

CAPITAL CONSTRUCTION LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES

Project		Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 1999	Outstanding Principal Balance June 30, 2001	Outstanding Principal Balance June 30, 2003
				1997-99 Actual Payments	1999-2001 Actual Payments	2001-03 Estimated Payments			
Youth Correctional Center - Kitchen/dining facility	1988 Series A North Dakota Building Authority revenue bonds (5.25% to 7.1% - 10-year bonds)	\$950,000	\$1,230,000	\$153,698					
International Peace Garden - Renovation of food service facility and wastewater disposal system	1988 Series B North Dakota Building Authority revenue bonds (5.25% to 7.1% - 10-year bonds)	358,000	470,000	63,022					
Dickinson Experiment Station - The 1987 Legislative Assembly authorized a bond issuance for payments of loans, interest, and special assessments on the old Dickinson Experiment Station	1988 Series C North Dakota Building Authority revenue bonds (5% to 6.85% - 10-year bonds)	7,204,000	9,070,000	976,336					
1993 Series A refunding revenue bonds - Used to refinance 1990 Series A, B, and C The 1990 Series A issue was originally used to fund: North Dakota State University computer center (\$5,375,000) University of North Dakota United Hospital north unit (\$1,720,000) State College of Science agricultural mechanics building (\$2,916,000)	1993 Series A North Dakota Building Authority refunding revenue bonds (2.4% to 6.05% - 17-year bonds)		34,740,000 ¹	5,840,339	\$5,826,031	\$6,018,469	\$24,565,000	\$21,120,000	\$17,295,000

Project	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 1999	Outstanding Principal Balance June 30, 2001	Outstanding Principal Balance June 30, 2003	
			1997-99 Actual Payments	1999-2001 Actual Payments	2001-03 Estimated Payments				
University of North Dakota Abbott Hall addition (\$3,300,000)									
Minot State University library (\$7,728,000)									
State Board of Higher Education selected handicapped access projects (\$1,600,000)									
The 1990 Series B issue was originally used to fund State Penitentiary Phase III construction (\$5,000,000)									
The 1990 Series C issue was originally used to fund Veterans Home construction and remodeling (\$1,169,000)									
North Dakota University System - Various capital construction projects, including handicapped accessibility projects and special assessments (\$8,423,061)	1993 Series B North Dakota Building Authority revenue bonds (3.3% to 5.5% - 20-year bonds)	13,333,061 ²	15,790,000	2,480,574	2,451,987	2,506,773	13,360,000	12,095,000	10,805,000
Minot State University - Memorial Library renovation (\$2,550,000)									
Job Service North Dakota - Grand Forks office building (\$1,735,000)									
Adjutant General - Grand Forks armory (\$375,000)									
Youth Correctional Center - Building demolition and asbestos removal (\$250,000)									

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Bismarck State College Science and Mathematics Center (\$8,060,000)	1995 Series A North Dakota Building Authority revenue bonds (5% to 6.1% - 20-year bonds)	15,326,769 ³	18,135,000	2,801,918	2,826,875	3,045,255	17,055,000	15,865,000	14,550,000
University of North Dakota Abbott Hall renovations (\$2,371,769)									
North Dakota State University emission control renovations on power plant (\$2,145,000)									
Dickinson State University Klinefelter Hall renovations (\$2,750,000)									
State College of Science - Bute Gym remodeling (\$1,700,000)	1998 Series A North Dakota Building Authority revenue bonds (4.4% to 5.125% - 20-year bonds)	7,100,000 ⁴	8,360,000		1,065,214	1,293,644	8,360,000	7,830,000	7,255,000
Minot State University - Moore Hall renovation (\$4,000,000)									
Department of Corrections and Rehabilitation - Youth Correctional Center gymnasium renovation (\$1,400,000)									
1998 Series B refunding revenue bonds - Used to refinance 1991 Series A and 1992 Series A The 1991 Series A issue was used to refund the 1986 Series A which was originally used to fund: Developmental Center renovations (\$3,900,000) State Penitentiary Phase II construction (\$7,500,000) State Hospital renovations (\$3,400,000)	1998 Series B North Dakota Building Authority refunding revenue bonds (4.5% to 5% - 13-year bonds)		11,340,000	3,350,013 ⁵	2,433,167	3,031,314	11,340,000	11,255,000	9,090,000

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				1997-99 Actual Payments	1999-2001 Actual Payments	2001-03 Estimated Payments			
The 1992 Series A issue was originally used to fund the Department of Human Services - Southeast Human Service Center (\$2,475,000)									
University of North Dakota - Renovation and addition to the Ed James Wing of the medical school building (\$3,000,000)	1998 Series C North Dakota Building Authority revenue bonds (3.2% to 4.35% - 10-year bonds)	3,000,000 ⁶	3,400,000		747,997	776,704	3,400,000	2,870,000	2,300,000
North Dakota State University - Animal facility (\$2,207,500)	2000 Series A North Dakota Building Authority revenue bonds (5.5% - 20-year bonds)	3,682,500 ⁷	4,430,000			714,907		4,430,000	4,145,000
Youth Correctional Center - Pine Cottage (\$1,475,000)									
Williston State College - Health and Wellness Center (\$3,000,000)	2001 Series A North Dakota Building Authority revenue bonds (5.40% - 20-year bonds)	10,850,000 ⁸	13,225,000			545,965		13,225,000	13,005,000
Minot State University - Old Main renovation (\$7,850,000)									
State Department of Health - Laboratory addition (\$2,700,000)	2001 Series B North Dakota	5,002,000 ⁹	6,230,000 ¹⁰						6,230,000
Job Service North Dakota - Bismarck service delivery office (\$2,302,000)	Building Authority revenue bonds (5.45% - 20-year bonds)								
Total		<u>\$66,806,330</u>	<u>\$126,420,000</u>	<u>\$15,665,900</u>	<u>\$15,351,271</u>	<u>\$17,933,031</u>	<u>\$78,080,000</u>	<u>\$88,690,000</u>	<u>\$84,675,000</u>
Breakdown of payments									
General fund				\$13,905,480 ¹¹	\$13,487,472 ¹¹	\$15,786,425 ¹¹			
Agency contributions				1,760,420	1,863,799	2,146,606			
Total				<u>\$15,665,900</u>	<u>\$15,351,271</u>	<u>\$17,933,031</u> ¹²			

¹ House Bill No. 1037 (1989) included a section stating that it was the intent of the Legislative Assembly that up to a total of \$4.4 million from non-general fund sources be used to assist in the retirement of the debt incurred to finance the construction projects. The non-general fund sources will be the college development foundation at the University of North Dakota, North Dakota State University, and State College of Science and an additional student fee at Minot State University. A listing of the \$4.4 million by each institution is as follows:

Institution	Type of Facility	Total Contributions	Contributions Made Through the 1999-2001 Biennium	Remaining Contributions	
North Dakota State University	Computer technology transfer center	\$1,343,000	\$1,121,500	\$221,500	(Biennial contributions are \$55,375)
North Dakota State College of Science	Agricultural mechanics technology facility	300,000	175,000	125,000	(Biennial contributions are \$31,250)
University of North Dakota	Abbott Hall addition	825,000	712,500	112,500	(Biennial contributions are \$28,125)
Minot State University	Library facility	1,932,000	1,141,000	791,000	(Biennial contributions are \$197,750)
Total		<u>\$4,400,000</u>	<u>\$3,150,000</u>	<u>\$1,250,000</u>	

In addition to the \$5,375,000 appropriated from bond proceeds for the North Dakota State University computer center, House Bill No. 1037 also appropriated \$5,375,000 from federal or other funds. The total amount appropriated for the project was \$10,750,000.

House Bill No. 1669 (1989) appropriated up to \$6.2 million for State Penitentiary Phase III construction from loan notes less the insurance proceeds received in the Penitentiary's fire loss of \$1.2 million.

Senate Bill No. 2096 (1989) authorized the issuance of bonds in the amount of \$1,169,000 to match federal funds available to construct, modify, or alter the facilities at the Veterans Home. Bond payments are to be made from the Veterans Home improvement fund.

² House Bill No. 1020 (1993) included a section stating that up to a total of \$1,990,000 from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the construction projects. A listing of the \$1,990,000 by each institution is as follows:

nstitution/Agency	Type of Facility	Total Contributions	Contributions Made Through the 1999-2001 Biennium	Remaining Contributions	
Minot State University	Library renovation	\$255,000	\$233,750	\$21,250	(Biennial contributions are \$42,500)
Job Service North Dakota	Grand Forks office building	1,735,000			
Total		<u>\$1,990,000</u>	<u>\$233,750</u>	<u>\$21,250</u>	

In addition to the \$2,550,000 appropriated from bond proceeds for the Minot State University Memorial Library renovation, House Bill No. 1020 also appropriated \$4,800,000 from federal or other funds. The total amount appropriated for the library renovation was \$7,350,000.

Job Service North Dakota makes the entire bond payment, principal and interest, on the \$1,735,000 for the Grand Forks office building.

³ Senate Bill No. 2030 (1995) included a section stating that up to a total of \$2,206,769 from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the construction projects. A listing of the \$2,206,769 by each institution is as follows:

Institution	Type of Facility	Total Contributions	Contributions Made Through the 1999-2001 Biennium	Remaining Contributions	
Bismarck State College	Science and mathematics center	\$1,060,000	\$706,668	\$353,332	(Biennial contributions are \$353,334)
University of North Dakota	Abbott Hall renovation	871,769	581,180	290,589	(Biennial contributions are \$290,590)
Dickinson State University	Klinefelter Hall renovation	275,000	183,332	91,668	(Biennial contributions are \$91,666)
Total		<u>\$2,206,769</u>	<u>\$1,471,180</u>	<u>\$735,589</u>	

In addition to the \$2,371,769 appropriated from bond proceeds for the University of North Dakota Abbott Hall renovation, Senate Bill No. 2030 also appropriated \$1,771,769 from federal or other funds. The total amount appropriated for the renovation of Abbott Hall was \$4,143,538.

⁴ Senate Bill No. 2003 (1997) included a section stating that up to a total of \$300,000 from non-general 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 North Dakota State University and a renovation to the Ed James Wing of the medical school building at the University of North Dakota. The North Dakota State University project was delayed until the 1999 legislative session. The University of North Dakota project was handled through a separate bond issue (see 1998 Series C bond issue).

Institution	Type of Facility	Total Contributions	Contributions Made Through the 1999-2001 Biennium	Remaining Contributions	
State College of Science	Bute Gym renovation	\$300,000	\$100,000	\$200,000	(Biennial contributions are \$100,000)

⁵ The 1997-99 payment amounts reflect the payments on the 1991 Series A and the 1992 Series A bond issues.

⁶ In addition to the \$3 million appropriated from bond proceeds for the University of North Dakota renovation to the Ed James Wing of the medical school building, Senate Bill No. 2003 also appropriated any available funds received from federal, public, or private sources.

⁷ House Bill No. 1022 (1999) authorized an animal research facility at North Dakota State University, renovation of Pine Cottage at the Youth Correctional Center, and a health and wellness center addition at Williston State College. The Williston State College project is to be handled through a separate bond issue (see 2001 Series A bond issue).

In addition to the \$2,207,500 appropriated from bond proceeds for the North Dakota State University 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 \$1,975,000.

⁸ House Bill No. 1022 (1999) included a section stating that up to a total of \$3 million from non-general fund sources is to be used to assist in the retirement of the debt incurred to finance the Health and Wellness Center addition at Williston State College. Of the \$3 million, \$1.5 million is to be provided for the project before construction may begin, and the remaining \$1.5 million is to be paid in 10 annual payments of \$150,000. Because \$1.5 million is to be available prior to construction, the North Dakota Building Authority will only bond for \$3 million of the \$4.5 million project. The North Dakota Building Authority anticipates bonds for the project to be sold in June 2001.

The bond issuance also includes bonds of \$7,850,000 for the renovation of Old Main at Minot State University authorized in Senate Bill No. 2023 (2001). Senate Bill No. 2023 (2001) provides that \$2,299,000 from non-general fund sources is to be used to assist in the retirement of the debt and that the non-general fund share must be paid in 10 annual payments with each of the first two annual payments being \$315,000 and each of the remaining eight annual payments being \$208,625.

⁹ Senate Bill No. 2023 (2001) appropriated \$5,002,000 of special funds for the issuance of bonds for projects at the State Department of Health and Job Service North Dakota. Of the total amount of bonds issued, a total of \$4,057,000 is to be repaid from non-general fund sources, including \$1,755,000 from the State Department of Health, which represents approximately 65 percent of the project cost and \$2,302,000 from Job Service North Dakota, which represents the total cost of the project.

¹⁰ The estimated 2003-05 biennium payment on this bond issue based on an estimated interest rate of 5.45 percent is approximately \$739,499. Of the \$739,499, \$139,506 is from the general fund and \$599,993 is from special funds. The bond issuance does not include funding for 2001-03 biennium state facility energy improvement program capital improvements that were recommended to be funded with bond proceeds. Bonds sold to finance projects under this program do not factor in the general fund lease payment limitation, and the debt service on these bonds will be repaid with resulting energy cost savings.

¹¹ North Dakota Century Code (NDCC) Section 54-17.2-21 provided that 10 percent of the equivalent of a one percent sales, use, and motor vehicle excise tax be deposited in the capital construction fund for lease payments associated with capital construction projects. The 1993 Legislative Assembly repealed the provisions of the capital construction fund and enacted NDCC Section 54-17.2-23 to provide that the maximum lease payments can total for a biennium is 12.5 percent of the equivalent of a one percent sales, use, and motor vehicle excise tax. The 1995 Legislative Assembly decreased the maximum that lease payments can total for a biennium from 12.5 percent of the equivalent of a one percent sales, use, and motor vehicle excise tax to 11 percent of the equivalent of a one percent sales, use, and motor vehicle excise tax. The 1997 Legislative Assembly decreased the maximum that lease payments can total for a biennium from 11 percent of a one percent sales, use, and motor vehicle excise tax to 10 percent of the equivalent of a one percent sales, use, and motor vehicle excise tax. The 2001 Legislative Assembly clarified the statute to provide that 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.

¹² The 2001-03 estimated payments of \$17,933,031 is \$23,028 less than the amount appropriated by the Legislative Assembly for 2001-03 lease payments of \$17,956,059. The difference is the result of a change in the estimated bond issuances for the Williston State College Health and Wellness Center addition and the renovation of Old Main at Minot State University.

SALES TAX LIMITATION - BOND PAYMENTS

The following table shows the projected general fund portion of the bond payments for the 2001-03 through the 2009-11 bienniums and what the 10 percent of the equivalent of a one percent sales, use, and motor vehicle excise tax is projected to generate (using the March 2001 revenue forecast and assuming a four percent growth in sales tax revenues for future bienniums and no prepayments of non-general fund amounts):

Biennium	Total Payments	Other Funds	General Fund	Ten Percent of Equivalent of One Percent	Estimated Excess General Fund Resources Available for Bond Payments
2001-03	\$17,933,031	\$2,146,606	\$15,786,425	\$16,444,680	\$658,255
2003-05	\$19,618,684 *	\$2,597,973	\$17,020,711	\$17,102,467	\$81,756
2005-07	\$20,162,792 *	\$2,481,637	\$17,681,155	\$17,786,566	\$105,411
2007-09	\$19,315,878 *	\$2,395,048	\$16,920,830	\$18,498,029	\$1,577,199
2009-11	\$12,409,552 *	\$1,814,439	\$10,595,113	\$19,237,950	\$8,642,837

* The future biennium bond payments reflect estimated payments related to the bonding authorized by the 2001 Legislative Assembly but do not reflect any other future bond issues that may be authorized by future Legislative Assemblies.