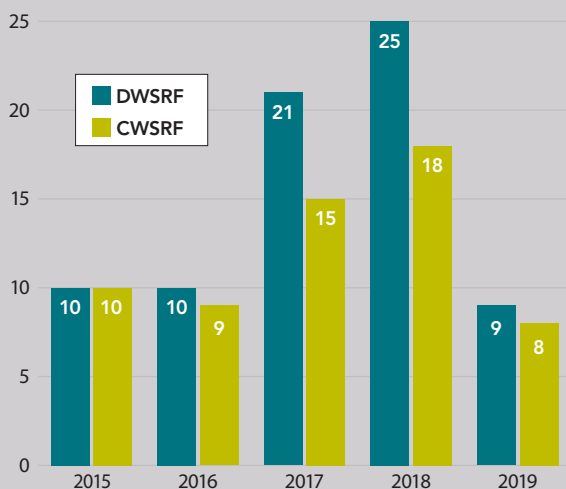


2019

YEAR-END REVIEW

NORTH DAKOTA STATE REVOLVING FUND

NUMBER OF NEW PROJECTS FUNDED BY THE SRF PROGRAMS



SRF PROGRAM TRAINING

Do you have new staff not familiar with the SRF programs? Are there seasoned people at your organization now more involved with SRF projects? If you have staff interested in learning more about the SRF programs, we can bring tailored training programs to you! These trainings can include sessions on completing the loan application, diving into technical issues, or even an SRF 101 class designed to explore a project from start to finish. Our staff would be happy to accommodate a request for a training session. For more information contact ND Department of Environmental Quality, 918 E Divide Ave, 3rd Floor, Bismarck, ND 58501, 701-328-5211, NDSRF@nd.gov; or ND Public Finance Authority, PO Box 5509, Bismarck, ND 58506-5509, 701-426-5723, dament@nd.gov.

SRF PROGRAM PAST, PRESENT, AND FUTURE

North Dakota's State Revolving Fund (SRF) programs have provided more than \$1.4 billion in water and wastewater infrastructure funding since they were established! The CWSRF Program turned 32 years old and the DWSRF Program turned 22 years old in 2019. The longevity of the SRF programs and the ability to meet current loan demand is ensured by careful financial management, including leveraging.

North Dakota's programs have been able to fund any eligible project that has applied for a loan and is able to meet program requirements. These loans improve the lives of all North Dakotans by repairing and replacing infrastructure, improving water quality, providing for the conveyance and treatment of wastewater, and many more eligible uses which inspire success for communities.

Loans originated through the SRF have ranged in size from \$27,000 up to \$126,500,000. Two recent projects that have received funding through the SRF programs are highlighted on the following pages. Over 565 loans have been made since inception of the programs. SRF staff are currently managing 55 DWSRF loans and 32 CWSRF loans. The SRF programs will be a source of water and wastewater infrastructure funding for the state into perpetuity.

SRF SAVINGS

BELOW-MARKET
NO PENALTY

BENEFITS OF THE SRF

- Below-market effective interest rate of 2.0% with loan terms up to 30 years.
- No construction or interim financing necessary; expenses are reimbursed as they are incurred.
- The SRF only requires borrowers to pay interest on the loan as funds are drawn. If the political subdivision were to issue bonds, interest would accrue on the full amount of issued bonds including any unused bond proceeds.
- Loan only for amount used; not required to borrow the approved loan amount.
- Often used as local match to other funding agencies.
- There is no penalty for early payment from excess revenues (prepayments are not allowed from bond proceeds).
- Bond counsel fees are the only cost of issuance expense.

SRF SAVINGS THROUGH BELOW-MARKET RATE FINANCING

The SRF programs can provide savings when compared to the bonds sold in the market. The following table highlights the savings the SRF can provide.

	20 YEAR			30 YEAR		
	SRF	Market Bond Issue		SRF	Market Bond Issue	
	2.00%	3.00%	3.25%	2.00%	3.50%	3.75%
Total Project Cost	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Cost of Issuance/Underwriter's Discount	5,000	39,000	39,040	5,000	41,100	41,200
Debt Service Reserve Fund (DSRF)	61,463	77,500	79,413	44,873	62,825	64,688
Average Annual Payment	61,463	75,290	77,044	44,873	60,091	62,319
Total Principal	1,005,000	1,120,000	1,120,000	1,005,000	1,105,000	1,110,000
Total Interest	168,188	385,800	420,875	255,896	697,725	759,563
Total Administration Fee	56,063	0	0	85,299	0	0
Total Principal/Interest/Admin Less DSRF	1,167,788	1,428,300	1,461,463	1,301,322	1,739,900	1,804,875
Savings Using the SRF		260,512	293,675		438,578	503,553

On a \$1,000,000 project-financed for 20 years using the SRF, the borrower would pay total costs of \$1,167,788. If the project was financed with bonds sold in the market at 3.25%, the total costs would be \$1,461,463, or 25% more than if they used the SRF program. If the same \$1,000,000 project was financed for 30 years, the total SRF costs would be \$1,301,322. If the 30-year market rate was 3.5% when the project was financed in the market, the total costs would be \$1,739,900, or \$438,578 more than the SRF financing.



DWSRF FEATURED PROJECT

RIVERDALE ELEVATED WATER STORAGE REPLACEMENT

The city of Riverdale's existing water tower was originally constructed in 1946 and is still used today. The tank and supports are showing serious signs of corrosion. The foam insulation on the riser and tank causes condensation to collect on the exterior of the steel, which causes pitting and corrosion. A 2019 inspection by the North Dakota Department of Environmental Quality (NDDEQ) noted the condition of the tower and recommended replacement.

The new tank will be constructed next to the water treatment plant to allow the city to connect the tank controls into the existing plant's SCADA system for ease of operation. The city of Riverdale came to the DWSRF Program for a \$1,961,000 loan at a 2% interest rate with a 30-year term to replace the water tower. Riverdale's water tower construction began in November of 2019 and is expected to be completed in September of 2020.



Foundation pour of new Riverdale water tower.
(Courtesy of Ulteig Engineers)

Corroded structure of existing water tower.
(Courtesy of Ulteig Engineers)

NEW EMPLOYEES

HAO VO --

joined the CWSRF Program as a project engineer. She is a lifelong learner who desires to obtain new knowledge not only from formal schools but also from workplaces. She thrives on challenge and is constantly setting goals to strive toward.

MITCHELL MURRAY --

is a new hire as a project engineer for the DWSRF Program. He attended BSC and NDSU where he obtained a bachelor's degree in civil engineering. Mitchell lives in Bismarck, ND with his girlfriend McKenzie and Doberman puppy-Juju. He enjoys spending time hunting, fishing, camping, hanging out on the river and traveling around the country.

EVAN WAHL --

joined the CWSRF Program as a project engineer. He is from Bismarck, ND and graduated from NDSU in 2019 with a bachelor's degree in civil engineering. Evan has a Brittney Spaniel named Ellie. He enjoys hunting, fishing, camping, and anything else outdoors.

SHAWN MARTIN --

joined the CWSRF Program shortly after graduating from NDSU in 2019 with a bachelor's degree in civil engineering. He lives in Bismarck, ND where he can enjoy his summers on the river with Nicole, his girlfriend, and Tucker, his Labrador Retriever. Shawn also enjoys traveling with friends to snowboard during the winter.

JIM UHLMAN --

joined the DWSRF staff as a project engineer coming from the Water Quality Division. He is a chemical engineer graduate from the University of North Dakota. He brings experience from industry, and waste minimization. Jim has worked in Municipal Facilities previously.

BENITA EBERTS --

joined the Public Finance Authority as the business manager in November. Benita comes to the PFA from the Department of Human Services where she worked as the Medicaid accountant. She earned her bachelor's degree in accounting from North Dakota State University.



CWSRF FEATURED PROJECT

RUTLAND EMERGENCY LAGOON REPAIRS 2019

The city of Rutland treats its wastewater with a facultative lagoon system. During the fall of 2018, the discharge pipe became plugged. This caused a secondary discharge pipe to be used. The drainage from the secondary discharge pipe resulted in the flooding of some nearby farmland. The transfer pipes that allow wastewater to flow from one lagoon cell to the next also became plugged. To add to Rutland's problems, a leak was found in the force main near the bank of the lagoon. This would cause erosion of the bank containing the wastewater. The city issued a state of emergency.

Construction started in August of 2019 and was completed in October of 2019. In order to proceed with this emergency project, Rutland received \$116,400 from a Community Development Block Grant (CDBG) as well as \$205,000 from a CWSRF loan. This loan was granted at a 2% interest rate with a 20-year term.

NEW PROJECTS FUNDED BY THE SRF PROGRAM IN 2019

