

*In the opinion of Faegre & Benson, LLP, Bond Counsel, the interest to be paid on the Series 2003A Bonds offered hereby is not includable in the gross income of the recipients for federal income tax purposes and is not an item of tax preference included in the computation of the alternative minimum tax imposed on individuals under the Internal Revenue Code, but is subject to federal computation of the alternative minimum taxes on corporations, under present laws, regulations, ruling and decisions. The interest on the Series 2003A Bonds is exempt from all income taxation by the State of North Dakota under the North Dakota Municipal Bond Bank Act. (See "TAX STATUS" herein.)*

**NORTH DAKOTA MUNICIPAL BOND BANK**  
**\$1,495,000**  
**Capital Financing Program Bonds, Series 2003A**

Dated: April 1, 2003

Due: June 1, 2004/2028

The Series 2003A Bonds offered hereby are being issued as a separate series pursuant to the North Dakota Municipal Bond Bank Act, Chapter 6-09.4, North Dakota Century Code, a General Bond Resolution adopted by the Industrial Commission of the State of North Dakota on March 2, 1990, as amended, and a Series Resolution adopted by the Industrial Commission on February 18, 2003.

The Series 2003A Bonds will be issued as fully registered bonds without coupons, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2003A Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2003A Bonds purchased.

Principal of the Series 2003A Bonds, payable annually on each June 1, beginning June 1, 2004, and interest, payable semiannually on each June 1 and December 1, commencing December 1, 2003, will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to the beneficial owners of the Series 2003A Bonds as described herein.

Proceeds of the Series 2003A Bonds will be used by the Bond Bank to make a loan to the Langdon Rural Water District (the "2003A Political Subdivision") of the State of North Dakota through the purchase of certain obligations issued by such 2003A Political Subdivision as described herein. The Series 2003A Bonds are not in any way a debt or liability of the State of North Dakota, the Bank of North Dakota, the Industrial Commission or any political subdivision of the State, except as described herein. The Series 2003A Bonds are obligations of the Bond Bank payable primarily from specific revenues and funds pledged therefor under the Resolution as described herein and other unencumbered assets of the Bond Bank. The Bond Bank has no taxing power.

The Series 2003A Bonds maturing on or after June 1, 2014 are subject to optional redemption prior to maturity on June 1, 2013 and on any date thereafter at a price of par plus accrued interest.

**Maturity Schedule**  
**\$410,000 Serial Bonds**

Due June 1	Amount	Interest Rate	Yield	CUSIP	Due June 1	Amount	Interest Rate	Yield	CUSIP
	†					†			
2004	\$25,000	2.950%	2.000%	658896 EC 5	2009	40,000	3.700%	3.700%	658896 EH 4
2005	40,000	2.950%	2.500%	658896 ED 3	2010	45,000	4.000%	4.000%	658896 EJ 0
2006	40,000	3.000%	2.900%	658896 EE 1	2011	45,000	4.100%	4.100%	658896 EK 7
2007	40,000	3.200%	3.200%	658896 EF 8	2012	45,000	4.200%	4.200%	658896 EL 5
2008	40,000	3.500%	3.500%	658896 EG 6	2013	50,000	4.400%	4.400%	658896 EM 3

**\$220,000 4.80% Term Bond due June 1, 2017 priced at Par CUSIP: 658896 ER 2**

**\$260,000 5.20% Term Bond due June 1, 2021 priced at Par CUSIP: 658896 EV 3**

**\$320,000 5.30% Term Bond due June 1, 2025 priced at Par CUSIP: 658896 EZ 4**

**\$285,000 5.40% Term Bond due June 1, 2028 priced at Par CUSIP: 658896 FC 4**

The Series 2003A Bonds are offered subject to receipt of the approving legal opinion of Faegre & Benson LLP, Minneapolis, Minnesota, as Bond Counsel. Certain legal matters for the Bond Bank will be passed upon by the Office of the Attorney General of the State of North Dakota.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

An account group managed by **Bernardi Securities** has agreed to purchase the Series 2003A Bonds from the Bond Bank for the purchase price of **\$1,477,071.60**. The account group is listed below. The Bonds will be available for delivery on or about April 8, 2003.

The date of this Official Statement is March 25, 2003.

**BERNARDI SECURITIES**  
**NORTHLAND SECURITIES**

No dealer, broker, salesperson or other person has been authorized by the North Dakota Municipal Bond Bank, the Financial Advisor or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the North Dakota Municipal Bond Bank, the Financial Advisor or the Underwriter.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Series 2003A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the North Dakota Municipal Bond Bank since the date thereof.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

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The Series 2003A Bonds are being offered pursuant to an exemption from registration under the Securities Act of 1933, as amended, and have not been registered with the Securities and Exchange Commission. The merits of these securities have not been passed upon by the Securities and Exchange Commission or any other federal or state regulatory body nor has any such body passed upon the accuracy or adequacy of this Official Statement.

**The North Dakota  
Municipal Bond Bank**

Tim C. Porter  
DeAnn Ament

*Executive Director  
Business Manager*

**The Industrial Commission  
of North Dakota**

John Hoeven  
Wayne Stenehjem  
Roger Johnson

*Governor and Chairman of the Commission  
Attorney General, Member  
Agriculture Commissioner, Member*

**Counsel to Bond Bank**

Office of the Attorney General

**Bond Counsel**

Faegre & Benson LLP  
Minneapolis, Minnesota

**Financial Advisor**

Evensen Dodge, Inc.  
Minneapolis, Minnesota

**Registrar and Paying Agent**

Bank of North Dakota  
Bismarck, North Dakota

## INTRODUCTION TO THE OFFICIAL STATEMENT

*The following information is furnished solely to provide limited introductory information regarding the North Dakota Municipal Bond Bank's \$1,495,000 Capital Financing Program Bonds, Series 2003A (the "Series 2003A Bonds") and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the appendices hereto.*

- Issuer:** North Dakota Municipal Bond Bank.
- Conduit Issuer:** None.
- Security:** The Series 2003A Bonds are obligations of the Bond Bank payable primarily from specific revenues and funds pledged therefor under the Resolutions as described herein and other unencumbered assets of the Bond Bank. See "Source of Payment and Security" herein.
- Credit Enhancement:** None.
- Purpose:** The proceeds of the Series 2003A Bonds will be used to make a loan to the Langdon Rural Water District (the "2003A Political Subdivision"). Proceeds of this loan will be used to refinance United States Department of Agriculture Rural Development loans previously outstanding. See "The Municipal Securities" herein.
- Optional Redemption:** The Series 2003A Bonds maturing June 1, 2014 and thereafter are subject to optional redemption on June 1, 2013 and any date thereafter at a price of par plus accrued interest.
- Sinking Fund Redemption:** The Series 2003A Bonds maturing on June 1, 2017 are subject to sinking fund redemption of a price equal to 100% of the principal amount of the Series 2003A Bonds to be redeemed plus accrued interest on June 1 as shown below:

<b>Sinking Fund Redemption</b>	
<u>Date (June 1)</u>	<u>Principal Amount</u>
2014	\$50,000
2015	55,000
2016	55,000
2017 (Final Maturity)	60,000

The Series 2003A Bonds maturing on June 1, 2021 are subject to sinking fund redemption of a price equal to 100% of the principal amount of the Series 2003A Bonds to be redeemed plus accrued interest on June 1 as shown below:

<b>Sinking Fund Redemption</b>	
<u>Date (June 1)</u>	<u>Principal Amount</u>
2018	\$60,000
2019	65,000
2020	65,000
2021 (Final Maturity)	70,000

The Series 2003A Bonds maturing on June 1, 2025 are subject to sinking fund redemption of a price equal to 100% of the principal amount of the Series 2003A Bonds to be redeemed plus accrued interest on June 1 as shown below:

**Sinking Fund Redemption**

<u>Date (June 1)</u>	<u>Principal Amount</u>
2022	\$75,000
2023	80,000
2024	80,000
2025 (Final Maturity)	85,000

The Series 2003A Bonds maturing on June 1, 2028 are subject to sinking fund redemption of a price equal to 100% of the principal amount of the Series 2003A Bonds to be redeemed plus accrued interest on June 1 as shown below:

**Sinking Fund Redemption**

<u>Date (June 1)</u>	<u>Principal Amount</u>
2026	\$ 90,000
2027	95,000
2028 (Final Maturity)	100,000

**Extraordinary**

**Mandatory Redemption:**

The Series 2003A Bonds are subject to extraordinary mandatory redemption on December 1, 2003 at a price of par plus accrued interest, in whole or in part in such order as the Bond Bank may determine, to the extent that the original principal amount of Series 2003A Bonds exceeds the principal amount of the Municipal Securities which have been purchased and any required reserves funded by the Bond Bank with the proceeds thereof on or prior to October 1, 2003.

**Denominations:**

\$5,000 or multiples thereof.

**Dated:**

April 1, 2003

**Principal Due:**

June 1, 2004-2028

**Interest Due:**

Interest on the Series 2003A Bonds is due semiannually on each June 1 and December 1, commencing December 1, 2003.

**Book-Entry Only:**

The Series 2003A Bonds will be issued as book-entry only securities through The Depository Trust Company.

**Tax Status:**

The Series 2003A Bonds are generally exempt from state and federal income taxes (see "Tax Status" herein).

**Professional Consultants:**

*Financial Advisor:* Evensen Dodge, Inc.  
Minneapolis, Minnesota

*Bond Counsel:* Faegre & Benson LLP  
Minneapolis, Minnesota

*Registrar/Paying Agent:* Bank of North Dakota  
Bismarck, North Dakota

**Legal Matters:**

Legal matters incident to the authorization and issuance of the Series 2003A Bonds are subject to the opinion of Faegre & Benson LLP, Bond Counsel, as to validity. The opinion, which will be substantially in the form set forth in Appendix C attached

hereto, will be printed on the back of the Series 2003A Bonds. Certain legal matters for the Bond Bank will be subject to the approving opinion of the Office of the Attorney General of the State of North Dakota.

**Authority for Issuance:** The Series 2003A Bonds are issued pursuant to the North Dakota Municipal Bond Bank Act, Chapter 609.4, North Dakota Century Code, a General Bond Resolution adopted by the Industrial Commission of the State of North Dakota on March 2, 1990, as amended, and a Series Resolution adopted by the Industrial Commission on February 18, 2003.

**Conditions Affecting Issuance of Bonds:** The Series 2003A Bonds are offered when, as and if issued, subject to the approving legal opinion of Faegre & Benson LLP, Bond Counsel, Minneapolis, Minnesota.

**Delivery:** To the Bond Bank's designated depository on or about April 8, 2003.

**No Litigation:** There is no litigation now pending or, to the knowledge of the Bond Bank, threatened which questions the validity of the Series 2003A Bonds or of any proceedings of the Industrial Commission taken with respect to the issuance or sale thereof.

Questions regarding the Series 2003A Bonds or the Official Statement can be directed to and additional copies of the Official Statement and the Resolution may be obtained from Evensen Dodge, Inc., 650 Third Avenue South, Suite 1800, Minneapolis, Minnesota 55402, (612/338-3535), the Bond Bank's Financial Advisor, or the North Dakota Municipal Bond Bank, 700 East Main, PO Box 5509, Bismarck, North Dakota 58506-5509 (701/328-7100).

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## **OFFICIAL STATEMENT**

### **NORTH DAKOTA MUNICIPAL BOND BANK**

**\$1,495,000**

### **Capital Financing Program Bonds, Series 2003A**

## **GENERAL INFORMATION**

This Official Statement sets forth information concerning the issuance by the North Dakota Municipal Bond Bank (the "Bond Bank") of a series of its North Dakota Municipal Bond Bank Capital Financing Program Bonds designated as Series 2003A (the "Series 2003A Bonds"). The Series 2003A Bonds mature on the dates and in the amounts as set forth on the cover page of this Official Statement and contain other terms as set forth herein. See "Description of the Bonds" herein. The Series 2003A Bonds are issued pursuant to and are equally and ratably secured by the General Bond Resolution (the "General Bond Resolution") adopted by the Industrial Commission of the State of North Dakota (the "Industrial Commission") on March 2, 1990, as amended April 6, 1990, March 30, 1992, June 18, 1997 and May 13, 1998, on a parity with all other bonds heretofore and hereafter issued under the General Bond Resolution. The Series 2003A Bonds and all other bonds issued pursuant to the General Bond Resolution are herein referred to as the "Bonds". All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the General Bond Resolution.

The General Bond Resolution establishes the Bond Bank's Capital Financing Program under which the Bond Bank will from time to time issue Bonds to provide funds to make loans to political subdivisions (the "Political Subdivisions" or a "Political Subdivision") of the State of North Dakota to finance capital improvements. The loans will be effected through the purchase of municipal securities (the "Municipal Securities") to be issued by the Political Subdivision. Pursuant to the General Bond Resolution, the Bond Bank may also refund other obligations of the Bond Bank which were originally issued for the purpose of acquiring Municipal Securities from Political Subdivisions. See "Description of the Capital Financing Program" herein for a description of the Political Subdivisions eligible to receive loans from the Bond Bank and a description of the Municipal Securities to be issued by such Political Subdivisions. See "Description of the Bonds--Purpose and Authority" and "The Municipal Securities" herein for a description of the loan to be made with the proceeds of the Series 2003A Bonds. Descriptions of the Municipal Securities purchased and certain information relating to the Political Subdivisions associated with each series of Bonds is contained in Appendices A and B herein. The Political Subdivisions which have previously issued Municipal Securities to the Bond Bank pursuant to the Capital Financing Program together with a description of Bonds heretofore issued under the General Bond Resolution are set forth in Appendix B. The Series 2003A Bonds are issued under the authority of the North Dakota Municipal Bond Bank Act, Chapter 6-09.4, North Dakota Century Code (the "Act"). The Industrial Commission, the agency of the State of North Dakota having authority over all matters pertaining to the Bond Bank, including the issuance of bonds, has authorized the issuance of the Series 2003A Bonds. The Series 2003A Bonds are obligations of the Bond Bank payable primarily from the revenues and Funds and Accounts hereinafter described and are not a debt or liability of the State or secured by the full faith and credit or taxing powers of the State. See "Source of Payment and Security" and "Summary of Certain Provisions of the General Bond Resolution" and "The Industrial Commission of North Dakota" herein.

The Bond Bank is an instrumentality of the State, operated, managed and controlled by the Industrial Commission. The Bonds do not constitute a debt of the Industrial Commission and are not secured by or payable from any assets of the Industrial Commission. See "The North Dakota Municipal Bond Bank" herein.

The Bond Bank and the Political Subdivision obtaining a loan under the Capital Financing Program may enter into a Loan Agreement (the "Loan Agreement") wherein the Bond Bank agrees to purchase certain Municipal Securities

and the Political Subdivision agrees to pay certain costs and to comply with certain covenants with respect to the Municipal Securities (see “Summary of Loan Agreements” herein).

## **DESCRIPTION OF THE BONDS**

### ***Purpose and Authority***

Proceeds of the Series 2003A Bonds will be used to make a loan to the Langdon Rural Water District (the “2003A Political Subdivision”) through the purchase of Municipal Securities to be issued by such 2003A Political Subdivision.

The Series 2003A Bonds are issued pursuant to the General Bond Resolution and the series resolution (the “Series Resolution”) adopted by the Industrial Commission on February 18, 2003. (The General Bond Resolution and the Series Resolution are hereinafter collectively referred to as the “Resolutions”.)

### ***Terms of the Bonds***

The Series 2003A Bonds will be dated April 1, 2003, with principal payable annually on each June 1, beginning June 1, 2004, and with interest payable at the rates set forth on the cover page of this Official Statement on December 1, 2003 and semiannually thereafter on each June 1 and December 1.

### ***Book-Entry Only System***

*The information contained in the following paragraphs of this subsection “Book-Entry Only System” has been extracted from a schedule prepared by Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE.” The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the Bond Bank believes to be reliable, but the Bond Bank takes no responsibility for the accuracy thereof.*

1. The Depository Trust Company (“DTC”), New York, NY will act as securities depository for the Series 2003A Bonds. The Series 2003A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2003A Bond certificate will be issued for each maturity specified on the cover page hereof in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation,

MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Series 2003A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2003A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2003A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers ownership interest in the Series 2003A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2003A Bonds, except in the event that use of the book-entry system for the Series 2003A Bonds is discounted.

4. To facilitate subsequent transfers, all Series 2003A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2003A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2003A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2003A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2003A Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Bond Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Series 2003A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal of, redemption premium, if any, and interest payments on the Series 2003A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Bond Bank or Paying Agent, on payable date in accordance with their respective holding shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name”, and will be the responsibility of such Participant and not of DTC, Paying Agent, or the Bond Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Bond Bank or Paying Agent, disbursement of such payments to Direct

Participants will be responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its service as depository with respect to the Series 2003A Bonds at any time by giving reasonable notice to Bond Bank or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2003A Bond certificates are required to be printed and delivered.

10. The Bond Bank may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2003A Bond certificates will be printed and delivered.

NEITHER THE BOND BANK NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2003A BONDS UNDER THE RESOLUTION; (III) THE SELECTION BY DTC OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2003A BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2003A BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF SERIES 2003A BONDS; OR (VI) ANY OTHER MATTER.

### ***Redemption of the Bonds***

#### **Optional Redemption**

The Series 2003A Bonds maturing June 1, 2014 and thereafter are subject to optional redemption on June 1, 2013 and any date thereafter at a price of par plus accrued interest.

#### **Sinking Fund Redemption**

The Series 2003A Bonds maturing on June 1, 2017 are subject to sinking fund redemption in part by lot at a redemption price equal to 100% of the principal amount of the Series 2003A Bonds to be redeemed together with the accrued interest thereon to the redemption date on June 1 of each of the following years and in the following amounts:

<u>Sinking Fund Redemption Date (June 1)</u>	<u>Principal Amount</u>
2014	\$50,000
2015	55,000
2016	55,000
2017 (Final Maturity)	60,000

The Series 2003A Bonds maturing on June 1, 2021 are subject to sinking fund redemption in part by lot at a redemption price equal to 100% of the principal amount of the Series 2003A Bonds to be redeemed together with the accrued interest thereon to the redemption date on June 1 of each of the following years and in the following amounts:

Sinking Fund Redemption <u>Date (June 1)</u>	<u>Principal Amount</u>
2018	\$60,000
2019	65,000
2020	65,000
2021 (Final Maturity)	70,000

The Series 2003A Bonds maturing on June 1, 2025 are subject to sinking fund redemption in part by lot at a redemption price equal to 100% of the principal amount of the Series 2003A Bonds to be redeemed together with the accrued interest thereon to the redemption date on June 1 of each of the following years and in the following amounts:

Sinking Fund Redemption <u>Date (June 1)</u>	<u>Principal Amount</u>
2022	\$75,000
2023	80,000
2024	80,000
2025 (Final Maturity)	85,000

The Series 2003A Bonds maturing on June 1, 2028 are subject to sinking fund redemption in part by lot at a redemption price equal to 100% of the principal amount of the Series 2003A Bonds to be redeemed together with the accrued interest thereon to the redemption date on June 1 of each of the following years and in the following amounts:

Sinking Fund Redemption <u>Date (June 1)</u>	<u>Principal Amount</u>
2026	\$ 90,000
2027	95,000
2028 (Final Maturity)	100,000

**Extraordinary Mandatory Redemption**

The Series 2003A Bonds are subject to mandatory redemption on December 1, 2003 at par plus accrued interest, in whole or in part in such order as the Bond Bank may determine, to the extent that the original principal amount of Series 2003A Bonds exceeds the principal amount of the Municipal Securities which have been purchased and any required reserves funded by the Bond Bank with the proceeds thereof on or prior to October 1, 2003.

***Continuing Disclosure***

Although SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the “Rule”) does not apply, the Bond Bank will covenant to enter into an undertaking (the “Undertaking”) for the benefit of holders of the Series 2003A Bonds to provide certain financial information and operating data relating to the issuer to certain information repositories annually, and to provide notices of the

occurrence of certain events enumerated in the Rule to certain information repositories or the Municipal Securities Rulemaking Board and to any state information depository. That information will consist of (i) a financial statement covering the Capital Financing Program of the Bond Bank and (ii) updates of the information set forth in Appendix B and of certain information, generally similar to that set forth in Appendix A, relating to Political Subdivisions whose outstanding loan amounts under the Capital Financing Program, as of both March 1, 2003 and the annual reporting date, constitute 5% or more of the outstanding principal amount of Bonds. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events are set forth in the Continuing Disclosure Certificate to be executed and delivered by the Bond Bank at the time the Series 2003A Bonds are delivered. Such Certificate will be in substantially the form attached hereto as Appendix E. The Bond Bank has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of materials events. A failure by the Bond Bank to comply with the Undertaking will not constitute an event of default on the Series 2003A Bonds (although holders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2003A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2003A Bonds and their market price.

### ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the sale of the Series 2003A Bonds and other moneys, if any, provided by the Bond Bank will be applied approximately as follows:

#### Sources of Funds

Par Amount of Bonds	\$1,495,000
2003A Political Subdivision Contribution	<u>108,230</u>
Total Sources of Funds	<u>\$1,603,230</u>

#### Uses of Funds

Deposit in the Loan Fund to Purchase the Municipal Securities	\$1,442,110
Costs of Issuance Fund	20,000
Underwriter's Discount Allowance	17,940
Debt Service Reserve Fund	108,230
Letter of Credit Fee	7,475
Bond Bank Administrative Fee	<u>7,475</u>
Total Uses of Funds	<u>\$1,603,230</u>

The proceeds of the Series 2003A Bonds deposited to the credit of the Loan Fund are expected to be used to purchase the Municipal Securities issued by the 2003A Political Subdivision on or before October 1, 2003. In addition, certain costs of issuance of the Series 2003A Bonds may be paid by the Bond Bank from Bond proceeds deposited to the credit of the Costs of Issuance Fund.

The deposit to the Reserve Fund required by the Resolutions and the Act is the amount ("Series Reserve Requirement") needed so that there is on hand in the related Series Account of the Reserve Fund upon the issuance of the Series 2003A Bonds an aggregate amount not less than the largest amount of principal and interest required to be paid on each series of Bonds and Reserve Obligations (if any) outstanding under the General Bond Resolution during any period of 24 consecutive months. The Bond Bank will satisfy the Series Reserve Requirement for the Series 2003A Bonds through the purchase of a letter of credit from the Bank of North Dakota and a deposit of funds on hand from the 2003A Political Subdivision.

## **THE MUNICIPAL SECURITIES**

The Municipal Securities acquired by the Bond Bank in exchange for the loan to the 2003A Political Subdivision will be water revenue bonds payable from user fees. The 2003A Political Subdivision will use the loan proceeds to refinance two outstanding United States Department of Agriculture Rural Development loans in the approximate amount of \$1,445,000.

## **SOURCE OF PAYMENT AND SECURITY**

The principal sources of payment and security for the Series 2003A Bonds are the revenues derived from the payment of principal of and interest on the Municipal Securities purchased with proceeds of the sale of Series 2003A Bonds, and certain investment earnings and amounts on deposit in the Reserve Fund established under the General Bond Resolution.

The Series 2003A Bonds are issued on a parity with all other bonds issued and to be issued by the Bond Bank under the General Bond Resolution. They are not in any way a debt or liability of the State of North Dakota, the Industrial Commission or any Political Subdivision of the State. The Series 2003A Bonds are not obligations of the Bond Bank and, although payable from any available moneys of the Bond Bank, the Bond Bank has no taxing power and no significant assets other than the Funds and Accounts specifically pledged to the Series 2003A Bonds and other assets pledged to other obligations of the Bond Bank.

The Series 2003A Bonds will be payable from and secured on a parity with other Bonds issued and to be issued under the General Bond Resolution by:

1. A first lien on the pledge of the moneys, securities and investments in the Bond Fund, the Redemption Fund, the Reserve Fund, the Revenue Fund, the Operating Fund and the Loan Fund covenanted to be created and maintained under the Resolutions; and
2. The Bond Bank's interest in Municipal Securities purchased with the proceeds of the Bonds and all other Series of Bonds heretofore or hereafter issued under the General Bond Resolution.

The Series 2003A Bonds are also payable from any other legally available funds of the Bond Bank.

The amount on deposit in the Reserve Fund upon the issuance of each Series of Bonds must be an aggregate amount equal to at least the largest amount of debt service due on each Series of Bonds and certain subordinate which may be obligations issued to fund the Reserve Requirement (the "Reserve Obligations") during any consecutive 24 month period. The Bond Bank will not issue Reserve Obligations to fund the Reserve Requirements for the Series 2003A Bonds.

The Act mandates that a Reserve Fund be maintained in an amount at least equal to the largest amount of money required by the terms of all outstanding Bonds of the Bond Bank, for the payment of interest on and maturing principal in the then current or any succeeding calendar year, including mandatory redemption deposits required by the terms of any such Bonds to be made to the Bond Fund for the payment or redemption of Term Bonds. Under the General Bond Resolution, the Bond Bank has covenanted to establish and maintain the Reserve Fund in an amount equal to the maximum amount of principal of and interest on each Series of Bonds and any Reserve Obligations coming due in any consecutive 24 month period (the "Reserve Requirement").

In the event the Reserve Fund shall, at any time, not aggregate the Reserve Requirement, the Executive Director of the Bond Bank must forthwith give written notice to the Chairman and each member of the Industrial Commission, and the Industrial Commission must forthwith transfer other funds to the Reserve Fund as permitted under the Act or certify to the Legislative Assembly of the State of North Dakota the sum required to restore the Reserve Fund to an amount equal to or greater than the Reserve Requirement.

The Act provides:

“In order to assure the maintenance of the required debt service reserve, there shall be appropriated by the legislative assembly and paid to the bond bank for deposit in said fund, such sum, if any, as shall be certified by the industrial commission as necessary to restore said fund to an amount equal to the required debt service reserve.”

In the written opinion of the Attorney General, such provision of the Act does not constitute a legally enforceable obligation of the State. In the opinion of Bond Counsel there is no applicable provision of law which would prohibit a future Legislative Assembly of the State from appropriating such sum, if any, as shall have been certified by the Industrial Commission as necessary to restore the Reserve Fund to an amount sufficient to meet the Reserve Requirement.

The Legislative Assembly of the State meets biennially in odd numbered years commencing on the first Tuesday after the third day in January or at another time prescribed by law, but not later than the eleventh day of January.

The scheduled payments of principal of and interest on the Municipal Securities purchased with the proceeds of each Series of Bonds are expected to be sufficient to pay principal of and interest on the Bonds of each Series. In the case of Municipal Securities payable primarily from the revenues of public facilities, the Bond Bank will require that the Political Subdivision demonstrate the ability of the financed facilities to generate sufficient revenues to pay all expenses of operation and maintenance of the facilities and principal of and interest on the Municipal Securities and any outstanding parity obligations. Therefore, the Bond Bank estimates and expects that, as required by the Act, pledged revenues will be sufficient to meet principal and interest payments on all Series of Bonds issued pursuant to the General Bond Resolution, after the payment of costs and expenses of operation of the Bond Bank. An allowance has not been made in the estimates for default on any Municipal Securities purchased with the proceeds of any Series of Bonds issued pursuant to the General Bond Resolution.

## **SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION**

The following is a brief summary of certain provisions of the General Bond Resolution and is not to be considered as a full statement of the provisions of the General Bond Resolution. The summary is qualified by reference to and is subject to the complete General Bond Resolution, copies of which may be examined at the offices of the Bond Bank.

### ***Funds and Accounts***

#### **Creation of Funds and Accounts**

There are created in the General Bond Resolution the following Funds for the Capital Financing Program:

- (a) Loan Fund.
- (b) Costs of Issuance Fund.
- (c) Revenue Fund.
- (d) Bond Fund.
- (e) Redemption Fund.
- (f) Reserve Fund.
- (g) Operating Fund.

The General Bond Resolution requires that separate Accounts for each Series of Bonds be created within the Loan Fund, Costs of Issuance Fund, Revenue Fund, Bond Fund and Reserve Fund and permits the creation of separate Accounts within the Redemption Fund and Operating Fund.

### **Loan Fund**

Amounts received from the sale of Bonds, except any portion of such proceeds deposited in the Costs of Issuance Fund, the Revenue Fund and the Reserve Fund, shall be credited to the Loan Fund. Moneys in the Loan Fund shall be used for loans to Political Subdivisions through the purchase of Municipal Securities as provided in the Act and the General Bond Resolution. All loans to Political Subdivisions shall be evidenced by Municipal Securities and in compliance with the applicable Series Resolution and Loan Agreement (if any) and the General Bond Resolution.

### **Costs of Issuance Fund**

The amount specified in the applicable Series Resolution shall be deposited in the appropriate Series Account of the Costs of Issuance Fund, from proceeds of a Series of Bonds or other moneys designated by the Bond Bank. Monies in a Series Account of the Costs of Issuance Fund shall be used to pay costs of issuance of the respective Series of Bonds.

### **Revenue Fund**

All payments of principal of, premium (if any) on and Interest on Municipal Securities received by the Bond Bank and any proceeds of sale or other disposition of Municipal Securities held by the Bond Bank shall be credited to the respective Series Accounts of the Revenue Fund, except that interest in excess of interest payable on the related Series of Bonds and sale proceeds in excess of the amount necessary to be retained for future payments of principal and interest on the related Series of Bonds may be deposited in the Operating Fund or applied in such other manner as the Executive Director may direct. The moneys in each Series Account shall be transferred to the Bond Fund to pay all principal of, premium (if any) on and interest due and payable on the respective Series of Bonds on the next interest payment date of the Bonds (including mandatory redemption of any Term Bonds).

### **Bond Fund**

On each Bond payment date, the Bond Bank shall, with respect to each Series of Bonds for which a principal or interest payment is due, transfer to the related Series Account of the Bond Fund from each related Series Account of the Revenue Fund an amount sufficient to pay such principal and interest. If the moneys on deposit in the related Series Account of the Revenue Fund are insufficient for this purpose, the Bond Bank shall withdraw sufficient moneys therefor, first from the related Series Account of the Reserve Fund, second, from the other Series Accounts of the Reserve Fund, and third from the other Series Accounts of the Revenue Fund.

### **Redemption Fund**

Moneys deposited in the Redemption Fund shall be applied to the mandatory redemption of Bonds or the optional redemption or purchase of Bonds of a particular Series, as provided in the General Bond Resolution and the respective Series Resolution.

All Bonds retired by redemption, purchase or payment at maturity shall be canceled and shall not be reissued. The accrued interest to be paid on the redemption, purchase or payment at maturity of each Bond shall be paid from the Bond Fund.

### **Reserve Fund**

All moneys required to be deposited under the General Bond Resolution or any Series Resolution or investments deposited in or transferred to the Reserve Fund, together with all earnings and income on investment of such

moneys, shall be credited to the extent needed to meet the Reserve Requirement. Moneys and investments in the Reserve Fund shall be used only in accordance with the requirements of the General Bond Resolution to pay principal of, premium (if any) on and interest on Bonds and Reserve Obligations due or to become due. To the extent amounts on deposit in the Reserve Fund exceed the Reserve Requirement, such amounts may be withdrawn by the Bond Bank and used for any lawful purpose.

In the event the Reserve Fund shall at any time not aggregate the Reserve Requirement, the Executive Director must forthwith give written notice to the Chairman and each member of the Industrial Commission, and the Industrial Commission must forthwith transfer other funds to the Reserve Fund as permitted under the Act or must certify to the Legislative Assembly of the State of North Dakota the sum required to restore the Reserve Fund to an amount equal to or greater than the Reserve Requirement.

### **Operating Fund**

The Bond Bank will deposit in the Operating Fund any fees received from a Political Subdivision pursuant to any Loan Agreement and any amount in a Series Account of the Revenue Fund in excess of the amounts needed to pay principal and interest when due. The Bond Bank may use moneys in the Operating Fund to pay administrative expenses of the Bond Bank or for any other lawful purpose.

### **Investment of Funds**

Moneys on deposit to the credit of the Funds and Accounts under the General Bond Resolution shall be invested by the Bond Bank in Investment Obligations permitted under the General Bond Resolution and the Act; provided, that no Investment Obligation shall have a maturity date beyond the date upon which the moneys in the respective Fund or Account are required or are likely to be needed for the purposes of the respective Fund or Account to which such Investment Obligation is credited. Investment Obligations so purchased shall be deemed at all times to be a part of the respective Fund or Account, but may from time to time be sold or otherwise converted into cash, whereupon the proceeds derived from such sale or conversion shall be credited to such Fund or Account. Any interest accruing or any profit realized from such investment shall be credited to the specific Fund or Account, except as otherwise specified in the General Bond Resolution.

### ***Additional Series of Bonds***

The Bond Bank anticipates the issuance of additional Series of Bonds under the General Bond Resolution. The General Bond Resolution permits the issuance of additional Series of Bonds secured on a parity with the Bonds previously issued pursuant to the General Bond Resolution, in order to purchase Municipal Securities authorized for purchase under the Act and the General Bond Resolution, upon compliance with the requirements of the General Bond Resolution, including deposit of a sufficient amount in the Reserve Fund to satisfy the Reserve Requirement with respect to the Series of Bonds to be issued and all other Series of Bonds outstanding under the General Bond Resolution.

### ***Default and Remedies***

The following are Events of Default under the General Bond Resolution:

- (a) Failure of the Bond Bank to pay principal or the redemption price of any Bond when due.
- (b) Failure of the Bond Bank to pay interest on any Bond when due.
- (c) A withdrawal shall be made from the Reserve Fund and the amount on deposit in the Reserve Fund shall be less than the Reserve Requirement for a period extending to the later of (i) the date of adjournment of the next regular

session of the Legislative Assembly commencing after the date of withdrawal from the Reserve Fund or (ii) twenty-four consecutive months.

- (d) Failure of the Bond Bank to cure any other default under the General Bond Resolution within thirty days after notice thereof by the holders of at least 10% of the outstanding Bonds.

Upon an Event of Default, the Holder of any Bond affected thereby may bring a proceeding in law or in equity to enforce or compel performance of the duties of the Bond Bank or the Industrial Commission required by the Bond, the Series Resolution, the General Bond Resolution or the Act.

If an Event of Default described in (a) or (b) above shall happen, the Bond Bank shall forthwith give notice thereof by mail, postage prepaid, to the registered owners of all outstanding Bonds at their last addresses, if any, appearing upon the registry books. Such notice shall (A) specify the nature of the Event of Default, (B) state that accordingly the holders of 10% or more in unpaid principal amount of outstanding Bonds have the right to deliver or mail notice to the Bond Bank declaring the unpaid principal amount of Bonds and accrued interest thereon immediately due and payable, and (C) state that if the holders do so, the unpaid principal amount of the Bonds and interest thereon shall automatically become due the 30th day following receipt of such notices from the holders of 10% or more in unpaid principal amount of outstanding Bonds except as otherwise provided therein, unless the holders of 50% or more in unpaid principal amount of Bonds elect not to accelerate the Bonds or the Event of Default has been cured prior to that date. Forms of notice of acceleration or election not to accelerate may be obtained from the Bond Bank on request.

Whenever such notice shall have been given, or should have been given, the holders of 10% or more in unpaid principal amount of outstanding Bonds shall have the right by notice delivered or mailed postage prepaid to the Bond Bank to declare the unpaid principal of and accrued interest on all Bonds due and payable and on the 30th day thereafter all such principal of and interest on the outstanding Bonds shall become immediately due and payable, provided that if at any time prior to the receipt of notice of acceleration by the holders of 10% in unpaid principal amount of Bonds, the Event of Default shall be cured, notices of acceleration thereafter received shall not be effective and the principal of and interest on the Bonds shall be payable at the stated maturity and interest payment dates of such Bonds.

### ***Covenants and Miscellaneous***

The Bond Bank covenants and agrees, so long as the Bonds of any Series shall be outstanding, and subject to the limitations on its obligations established in the General Bond Resolution, to the following requirements:

#### **Payment of Bonds**

The Bond Bank will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the General Bond Resolution and each Series Resolution and in each and every Bond executed, authenticated and delivered; will deposit in the Reserve Fund from amounts available and appropriated therefor amounts sufficient to maintain the Reserve Requirement; and will pay or cause to be paid, but solely from the sources specified in the General Bond Resolution and any Series Resolution, the principal of and interest on every Bond issued on the dates, at the places and in the manner prescribed in the Bonds.

#### **Authority of the Industrial Commission and Bond Bank**

The Industrial Commission is duly authorized under the constitution and laws of the State to adopt the General Bond Resolution and the Series Resolution and to make the covenants as provided therein. The Bonds in the hands of the holders thereof are and will be valid and enforceable obligations of the Bond Bank in accordance with their terms.

### **Proper Books and Records**

The Bond Bank shall keep or cause to be kept proper books of accounts and records, in which full, true and correct entries will be made of all dealings and transactions relating to the operation of the Capital Financing Program.

## **SUMMARY OF LOAN AGREEMENTS**

The Bond Bank expects, but is not required, to enter into a Loan Agreement with each Political Subdivision in connection with each Series of Bonds issued under the auspices of the Capital Financing Program. Pursuant to the Loan Agreements, the Bond Bank will agree to purchase specified Municipal Securities, and the Political Subdivision will agree to pay certain amounts, including the Bond Bank's administrative fee, as long as the Bond Bank is the owner of the Municipal Securities. The Loan Agreements also may contain certain covenants relating to the tax exempt status of interest on the Municipal Securities and the provision of annual financial statements of the Political Subdivisions. If a Loan Agreement is not entered into, the above agreements and covenants of the Political Subdivision will be set out in its Resolution authorizing the issuance and sale of the Municipal Securities.

## **THE NORTH DAKOTA MUNICIPAL BOND BANK**

The North Dakota Municipal Bond Bank was established by the Act on July 1, 1975, as an instrumentality of the State exercising essential public and governmental functions.

The Act authorizes the Bond Bank to lend money to Political Subdivisions of the State through the purchase of Municipal Securities of Political Subdivisions. To finance such purchases of Municipal Securities, the Bond Bank is authorized by the Act to issue its bonds, in any amount, payable pursuant to the Act.

The Bond Bank is empowered to sue and be sued; to make, enter into and enforce contracts; to acquire, hold, use and dispose of moneys or other personal property; to carry out its functions by officers, agents or employees or by contract; and to make and enforce bylaws, rules and regulations. It is not, however, a body corporate.

Pursuant to Chapters 6-09.4 and 54-17, North Dakota Century Code, the Bond Bank is under the operation, control and management of the Industrial Commission, which oversees various enterprises of the State, and whose actions are the actions of the State acting in its sovereign capacity.

On June 26, 2001, the Industrial Commission appointed Mr. Tim Porter as Executive Director of the Bond Bank effective August 1, 2001, to serve at its pleasure. Ms. DeAnn Ament is the Bond Bank's Business Manager. Mr. Porter and Ms. Ament are the Bond Bank's only employees.

The costs and expenses of operation of the Bond Bank are financed primarily from investment income and fees and charges imposed by the Bond Bank. Pursuant to the Loan Agreements with the various Political Subdivisions participating in the Capital Financing Program, the Bond Bank may collect an administrative fee from the respective Political Subdivision. The administrative fee may be used to pay costs and expenses of operation of the Bond Bank.

Under the Act, all property of the Bond Bank, its transfer and the income therefrom, including any profits made on the sale thereof, are exempt from taxation within the State. In the opinion of the Attorney General, the income of the Bond Bank, as an instrumentality of the State, is exempt under existing law from Federal income taxes. Under the Act, all property of the Bond Bank in the State is exempt from levy and sale by virtue of an execution and no execution or judicial process may issue from any State court against such property nor may any judgment of a State court against the Bond Bank be a charge or lien upon its property. The foregoing does not limit the rights of the holder of any

Bond to pursue any remedy for the enforcement of any pledge or lien given by the Bond Bank on its revenues or other moneys to secure the Bonds.

The Bond Bank's offices are located at 700 East Main, Bismarck, North Dakota 58501. Its telephone number is (701) 328-7100.

### ***Other Financings of the Bond Bank***

Pursuant to a Trust Indenture dated March 1, 1989 and a Supplemental Trust Indenture dated December 1, 1995, the Bond Bank issued its \$8,875,000 Taxable Insured Water System Refunding Revenue Bonds, 1999 Series A, due serially on April 1 in the years 2000 to 2014 and an additional \$1,410,000 of obligations due April 1, 2015. The aggregate outstanding principal amount of these bonds as of March 1, 2003 was \$8,630,000.

The Bond Bank has issued \$565,000 Capital Financing Program Bonds, Refunding Series 1992A and \$820,000 Capital Financing Program Bonds, Refunding Series 1992B, the proceeds of which were used, together with prepayments of Municipal Securities by participating Political Subdivisions, to refund \$6,280,000 aggregate par amount of the Bond Bank's \$11,600,000 1983 Series A Bonds, originally issued under the 1977 General Bond Resolution.

The Bond Bank has issued a total of \$79,840,000 Capital Financing Program Bonds. The total includes \$3,750,000 Series 1990A through O Bonds; \$6,225,000 Series 1991A through I Bonds; \$12,150,000 Series 1992C through K Bonds; \$7,905,000 Series 1993A through F Bonds; \$6,305,000 Series 1994A through C Bonds; \$2,505,000 Series 1995A through C Bonds; \$3,365,000 Series 1996A through D Bonds; \$15,345,000 Series 1997A through H Bonds; \$9,695,000 Series 1998A through E Bonds; \$4,530,000 Series 1999A through F Bonds; \$4,215,000 Series 2000A and B Bonds; \$765,000 Series 2001A Bonds; and \$1,700,000 Series 2002A Bonds. A complete listing of the Bond Bank's Capital Financing Program Bonds is contained in Appendix B herein.

The Bond Bank issued \$20,220,000 State Revolving Fund Program Bonds, Series 1993A on February 1, 1993, \$6,975,000 State Revolving Fund Program Bonds, Series 1995A on January 1, 1995, \$29,845,000 State Revolving Fund Program Bonds, Series 1996A on October 1, 1996, \$35,965,000 State Revolving Fund Program Bonds, Series 1998A on October 21, 1998, \$16,725,000 State Revolving Fund Program Bonds, Series 2000A on February 22, 2000 and \$23,725,000 State Revolving Fund Programs Bonds, Series 2001A on August 1, 2001. A portion of the proceeds of the State Revolving Fund Program Bonds, Series 1993A were used to refund and defease the outstanding State Revolving Fund Program Bonds, Series 1990A in an aggregate principal amount of \$5,470,000. A portion of the State Revolving Fund Program Bonds, Series 2001A were used to refund the outstanding State Revolving Fund Program Bonds, Series 1993A in an aggregate principal amount of \$9,295,000 and the outstanding State Revolving Fund Program Bonds, Series 1995A in an aggregate principal amount of \$3,715,000. The remaining proceeds of the State Revolving Fund Program Bonds, Series 1993A and Series 2001A and the proceeds of the State Revolving Fund Program Bonds, Series 1995A, Series 1996A, Series 1998A and Series 2000A were used to make loans to certain Political Subdivisions participating in the State Revolving Fund Program and to have funds available to make other loans to Political Subdivisions whose wastewater treatment projects or public water system projects have been approved and are included in the Clean Water and Drinking Water Intended Use Plans of the North Dakota Health Department. The outstanding amount of the State Revolving Fund Program Bonds as of March 1, 2003 was \$103,740,000.

The Bond Bank has entered into a Standby Refunding Bond Purchase Agreement with the Central Dakota Irrigation District (the "District") under which the Bond Bank has committed to purchase through the Capital Financing Program or its successor, or from other available funds, refunding improvement bonds of the District at the times and in the amounts needed to refund any of the District's \$3,270,000 Taxable Improvement Warrants (the "Warrants") which the District is unable to pay when due. The Warrants are dated April 1, 1997, and have a final maturity date of February 1, 2012. The Warrants were issued by the District to acquire, construct, and install irrigation facilities within the District.

## DESCRIPTION OF THE CAPITAL FINANCING PROGRAM

### *General*

The Act declares it to be the policy of the State to foster and promote the provision of adequate capital markets and facilities for borrowing money by Political Subdivisions for the financing of their respective public improvements. In pursuance of this policy the Bond Bank initiated the Capital Financing Program to make funds available to Political Subdivisions at reduced interest costs, especially during periods of restricted credit or money supply.

The Act limits the evidences of debt eligible for the Bond Bank program to Municipal Securities as defined in the Act. The Act limits entities which may participate in the Bond Bank's programs to Political Subdivisions of the State. Eligible Political Subdivisions include counties, cities, school districts, townships, park districts, airport authorities, city or county housing authorities, municipal parking authorities, irrigation districts, boards of drainage commissioners, fire protection districts, water resource districts, and member owned non-profit associations, organizations, corporations or similar entities organized primarily for operating rural water distribution systems.

Participation by a Political Subdivision in the Bond Bank's programs is entirely voluntary, and no Political Subdivision is required by law to sell its Municipal Securities to the Bond Bank. Neither is the Bond Bank required by law or contract to purchase any particular Municipal Securities.

The Act requires that all Municipal Securities purchased and held by the Bond Bank be in fully marketable form, therein defined as duly executed and accompanied by an approving legal opinion of counsel acceptable to the Bond Bank or other purchasers of municipal securities.

The Act requires that the Bond Bank lend money to Political Subdivisions only through purchasing such Municipal Securities as are in the opinion of the Attorney General of the State properly eligible for purchase by the Bond Bank under the Act.

The Bond Bank is authorized to take applications from Political Subdivisions to participate in the Capital Financing Program; to require such information in the application as the Executive Director of the Bond Bank deems necessary or material; to consider the need and desirability of purchasing Municipal Securities issued by the applicant, the ability of such applicant to secure borrowed money from other sources and the cost thereof, and the particular public improvement or purpose to be financed by the Municipal Securities; to impose upon and collect charges from the applicant for its costs and services in review or consideration of any proposed purchase, whether or not such purchase is consummated; to accept or reject such application for any reason or for no reason; to negotiate and enter into agreements with Political Subdivisions respecting the purchase of Municipal Securities; and to fix any and all terms, conditions and provisions of any such purchase and of the Municipal Securities acquired.

### *Political Subdivision Financing*

Capital financing for Political Subdivisions in North Dakota will normally take one of five forms: (i) general obligation bonds, (ii) improvement warrants and refunding improvement bonds, (iii) revenue bonds, (iv) special authority indebtedness, and (v) lease financings.

- (i) General obligation bonds may be issued by a county, city, township, school district, park district, recreation service district or rural fire protection district, but with certain exceptions only if authorized by the electors. General obligation bonds are included in the indebtedness of the Political Subdivision for statutory and constitutional debt limit computations. They are secured by the full faith, credit and taxing powers of the Political Subdivision. Article X, Section 15 of the North Dakota Constitution provides that, subject to certain exceptions, the "debt" of any county, township, city, town, school district or any other political subdivision "shall never exceed five per centum upon the assessed value of the taxable property therein."

- (ii) Certain Political Subdivisions, generally limited to cities, but including other specially authorized Political Subdivisions, regularly finance construction of local improvements (e.g., water and water distribution projects, sewer and waste water projects and related facilities, streets, curb and gutter and related requirements, boulevard, trees, flood protection, parking lots, parking ramps, garages and pedestrian skyway improvements) through the issuance of improvement warrants or bonds which may be refunded by the issuance of refunding improvement bonds. These obligations, issued as warrants or bonds, are payable primarily from special assessments levied upon properties benefited by the improvements. If the improvement is for sewer or water improvements or a parking facility, the Political Subdivision may pay a portion of the cost from the net revenues derived from the operation of the utility or project for which the improvement is constructed. Additionally, the Political Subdivision may finance a portion of the cost of an improvement not exceeding 20% of the cost with the levy of an ad valorem tax on all taxable property of the Political Subdivision. If special assessments collected or which are anticipated to be collected are insufficient (with any ad valorem taxes or utility revenues also pledged) to pay principal and interest when due on the improvement warrants (whether they have been refunded with bonds or not) issued with respect to that improvement, the Political Subdivision (which includes a county with respect to a recreation service district or an unincorporated rural area of a county) is obligated to levy, on all taxable property in the Political Subdivision, ad valorem taxes in an amount sufficient to make up the existing or anticipated deficiency.

Improvement warrants and refunding improvement bonds issued pursuant to this authority do not constitute debt within the meaning of the constitutional limitation of indebtedness discussed above. There is no other constitutional or statutory limitation on the amount of indebtedness which may be incurred by issuance of improvement warrants and refunding improvement bonds. However, to the extent, if at all, the Political Subdivision agrees to pay a portion of the cost of an improvement from ad valorem taxes, that portion constitutes a debt and is subject to the limitation on indebtedness.

- (iii) A Political Subdivision authorized by law may issue its revenue bonds to construct or acquire an undertaking (e.g., a water supply, treatment and distribution system, a sewer or wastewater collection and treatment facility, a storm sewer, a facility for the generation, transmission and production of natural gas, electric lighting, heating or other power generating or distribution system, the operation of parking lots, trailer courts and other motor vehicle facilities, the purchase, acquisition, establishment and maintenance of a public transportation system, the purchase, acquisition, construction and maintenance of an airport and related facilities and the purchase, acquisition, construction and maintenance of a hospital). With only minor exceptions the revenue bonds may be issued by the governing body of the Political Subdivision without a vote of the electors.

The revenue bonds upon issuance do not constitute debt within the meaning of the debt limit described above, nor is there any other limit on the amount of such bonds which may be issued. The revenue bonds are secured by a pledge and authorization of the use of net revenues of the facility or utility for the payment of principal and interest. Additionally, many times the Political Subdivision provides for the establishment of a reserve for the security of the bonds, in an amount equal to the maximum amount of principal and interest to become due on such bonds in any full calendar year, to be funded from revenues from the facility or utility. Certain specially authorized Political Subdivisions may further secure the maintenance of the reserve by funding any deficiency in the reserve with proceeds from the levy of an ad valorem property tax on all taxable property in the Political Subdivision.

- (iv) There are numerous special authorities established within Political Subdivisions such as counties and cities which can issue debt for various specific projects, facilities and undertakings, (e.g., rural fire protection districts, rural ambulance service districts, irrigation districts, water resource districts, airport and municipal airport authorities, municipal pipeline authorities, municipal power agencies, municipal steam heat authorities and special project authorities established jointly by two or more existing Political Subdivisions). Political Subdivisions can also issue project specific debt for certain purposes (e.g., wastewater and solid waste bonds, seed, feed and fuel obligations, asbestos removal bonds and county governmental function bonds). All of these special authorities and types of debt are specifically authorized in addition to the three previously described types of debt, but are payable as general obligation bonds from ad valorem irreparable tax levies on all taxable property within the Political Subdivision or specially constituted authority, or from special

assessments levied upon property benefited by the improvement and with certain exceptions backed by a deficiency levy upon all taxable property within the Political Subdivision or authority, and from revenues and fees received through the operation of the project, program, utility or facility, or from a combination of any of the three previously mentioned methods of securing payment of principal and interest on the obligations.

- (v) Additionally, Political Subdivisions with proper authority under State law are able to acquire equipment or real property under a financing lease. A municipal lease financing is based upon the agreement of the Political Subdivision to make lease payments, which may be subject to annual renewal or termination at the option of the Political Subdivision. The lease payments are made from moneys appropriated annually from the Political Subdivision's general, operating or capital improvement funds in accordance with applicable state law governing budgeting and appropriation.

### ***Credit Review***

The credit analysis procedures of the Bond Bank include review of three general areas, with a different emphasis on certain factors within these areas depending on whether the Municipal Securities to be purchased are revenue, special assessment or general obligation debt instruments. All potential participants in a Bond Bank program are reviewed by a special Advisory Committee, appointed by the Industrial Commission, for the purpose of making a recommendation to the Industrial Commission on the suitability of including a particular Political Subdivision in a financing.

The three areas of analysis considered by Bond Bank Staff and its Advisory Committee include (i) economic factors, (ii) existing debt, including overlapping debt, and (iii) the administrative and financial operations of the Political Subdivision.

- (i) Economic factors affecting the Political Subdivision to be examined may include a review of recent trends and projections for population, tax revenues, future employment projections, potential economic development and the past history of economic development, the largest and type of employers and housing and employment figures when this information is available. These figures will be compared to similar figures for other comparable Political Subdivisions of the State.
- (ii) Debt analysis will include the security to be utilized for repayment, review of a five year capital improvement plan, if one is available, overlapping debt from other taxing districts, documentation of the past five years of property tax collections, projections for property tax levies and collections and the financial viability of any new development financed as a special assessment district. The Bond Bank also reviews (a) the amount of outstanding debt including revenue, special assessment and general obligation debt which includes revenue and tax anticipation obligations presently outstanding for the Political Subdivision and the recent trends, if any, in the issuance of debt, (b) the history of payment of debt service on previously outstanding bonds to determine if any defaults have occurred in such payments, and (c) the assessed and taxable valuations of property within the jurisdiction of the Political Subdivision. The Bond Bank has under certain circumstances required an equity contribution from the developer for a speculative development financed with special assessment warrants if the principal and interest will be paid solely from special assessments levied against only the development property.

For revenue supported obligations the revenue generated by the financed facility or revenue source must be equal to or greater than 120% of the amount needed to pay required annual debt service following the deduction of sufficient funds for operation and maintenance costs to pay required annual debt service. The Bond Bank will review the ability of the Political Subdivision to fund a reserve, and may require under certain conditions that such a reserve be established by the Political Subdivision for maintenance costs of the facility or for the payment of principal and interest on the incurred indebtedness. Additionally, the Bond Bank further requires that (i) its approval must be received for the issuance of any parity debt or that an approved additional bonds test be met, and (ii) the projected fees to be charged to users of the system or facility be established in

an amount sufficient within reasonable requirements, to maintain the required revenue coverage amount and provide funds for the payment of principal and interest on the bonds.

- (iii) An administrative and fiscal review will include an examination of any applicable property or other tax limitations applicable to the Political Subdivision, an evaluation of the financial management, tax assessment and property valuation procedures of the Political Subdivision, and a review of existing financial statements, the Political Subdivision's budget preparation and expenditure procedures and any trends in the budget operations and fund balances. Credible financial performance and the timely funding of mandated obligations along with the Political Subdivision's proven ability to adapt to budgetary changes will be reviewed. Also, if a capital improvement plan for the Political Subdivision has previously been utilized adherence to such a plan will be reviewed.

The Act requires the Commission, for the issuance of bonds in an amount over \$200,000, to state in its approving resolution, if it appears that the securities can be sold through private bond markets without the involvement of the Bond Bank, the reasons for the involvement of the Bond Bank. Bond Bank policy requires the Industrial Commission to conduct a review and comparison of the financing requested. The Bond Bank asks the political subdivision to provide information on other financing options, if any, the political subdivision has already examined. The financing requested through the Bond Bank financing program is compared to the same or a similar financing completed through other sources, including other available government financing programs.

The Commission approves of Bond Bank involvement through its Capital Financing Program when three findings are made resulting from the comparisons required through the application of the policy. The findings are:

- (a) The net borrowing costs to the Political Subdivision are expected to be lower under the Capital Financing Program than they would be under any other borrowing method available to the Political Subdivision;
- (b) Issuance costs and reserves required to be funded by the Political Subdivision are lower than would be the case under other methods so that the aggregate amount required to be borrowed by the Political Subdivision is less than other competitive means of borrowing; and,
- (c) The Political Subdivision voluntarily requested financing through the Bond Bank's Capital Financing Program.

## LOCAL TAXES AND COLLECTIONS

The applicable assessor's office establishes an estimated market value on all properties. The assessed value is computed at 50% of estimated market value. The taxable value of residential property is 9% of the assessed value and the taxable value of agricultural property is 10% of the assessed value.

After final equalization by assessing authorities in September of each year, the county auditor calculates mill rates and spreads taxes. The resulting taxes are payable on the following February 28.

Taxes are collected by the county and the receipts are distributed by the county to the local government entities. A discount of 5% is given on the tax bill if entire payment is made by February 15. Discounts given are subtracted from the levy amount by the county auditor. If the first installment of taxes is not paid by March 1, a 3% penalty is charged with an additional penalty being charged on May 1 and another 3% on October 15. The second installment of taxes is due October 15, and if not paid on or before that date is subject to a 6% penalty.

North Dakota residents over 65 years of age whose income is less than \$15,000 receive a homestead property tax credit. The credit is subtracted from their tax bill. Local government entities are reimbursed by the State for all homestead credits. Therefore, the Political Subdivision has no loss in tax revenues from the credit.

## **THE INDUSTRIAL COMMISSION OF NORTH DAKOTA**

The State Legislature created the Industrial Commission in 1919 to conduct and manage, on behalf of the State, certain utilities, industries, enterprises and business projects established by State law. North Dakota law provides that the acts of the Industrial Commission constitute acts of the State functioning in its sovereign capacity. The members of the Industrial Commission are the Governor, the Attorney General and the Agriculture Commissioner and a quorum for the transaction of Industrial Commission business consists of the Governor and one additional member. The present members of the Industrial Commission, all of whom have been elected to their respective offices for four-year terms expiring December 14, 2004 (with respect to the Governor) and December 31, 2004 (with respect to the Attorney General and Agriculture Commissioner) are:

John Hoeven, Governor  
Wayne Stenehjem, Attorney General  
Roger Johnson, Agriculture Commissioner

The utilities, industries, enterprises and business projects conducted and managed by the Industrial Commission include (in addition to the Bond Bank): the Bank of North Dakota, the State Mill and Elevator, the North Dakota Building Authority, Geological Survey, Farm Finance Agency and the North Dakota Housing Finance Agency. Additionally, the Industrial Commission exercises regulatory authority through its Oil and Gas Division and administers the State's secondary market for student loans through its Student Loan Program.

The Industrial Commission may employ staff or consultants and fix the salaries or conditions of such employment. Each State enterprise under the control of the Industrial Commission employs and is operated by a separate staff under the supervision of the Industrial Commission. The Attorney General of the State serves as the attorney for the Industrial Commission.

The Industrial Commission's offices are located at, and its mailing address is: Industrial Commission of North Dakota, State Capitol, 14<sup>th</sup> Floor, 600 East Boulevard Avenue, Bismarck, North Dakota 58505. Its telephone number is (701) 328-3722.

The Act provides that bonds of the Bond Bank be authorized by resolution of the Industrial Commission. The Act further authorizes the Industrial Commission to pledge assets of Bank of North Dakota as security for the Bond Bank's bonds. No such assets have been pledged to the Bonds, except as described under the caption "The Reserve Requirement" herein.

## **TAX STATUS**

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of a Series of Bonds in order that interest on the Series 2003A Bonds be and remain excludable from gross income under Section 103 and related Sections of the Code. These requirements include, but are not limited to, (1) provisions which prescribe yield and other limits relative to the investment of the proceeds of the Series 2003A Bonds and other amounts, and (2) provisions which require that certain investment earnings be rebated periodically to the United States Treasury. Noncompliance with such requirements may cause interest on the Series 2003A Bonds to become includable in gross income for purposes of Federal income taxation retroactive to their date of original issue, irrespective in some cases of the date on which such noncompliance is ascertained. The General Bond Resolution contains covenants of the Industrial Commission and the Bond Bank (the "Tax Covenants"), pursuant to which, in the opinion of Bond Counsel, such requirements can be satisfied.

Under present laws and rulings, interest on the Series 2003A Bonds is exempt from inclusion in gross income for purposes of federal income taxation. Interest on the Series 2003A Bonds is not an item of tax preference for purposes of the calculation of the alternative minimum tax imposed with respect to individuals and other taxpayers under the Code. Interest on the Series 2003A Bonds will be included in the computation of “adjusted current earnings,” which may be taken into account in determining alternative minimum taxable income used in calculating the alternative minimum tax that may be imposed with respect to corporations. In addition, interest on the Series 2003A Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax.

**Pursuant to the Act, the interest on the Series 2003A Bonds is exempt from all income taxation by the State of North Dakota.**

The form of legal opinion to be rendered with respect to the Series 2003A Bonds offered hereby is presented in Appendix C.

### **NOT QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Series 2003A Bonds will not be “Qualified Tax-Exempt Obligations” for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from gross income for federal income tax purposes interest expense that is allocable to acquiring and carrying tax-exempt obligations.

### **FINANCIAL ADVISOR**

Evensen Dodge, Inc., Minneapolis, Minnesota, has acted as Financial Advisor to the Bond Bank in connection with the issuance of the Series 2003A Bonds. Requests for information concerning the Bond Bank should be addressed to Evensen Dodge, Inc., 650 Third Avenue South, Suite 1800, Minneapolis, Minnesota 55402 (612/338-3535).

### **RATING**

Standard & Poor’s Ratings Group has assigned the Series 2003A Bonds a rating of “A-”, primarily in reliance upon its evaluation of the requirement that the Industrial Commission request an appropriation from the Legislative Assembly to make up any deficiencies in the Reserve Fund. The rating is likely to be affected by any changes in the rating assigned to general obligations of the State of North Dakota. Therefore, changes in the financial condition of the State of North Dakota may affect the rating on the Series 2003A Bonds. Standard & Poor’s has not evaluated the ability of any Political Subdivision to pay debt service on any Municipal Securities. The rating reflects only the view of such rating agency, and an explanation of the significance of such rating may be obtained only from Standard & Poor’s Ratings Group. Generally, rating agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions by the rating agencies. A securities rating is not a recommendation to buy, sell or hold securities. The rating of the Series 2003A Bonds represent judgments as to the likelihood of timely payment of the Series 2003A Bonds according to their respective terms, but does not address the likelihood of redemption or acceleration prior to maturity. There is no assurance that such rating will remain in effect for any given period of time or that it may not be lowered, suspended or withdrawn entirely if, in the judgment of the rating agency, circumstances (including particularly the financial condition of the State of North Dakota) so warrant. Any such downward change in or suspension or withdrawal of either such rating may have an adverse effect on the market price and marketability of the Series 2003A Bonds.

## **ABSENCE OF LITIGATION**

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Series 2003A Bonds, or prohibiting the Bond Bank from making loans to the Political Subdivision or purchasing Municipal Securities with the proceeds of the Series 2003A Bonds, or in any way contesting or affecting the validity of any Series 2003A Bonds or any proceedings of the Bond Bank or the Industrial Commission taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Series 2003A Bonds or the existence or necessary powers of the Bond Bank or the Industrial Commission.

## **LEGALITY**

The Series 2003A Bonds offered hereby are subject to the approving legal opinion of Faegre & Benson LLP, Minneapolis, Minnesota, as Bond Counsel. The opinion of Bond Counsel will be printed on the Series 2003A Bonds of the Series in substantially the forms attached to this Official Statement as Appendix C. Bond Counsel will also pass upon certain additional matters for the Bond Bank by separate opinion. Certain legal matters for the Bond Bank will be passed upon by the Office of the Attorney General of the State of North Dakota.

## **MISCELLANEOUS**

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Bond Bank, the Industrial Commission and the purchasers or holders of any of the Series 2003A Bonds.

The Appendices attached hereto are a part of this Official Statement.

The distribution of this Official Statement and its execution has been duly authorized by the North Dakota Municipal Bond Bank.

## **NORTH DAKOTA MUNICIPAL BOND BANK**

By: /s/ Tim Porter  
Executive Director

## **APPENDIX A**

### **Selected Financial Information About Certain Political Subdivisions**

Included in Appendix A are selective descriptions of participating Political Subdivisions whose current and expected Loan amounts constitute 5% or more of the aggregate outstanding principal amount of Bonds issued under the Capital Financing Program as of March 1, 2003.

## BURLEIGH COUNTY HOUSING AUTHORITY

The Burleigh County Housing Authority is located in Bismarck, North Dakota. Burleigh County is located in the central part of the state.

### *Source of Funding*

Municipal Securities of the Burleigh County Housing Authority purchased by the Bond Bank include \$225,000 of Revenue Bonds in 1991, \$325,000 of Revenue Bonds in 1993, and \$1,600,000 of Revenue Bonds in 1995.

The Revenue Bonds of 1991 are payable from lease payments received by the Housing Authority under certain leases of the housing facility with the bond proceeds. The Housing Authority has also granted a first-lien mortgage on the housing facility to the Bond Bank as security for payment of the 1991 bonds.

The Revenue Bonds of 1993 are paid from long-term administrative fees received from the United States Department of Housing and Urban Development ("HUD"). The Housing Authority has allocated the administrative fees received from the Public Housing Administration, Housing Assistance Program, and other sources such as the comprehensive grant and home ownership grants.

The Housing Authority manages 340 public housing units consisting of one and two bedroom apartments, elderly apartments, two and three bedroom duplexes, and houses. The Housing Authority has a forty-year contract with HUD that began in 1971 to manage these properties.

The Revenue Bonds of 1995 are payable from reimbursements by the State of North Dakota to basic care facilities for Medicaid eligible residents; private pay revenues; and net revenues of the Housing Authority.

### *Outstanding Long-Term Indebtedness*

#### Revenue Obligations:

<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u> <sup>(1)</sup>
1991	Transition Center Building <sup>(2)</sup>	\$ 225,000	12/1/05	\$ 65,000
1993	Office Building <sup>(2)</sup>	325,000	6/1/08	160,000
1995	Basic Care Facility <sup>(2)</sup>	1,600,000	6/1/15	1,235,000
2001	Crescent Manor Modernization	790,000	6/16/16	<u>737,181</u>
Total				<u>\$2,197,181</u>

<sup>(1)</sup> Principal outstanding as of December 31, 2002.

<sup>(2)</sup> Purchased by the Bond Bank.

## Statement of Income and Expenses (Fiscal Year Ending December 31):

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Operating Income:					
Rental:					
Dwelling	\$599,304	\$ 634,380	\$ 626,230	\$ 600,898	\$ 607,236
Non dwelling	47,504	46,128	45,958	48,988	44,341
Excess Utilities	3,633	7,818	8,261	8,517	9,127
Private	496,867	444,417	453,465	499,442	524,559
Dept. of H.S.	<u>407,511</u>	<u>414,146</u>	<u>348,465</u>	<u>263,249</u>	<u>240,299</u>
Total Rental Income	\$1,554,819	\$1,546,889	\$1,482,379	\$ 1,421,094	\$ 1,425,562
Interest Income	122,150	110,772	77,052	68,420	54,902
Management Fee	29,401	26,133	25,120	24,621	25,478
Other Income	70,721	40,125	88,192	81,441	80,006
Grant Income	22,321	--	20,000	--	-0-
Meal Income	--	--	--	534	2,624
Gain/Loss on Investment	<u>(27,367)</u>	<u>38,530</u>	<u>(56,169)</u>	<u>175</u>	<u>1,799</u>
Total Operating Income	<u>\$1,772,045</u>	<u>\$1,762,449</u>	<u>\$1,636,574</u>	<u>\$ 1,596,285</u>	<u>\$ 1,590,371</u>
Operating Expenses:					
Administration	\$ 650,095	\$ 608,928	\$ 573,082	\$ 548,385	\$ 573,104
Tenant Services	686,595	609,259	577,878	503,875	476,243
Utilities	278,875	230,175	211,563	214,736	211,883
Maintenance & Operations	296,302	296,833	278,143	259,423	258,643
Protective Services	52,251	49,467	42,903	40,005	31,793
General Expenses	208,458	218,886	213,696	181,485	188,159
Non-routine Expenses	31,504	44,025	64,732	52,085	43,284
Housing Assistance	3,103,734	3,073,547	2,836,489	2,676,132	2,648,922
Depr. & Amort.	<u>691,302</u>	<u>631,325</u>	<u>576,695</u>	<u>147,908</u>	<u>148,412</u>
Total Operating Expenses	<u>\$ 5,999,116</u>	<u>\$ 5,762,445</u>	<u>\$ 5,375,181</u>	<u>\$ 4,624,034</u>	<u>\$ 4,580,443</u>
Net Operating Income (Loss)	(4,227,071)	(3,999,996)	(3,738,607)	(3,027,749)	(2,990,072)
Other Financing Uses:					
Interest Expenses	108,596	91,93	96,317	249,679	260,214
Loss on Disposition of Equipment	<u>          --</u>	<u>          --</u>	<u>      3,525</u>	<u>     13,295</u>	<u>      4,390</u>
Net Income (Loss) After Other Financing Uses	\$ (4,335,667)	\$ (4,091,938)	\$(3,838,449)	\$(3,290,723)	\$ (3,254,676)
Other Financing Sources:					
HUD-Operating Subsidy	\$ 414,683	\$ 343,885	\$ 270,943	\$ 298,841	\$ 246,409
HUD-Public Development Subsidy	1,334,745	130,288	--	--	--
HUD-Comp Grant	--	--	10,847	256,665	219,054
HUD-Annual Contributions	3,580,403	3,511,166	3,237,375	3,335,796	3,295,263
Other Contributions	--	--	--	3,231	82,764
Gain on sale of Dwelling Units	<u>125,503</u>	<u>123,754</u>	<u>59,377</u>	<u>121,157</u>	<u>58,334</u>
Net Income (Loss) after Other Financing Sources & Uses	\$ 1,119,667	\$ 17,159	\$( 259,907)	\$ 724,967	\$ 647,148
Beginning Balance	\$3,977,893	\$9,051,039	\$13,642,045	\$12,967,845	\$12,370,489
Cash Withdrawals	(98,586)	(94,475)	(37,127)	(50,767)	(49,792)
Prior Period Adjustment		(5,436,288)	(4,685,173)		
Depreciation Add Back	<u>490,904</u>	<u>440,458</u>	<u>391,201</u>	<u>          --</u>	<u>          --</u>
Ending Balance	<u>\$ 5,489,878</u>	<u>\$ 3,977,893</u>	<u>\$ 9,051,039</u>	<u>\$13,642,045</u>	<u>\$12,967,845</u>

## GRAFTON PUBLIC SCHOOL DISTRICT NO. 3

The Grafton Public School District No. 3 lies within Walsh County in the northeastern part of North Dakota, primarily in the City of Grafton.

Municipal Securities of the Grafton Public School District purchased by the Bond Bank include \$4,500,000 General Obligation Bonds in 1997.

### *Enrollment*

<u>Academic Year</u>	<u>Total Students</u>
2002/03	939
2001/02	911
2000/01	979
1999/00	1,094
1998/99	1,139

### *Valuation for Taxes (2002)*

Full and True Valuation:	\$200,359,277
Assessed Valuation:	100,179,647
Taxable Valuation:	9,572,538

### *History of Valuations*

<u>Levy Year</u>	<u>Full and True Valuation</u>	<u>Taxable Valuation</u>
2001	\$195,052,102	\$9,309,600
2000	189,972,301	9,082,767
1999	186,251,446	8,903,053
1998	179,227,822	8,693,476
1997	175,053,250	8,678,023

### *Outstanding Debt*

#### General Obligation Bonded Indebtedness:

<u>Date</u>	<u>Issue</u>	<u>Original Issue Size</u>	<u>Final Maturity</u>	<u>Outstanding Principal<sup>(1)</sup></u>
9/1/97	School Building	\$ 2,500,000	6/1/17	\$2,038,989
9/1/97	School Building <sup>(2)</sup>	4,500,000	6/1/17	<u>3,750,000</u>
Total				<u>\$5,788,989</u>

<sup>(1)</sup> Principal outstanding as of December 31, 2002.

<sup>(2)</sup> Purchased by the Bond Bank.

***Tax Information***

**Tax Levies and Collections:**

<u>Levy Year</u>	<u>Amount of Levy</u>	<u>Amount Collected to Date<sup>(1)</sup></u>	<u>Percentage Collected</u>
2002	\$2,595,748	\$ 823,782	31.7%
2001	2,622,531	2,370,875	90.4%
2000	2,629,600	2,424,091	92.2%
1999	2,631,824	2,277,112	86.5%
1998	2,584,865	2,437,134	94.3%

<sup>(1)</sup> Amount collected as of December 31, 2002.

**Political Subdivision's Mill Levy:**

<u>Purpose</u>	<u>Levy Year</u>				
	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General Fund	197.13	202.84	207.91	212.11	214.22
Building Fund	20.00	20.00	20.00	19.53	20.00
Sinking & Interest Fund	<u>38.54<sup>(1)</sup></u>	<u>38.54<sup>(1)</sup></u>	<u>38.94<sup>(1)</sup></u>	<u>41.99<sup>(1)</sup></u>	<u>37.37<sup>(1)</sup></u>
Total Per \$1000 of Taxable Value	<u>255.67</u>	<u>261.38</u>	<u>266.85</u>	<u>273.63</u>	<u>271.59</u>

<sup>(1)</sup> Includes G.O. Tax for Bond Bank loan.

**Mill Levy Summary:**

<u>Levy Year</u>	<u>City</u>	<u>School</u>	<u>State and County</u>	<u>Total</u>
2002	151.81	269.20	123.30	544.31
2001	155.93	279.39	116.48	551.80
2000	159.76	286.80	114.28	560.84
1999	159.32	293.34	113.13	565.79
1998	157.20	294.78	108.73	560.71

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## LANGDON RURAL WATER DISTRICT

The Langdon Rural Water District is located in northeastern North Dakota and primarily serves residential members located in Benson, Cavalier, Pembina, Ramsey, Towner and Walsh counties.

With proceeds of the Capital Financing Program Bonds, Series 2003A, the Bond Bank will purchase \$1,495,000 of Revenue Bonds from Langdon Rural Water District.

### *User History*

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>
2003	675	5
2002	675	5
2001	675	5
2000	675	5

### *Water Rate History*

<u>Year</u>	<u>Base Rate</u>
2003	\$32.00/month
2002	\$32.00/month
2001	\$32.00/month
2000	\$28.00/month

### *Outstanding Debt*

<u>Date of Issue</u>	<u>Original Issue</u>	<u>Amount Outstanding</u> <sup>(1)</sup>
1988	\$ 740,000	\$671,182
1989	500,000	445,063
1991	332,000	303,269
1994	759,500	345,988
1994	600,000	536,353
2003	1,495,000	<u>0</u> <sup>(2)</sup>
	Total	<u>\$2,301,855</u>

<sup>(1)</sup> Principal outstanding as of December 31, 2002.

<sup>(2)</sup> Will be purchased by the Bond Bank on April 1, 2003.

***Audited Balance Sheet for the Years ended December 31:***

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Cash	\$ 230,148	\$ 84,236	\$ 59,554	\$ 91,706
Certificates of Deposit	364,670	363,299	352,993	311,911
Accounts Receivable	34,383	34,177	33,263	33,175
Prepaid Expenses	2,144	2,707	2,425	2,268
Property & Equipment	8,098,771	8,094,726	8,094,726	8,100,150
Accumulated Depreciation	<u>(465,059)</u>	<u>(419,500)</u>	<u>(368,557)</u>	<u>(332,788)</u>
Total Assets	<u>\$8,265,057</u>	<u>\$8,159,645</u>	<u>\$8,174,404</u>	<u>\$8,206,422</u>
Notes Payable	\$ 188,302	\$ 228,253	\$ 267,806	\$ 306,965
Accrued Expenses	2,206	2,080	2,086	1,803
Phase IV - Deposits	144,250	--	--	--
Long-Term Debt	<u>2,330,864</u>	<u>2,358,371</u>	<u>2,384,460</u>	<u>2,409,214</u>
Total Liabilities	<u>2,665,622</u>	<u>2,588,704</u>	<u>2,654,352</u>	<u>2,717,982</u>
Membership	76,151	76,151	76,151	76,151
Contributed Capital	5,172,692	5,172,692	5,172,692	5,172,692
Retained Earnings (Loss)	<u>350,592</u>	<u>322,098</u>	<u>271,209</u>	<u>239,597</u>
Total Member's Equity	<u>5,599,435</u>	<u>5,570,941</u>	<u>5,520,052</u>	<u>5,488,440</u>
Total Liabilities & Members' Equity	<u>\$8,265,057</u>	<u>\$8,159,645</u>	<u>\$8,174,404</u>	<u>\$8,206,422</u>

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## TRI-COUNTY WATER USERS

The Tri-County Water District is located in northeastern North Dakota and primarily serves residential members located in Nelson, Grand Forks, Walsh, Ramsey, Traill and Steele counties.

Municipal securities of Tri-County Water District purchased by the Bond Bank include two series of Revenue Bonds totaling \$1,995,000 in 1999.

### *User History*

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>
2003	845	1
2002	845	1
2001	789	1
2000	777	1
1999	771	1

### *Water Rate History*

<u>Year</u>	<u>Base Rate</u>
2003	\$33.00 per month
2002	\$33.00 per month
2001	\$33.00 per month
2000	\$33.00 per month
1999	\$33.00 per month

### *Outstanding Debt*

<u>Date of Issue</u>	<u>Original Issue</u>	<u>Amount Outstanding</u> <sup>(1)</sup>
1993	\$ 99,050	\$ 81,260
1998	62,000	1,335
1998	1,435,000	1,435,000
1999	1,710,000	1,615,000 <sup>(2)</sup>
1999	285,000	<u>280,000</u> <sup>(2)</sup>
	Total	<u>\$3,412,595</u>

<sup>(1)</sup> Principal outstanding as of December 31, 2002.

<sup>(2)</sup> Purchased by the Bond Bank.

***Audited Balance Sheet for the Years ended June 30:***

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Cash	\$ 20,221	\$ 7,538	\$ 50,919	\$ 20,448
Restricted Cash	47,459	24,813	23,285	32,114
Member Receivables	56,473	52,996	55,279	62,464
Accounts Receivables	589	823	589	--
Inventory	21,305	21,305	21,305	21,305
Prepaid Expenses	5,424	4,768	5,791	2,663
Property & Equipment	8,038,854	7,243,061	6,091,119	6,045,307
Accumulated Depreciation	(3,161,929)	(3,000,625)	(2,878,372)	(2,762,021)
Capital Credits	187,912	220,606	227,021	290,108
Capitalized Interest	--	--	--	97,587
Debt Service Reserve	76,794	54,053	22,396	--
Bond Repayment Charges	357,257	387,701	416,069	--
Deposits	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Assets	<u>\$5,650,359</u>	<u>\$5,017,039</u>	<u>\$4,035,401</u>	<u>\$3,809,975</u>
Current Portion of Long-Term Debt	\$ 64,700	\$ 85,121	\$ 53,557	\$ 72,396
Accounts Payable	9,430	7,136	14,531	9,166
Accrued Expenses	1,232	942	590	605
Interest Payable	12,485	12,485	20,787	28,140
Member Deposits	2,180	1,955	1,850	1,450
Long-Term Debt	<u>3,386,901</u>	<u>3,039,853</u>	<u>2,054,845</u>	<u>1,728,465</u>
Total Liabilities	<u>3,476,928</u>	<u>3,147,492</u>	<u>2,146,160</u>	<u>1,840,222</u>
Membership	--	--	--	312,935
Contributed Capital	2,421,646	2,033,959	1,972,828	1,652,694
Retained Earnings	<u>(248,215)</u>	<u>(164,412)</u>	<u>(83,586)</u>	<u>4,124</u>
Total Member's Equity	<u>2,173,431</u>	<u>1,869,547</u>	<u>1,889,242</u>	<u>1,969,753</u>
Total Liabilities & Members' Equity	<u>\$5,650,359</u>	<u>\$5,017,039</u>	<u>\$4,035,402</u>	<u>\$3,809,975</u>

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## WEST FARGO PUBLIC SCHOOL DISTRICT NO. 6

The West Fargo Public School District No. 6 is located in the City of West Fargo, North Dakota. The District lies within Cass County in the eastern part of the state.

Municipal Securities of the West Fargo School District purchased by the Bond Bank include \$2,500,000 General Obligation Bonds in 1992 and \$3,000,000 Lease Obligation Bonds in 1994.

### *Enrollment*

<u>Academic Year</u>	<u>Total Students</u>
2002/03	5,259
2001/02	5,162
2000/01	5,065
1999/00	4,950
1998/99	4,903

### *Valuation for Taxes (2002)*

Full and True Valuation:	\$1,552,677,900
Assessed Valuation:	776,338,950
Taxable Valuation:	75,502,025

### *History of Valuations*

<u>Levy Year</u>	<u>Full and True Valuation</u>	<u>Taxable Valuation</u>
2001	\$1,393,271,900	\$67,991,328
2000	1,234,507,750	60,359,430
1999	1,099,543,300	53,805,645
1998	1,017,669,050	49,916,575
1997	939,127,800	46,640,049

### *Outstanding Debt*

The District has outstanding special assessment obligations of \$15,135.

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**General Obligation Bonded Indebtedness:**

<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u> <sup>(1)</sup>
1992	State Construction Loan <sup>(2)</sup>	\$2,500,000	06/12	\$ 1,400,000
1993	Refunding	1,450,000	04/07	445,000
1997	Refunding	6,325,000	06/07	4,595,000
1998	Administration Building	1,800,000	05/09	1,480,000
1999	Administration Building	375,000	06/04	156,085
2002	Middle School Building	28,500,000	05/17	28,000,000
2002	Middle School Building	2,500,000	05/22	<u>2,500,000</u>
Total				<u>\$38,576,085</u>

**Lease Obligations:**

<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u> <sup>(1)</sup>
1994	State Construction Lease <sup>(2)</sup>	\$3,000,000	05/13	\$803,943
2000	Copy Machines	148,230	07/05	<u>80,425</u>
				<u>\$884,368</u>

(1) Principal outstanding as of December 31, 2002.

(2) Purchased by the Bond Bank.

***Tax Information***

**Tax Levies and Collections:**

<u>Levy Year</u>	<u>Amount of Levy</u>	<u>Amount Collected to Date</u> <sup>(1)</sup>	<u>Percentage Collected</u>
2002	\$19,208,538	\$ 3,463,161	18.0%
2001	16,931,198	15,966,440	94.3%
2000	15,299,579	14,318,830	93.6%
1999	13,569,513	12,838,762	94.6%
1998	12,457,397	11,913,090	95.6%

(1) Amount collected as of December 31, 2002.

**Political Subdivision's Mill Levy:**

<u>Purpose</u>	<u>Levy Year</u>				
	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General Fund	185.00	185.00	185.00	185.00	185.00
Building Fund	10.00	10.00	10.00	10.00	10.00
Sinking & Interest Fund	37.84	28.92	24.67	36.92	34.31
Special Assessment	5.07	9.37	10.66	3.88	4.20
High School Tuition	3.82	2.55	6.67	5.22	7.51
Special Reserve	3.00	3.00	3.00	3.00	3.00
Technology	5.00	5.00	5.00	5.00	5.00
Alternative Programs	<u>4.29</u>	<u>5.18</u>	<u>4.02</u>	<u>--</u>	<u>--</u>
Total Per \$1000 of Taxable Value	<u>254.02</u>	<u>249.02</u>	<u>249.02</u>	<u>249.02</u>	<u>249.02</u>

**Mill Levy Summary:**

<b><u>Levy Year</u></b>	<b><u>City</u></b>	<b><u>School</u></b>	<b><u>Park District</u></b>	<b><u>State and County</u></b>	<b><u>Other</u></b>	<b><u>Total</u></b>
2002	80.74	254.02	26.76	66.05	9.31	436.88
2001	72.99	249.02	27.19	63.69	9.33	422.22
2000	67.71	249.02	26.72	66.37	9.70	419.52
1999	69.63	249.02	28.23	68.37	9.30	424.55
1998	73.72	249.02	27.79	70.26	8.63	429.42

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**APPENDIX B**

**Summary of Parity Debt Issued  
Under the  
Capital Financing Program**

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**NORTH DAKOTA MUNICIPAL BOND BANK  
CAPITAL FINANCING PROGRAM**

**Participating Political Subdivisions**  
**(As of March 1, 2003)**

<u>Series</u>	<u>Political Subdivision(s)</u>	<u>Purpose</u>	<u>Date of Issuance</u>	<u>Original Participation</u>	<u>Final Maturity</u>	<u>Type(s) of Security</u>
1990 A	Morton County	Court House Addition	04/01/90	\$ 400,000	12/01/95	General Obligation
1990 B	City of Linton	Street Improvement	04/01/90	185,000	12/01/99	Special Assessment
1990 C	City of Mandan	Equipment Lease	04/01/90	95,000	12/01/96	Lease Obligation
1990 D	City of Hankinson	Water System Water Improve. Ids.	06/01/90	155,000	12/01/01	Special Assessment
1990 E	Fargo Park District	Park Dis. Equipment	08/01/90	680,000	12/01/98	Lease Obligation
1990 F	Traill Cty Water Resource Dis.	Drainage Facility	08/01/90	100,000	12/01/00	Special Assessment
1990 G	Dickinson Rec. Bldg Authority	Ice Skating Multi- Facility	09/01/90	250,000	12/01/10	Lease Revenue
1990 H	City of Rolla	Repair Swimming Pool	09/01/90	220,000	12/01/00	General Obligation
1990 I	Morton County Water Resource Board	Drainage Facility	09/01/90	230,000	12/01/05	Special Assessment
1990 J	N. Valley Rural Water Assoc.	Water System Supply Imp.	09/01/90	140,000	12/01/91	Taxable Revenue
1990 K	City of Milnor	Water System Reservoir Improv.	10/01/90	85,000	12/01/05	Revenue Bonds
1990 L	Bismarck Parks & Rec. District	Athletic Fac. Imp.	10/01/90	770,000	12/01/97	Municipal Lease
1990 M	Twin Buttes PSD	Cash Flow Financing	10/01/90	70,000	11/01/91	Certificate of Indebt.
1990 N	Hettinger Park District	Construction of Tennis Facility	12/01/90	35,000	12/01/97	Municipal Lease
1990 O	Mandan Parks & Rec. District	Athletic Facility	12/01/90	335,000	12/01/95	Facility & Equip. Lease
1991 A	Burleigh County Housing Auth.	Transitional Housing Fac.	02/01/91	225,000	12/01/05	Revenues & Mortgage
1991 B	Bismarck Parks & Rec. District	Athletic Facility	02/01/91	1,300,000	12/01/03	Municipal Lease
1991 C	Bismarck Parks & Rec. District	Athletic Facility	08/01/91	410,000	12/01/95	Municipal Lease
1991 D	Mandan Parks & Rec. District	Athletic Facility	08/01/91	560,000	12/01/03	Municipal Lease
1991 E	Cities of Richardton and Kindred; Montefiore PSD	Water System Improv. Street Imps; Asbestos Removal	09/01/91	265,000	12/01/11	Water Revenues; Special Assessments; General Obligation
1991 F	Pembina PSD; Eight Mile PSD	Cash Flow Financings	09/01/91	345,000	05/01/92	Certificate of Indebtedness
1991 G	Lake Agassiz Regional Council; North Valley Water Association	Building Refinancing; Water System Imps.	09/01/91	380,000	12/01/06	Municipal Lease; Water Revenues

<u>Series</u>	<u>Political Subdivision(s)</u>	<u>Purpose</u>	<u>Date of Issuance</u>	<u>Original Participation</u>	<u>Final Maturity</u>	<u>Type(s) of Security</u>
1991 H	Cities of Finley and Wyndmere; Ward County; and Oakes Municipal Airport Authority	Sewer System Improvements; Road Improvements; Airport Improvements	11/01/91	280,000	12/01/06	Sewer Revenues; Special Assessments; Airport Revenues
1991 I	Devils Lake PSD; Greater Richland Education and Telecommunications Consortium; Cass County.	School Building Construction; Telecommunications Projects; and County Jail Improvements	12/01/91	2,460,000	12/01/11	General Obligations
1992 A	See detailed listing on following page	See detailed listing on following page	05/01/92	565,000	06/01/00	See detailed listing on following page
1992 B	See detailed listing on following page	See detailed listing on following page	05/01/92	820,000	06/01/02	See detailed listing on following page
1992 C	Mandan PSD; Cities of New England and Cavalier	School Building Construction; Water System Improvements; and Equipment Lease Refinancing	06/01/92	2,650,000	12/01/11	General Obligations; Water Revenues; Municipal Lease
1992 D	City of Lidgerwood; Mercer County Soil Conservation District	Refinance Refunding Improvement Bonds; Office Construction	06/01/92	115,000	06/01/00	Special Assessments; Revenues from District Operations
1992 E	Kindred PSD; Cities of Edinburg and Milnor	School Building Construction; City Hall Construction; and Water System/Fire Protection Improvements	07/1/92	1,870,000	06/01/12	General Obligation; General Obligation; Special Assessments
1992 F	West Fargo PSD; Lisbon PSD	School Building Construction	08/15/92	3,260,000	06/01/12	General Obligations
1992 G	Emerado PSD; City of Sawyer	School Building Construction; Water System Improvements	09/09/92	290,000	09/01/93	General Obligations; Water Revenues
1992 H	Pembina PSD; Eight Mile PSD	Cash Flow Financings	11/10/92	395,000	04/01/93	Certificates of Indebtedness
1992 I	Cities of Briarwood and Buxton; Missouri Hills Interactive Consortium	Street Improvements; Sewer Lift Station Improvements; Interactive Television Equipment	11/01/92	535,000	06/01/07	General Obligation; Sewer Revenues; Municipal Lease
1992J	Grand Forks PSD	School Building Construction	12/01/92	2,500,000	06/01/02	General Obligation
1992K	Mercer County Housing Authority; Nelson County	Refinance FmHA Loan; City Operations	12/01/92	535,000	06/01/07	Housing Revenues; General Obligation
1993A	Lake Metigoshe Recreation Service District	Refinance Special Assessment Bonds	03/15/93	150,000	06/01/98	Special Assessment
1993B	Glenburn PSD	School Building	03/15/93	880,000	06/01/13	General Obligations
1993C	Fargo PSD	School Building	04/01/93	1,975,000	06/01/93	General Obligations
1993D	Fargo PSD; Thompson PSD; City of Souris	School Building and Water System Improvements	07/01/93	1,465,000	06/01/13	General Obligation; Water Revenue

<u>Series</u>	<u>Political Subdivision(s)</u>	<u>Purpose</u>	<u>Date of Issuance</u>	<u>Original Participation</u>	<u>Final Maturity</u>	<u>Type(s) of Security</u>
1993E	Marion PSD; Pembina PSD; Eight Mile PSD; Sims PSD	Cash Flow Financing	09/30/93	505,000	10/31/94	Certificates of Indebtedness
1993F	Cities of Oakes, McVille, and Milnor; Emerado PSD; Grand Forks PSD; Burleigh County Housing Authority	Street Improvements and Repaving; Water System Treatment Construction; Additions to School Buildings; Construction of Office Building	10/01/93	2,930,000	06/01/13	Special Assessments; Water Revenue; General Obligation; Administrative Fees
1994A	See Detailed Listing on Following Page	See Detailed Listing on Following Page	02/15/94	5,335,000	06/01/14	See Detailed Listing On Following Page
1994B	Cando PSD; Cities of Surrey and Sawyer	Additions to School Building; Street Improvements; Water System Improvements	05/01/94	525,000	06/01/14	General Obligation; Special Assessments; Water Revenues
1994C	Marion PSD; Pembina PSD; Eight Mile PSD; Sims PSD	Cash Flow Financing	10/12/94	445,000	10/31/95	Certificates of Indebtedness
1995A	Burleigh County Housing Authority; Traill County Water Resource District	Basic Care Facility; Drainage Facility	05/15/95	1,700,000	06/01/15	Mortgage Revenues; Special Assessments
1995B	Cities of Milnor and Mooreton; Ward County	Street Improvement Projects	09/01/95	425,000	06/01/10	Special Assessments
1995C	Marion PSD; Eight Mile PSD; Sims PSD	Cash Flow Financing	09/20/95	380,000	09/30/96	Certificates of Indebtedness
1996A	Minot	Parking Facilities	03/01/96	500,000	06/01/06	Parking Revenues
1996B	Rolette County Housing Authority; Cities of Dunseith, Garrison, and Hazelton; Walcott-Colfax Rural Fire Protection District	Acquisition and Renovation of Apartment Buildings; Nursing Home Construction; Sewer and Water Improvements; Street Improvements; Building Construction	06/04/96	930,000	06/01/16	Housing Revenue; Nursing Home Revenues; Special Assessments; Special Assessments; General Obligation
1996 C	Burleigh Water Users Cooperative	Cash Flow Financing	07/09/96	1,585,000	12/09/96	Rural Economic and Community Development Loan proceeds
1996D	Marion PSD; Garrison PSD	Cash Flow Financing	09/24/96	350,000	09/30/97	General Obligation
1997A	City of Cavalier	Street Improvements	01/01/97	540,000	06/01/11	Special Assessments
1997B	Burleigh Water Users Cooperative	Water Improvements and Expansion	05/20/97	3,350,000	12/31/97	Rural Economic and Community Development Loan proceeds

<u>Series</u>	<u>Political Subdivision(s)</u>	<u>Purpose</u>	<u>Date of Issuance</u>	<u>Original Participation</u>	<u>Final Maturity</u>	<u>Type(s) of Security</u>
1997C	New Town PSD	Interim School Construction Financing	06/01/97	300,000	06/01/99	General Obligation
1997D	Burleigh Water Users Cooperative, North Valley Water Association	Water System Improvements	09/01/97	1,750,000	06/01/12	Water User Fees
1997E	Grafton PSD No. 3, City of Richardton	School Facilities and Street Improvements	9/15/97	4,705,000	06/01/17	General Obligation
1997F	Agassiz Water Users, Inc.	Reservoir Improvements	11/01/97	375,000	06/01/12	Taxable Water User Revenue
1997G	West Fargo PSD No. 6, Sims PSD No. 8	Cash Flow Financing	10/20/97	1,050,000	10/30/98	General Obligation
1997H	Cities of Garrison, McVille and Wahpeton	Recreation Facilities Renovation; Acquisition of a Nursing Home; Refinance Improvement Projects	12/01/97	3,275,000	06/01/17	General Obligation; Nursing Home Revenues; Special Assessments
1998A	Cities of Gackle, Lidgerwood, Prairie Rose, and Surrey, the Hettinger Park District, and the Maple River Water Resource District	Refinance outstanding USDA Rural Development loans; Finance Street Improvement Project; Finance Water and Sewer Improvements; Acquisition and Refurbishment of an existing Golf Course	06/01/98	945,000	06/01/23	Utility user fees; special assessments; and golf course revenues
1998B	Cities of Richardton, Milnor and Edinburg and the School Districts of Devils Lake, Mandan, Kindred, Lisbon, and West Fargo	Refund all or part of five separate series of Capital Finance Program Bonds	06/15/98	6,685,000	06/01/12	Advance Refunding Bonds
1998C	Cities of Milnor and Grandin	Finance Water and Sewer Improvements; Finance Street Improvement	09/01/98	565,000	06/01/18	General Obligation
1998D	West Fargo PSD No. 6; Sims PSD No. 8	Cash Flow Financing	10/01/98	1,050,000	10/29/99	General Obligation
1998E	City of Park River	Finance Curb, Gutter and Asphalt Improvements	10/01/98	450,000	06/01/14	General Obligation
1999A	City of Lidgerwood	Provide Interim Financing of Sewer Main Improvements	05/20/99	1,075,000	06/01/00	General Obligation
1999B	Cities of Max and Drayton	Refinance a Dike Upgrade; Finance Lift Station Re-location; Finance Water Tower Improvements	06/01/99	260,000	06/01/09	User Fees; Special Assessments
1999C	City of Surrey	Finance Street Improvements	06/01/99	100,000	06/01/09	General Obligation

<i>Series</i>	<i>Political Subdivision(s)</i>	<i>Purpose</i>	<i>Date of Issuance</i>	<i>Original Participation</i>	<i>Final Maturity</i>	<i>Type(s) of Security</i>
1999D	West Fargo PSD No. 6; Sims PSD No. 8	Cash Flow Financing	09/2/99	1,100,000	10/27/00	General Obligation
1999E	Tri-County Water District	Refund 1994 CoBank Loan	12/15/99	1,710,000	06/01/22	User Fees
1999F	Tri-County Water District	Refund 1982 BND Loan	12/15/99	285,000	06/01/23	User Fees
2000A	Cities of Enderlin, Lisbon and Amenia	Interim Construction Financing	06/20/00	1,115,000	06/01/01	User Fees; Special Assessments
2000B	West Fargo PSD No. 6; Sims PSD No. 8	Cash Flow Financing	09/26/00	3,100,000	10/25/01	General Obligation
2001A	City of Frontier	Street Improvements	07/03/01	765,000	06/01/21	Special Assessments
2002A	Cities of Kulm and McVille; Southeast Water Users District; Fessenden-Bowden PSD; Bismarck Rural Fire Department	Finance curb, gutter, street lights; refinance Rural Development loans; asbestos removal and ceiling repair; building construction.	11/05/02	<u>1,700,000</u>	06/01/28	Special Assessments; User Fees; General Obligation
Total				<u>\$79,840,000</u>		

**Municipal Securities Included in the Series 1992A Bonds**

<i>Political Subdivision</i>	<i>Original Amount</i>	<i>Final Maturity</i>	<i>Security</i>
City of Finley	\$ 16,000	1995	Special Assessment
City of Larimore	133,000	1999	Special Assessment
City of Mapleton	114,000	1995	Special Assessment
City of Medina	43,000	1996	Special Assessment
Michigan PSD No.40	116,000	2000	General Obligation
City of New England	145,000	1999	Special Assessment
City of Stanley	22,000	2000	Special Assessment
City of Westhope	227,000	2000	Special Assessment
Zap PSD #14	<u>125,000</u>	2000	General Obligation
Total	<u>\$941,000</u>		

**Municipal Securities Included in the Series 1992B Bonds**

<i>Political Subdivision</i>	<i>Original Amount</i>	<i>Final Maturity</i>	<i>Security</i>
City of Crosby	\$287,000	2001	Special Assessment
City of Milnor	95,000	1999	Special Assessment
City of Osnabrock	130,000	2000	Special Assessment
City of Wildrose	<u>105,000</u>	1998	Special Assessment
Total	<u>\$617,000</u>		

**Municipal Securities Included in the Series 1994A Bonds**

<b><u>Political Subdivision</u></b>	<b><u>Original Amount</u></b>	<b><u>Final Maturity</u></b>	<b><u>Security</u></b>
Mandan Airport Authority	\$ 180,000	2003	Airport Revenue
Fairmont PSD No. 18	305,500	1997	State School Construction Fund Lease
Sawyer PSD No. 16	450,000	2000	State School Construction Fund Lease
Grafton PSD No. 03	2,000,000	2002	State School Construction Fund Lease
Bismarck PSD No. 38	274,000	2002	State School Construction Fund Lease
Rolette PSD No. 29	461,900	2003	State School Construction Fund Lease
Glenburn PSD No. 26	592,500	2013	State School Construction Fund Lease
Finley-Sharson PSD	499,500	1998	State School Construction Fund Lease
Oakes PSD No. 41	1,650,000	2005	State School Construction Fund Lease
North Sargent - Gwinner PSD No. 03	538,300	2002	State School Construction Fund Lease
Zap PSD No. 14	250,000	2004	State School Construction Fund Lease
Stanley PSD No. 02	1,185,000	2014	State School Construction Fund Lease
Clifford-Galesburg PSD No. 04	532,669	2006	State School Construction Fund Lease
Rhame PSD No. 17	180,000	2004	State School Construction Fund Lease
West Fargo PSD No. 06	3,000,000	2013	State School Construction Fund Lease
Manvel PSD No. 125	228,000	2001	State School Construction Fund Lease
United-Des Lacs PSD No. 07	942,647	2013	State School Construction Fund Lease
Surrey PSD No. 41	<u>413,000</u>	2016	State School Construction Fund Lease
Total	<u>\$13,683,016</u>		

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The outstanding Bonds under the Capital Financing Program as of March 1, 2003 are as follows:

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Final Maturity</u>
1990I	\$ 65,000	December 1, 2005
1991A	65,000	December 1, 2005
1991H	30,000	December 1, 2006
1992C	20,000	December 1, 2004
1992I	20,000	June 1, 2007
1992K	190,000	June 1, 2007
1993B	560,000	June 1, 2013
1993C	785,000	June 1, 2007
1993D	765,000	June 1, 2013
1993F	1,620,000	June 1, 2013
1994A	1,950,000	June 1, 2014
1994B	190,000	June 1, 2014
1995A	1,265,000	June 1, 2015
1995B	135,000	June 1, 2010
1996A	235,000	June 1, 2006
1996B	650,000	June 1, 2016
1997A	180,000	June 1, 2011
1997D	1,355,000	June 1, 2012
1997E	3,835,000	June 1, 2017
1997F	300,000	June 1, 2012
1997H	2,700,000	June 1, 2017
1998A	690,000	June 1, 2023
1998B	5,365,000	June 1, 2012 <sup>(1)</sup>
1998C	465,000	June 1, 2018
1998E	405,000	June 1, 2019
1999B	155,000	June 1, 2009
1999C	70,000	June 1, 2009
1999E	1,615,000	June 1, 2022
1999F	280,000	June 1, 2023
2001A	710,000	June 1, 2021
2002A	<u>1,700,000</u>	June 1, 2028
Total Outstanding	<u>\$28,370,000</u>	

<sup>(1)</sup> Matures semiannually on each June 1 and December 1.

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As of March 1, 2003, the outstanding Bonds mature in each of the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2003	\$ 2,390,000	2016	\$ 885,000
2004	2,370,000	2017	885,000
2005	2,325,000	2018	310,000
2006	2,305,000	2019	300,000
2007	2,260,000	2020	285,000
2008	2,035,000	2021	305,000
2009	1,980,000	2022	265,000
2010	2,005,000	2023	115,000
2011	2,070,000	2024	50,000
2012	1,825,000	2025	55,000
2013	1,245,000	2026	60,000
2014	945,000	2027	60,000
2015	970,000	2028	<u>70,000</u>
Total			<u>\$28,370,000</u>

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**APPENDIX C**

**Form of Legal Opinion**

# FAEGRE & BENSON LLP

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\$1,495,000

Capital Financing Program Bonds, Series 2003A  
North Dakota Municipal Bond Bank

We have acted as bond counsel in connection with the issuance by the North Dakota Municipal Bond Bank of its Capital Financing Program Bonds, Series 2003A (the "Bonds") in the aggregate principal amount of \$1,495,000, dated April 1, 2003, consisting of fully registered Bonds in the denomination of \$5,000 each or any integral multiple thereof, payable at the main office of The Bank of North Dakota, in Bismarck, North Dakota. The Bonds are being issued pursuant to a General Bond Resolution adopted by the Industrial Commission of North Dakota on March 2, 1990, as amended (the "General Bond Resolution") and a Series Resolution adopted by the Industrial Commission of North Dakota on February 18, 2003 (the "Series Resolution"), to finance the acquisition by the Bond Bank of certain Municipal Securities described in the Series Resolution.

We have examined such certified proceedings, documents and certifications of public officials as we deem necessary to render this opinion, including the form of the Bonds. As to questions of fact material to our opinion we have relied upon certified proceedings, documents and certifications furnished to us without undertaking to verify such facts by independent investigation.

We have not been engaged or undertaken as bond counsel to verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only matters set forth as our opinion in the Official Statement).

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds are valid and binding obligations of the Bond Bank issued under the authority of Chapter 6-09.4, North Dakota Century Code.
2. The Bonds, together with all obligations heretofore or hereafter issued on a parity therewith by the Bond Bank under the General Bond Resolution, are payable primarily from and secured by a first lien on and pledge of the Municipal Securities acquired with the proceeds of obligations issued under the General Bond Resolution and revenues therefrom and the moneys on deposit in the funds and accounts established under the General Bond Resolution.
3. The Bond Bank is authorized and under the General Bond Resolution has covenanted and is obligated to certify to the Legislative Assembly of the State the amount, if any, required to restore the Reserve Fund to the amount of the required debt service reserve established under the General Bond Resolution.

4. Chapter 6-09.4, North Dakota Century Code, does not bind or obligate the Legislative Assembly to appropriate and pay to the Bond Bank in any future year the amount so certified as necessary to restore the Reserve Fund to the required debt service reserve, the language of such Chapter being permissive only, but there is no applicable constitutional provision which would prohibit a Legislative Assembly of the State from making such appropriations for such purposes if it elects to do so.

5. The Bonds do not create an indebtedness on part of the State of North Dakota in violation of any constitutional or statutory provision.

6. Assuming compliance with the covenants in the General Bond Resolution and Series Resolution, the interest on the Bonds is exempt from inclusion in gross income for purposes of federal income taxation under present laws and rulings. Interest on the Bonds is not an item of tax preference required to be included in the computation of "alternative minimum taxable income" for purposes of the federal alternative minimum tax applicable to individuals and other taxpayers under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code"), but is includable in "adjusted current earnings" for the purpose of determining the "alternative minimum taxable income" of corporations under Section 55 of the Code. In addition, interest on the Bonds may be included in the income of the recipient for certain purposes under the Code, including, among others, foreign corporations subject to the branch profits tax, Subchapter S corporations and recipients of social security benefits. Also, the receipt of interest on the Bonds may affect certain deductions such as deductions for "losses incurred" by property and casualty insurance companies. The Bonds are not designated as "qualified tax-exempt obligations" under Section 265(b) of the Code and financial institutions may not deduct any portion of their interest expense which is allocable to interest on the Bonds. The Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code. The Bonds are exempt from income taxation by the State of North Dakota.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of law.

Dated at Minneapolis, Minnesota, April \_\_, 2003.

**APPENDIX D**

**Form of Continuing Disclosure Certificate**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the North Dakota Municipal Bond Bank (the "Bond Bank") in connection with the issuance of \$1,495,000 Capital Financing Program Bonds, Series 2003A (the "Bonds"). The Bonds are being issued pursuant to a Series Resolution adopted by the Industrial Commission of the State of North Dakota on February 18, 2003, (the "Resolution") as a series of Capital Financing Program Bonds issued under a General Bond Resolution adopted by the Industrial Commission on March 2, 1990, as amended (the "General Bond Resolution"). The Bond Bank covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Bond Bank for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Bond Bank pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Bondholder" or "holder" means the registered owner and any beneficial owner of a Bond.

"Dissemination Agent" shall mean the Bond Bank, or any successor Dissemination Agent designated in writing by the Bond Bank and which has filed with the Bond Bank a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Other Obligated Person" means any Political Subdivision (as defined in the General Bond Resolution which has entered into one or more Loan Agreements (as defined in the General Bond Resolution) with the Bond Bank under the General Bond Resolution, the aggregate outstanding principal balance of which equals or exceeds 5% of the aggregate outstanding principal amount of Capital Financing Program Bonds; provided that any such Political Subdivision shall no longer be an Other Obligated Person on such date, if any, as the aggregate principal balance under Loan Agreements of such Political Subdivision under the General Bond Resolution are less than 5% of the then aggregate outstanding principal amount of Capital Financing Program Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds, including \_\_\_\_\_.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12 (b) (5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the State of North Dakota as a state repository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Bond Bank shall, or shall cause the Dissemination Agent to, not later than 365 days after the end of each fiscal year, commencing with the fiscal year ended December 31, 2003, provide to each Repository an annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may

cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Bond Bank and any Other Obligated Person may be submitted separately from the balance of the Annual Report and shall be submitted if and when available. In the event the audited financial statements of the Bond Bank or Other Obligated Person are not available when the Annual Report is due, the Bond Bank may submit audited financial statements at a later date, provided that unaudited financial statements are submitted by the above-specified deadline and that the audited financial statements are submitted as soon as practicable after they become available.

(b) If the Bond Bank is unable or otherwise fails to provide to the Repositories an Annual Report by the date required in subsection (a), the Bond Bank shall send a notice to each Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and (if the Dissemination Agent is other than the Bond Bank)

(ii) file a report with the Bond Bank certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Bond Bank's Annual Report shall contain or incorporate by reference the following:

1. An annual audited financial statement of the Bond Bank and each other obligated person prepared in accordance with generally accepted accounting principles or as otherwise required by North Dakota law for the preceding fiscal year of such entity, including a balance sheet and statement of revenues, expenditures and changes in fund balances.

2. Updates of the operating and financial data included under the heading "THE NORTH DAKOTA MUNICIPAL BOND BANK" and in Appendix A and Appendix B to the Official Statement.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Bond Bank or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must also be available from the Municipal Securities Rulemaking Board. The Bond Bank shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the security;

7. Modifications to rights of security holders;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities; and
11. Rating changes.

(b) Whenever the Bond Bank obtains knowledge of the occurrence of a Listed Event, the Bond Bank shall as soon as possible determine if such event would constitute material information for Holders of Bonds.

(c) If knowledge of the occurrence of a Listed Event would be material, the Bond Bank shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and the Repositories.

SECTION 6. Termination of Reporting Obligation. The Bond Bank's obligations under this Disclosure Certificate shall terminate upon payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Bond Bank may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the Bond Bank may amend this Disclosure Certificate if:

- (a) the amendment is made in connection with a change in circumstances arising from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person with respect to the Bonds;
- (b) this Certificate, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the amendment does not materially impair the interests of holders, as determined by bond counsel for the Bond Bank.

Any amendments to the operating data or financial information required by the Annual Report shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Bond Bank from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Bond Bank chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Bond Bank shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Bond Bank to comply with any provision of this Disclosure Certificate any Bondholder (including beneficial owners) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Bond Bank to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed

an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Bond Bank to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. No Prior Default. The Bond Bank has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports under 15c2-12(b)(i)(A) and (B) or to provide notice of material events under 15c2-12(b)(i)(C).

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Bond Bank, the Dissemination Agent, the Participating Underwriters and Holders (including beneficial owners) from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: April \_\_, 2003

NORTH DAKOTA MUNICIPAL BOND BANK

By \_\_\_\_\_  
Executive Director

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: North Dakota Municipal Bond Bank

Name of Bond Issue: Capital Financing Program Bond, Series 2003A

Date of Issuance: April \_\_, 2003

NOTICE IS HEREBY GIVEN that the Bond Bank has not provided an Annual Report with respect to the above-named Bonds as required by the Resolution adopted on February 18, 2003. The Bond Bank anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

NORTH DAKOTA MUNICIPAL BOND BANK

By \_\_\_\_\_  
Executive Director

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