Purpose

The Agriculture Diversification and Development Fund (ADD) was established through HB No. 1475 during the sixty-seventh Legislative Assembly to support new or expanding value-added-agriculture businesses that demonstrate financial feasibility, enhance profitability for farmers and ranchers, create jobs and grow North Dakota’s economy. The funding opportunities include grants, interest rate buydowns and loans.

Eligibility

Value-added agriculture business registered with the North Dakota Secretary of State’s office or North Dakota resident that diversifies a crop or animal industry and provides collateral uses for agriculture resources. Businesses with a majority ownership comprised of North Dakota residents will have priority over majority non-North Dakota-owned applications. Companies outside North Dakota must have an established relationship with a North Dakota partner which includes individual, company or agency to validate the credibility of the proposal and comply with the intent of the Code. The types of projects may include but are not limited to:

- Food production and processing facilities
- Feed or pet food processing facilities
- Commodity processing facilities
- Agriculture product manufacturer
- Animal production facilities

Priority consideration is given to projects most consistent with the mission of the Agriculture Diversification and Development Committee as established in North Dakota Century Code 4.1-01.1. Emphasis will be given to those proposals deemed most likely to generate economic returns and support agricultural-based prosperity of a region or sector of the state.
Use of Proceeds

Proceeds may be used to:
- Purchase or lease equipment.
- To establish a value-added agriculture business.
- To expand an existing value-added agriculture business.

Proceeds may not be used to:
- Fund salaries or operating expenses normally associated with standard business practices.
- Refinance an existing loan or debt.

Funding Amount/Limit

Grants: Amount to be determined by the ADD Committee but total grants may not exceed 10% of the total fund. ($2,500,000)

Interest rate buydown: Maximum loan buydown is $500,000. Interest buydowns are one-time transactions for the duration of a designated-term project. The maximum interest buydown shall not exceed 4.00%, which may be used to reduce the borrower’s interest rate on loans made by the lead financial institution and BND, subject to a minimum rate of 1.00% to the borrower.

Loan: Amount determined by ADD Committee.

Interest rate and fees

Loan: To receive a loan from the Agriculture Diversification and Development Fund, a business must first secure a local financial institution to lead the transaction. There is no specified maximum loan amount.

Collateral

The security on the loan shall consist of a first lien position on real estate or equipment. Personal guarantees will generally be required from the principals with respect to all corporate and partnership borrowings.

Terms

Grant: Amount determined by the ADD Committee.

Interest buydown: Amount determined by the ADD Committee but may not exceed $500,000.

Loan: Amount and term determined by the ADD Committee. Interest rate is fixed at 2%.

Project Scoring

Each request and application will be judged on these criteria with a total of 100 points maximum awarded:

- Probability of Success and Extent of New Wealth Creation: Up to 30 points
  The Committee’s objectives and mission are plainly stated. North Dakota is dependent upon the revitalization of the agricultural economy. The creation of new industry, jobs, and wealth are critical to any project award; preference will be given accordingly. Economic Value Added (EVA) is a prime consideration of all requests.

- Current Financing and Owner Equity: Up to 30 points
  Enhanced consideration will be given to projects which demonstrate a commitment for funding from the applicant or from other private or public sources. Applicants do not need to receive financing from a North Dakota based financial institutions to be eligible for this program.

- Technical Qualification and Competence of Project Principals: Up to 30 points
In evaluating the application, strong consideration is given to the technical qualification and competence of project principals. Preference will be given to principals with a strong background and experience related to the proposed project area. Principals will demonstrate an understanding of industry trends and their impact on business.

- Committee Opinion and Sustainability Efforts: Up to 10 points
  Committee members are allowed flexibility in scoring projects for merit and for projects that clearly demonstrate scientifically based and researched sustainability efforts. These include evidence of locally or sustainably sourced materials, carbon offsets, sustainable materials management, and sustainable sources of energy. Committee members are provided 10% scoring discretion based largely on individual judgement of the likelihood of success of each proposal and/or for the inclusion of sustainability efforts.

Confidentiality of Records

Confidentiality will be maintained to the extent allowed under the statutes of the state of North Dakota. By law, North Dakota Century Code 44-04, the Committee will limit dissemination of designated confidential information Subject to the policies of participating public programs and entities, rights to use projects, processes, or services developed under the Committee’s program will remain with the awardee.

Administration and Reporting

Following approval of the project, a formal interest buydown agreement will be executed between BND, the applicant, and lender. This agreement will specify the agreed-upon objectives, tasks to be performed, timeline, budget and any other conditions specific to the individual application.

Under the terms of some agreements, the awardee may be required to submit to the to the ND Department of Agriculture, periodic interim reports outlining progress on both timeline and budget compliance, including amount of financing already used, jobs maintained/created and up-to-date revenues and expenses. Receipt of buydowns will follow the normal procedures utilized at Bank of North Dakota.

Awardees will be required to submit a final written report to the Committee describing the work performed and the results obtained under completion of project. The report should also indicate how the project benefited North Dakota’s economy and job creation in the state. The applicant, working with their lender, is also required to submit a supplemental financial report of all expenses actually incurred and income generated by the project with supporting financial documentation.

How to Apply

Applicant must complete the ADD application form and submit a complete business plan, current balance sheet and income statement along with full sources and use of funds. The completed application must include original signatures of the applicant, project advisor if applicable, and lender.

To email the application and supporting documents: Send to bndinfrastructure@nd.gov.

To postal mail the application and supporting documents: Send to

Bank of North Dakota
Attn: Agriculture Diversification and Development Committee
1200 Memorial Highway
Bismarck, ND 58504

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