

Financial Resources for Water Resource Districts

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Agenda

01

Targets & Losses

02

Payment Fraud Types

03

Best Practices to Reduce Risk

04

How Your Bank Can Help

05

Making Rates Work for You



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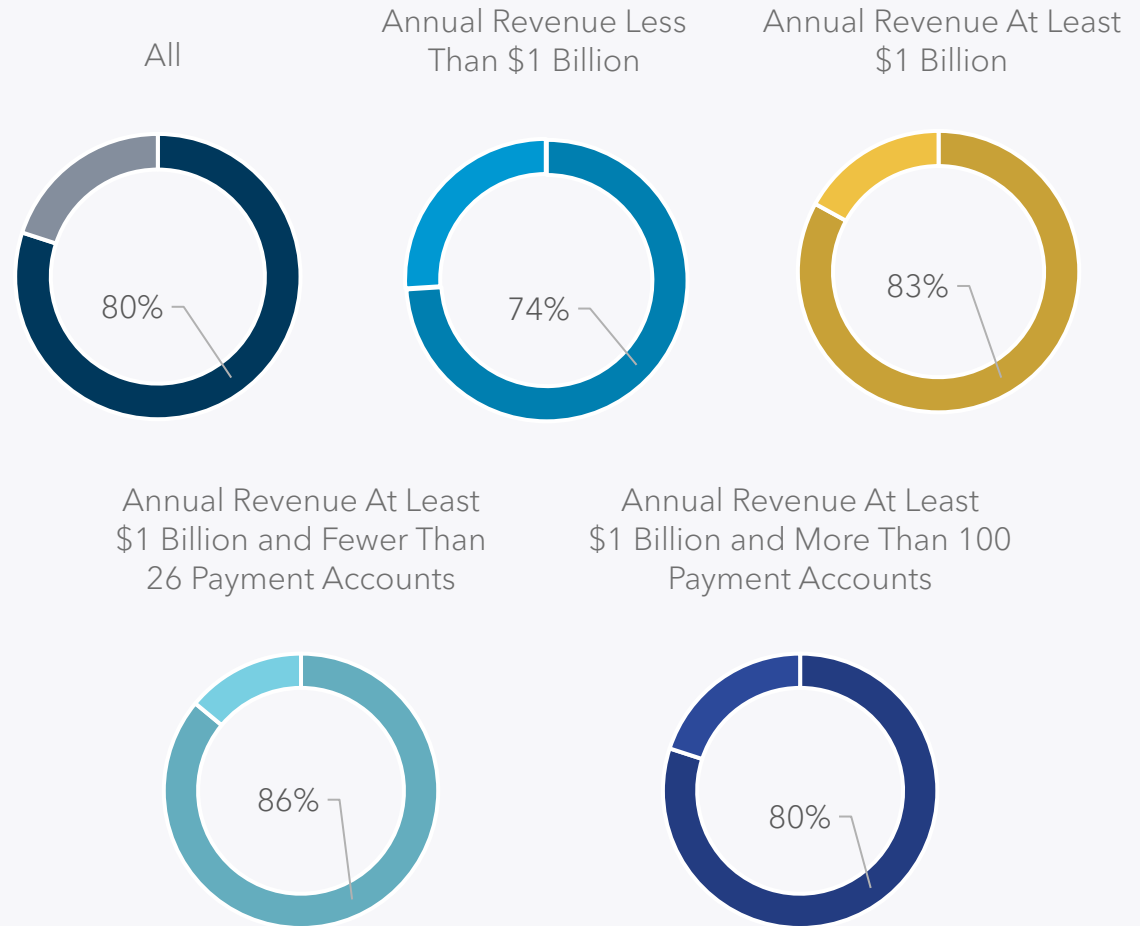


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Targeted Organizations

Prevalence of Attempted/Actual Payments Fraud 2023 (Percent of Organizations)



Banking Today: Targets & Losses

How Does Payment Fraud Occur?

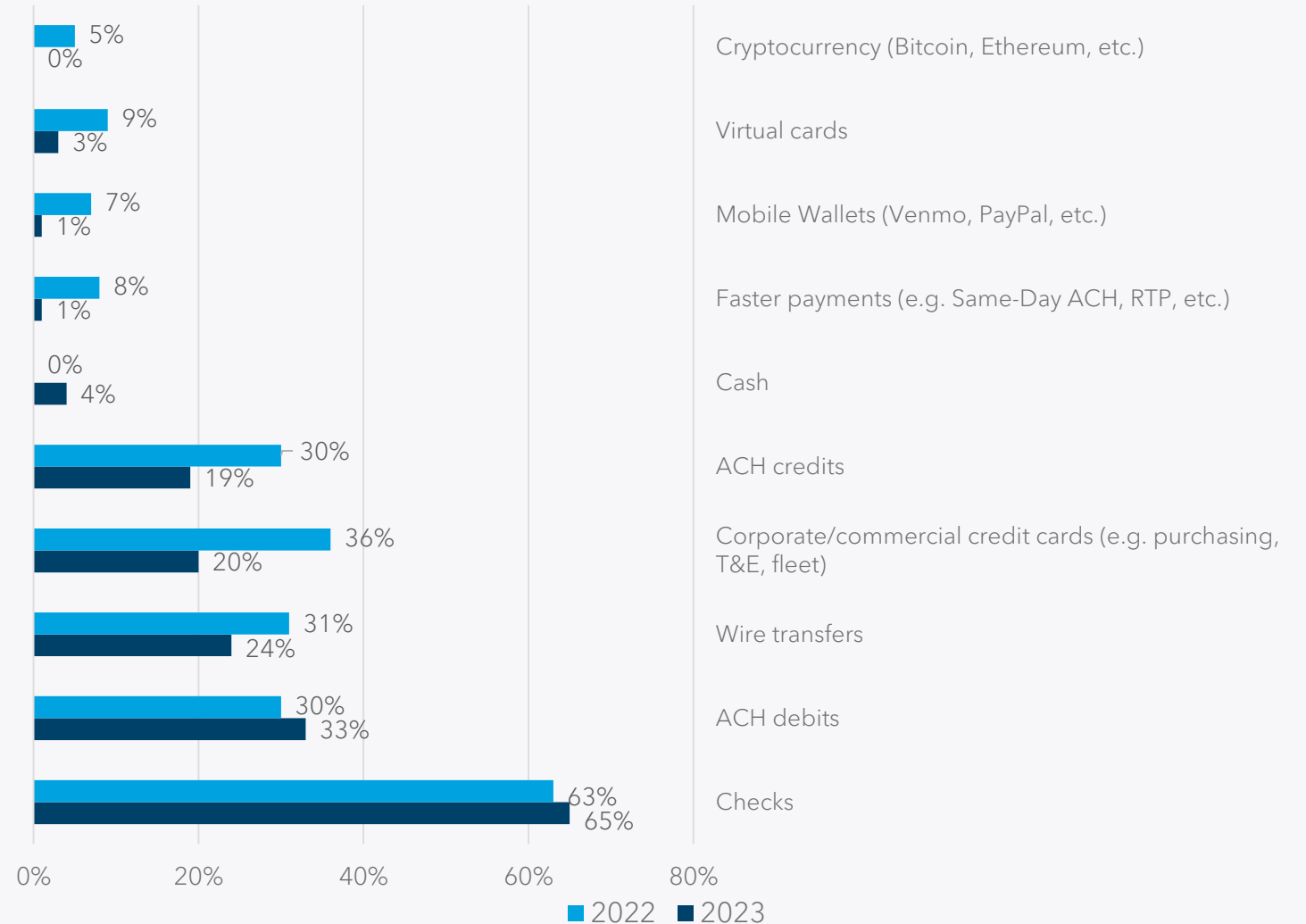
Sources of Attempted/Actual Payments Fraud Attempts (percent of Organizations Experiencing Payments Fraud)

Outside individual (e.g. check forged, stolen card, fraudster, corporate synthetic identity fraud)	65%
Business Email Compromise (BEC)	38%
Vendor imposter	34%
U.S. Postal Service office interference	21%
Invoice Fraud	14%
Imposter to client posing as a representative from our company	12%
Bad actor takes over an account i.e., account takeover (e.g., hacking a system, adding malicious code, spyware or malware from social network)	10%
Third-party or outsourcer (e.g., vendor, professional services provider, business trading partner)	10%
Organized crime ring (e.g., crime spree that targets other organizations in addition to your own, either in a single city or across the country)	7%
Compromised mobile device due to spoof/spam text message or call	6%
Internal party (e.g., malicious insider)	5%
Ransomware	4%
Deepfake attempt (e.g., voice and/or video swapping, "deep voice tech", vishing)	1%
Other	3%

Banking Today: Targets & Losses

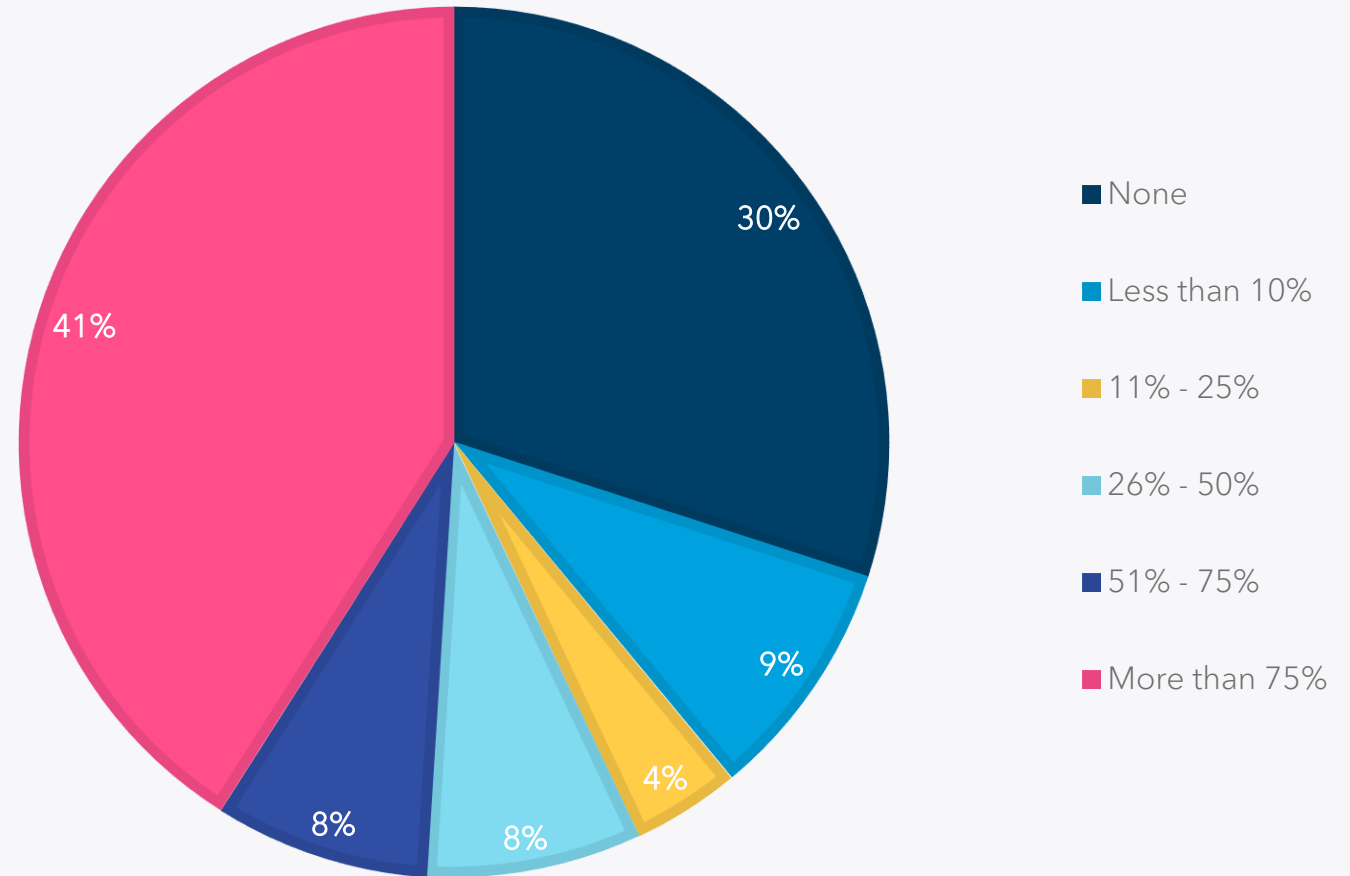
**80% of
Organizations
Experienced
Attempted
or Actual
Payments Fraud**

Payment Methods Subject to Attempted/Actual
Payments Fraud (Percent of Organization)



Half of Organizations Experiencing Fraud Recover Less than 50% of Funds Stolen

Percentage of Lost Funds Recovered
(Percentage Distribution of Organizations Experiencing Payments Fraud)



Financial Losses

Estimated Financial Loss from Attempted and/or
Actual Payments Fraud in 2023
(percentage distribution of Organizations that Experienced Attempted and/or Actual Payments Fraud)

2023

No Loss	41%
Up to \$24,999	25%
\$25,000 - \$49,999	7%
\$50,000 - \$99,999	7%
\$100,000 - \$249,999	11%
\$250,000 - \$499,999	5%
\$500,000 - \$999,999	3%
\$1,000,000 - \$1,999,999	-
At least \$2,000,000	1%

Business Email Compromise

What is it?

The BEC scam is an email in which the attacker pretends to be a boss, customer or vendor and tricks an employee into sharing sensitive information, downloading malicious software or sending funds to the attacker.

What to do:

- ✓ Always confirm payment instruction changes using a secondary method
- ✓ If payments were issued, contact your financial institution immediately to request payments be reversed.
- ✓ Contact your local police department or FBI Field Office to report the crime.
- ✓ File a complaint with the FBI's Internet Crime Complaint Center (IC3)

Ransomware

What is it?

Ransomware infects a computer through malicious software. It will publish or block access to data or a computer system. The information or restrictions will not be released until the ransom is paid.

Fraudsters gain access through unsecure and fraudulent websites, software downloads and malicious attachments.

What to do:

- ✓ Work with your IT Support team
- ✓ Contact your local police department or FBI Field Office to report the crime.
- ✓ File a complaint with the FBI's Internet Crime Complaint Center (IC3)

Check Fraud

What is it?

Check fraud is when fraudsters “washes” the check to alter payee and dollar amount information, forge signatures or create counterfeit checks.

Check fraud often occurs in conjunction with USPS Fraud, where mail is intercepted to steal checks and bank information.

What to do:

- ✓ Notify your bank as soon as you discover a counterfeit check has cleared your bank
- ✓ You must file a check dispute within 24 hours
- ✓ Contact your local police department or FBI Field Office to report the crime.

ACH Fraud

What is it?

Fraudsters only need a routing and account number to commit ACH debit fraud. They will enter the bank information into their ACH system and pull the funds from the victim.

ACH credit fraud is becoming a larger target in BEC scams as fraudsters spoof your vendor and redirect payments to a bank account they control.

What to do:

- ✓ Notify your bank as soon as you discover the fraudulent debit.
- ✓ Most ACH transactions must be disputed within 24 hours (web transactions like above have a longer timeframe)
- ✓ Contact your local police department or FBI Field Office to report the crime.
- ✓ File a complaint with the FBI's Internet Crime Complaint Center (IC3)

Wire Fraud

What is it?

Fraudsters will hack emails to forge invoices, intercept & alter wiring instructions and request wire transfers.

Wire transfers are final and can not be canceled once processed.

What to do:

- ✓ Notify your bank immediately.
- ✓ Wires are guaranteed funds and can be withdrawn by the fraudster as soon as deposited
- ✓ Work with your IT Support Team
- ✓ Contact your local police department or FBI Field Office to report the crime.
- ✓ File a complaint with the FBI's Internet Crime Complaint Center (IC3)

Occupational Fraud

What is it?

Fraud committed by individuals against their employer.

Common schemes involve bribery, kickbacks, theft of cash, falsified wages, check tampering and check forgery.

Why is it unique?

Organizations must entrust employees with access and control.

The median duration of this type of fraud is 12 months.

Local government's median loss is \$125,000.

What to do:

- ✓ Notify your supervisor, a commissioner or other manager of any suspicions
- ✓ If fraud is discovered, contact your local police department
- ✓ Review & Strengthen your anti-fraud controls

Payment Instructions & Vendors

- ☐ Implement a policy of verifying payment instructions:
 - The first time and at any change
 - Using Out of Band verification by contacting at least 1 individual by phone using a number on file to confirm the payment instructions
 - Do not rely on the phone number on the invoice or in an email
- ☐ Restrict employee access to add/remove vendor payment information
- ☐ Require dual control for any wire transfer and outgoing ACH
- ☐ Specify processes for vendor payment instruction changes within contracts
- ☐ Vet all vendors and suppliers and perform a risk assessment on those with access to critical information

Email & IT Security

- ☐ Regularly discuss best practices with all employees
 - Send “test” phishing emails to employees
 - Provide IT security training annually to all employees & commissioners
- ☐ Be wary of any email that demand urgency or pressures you
- ☐ Do not open an attachment or link unless it is expected
- ☐ Use reputable anti-virus & anti-malware solutions
- ☐ Install computer and software updates promptly
- ☐ Establish a VPN & Multi-Factor Authentication requirements if accessing network remotely

Password Security on Apps & Devices

- ❑ Use a password, touch ID or face ID on all mobile devices
- ❑ If you receive a call or text asking for your password or a MFA code – STOP – this is a fraud attempt
- ❑ Use a password manager – don't keep passwords in an unsecure word or excel file
- ❑ Set up Multi-Factor Authentication whenever able
 - Receive a text or email with a secure code
 - Use a third party authentication app such as Microsoft Authenticator or Symantec VIPAccess

Internal Controls

- ☐ Review Online Banking access
 - Delete inactive profiles
 - Set online banking user limits for wire transfers & ACH payments
 - Implement Dual Control requirements for wire transfers & ACH payments
 - Tailor user access only to necessary accounts and transactions
- ☐ Identify high-risk processes & employees involved
 - Create job rotations and/or mandatory vacation policies
 - Ensure dual control or independence
- ☐ Reconcile bank accounts daily or use Positive Pay
- ☐ Adopt a Code of Conduct and an Anti-Fraud Policy
 - Let employees know who to go to about suspected fraud
- ☐ Engage a third party fraud review or audit

Cyber Insurance

- ❑ All organizations should have cyber insurance coverage
- ❑ Know your coverage levels for:
 - Data breach investigations
 - Legal services
 - Notification costs
 - Ransom payments
 - Public relations
 - Regulatory fines
 - Public relations
 - Crisis Management
 - Business disruption due to network network/IT outage

Banking Today: How Your Bank Can Help

Positive Pay

Using Positive Pay will save you from losses

Positive Pay Service: Protect your money & stay notified of potential fraudulent activity

Check Positive Pay:

- Block fraudulent checks
- Block altered or fictitious checks
- Block counterfeit checks

ACH Positive Pay:

- Allow legitimate companies to collect payments with the ability to set dollar thresholds.
- Block any fraudulent debits.

Banking Today: How Your Bank Can Help

Online Banking Tools

Use online tools
to add protection

Online Banking Alerts:

- When wires & ACH payments occur
- When new online users are created
- When a “forgot my password” was initiated
- Receive Alerts via text for after-hours notification

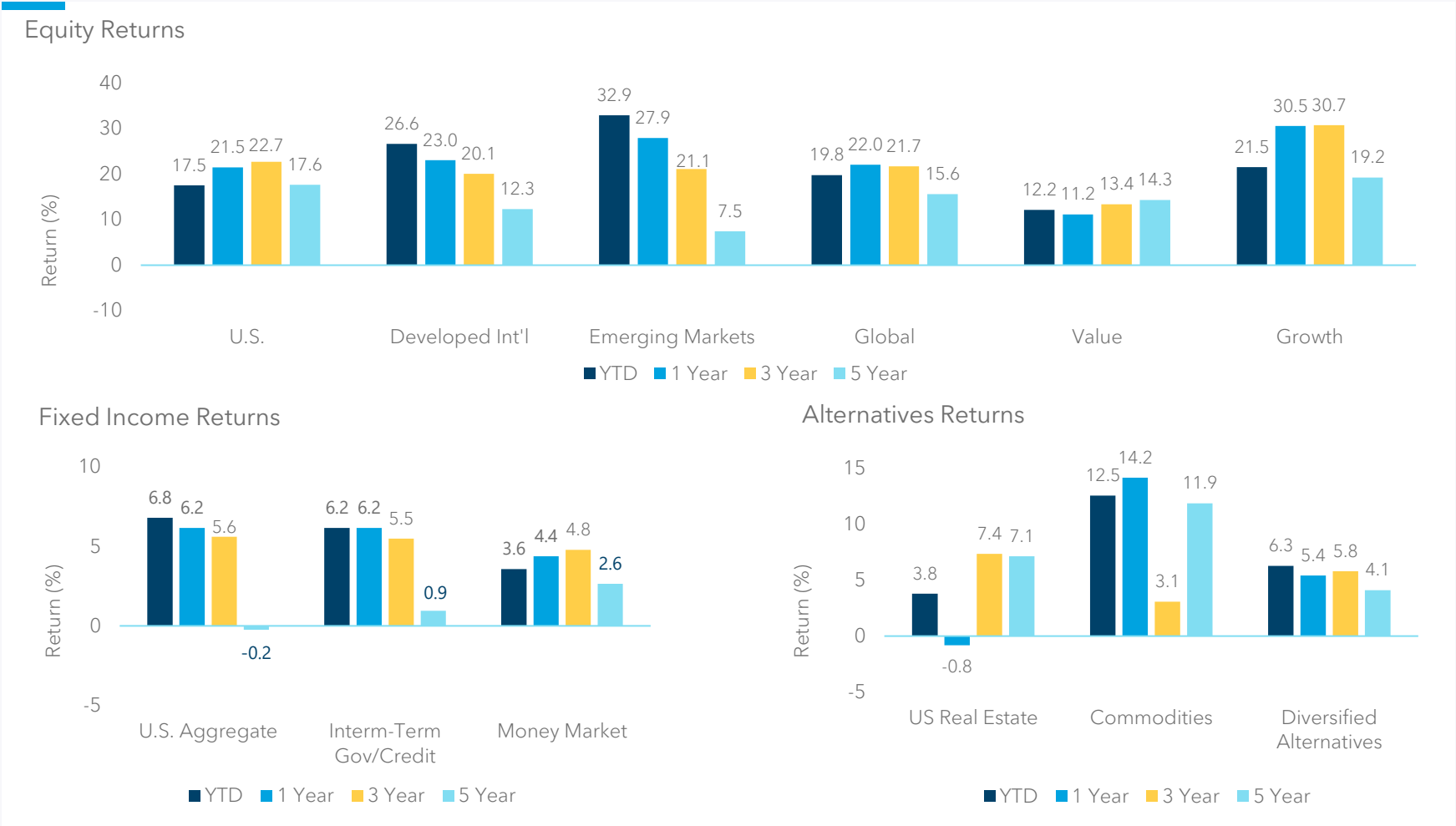
Login Settings & Password Resets:

- Receive password resets via text instead of email
- NEVER give out a password or MFA code. Financial companies DO NOT ever request these.

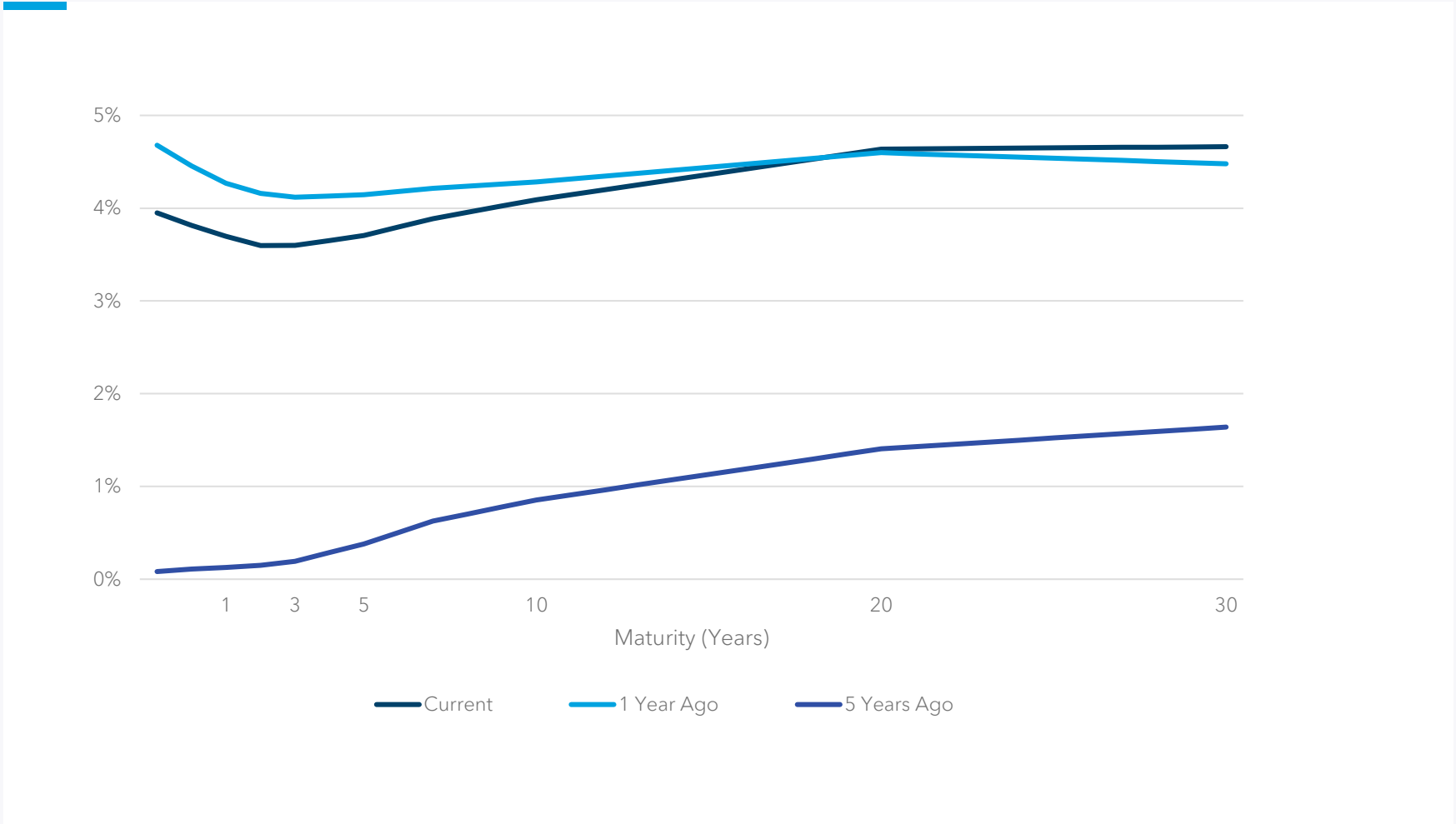
Reporting Tools:

- Create reports showing daily transactions for reconciling
- User Access reports

Broad Market Returns

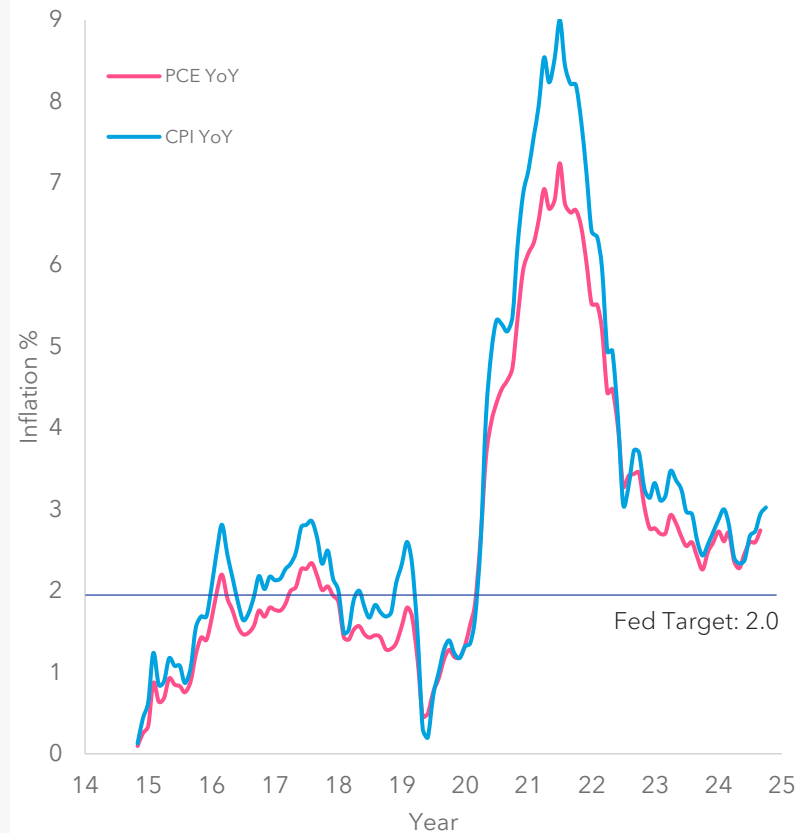


Yield Curve

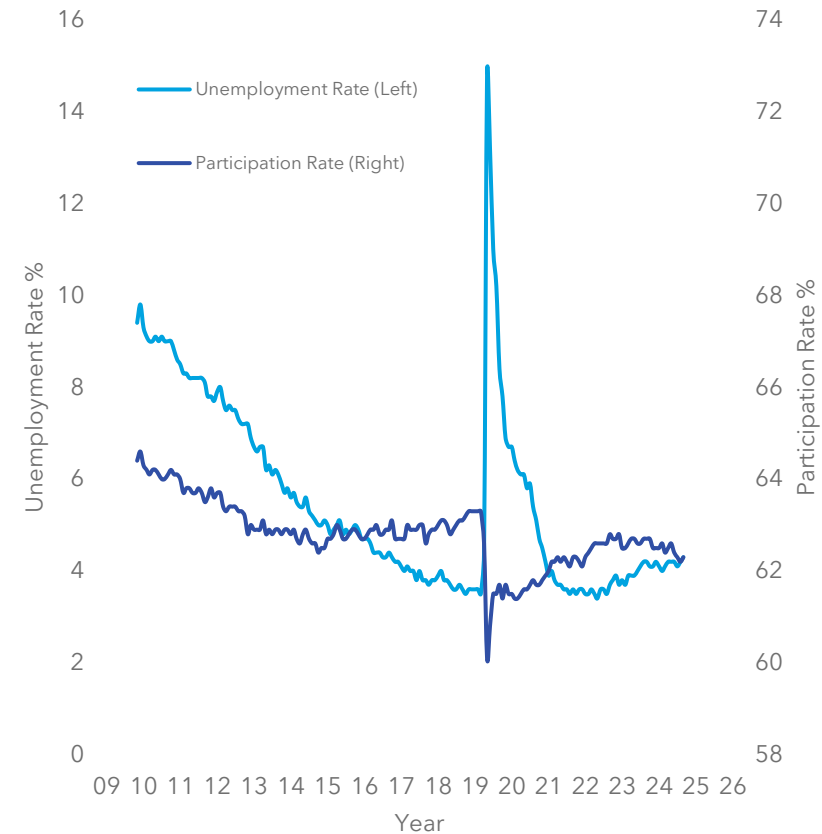


Federal Reserve Data

Inflation

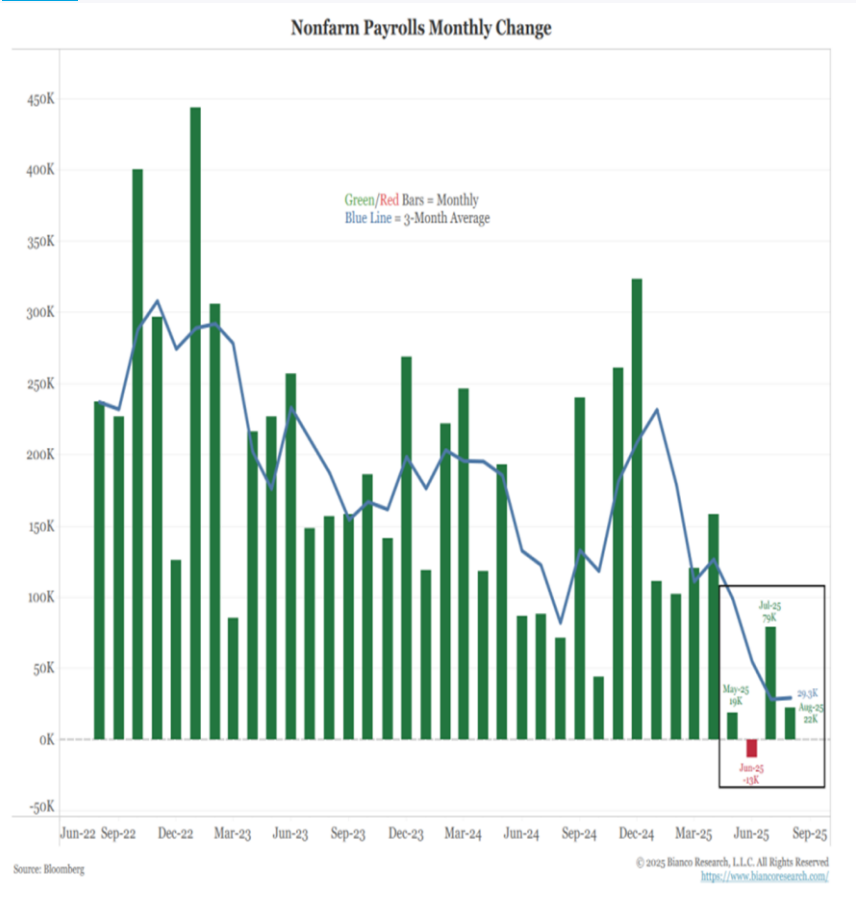


Employment

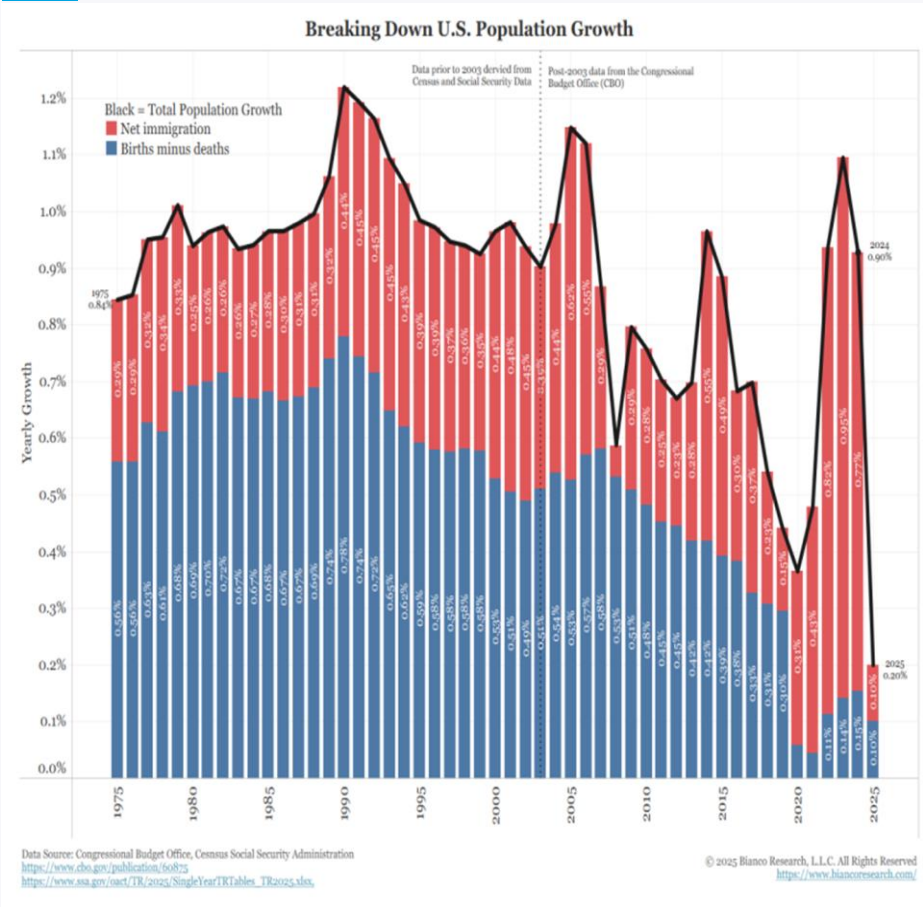


Federal Reserve Data

Employment



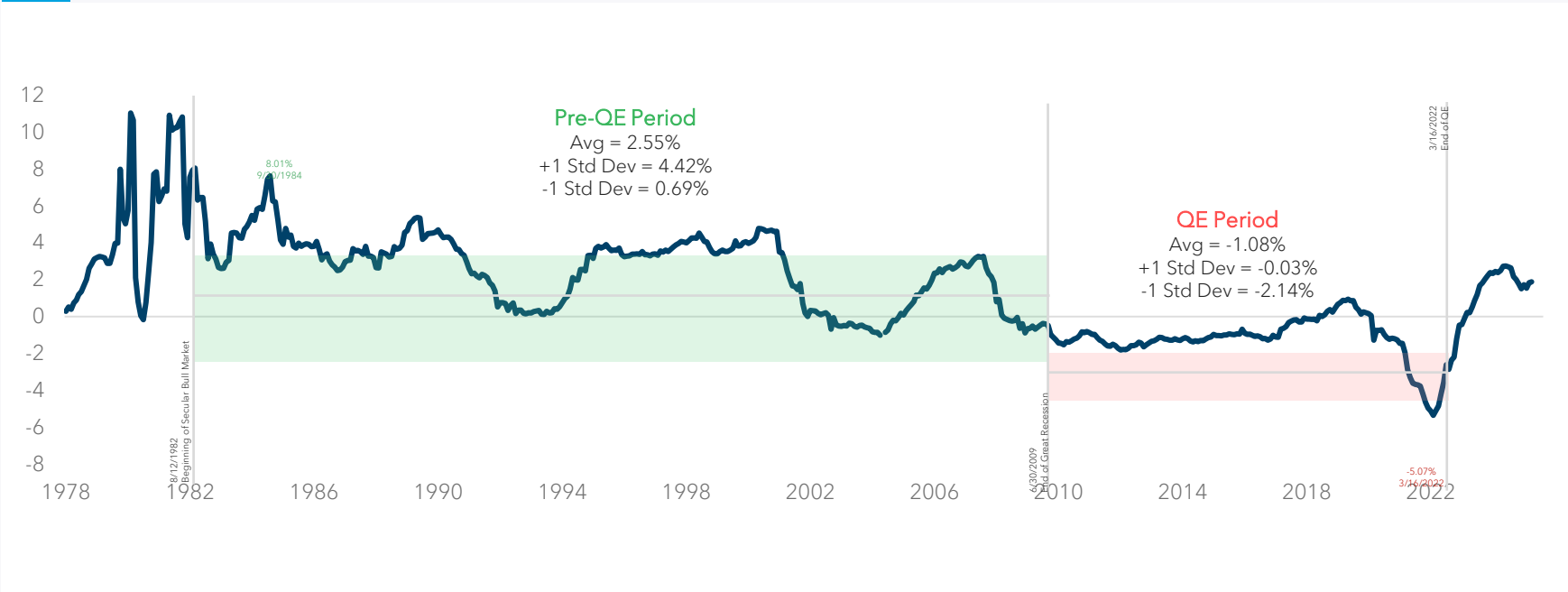
Population



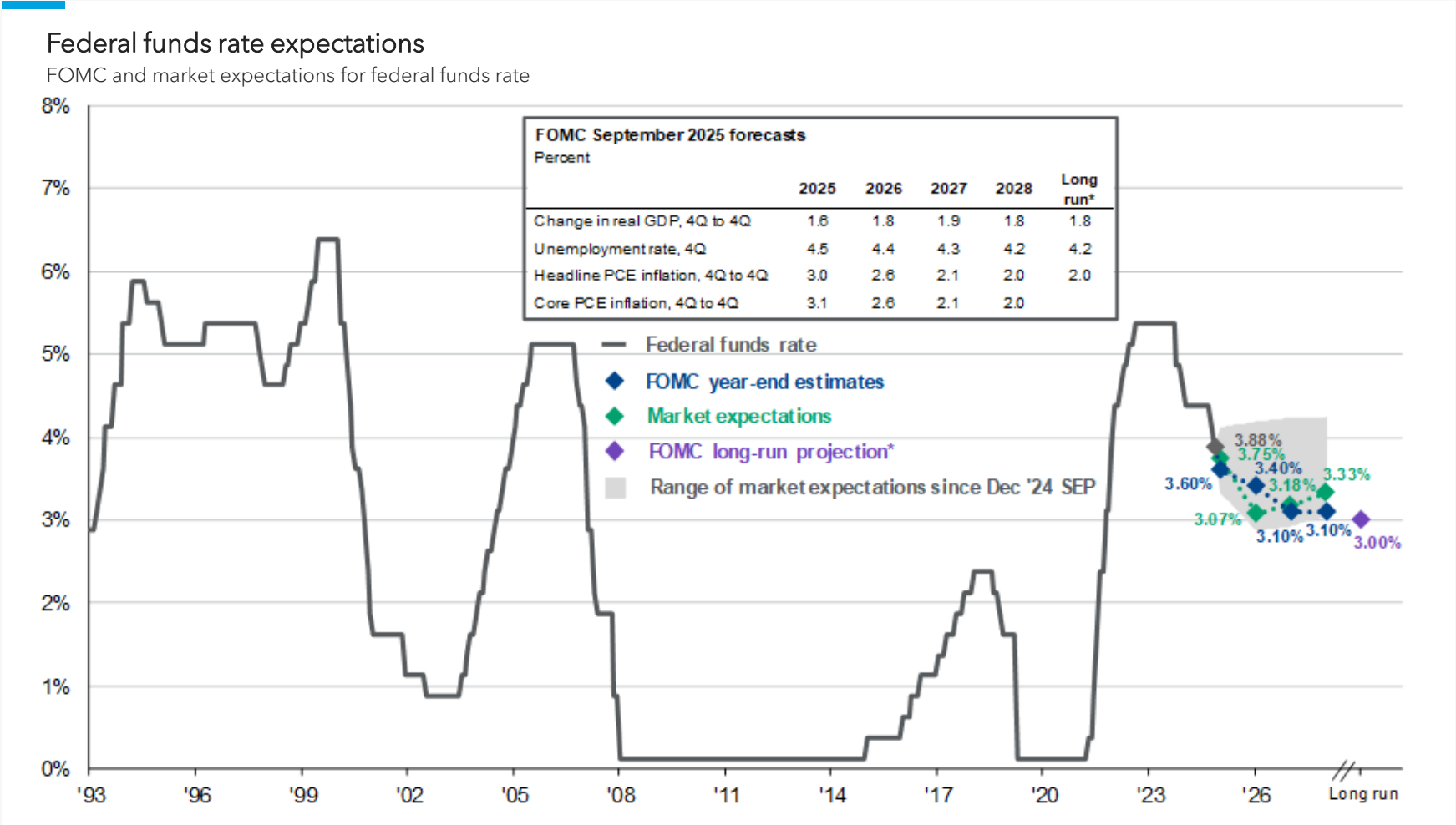
Federal Reserve Data

Real Fed Funds Rate

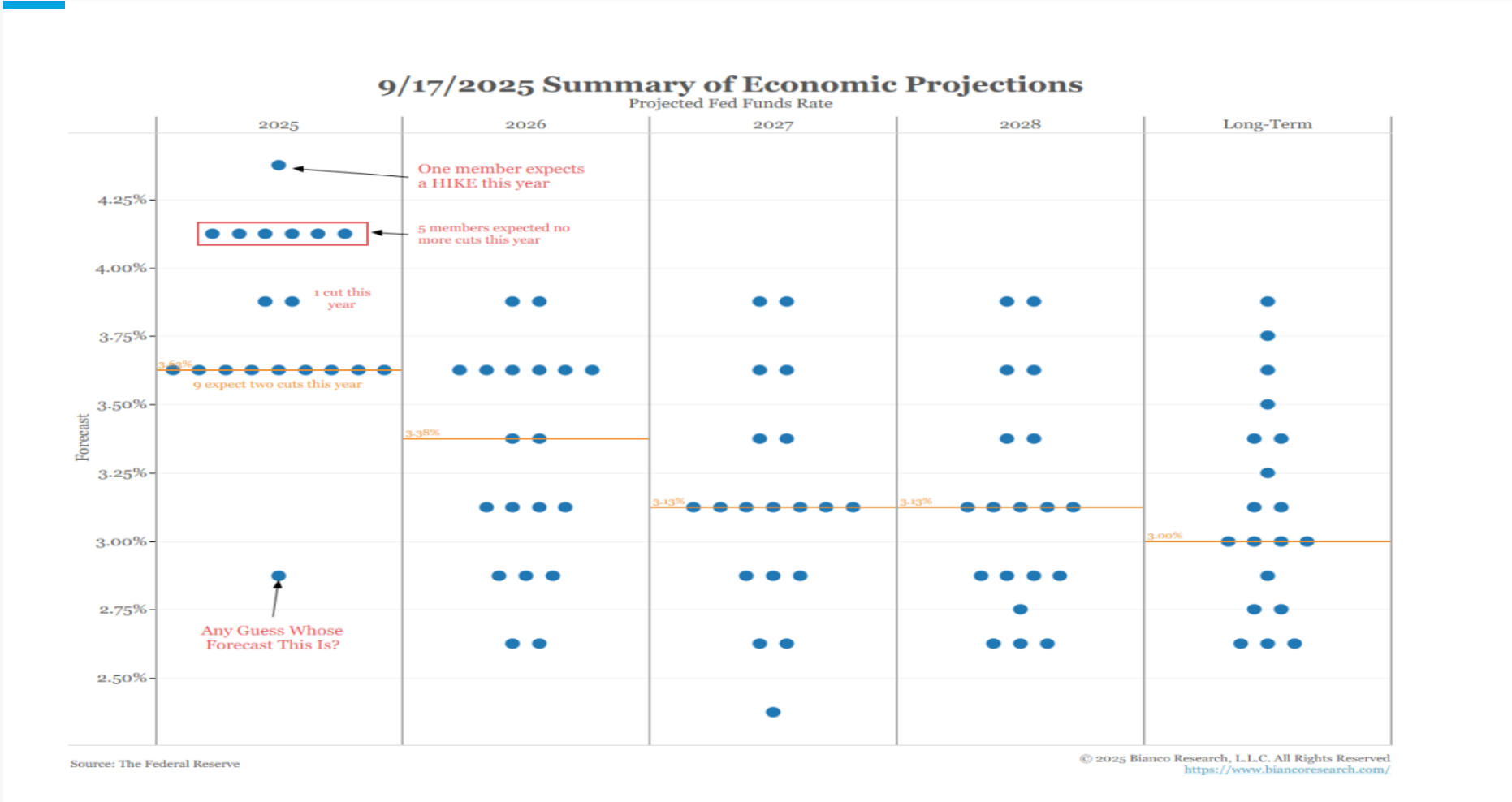
Real Rate = Nominal interest rate - inflation



Fixed Income



FOMC Economic Projections



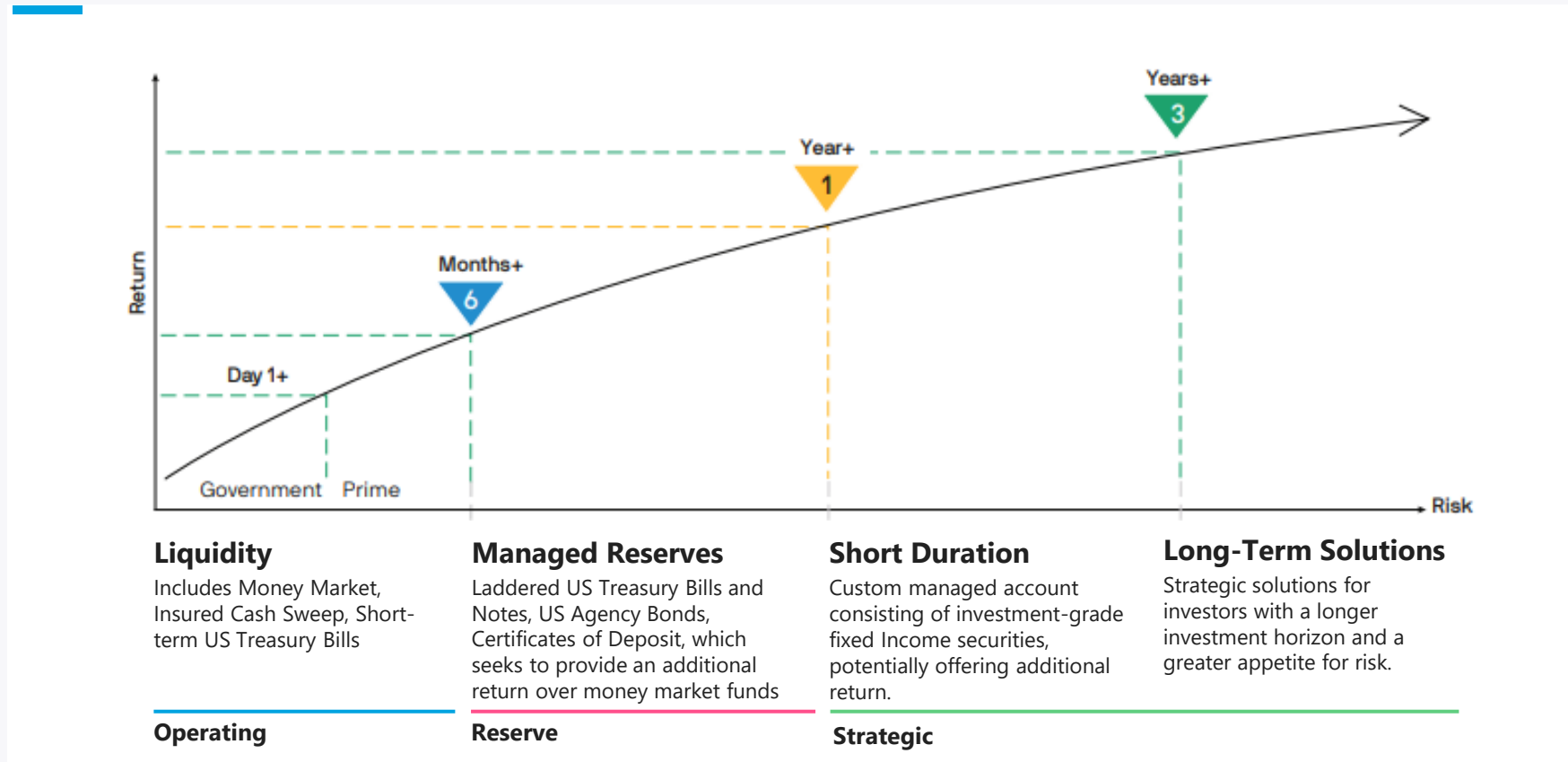
Market Projections

Show Models >>		Instrument: Fed Funds Futures >>		Enable Overrides	
Region: United States >>		Pricing Date		11/17/2025	
Target Rate		4.00			
Effective Rate		3.88		Cur. Imp. O/N Rate	
				3.879	
Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M. ▲
12/10/2025	-0.425	-42.5%	-0.106	3.773	0.250
01/28/2026	-0.805	-38.0%	-0.201	3.677	0.250
03/18/2026	-1.230	-42.5%	-0.307	3.571	0.250
04/29/2026	-1.505	-27.5%	-0.376	3.503	0.250
06/17/2026	-2.082	-57.7%	-0.520	3.358	0.250
07/29/2026	-2.425	-34.3%	-0.606	3.273	0.250
09/16/2026	-2.819	-39.4%	-0.705	3.174	0.250
10/28/2026	-3.015	-19.6%	-0.754	3.125	0.250
12/09/2026	-3.202	-18.7%	-0.801	3.078	0.250
01/27/2027	-3.275	-7.3%	-0.819	3.060	0.250
03/17/2027	-3.361	-8.6%	-0.840	3.038	0.250
04/28/2027	-3.305	+5.6%	-0.826	3.052	0.250
06/09/2027	-3.249	+5.6%	-0.812	3.067	0.250
07/28/2027	-3.095	+15.4%	-0.774	3.105	0.250
09/15/2027	-3.091	+0.4%	-0.773	3.106	0.250
10/27/2027	-2.995	+9.6%	-0.749	3.130	0.250
12/08/2027	-2.877	+11.8%	-0.719	3.160	0.250
01/26/2028	-2.795	+8.2%	-0.699	3.180	0.250
Implied Overnight Rate & Number of Hikes/Cuts					Maximize

Cash Segmentation

Investment Solutions

The most effective liquidity strategy will select a specific investment solution for each cash segment



Cash Segmentation

Segment into 3 pools with independent needs and goals

Operating Cash

- ✓ Used for daily operating
- ✓ Liquidity is key
- ✓ Suitable placements are in bank checking, savings, ICS accounts & short term US T Bills

Reserves

- ✓ Cash that will be needed within the next year
- ✓ Balance liquidity with rate
- ✓ Suitable placements are savings, ICS, CDs, & laddered Bonds and T Bills

Strategic Investments

- ✓ Excess cash invested for long-term gain
- ✓ Priority is rate
- ✓ Suitable placements are bonds, t bills, and qualifying securities

Cash Segmentation

Cash segmentation begins with a detailed cash forecast & understanding your cash needs



Portfolio Strategy

North Dakota Century Code 21-06-07: Political Subdivisions may invest funds.

- Counties, cities, school districts, park districts, **water resource boards**, and townships....

Permitted Investments

- Certificates of Deposit (CDs) insured by the FDIC or state
- CDs, savings deposits, or other deposits FDIC insured
- US Government bonds, bills, and notes
 - Obligations insured or guaranteed by the treasury of the US or its agencies
- Municipal securities
 - General obligation state or local government in rated A or better
 - State housing finance agency rated AA or better
 - General obligation of a school district rated AA or better
 - Obligations of ND and general obligation of its political subdivisions
- Commercial paper issued by a US corporation with the highest credit rating and maturing in 270 days or less

Portfolio Strategy

North Dakota Century Code 21-06-07 Simplified

Bank Deposit Accounts

- ✓ All deposit accounts must be covered by FDIC insurance (\$250,000) or
- ✓ Bank must collateralize with securities (110%) or
- ✓ Placed through a Depository Service

Investments

- ✓ All investments must be in US government securities or
- ✓ US organizations receiving tax payer funding
- ✓ other limited qualifying investments

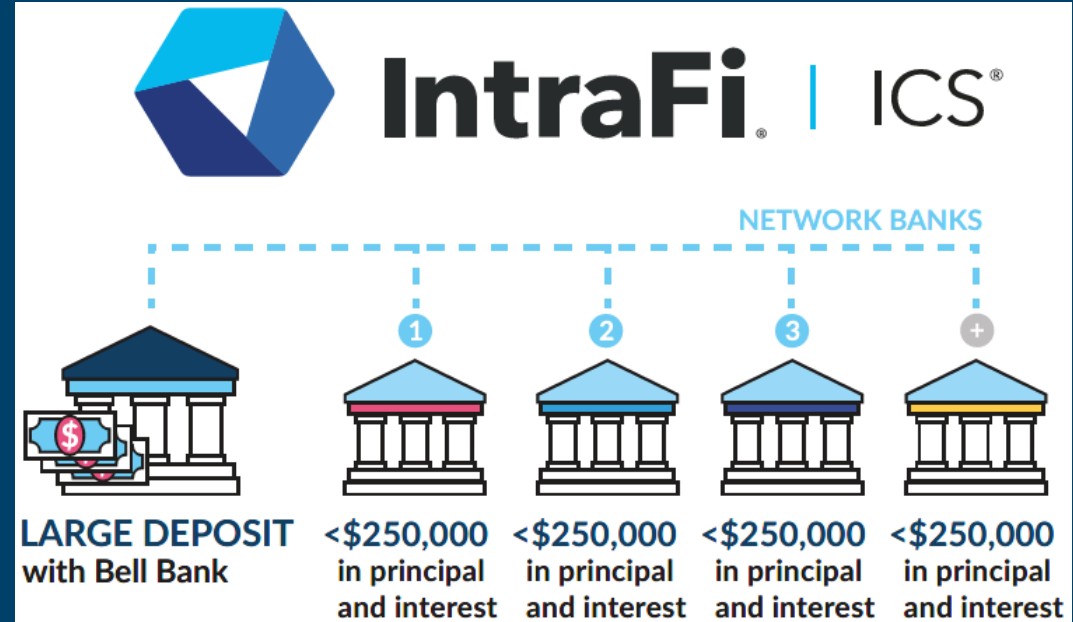
Portfolio Strategy

What is a Depository Service?

Insured Cash Sweep Accounts (ICS) are a type of savings account

Your district maintains 1 account with your primary bank

The Placement Service divvies this up into smaller increments to achieve FDIC coverage up to \$150 million



Thank you!



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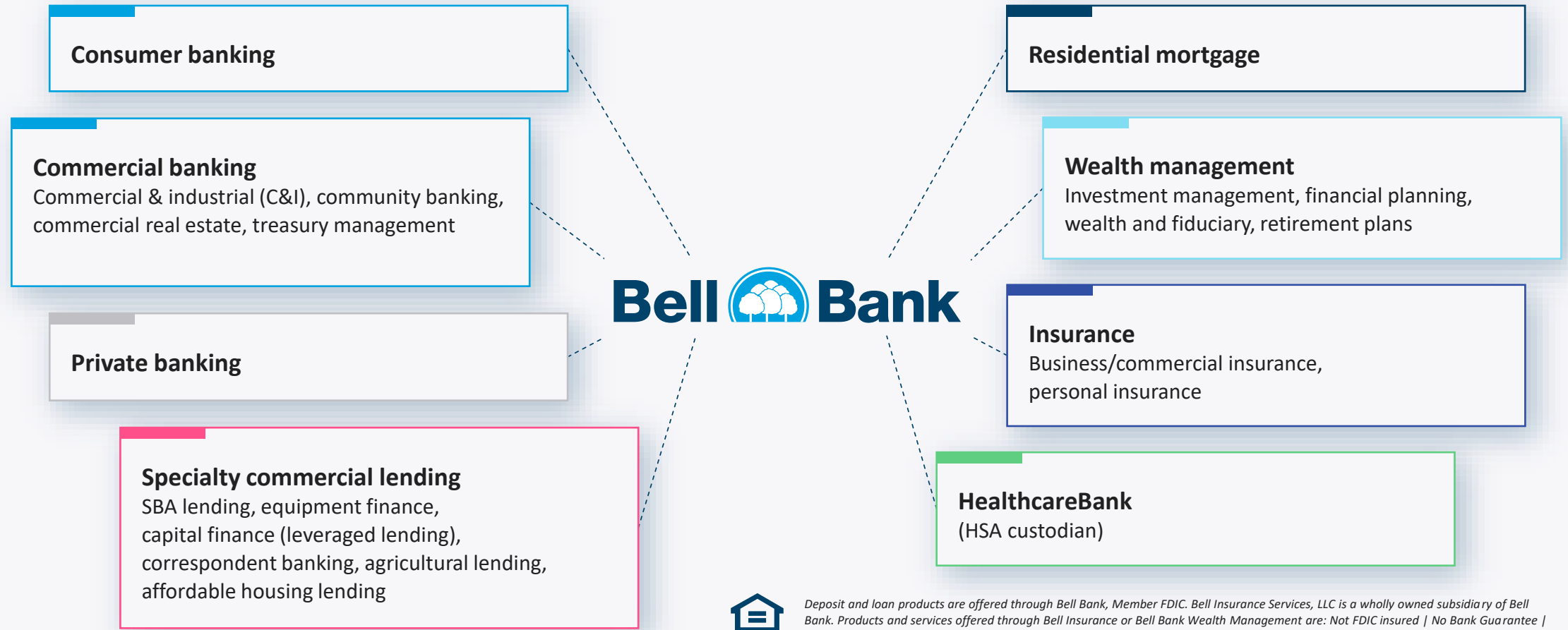


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Full Suite of Services



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About Bell

Founded in 1966 in Fargo, N.D., we've grown to be one of the nation's largest privately held banks with assets of more than **\$13 billion** and full-service locations in **North Dakota, Minnesota** and **Arizona**.

Under the guidance of leaders who take the long view, we've sustained rapid, organic growth by adding talented people and building strong customer relationships.



An Award-Winning Bank



Disclosures

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Asset classes are represented by the following indexes; US Equities: S&P 500 index, US Small Cap: Russell 2000 index, US Value: Russell 1000 Value index, US Growth: Russell 1000 Growth index, Developed International: MSCI EAFE index, Emerging Markets: MSCI EM index, US Aggregate Bond: BBgBarc US Agg Bond index, US Inter-term Government-Credit: BBgBarc US Govt/Credit Inter term index, US Credit: BBgBarc US Credit index, High Yield: ICE BofAML US High Yield index, US Real Estate: DJ US Real Estate index, Commodities: Bloomberg Commodity index, Diversified Alternatives: Morningstar Diversified Alternative index, Cash: ICE BofAML US 3M Treasury index.

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