

# Business Resources Virtual Lunch and Learn

October 6, 2021

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# Introductions

- Dawn Mandt, Red River Regional Council
  - Jake Wiensch, Red River Regional Council
  - Ty Zeltinger, Bank of North Dakota
  - Chris Belanus, CB Grocery, Walhalla
  - Pat Chaput, Choice Bank, Walhalla
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# What is the Catalyst Fund?

- Catalyst Fund is a new low interest loan program established to support recovery and resiliency from the COVID-19 pandemic.
- \$1.26M original capitalization
- \$480,480 committed
- \$779,520 remaining to be committed by June 30, 2022



U.S. ECONOMIC DEVELOPMENT ADMINISTRATION

# Catalyst Fund Terms

- \$5,000 to \$100,000
- 1% fixed rate for years 1-5 and 3% for years 6-10
- Principal payments may be deferred for up to 12 months
- Loans up to \$50,000 amortized up to 5 years
- Loans up to \$1000,000 amortized up to 10 years
- Personal guarantees required

# Catalyst Fund Uses

- Working capital
- Inventory
- Machinery
- Equipment
- Fixed assets

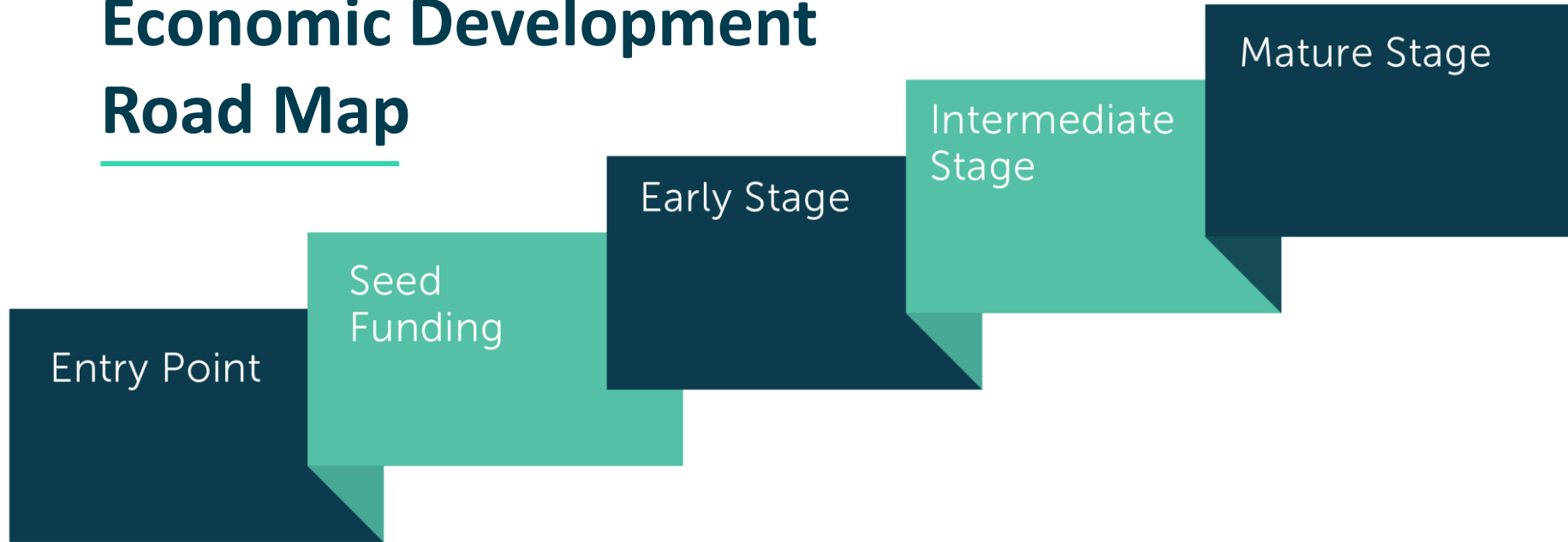
# Who has been funded?

Borrower	Use of funds	Amount	Balance Available
			\$ 1,260,000
Morgan Printing	Equipment purchase	\$ (25,000)	
CB Grocery	Business acquisition	\$ (100,000)	
Dakota Land Works	Start up	\$ (55,480)	
McCurdy Health and Wellness	Expansion, rental space	\$ (100,000)	
S&S Cremation Services	Start up	\$ (100,000)	
Lorrich Industries	Business acquisition	\$ (100,000)	
Total Committed			\$ (480,480)
Balance Available			\$ 779,520

Deadline for full distribution: June 30, 2022

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# Economic Development Road Map



## Entry Point

- Department of Commerce
- Entrepreneur Centers
- Local EDC Organization
- Local Financial Institutions
- One Million Cups
- Regional Councils
- SBA, SCORE and SBDC
- University Research Centers

## Seed Funding

- BND Beginning Entrepreneur
- BND Venture Capital Fund
- Innovate North Dakota
- Research ND

## Early Stage

- BND Beginning Entrepreneur
- BND Business Development Loan
- BND Venture Capital Fund
- North Dakota Development Fund
- Private Sector Venture Capital Fund
- Private Sector Angel Funding

## Intermediate Stage

- BND Accelerated Growth Loan
- BND Venture Capital Fund
- North Dakota Development Fund
- Private Sector Venture Capital Fund


## Mature Stage

- Bank Financing
- BND PACE/Flex PACE
- Private Sector Equity
- SBA Loans



# Accessing BND Loan Programs

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- A man with short dark hair, wearing a blue denim shirt and light blue jeans, is sitting on a wooden workbench in a workshop. He is smiling and talking on a mobile phone. The workshop has large windows in the background, and there are various tools and materials on the workbench and shelves. A semi-transparent white box with rounded corners is overlaid on the left side of the image, containing a numbered list.
1. **Contact your local lender**
  2. **Your lender will reach out to Bank of North Dakota**



# Beginning Entrepreneur Loan Program

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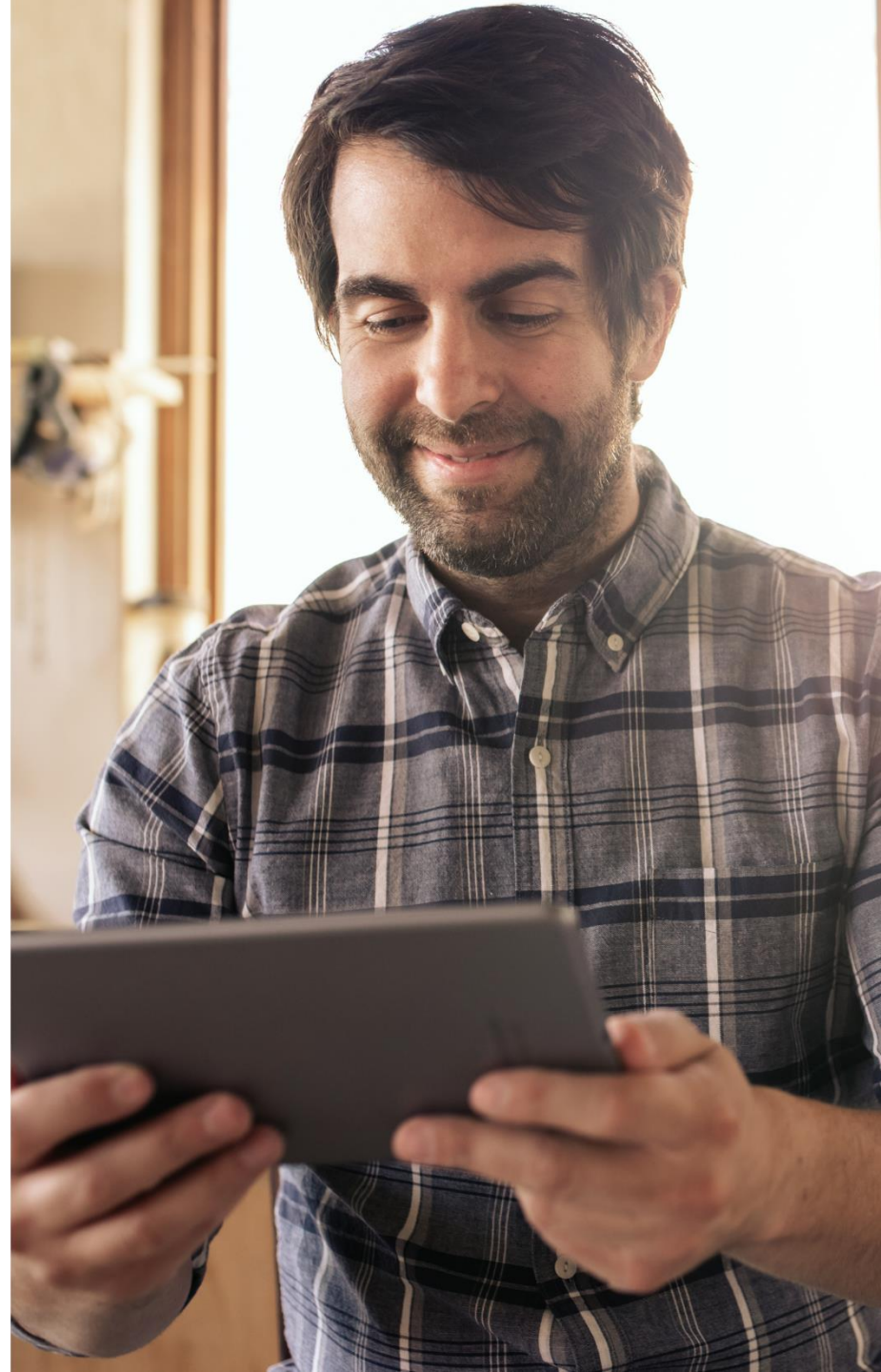
- Purchase fixed assets, provide working capital or assist with startup costs
- Net worth may not exceed \$500,000
- Maximum loan amount: \$500,000



# Business Development Loan Program

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- A new or existing North Dakota business with a higher degree of risk than would normally be acceptable to a lender
- Purchase real property, equipment, provide working capital or refinance debt





# PACE Loan Program

- A primary sector North Dakota business as defined by NDCC 1-01-49 and certified by North Dakota Dept. of Commerce Economic Development division
- Purchase real property, equipment; provide term working capital
- Maximum buydown of \$500,000 per borrower, per biennium





# Flex PACE Loan Program

- A North Dakota business that meets a community need
- Purchase real property, equipment and provide permanent financing for costs associated with establishing or expanding a childcare or affordable housing project
- Maximum buydown per borrower/per biennium.  
Businesses: \$200,000;  
Childcare: \$300,000; Affordable housing: \$500,000



The background of the slide is a blurred image of several US dollar bills, including a prominent \$100 bill in the lower half. The bills are slightly out of focus, creating a sense of depth and emphasizing the financial theme.

# Buydown Funding



# PACE and Flex PACE Loan Program Example

Loan Amount: \$500,000.00  
Bank Yield Rate: 6%  
Borrowers Rate: 1%  
Amortization: 240 months  
Payment Frequency: Monthly  
Accrual Method: Act/360  
Community Percentage Factor: 65%

	Without Buydown	With Buydown
Year 1	\$43,289.28	\$18,240.94
Year 2	\$43,289.28	\$18,863.84
Year 3	\$43,289.28	\$19,659.43
Year 4	\$43,289.28	\$20,437.99
Year 5	\$43,289.28	\$21,265.19

# Typical Package Example

	Equity	Bank	Bank of ND Flex PACE	PCJDA Flex PACE	RRRC Catalyst Fund
Equipment	\$ 16,720	\$ 50,000	\$ 50,000		\$ 55,480
Working Capital		\$ 10,000			
Interest rate buydown			\$ 11,491	\$ 4,924	
Total	\$ 16,720	\$ 110,000	\$ 11,491	\$ 4,924	\$ 55,480

# Client and Lender Perspectives



- Chris Belanus, CB Grocery
  - Grocery store acquisition in Walhalla – early 2021
- Pat Chaput, Choice Bank
  - Walhalla Location President

# Wrap Up

- Question and Answer
  - Key contacts:
    - Local Bank
    - Red River Regional Council - [dawn@redriverrc.com](mailto:dawn@redriverrc.com) / 701-352-3550
    - County Job Development Authority
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