

Testimony
to the
Government Finance Committee
March 13, 2014

Chairman Delzer and members of the Government Finance Committee, I am Murray Sagsveen, Chief of Staff for the North Dakota University System. My testimony will focus on the agenda item: "Loans obtained by each institution foundation for the construction of facilities on state-owned or other land, including the amount of the loans and the legal responsibility of the institution or state to repay the loans."

We have contacted the NDUS institutions and related foundations for the information that the committee has requested. Information about 30 projects at nine institutions is enclosed in a summary format. If the committee requests supporting documents from the foundations, we will obtain the documents for the committee.

It may take some time for the committee and the staff to review the enclosed information. If the committee members or staff have questions or want additional information about specific projects, please contact me and we will provide the information in writing or in testimony at a later committee meeting.

Thank you for the opportunity to provide this information to the committee. I will answer any questions from the committee.

Foundation Constructed Buildings with Debt

Project Name	Mechanical Maintenance Building	National Energy Center of Excellence
Description	New construction	New construction
Use	Facility was constructed on private land in Mandan in 2007 to house the new Mechanical Maintenance program which was requested by industry. An addition was added to the facility in 2013.	Facility was constructed on state land on campus primarily to house BSC energy programs and labs. Also included in the facility is BSC administration, Continuing Education Training & Innovation, Engineering Tech/GIS programs and Distance Learning
Completed	2007 and 2013	2009
Total Cost	\$1,698,000	\$20,200,000
Funding Sources		
State	0%	21%
Private-Foundation	88%	45%
Private-Other	6%	0%
Local	0%	1%
Federal	6%	33%
MIDA Bond balance 12/31/13	\$870,000; interest at 4.5% to 5.25%	\$887,900; interest at 5.01%
Bank Note balance 12/31/13	\$298,700; interest at 1.25%	\$0
Debt legally held by	BSC Foundation	BSC Foundation
BSC's financial obligation	BSC has no direct financial obligation to repay the bond or note proceeds. BSC has a lease agreement with the Foundation for use of the facility through 2021. BSC's capital lease obligation at 12/31/13 was \$1,051,900. BSC pays costs normal to a long-term leasing arrangement: utilities, maintenance and repair, insurance.	BSC has no direct financial obligation to repay the bond proceeds. BSC has a lease agreement with the Foundation for use of the facility through 2032. BSC's capital lease obligation at 12/31/13 was \$887,900. BSC pays costs normal to a long-term leasing arrangement: utilities, maintenance and repair, insurance.
Other legal responsibility	None	None
SBHE approval	N/A - not required	9/2002, 12/2003, 06/2005, 02/2006, 11/2005
Legislative approval	N/A - not required	2005-07 - SB 2003; 2007-09 - HB 1003

DAKOTA COLLEGE AT BOTTINEAU

Nothing Reportable

DICKINSON STATE UNIVERSITY

Project Name	Project (short description)	Project Use, including any restrictions on use	When completed-actual or anticipated	Project total cost	Project by funding source(s)	Loan Amount, if any	Who dept is legally held by	Description and amount of any financial obligation of the campus	Description of any other legal responsibility, beyond the financial obligation noted above	SBHE approval including action and dates	Legislative approval, if any, including action and dates; if not legislative approval, was this presented to the legislature in another form
Biesiot Activity Center	Construction of the Biesiot activity center, DSU owns the facility, debt carried by DSU Foundation	football, track, meetings & convention space	Spring 2010	\$14.6M	Philanthropic and revenue bonds	\$9.2M	DSU Foundation	None	None	7/5/2006	2009 session amount updated to \$16M
Hawks Point	construction of senior living center	senior living center	2007 & 2014 expansion	approx. \$30M	Loans & equity investors	DSU Foundation is in the process of obtaining financing to purchase the facility from the LLC	will be DSU Foundation, currently equity investors & LLC	None	None	Approved 99 yr. lease of the land	NA
Alumni/Foundation House	Facility used for Alumni & Foundation Staff	Alumni and Foundation	2004	\$5.5M	Loans	\$5.5M	DSU Foundation	None	None	No	NA
Blue Hawk Square	Student Housing Facility	student housing	Fall 2012	approx. \$9M	Loans and equity investors	approx \$9M	DSU Foundation	None	None	NA	NA

LAKE REGION STATE COLLEGE

Nothing Reportable

MAYVILLE STATE UNIVERSITY
Foundation Constructed Buildings with Debt

Project Name	Northwest Hall Renovation
Description	Complete interior renovation with passenger elevator; and roofing, and soffit replacement. Northwest Hall is located on campus
Use	Development staff offices; and student, alumni and community event gathering spaces.
Completed	Anticipated April 2014
Total Cost	\$900,000
Funding Sources	Donations, USDA loan proceeds, and ND Historical Dept. grants
Loan Amounts	\$375,000 loan with 4.65% interest increasing in 5 year increments. 29.5 year term with no early payoff penalty
Debt legally held by	MaSU Foundation
Financial obligation	None
Other legal responsibility	None
SBHE approval	Sept. 2006. Increase project authority to \$900,000 and seek 2007 Legislative approval
Legislative approval	2007 Legislature as non-state funded project; 2013 Legislative Reporting Requirement Carryover project.

The Minot State University Development Foundation asserts its status as a separate (but related) legal entity. The Foundation board is voluntarily releasing this information to Minot State University, in order to allow campus officials to comply with a legislative request for loan data. The Foundation is the sole holder of debt related to investment property purchases. The campus (and therefore the State of ND) has no responsibility or obligation associated with any debt legally held by the Foundation.

MISU DEVELOPMENT FOUNDATION LOAN DATA

Project Name	838 10th Ave NW, Minot Investment	836 10th Ave NW, Minot	Beaver Suites Apartments	Augustana Church (flooded)	725 8th Street NW, Minot
Description	property	Investment property	Investment property	Investment property	Investment property
Location	838 10th Ave NW, Minot	836 10th Ave NW, Minot	816 10th Ave NW, Minot	321 University Ave W, Minot	725 8th Street NW, Minot
Use	Rental property	Rental property	Rental property	Land acquisition	Land acquisition
Restrictions	None	None	None	None	None
Completion Date	2011	2013	2012	2013	2013
Total Cost	118,000	128,000	3,900,000	600,000	88,000
Funding Source	Bank loan	Bank loan	Bank loan / unrestricted foundation funds	Bank loan	Bank loan
Current Loan Amt	92,000	106,000	2,761,000	600,000	86,000
Loan Rate	4.20%	4.20%	4.40%	5.25%	5.25%
Holder of Debt	Foundation only	Foundation only	Foundation only	Foundation only	Foundation only
Campus Obligation	None	None	None	None	None
Other Legal Responsibility	None	None	None	None	None
SBHE Approval	N/A	N/A	N/A	N/A	N/A
Legislative Approval	N/A	N/A	N/A	N/A	N/A

NORTH DAKOTA STATE COLLEGE OF SCIENCE
Foundation Constructed Buildings with Debt

Project Name	Skills & Technology Training Center
Description	Transferring ownership from NDSU Foundation to NDSCS Foundation to provide training and curriculum.
Use	For NDSCS to deliver training and curriculum.
Completed	Transaction completed May, 2011
Total Cost	\$2,000,000
Funding Sources	Commercial Loan
Loan Amounts	\$2,000,000
Debt legally held by	NDSCS Foundation
Financial obligation	10 year lease
Other legal responsibility	Repairs
SBHE approval	N/A
Legislative approval	Informally

NDSU

Response to Legislative & NDUSO Questions

March 5, 2014

	Research 1	Research 2	President's House	Barry Hall (Business Building) and Klai Hall (Architecture Building)
Project name	City of Fargo, ND Lease Revenue Refunding Bonds (North Dakota State University Lease Obligation) \$4,735,000 Series 2007A (Bond Issue Date: 1/25/2007)	City of Fargo, ND Lease Revenue Refunding Bonds (North Dakota State University Lease Obligation) \$18,100,000 Series 2007B (Bond Issue Date: 1/25/2007)	NDSU Development Foundation private placement with Gate City Bank (start date: 9/15/2008)	City of Fargo, ND, University Facilities Revenue Refunding Bonds, Series 2012 (North Dakota State University Lease Obligation) \$11,910,000
Original Bonds (for those issued subsequently refunded)	Original Bonds (Series 2000) were issued 11/1/2000 for \$6,500,000	Original Bonds(Series 2002) were issued 8/1/2002 for \$20,450,000		Original Bonds (Series 2007 A,B,C,D) issued 11/29/2007 for \$18,520,000
Project (short) description	Research 1	Research 2	President's House	Barry Hall (Business Building) and Klai Hall (Architecture Building)
Project use, including any restrictions on use	Bond proceeds are to: 1) finance construction of an approximate 40,000 square foot building, called Research 1, for use as laboratory and research facilities, office space, and purchase equipment for the facility, and 2) pay the cost of issuance of the bonds, including the insurance policy and premium for the Reserve Fund Surety Bond.	Bond proceeds are to: 1) finance construction of an approximate 76,700 square foot building, called Research 2, for use as laboratory and research facilities, and purchase equipment for the facility, and 2) pay the cost of issuance of the bonds, including the insurance policy (Ambac) and premium for the Reserve Fund Surety Bond.	Loan proceeds are to finance construction of a new university president's residence on the main campus of NDSU. NDSU provided funding of \$196,399 from local funds (interest income, auxiliary revenues, soda sales commissions, and telecommunications income. (per SBHE meeting 11/19/2009).	Bond proceeds are to finance the renovation of Barry Hall & Klai Hall construction of an addition to Barry Hall, and grounds work and parking for this downtown campus.
Land Ownership	Land is on NDSU Main Campus. State Land leased to the NDSU Research & Technology Park for 75 years at \$1/year.	Land is on NDSU Main Campus. State Land leased to the NDSU Research & Technology Park for 75 years at \$1/year.	Land is on NDSU Main Campus. State Land	Land located away from NDSU Main Campus. Title held by NDSU Development Foundation until debt is retired. Title will be transferred to NDSU after the debt is paid.
When completed-actual or anticipated	March 2002	March 2004	September 2009	August 2009 (both buildings)
Project Total Cost	\$ 6,500,000	\$ 20,450,000	\$2,605,983 Construction Costs + \$99,851 transition living costs (per State Audit Report)	\$21,167,226 Grand Total includes \$18,520,000 original NDSUDF bonds, plus \$2,647,226 of Barry Hall Finishing Costs
Project by funding source(s)	Project costs were financed by Lease Revenue Bonds issued by the City of Fargo for the benefit of the NDSU Research & Tech Park. These bonds are paid from lease payments made by NDSU to the NDSURTP. NDSU's source of funds is local funds (indirect cost recoveries) .	Project costs were financed by Lease Revenue Bonds issued by the City of Fargo for the benefit of the NDSU Research & Tech Park. These bonds are paid from lease payments made by NDSU to the NDSURTP. NDSU's source of funds is local funds (indirect cost recoveries) .	NDSU Development Foundation private sources are used to pay NDSUDF debt. No NDSU funds pay the debt and there is no NDSU obligation for the debt. According to SBHE 5/10/2010 minutes, NDSU was approved to use \$302,836 from local fund sources for the construction.	Of the approximate \$21,167,226 project, approximately \$7 million was funded from donations to the NDSU Development Foundation, with the remainder funded from lease payments by NDSU; \$2,647,226 was funded at NDSU by allowing a fund deficit (reported to SBHE semi-annually). The NDSU fund deficit is repaid from local funds over a 5 year period (\$530,000/year). Donations to the NDSUDF provide a share of the funding. With the 2012 bond refunding, the remainder of the debt payments come from NDSU lease payments to the NDSUDF in the amount of approximately \$775,000/year, plus taxes and insurance, which are charged to NDSU local funds (indirect cost recoveries) . These NDSU lease payments are offset by rent credits totaling \$1,326,800 (spread over 6 years) as a result of the collection of outstanding gift pledges by the NDSUDF.
Loan Amount, if any				
Original	\$ 6,500,000	\$ 20,450,000	\$ 900,000	\$ 18,520,000
Original Refunding Bonds	\$ 4,735,000	\$ 18,100,000	Not applicable	\$ 11,910,000
Principal Balance as of February 28, 2014	\$ 3,850,000	\$ 17,090,000	\$ 822,294	\$ 10,960,000
Who debt is legally held by	NDSU Research & Technology Park	NDSU Research & Technology Park	NDSU Development Foundation	NDSU Development Foundation

	Research 1	Research 2	President's House	Barry Hall (Business Building) and Klai Hall (Architecture Building)
<p>Description and amount of any financial obligation of the campus</p>	<p>NDSU is obligated to fulfill the requirements of the operating agreement with the NDSU Research & Technology Park. NDSU makes lease payments of \$628,943/year (payments spread out on quarterly basis), plus pays all operating costs of the facility including insurance, utilities, telecommunications, security, snow removal, and normal repairs & maintenance (not structural repairs or fixture replacement). All amounts payable by NDSU under the lease are subject to biennial appropriations by the ND Legislative Assembly.</p>	<p>NDSU is obligated to fulfill the requirements of the operating agreement with the NDSU Research & Technology Park. NDSU makes lease payments of \$1,525,963/year (payments spread out on quarterly basis), plus pays all operating costs of the facility including insurance, utilities, telecommunications, security, snow removal, and normal repairs & maintenance (not structural repairs or fixture replacement). All amounts payable by NDSU under the lease are subject to biennial appropriations by the ND Legislative Assembly.</p>	<p>NDSU's financial & legal responsibilities are all obligations associated with ownership of the property. NDSU has no long-term debt responsibilities. No lien/mortgage held by NDSUDF - Foundation debt is unsecured.</p>	<p>NDSU is obligated to fulfill the requirements of the lease agreement with the NDSU Development Foundation. NDSU makes lease payments of approximately \$775,000/year, plus pays all operating costs of the facility. All amounts payable by NDSU under the lease are subject to biennial appropriations by the ND Legislative Assembly.</p>
<p>Description of any other legal responsibility, beyond the financial obligation noted above</p>	<p>NDSU is legally required to fulfill the terms of the lease agreement with the NDSU Research & Technology Park. Facility ownership stays with NDSU Research & Technology Park when bonds are completely retired.</p>	<p>NDSU is legally required to fulfill the terms of the lease agreement with the NDSU Research & Technology Park. Facility ownership stays with NDSU Research & Technology Park when bonds are completely retired.</p>	<p>NDSU's financial & legal responsibilities are all obligations associated with ownership of the property. NDSU has no long-term debt responsibilities. No lien/mortgage held by NDSUDF - Foundation debt is unsecured.</p>	<p>NDSU is legally required to fulfill the terms of the lease agreement with the NDSU Development Foundation. Facility ownership to be transferred from the NDSU Development Foundation to NDSU when bonds are completely retired.</p>
<p>SBHE approval including action and dates</p>	<p>Ground Lease approved by NDUS Chancellor Isaak on 1/31/2000, which leases 40 acres of state land to the NDSU Research & Technology Park for 75 years at a rate of \$1/year. No formal SBHE approval of the annual lease on building until required by SBHE policy. NDUS Chancellor approved operating lease renewal on 10/18/2012.</p>	<p>10/28/1999, SBHE meeting minutes show NDSU presented plans to the SBHE for the Master Ground Lease, NDSURTP Articles of Incorporation, Bylaws and 5 year pro forma financial stmts. Ground Lease approved by NDUS Chancellor Isaak on 1/31/2000, which leases 40 acres of state land to the NDSU Research & Technology Park for 75 years at a rate of \$1/year. No formal SBHE approval of the annual lease on building until required by SBHE policy. NDUS Chancellor approved operating lease renewal on 10/18/2012.</p>	<p>On September 20, 2007, SBHE approved authorization for NDSU to request Budget Section authorization to proceed with the remodeling of and an addition to the NDSU president's home, or . . . To raze or remove the existing house and construct a new house at a total cost not to exceed \$900,000. On February 21, 2008, the SBHE approved the issuance of \$900,000 bonds to be issued by the NDSU Development Foundation. On Oct 23, 2009 SBHE approved motion to request an audit on the NDSU & UND president's homes. On May 10, 2010 SBHE approved an increase of spending authority to \$2,618,465 for the construction and all related costs of the NDSU President's Home and seek Budget Section approval for change in project amount to \$2,618,465 and proceed with areas planned for completion for \$12,455.</p>	<p>Legislative & SBHE history included in attached AG opinion. No record of SBHE approval or original lease before SBHE policy requirement. Semi-annual budget reporting includes lease payments. SBHE Resolution authorizing 2012 refunding bonds was approved 4/12/2012</p>
<p>Transactions described in NDUS Annual Financial Reports?</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>
<p>Legislative approval, if any, including action and dates; if not legislative approval, was this presented to the legislature in another form?</p>	<p>1) 10/27/1999 Budget Section briefing 2) SBHE 10/28/1999 minutes indicate Dick Rayl met with local legislators and legislative leadership and briefed the Budget section and they support the Park. 3) Annual NDUS Financial Report Disclosures - Notes to Financial Statements.</p>	<p>1) 10/27/1999 Budget Section briefing 2) SBHE 10/28/1999 minutes indicate Dick Rayl met with local legislators and legislative leadership and briefed the Budget section and they support the Park. 3) Annual NDUS Financial Report Disclosures - Notes to Financial Statements.</p>	<p>NDSU received Budget Section approval in October 2007 to accept a new president's house from the NDSUDF at a construction cost of \$900,000. In December 2009 NDSU's request to increase the project authorization from \$900,000 to \$2,451,638 failed (per State Audit Report).</p>	<p>2005 Legislative Session, SB 2003, Section 15 (Authority to build Business Building on Main NDSU Campus.) 2007 Legislative Session, HB 1003, Section 22. (authority to build Business Bldg off NDSU Campus.) Annual NDUS Financial Report Disclosures - Notes to Financial Statements</p>

Lease Agreement is available if needed
See Attached History
See attached Laura Glatt email

Lease Agreement is available if needed
See Attached History
See attached Laura Glatt email

No lease agreement with NDSU

Lease Agreement is available if needed
See AG Opinion

NDSU

Response to Legislative & NDUSO Questions

March 5, 2014

	Renaissance Hall	Fargodome Offices & Locker Rooms	Equine Science Center	Alumni Center
Project name	NDSU Development Foundation, University Facilities Lease Revenue Bonds, Series 2010 \$5,650,000 (Bond Issue Date: 12/17/2010)	Cass County, ND, University Facilities Revenue Bonds, Series 2005 (NDSU Development Foundation Project) \$3,500,000 (Bond Issue Date 12/19/2005)	Cass County, ND, University Facility Revenue Bonds, Series 2003 (NDSU Development Foundation Project)	Cass County, ND, NDSU Development Foundation, First Mortgage Revenue Bonds, \$2,000,000 (issue date: 1998)
Original Bonds (for those issued subsequently refunded)				
Project (short) description	Renaissance Hall	Fargodome Offices & Locker Rooms	Equine Science Center	Alumni Center
Project use, including any restrictions on use	The financing achieved a \$4.9 million savings through the use of tax credits. Further information on the financing is attached. Ultimately, the December 2010 financing is to renovate Renaissance Hall (former Northern School Supply) in downtown Fargo, plus pay costs of issuance of the bonds. This building houses NDSU's visual arts department, major components of the architecture and landscape architecture department and the Tri-College University Office.	Bond proceeds are to finance construction and equipping of office space, locker rooms, meeting rooms, and related facilities in the Fargodome for use by NDSU Athletics.	Bond proceeds are to finance construction of an approximate 80,400 square foot horse barn, purchase equipment for the facility, cost of issuance, and Reserve Fund Surety Bond. The purpose of the Facility is to allow students and faculty to obtain valuable experience in the area of equine studies relating to the operation and maintenance of horse racing and the horse racing industry.	Bond proceeds were used to finance construction of the NDSU Alumni Center Project, located across the street from the Main Campus of NDSU. Debt is secured by Alumni Center land and building.
Land Ownership	Land located away from NDSU Main Campus. Title held by NDSU Development Foundation until debt is retired. Title will be transferred to NDSU after the debt is paid.	The Fargodome is owned by the City of Fargo, with oversight by the Fargodome Authority.	Land located away from NDSU Main Campus. Title held by NDSU Development Foundation until debt is retired. Title will be transferred to NDSU after the debt is paid.	NDSU Development Foundation
When completed-actual or anticipated	September 2004	April 2006 (Offices), August 2006 (Locker-room)	2003	April 1999
Project Total Cost	\$ 5,650,000	\$ 4,355,000	\$ 4,355,000	\$ 3,580,577
Project by funding source(s)	See "History" attachment for review of funding. Originally, the building was donated to the NDSU Development Foundation. Tax credits were also used to fund the project. Net renovation costs were ultimately financed by Lease Revenue Bonds issued by the NDSU Development Foundation. These bonds are paid from lease payments made by NDSU to the NDSUDF. NDSU's source of funds for the lease payments and other related operating costs is appropriated funds .	Project costs were financed by Lease Revenue Bonds issued by Cass County, ND, for the benefit of the NDSU Development Foundation. Since the inception of the lease the bonds have been from paid gift monies at the NDSUDF, not by NDSU .	Project costs were financed by Lease Revenue Bonds issued by the Cass County, ND, for the benefit of the NDSU Development Foundation. These bonds are paid from lease payments made by NDSU to the NDSUDF. NDSU's source of funds was appropriated funds .	The NDSU Development Foundation is responsible for all costs associated with this project. Bonds were retired early by the NDSU Development Foundation in calendar year 2012.
Loan Amount, if any				
Original	\$ 5,650,000	\$ 3,500,000	\$ 4,355,000	\$ 2,000,000
Original Refunding Bonds	Not applicable	Not applicable	Not applicable	Not applicable
Principal Balance as of February 28, 2014	\$ 5,110,000	\$ 1,963,080	\$ -	\$ -
Who debt is legally held by	NDSU Development Foundation	NDSU Development Foundation	NDSU Development Foundation	NDSU Development Foundation

	Renaissance Hall	Fargodome Offices & Locker Rooms	Equine Science Center	Alumni Center
Description and amount of any financial obligation of the campus	NDSU is obligated to fulfil the requirements of the lease agreement with the NDSU Development Foundation. NDSU makes lease payments of \$364,288/year (payments spread out on semi-annual basis), plus pays all operating costs of the facility. All amounts payable by NDSU under the lease are subject to biennial appropriations by the ND Legislative Assembly.	The NDSU Development Foundation entered into a lease with the City of Fargo and Fargodome Authority for space within the Fargodome. Though a sublease, NDSU effectively assumes the obligations under the primary lease. In the sublease, NDSU agrees to pay the Foundation sums sufficient to pay the debt service obligations on the bonds, \$331,995/year , and insurance, subject to an appropriation clause. (Since the inception of the lease the bonds have been paid from gift monies at the NDSUDF. In the event gift revenues at the NDSUDF are insufficient, NDSU would need to pay, subject to an appropriation clause.)	This debt was retired in November 2013.	No Financial or Legal Obligation of NDSU
Description of any other legal responsibility, beyond the financial obligation noted above	NDSU is legally required to fulfil the terms of the lease agreement with the NDSU Development Foundation. Facility ownership to be transferred from the NDSU Development Foundation to NDSU when bonds are completely retired.	NDSU is legally required to fulfil the terms of the sublease agreement with the NDSU Development Foundation.	Legal ownership of the property is in the process of being transferred to NDSU.	No Financial or Legal Obligation of NDSU
SBHE approval including action and dates	SBHE Resolution authorizing 2010 bonds and related lease agreement was approved 12/16/2010. Semi-annual budget reporting includes lease payments.	None - this December 2005 lease was done before SBHE approval requirements on leases. Semi-annual budget reporting includes lease payments.	None - this 2003 lease was done before SBHE approval requirements on leases. Semi-annual budget reporting includes lease payments.	No SBHE action. None Applicable.
Transactions described in NDUS Annual Financial Reports?	Yes	Yes	Yes	No
Legislative approval, if any, including action and dates; if not legislative approval, was this presented to the legislature in another form?	1) No record is available of legislative visits of former NDSU VP Dick Rayl, and/or former NDSU President Joseph Chapman. 2) Annual NDUS Financial Report Disclosures - Notes to Financial Statements	1) No record is available of legislative visits of former NDSU VP Dick Rayl, and/or former NDSU President Joseph Chapman. 2) Annual NDUS Financial Report Disclosures - Notes to Financial Statements	1) No record is available of legislative visits of former NDSU VP Dick Rayl, and/or former NDSU President Joseph Chapman. 2) Annual NDUS Financial Report Disclosures - Notes to Financial Statements	No Legislative Action. None Applicable.

Lease Agreement is available if needed
See Attached History

Lease Agreement is available if needed

Lease Agreement is available if needed

No lease agreement with NDSU

NDSU

Response to Legislative & NDUSO Questions

March 5, 2014

	Airplane (Not a Facility, Construction or Renovation)
Project name	NDSU Development Foundation Lease Financing Agreement with GE Capital (start date: 7/1/2007)
Original Bonds (for those issued subsequently refunded)	
Project (short) description	Airplane
Project use, including any restrictions on use	Purchase of an aircraft for use by NDSU
Land Ownership	Not applicable
When completed-actual or anticipated	July 2007
Project Total Cost	\$ 2,348,000
Project by funding source(s)	Under a separate lease from the NDSUDF to NDSU, NDSU makes quarterly debt service payments totaling \$322,918/year. NDSU local funds were used for lease payments. The lease payoff was made from the proceeds of the aircraft's sale in October 2013.
Loan Amount, if any	
Original	\$ 2,348,000
Original Refunding Bonds	Not applicable
Principal Balance as of February 28, 2014	\$ -
Who debt is legally held by	NDSU Development Foundation

	Airplane (Not a Facility, Construction or Renovation)
<p>Description and amount of any financial obligation of the campus</p>	<p>This debt was retired in October 2013.</p>
<p>Description of any other legal responsibility, beyond the financial obligation noted above</p>	<p>The aircraft was sold in October 2013. No further legal or financial responsibilities.</p>
<p>SBHE approval including action and dates</p>	<p>None - this July 2007 lease was done before SBHE approval requirements on leases. Semi-annual budget reporting includes lease payments.</p>
<p>Transactions described in NDUS Annual Financial Reports?</p>	<p>Yes</p>
<p>Legislative approval, if any, including action and dates; if not legislative approval, was this presented to the legislature in another form?</p>	<p>1) No record is available of legislative visits of former NDSU VP John Adams, and/or former NDSU President Joseph Chapman. 2) Annual NDUS Financial Report Disclosures - Notes to Financial Statements</p>

Lease Agreement is available if needed

**University of North Dakota
2/3/2014**

NDUS request for Legislative Government & Finance Committee meeting 3/13

UND has included all debt recorded on the related Foundation financial statements regardless if UND has an agreement to pay any portion of that debt.
 - The first section is Foundation debt that UND does pay
 - The second section is Foundation debt UND does not pay
 - The third section is Foundation debt UND may pay indirectly if equipment is rented

The UND Research Foundation had outstanding debt as of 6/30/13 but the building is now sold to UND so not reported.

Project name	BUILDINGS				OTHER - no UND obligation		OTHER - UND may rent equipment
	Aircraft Storage/Hanger/Ground Support Facility - UND Aerospace Foundation	EERC - UND Foundation	Minot Family Medicine Center - UND Foundation	SIM Lab - UND Foundation	Ralph Engelstad Arena	UND Foundation	UND Aerospace Foundation
Project (short) description	GF County financed the building at the airport, the UND Aerospace Foundation leases the building from the GF County, UND leases the building from the UND Aerospace Foundation.	University of North Dakota Foundation Lease Revenue Bonds used to remodel and renovate building occupied by EERC	Patient clinic in Minot	The Human Patient Simulation Center was financed by the UND Foundation for \$1,200,000. UND entered a lease agreement to pay the UND Foundation totaling \$206,810 with final payment due 6/30/2015	"The Betty" addition to REA - UND does not have an agreement to pay this loan	Athletic Training Facility - High Performance Center	The UND Aerospace Foundation has 2 outstanding note payables for a King Air and Simulator as well as an line of credit for Cessna and other aircraft and simulators.
Project use, including any restrictions on	Aircraft storage and ground support equipment hangar used in conjunction with UND aviation education program. Use must comply with terms of Article II of the Sublease Agreement.	EERC building	no private business	No	The Ralph Engelstad Arena owes Engelstad Family Foundation	Indoor practice facility	UND may rent the equipment mentioned above when used for educational purposes. The rental rates are based upon a negotiated rate. UND Aerospace Foundation also rents equipment from UND for contract student usage.
When completed-actual or anticipated	12/2003	7/1/2002	10/24/2003	7/1/2010	2004	12/2014 - Phase I	2008/2009
Project Total Cost							Total line of credit maximum is \$4 million - the other two loans started at \$2,205,000
Project by funding source(s)	\$ 1,979,571	\$ 8,595,000	\$ 4,400,000	\$ 1,200,000	\$ 8,100,000	\$ 19,500,000	
Loan Amount, if any	Aerospace 2,000,000.00	EERC \$ 8,595,000	School of Medicine and Health Science \$ 4,400,000	School of Medicine and Health Science \$ 206,810	REA revenues, equipment and inventory \$ 7,500,000	Bonds issued by Foundation \$ 4,000,000	may rent equipment
Who debt is legally held by	UND Aerospace Foundation along with a lease agreement between UND and UND Aerospace Foundation	UND Foundation along with a lease agreement dated 7/1/2002 between UND Foundation and UND	UND Foundation is responsible for debt, UND is responsible for capital lease with payments being made to the UND Foundation.	UND Foundation is legally responsible for the \$1.2 million, UND is legally responsible for \$206,810 which is the financing costs being incurred by the UND Foundation on the \$1.2 million	Ralph Engelstad Arena - as of 6/30/13 the balance is \$3,513,633	UND Foundation financed pledges, not the facility. The rate is 3.15% with final payment being made 9/2018.	UND Aerospace Foundation - As of 6/30/13 the balance was \$2,159,981 - interest rates are variable from .17% below prime, 1.9% over index, 2.75% above 30 day LIBOR, and a fixed rate of 5.58%.
Description and amount of any financial obligation of the campus	Capital lease with a balance of \$1,637,423 as of 6/30/13 - (4.71%)	Lease Revenue Bonds with a balance of \$6,310,000 as of 6/30/13 (.75% to 2.5%)	Capital lease with a balance of \$2,943,507 as of 6/30/13 - (4.15%)	Capital Lease financed at \$206,810 with a balance of \$82,724 at 6/30/13 with balance due by 6/30/15 - (0%)	None	UND will own and manage the facility	None
Description of any other legal responsibility, beyond the financial obligation noted above	UND to maintain, repair, insure, and operate premises	UND is responsible for utilities, maintenance, improvements, etc. to the building	UND is responsible for utilities, maintenance, improvements, etc. to the building	UND now owns the building, UND will be responsible for utilities and maintenance of the building	None	None	None
SBHE approval including action and date	6/20/2002	6/30/12 - refinance (initially approved 6/20/2002 SBHE meeting)	6/26/2003 - SBHE minutes	6/19/2008 - SBHE minutes	n/a	12/2009 - 6/2013 - 11/2013	n/a
Legislative approval, if any, including action and dates; if not legislative approval, was this presented to the legislature in another form?	2003-2005 Legislative Budget		not approval - on 10/15/2003 Budget Section minutes - update on facility, we did not ask or receive any type of approval		n/a	2009-2011 Legislative Budget and 2013-2015 Legislative Budget	n/a
UND Accounting	UND Capital Lease	UND Capital Lease	UND Capital Lease	UND Capital Lease	no UND liability recorded	no UND liability recorded	no UND Liability recorded
Foundation Accounting	Foundation Notes Payable	Foundation Bonds/Notes Payable	Foundation Bonds/Notes Payable	Foundation Bonds/Notes Payable	Foundation Long Term Debt	Foundation Long Term Debt	UND Aerospace Foundation Notes Payable

VALLEY CITY STATE UNIVERSITY
Foundation Constructed Buildings with Debt

Project Name	Artificial Turf
Description	Installed at Lokken Stadium
Use	Athletics, Student Intramurals, Community Athletic Events
Completed	Fall 2011
Total Cost	\$995,000
Funding Sources	Foundation \$815,000; Institution Deferred Maintenance \$180,000
Loan Amounts	Remaining payments total \$409,144.94 with a 6% interest rate
Debt legally held by	VCSU Foundation
Financial obligation	None
Other legal responsibility	None
SBHE approval	November 4, 2010 SBHE Meeting
Legislative approval	Approved in 2011-13 Legislative Session under HBs 1003 and 1020

WILLISTON STATE COLLEGE
Foundation Constructed Buildings with Debt

Project Name	WSC Foundation Apartment
Description	74 unit, mixed use apartment
Use	Residence & retail space
Completed	Residential completed August 2013, retail 1 of 5 retail spaces are complete
Total Cost	\$12 Million
Funding Sources	Loan from American State Bank & Trust, Williston State College Foundation & Bethel Lutheran Nursing
Loan Amounts	\$5.8 Million, NDHFA (\$1 Million forgivable loan after 20 years of adhering to NDHIF grant requirements)'
Debt legally held by	WSC Housing, LLC
Financial obligation	WSC has no financial obligation
Other legal responsibility	
SBHE approval	Land lease attached between WSCF & SBHE
Legislative approval	No legislative approval