE recede from House amendments**
  - HOUSE recede from House amendments and amend as follows**
  - Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Headland      Seconded by: Senator D. Larsen

Senators		4-22		Yes	No	Representatives		4-22		Yes	No
Klein		X		X		Bosch		X		X	
D. Larsen		X		X		Headland		X		X	
Barta		X		X		Dockter		X		X	
Total Senate Vote				3		Total Rep. Vote				3	

Vote Count      Yes: 6      No: 0      Absent: 0

Senate Carrier Klein      House Carrier Bosch

LC Number 23.0469 . 03005 of amendment

LC Number 23.0469 . 05000 of engrossment

Emergency clause added or deleted (added)

Statement of purpose of amendment

**REPORT OF CONFERENCE COMMITTEE**

**SB 2330:** Your conference committee (Sens. Klein, Larsen, Barta and Reps. Bosch, Headland, Dockter) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1667-1668, adopt amendments as follows, and place SB 2330 on the Seventh order:

That the House recede from its amendments as printed on pages 1667 and 1668 of the Senate Journal and pages 1853 and 1854 of the House Journal and that Senate Bill No. 2330 be amended as follows:

Page 1, line 1, after "reenact" insert "subsection 3 of section 6-09-49 and"

Page 1, line 2, after "to" insert "the infrastructure revolving loan fund,"

Page 1, line 2, after "board" insert a comma

Page 1, line 3, remove "repeal section 6-09-49.1 of the North Dakota Century Code, relating to"

Page 1, line 4, replace "the legacy infrastructure loan fund" with "declare an emergency"

Page 1, after line 5, insert:

**"SECTION 1. AMENDMENT.** Subsection 3 of section 6-09-49 of the North Dakota Century Code is amended and reenacted as follows:

3. In processing political subdivision loan applications under this section, the Bank shall calculate the maximum outstanding loan amount per qualified applicant. A qualified applicant under this section may have a maximum combined total of ~~forty~~twenty million dollars in outstanding loans under this section and section 6-09-49.1. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan."

Page 1, line 19, remove "~~six~~"

Page 1, line 19, overstrike "percent" and insert immediately thereafter "seven hundred million dollars"

Page 1, line 20, after "~~which~~" insert "including"

Page 1, line 20, remove the overstrike over the overstruck colon

Page 1, line 21, remove the overstrike over "~~(1) Up to~~"

Page 1, line 21, after "~~targeted~~" insert "one hundred fifty million dollars"

Page 1, line 21, remove the overstrike over "~~for infrastructure loans to political~~"

Page 1, remove the overstrike over lines 22 through 24

Page 2, line 1, remove the overstrike over "~~(2)~~"

Page 2, line 1, overstrike "with a" and insert immediately thereafter "A"

Page 2, line 2, overstrike "designated to" and insert immediately thereafter "for"

Page 2, line 5, remove the overstrike over the overstruck semicolon

Page 2, line 6, remove the overstrike over "{3}"

Page 2, line 6, remove "with any"

Page 2, line 6, overstrike "remaining amounts"

Page 2, line 6, overstrike "designated for other" and insert immediately thereafter "Other"

Page 2, line 7, after "state" insert "based on guidelines developed by the legacy and budget stabilization fund advisory board"

Page 2, line 8, remove "three"

Page 2, line 8, overstrike "percent" and insert immediately thereafter "six hundred million dollars"

Page 2, line 8, overstrike "of which" and insert immediately thereafter "including"

Page 2, line 9, remove "Three"

Page 2, line 9, overstrike "percent may be targeted for investment" and insert immediately thereafter "Investments"

Page 2, line 20, remove "Any remaining amounts may be targeted"

Page 2, line 20, overstrike "for other" and insert immediately thereafter "Other"

Page 3, replace line 23 with:

**"SECTION 4. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

SB 2330 was placed on the Seventh order of business on the calendar.

**TESTIMONY**

**SB 2330**

**Testimony of Lake Agassiz Water Authority  
Senate Industry and Business Committee  
Senate Bill 2330 Hearing  
February 6, 2023**

Chairman Larsen and members of the Senate Industry and Business Committee, my name is Dr. Tim Mahoney and I am the Chair of the Lake Agassiz Water Authority (Lake Agassiz) and Mayor of Fargo. Lake Agassiz is the other cosponsor of the Red River Valley Water Supply Project along with the Garrison Diversion Conservancy District. This testimony is submitted in opposition to Senate Bill 2330.

Two years ago I testified in favor of HB 1425, which created the Legacy Infrastructure Revolving Loan Fund. The passage of HB 1425 was applauded by the more than 30 cities and rural water systems that make up LAWA as work to develop an affordable financing solution for the Red River Valley Water Supply Project (RRVWSP) and provide drought resiliency to approximately half the population of the State.

Section 3 of SB 2330 looks to completely repeal Section 6-09-49.1. We urge the Committee to carefully review this Section of the bill as it identifies the provision within the North Dakota Century Code that provides for the Legacy Infrastructure Revolving Loan Fund. The Legacy Infrastructure Revolving Loan Fund has greatly expanded the ability for political subdivisions, including LAWA, to access affordable financing for a wide range of critical infrastructure, like the RRVWSP.

We see the Legacy Revolving Loan Fund as an opportunity to provide an affordable and predictable financing for local governments. Like the State, cities are under constant pressure to keep up with the growing demand and increasing costs to build and maintain the necessary infrastructure for our citizens.

The State has been a vital partner for cities and local political subdivisions in providing for our citizens' needs and SB 2330 runs counter to that successful partnership.

Please provide a DO NOT PASS recommendation for SB 2330.

Thank you, Chairman Larsen and members of the Committee for consideration of my testimony on behalf of LAWA.





*DEDICATED TO PROTECTING, DEVELOPING, AND MANAGING NORTH DAKOTA'S WATER RESOURCES*  
PO Box 2254, Bismarck, ND 58502-2254      701-223-4615 • 701-223-4645 (Fax)

**SB 2330**  
**Testimony of Dani Quissell**  
**Senate Industry, Business and Labor Committee**

Chairman Larson and members of the Senate Industry, Business and Labor Committee, I am Dani Quissell, Executive Vice President of the North Dakota Water Users. I rise today in opposition to SB 2330.

The North Dakota Water Users' concern revolves around the removal of the ability to fund the Infrastructure Revolving Loan Fund and Water Infrastructure Revolving Loan Fund using the Legacy Fund. These programs allow the state to use the Legacy Fund to invest in vital public infrastructure projects that benefit North Dakotans today and into the future while maintaining a return on that investment via interest payments. The Infrastructure Revolving Loan Fund and Water Infrastructure Revolving Loan Fund provide low-interest, long-term loans to political subdivisions for a variety of projects including: water treatment plant expansions, water main replacement, water storage projects, etc.

Without access to these low-interest loans, political subdivisions will either have to seek financing elsewhere, at a higher cost, or not move forward with these investments in their communities. If they do complete a project with a higher level of interest, payment of that interest has to be made by increasing the water rates or taxes that individual North Dakotans and businesses pay.

While SB 2330 would not repeal these programs directly, it does remove access to much needed additional capital that makes these programs viable for political subdivisions across the state. Should this bill pass, some additional revenue source will need to be identified to keep these loan programs going.

While we understand there may be a concern with the low rate of return back into the Legacy Fund due to the low interest rate, we believe that this type of investment in vital infrastructure is exactly the type of investment the Legacy Fund should promote. Without any direct loss to the principal of the Fund, the state is able to ensure we have the infrastructure in place to create vibrant, healthy communities and rural areas across the state.

For these reasons, the ND Water Users Association asks that you oppose SB 2330 in its current form.

**SB 2330**  
**Testimony of Dennis Reep**  
**Senate Industry, Business and Labor Committee**

As a member of the water community, I am concerned with SB 2330. This bill primarily addresses changes to the Legacy Fund Investment strategies that were adopted in the 2021 session through HB 1425. Of concern is section 3, which repeals the authorizing language for the Legacy Infrastructure Loan Fund.

Repealing this language would remove the ability of the state to provide low-interest, long-term loans to political subdivisions via the infrastructure revolving loan fund. This program has provided funding for projects like water treatment plant expansions, water main replacement, water storage projects, etc.

This loan program allows the state to use the Legacy Fund to invest in vital projects that benefit North Dakotans today and into the future while maintaining a return on that investment via interest payments. Without access to these low-interest loans, political subdivisions will either have to seek financing elsewhere, at a higher cost, or not move forward with these investments in their communities. If they do complete a project with a higher level of interest, payment of that interest has to be made by increasing the water rates or taxes that individual North Dakotans and businesses pay.

For these reasons, I ask for your opposition to Section 3 of SB 2330.

Thank you,

**Senate Bill 2330**  
**North Dakota Retirement and Investment Office (RIO)**  
**Testimony in support of SB 2330 before the Senate Industry and Business**  
**Committee**  
**Senator Doug Larsen, Chair**  
**Senator Greg Kessel, Vice Chair**

**Janilyn Murtha, JD, MPAP – Executive Director**  
**Scott Anderson, CFA, MBA – Chief Investment Officer**

**I. Introduction**

The Retirement and Investment Office (hereinafter “RIO”) was created by the 1989 Legislative Assembly to capture administrative and investment cost savings in the management of the investment program of the State Investment Board (SIB) and the retirement program of the Teachers’ Fund for Retirement (TFFR). Statutory authority for the agency is found in North Dakota Century Code chapter 54-52.5 and the programs are governed by chapters 21-10 (SIB) and 15-39.1 (TFFR).

The State Investment Board has the statutory responsibility to administer the investment program for 28 funds including the Legacy Fund, TFFR, PERS, and WSI. It also maintains contractual relationships for the investment management of multiple political subdivisions and governmental funds. Currently the SIB is responsible for the investment of the Legacy Fund, seven pension funds and 20 other non-pension funds for a total of 28 separate client funds with an overall fund value of more than \$18 billion as of November 30, 2022.

**II. Testimony in support of S.B. 2330**

During 2022 the Legacy and Budget Stabilization Fund Advisory Board (Advisory Board) selected a consultant, RVK, Inc. to assist with a Legacy Fund Asset Allocation Study. As a result of this study and recommendations by RVK, changes to the Legacy Fund Investment Policy Statement were approved by both the Advisory Board and the SIB in December 2023. At the last meeting, it was discussed that RVK and the Advisory Board intend to meet in Q2 2023 to review recommendations for updates to the Legacy Fund asset allocation and discuss a pacing schedule. RVK did note in their presentations to the Advisory Board that changes to the structure of the in-state investment program in code could improve returns for the Legacy Fund and enhance opportunities for the in-state investment program. S.B. 2330 represents such improvements.

The bill as presented enables larger investment returns for the Legacy Fund which in turn enable a higher level of earnings and a greater capacity for future in-state investments. The bill obtains these benefits by increasing the capacity to invest in higher earning investments as part of its general allocation, by scaling the in-state equity investments to align with the expected pacing of their investment, and by creating a more predictable stream of earnings with a percent of market value definition for earnings.

These structural changes include removing the infrastructure revolving loan fund. To date no loans have been made under this section. These loans have a fixed rate in statute of 1.5% and as such repress the earning potential of the in-state investment program. The legislature could allocate funding for such loans from other sources of income, this change merely reflects that at 1.5% rate the loans should not be considered an investment. The remainder of the fixed income portion of the in-state investment program will continue to be managed by the Bank of North Dakota.

The change of in-state equity allocation from 10% to 3% recognizes that the pacing of in-state equity investments will be slow (only a portion of the 10% capacity would be invested over the next ten years given the opportunity set) and tilted towards early stage and growth investments for the next few years as there are initially fewer equity investment opportunities in-state than fixed income opportunities. By reducing the percentage of in-state equity, more investment capacity is available for longer term higher earning private market investments that have returns that will grow the eventual capacity for in-state equity investments to a larger amount than otherwise would be given the anticipated pace of equity investment. It is estimated that in a ten-year investment horizon, the expected pacing of equity investments, the amount of capacity for in-state equity investment would double given the larger Legacy Fund returns enabled by this change.

A percent of market value definition of earnings, much like the Land Trust definition of earnings provides a much more predictable earnings stream for spending and enables more asset allocation options to maximize returns for a given level of risk and better fund implementation options. The result would be higher Land Trust returns over time. The current realized gains and income definition requires the asset allocation to focus on income and capital gains generation with the asset allocation and implementation plans. Freeing the Legacy fund from this constraint increases the potential earnings stream and reduces uncertainty.

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The bill as presented enables larger investment returns for the Legacy Fund which in turn enable a higher level of earnings and a greater capacity for future in-state investments. The bill obtains these benefits by increasing the capacity to invest in higher earning investments as part of its general allocation, by scaling the in-state equity investments to align with the expected pacing of their investment, and by creating a more predictable stream of earnings with a percent of market value definition for earnings. For these reasons we respectfully support a Do Pass recommendation on S.B. 2330.

**Senate Bill 2330**  
**Neutral Testimony relating to SB 2330 before the Senate Industry and**  
**Business Committee**  
**Senator Doug Larsen, Chair**  
**Senator Greg Kessel, Vice Chair**

RVK, Inc. is currently engaged by the Legacy Fund Advisory Board on a project basis to assist with a strategic asset allocation study, inclusive of in-state investments. RVK Principals, Jim Voytko (President) and Josh Kevan (Sr. Consultant), are available to offer expert testimony on Senate Bill No. 2330 as it relates to investment implications for the Legacy Fund. We appreciate the potential opportunity to offer our thoughts based on the extensive analysis we have conducted for the Legacy Fund Advisory Board over the past year.

As it relates to the contents of SB 2330, as we understand, it makes the following changes, which we believe in sum are both material and generally positive to the investment of Legacy Fund Assets, including the probable future returns of the Legacy Fund.

**Section 1.**

**21-10-11**

**Fixed Income Investments within the state – target allocation is reduced from ten percent to six percent.**

*RVK Note: A reduction of this requirement adds to expected long-term returns for the Legacy Fund, as it reduces the required allocation to lower returning investments. Over the long-term, this should increase the flow of returns to the state via the spending policy (discussed below)*

**Infrastructure loans to political subdivisions, at a fixed target rate of 1.5 % - is removed.**

*RVK Note: Removal of this provision increases expected long-term returns to the Legacy Fund, as it (a) eliminates a required allocation to loans that would generate very low investment returns and (b) also removes a potential liquidity constraint related to the potential call on these funds allowing incrementally greater use of higher returning illiquid private investments.*

**Equity investments in the state – target allocation is reduced from ten percent to three percent.**

*RVK Note: A reduction of this requirement adds to expected long-term returns to the Legacy Fund, as it significantly enhances the flexibility to pursue the highest returning investments regardless of domicile and does not force as large of a pre-specified % of assets into a particular market without prior knowledge of the eventual opportunity set. It also reduces the compounding liquidity constraints placed on legacy fund assets from the potential call on these assets. Yet, given the size of the Legacy Fund, the 3% target represents a substantial pool of capital for potential investment within North Dakota, a pool in-state capital pool that will grow in dollar terms along with the future growth of the Fund.*

## Section2.

21-10-12

**Earnings – definition is changed from a net income approach to a percentage of market value approach.**

***RVK Note:** We believe this is an important change to the structure of the Legacy Fund. This adjustment is beneficial to the investment strategy and operation of the investment portfolio and provides greater predictability of distribution amounts. By removing the net income approach to distributions, the strategic asset allocation decision can be focused on maximizing long-term wealth that the Legacy Fund represents for North Dakota by eliminating the need to make explicit trade-offs between current income and future growth.*

### **Additional Considerations**

*We offer the following points of consideration as potentially beneficial further enhancements:*

- 1) *Targeting in state investment as a specific \$ amount rather than a % target of the strategic asset allocation.*
  - a. *This could allow for greater precision in targeting an appropriate investment sizing. Percent of market value of the legacy fund assets at any point in time is not necessarily related to the size of the opportunity set for investment in the state.*
- 2) *Benchmark return for in state **equity investments** set as the same for other **similar equity investments**.*
  - a. *As currently drafted, in state equity investments will target a return that is lower than other similar non-in-state investments as it will be set against a diversified portfolio that includes equity and debt. This is a mismatch. All equity investments, ideally, should require the same rate of return as similar equity investments.*

Josh Kevan, Senior Consultant, RVK, Inc.

**Senate Industry and Business  
Chairman Craig Headland  
January 31, 2023**

**By: David Lakefield  
Finance Director, City of Minot  
701-857-4784**

**SB 2330**

Chairman Larsen and Members of the Senate Industry and Business Committee, my name is David Lakefield and I am the Finance Director for the City of Minot. I would like to thank you for your time to address this bill this morning.

As you are all aware, the Souris River Basin is in the middle of a very large flood control project of which the City of Minot is the primary funding source for the local match. Minot has dedicated a portion of their sales tax revenues to fund this project and has also issued bonds in support of the project. Even though sales tax revenues are projected to be sufficient to service the debt utilizing a combination of the open market as well as the Infrastructure Revolving Loan Fund, rising rates will make this much more difficult.

Minot has not yet utilized the funding available through the infrastructure revolving loan funds but fully expect to within the next two years. In 2021, while the legislature was still in session, Minot committed to issuing bonds for three years of projected flood control related expenses and locked in a rate of just over 2% for 30 years.

At the time, we weren't certain if the revolving loan funds would be approved and we were concerned that we would miss the opportunity to take advantage of the low rate environment that we were in. As you all are aware, rates have gone up significantly since 2021.

Currently the remaining local share to be financed for the Souris Basin Flood Control Project is estimated to be just over \$250,000,000. An increase in rates from 2% to 4% would add nearly \$100,000,000 in interest cost to this project.

Flood control is not the only beneficiary of the infrastructure loans. Minot is also exploring this program to kick-start a large project to replace aging cast iron water mains in the city. These efforts have been hampered in the last few years due to supply chain issues and the resulting increase in prices.

Having access to a stable and readily accessible source of funding is a huge benefit when trying to develop long range plans to tackle some of these generational infrastructure projects.

For these reasons, I would request that the committee give SB 2330 as it is proposed a do not pass recommendation.

Thank you.





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



# HB 1425 Structure--Legacy Fund In-State Investments

## HB1425—In State Investments

20% of Legacy Fund Principal Directed To In-State Investment

### 10% of the 20% is Directed to Fixed Income

- 60% to BND Match Program
- 40% to Legacy Infrastructure Loan Fund

### 10% of the 20% to Equity Investments

- 3% of 10% to Equity / V.C. / Alternative
- Gives Preference to In-State Investment Firms

Exempts Legacy Fund from Prudent Investor Rule

Adds “Direct Benefit” to the State to the Mission Statement of the Legacy Fund.

## Current Implementation

Legacy Fund Principal Balance	\$8,158,071,509
20% of Principal	\$1,631,614,302

### Fixed Income

10% of 20% to Fixed Investment	\$815,807,151
BND Match Program	\$489,484,291
Legacy Infrastructure Loan Fund	\$326,322,860

### Equity Investments

10% of 20% to Equity Investment	\$815,807,151
3% to Venture	\$244,742,145
Pref to In-State	\$571,065,006

## “Match” Loans To Large Scale Projects

- MATCH serves as the primary loan program to support large-scale economic diversification projects with **investment rated companies**.
- State Investment Board utilizes the “Legacy Fund” to purchase CDs at BND to provide funding for the loan.
- 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.



## Match Program

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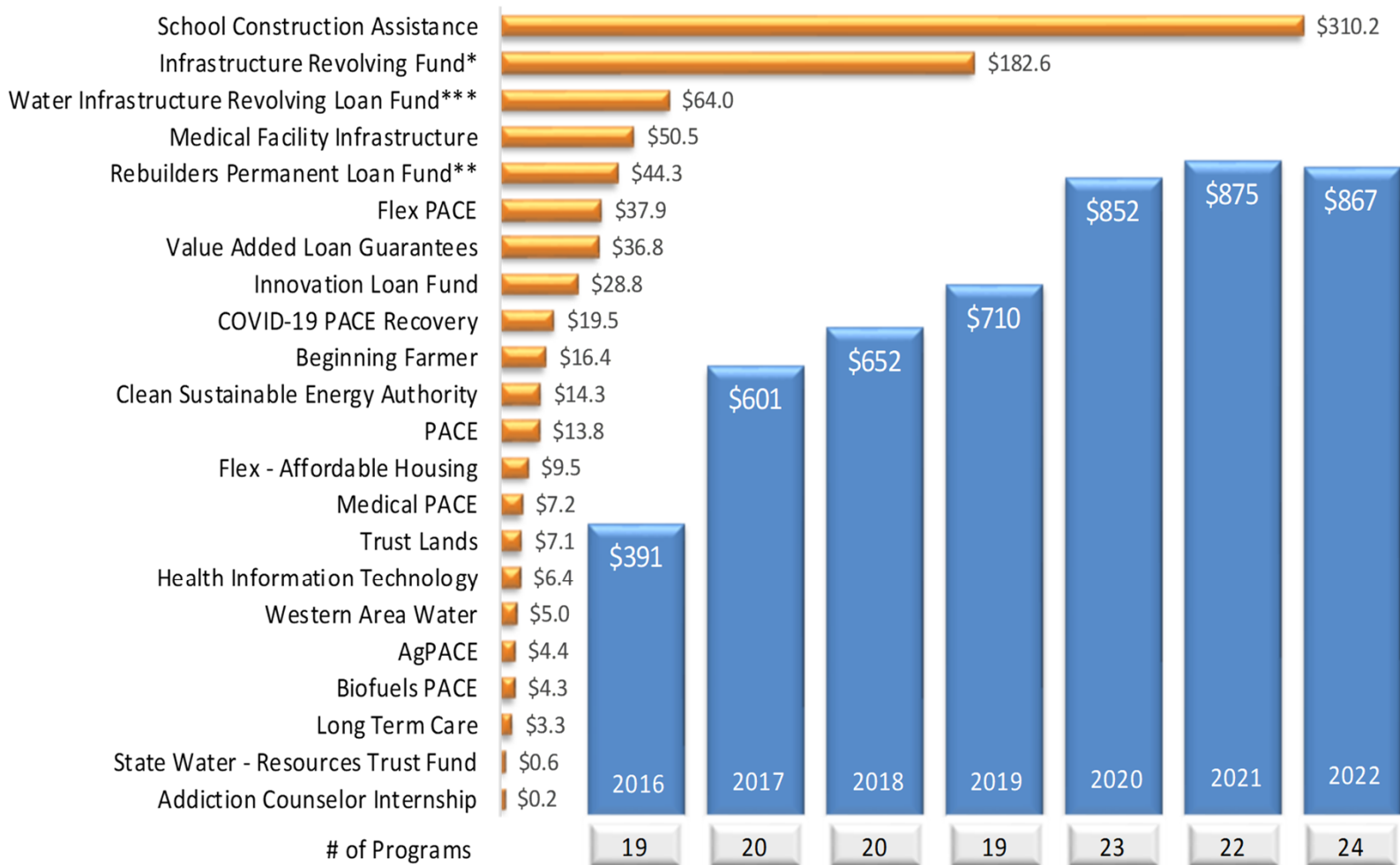
- HB1425 provided BND access to a minimum of \$400m or 60% of the fixed income investment amount for the Match Program.

Current Legacy Fund Balance	\$489,484,291
Outstanding Balance	\$188,666,666
Committed Balance	\$160,000,000
Available For Projects	\$140,817,625

- BND provided a \$150m Match loan to the ND Transmission Authority to assist in financing the High Voltage Line purchase as part of the Coal Creek Transaction with Rainbow Energy.



# 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 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.



## On Balance Sheet

vs

## Legislative Directed Programs

Balance Sheet	
<i>\$ in thousands</i>	
	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
<b>Total assets</b>	<b>10,030,147</b>
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
<b>Total liabilities</b>	<b>9,070,442</b>
<b>Equity</b>	<b>959,705</b>
<b>Total liabilities and equity</b>	<b>10,030,147</b>

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.**

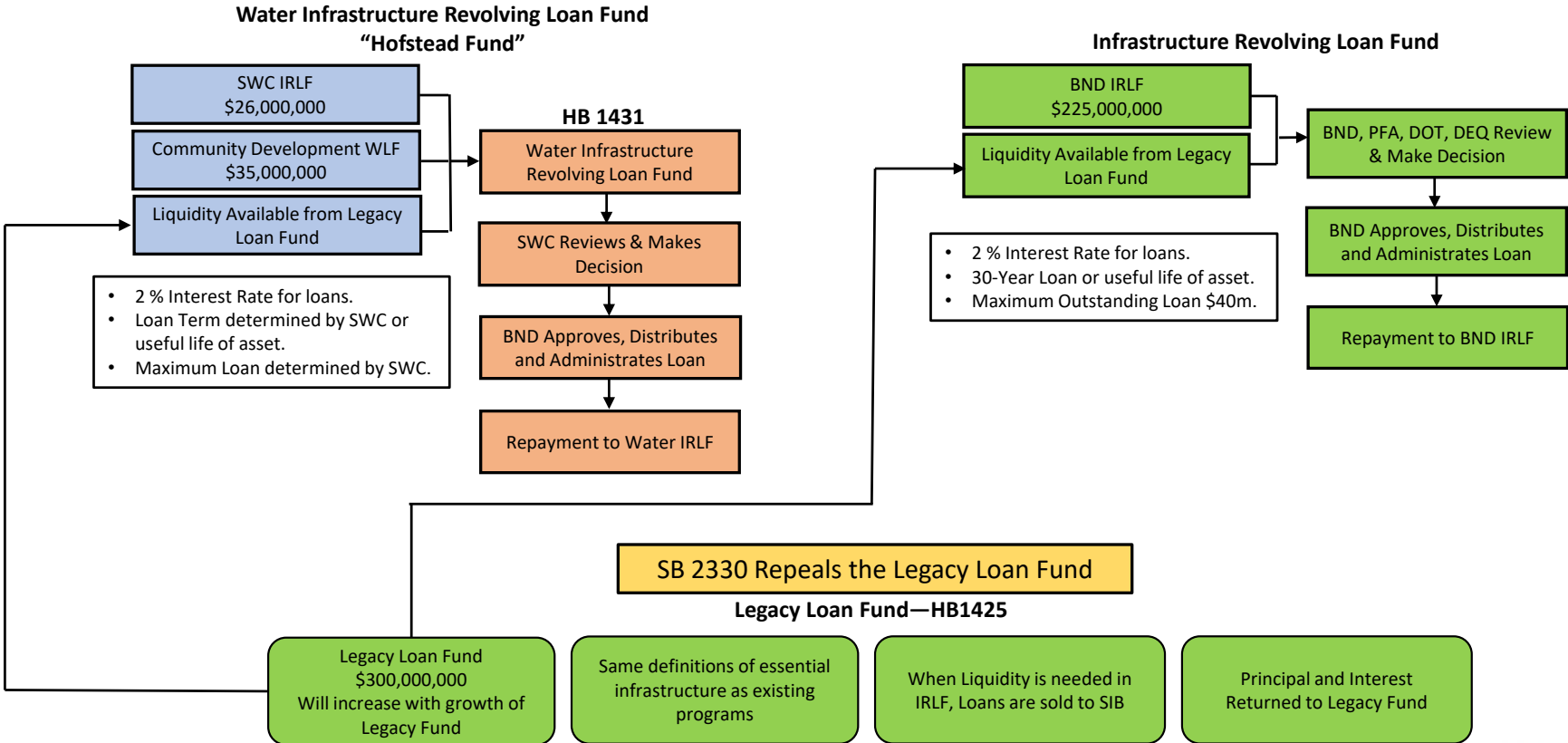
ND Department of Transportation will create program policy and guidelines and approve projects for transportation infrastructure

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
<b>Current Available</b>		<b>92,720,363.89</b>
Bond Proceeds Returned to DOT	HB 1021	35,000,000.00
WAWSA Refinance	SB 2196	41,000,000.00
<b>After Pending Legislation</b>		<b>16,720,363.89</b>

## 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
<b>Current Available</b>		<b>10,878,329.84</b>

# Revolving Loan Funds

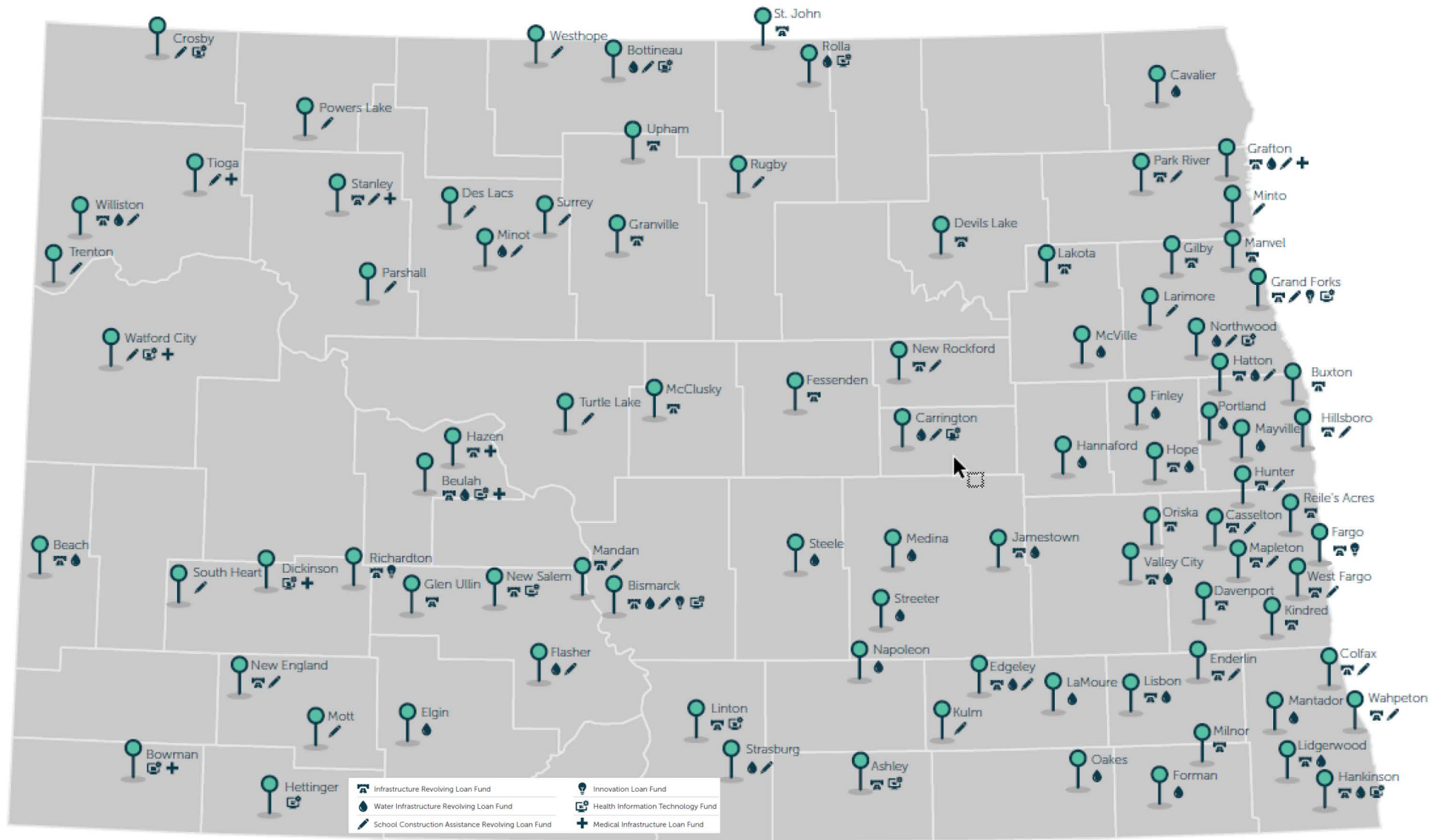
By Term of Loan

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

# Revolving Loan Funds

By Population of Borrower

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



## 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

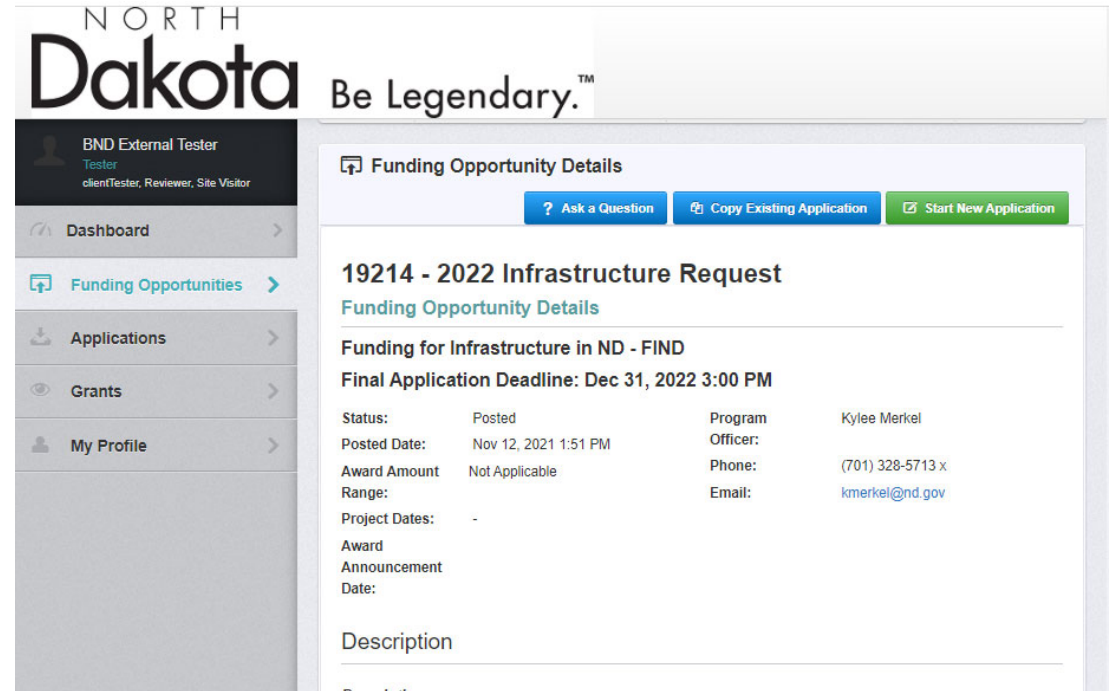
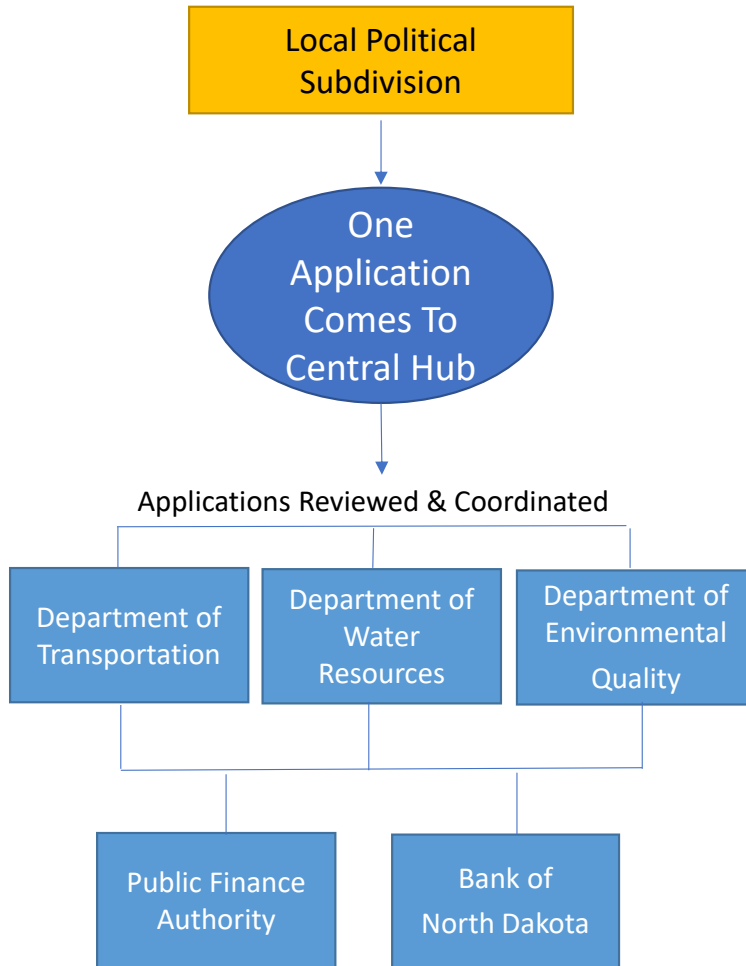
	30-Year Term Total Paid	Interest Paid
Market Rate Loan (4.50%)	\$27,030,000	\$12,030,000
BND Infrastructure Revolving Loan	\$19,900,000	\$4,895,000

### \$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

# The Vision. One Application.

FIND—Funding for Infrastructure in North Dakota



Apply online at:  
[grants.nd.gov](https://grants.nd.gov)





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**Questions?**

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**Testimony of Cole Higlin  
North Dakota Recreation & Park Association  
To House Finance and Taxation Committee  
In Opposition of SB 2330  
Tuesday, March 14, 2023**

Chairman Headland and Members of the Committee, my name is Cole Higlin, and I am the public policy chair of the North Dakota Recreation & Park Association (NDRPA). NDRPA represents more than 900 members across the state and works to advance parks, recreation and conservation for an enhanced quality of life in North Dakota. NDRPA is opposed to SB 2330.

As currently drafted, the bill would remove the ability to fund the Infrastructure Revolving Loan Fund using the Legacy Fund. The Infrastructure Revolving Loan Fund provides low-interest, long-term loans to political subdivisions for much needed projects such as sewerlines and waterlines, storm water infrastructure, including curb and gutter, to name a few. HB 1292, which has passed this body and is under consideration by the Senate, would expand the list of eligible projects to infrastructure for recreation and community facilities.

Allowing political subdivisions to apply for low interest loans for infrastructure assists communities both large and small in completing projects that affect the quality of life of your constituents and visitors. Although SB 2330 would not remove funding for infrastructure projects directly, it does remove access to much-needed capital to keep these loan programs viable, particularly given the current lending environment. Should SB 2330 pass as currently written, another funding source would be needed to keep the Infrastructure Revolving Loan Program going.

I believe investment in infrastructure that improves the quality of life for every day North Dakotans is the type of investment the Legacy Fund should support. Without any direct loss to the Fund, the state is able to provide funding support to political subdivisions for infrastructure projects in local communities, continuing to support a high quality of life in North Dakota.

NDRPA urges a Do Not Pass recommendation on SB 2330. Thank you.



# North Dakota Legacy Fund

RVK Analysis of the Investment Implications of  
SB2330 Relative to HB1425



# Background

RVK, Inc. is currently engaged by the Legacy Fund Advisory Board on a project basis to assist with a strategic asset allocation study, inclusive of in-state investments. RVK President Jim Voytko is available to offer expert testimony on Senate Bill No. 2330 as it relates to investment implications for the Legacy Fund. We appreciate the potential opportunity to offer our thoughts based on the extensive analysis we have conducted for the Legacy Fund Advisory Board over the past year.

As it relates to the contents of SB 2330, as we understand, it makes the changes detailed on the following pages, which we believe in sum are both material and generally positive to the investment of Legacy Fund Assets, including the probable future returns of the Legacy Fund.

# Section 1

**Fixed Income Investments within the state – target allocation is reduced from ten percent to six percent.**

***RVK Note:** A reduction of this requirement adds to expected long-term returns for the Legacy Fund, as it reduces the required allocation to lower returning investments. Over the long-term, this should increase the flow of returns to the state via the spending policy (discussed below)*

**Infrastructure loans to political subdivisions, at a fixed target rate of 1.5 % - is removed.**

***RVK Note:** Removal of this provision increases expected long-term returns to the Legacy Fund, as it (a) eliminates a required allocation to loans that would generate very low investment returns and (b) also removes a potential liquidity constraint related to the potential call on these funds allowing incrementally greater use of higher returning illiquid private investments.*

# Section 1

**Equity investments in the state – target allocation is reduced from ten percent to three percent.**

***RVK Note:** A reduction of this requirement adds to expected long-term returns to the Legacy Fund, as it significantly enhances the flexibility to pursue the highest returning investments regardless of domicile and does not force as large of a pre-specified % of assets into a particular market without prior knowledge of the eventual opportunity set. It also reduces the compounding liquidity constraints placed on legacy fund assets from the potential call on these assets. Yet, given the size of the Legacy Fund, the 3% target represents a substantial pool of capital for potential investment within North Dakota, a pool in-state capital pool that will grow in dollar terms along with the future growth of the Fund.*

## **Section 1 Summary:**

*On a “Risk Equivalent Basis” we estimate that a strategic asset allocation optimized under the constraints of SB 2330 is under a base case (50<sup>th</sup> percentile) return scenario, likely to deliver approximately **\$920 M in additional investment returns** for the Legacy Fund over the next decade when compared to a similar risk portfolio optimized under the constraints of HB 1425.*

*See appendix for modeling details and assumptions.*

## Section 2

**Earnings – definition is changed from a net income approach to a percentage of market value approach.**

***RVK Note:** We believe this is an important change to the structure of the Legacy Fund. This adjustment is beneficial to the investment strategy and operation of the investment portfolio and provides greater predictability of distribution amounts. By removing the net income approach to distributions, the strategic asset allocation decision can be focused on maximizing long-term wealth that the Legacy Fund represents for North Dakota by eliminating the need to make explicit trade offs between current income and future growth.*

# Additional Considerations

We offer the following points of consideration as potentially beneficial further enhancements:

*Targeting in state investment as a specific \$ amount rather than a % target of the strategic asset allocation.*

This could allow for greater precision in targeting an appropriate investment sizing. Percent of market value of the legacy fund assets at any point in time is not necessarily related to the size of the opportunity set for investment in the state

*Benchmark return for in state **equity investments** set as the same for other **similar equity investments***

As currently drafted, in state equity investments will target a return that is lower than other similar non-in-state investments as it will be set against a diversified portfolio that includes equity and debt. This is a mismatch. All equity investments, ideally, should require the same rate of return as similar equity investments.



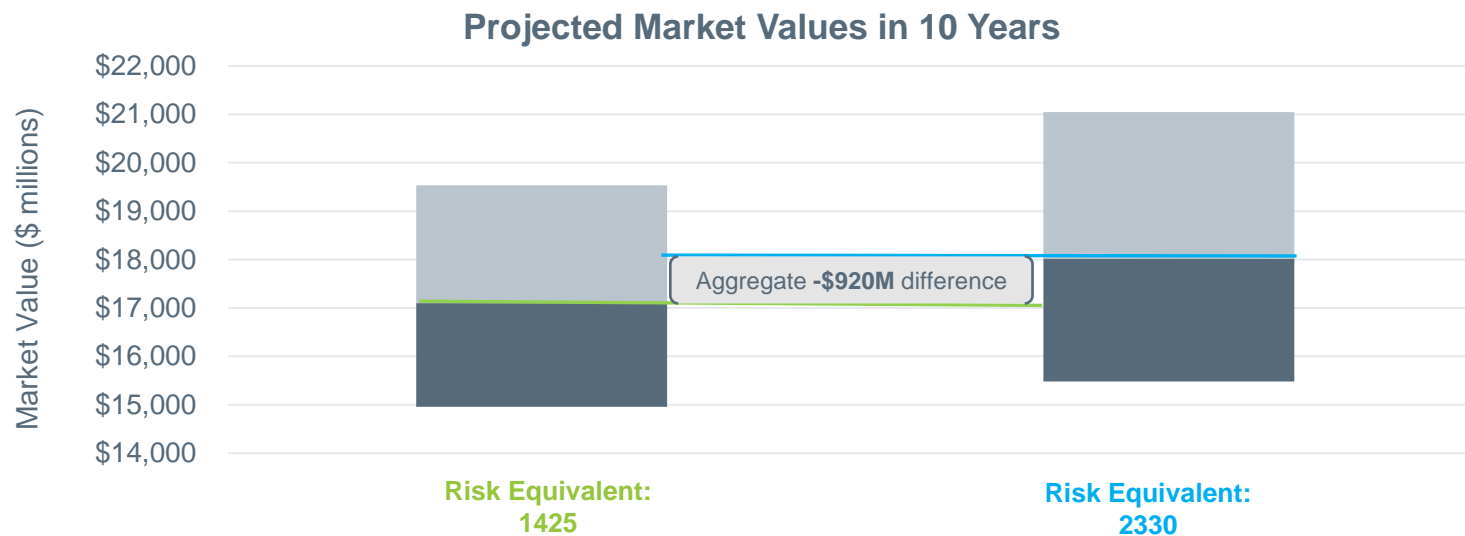
# Appendix

- Preliminary Asset Allocation Modeling and Estimated Impact on Future Wealth Values



# Estimated Wealth Implications

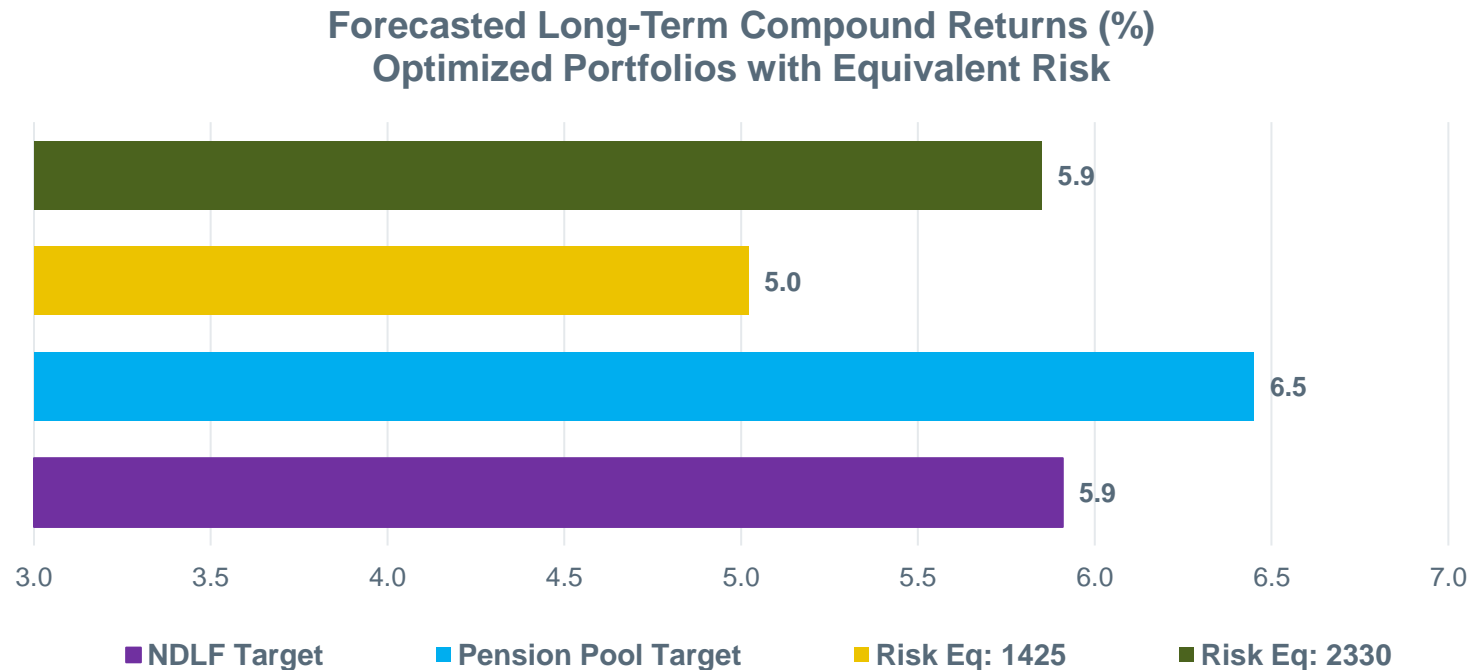
- We modeled the potential range of wealth values over the next 10 years using the risk and return characteristics of the risk equivalent portfolios for the HB1425 and HB2330 with the following assumptions:
  - Starting market value of \$7.95 billion.
  - Monthly contributions based on monthly production assumptions as provided by the ND Office of State Tax Commissioner and monthly oil price forecasts.
  - To isolate the impact of just the asset allocation differences, applied the proposed distribution policy to both scenarios: 7 % of the 5-year average value of the legacy fund assets as reported by the SIB using the value of the assets at the end of each fiscal year for the 5-year period ending with the most recently completed even-numbered fiscal year<sup>1</sup>.
- We estimate the impact of the **proposed HB2330 to be accretive to the expected future values for the Legacy Fund**. We project the Risk Equivalent portfolio under HB2330 to potentially increase the fund’s values by \$920 million over the next 10 years (about \$92 million per year) as compared to the Risk Equivalent portfolio under the HB1425.



Note: Colored horizontal lines represent estimated *median* market value outcomes utilizing Monte Carlo simulations; floating bars represent the 25<sup>th</sup> to 75<sup>th</sup> percentile of outcomes.

<sup>1</sup> Senate Bill No. 2330. Sixty-eighth Legislative Assembly of North Dakota. Introduced by Senators Klein, Hogan, Meyer and Representatives Bosch, Kreidt.

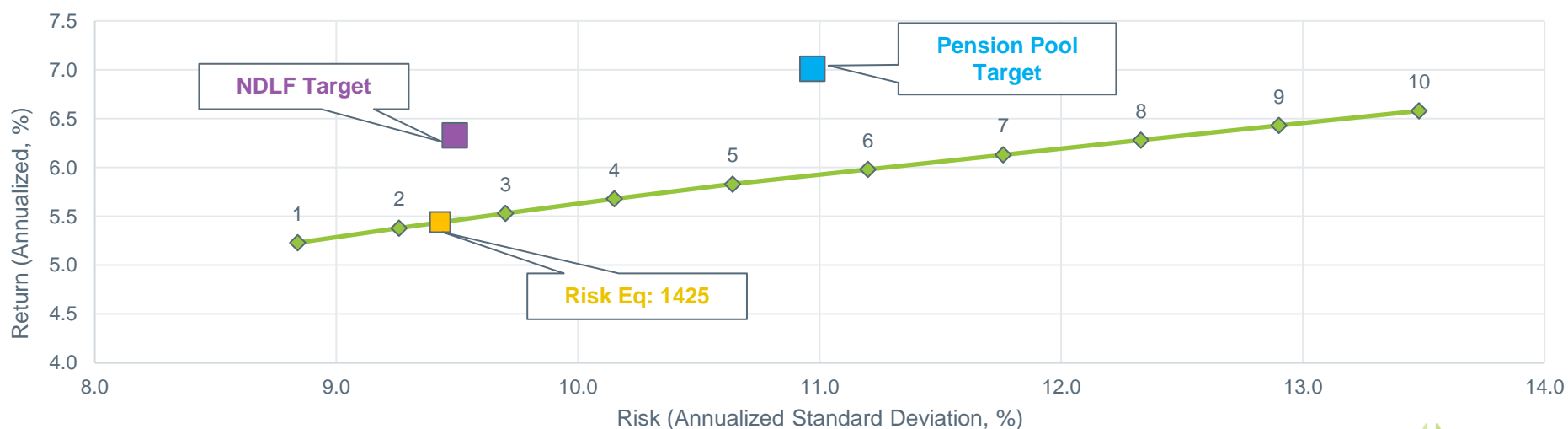
# Estimated Return Implications



- Assets invested in the Legacy Fund are projected to annualize at a lower rate of long-term returns with **HB1425** implemented as currently written (Risk Eq: 1425).
  - Utilizing the assumptions described, a portfolio with 20% in-state investments (10% equity and 10% fixed income) could **reduce total Legacy Fund *annualized* long-term returns by approximately 0.9%** assuming a risk profile similar to the current policy.
- Assets invested in the Legacy Fund under the proposed **HB2330** (Risk Eq: 2330) are projected to have practically the same long-term annualized returns as the current target.

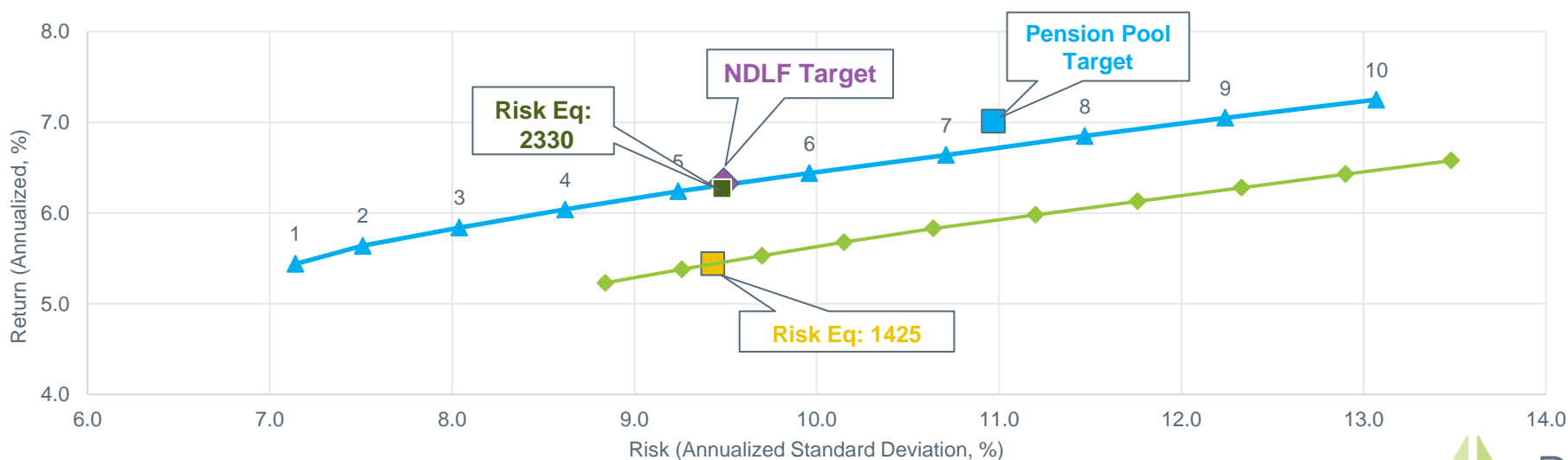
# Efficient Frontier 1: HB1425 As Written

	Min	Max	1	2	3	4	5	6	7	8	9	10	NDLF Target	Pension Pool Target	Risk Eq: 1425	Diff From the Target
Broad US Equity	20	40	20	20	20	20	21	23	24	26	28	30	30	29	20	-10
Broad International Equity	10	30	10	13	16	18	21	23	24	26	28	30	20	19	14	-6
Private Equity	0	10	0	0	0	0	0	0	0	0	0	0	1	8	0	-1
In-State Private Equity	10	10	10	10	10	10	10	10	10	10	10	10	0	0	10	10
US Agg Fixed Income	10	40	40	37	34	32	28	25	21	17	14	10	29	17	36	7
High Yield Fixed Income	0	0	0	0	0	0	0	0	0	0	0	0	0	8	0	
Private Credit	0	8	0	0	0	0	0	0	0	0	0	0	3	0	0	-3
BND CD Match	6	6	6	6	6	6	6	6	6	6	6	6	2	0	6	4
Infrastructure Loans	4	4	4	4	4	4	4	4	4	4	4	4	0	0	4	4
TIPS	0	7	5	5	5	5	5	5	5	5	5	5	5	0	5	
Private Core Infrastructure	0	5	5	5	5	5	5	5	5	5	5	5	5	7	5	
Core Real Estate	0	8	0	0	0	0	0	0	0	0	0	0	5	12	0	-5
Total			100	100	100	100	100	100	100	100	100	100	100	100	100	
<b>Expected Arithmetic Return</b>			<b>5.2</b>	<b>5.4</b>	<b>5.5</b>	<b>5.7</b>	<b>5.8</b>	<b>6.0</b>	<b>6.1</b>	<b>6.3</b>	<b>6.4</b>	<b>6.6</b>	<b>6.3</b>	<b>7.0</b>	<b>5.4</b>	
<b>Expected Risk (Standard Deviation)</b>			<b>8.8</b>	<b>9.3</b>	<b>9.7</b>	<b>10.2</b>	<b>10.6</b>	<b>11.2</b>	<b>11.8</b>	<b>12.3</b>	<b>12.9</b>	<b>13.5</b>	<b>9.5</b>	<b>11.0</b>	<b>9.4</b>	
<b>Expected Compound Return</b>			<b>4.9</b>	<b>5.0</b>	<b>5.1</b>	<b>5.2</b>	<b>5.3</b>	<b>5.4</b>	<b>5.5</b>	<b>5.6</b>	<b>5.7</b>	<b>5.7</b>	<b>5.9</b>	<b>6.5</b>	<b>5.0</b>	
Expected Return (Arithmetic)/Risk Ratio			0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.7	0.6	0.6	
RVK Expected Eq Beta (LCUS Eq = 1)			0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.6	0.6	0.5	
RVK Liquidity Metric (T-Bills = 100)			69	69	69	69	70	70	70	70	71	71	79	68	69	



# Efficient Frontier 2: Proposed HB2330 Allocations

	Min	Max	1	2	3	4	5	6	7	8	9	10	NDLF Target	Pension Pool Target	Risk Eq: 1425	Risk Eq: 2330	Diff from NDLF Target
Broad US Equity	20	40	20	20	20	20	20	22	24	27	29	30	30	29	20	22	-8
Broad International Equity	10	30	10	11	14	18	20	22	24	27	29	30	20	19	14	21	1
Private Equity	0	10	0	0	0	0	2	3	3	3	3	10	1	8	0	2	1
In-State Private Equity	3	3	3	3	3	3	3	3	3	3	3	3	0	0	10	3	3
US Agg Fixed Income	10	40	40	37	36	35	31	26	21	16	11	10	29	17	36	32	3
High Yield Fixed Income	0	8	0	0	0	0	0	0	0	0	0	0	0	8	0	0	
Private Credit	6	6	1	7	8	8	8	8	8	8	8	1	3	0	0	4	1
BND CD Match	0	0	6	6	6	6	6	6	6	6	6	6	2	0	6	6	4
Infrastructure Loans	0	7	0	0	0	0	0	0	0	0	0	0	0	0	4	0	
TIPS	0	5	7	7	5	2	4	5	5	5	5	5	5	0	5	0	-5
Private Core Infrastructure	0	8	5	5	5	5	5	5	5	5	5	5	5	7	5	5	
Core Real Estate	0	0	8	4	3	3	1	0	0	0	0	0	5	12	0	5	
Total			100	100	100	100	100	100	100	100	100	100	100	100	100	100	
<b>Expected Arithmetic Return</b>			<b>5.4</b>	<b>5.6</b>	<b>5.8</b>	<b>6.0</b>	<b>6.2</b>	<b>6.4</b>	<b>6.6</b>	<b>6.9</b>	<b>7.1</b>	<b>7.3</b>	<b>6.3</b>	<b>7.0</b>	<b>5.4</b>	<b>6.3</b>	
<b>Expected Risk (Standard Deviation)</b>			<b>7.1</b>	<b>7.5</b>	<b>8.0</b>	<b>8.6</b>	<b>9.2</b>	<b>10.0</b>	<b>10.7</b>	<b>11.5</b>	<b>12.2</b>	<b>13.1</b>	<b>9.5</b>	<b>11.0</b>	<b>9.4</b>	<b>9.5</b>	
<b>Expected Compound Return</b>			<b>5.2</b>	<b>5.4</b>	<b>5.5</b>	<b>5.7</b>	<b>5.8</b>	<b>6.0</b>	<b>6.1</b>	<b>6.2</b>	<b>6.4</b>	<b>6.5</b>	<b>5.9</b>	<b>6.5</b>	<b>5.0</b>	<b>5.9</b>	
Expected Return (Arithmetic)/Risk Ratio			0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.7	
RVK Expected Eq Beta (LCUS Eq = 1)			0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8	0.6	0.6	0.5	0.6	
RVK Liquidity Metric (T-Bills = 100)			72	70	70	70	70	70	70	71	71	71	79	68	69	70	



# Assumptions and Constraints

- For purposes of this analysis, we developed preliminary assumptions regarding the return and risk profile of the various potential forms of in-state investment as described in HB 1425.
  - **Private Equity:** returns = 50% of similar traditional investments; risk = 150% of similar traditional investments.
  - **Infrastructure Loan:** returns = 1.5% as defined in 1425; risk = RVK’s private credit assumption.
  - **Bank of North Dakota CD Match:** returns and risk = 10-year Treasury Bonds.
- Additional Assumptions and Constraints:
  - Additional group and relative constraints are utilized to focus the efficient frontier on a range of reasonable and prudent choices (Total Equity between 30% & 70%, Total Fixed Income between 15% and 50%, Real Assets between 10% and 20%, and Non-US equity cannot exceed US equity).
  - Illiquid assets cannot exceed 25%.
- On each frontier we showed the following portfolios:
  - Current North Dakota Legacy Fund (“NDLF”) target allocation.
  - Current target allocation for the Consolidated Pension Pool.
  - **“Risk Eq: 1425”:** a model portfolio on the frontier for the 1425 bill with the same risk profile as the current Legacy Fund target portfolio.
  - **“Risk Eq: 2330”:** a model portfolio on the frontier for the proposed 2330 bill with the same risk profile as the current Legacy Fund target portfolio.



SB 2330  
Senate Finance and Tax Committee  
Rep. Headland - Cahir  
March 14, 2023

Chairman Headland and members of the House Finance and Taxation Committee, for the record, Matt Gardner, Executive Director, North Dakota League of Cities. I represent the 355 incorporated communities across the state. I stand today in opposition to SB 2330. Our main concern is section 1 of the bill that would eliminate the Legacy Loan Fund.

The Legacy Infrastructure Loan Fund will be an important tool for constructing infrastructure investments in North Dakota communities going into the next biennium. When HB 1425 was passed last session, the goal was to utilize the Legacy Fund to invest locally in North Dakota infrastructure projects. It was understood that the rate of return on these projects would be less that could be garnered on the market, but these investments met the Legacy goals of the Legacy Fund by having positive local impacts. The investment returns from Legacy Infrastructure Loan Fund are virtually guaranteed.

Proponents for this bill point out that this fund is not being used. This is true for the current biennium, but that dynamic is changing. Last year municipalities could go to the private market and find equally as cheap financing options. Now that is not the case. The 2% money available through the Legacy Infrastructure Loan Fund will be highly sought after for construction projects in the 23/25 biennium. Plus, the highly utilized Infrastructure Revolving Loan Fund will be fully obligated soon, leaving limited options for municipal projects at the low interest rate.

Now is not the time to limit low interest financing options within the state. Large infrastructure projects are continuing forward for flood protection and water supply. Plus, the Prairie Dog disbursements have been made, which will spur infrastructure projects across the state.

To ensure our communities have adequate access to low interest capital, keep the Legacy Infrastructure Loan Funds active and available. I respectfully ask for a Do-Not-Pass on SB 2330.

Thank you for time and consideration. I will try to answer any questions.





# Airport Association of North Dakota

**Ryan Riesinger - President Anthony Dudas - Vice President**

**Jordan Dahl - Sec. / Treasurer**

P.O. Box 2845, Fargo, North Dakota 58108-2845

1-701-738-4646

March 14, 2023

**RE: Testimony to House Finance and Taxation Committee on SB 2330 – Relating to the Legacy Infrastructure Loan Fund**

Chairman Headland and members of the committee,

I am Ryan Riesinger, President of the Airport Association of North Dakota (AAND) and Executive Director of the Grand Forks Regional Airport Authority (GFK). I want to thank you for the opportunity to testify today. AAND is the professional organization for North Dakota Airports and it serves to promote airports and aviation across the state. GFK consistently ranks as one of the busiest airports in the country and is the proud home of the University of North Dakota (UND) John D. Odegard School of Aerospace Sciences. I am here today on behalf of AAND and GFK to express opposition to SB 2330.

During the 2021 Legislative Session, the North Dakota legislature passed HB 1425 which provided revolving infrastructure loans from the Legacy fund to governmental entities to support infrastructure development throughout the state. HB 1425 also expanded the definition of essential infrastructure to include airports. This was viewed as a very positive development as it provided access to an additional funding source to complete high priority projects and provided a backstop to the infrastructure loan fund administered by the Bank of North Dakota.

As our airports plan for future development and growth the funding needs are projected to be significant. Over \$1 billion in projects have been identified over the next 10 years at airports in



North Dakota, and the amount for 2023-2027 alone is \$684 million (see attachment). Our airports work cooperatively with the Federal Aviation Administration (FAA) to maximize federal grant participation, but additional investment from the State and local airport sponsors will be required to meet these forecasts. In some cases there are shortfalls in the amount of Federal, State, and local funding available. In addition, current inflationary challenges and the increasing costs with bonds can potentially delay important infrastructure projects throughout the state. Having access to revolving loan funding at a low interest rate is vital to be able to complete these projects.

AAND and GFK are in opposition to SB 2330 as it would remove an important backup funding source to complete high priority infrastructure projects and would be a good use of Legacy fund resources. We respectfully request that the committee provide a do not pass on the bill. I thank you for the opportunity to provide testimony today and will take any questions the committee may have for me.

Respectfully,

A handwritten signature in black ink, appearing to read "Ryan R.", with a stylized flourish at the end.

Ryan Riesinger  
President, Airport Association of North Dakota  
Executive Director, Grand Forks Regional Airport Authority

Attachments: Statewide Airport Capital Improvement Planning Report



STATEWIDE AIRPORT CAPITAL IMPROVEMENT PLANNING REPORT - NORTH DAKOTA

FAA / State General Aviation and Commercial Service Program (NPIAS AIRPORTS)

	AIRPORT	Based Aircraft	PROJECT	Projects (Thousands)	
				1 to 5	6 to 10
				Yrs.	Yrs.
1	Fargo FAR	218	Terminal/Cargo Apron Rehabilitation	1000	
			Terminal Apron Expansion (Phase I C'23, Phase II '24)	17000	
			South GA Apron Rehabilitation/Reconstruction	12000	
			Terminal Building Expansion (D'23, Phase I C'24, Phase II C'25)	100000	
			North GA Apron Expansion & Perimeter Road Reconstruction (C'23)	14000	
			Terminal Apron Reconstruction & Glycol Capture (D'25, Phase I C'26, Phase II C'27)	21000	
			Replace Passenger Boarding Bridge	1000	
			Pavement Maintenance (RTA, RCF, Seal)	1000	1000
			Glycol Pump Station	2000	
			Terminal Parking Lot Rehabilitation & Expansion	1500	
			SRE Acquisition	2000	2000
			Rwy 9/27 Ext./Widening w/ Parallel Taxiway - Study, EA, Design, Construct		65000
			North GA Taxilane Extension		1000
			East GA Expansion		2000
			Airfield Wetland Mitigation / Drainage Improvements	9000	7000
2	Bismarck BIS	90	GA Apron Expansion	6000	2000
			Hangar 5 Demolition	700	
			Rehabilitate Runway 3-21	8000	
			Rehabilitate Taxiway D	5000	
			Expand Commercial Apron	14000	
			Construct Terminal Building Expansion	60000	
			Install New Passenger Boarding Bridges	7000	4000
			Rehabilitate Taxiway C North	10000	
			Runway 13 RPZ Land Acquisition		2200
			Purchase SRE Equipment	3000	1000
			Construct SRE Building	1000	
			Purchase ARFF Equipment	1000	1000
			Deicing Fluid Collection System	500	
			Rehabilitate/Construct ARFF Building Expansion	1000	
			Commercial and GA Ramp Panel Replacement	1000	1000
			Construct Taxilane Expansion	1000	500
			Rehabilitate/Construct Parking Lot/Expansion	1500	
			Rehabilitate Access Roads		1600
			Pavement Maintenance (RTA, RCF, Seal)	1000	1000
			Construct Service Road Expansion		300
Relocate Airway Avenue/Airport Road Intersection		300			
Corporate Area Hangar Development		3300			
Update Noise Contours		250			
3	Grand Forks GFK	138	Runway 9L-27R & TWY B Extension, Lighting, & Reconstruction (C'23-'24)	34800	
			Runway 17R-35L Reconstruction (D'24, Phase II C'25, Phase III C'26, Phase III C'27)	75000	
			Construct Runway 18-36		10000
			Expand Terminal Apron		10000
			Expand Terminal		20000
			Pavement Maintenance (RTA, RCF, Seal)	1000	1000
			Runway 17L-35R Rehabilitation		12000
Fencing & Perimeter Road Improvements	1000				
4	Minot MOT	128	Storm Water and Drainage Improvements (C '23)	9000	
			Purchase SRE Equipment	2000	1000
			RWY 8 Approach Clearing/Tree Removal	250	
			RWY 8/26 Rehab/T-hold Relocation; TWY B Intersection; TWY D Exp. (D '24, C '25-'26)	10000	
			Purchase ARFF Truck		1000
			Taxiway C Rehabilitation	5000	
			Replace T-Hangars	3000	3000
			Northwest GA Apron		2000
			Taxiway B & T-Hangar Rehabilitation	3000	
			Pavement Maintenance (RTA, RCF, Seal, Remarketing)	1000	1000
			Construct GA Landside Access Road and Parking Lot	3500	
5	Jamestown JMS	36	Rehabilitate Runway 13/31, Taxiway D-1, Taxiway A, & Airfield Lighting	5100	
			Rehabilitate Terminal Apron Phase II & GA Apron/Taxiways/Taxilanes	500	
			Acquire SRE	600	
			SRE Building Expansion (D'24, C'25)	1200	
			Perimeter Fence Improvements	300	
			Terminal Remodel/Reconfiguration & Parking Lot Improvements (C'26)	2000	
			Storm Sewer Rehabilitation	1700	
			Taxiway B Rehabilitation	600	
			Replace Passenger Boarding Bridge		1000
			W. Industrial Park Infrastr. Improvements		1500
			Pavement Maintenance (RTA, RCF, Seal), Remarketing	1000	1000
			Runway 4/22 Rehabilitation and Airfield Crack Sealing		1500
Taxiway A, B, & D Rehabilitation		600			
Acquire ARFF Vehicle		900			
Construct T-Hangar		1000			

	AIRPORT	Based Aircraft	PROJECT	Projects (Thousands)				
				1 to 5	6 to 10			
				Yrs.	Yrs.			
6	Williston XWA	32	Purchase SRE Equipment	2000	1000			
			Deicing Fluid Collection Improvements	4000				
			Cargo Apron Construction	6000				
			Pavement Maintenance (RTA, RCF)	1500	3000			
			Construct Hangars	2000	2000			
			Ground Service Equipment Building	500				
			Terminal Parking Expansion	2000				
			Construct Sanitary Force Main	2300				
			Pave Perimeter Roads	2700				
			Construct Runway 4-22 Parallel Taxiway		6500			
7	Devils Lake DVL	28 ↑ 15	Purchase ARFF Equipment		1000			
			Pavement Maintenance (RTA, RCF, Seal)	500	500			
			Apron & Taxiway Reconstruction	3200				
			Runway 13/31 & Taxiway A Pavement Rehabilitation	1700				
			Construct SRE/ARFF Building		3800			
			Rehabilitate Terminal Apron		1000			
			Wildlife Hazard Assessment & WHMP Update	200				
			Reconstruct GA Apron		1500			
			Lighting Rehabilitation		1500			
			Acquire SRE		800			
8	Dickinson DIK	35 =	Runway 15-33/Taxiway A Light System Conversion, Runway 7-25 Light System/Beacon	1700				
			Purchase SRE Equipment	1000	1000			
			ARFF Truck Acquisition & ARFF Building Expansion	1500				
			Runway 7-25 & GA Apron Pavement Maintenance	600				
			GA Apron and Taxiway A Rehabilitation	5000				
			Terminal Design and Construction	30000				
			Commercial Terminal Apron, Access Road, & Parking Lot	11000				
			Construct Hangar Taxilanes		1000			
			Crosswind Parallel Taxiway		3000			
			Runway 7-25 Rehabilitation		7000			
9	Ashley ASY	BASIC 13	Pavement Maintenance (RTA, RCF, Seal)	1000	1000			
			Construct Terminal	800				
			Construct Fuel System (100LL + Jet A)		800			
			Install AWOS		400			
			Construct Partial Parallel Taxiway		1100			
			10	Beach 20U	BASIC 11	Rehabilitate Runway 12/30, Taxiway, Apron Pavement	150	
						Construct Hangar (D '25, C '26)	1200	
						Rehabilitate Hangar Taxilanes	1100	
						ALP/MP Update with Exhibit A/AGIS Component		300
						Construct New Turf Runway		1000
Pavement Maintenance (RTA, RCF, Seal)	300	400						
Construct Fence and Signage		500						
Construct AWOS Access Road	200							
11	Botlineau D09	LOCAL 16				Runway 13/31, Taxiway, Apron Pavement Rehabilitation		2000
						Construct New Hangar	800	800
			Realign and Construct Turf Crosswind Runway		1000			
			Replace Fuel System	700				
			Pavement Maintenance (RTA, RCF, Seal)	500	200			
			Airport Beacon & Electrical Vault Rehabilitation	200				
			Terminal Improvements (D'25, C'26)	600				
			Construct Taxiway Expansion	300	300			
			Construct Fence and Signage		2000			
			12	Bowman BWW	LOCAL 17	Construct Hangar ('23, '24 Ongoing Reimbursements)	500	
Pavement Maintenance	400	400						
Construct Partial Parallel Taxiway	1000	1000						
Construct Crosswind Runway		1500						
Construct Taxilane		1000						
13	Cando 9D7	BASIC 11				Rehabilitate Runway 16/34 Lighting System	800	
						Pavement Maintenance (RTA, RCF, Seal)	300	500
						Construct Fuel System	700	
						ALP/MP Update with AGIS		300
						Construct Hangar		1000
			Acquire SRE Equipment		400			
			14	Carrington 46D	BASIC 12	Apron Pavement Seal Coat & Taxilane Reconstruction	600	
						Rehabilitate Airfield Lights	500	
						Construct New Hangar		1000
						Pavement Maintenance (RTA, RCF, Seal)	100	500
Construct Fence & Signage		200						
South Apron Rehabilitation		300						
15	Casselton 5N8	LOCAL 35				Runway Repairs	500	
						Env. Assessment & Land Acquisition for Runway Relocation (EA '23, Acq '25)	1500	
						Runway 13/31 Relocation & Parallel Taxiway Construction	14800	
						Construct Fence		2000
			Pavement Maintenance (RTA, RCF, Seal)	200	200			
			Construct New Hangar	1000	1000			
			Apron Reconstruction		1700			
			<b>Commercial Service Airports Totals:</b>				<b>545150</b>	<b>203550</b>

	AIRPORT	Based Aircraft	PROJECT	Projects (Thousands)	
				1 to 5	6 to 10
				Yrs.	Yrs.
		BASIC	Airfield Lighting Rehabilitation		
16	Cavalier 2C8	16	Runway, Taxiway, & Apron Rehabilitation (D'24, C'25)	2600	
			Construct Drainage Improvements	150	
			Pavement Maintenance (RTA, RCF, Seal)	100	400
			Construct Full Parallel Taxiway		2000
			Relocate Powerline		50
			Construct Fence and Signage		500
		LOCAL	Land Acquisition Phase 2 - RPZ / Transitional Surfaces (18 Acres)	50	
17	Cooperstown S32	15	Runway 13/31, Taxiway and Apron Rehabilitation (D'24, C'25)	2000	
			Pavement Maintenance (RTA, RCF, Seal)	100	500
			ALP/MP Update with AGIS Component		300
			Access Road Improvements		300
			Construct Fence and Signage		2000
			Construct Parallel Taxiway		500
			Lighting System Rehabilitation		700
			Transfer Out		
		BASIC	Construct New SRE Building (D '24, C '25)	800	
18	Crosby D50	11	Replace Airport Beacon (C'27)	150	
			Construct Partial Parallel Taxiway		1000
			Construct Hangar		1000
			ALP/MP Update with AGIS		400
			Snow Removal Equipment	400	
			Construct Jet A Fuel System		500
			Pavement Maintenance (RTA, RCF, Seal)	200	400
		BASIC	Pavement Maintenance (RTA, RCF, Seal)	300	100
19	Dunseith - IPG S28	0	Runway, Taxiway, and Apron Reconstruction (D '23, C '24)	2500	
			Install Airfield Lighting		700
			Construct Terminal Building		500
		BASIC	Rehabilitation of Apron, Taxiway, & Access Road (D'25, C'26)	500	
20	Edgeley 51D	10	Airfield Lighting Rehabilitation	800	
			Pavement Maintenance (RTA, RCF, Seal)	100	300
			Construct Runway Extension		1600
			Construct Fence and Signage		200
		BASIC	Reconstruct Taxilane & Seal Coat Pavements	600	
21	Ellendale 4E7	11	Pavement Maintenance (RTA, RCF, Seal)	100	500
			Replace Hangar (D'24, C'25)	1000	
			Pave Turf Taxilane	700	
			ALP/MP Update with AGIS		300
			Construct Fence and Signage		200
			Install AWOS		400
		BASIC	Construct Terminal Building	800	
22	Ft. Yates Y27	0	Pavement Maintenance (RTA, RCF, Seal)	300	100
			Rehabilitate Runway, Taxiway, Apron (D '26, C '27)	2500	
			Construct Fuel System		500
			Access Road Improvements		900
			Instrument Approach Development	300	
			Construct Hangar		800
			Construct SRE Building		700
		BASIC	Pavement Maintenance (RTA, RCF, Seal)	100	400
23	Garrison D05	13	Construct Security Fence and Signage	200	1000
			Construct GA Terminal Building (D '25, C '26)	1000	
			Construct Hangar Taxilane		500
			Upgrade Fuel System		300
			Purchase SRE Equipment		300
			Update ALP/MP with AGIS and Exhibit A		300
			Construct Hangar	800	
		BASIC	Runway, Taxiway, and Apron Rehabilitation	150	
24	Glen Ullin D57	11	Construct Partial Parallel Taxiway (D '26, C '27)	1200	
			Pavement Maintenance (RTA, RCF, Seal)	100	400
			ALP Update with AGIS		300
			Taxilane Extension		500
			Construct Hangar		800
			Construct Crosswind Rwy, EA, RPZ Land Acquisition		1000
		LOCAL	Taxilane & Apron Reconstruction (D'23, C'24)	1000	
25	Grafton GAF	18	Construct Hangar (D/C '23, Ongoing Reimbursements '24-26)	900	
			Drainage Improvements & Wetland Mitigation	2000	
			Construct New SRE Building		400
			Replace Airport Beacon		60
			Runway 17/35 Rehabilitation		1600
			Pavement Maintenance (RTA, RCF, Seal)	300	300
			Remove Old Storage Building		200
			Construct Fence and Signage		2000
		BASIC	Reconstruct Taxilane & Access Road Improvements	700	
	Gwinner	12	Construct Terminal/SRE Building (D'25, C'26)	1000	
26	GWR		Taxiway Turnaround Widening	300	
			Update ALP/MP with AGIS and Exhibit A		300
			Land Acquisition - Fence		300
			Construct Fence and Signage		500
			Pavement Maintenance (RTA, RCF, Seal)	100	500



	AIRPORT	Based Aircraft	PROJECT	Projects (Thousands)	
				1 to 5	6 to 10
				Yrs.	Yrs.
		BASIC	Rwy 11-29, Taxiway, Apron Rehabilitation	200	2000
27	Harvey 5H4	12	RPZ Land Acquisition and EA		800
			Pavement Maintenance (RTA, RCF, Seal)	300	100
			Runway 11-29 Extension		2000
			New Crosswind Runway		800
			Update ALP/MP with AGIS and Exhibit A		300
			Parallel Taxiway		1000
			Apron Expansion		300
			Construct Hangar	1000	
			AGIS Survey (LPV Approach, Both Ends)	200	
			Construct Fence and Signage	200	
		LOCAL	ALP/MP Update with AGIS and Exhibit A	300	
28	Hazen HZE	16	Purchase SRE Equipment	300	
			Construct Partial Parallel Taxiway & Lighting		1000
			North Hangar Taxilane Construction		700
			Pavement Maintenance (RTA, RCF, Seal)	400	200
			Construct Fence & Signage		2000
			Replace UST Fuel System (100LL & Jet A AST)	1300	
			Construct Hangar	1100	
			Construct Crosswind Runway		1000
		LOCAL	Rehabilitate Taxiway C and Rehab/Extend South Hangar Taxilane (C '23)	800	
29	Hettinger HEI	32	Construct Hangar	1000	
			Apron Rehabilitation	1000	
			Construct Hangar Taxilane	500	
			ALP/Master Plan Update		300
			Rehabilitate Taxiway B	500	
			Construct Fence & Signage		2000
			Pavement Maintenance (RTA, RCF, Seal)	400	300
		LOCAL	Apron Rehabilitation, Taxilane Extension, & Drainage Improvements	3200	
30	Hillsboro 3H4	32	Construct T-hangar (BIL in '24, '25, & '26)	600	
			Land Acquisition for Runway Extension (EA '26, Acquisition '28)	400	200
			Construct Runway Extension		6500
			Terminal Improvements	100	
			Reconstruct Access Road		500
			Construct Fence and Signage		2000
			Purchase SRE Equipment	150	
			ALP/Master Plan Update		300
			Install Jet A Fuel System		500
			Pavement Maintenance (RTA, RCF, Seal)	200	300
		LOCAL	Construct Partial Parallel Taxiway and Hangar Taxilane (C '23)	1200	
31	Kenmare 7K5	31	Purchase SRE	300	
			Construct Access Road Extension and Parking Lot Expansion	1000	
			Hangar Taxilane Expansion	800	
			Relocate Fuel System		200
			Construct Terminal Building		500
			Construct Hangar		1000
			Pavement Maintenance (RTA, RCF, Seal)	500	300
		LOCAL	Construct Hangar Taxilane	1000	
	Kindred K74	25	Replace Concrete Runway and Apron Panels	300	
32			Airfield Lighting Rehabilitation (D '25, C'26)	800	
			Runway 11/29 Extension & Par. Taxiway (EA, Land Acq., Wetland Mit., Design, Const.)		5000
			Pavement Maintenance (RTA, RCF, Seal)	100	300
			Purchase SRE		150
			Construct Terminal Building		500
			Construct Fence and Signage		2000
		BASIC	Rehab of Rwy 15/33, Apron, and Taxiway	1700	
33	Lakota 5L0	10	Pavement Maintenance (RTA, RCF, Seal)	100	500
			Construct Fence and Signage		500
			Construct Taxilane	700	
			Lighting system rehabilitation	800	
		U	Pavement Maintenance (RTA, RCF, Seal)	200	300
34	LaMoure 4F9	3	Rehabilitate Runway 16/34 Lighting System		700
			Reconstruct Taxiway	400	
			Land Acquisition of Airport Footprint	1000	
			Construct Terminal Building		400
			Construct Hangar		700
			Construct Fuel System		500
		LOCAL	Reconstruct Partial Taxilane & Construct Partial Parallel Taxiway	1000	
35	Langdon D55	16	Taxiway and Apron Expansion	1100	
			Rehabilitate Terminal Building		200
			Construct Hangar	100	800
			Pavement Maintenance (RTA, RCF, Seal)	200	500
			Construct Full Parallel Taxiway		1700
			Crosswind Runway Turf Rehabilitation		600
		LOCAL	Taxiway and Apron Rehabilitation and Improve Access Road (C '23)	1100	
36	Linton 7L2	18	Pavement Maintenance (RTA, RCF, Seal)	400	200
			ALP/MP Update with AGIS Component	300	
			Runway 9/27 Extension and Widening		1300
			Construct Parallel Taxiway		1800
			Construct Hangar		1000
			Acquire SRE Equipment	300	
			Construct SRE Building	500	

	AIRPORT	Based Aircraft	PROJECT	Projects (Thousands)	
				1 to 5 Yrs.	6 to 10 Yrs.
		BASIC	Construct Apron Expansion & RSA Improvements	150	
	Lisbon		Runway 14/32 Rehabilitation (D'25, C'26)	1700	
37	6L3	12	Rwy 14/32 Lighting Rehabilitation	100	600
			Construct Apron Expansion		900
			Apron and Taxilane Rehabilitation		400
			Construct Connector Taxiway to Correct Direct Access Issue		600
			Extend Partial Parallel Taxiway		1000
			Install AWOS		300
			Construct Fence and Signage		200
			Construct Taxilane Extension		500
			Construct Runway Turnaround		500
			Pavement Maintenance (RTA, RCF, Seal)	200	300
		LOCAL	Pavement Maintenance (RTA, RCF, Seal)	500	500
38	Mandan	97	Wetland Mitigation/ Drainage (C'23)	1500	2000
	Y19		Construct Parking Lot	300	
			Purchase SRE Equipment	400	300
			Install 100LL and Jet A Fuel System	900	
			Construct Terminal Building	700	
			Construct Runway Expansion		5000
			Relocate County Road and Powerlines		2500
			Construct South Development Taxilane	1800	
			Construct Hangar	2000	2000
			Construct T-Hangar Pavement	1000	
			Realign Parallel Taxiway	200	2000
			Reconstruct Hangar Taxilanes	1000	
			Construct Corporate Apron and Taxilanes		2000
			SRE Building Expansion		300
			ALP/MP Update with AGIS Component		300
		LOCAL	Drainage Improvements	600	
39	Mohall	31	Construct Fence and Signage	1600	
	HBC		Pavement Maintenance (RTA, RCF, Seal)	500	300
			Pave Access Road & Parking Area		800
			Construct Hangar		1000
			Construct Parallel Taxiway		1000
			Construct Hangar Taxilane		600
		BASIC	Construct Hangar Taxilane	400	
40	Mott	10	Construct Terminal, Access Road, & Parking Lot		
	3P3		Runway Rehabilitation		1500
			Construct Hangar	1000	
			Obstruction Removal and RSA Grading	250	
			Construct Partial Parallel Taxiway		800
			Install AWOS		500
			Pavement Maintenance (RTA, RCF, Seal)	300	300
		LOCAL	Taxilane and Apron Expansion	1000	
41	Northwood	21	Construct Terminal Building (D'25, C'26)	600	
	4V4		Construct Hangar (D'25, C'26)	1500	
			Pavement Maintenance (RTA, RCF, Seal)	100	500
			Construct Fuel System		1000
			Acquire SRE		300
		BASIC	Construct Replacement T-Hangar (D'24, C'25)	2000	
42	Oakes	9	Construct Taxilane	700	
	2D5		Construct Fuel System		1000
			Pavement Maintenance (RTA, RCF, Seal)	100	400
			Construct Fence and Signage	200	
			Runway and Apron Rehabilitation		1500
			ALP/MP Update with AGIS Component		300
		BASIC	Lighting System Rehabilitation (C'23, Ongoing Reimbursement '24?)	800	
43	Park River	9	Runway 13/31, Apron, Taxiway Rehabilitation		1000
	Y37		Construct Fence and Signage		200
			Pavement Maintenance (RTA, RCF, Seal)	500	200
			Runway Extension EA, Land Acquisition, and Construction	300	1300
			Install AWOS		300
		BASIC	Pavement Maintenance (RTA, RCF, Seal)	300	300
44	Parshall	10	Reconstruct Taxiway, Apron, and Taxilane		800
	Y74		Construct Runway Extension		2000
			Rehabilitate Access Road	300	
			Install AWOS	300	
			Runway 30 RPZ Land Acquisition	300	
			Replace Airport Beacon & PAPIs	300	
			Construct Hangar	1000	
		BASIC	Replace Windssock & Install Secondary	150	
45	Pembina	13	Pavement Maintenance (RTA, RCF, Seal)	500	200
	PMB		Install Fuel System	500	
			Construct Hangar		1000
			Runway and Taxiway Rehabilitation		1400
			Acquire SRE		400
			Construct Fence and Signage	200	
		BASIC	Pavement Maintenance (RTA, RCF, Seal)	300	500
46	Rolla	11	Airfield Electrical Rehabilitation	800	
	06D		ALP Update / AGIS and Exhibit A		300
			Land Acquisition (RPZ)		400
			Acquire SRE Equipment	400	

	AIRPORT	Based Aircraft	PROJECT	Projects (Thousands)	
				1 to 5 Yrs.	6 to 10 Yrs.
		BASIC	Construct SRE/Terminal Building (D '22, C '23)	1000	
	Rugby	11	Runway 12-30, Taxiway and Taxilane Rehabilitation (D '25, C '26)	2200	
47	RUG		Purchase SRE Equipment	400	
			Construct Hangar		1000
			Pavement Maintenance (RTA, RCF, Seal)	300	300
			ALP Update / AGIS and Exhibit A		400
		LOCAL	Targeted ALP Update	150	
48	Stanley	29	Pavement Maintenance (RTA, RCF, Seal)	300	300
	O8D		Construct Crosswind Runway	1000	
			Construct Fence and Signage		2000
			Construct Runway Extension		3000
			Construct Road and Parking Improvements	800	
			Construct Hangar	1000	
		LOCAL	Construct Lighting System For Taxiway/Apron	500	
49	Tioga	23	Runway 12-30 Rehabilitation		2000
	D60		Rehabilitate West Taxilanes	1500	
			Pavement Maintenance (RTA, RCF, Seal)	700	300
			Construct Fence and Signage		2000
			Purchase SRE Equipment	300	
			Construct Full Length Parallel Taxiway		2000
		LOCAL	Construct Electrical Vault	150	
50	Valley City	28	Acquire SRE with Snowblower Attachment	600	
	BAC		Runway 13/31 Rehabilitation		1000
			Apron Reconstruction	1400	
			Turf Runway 5/23 Relocation - EA, Land Acquisition, Design, & Construction		1500
			Pavement Maintenance (RTA, RCF, Seal)	200	300
		LOCAL	Taxiway Rehabilitation	400	
51	Wahpeton	37	T-Hangar Drainage Improvements	200	
	BWP		Install Taxiway Lighting	600	
			Pavement Maintenance (RTA, RCF, Seal)	200	300
			Construct Fence and Signage		2000
			South Taxilane/Apron Reconstruction		1100
			Purchase SRE		500
			Land Acquisition (House on Runway 33 End)		400
		BASIC	Construct Hangar (C'24, Ongoing Reimbursement '25 & '26)	1400	
52	Walhalla	10	Rehabilitate Airfield Lighting		700
	96D		ALP/MP Update with AGIS Component		300
			Pavement Maintenance (RTA, RCF, Seal)	200	200
			Runway, Taxiway, & Apron Pavement Rehabilitation/Reconstruction		2200
			Upgrade Fuel System	500	
			Transfer Out Entitlements		
		BASIC	Construct Parallel Taxiway (D'23, C'24)	1000	
53	Washburn	17	Pavement Maintenance (RTA, RCF)	200	300
	5C8		Replace LED MIRLS, MITLs, PAPIs, Beacon, Windcone and Signs	700	
			Construct Fence and Signage		2000
			Construct Access Road		300
			Land Acquisition for Future Development		200
			Upgrade Fuel System		500
			Construct Hangar		1000
		LOCAL	Construct SRE Building (D'23, C'24)	1000	
54	Watford City	35	Pavement Maintenance (RTA, RCF, Seal)	300	300
	S25		Construct Fence and Signage	500	1500
			Parking Lot Expansion and Terminal Area Drainage Improvements	300	
			Apron Expansion and Hangar Taxilane		1700
			Construct Hangar		1000
55	State PCI		Statewide PCI Study Update	600	1200
56	State Aviation Impact		Statewide State Aviation Impact Update	500	
57	State System Plan		State Aviation System Plan Update	500	
<b>Total Based Aircraft 1458</b>			<b>General Aviation Airport Project Totals:</b>	<b>139,550</b>	<b>179,260</b>
			<b>Commercial Service Airport Project Totals:</b>	<b>545,150</b>	<b>203,550</b>
			<b>Total Airport Project Totals:</b>	<b>684,700</b>	<b>382,810</b>

**Airports Not Included within Analysis:**

**Non NPIAS Paved (18):**

**Non NPIAS Turf (17):**

55 Beulah	73 Arthur
56 Drayton	74 Bowbells
57 Enderlin	75 Columbus
58 Killdeer	76 Elgin
59 Larimore	77 Fessenden
60 Leeds	78 Gackle
61 Maddock	79 Hazelton
62 Mayville	80 Kulm
63 Minto	81 Lidgerwood
64 Napoleon	82 McClusky
65 New Rockford	83 McVile
66 New Town	84 Milnor
67 Page	85 Plaza
68 Rolette	86 Richardton
69 St. Thomas	87 Riverdale
70 West Fargo	88 Towner
71 Westhope	89 Turtle Lake
72 Wishek	



**Testimony**  
**Senate Bill 2330**  
**House Finance and Taxation Committee**  
**March 14, 2023**

Chairman Headland and members of the House Finance and Taxation Committee. The Valley Prosperity Partnership (VPP) is an initiative led by business executives to advance and advocate for shared strategic economic development opportunities that will strengthen and diversify the Red River Valley region and North Dakota. The Red River Water Supply Project is a top priority of the VPP.

The VPP opposes Senate Bill 2330, which repeals authorization of the Legacy Infrastructure Loan Fund. Repealing it would remove the ability of the state to provide low-interest, long-term loans to political subdivisions. Without access to these low-interest loans, political subdivisions will either need to seek financing elsewhere, at a higher cost, or not move forward with these investments in their communities.

The Legacy Fund Loan program for infrastructure is a way to invest and benefit ND citizens now and for the future. Utilizing the Legacy Fund to support the Infrastructure Revolving Loan Fund provides capital for the loans without appropriations and a return on that investment via payments of principal and interest.

The VPP considers the the Legacy Revolving Loan Fund to be a prudent way to provide an affordable and predictable financing for local governments. Reduced interest costs mean savings to North Dakota's citizens.



## Valley Prosperity Partnership Steering Committee

Brian Johnson, CEO, Choice Bank,  
Co-Chair Valley Prosperity Partnership\*

Judd Graham, Market President  
Dacotah Bank - Fargo  
Co-Chair Valley Prosperity  
Partnership\*

Jonathan Holth, JLG Architects  
Vice Co-Chair\*

Marshal Albright, President & CEO  
Cass County Electric Cooperative,

Andrew Armacost, President  
University of North Dakota

Steve Burian, President & CEO  
Burian & Associates

Dan Conrad, President & CEO  
Blue Cross Blue Shield North Dakota

David Cook, President  
North Dakota State University

Tim Curoe, CEO  
RD Offutt Company

Mylo Einarson, President & CEO  
Nodak Electric Cooperative

Chad Flanagan, Partner  
Eide Bailly

Rod Flanigan, President  
North Dakota State College of Science

Todd Forkel, CEO  
Altru Health System

Shannon Full, President/CEO  
Fargo Moorhead West Fargo  
Chamber of Commerce\*

Shawn Gaddie, Director of Infrastructure  
Management Services, AE2S  
AE2S

Jim Galloway, Principal  
JLG Architects

Kevin Hanson, President & CEO  
Gate City Bank

Tiffany Lawrence, CEO & President  
Sanford Fargo

Keith Lund, President & CEO  
Grand Forks Region EDC\*

William C. Marcil, Sr. Chairman  
Forum Communications Company

Pat McAdaragh, President & CEO  
Midco

Jeff Melgaard, Vice President  
Construction Engineers

Tammy Peterson, Grand Forks Region  
President & Ag Banking Director  
Bremer Bank

Joe Raso, President & CEO  
Greater Fargo Moorhead EDC\*

Jim Roers, President & CEO  
Roers Construction & Development

Richard Solberg, Chairman & CEO  
Bell State Bank & Trust

David White, President  
Border States Electric

Barry Wilfahrt, President & CEO  
The Chamber Grand Forks/East Grand  
Forks\*

Chris Wolf, North Valley Market President  
Alerus Financial

Delore Zimmerman, Executive Director\*

\* Member Executive Committee

**Testimony of Jay Anderson**  
**House Finance and Taxation Committee; Senate Bill 2330**  
**Bismarck, North Dakota – March 14, 2023**

Representative Headland and members of the House Finance and Taxation Committee, I am Jay Anderson and I am a board member for the Garrison Diversion Conservancy District, which cosponsors the Red River Valley Water Supply Project, a drought resiliency project for central and eastern North Dakota, along with the Lake Agassiz Water Authority, and a director for the Southeast Water Users District. I am writing to oppose SB2330, specifically Section 3.

Section 3 of SB2330 repeals Century Code Section 6-09-49.1, which is a provision created in 2021 to provide more availability for loans through the Water Infrastructure Revolving Loan Program and the Infrastructure Revolving Loan Fund, which is imperative for accessing affordable financing for a wide range of critical infrastructure.

Allowing water infrastructure projects such as the Red River Valley Water Supply Project to access adequate financing through the Water Infrastructure Revolving Loan Fund at a 2% interest rate and up to a 40-year term can save local taxpayers hundreds of millions of dollars over the life of the loan.

Rising market rate financing has increased the need more than ever for programs like the Water Infrastructure Revolving Loan Program. The opportunity to access affordable financing through a long-term, low interest loan is critical to the Southeast Water Users as potential participants in the Red River Valley Water Supply Project.

Current and future citizens of North Dakota can benefit from the investments made from the Legacy Fund Loan Program.

If passed, SB2330 reduces access to affordable financing and puts tax burdens on local rate payers. I ask that you please remove Section 3 or do not pass SB2330.

Thank you for your consideration.

**Testimony of Tom Erdmann, Mayor of Carrington**  
**House Finance and Taxation Committee; Senate Bill 2330**  
**Bismarck, North Dakota – March 14, 2023**

Representative Headland and members of the House Finance and Taxation Committee, I am Tom Erdmann and I am the Mayor of the City of Carrington and a board member on the Lake Agassiz Water Authority, which cosponsors the Red River Valley Water Supply Project a drought resiliency project for central and eastern North Dakota. I am writing to oppose SB2330.

Section 3 of SB2330 repeals Century Code Section 6-09-49.1. This provision was created in 2021 to provide more availability for loans through the Water Infrastructure Revolving Loan Program and the Infrastructure Revolving Loan Fund, which are critical for accessing affordable financing for a wide range of critical infrastructure.

Accessibility to affordable financing through a long-term, low interest loan is critical to the City of Carrington as a participant in the Red River Valley Water Supply Project, as the Project becomes more affordable to a smaller city like ours.

The Water Infrastructure Revolving Loan Program, offering a 2% interest rate and up to a 40-year term, can save local taxpayers hundreds of millions of dollars on the life of the loan as opposed to a market rate loan.

The Legacy Fund Loan Program is a multigenerational investment benefitting North Dakota citizens now and in the future.

If passed, SB2330 reduces access to affordable financing and puts the tax burden on local rate payers.

I ask that you please do not pass SB2330.

Thank you for your consideration.

March 14, 2023

**RE: Testimony to House Finance and Taxation Committee on SB 2330 – Relating to the Legacy Infrastructure Loan Fund**

Chairman Headland and members of the committee,

I am Shawn Dobberstein, Executive Director of the Municipal Airport Authority of the City of Fargo – (FAR) – Hector International Airport. Thank you for the opportunity to testify today. I provide this written testimony on behalf of FAR to oppose SB 2330.

The North Dakota legislature passed HB 1425 during the 2021 legislative session. HB 1425 provided revolving infrastructure loans from the Legacy fund to political subdivisions to support infrastructure development throughout North Dakota. HB 1425 expanded the definition of essential infrastructure to include airports. The addition of airports to the eligibility definition was greatly appreciated and a significant development for airports across the state. Airports gained access to a funding source that will help to complete critical projects.

Airports across North Dakota are constantly planning for future development and growth to meet the needs of the aviation industry and to meet federal regulations. Airports in North Dakota coordinate with the Federal Aviation Administration (FAA) to access federal grant opportunities in order to obtain the maximum federal share for each eligible project. Airports still require additional investments from the State along with local airport sponsor funds to complete the projects listed on each airport's capital improvement plan. Airports are constantly dealing

with challenges to obtain the funding necessary to complete projects due to the lack of federal, state, and local funding. Project costs continue to increase each year due to inflation which can result in costly delays to complete the critical infrastructure projects across the state. Our airports need to have access to the revolving loan fund in order to complete infrastructure projects that benefit the citizens of North Dakota, our visitors from across the United States and around the world.

The Municipal Airport Authority of the City of Fargo is in the process of designing a Passenger Terminal Expansion and Modification project. This project will add four passenger gates to our current five gate terminal for a total of nine gates. Our plan is to break ground in March of 2024. The estimated cost is \$123 million. This also includes the expansion of the apron to accommodate the aircraft that will access the new four gate expansion area. The Municipal Airport Authority has applied for a \$40 million loan via the revolving loan fund to finance a significant portion of this project. We are working with the Bank of North Dakota to secure funding. Now there is uncertainty due to SB 2330. Our financing costs will escalate if we do not have access to the revolving loan fund due to the high costs of issuing and securing bonds.

The Municipal Airport Authority of the City of Fargo is in opposition to SB 2330. This bill will remove a critical alternate funding source that can be accessed to complete high priority infrastructure projects. We respectfully request that the committee provide a do not pass on the bill. Thank you for the opportunity to provide testimony today.

Respectfully,

Shawn A. Dobberstein, AAE  
Executive Director, Municipal Airport Authority of the City of Fargo

**House Finance and Taxation  
Chairman Craig Headland  
March 14, 2023**

**By: David Lakefield  
Finance Director, City of Minot  
701-857-4784**

**SB 2330**

Chairman Headland and Members of the House Finance and Taxation Committee, my name is David Lakefield and I am the Finance Director for the City of Minot. I would like to thank you for your time to address this bill this morning.

As you are all aware, the Souris River Basin is in the middle of a very large flood control project of which the City of Minot is the primary funding source for the local match. Minot has dedicated a portion of their sales tax revenues to fund this project and has also issued bonds in support of the project. Even though sales tax revenues are projected to be sufficient to service the debt utilizing a combination of the open market as well as the Infrastructure Revolving Loan Fund, rising rates will make this much more difficult.

Minot has not yet utilized the funding available through the infrastructure revolving loan funds but fully expect to within the next two years. In 2021, while the legislature was still in session, Minot committed to issuing bonds for three years of projected flood control related expenses and locked in a rate of just over 2% for 30 years.

At the time, we weren't certain if the revolving loan funds would be approved and we were concerned that we would miss the opportunity to take advantage of the low rate environment that we were in. As you all are aware, rates have gone up significantly since 2021.

Currently the remaining local share to be financed for the Souris Basin Flood Control Project is estimated to be just over \$250,000,000. An increase in rates from 2% to 4% would add nearly \$100,000,000 in interest cost to this project.

Flood control is not the only beneficiary of the infrastructure loans. Minot is also exploring this program to kick-start a large project to replace aging cast iron water mains in the city. These efforts have been hampered in the last few years due to supply chain issues and the resulting increase in prices.

Having access to a stable and readily accessible source of funding is a huge benefit when trying to develop long range plans to tackle some of these generational infrastructure projects. Our concern with this bill is that it removes the backstop funding for the Infrastructure Revolving Loan Fund. A portion of the funds in the portfolio will still be allocated to fixed income investments but may be located outside of North Dakota. Focusing only on the investment return completely disregards the economic impact that these infrastructure projects have within the state. Funding these projects within North Dakota keeps that economic impact local instead of paying it to bondholders out of state.

For these reasons, I would request that the committee give SB 2330 as it is proposed a do not pass recommendation.

Thank you.



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**SB 2330**  
**Testimony of Dani Quissell**  
**House Finance and Taxation Committee**

Chairman Headland and members of the House Finance and Taxation Committee,

The North Dakota Water Users Association has concerns with SB 2330 as currently drafted. The Association's concern revolves around the removal of the ability to fund the Infrastructure Revolving Loan Fund and Water Infrastructure Revolving Loan Fund using the Legacy Fund. These programs allow the state to use the Legacy Fund to invest in vital public infrastructure projects that benefit North Dakotans today and into the future while maintaining a return on that investment via interest payments. The Infrastructure Revolving Loan Fund and Water Infrastructure Revolving Loan Fund provide low-interest, long-term loans to political subdivisions for a variety of projects including: water treatment plant expansions, water main replacement, water storage projects, etc.

Without access to these low-interest loans, political subdivisions will either have to seek financing elsewhere, at a higher cost, or not move forward with these investments in their communities. If they do complete a project with a higher level of interest, payment of that interest has to be made by increasing the water rates or taxes that individual North Dakotans and businesses pay.

While SB 2330 would not repeal these programs directly, it does remove access to much needed additional capital that makes these programs viable for political subdivisions across the state. Should this bill pass, some additional revenue source will need to be identified to keep these loan programs going.

While we understand there may be a concern with the low rate of return back into the Legacy Fund due to the low interest rate, we believe that this type of investment in vital infrastructure is exactly the type of investment the Legacy Fund should promote. Without any direct loss to the principal of the Fund, the state is able to ensure we have the infrastructure in place to create vibrant, healthy communities and rural areas across the state.

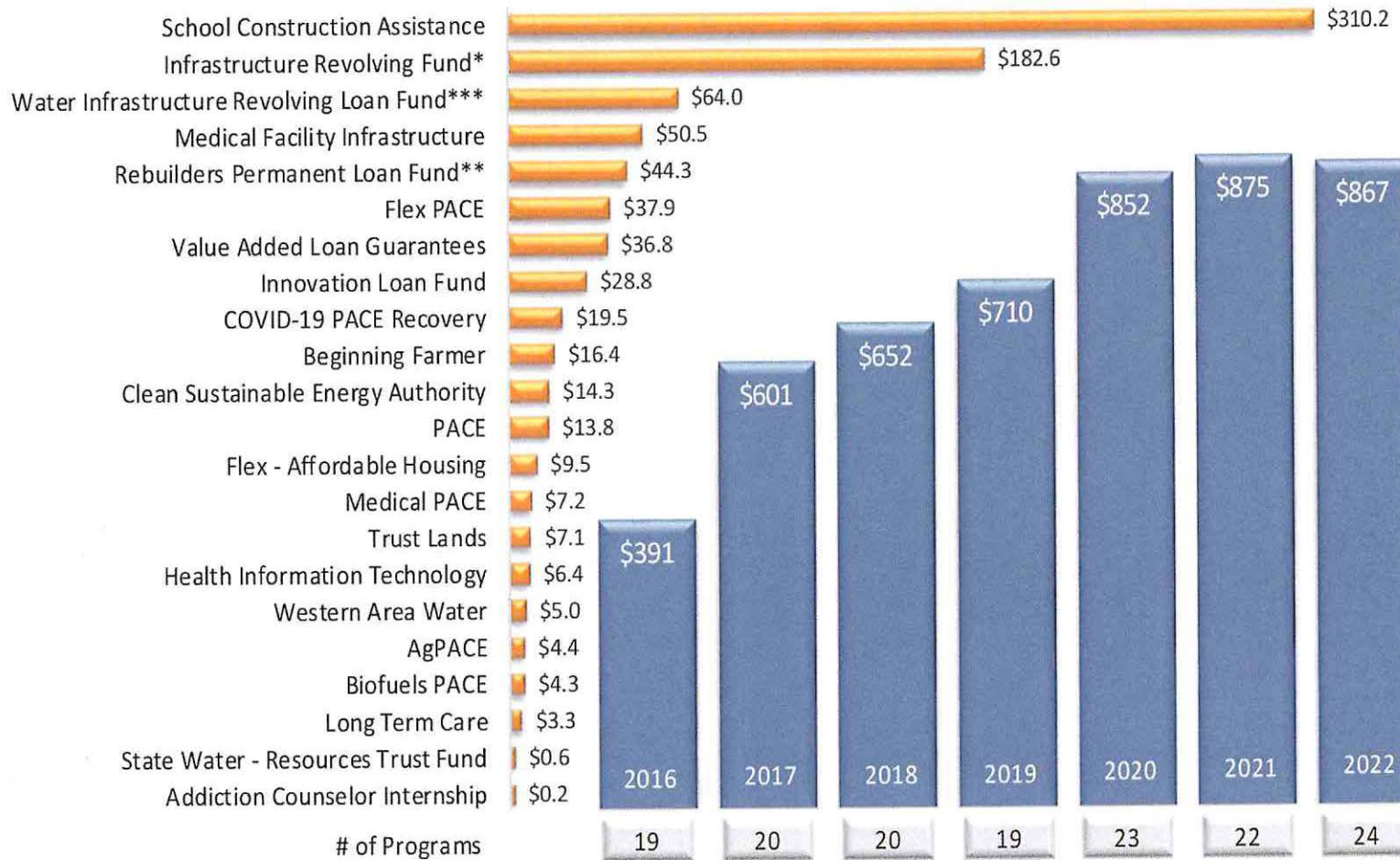
For these reasons, the ND Water Users Association asks that you oppose SB 2330 in its current form absent an identified alternative funding source for these critical infrastructure programs.





**Infrastructure Programs Administered by BND**  
**Senate Bill 2330**

# 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 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.





# 2021 Legislative Session—HB1425 –Legacy Fund In-State Investments

## HB1425—In State Investments

20% of Legacy Fund Principal Directed To In-State Investment

### 10% of the 20% is Directed to Fixed Income

- 60% to BND Match Program
- 40% to Legacy Infrastructure Loan Fund

### 10% of the 20% to Equity Investments

- 3% of 10% to Equity / V.C. / Alternative
- Gives Preference to In-State Investment Firms

Exempts Legacy Fund from Prudent Investor Rule

Adds “Direct Benefit” to the State to the Mission Statement of the Legacy Fund.

## Current Implementation

Legacy Fund Principal Balance	\$8,158,071,509
20% of Principal	\$1,631,614,302

### Fixed Income

10% of 20% to Fixed Investment	\$815,807,151
BND Match Program	\$489,484,291
Legacy Infrastructure Loan Fund	\$326,322,860

### Equity Investments

10% of 20% to Equity Investment	\$815,807,151
3% to Venture	\$244,742,145
Pref to In-State	\$571,065,006

## SB2330—Changes To Legacy Fund Fixed Income Language

3. The board shall determine the asset allocation for the investment of the principal of the legacy fund including:
- a. A target allocation of ~~ten~~<sup>six</sup> percent to fixed income investments within the state, of which:
- (1) ~~Up to forty percent must be targeted for infrastructure loans to political subdivisions under section 6-09-49.1. The net return to the legacy fund under this paragraph must be fixed at a target rate of one and one-half percent;~~
- (2)<sup>†</sup> ~~Up to sixty percent, with a minimum of four hundred million dollars, must be designated to the Bank of North Dakota's certificate of deposit match program with an interest rate fixed at the equivalent yield of United States treasury bonds having the same term, up to a maximum term of twenty years; and~~
- (3) Any with any remaining amounts ~~must be~~ designated for other qualified fixed income investments within the state.

SB2330 removes the Legacy Infrastructure Loan Fund eliminating the ability to transfer loans into the Legacy Fund to create additional capital for the infrastructure and water infrastructure revolving loan funds.

SB2330 does maintain access to 6% of Legacy Fund For Match Program.

### 21-10-12. Legacy fund definitions.

For the purposes of section 26 of article X of the Constitution of North Dakota:

1. "Earnings" means ~~net income in accordance with generally accepted accounting principles, excluding any unrealized gains or losses~~ an amount equal to seven percent of the five-year average value of the legacy fund assets as reported by the state investment board using the value of the assets at the end of each fiscal year for the five-year period ending with the most recently completed even-numbered fiscal year.
2. "Principal" means all moneys in the legacy fund not included in earnings as defined under subsection 1.

**SECTION 3. REPEAL.** Section 6-09-49.1 of the North Dakota Century Code is repealed.





## Match Program Purpose

- MATCH serves as the primary loan program to support large-scale economic diversification projects with **investment rated companies**.
- State Investment Board utilizes the “Legacy Fund” to purchase CDs at BND to provide funding for the loan.
- 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.



# Match Program Status

- HB1425 provided BND access to a minimum of \$400m or 60% of the fixed income investment amount for the Match Program.
- BND provided a \$150m Match loan to the ND Transmission Authority to assist in financing the High Voltage Line purchase as part of the Coal Creek Transaction with Rainbow Energy.

PROGRAM AVAILABILITY	
TOTAL AVAILABLE FUNDS AS OF 12/31/22	483,000,000
CURRENT BALANCE	187,916,666
CURRENT PENDING	280,000,000
REMAINING FUNDS	15,083,334



# Essential Infrastructure Definitions – 2021 Session

## Revised Definitions of Essential Infrastructure

Previous Definitions

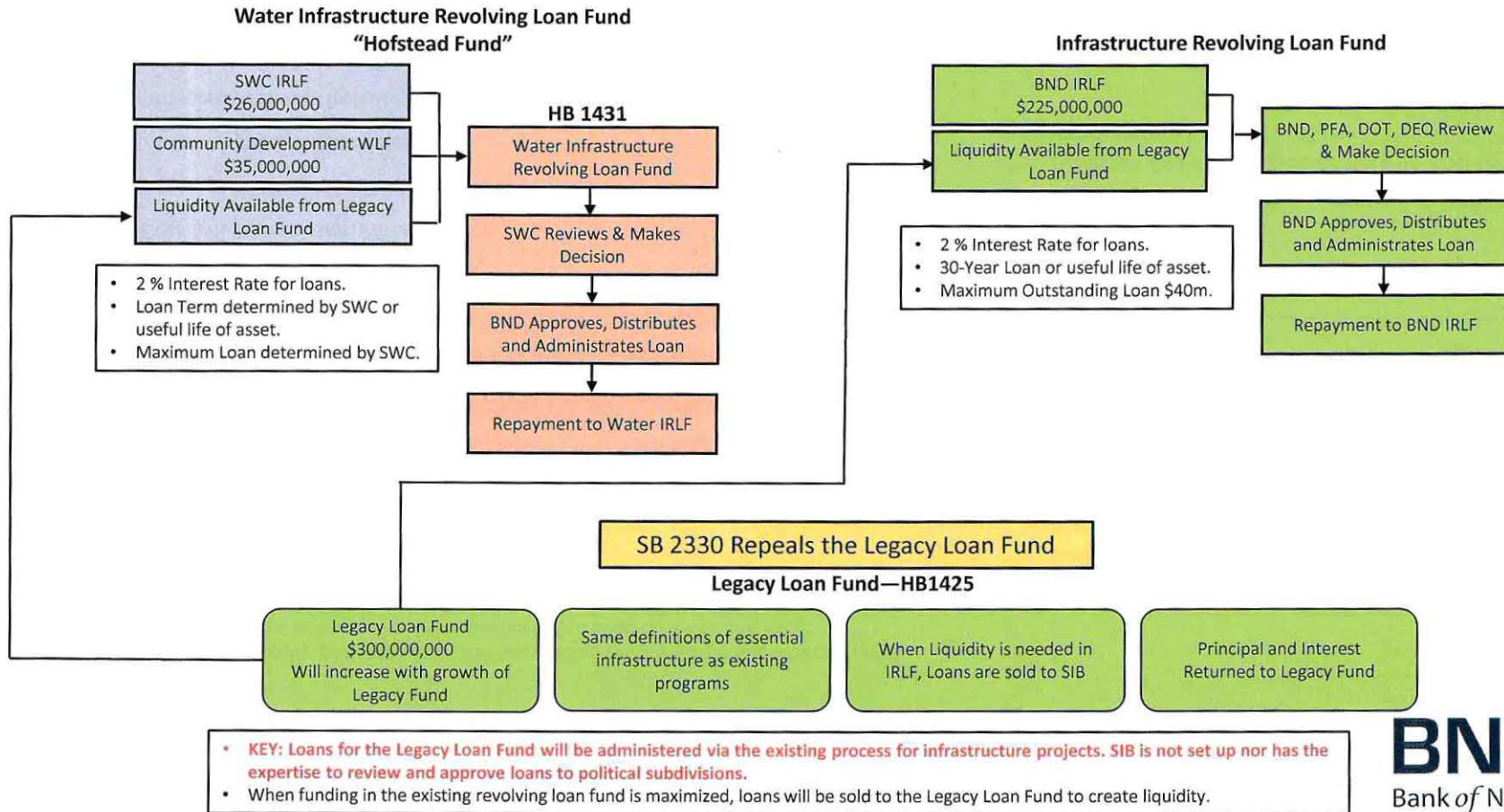
- Eligible infrastructure projects under this subsection are capital projects to construct new infrastructure or to replace infrastructure and which provide the fixed installations necessary for the function of a political subdivision. Capital construction projects exclude routine maintenance and repair 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

# Legacy Infrastructure Loan Fund – HB1425





## Infrastructure Revolving Loan Fund—Legacy Fund

### Infrastructure Revolving Loan Fund

Cash Balance		24,417,967.99
Bond Proceeds Remaining		59,396,252.25
BND Capital Remaining		52,000,000.00
Available Funds		135,814,220.24
In Construction Commitments		30,820,197.83
Approved Commitments		13,893,026.00
Pending Applications		42,328,910.31
<b>Current Available</b>		<b>48,772,086.10</b>
2023 - 2025 Repayments		19,999,366.72
<b>Available for New Loans 2023-2025</b>		<b>68,771,452.82</b>
Bond Proceeds Returned to DOT	HB 1012	35,000,000.00
WAWSA Refinance	SB 2196	42,723,429.00
<b>After Pending Legislation</b>		<b>(8,951,976.18)</b>

### Water Infrastructure Revolving Loan Fund

Cash Balance		27,137,971.57
In Construction Commitments		14,902,038.65
Pending Applications		1,700,000.00
<b>Current Available</b>		<b>10,535,932.92</b>

# Water and Infrastructure Revolving Loan Fund

By Population of Borrower

<b>Infrastructure Revolving Loan Fund</b>				
<b>Population</b>	<b>Approved Amount</b>	<b>Outstanding Balance</b>	<b>Number of Loans</b>	<b>% of Approved</b>
<b>Under 1,000</b>	\$36,076,400.00	\$29,350,171.31	25	18.93%
<b>1,001 to 5,000</b>	\$48,821,800.00	\$22,230,810.57	24	25.61%
<b>5,001 to 10,000</b>	\$7,079,931.00	\$4,900,750.84	9	3.71%
<b>10,001 to 25,000</b>	\$17,210,865.00	\$12,635,510.09	7	9.03%
<b>Over 25,000</b>	\$81,420,000.00	\$44,784,839.98	10	42.72%
	<b>\$190,608,996.00</b>	<b>\$113,902,082.79</b>	<b>75</b>	

<b>Water Infrastructure Revolving Loan Fund</b>				
<b>Population</b>	<b>Approved Amount</b>	<b>Outstanding Balance</b>	<b>Number of Loans</b>	<b>% of Approved</b>
<b>Under 1,000</b>	\$8,231,600.00	\$4,057,539.11	19	12.27%
<b>1,001 to 5,000</b>	\$18,566,985.00	\$13,860,442.52	27	27.68%
<b>5,001 to 10,000</b>	\$12,054,114.00	\$8,479,009.04	6	17.97%
<b>10,001 to 25,000</b>	\$0.00	\$0.00	-	0.00%
<b>Over 25,000</b>	\$28,215,000.00	\$9,942,760.38	2	42.07%
	<b>\$67,067,699.00</b>	<b>\$36,339,751.05</b>	<b>54</b>	



# Water and Infrastructure Revolving Loan Fund

By Term For Borrower

<b>Infrastructure Revolving Loan Fund</b>				
<b>Term</b>	<b>Approved Amount</b>	<b>Outstanding Balance</b>	<b>Number of Loans</b>	<b>% of Approved</b>
5 Years	\$1,775,000.00	\$459,345.70	2	0.93%
10 Years	\$5,704,381.00	\$1,406,068.75	8	2.99%
15 Years	\$19,118,731.00	\$8,773,239.82	14	10.03%
20 Years	\$76,476,714.00	\$39,952,730.32	23	40.12%
25 Years	\$35,332,120.00	\$28,105,935.30	7	18.54%
30 Years	\$52,202,050.00	\$35,204,762.90	21	27.39%
	<b>\$190,608,996.00</b>	<b>\$113,902,082.79</b>	<b>75</b>	

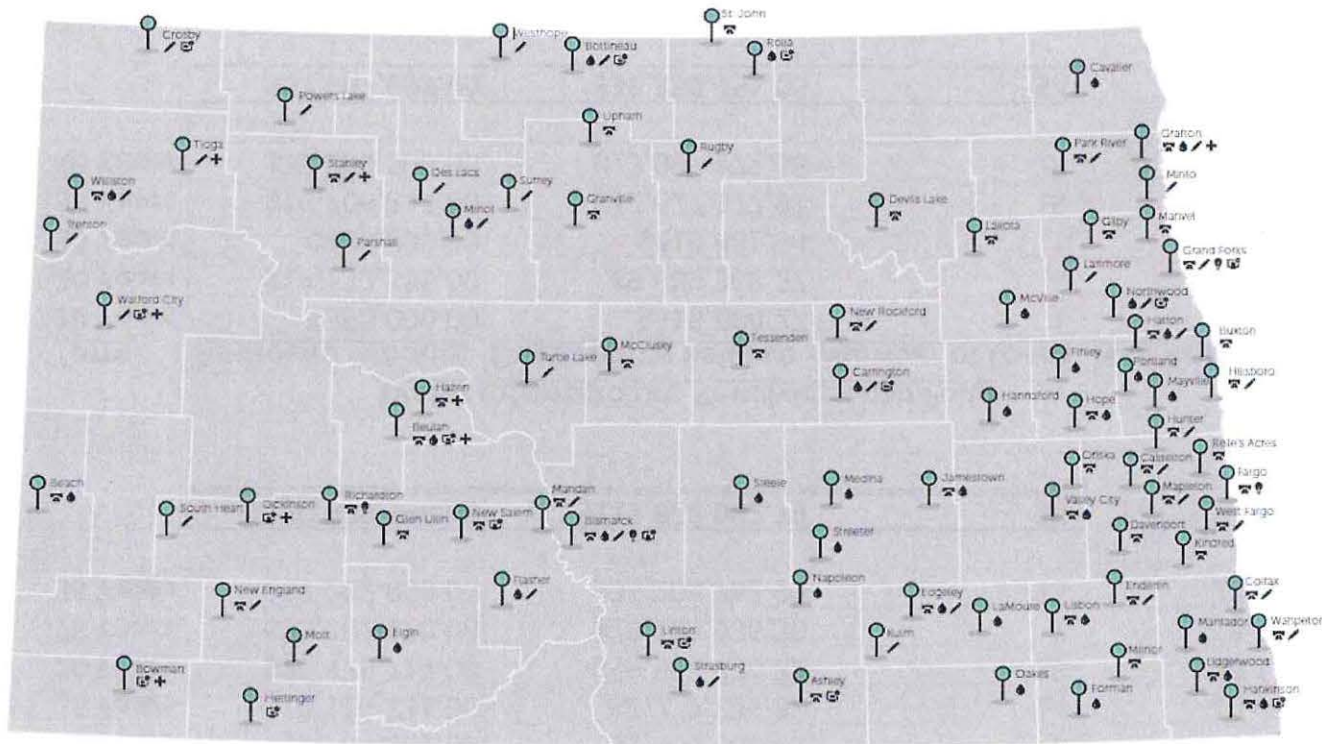
<b>Water Infrastructure Revolving Loan Fund</b>				
<b>Term</b>	<b>Approved Amount</b>	<b>Outstanding Balance</b>	<b>Number of Loans</b>	<b>% of Approved</b>
10 Years	\$350,000.00	\$315,600.27	1	0.52%
20 Years	\$14,132,385.00	\$9,889,368.27	8	21.07%
25 Years	\$600,000.00	\$410,431.94	1	0.89%
30 Years	\$18,704,814.00	\$12,627,177.91	16	27.89%
40 Years	\$33,280,500.00	\$13,097,172.66	28	49.62%
	<b>\$67,067,699.00</b>	<b>\$36,339,751.05</b>	<b>54</b>	





# Legislative-Directed Program Recipients

AS OF SEPTEMBER 2022



## Legend

-  Infrastructure Revolving Loan Fund
-  Water Infrastructure Revolving Loan Fund
-  School Construction Assistance Revolving Loan Fund
-  Innovation Loan Fund
-  Health Information Technology Fund
-  Medical Infrastructure Loan Fund



## 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

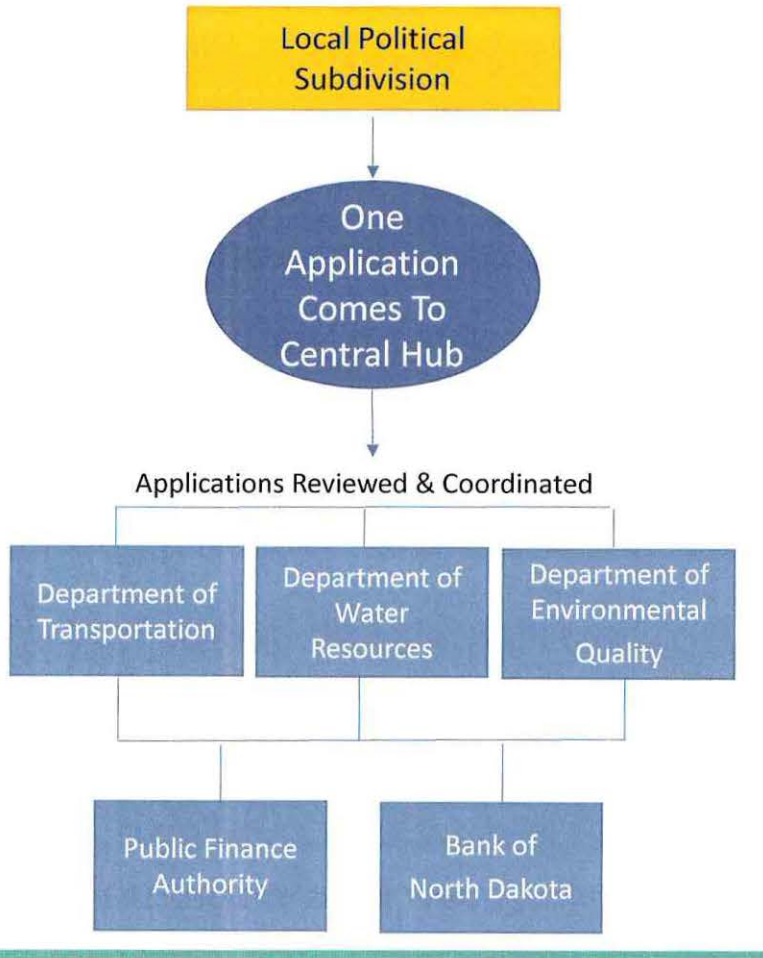
### \$40 Million Project - Total Savings: \$19,025,000

	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?**

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**Testimony of Mayor Tim Mahoney (City of Fargo),  
Mayor Bernie Dardis (City of West Fargo), and Jon Zuther (Cass Rural Water District)  
House Finance and Taxation Committee - Senate Bill 2330**

Chairman Headland and members of the House Finance and Taxation Committee, we are Mayor Tim Mahoney, Mayor Bernie Dardis, and Jon Zuther representing the regionalized water system servicing the Cities of Fargo and West Fargo and the Cass Rural Water District. Our three political subdivisions are also members of the Lake Agassiz Water Authority (Lake Agassiz), which is the other cosponsor of the Red River Valley Water Supply Project (RRVWSP) along with the Garrison Diversion Conservancy District. This testimony is submitted in opposition specifically to Section 3 of Senate Bill 2330.

Section 3 of SB 2330 would repeal Section 6-09-49.1. We urge the Committee to carefully review this Section of the bill as it identifies the provision within the North Dakota Century Code that provides the Bank of North Dakota with options to provide additional capitalization of the Water Infrastructure Revolving Loan Fund (WIRLF). The WIRLF has greatly expanded the ability for political subdivisions to access affordable financing for a wide range of critical infrastructure, like the RRVWSP.

Using testimony from the Bank of North Dakota, the difference in utilizing the WIRLF versus private financing for the local cost-share of the RRVWSP, **Section 3 of SB2330 would increase the local tax burden by hundreds of millions of dollars** over the life of the loan.

To put this increase in more relatable terms, the monthly water bill of **a residential home would pay an extra \$3 per month just in the difference in financing options...** this amount increases the monthly water rate increase just to pay for the RRVWSP by an approximately 33%.

We see the Water Infrastructure Revolving Loan Fund as an opportunity to provide an affordable and predictable financing for local governments. Like the State, cities and water districts are under constant pressure to keep up with the growing demand and increasing costs to build and maintain the necessary infrastructure for our citizens. The WIRLF is a tremendous asset to being able to meet the needs of our citizens.

The State has been a vital partner for cities and local political subdivisions in providing for our citizens' needs and Section 3 of SB 2330 runs counter to that successful partnership.

**Please remove Section 3 or provide a DO NOT PASS recommendation for SB 2330.**  
Thank you, Chairman Headland and members of the Committee for consideration our testimony.



23.0469.03004  
Title.

Prepared by the Legislative Council staff for  
Representative Headland  
April 11, 2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2330

Page 1, line 3, remove "repeal section 6-09-49.1 of the North Dakota Century Code, relating to"

Page 1, line 4, replace "the legacy infrastructure loan fund" with "declare an emergency"

Page 1, line 19, remove "six"

Page 1, line 19, overstrike "percent" and insert immediately thereafter "seven hundred million dollars"

Page 1, line 20, after "~~which~~" insert "including"

Page 1, line 20, remove the overstrike over the overstruck semicolon

Page 1, line 21, remove the overstrike over "~~(1) Up to~~"

Page 1, line 21, after "~~targeted~~" insert "one hundred fifty million dollars"

Page 1, line 21, remove the overstrike over "~~for infrastructure loans to political~~"

Page 1, remove the overstrike over lines 22 through 24

Page 2, line 1, remove the overstrike over "~~(2)~~"

Page 2, line 1, overstrike "with a" and insert immediately thereafter "A"

Page 2, line 2, overstrike "designated to" and insert immediately thereafter "for"

Page 2, line 5, remove the overstrike over the overstruck semicolon

Page 2, line 6, remove the overstrike over "~~(3)~~"

Page 2, line 6, remove "with any"

Page 2, line 6, overstrike "remaining amounts"

Page 2, line 6, overstrike "designated for other" and insert immediately thereafter "Other"

Page 2, line 7, after "state" insert "based on guidelines developed by the legacy and budget stabilization fund advisory board"

Page 2, line 8, remove "three"

Page 2, line 8, overstrike "percent" and insert immediately thereafter "six hundred million dollars"

Page 2, line 8, overstrike "of which" and insert immediately thereafter "including"

Page 2, line 9, remove "Three"

Page 2, line 9, overstrike "percent may be targeted for investment" and insert immediately thereafter "Investments"

Page 2, line 20, remove "Any remaining amounts may be targeted"

Page 2, line 20, overstrike "for other" and insert immediately thereafter "Other"

Page 3, replace line 23 with:

**"SECTION 3. EMERGENCY.** Section 1 of this Act is declared to be an emergency measure."

Re-number accordingly

# Assumptions and Constraints

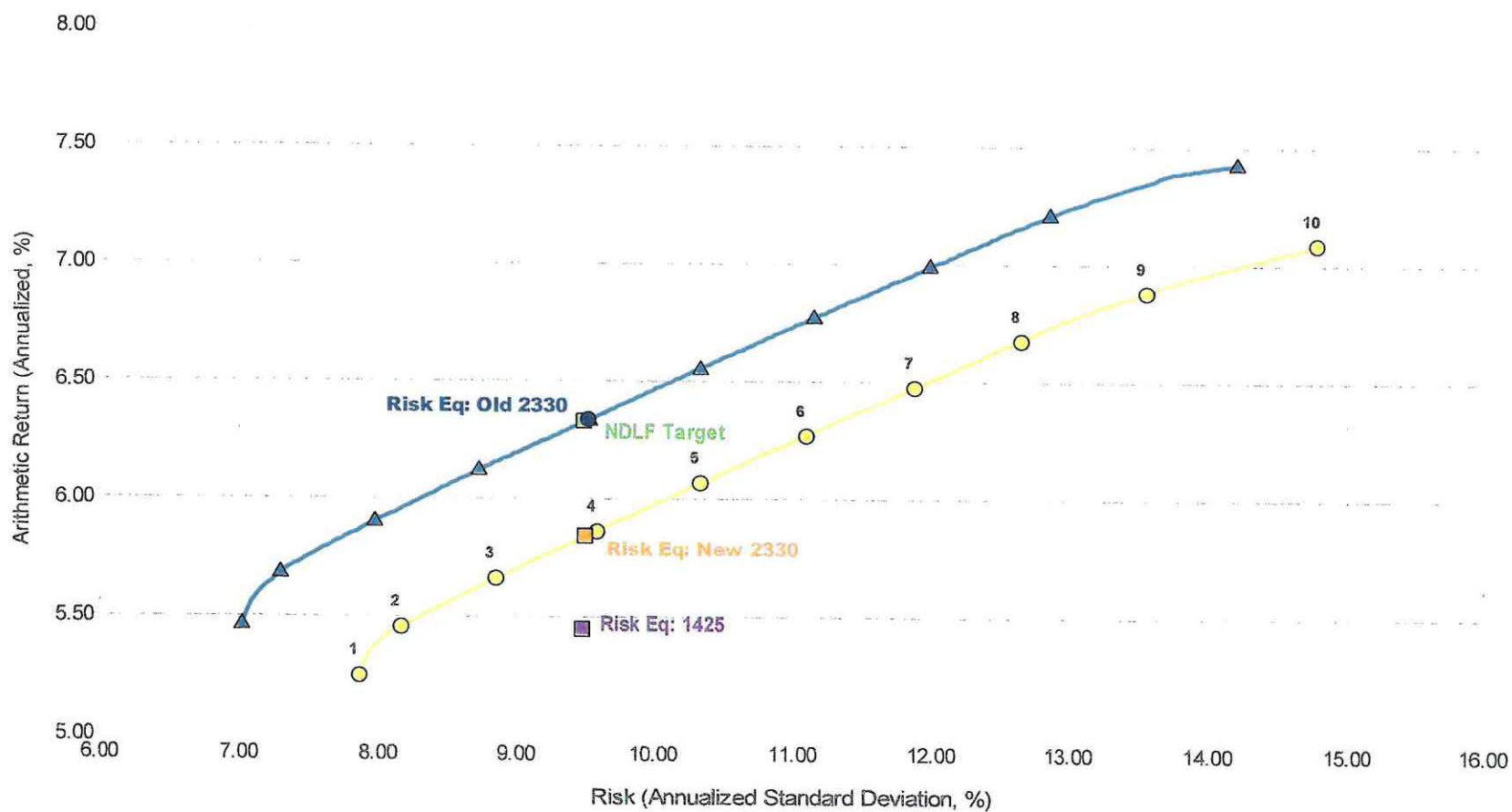
- For purposes of this analysis, we developed preliminary assumptions regarding the return and risk profile of the various potential forms of in-state investment as described in HB 1425.
  - **Private Equity:** returns = 50% of similar traditional investments; risk = 150% of similar traditional investments.
  - **Infrastructure Loan:** returns = 1.5% as defined in 1425; risk = RVK's private credit assumption.
  - **Bank of North Dakota CD Match:** returns and risk = 10-year Treasury Bonds.
- Additional Assumptions and Constraints:
  - Non-US equity cannot exceed US equity.
  - Illiquid assets cannot exceed 25%.
- On each frontier we showed the following portfolios:
  - Current North Dakota Legacy Fund (“NDLF”) target allocation.
  - The following model portfolios with the same risk profile as the current Legacy Fund target:
    - **“Risk Eq: 1425”:** from the frontier specific for the 1425 bill
    - **“Risk Eq: Old 2330”:** from the frontier specific for the 2330 bill language prior to April 11 amendments
    - **“Risk Eq: New 2330”:** from the frontier specific for the “new” 2330 bill, amended on April 11<sup>th</sup> as follows. For modeling purposes, this portfolio assumes immediate implementation of the below:
      - \$150 M is invested in the infrastructure revolving loan program;
      - \$550 M is invested in the BND match loan program;
      - \$600 M is invested in the in-state equity allocation;
      - No additional future additions to these allocations.



# Efficient Frontier: New, Amended HB2330

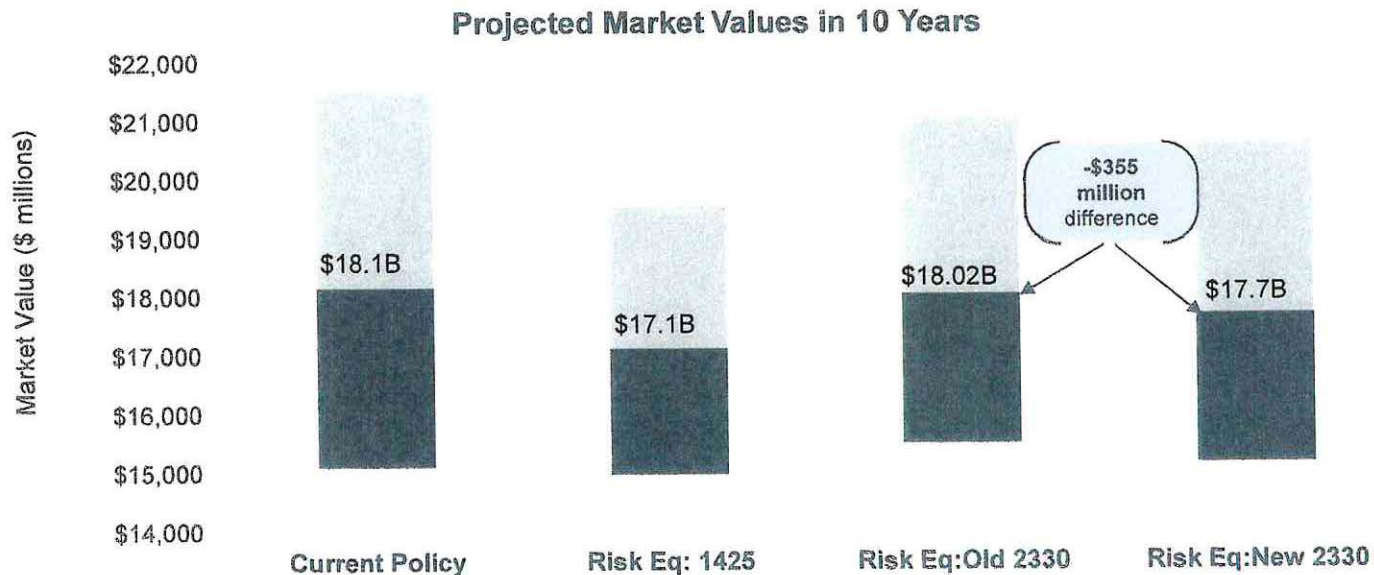
	Min	Max	1	2	3	4	5	6	7	8	9	10	NDLF Target	Risk Eq: 1425	Risk Eq: Old 2330	Risk Eq: New 2330
Broad US Equity	10	40	18	14	17	19	22	24	27	29	33	35	30	20	21	19
Broad International Equity	10	30	10	14	17	19	22	24	27	29	30	30	20	14	21	19
Private Equity	0	12	0	0	0	0	0	0	0	0	4	9	1	0	3	0
In-State Private Equity	7.5	7.5	8	8	8	8	8	8	8	8	8	8	0	10	3	8
US Agg Fixed Income	10	40	40	40	40	36	31	26	21	16	12	10	29	36	34	37
Private Credit	0	10	0	4	4	4	4	4	4	4	0	0	3	0	8	4
BND CD Match	7	7	7	7	7	7	7	7	7	7	7	7	2	6	6	7
Infrastructure Loans	2	2	2	2	2	2	2	2	2	2	2	2	0	4	0	2
TIPS	0	7	7	6	1	0	0	0	0	0	0	0	5	5	0	0
Private Core Infrastructure	0	5	5	5	5	5	5	5	5	5	5	0	5	5	5	5
Core Real Estate	0	10	4	0	0	0	0	0	0	0	0	0	5	0	0	0
Total			100	100	100	100	100	100	100	100	100	100	100	100	100	100
Capital Appreciation			36	40	45	50	55	60	65	70	74	81	54	44	55	49
Capital Preservation			49	49	49	45	40	35	30	25	21	19	31	46	40	46
Alpha			0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inflation			16	11	6	5	5	5	5	5	5	0	15	10	5	5
Expected Arithmetic Return			5.3	5.5	5.7	5.9	6.1	6.3	6.5	6.7	6.9	7.1	6.3	5.5	6.3	5.9
Expected Risk (Standard Deviation)			7.9	8.2	8.9	9.6	10.3	11.1	11.9	12.7	13.6	14.8	9.5	9.5	9.5	9.5
Expected Compound Return			5.0	5.2	5.3	5.5	5.6	5.7	5.8	6.0	6.0	6.1	5.9	5.1	5.9	5.5
Expected Return (Arithmetic)/Risk Ratio			0.7	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.7	0.6	0.7	0.6
RVK Expected Eq Beta (LCUS Eq = 1)			0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.9	0.6	0.5	0.6	0.5
RVK Liquidity Metric (T-Bills = 100)			70	69	69	69	69	70	70	70	71	70	79	69	69	68

# Efficient Frontier: New, Amended HB2330



# Estimated Wealth Implications

- We modeled the potential range of wealth values over the next 10 years using the risk and return characteristics of the risk equivalent portfolios for the HB1425, “Old” HB2330 and “New” HB 2330 with the following assumptions:
  - Starting market value of \$7.95 billion for the entire portfolio.
    - For the “New 2330” scenario, this was segregated into 2 portfolios from the start (\$6.65 B “core portfolio” and \$1.3 B “in-state portfolio”)
  - Monthly contributions based on monthly production assumptions as provided by the ND Office of State Tax Commissioner and monthly oil price forecasts.
  - To isolate the impact of just the asset allocation differences, applied the proposed distribution policy to both scenarios: 7 % of the 5-year average value of the legacy fund assets as reported by the SIB using the value of the assets at the end of each fiscal year for the 5-year period ending with the most recently completed even-numbered fiscal year<sup>1</sup>.



<sup>1</sup> Senate Bill No. 2330. Sixty-eighth Legislative Assembly of North Dakota. Introduced by Senators Klein, Hogan, Meyer and Representatives Bosch, Kreidt.