

**CAPITAL FINANCING PROGRAM  
(CFP)**

**Loan Application Package**  
Water Entities

**North Dakota Municipal Bond Bank**

**Bismarck, North Dakota**

## **North Dakota Municipal Bond Bank Capital Financing Program**

### **Explanation of Application Review and Approval Process**

This is the Bond Bank's application for financing through the Capital Financing Program (the "CFP"). Some of the requested information may not be relevant with respect to your political subdivision and you may either leave those areas blank or mark them "NA."

Upon receipt of a complete application and if we have not already done so, the Bond Bank will prepare and send you a preliminary amortization schedule which will set out the amount of principal and interest payments you will be making over the term of the loan. The interest rates will be based upon current market rates and will be subject to change. The application will then be subject to an initial credit review by the Bond Bank and will also be reviewed by Evensen Dodge, Inc., the Bond Bank's financial advisor, who will provide the Bond Bank with a market analysis.

Following these reviews, the application and the analysis will be submitted to the Bond Bank's Advisory Committee for a recommendation to be made to the Industrial Commission. They must give approval for all Bond Bank loans.

If the Industrial Commission approves your loan request, the Bond Bank will work with you and your bond counsel in the preparation of the loan documents. The Bond Bank will also schedule and prepare to issue a series of CFP Bonds, the proceeds of which will be used to make the loan by purchasing your municipal securities. The final interest rates on the municipal securities will be set when the CFP Bonds are sold. A final amortization schedule will be prepared following the sale of the CFP Bonds when the loan closing date is set.

The costs to you for the financing will include, in addition to interest and principal payments, an administrative fee, which will not exceed the lesser of .5% of the principal amount of the loan or \$7,000; an administrative fee of 1% of the loan amount, which represents a fee paid by the Bond Bank to the Bank of North Dakota for a letter of credit in the amount required for the Bond Bank's reserve fund; bond counsel fees; and any other fees or expenses you may incur. The underwriter's discount with respect to the CFP Bonds, which will not exceed 1.5% of the loan amount, and the administrative fees will be deducted from the loan proceeds.

Please take these fees and costs into account when you calculate the requested loan amount.

You will be responsible for retaining bond counsel to represent you in this transaction and for negotiating the fees for that service. If you have not worked with an attorney as bond counsel, here is a list of the in-state firms who are recognized bond counsel:

Arntson & Stewart  
51 Broadway, Suite 603  
PO Box 789  
Fargo, ND 58102  
701-280-0195

Ohnstad Twichell  
901 13<sup>th</sup> Avenue East  
PO Box 458  
West Fargo, ND 58078-0458  
701-282-3249

Cook Wegner & Wike PLLP  
Kirkwood Office Tower  
919 S 7<sup>th</sup> St., Suite 207  
Bismarck, ND 58504  
701-255-1008

Steven L. Vogelpohl  
Wells Fargo Bank Building  
400 East Broadway, Suite 501  
PO Box 2399  
Bismarck, ND 58502-2399  
701-258-9847

Dorsey & Whitney  
Dakota Center  
51 North Broadway, Suite 201  
Fargo, ND 58107-1344  
701-235-9969

You should retain the services of bond counsel as soon as possible. It is important that you do this because the municipal securities you will deliver to the Bond Bank for your loan must be validly issued and must be legally enforceable, binding obligations. Your bond counsel will assist you and your local counsel with respect to necessary action to be taken by your governing body concerning the authorization and issuance of the municipal securities and in answering any questions you may have concerning the loan.

Please call us if you have any questions or need any additional information concerning the application or the review process.

Water District  
Rural Water System  
Irrigation District  
Water Resource District

**CAPITAL FINANCING PROGRAM  
LOAN APPLICATION**

**NORTH DAKOTA MUNICIPAL BOND BANK  
700 EAST MAIN AVENUE  
PO BOX 5509  
BISMARCK, ND 58506-5509  
PHONE: 800-526-3509  
(701) 328-7100  
FAX: (701) 328-7130  
E-MAIL: [ndmbb@state.nd.us](mailto:ndmbb@state.nd.us)  
WEBSITE: [www.state.nd.us/bondbank](http://www.state.nd.us/bondbank)**

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Political Subdivision: \_\_\_\_\_

Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Upon receipt and review of this application, the Bond Bank may request additional information or an explanation or clarification of the information provided before the application is determined to be complete.

**All information provided in this program application is certified by the public official whose name appears below to be true and correct as of the date of application given above.**

Contact Person for Political Subdivision: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_ ND \_\_\_\_\_

Telephone Number: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Fax: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Email: \_\_\_\_\_

**A. GENERAL**

1. Name of Political Subdivision: \_\_\_\_\_

2. Mailing Address (street address): \_\_\_\_\_  
\_\_\_\_\_

3. Tax Identification Number: \_\_\_\_\_

4. Type of Governing Body: \_\_\_\_\_

5. Political Subdivision's Auditor (or officer): \_\_\_\_\_

Telephone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

Email Address: \_\_\_\_\_

6. Political Subdivision's Bond Counsel: \_\_\_\_\_

7. Political Subdivision's Engineering Firm: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

8. Do you have a Capital Improvement Plan?

Yes \_\_\_ No \_\_\_ (If yes, please include a copy(s) with the completed application)

9. The following information must be submitted with this loan application (requested information which appears in the financial statements may be included by reference):

- a. The three most recent annual audited financial statements.
- b. The most recent year-end and month-end combined balance sheets for all fund types and account groups.
- c. The most recent year-end and month-end combined statements of revenues and expenses for all enterprise funds.
- d. The current year's operating budget for the fund in which the project will be held as an asset, and the proposed operating budget for the first year of the loan repayment term (and any other years for which a proposed budget has been prepared).
- e. The feasibility/engineering study for the proposed project.

**B. PROJECT INFORMATION**

1. Description of project to be financed with the loan proceeds (You may reference the appropriate pages in the feasibility/engineering study enclosed pursuant to paragraph A.9):

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2. Amount of loan request: \$ \_\_\_\_\_

3. Total project costs, including the requested loan amount and funds from all other sources:  
\$ \_\_\_\_\_

4. Other funding sources:                      Sources                      Amount of funding

5. Please indicate the dates on which construction of the project is scheduled to commence and be completed:

Construction will begin \_\_\_\_\_

Construction will be completed \_\_\_\_\_

6. If the purpose of the requested financing is to refinance an outstanding obligation, please provide the following information and attach a copy of the debt service schedule for the obligation to be refinanced.

a. Original dollar amount of the obligation to be refinanced: \_\_\_\_\_

b. Dated date of the obligation to be refinanced: \_\_\_\_\_

7. Have you examined other financing alternatives such as available government programs, the private placement of the indebtedness or the direct public sale of your indebtedness?

Yes \_\_\_ No \_\_\_ If yes, please list the alternatives you have considered and why they were rejected or are still under consideration. (You may attach a copy of any written financing proposals received by the political subdivision or a brief description of the alternatives considered.)

**C. FUNDING INFORMATION**

1. Please describe the source of funds for the repayment of principal and interest on the proposed financing (i.e., general obligation tax levy, special assessments, user fees):

\_\_\_\_\_

2. If the proposed financing will be evidenced by revenue bonds, please attach your own worksheet or complete the following worksheet concerning existing rates, necessary rate increases, and estimated/projected revenues with respect to the utility system or fund related to the proposed project. Rates and fees must provide annual net revenues equal to 120% of the average annual principal and interest requirements for repayment of the loan. Further, a reserve fund must be established in the amount which qualifies as a reasonably required reserve fund under federal tax laws and regulations. The reserve fund must be fully-funded no later than five years after the loan has been fully-funded or as otherwise agreed.

Rate history and projections:

	<u>Prior Year 2</u>	<u>Prior Year 1</u>	<u>Current Year</u>	<u>Projected Year 1</u>	<u>Projected Year 2</u>
Service connections:	_____	_____	_____	_____	_____
Base rate:	_____	_____	_____	_____	_____
Total revenues:	_____	_____	_____	_____	_____
Total expenses:	_____	_____	_____	_____	_____
Revenue per connection:	_____	_____	_____	_____	_____

3. Please list all outstanding obligations payable from the system or fund related to the proposed project (if applicable):

<u>Date of Issued</u>	<u>Original Amount of Issued</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Principal Outstanding as of Date of Application</u>	<u>Total Debt Service Due this Fiscal Year</u>
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4. Please attach the following, as appropriate:

**Water District**

- a. A copy of the resolution creating the improvement district (NDCC § 61-35-52).
- b. A copy of the district secretary’s certificate and statement to the county auditor or auditors (NDCC § 61-35-77).

**Irrigation District**

- a. A copy of the initial resolution (NDCC § 61-08-01) and the results of the election required under (NDCC § 61-08-02).
- b. A copy of the resolution calling for a special election, if applicable (NDCC § 6-09-18), and the results of the special election.

**Water Resource District**

- a. A copy of the resolution authorizing the financing of the project through the issuance of revenue bonds (NDCC § 61-16.1-16).
  - b. A copy of the resolution authorizing financing of the project through the issuance of improvement bonds (special assessments) (NDCC § 61-16.1-17) and the results of the voting after the hearing required by (NDCC § 61-16.1-18).
  - c. A copy of the resolution authorizing the issuance of drain warrants (NDCC § 61-21-50) or drain bonds (NDCC § 61-21-53).
5. If the proposed financing utilizes by evidences of indebtedness other than revenue bonds or improvement bonds, please attach copies of all relevant resolutions of the governing body with respect to the proposed project financing.
6. System usage by commercial and residential users (if applicable):

Number of Users

	<u>Current*</u>	<u>Projected**</u>
a. Residential	_____	_____
b. Commercial	_____	_____

\*Current=actual as of the date of this application  
 \*\*Projected=following completion of construction

7. Ten largest users (as of \_\_\_\_\_, 20\_\_\_\_):

Name	Usage (percent of total)	Revenue (most recent fiscal year)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____



**E. ECONOMIC AND SOCIAL INFORMATION**

1. Please attach a description or map of the location of the political subdivision.
2. Number of members:\_\_\_\_\_
3. Number of “participating members” (water district or irrigation district):\_\_\_\_\_
4. Please list all cities, if any, served by the political subdivision:
  
5. Year political subdivision was established:\_\_\_\_\_
6. Please attach, or provide below, a statement describing the political subdivision’s projections concerning growth over the next ten years (or whatever period for which projections are available).