



AGRICULTURE DIVERSIFICATION AND DEVELOPMENT FUND

Purpose

The Agriculture Diversification and Development Fund (ADD) was established 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.

Interest rate buydown: The program will limit the borrowing rate to 5.00% below the yield rate, but in no event may the interest rate be more than five hundred basis points below the national prime interest rate. (If the prime rate is published as a range, the highest interest rate in that range will be used for purposes of this program.) In no case will the ADD Fund buydown an interest rate below 1.00%.

ADD buydown is based on the total investment of the proposed project and based on the following matrix guideline:

	ADD Buydown	Minimum investment
Tier One	\$100,000	Up to \$1,200,000
Tier Two	\$200,000	\$1,200,001-\$2,200,000
Tier Three	\$300,000	\$2,200,001-\$3,500,000
Tier Four	\$400,000	\$3,500,001-\$4,500,000
Tier Five	\$500,000	\$4,500,001-\$5,500,000
Tier Six	\$600,000	\$5,500,001-\$6,500,000
Tier Seven	\$700,000	\$6,500,001-\$7,500,000
Tier Eight	\$800,000	\$7,500,001-\$8,500,000
Tier Nine	\$900,000	\$8,500,001-\$9,500,000
Tier Ten	\$1,000,000	\$9,500,001 +

Interest rate and fees

Interest buydown: To receive interest buydown from the Agriculture Diversification and Development Fund, a business must first secure a local financial institution to lead the transaction. BND will be a participant in the loan. There is no specified maximum loan amount.

Collateral

Interest buydown: The security on the loan receiving interest buydown 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

Interest buydown: The term of the loan is negotiable between the originating financial institution and BND.

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.

Administration and Reporting

Successful applicants are expected to adhere to the conditions outlined in these guidelines. Following approval of the project, a formal interest buydown agreement will be executed between BND, the applicant, and lender.

Under the terms of some agreements, the applicant may be required to submit to the NDDA periodic interim reports outlining progress on both timeline and budget compliance, including amount of finance already used, jobs maintained/created and up-to-date revenues and expenses. Receipt of buydowns will follow the normal procedures utilized at BND.

Awardees will be required to submit a final written report to the Committee describing the work performed and the results obtained upon completion of project. The report should also indicate how the project benefited North Dakota's economy and job creation in the state.

How to Apply

Applicant must complete the ADD application form and submit a complete business plan along with three years of business balance sheet and income statements if applicable. The business plan must include a description of project, market overview and viability, competition, composition of leadership team and full sources and uses of funds. The completed application must include original signatures of the applicant. Applications are accepted on an "on-going" basis. Applications must be received a minimum of 30 days prior to the next scheduled meeting to be presented. If an application is received after the deadline, it will be presented at the following scheduled meeting.

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