

# CAPITAL CONSTRUCTION LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES

Project	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2001	Outstanding Principal Balance June 30, 2003	Outstanding Principal Balance June 30, 2005
			1999-2001 Actual Payments	2001-03 Estimated Payments	2003-05 Estimated Payments			
2003 Series A refunding revenue bonds - Used to refund 1993 Series A refunding revenue bonds which were used to refinance 1990 Series A, B, and C	2003 Series A North Dakota Building Authority refunding revenue bonds (2.35% to 4.07% - 7-year bonds)	\$15,145,000 <sup>1</sup>	\$5,826,234	\$6,061,336	\$5,479,013	\$21,120,000	\$15,145,000	\$11,305,000
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)								
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)	2002 Series C lease revenue refunding bonds used to refund 1993 Series B North Dakota Building Authority revenue bonds (3% to 4.3% - 12-year bonds)	\$13,333,061 <sup>2</sup>	10,665,000	2,452,079	2,267,902	2,067,370	12,095,000	10,665,000	9,350,000
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)									
Bismarck State College Science and Mathematics Center (\$8,060,000)	2002 Series D lease revenue refunding bonds used to refund 1995 Series A North Dakota Building Authority revenue bonds (3% to 4.5% - 15-year bonds)	15,326,769 <sup>3</sup>	16,425,000	2,826,980	1,636,981	2,875,763	15,865,000	15,480,000	13,890,000
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 <sup>4</sup>	8,360,000	1,065,262	1,266,007	1,320,063	7,830,000	7,255,000	6,625,000
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	1998 Series B North Dakota Building Authority refunding revenue bonds (4.5% to 5% - 13-year bonds)		11,340,000	2,433,659	3,070,687	2,960,800	11,255,000	9,090,000	6,880,000

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)

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 <sup>5</sup>	3,400,000	748,017	703,590	780,460	2,870,000	2,300,000	1,685,000
North Dakota State University - Animal facility (\$2,207,500) Youth Correctional Center - Pine Cottage (\$1,475,000)	2000 Series A North Dakota Building Authority revenue bonds (5.5% - 20-year bonds)	3,682,500 <sup>6</sup>	4,430,000		526,745	735,704	4,430,000	4,145,000	3,835,000
Williston State College - Health and Wellness Center (\$3,000,000) Minot State University - Old Main renovation (\$7,850,000)	2001 Series A North Dakota Building Authority revenue bonds (4% to 5.125% - 20-year bonds)	10,850,000 <sup>7</sup>	13,165,000		452,210	1,546,756	13,165,000	12,950,000	12,505,000
State Department of Health - Laboratory addition (\$2,700,000)	2002 Series A North Dakota Building Authority	5,002,000 <sup>8</sup>	6,035,000			697,938		6,035,000	5,920,000

Job Service North Dakota - Bismarck service delivery office (\$2,302,000)	revenue bonds (4% to 5.125% - 20-year bonds)								
State Department of Health East Laboratory remodeling ((\$614,865) Morgue and storage annex (\$960,000) Department of Corrections and Rehabilitation Food service/laundry renovations - Phase II (JRCC) (\$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)	2003 Series B North Dakota Building Authority revenue bonds (4.29% 20-year bonds)	12,260,102 <sup>9</sup>	13,785,000 <sup>10</sup>						13,785,000
Total		<u>\$70,554,432</u>	<u>\$102,750,000</u>	<u>\$15,352,231</u>	<u>\$15,985,458</u>	<u>\$18,463,867</u>	<u>\$88,630,000</u>	<u>\$83,065,000</u>	<u>\$85,780,000</u>
Breakdown of payments:									
General fund				\$13,488,831 <sup>11</sup>	\$13,875,945 <sup>11</sup>	\$15,985,849 <sup>11</sup>			
Agency contributions				1,863,400	2,109,513	2,478,018			
Total				<u>\$15,352,231</u>	<u>\$15,985,458</u>	<u>\$18,463,867</u>			

<sup>1</sup> 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:

<b>Institution</b>	<b>Type of Facility</b>	<b>Total Contributions</b>	<b>Contributions Made Through the 2001-03 Biennium</b>	<b>Remaining Contributions</b>	
North Dakota State University	Computer technology transfer center	\$1,343,000	\$1,176,875	\$166,125	(Biennial contributions are \$55,375)
North Dakota State College of Science	Agricultural mechanics technology facility	300,000	206,250	93,750	(Biennial contributions are \$31,250)
University of North Dakota	Abbott Hall addition	825,000	740,625	84,375	(Biennial contributions are \$28,125)
Minot State University	Library facility	1,932,000	1,338,750	593,250	(Biennial contributions are \$197,750)
<b>Total</b>		<b>\$4,400,000</b>	<b>\$3,462,500</b>	<b>\$937,500</b>	

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.

<sup>2</sup> 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:

<b>Institution/Agency</b>	<b>Type of Facility</b>	<b>Total Contributions</b>	<b>Contributions Made Through the 2001-03 Biennium</b>	<b>Remaining Contributions</b>	
Minot State University	Library renovation	\$255,000	\$255,000	\$0	(Biennial contributions were \$42,500)
Job Service North Dakota	Grand Forks office building	1,735,000			
<b>Total</b>		<b>\$1,990,000</b>	<b>\$255,000</b>	<b>\$0</b>	

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.

<sup>3</sup> 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:

<b>Institution</b>	<b>Type of Facility</b>	<b>Total Contributions</b>	<b>Contributions Made Through the 2001-03 Biennium</b>	<b>Remaining Contributions</b>	
Bismarck State College	Science and Mathematics Center	\$1,060,000	\$1,060,000	\$0	(Biennial contributions were \$353,334)
University of North Dakota	Abbott Hall renovation	871,769	871,769	0	(Biennial contributions were \$290,590)
Dickinson State University	Klinefelter Hall renovation	275,000	275,000	0	(Biennial contributions were \$91,666)
<b>Total</b>		<b>\$2,206,769</b>	<b>\$2,206,769</b>	<b>\$0</b>	

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.

<sup>4</sup> 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).

<b>Institution</b>	<b>Type of Facility</b>	<b>Total Contributions</b>	<b>Contributions Made Through the 2001-03 Biennium</b>	<b>Remaining Contributions</b>	
State College of Science	Bute Gym renovation	\$300,000	\$200,000	\$100,000	(Biennial contributions are \$100,000)

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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 State Building Authority will only bond for \$3 million of the \$4.5 million project. Williston State College will have paid \$300,000 by the end of the 2001-03 biennium, with \$1,200,000 remaining.

Senate Bill No. 2023 (2001) included a section stating that \$2,299,000 must be available from non-general fund sources to assist in the retirement of the debt incurred to finance the renovation of Old Main. Minot State University's local responsibility is to 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.

<sup>8</sup> Senate Bill No. 2023 (2001) included a section stating that \$2,302,000 (Job Service North Dakota) and \$1,755,000 (State Department of Health) must be available from non-general 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 expend 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>9</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 the total amount of bonds issued, it is anticipated that the amount of \$614,865 for the State Department of Health will be repaid by 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 is to be used for bond issuance buydown. Dickinson State University will also provide \$250,000 during the 2005-07 biennium to assist in the retirement of the bonds.

<sup>10</sup> The estimated 2005-07 biennium payment on this bond issue, based on an estimated interest rate of 4.29 percent, is approximately \$1,930,067. This 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. The bond issuance also does not include funding for the 2003-05 biennium state facility energy improvement program capital project that was recommended to be funded with bond proceeds. 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 also 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.

<sup>11</sup> North Dakota Century Code Section 54-17.2-23 provided that 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 1993 Legislative Assembly repealed the provisions of the capital construction fund and increased the maximum that lease payments can total for a biennium from 10 percent to 12.5 percent of the equivalent of a 1 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 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 1997 Legislative Assembly 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 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.

# SALES TAX LIMITATION - BOND PAYMENTS

The following table shows the projected general fund portion of the bond payments for the 2003-05 through the 2011-13 bienniums 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 March 2003 revenue forecast with a 4 percent growth in sales tax revenues for future bienniums and no prepayments of non-general fund amounts):

Biennium	Total Payments	Other Funds	General Fund	10 Percent of Equivalent of 1 Percent	Estimated Excess General Fund Resources Available for Bond Payments
2003-05	\$18,463,867	\$2,478,018	\$15,985,849	\$17,358,880	\$1,373,031
2005-07	\$20,699,981 *	\$2,648,625	\$18,051,356	\$18,053,235	\$1,879
2007-09	\$21,125,369 *	\$2,391,645	\$18,733,724	\$18,775,365	\$41,641
2009-11	\$14,578,546 *	\$1,813,072	\$12,765,474	\$19,526,379	\$6,760,905
2011-13	\$12,683,497 *	\$1,509,533	\$11,173,964	\$20,307,434	\$9,133,470

\* The future biennium bond payments reflect estimated payments related to the bonding authorized by the 2003 Legislative Assembly but do not reflect any other future bond issues that may be authorized by future Legislative Assemblies.