

**CAPITAL CONSTRUCTION SCHEDULE OF  
LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES**

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2019	Outstanding Principal Balance June 30, 2021	Outstanding Principal Balance June 30, 2023
				2017-19 Actual Payments	2019-21 Estimated Payments	2021-23 Estimated Payments			
1997 Legislative Assembly approved: North Dakota State College of Science - Bute Gym remodeling (\$1,700,000)	2006 Series A State Building Authority refunding revenue bonds (4.4% to 5.125% - 20-year bonds) - Used to refund 1998 Series A and 2000 Series A (2020)	\$10,782,500 <sup>1,2</sup>	\$9,750,000	\$1,370,000	\$0	\$0	\$0	\$0	\$0
Minot State University - Moore Hall renovation (\$4,000,000)									
Department of Corrections and Rehabilitation - Youth Correctional Center gymnasium renovation (\$1,400,000)									
1999 Legislative Assembly approved North Dakota State University (NDSU)- Animal facility (\$2,207,500) Youth Correctional Center - Pine Cottage (\$1,475,000)									
2001 Legislative Assembly approved: State Department of Health - Laboratory addition (\$2,700,000) Job Service North Dakota - Bismarck service delivery office (\$2,302,000)	2010 Series A and 2010 Series B bonds refunded the 2002 Series A State Building Authority revenue bonds (2% to 4% - 12-year bonds) (2022)	5,002,000 <sup>3</sup>	6,035,000	918,472	930,857	495,200	1,710,000	885,000	0

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2003 Legislative Assembly approved:										
State Department of Health - Morgue and storage annex (\$960,000)	2012 Series A facilities improvement refunding bonds used to refund the 2003 Series B State Building Authority revenue bonds (.20% to 2% - 10-year bonds) (2021)	11,645,237 <sup>4</sup>	13,080,000 <sup>5</sup>	1,808,794	1,786,127	909,000	2,610,000	900,000	0	
Department of Corrections and Rehabilitation - James River Correctional Center food service/laundry renovations - Phase II (\$2,662,890)										
Dickinson State University - Murphy Hall - Phase I addition (\$5,882,047)										
Mayville State University - Steamline replacement - Phase II (\$1,355,000)										
Valley City State University - Graichen Gymnasium elevator and emergency exits (\$785,300)										
2005 Legislative Assembly approved:										
Office of Management and Budget - Fire suppression system (\$3,155,000)	2017 Series A refunded 2005 Series A State Building Authority revenue bonds (4.50% - 20-year bonds) (2025)	28,848,248	37,955,000 <sup>6</sup>	8,439,303	6,954,205	5,797,886	13,656,032	7,786,608	2,512,416	
Attorney General's office - Crime Laboratory addition and renovation (\$3,632,691)										
NDSU - Hazardous material handling and storage facility (\$3,500,000)										
North Dakota State College of Science - Electrical distribution (\$736,000)										
Dickinson State University - Murphy Hall (\$4,100,557)										

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Minot State University - Bottineau - Thatcher Hall addition (\$2,500,000) Department of Corrections and Rehabilitation - James River Correctional Center ET Building improvements (\$980,000) Department of Corrections and Rehabilitation - James River Correctional Center programs building code improvements (\$584,000) North Central Research Center - Agronomy laboratory and greenhouse (\$440,000) Central Grasslands Research Center - Office addition (\$270,000) Main Research Center - Greenhouse complex (\$2,000,000) State Historical Society - Chateau de Mores Interpretive Center (\$1,100,000) State Historical Society and Heritage Center - Research collections expansion (\$5,500,000) Parks and Recreation Department - Turtle River State Park administrative office (\$350,000)									

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				2017-19 Actual Payments	2019-21 Estimated Payments	2021-23 Estimated Payments			
2009 Legislative Assembly approved:									
Veterans' Home (\$2,355,000) - Series A	2010 Series A taxable facilities improvement bonds (recovery zone economic development bonds) (3.5% to 6.25% - 20-year bonds) (2030)	2,355,000	2,355,000	404,283	405,733	407,271 <sup>7</sup>	1,960,000 <sup>8</sup>	1,685,000	1,390,000
Veterans' Home - (\$630,000) - Series B	2010 Series B State Building Authority facilities improvement bonds (2% to 4% - 12-year bonds) - Used to fund a portion of the Veterans' Home project and to refund a portion of the 2002 Series A bond - Job Service North Dakota and State Department of Health (2022)	630,000	630,000	0	0	0	0	0	0
2019 Legislative Assembly approved:									
NDSU - Dunbar Hall (\$40,000,000) Valley City State University - Communications and Fine Arts Building (\$30,000,000) University of North Dakota (UND) - Gamble Hall (\$6,000,000) Dickinson State University - Pulver Hall (\$4,000,000)	2020 Series A Facilities Improvement Bonds (5% - 20-year bonds) <sup>11</sup>	80,000,000	82,323,685 <sup>9</sup>	0	0	10,188,694	0	64,415,000	60,480,000
Total		\$139,262,985	\$152,128,685	\$12,940,852	\$10,076,922	\$17,798,051	\$19,936,032	\$75,671,608	\$64,382,416
Breakdown of payments									
General fund				\$11,894,190 <sup>10</sup>	\$9,019,762 <sup>10</sup>	\$17,028,945 <sup>10</sup>			
Agency contributions				1,046,662	1,057,160	769,106			
Total				\$12,940,852	\$10,076,922	\$17,798,051			

<sup>1</sup>Senate Bill No. 2003 (1997) included a section stating that up to a total of \$300,000 from nongeneral fund sources is to be used to assist in the retirement of the debt incurred to finance the renovation of Bute Gym. The bill also authorized an animal research facility at NDSU and a renovation to the Ed James Wing of the medical school building at UND. The NDSU project was delayed until the 1999 legislative session. The UND project was handled through a separate bond issue (1998 Series C bond issue).

<sup>2</sup>House Bill No. 1022 (1999) authorized an animal research facility at NDSU, renovation of Pine Cottage at the Youth Correctional Center, and the Health and Wellness Center addition at Williston State College. The Williston State College project is to be handled through a separate bond issue (2001 Series A bond issue).

In addition to the \$2,207,500 appropriated from bond proceeds for the NDSU animal research facility, House Bill No. 1022 also appropriated \$2,207,500 of federal or other funds. The total amount appropriated for the animal research facility was \$4,415,000.

In addition to the \$1,475,500 appropriated from bond proceeds for the Youth Correctional Center Pine Cottage project, House Bill No. 1022 also appropriated \$500,000 of federal or other funds. The total amount appropriated for the Pine Cottage project was \$1,975,500.

<sup>3</sup>Senate Bill No. 2023 (2001) included a section stating \$2,302,000 (Job Service North Dakota) and \$1,755,000 (State Department of Health) must be available from nongeneral fund sources to assist in the retirement of the debt incurred to finance the two projects.

The State Department of Health received authority from the Emergency Commission to receive and spend federal funds in the amount of \$823,878 in the capital improvements line item for the laboratory addition. The request was needed to cover the increase in the per-square footage costs of \$338,817 and for the 1,700 square feet of additional space at \$485,061.

<sup>4</sup>House Bill No. 1023 (2003) appropriated \$4,237,755 of special funds for the issuance of bonds for projects at the State Department of Health and the Department of Corrections and Rehabilitation. Of that amount, \$614,865 for the State Department of Health was paid for with bioterrorism program dollars rather than by bonding.

House Bill No. 1003 (2003) appropriated \$8,022,347 of special funds for the issuance of bonds for three University System projects by the State Building Authority. In addition, \$830,000 of capital bond payments from the 2001-03 biennium was used for bond issuance buydown. Dickinson State University also provided \$250,000 during the 2005-07 biennium to assist in the retirement of the bonds.

<sup>5</sup>This bond issuance included funding for the 2003-05 biennium state facility energy improvement program capital project that was recommended to be funded with bond proceeds for the Department of Corrections and Rehabilitation in the amount of \$105,326. Bonds sold to finance the project under this program do not factor in the general fund lease payment limitation and will be repaid with resulting energy cost-savings.

This bond issuance does not include the \$20 million of bonding for the Information Technology Department for ConnectND. These bonds will be repaid from charges collected by the Information Technology Department from higher education and other state agencies for the ConnectND project. In September 2003 the Industrial Commission issued 2003 Series C bonds, totaling \$20 million, at an interest rate of 3.86 percent, for a period of 10 years with annual debt service of approximately \$2.7 million.

This bond issuance does not include the bonding of \$2 million authorized in Senate Bill No. 2416 (2003) for two State Historical Society projects (Chateau de Mores and Fort Abercrombie Interpretive Centers), which are to be paid from federal, local, or donated funds collected by the State Historical Society. The State Building Authority did not issue bonds for these projects because the State Historical Society did not have adequate funding for the debt service.

<sup>6</sup>Senate Bill No. 2023 (2005) included a section stating that \$300,000 must be available from nongeneral fund sources to assist in the retirement of the debt incurred to finance the project costs associated with the construction of the State Historical Society projects. The State Historical Society's \$33,333 biennial payments (nine payments) began with the 2007-09 biennium.

This bond issuance also included funding for the 2005-07 biennium state facility energy improvement capital projects in the amount of \$2,331,554. Bonds sold to finance the projects under this program do not factor in the general fund lease payment limitation and will be repaid with resulting energy cost-savings. The debt service and principal balance for these energy conservation projects are not included in this schedule.

<sup>7</sup>2021-23 estimated bond payments for Veterans' Home Series A bond payments total \$407,271 and that number is included in Senate Bill No. 2014 (2021). In addition, a federal bond subsidy of \$78,786 is paid to the trustee, which is the Bank of North Dakota.

<sup>8</sup>Interest only payments are made on the Veterans' Home Series A bonds until the Veterans' Home Series B bonds are paid off. The first principal payment on the Series A bonds was made on December 1, 2016.

<sup>9</sup>Bonds were sold on October 15, 2020, to provide project funds of \$80,000,000. The bond sale resulted in \$64,415,000 of bonds and a premium of \$17,908,685 which will be amortized over the life of the bond issue. The all-in true interest rate which takes into account the premium and all bond costs is 2.36 percent. The bond coupons are 5 percent.

<sup>10</sup>Section 54-17.2-23 provided 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax be deposited in the capital construction fund for lease payments associated with capital construction projects. The Legislative Assembly in 1993 repealed the provisions of the capital construction fund and increased the maximum that lease payments can total for a biennium from 10 to 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The Legislative Assembly in 1995 decreased the maximum that lease payments can total for a biennium from 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax to 11 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The Legislative Assembly in 1997 decreased the maximum that lease payments can total for a biennium from 11 percent of a 1 percent sales, use, and motor vehicle excise tax to 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The Legislative Assembly in 2001 clarified the statute to provide the computation for the authorized general fund lease payments for a biennium must be based on the projected sales, use, and motor vehicle excise tax collections presented to the Legislative Assembly at the close of the most recently adjourned regular legislative session.

### NEW BONDING AUTHORIZED AND ISSUED DURING 2019-2021 BIENNIUM

Senate Bill No. 2297 (2019) authorizes the Industrial Commission to issue up to \$100 million of evidences of indebtedness for various institutions of higher education building projects as detailed in the following table, during the 2019-21 biennium. The debt service is to be paid by funds received from lease payments from general fund appropriations. The State Building Authority did not issue bonds for the NDSU Agriculture Products Development Center in the amount of \$20 million as NDSU was not able to meet the Legislative directive to provide match funding in the amount of \$20 million.

Institution	Project	Authorized Bond Amount
NDSU	Dunbar Hall	\$40,000,000
Valley City State University	Communications and Fine Arts Building	30,000,000
NDSU	Agriculture Products Development Center	20,000,000
UND	Gamble Hall	6,000,000
Dickinson State University	Pulver Hall	4,000,000
<b>Total</b>		<b>\$100,000,000</b>

### SALES TAX LIMITATION - BOND PAYMENTS

The following table shows the projected fund portion of the bond payments for the 2019-21 through 2025-27 biennium and what the 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax is projected to generate (using the 2021-23 biennium executive budget revenue forecast):

Biennium	Total Payments	Other Funds	General Fund	10 Percent of the Equivalent of 1 Percent	Estimated Excess General Fund Resources Available for Bond Payments
2019-21	\$10,076,922 <sup>1</sup>	\$1,057,160	\$9,019,762	\$41,600,000	\$32,580,238
2021-23	\$17,798,051 <sup>1</sup>	\$769,106	\$17,028,945	\$41,600,000	\$24,571,055
2023-25	\$13,233,707 <sup>1</sup>	\$499,317	\$12,734,390	\$41,600,000	\$28,865,610
2025-27	\$10,628,056 <sup>1</sup>	\$448,181	\$10,179,875	\$41,600,000	\$31,420,125

<sup>1</sup>The future biennium bond payments do not reflect any other future bond issues that may be authorized by future Legislative Assemblies. During the 2019-21 biennium, the 2006 Series A bond issue was paid off.