

In the opinion of Faegre Baker Daniels LLP, Bond Counsel, the interest to be paid on the Series 2015A 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 included in the computation of "adjusted current earnings" for the purpose of calculating the alternative minimum taxes on corporations, under present laws, regulations, ruling and decisions. The interest on the Series 2015A Bonds is exempt from all income taxation by the State of North Dakota under the North Dakota Public Finance Authority Act. (See "TAX STATUS" herein.)

NORTH DAKOTA PUBLIC FINANCE AUTHORITY

\$1,945,000

Capital Financing Program Bonds, Series 2015A

Dated: Date of Delivery

Due: June 1, 2015/2029

The Series 2015A Bonds offered hereby are being issued as a separate series pursuant to the North Dakota Public Finance Authority 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 January 9, 2015.

The Series 2015A 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 2015A 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 2015A Bonds purchased.

Principal of the Series 2015A Bonds, payable annually on each June 1, beginning June 1, 2015, and interest, payable semiannually on each June 1 and December 1, commencing June 1, 2015, 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 2015A Bonds as described herein.

Proceeds of the Series 2015A Bonds will be used by the North Dakota Public Finance Authority (the "Authority") to provide moneys to lend to the City of Minot through the purchase of approximately \$2 million of lodging tax revenue bonds to finance a North Dakota State Fair building renovation and to pay the cost of issuing the Series 2015A Bonds. The Series 2015A Bonds 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, except as described herein. The Series 2015A Bonds are obligations of the Authority payable primarily from specific revenues and funds pledged therefor under the General Bond Resolution as described herein. The Authority has no taxing power.

The Series 2015A Bonds maturing on or after June 1, 2026 are subject to optional redemption prior to maturity on June 1, 2025 and on any date thereafter at a price of par plus accrued interest.

Maturity Schedule

<u>Due June 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Due June 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2015	\$ 35,000	3.000%	0.300%	65887P PU3	2023	\$ 135,000	3.000%	2.050%	65887P QC2
2016	110,000	3.000%	0.400%	65887P PV1	2024	140,000	3.000%	2.150%	65887P QD0
2017	115,000	3.000%	0.700%	65887P PW9	2025	145,000	4.000%	2.350%	65887P QE8
2018	120,000	3.000%	0.900%	65887P PX7	2026	150,000	4.000%	2.500%	65887P QF5
2019	120,000	3.000%	1.100%	65887P PY5	2027	155,000	4.000%	2.650%	65887P QG3
2020	125,000	3.000%	1.300%	65887P PZ2	2028	165,000	4.000%	2.800%	65887P QH1
2021	130,000	3.000%	1.500%	65887P QA6	2029	170,000	4.000%	2.900%	65887P QJ7
2022	130,000	3.000%	1.800%	65887P QB4					

The Series 2015A Bonds are offered subject to receipt of the approving legal opinion of Faegre Baker Daniels LLP, Minneapolis, Minnesota, as Bond Counsel. It is expected that delivery of the Series 2015A Bonds will be made on or about February 11, 2015.

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.

A group led by **Robert W. Baird & Co., Inc.** has agreed to purchase the Series 2015A Bonds from the Authority for the purchase price of **\$2,098,806.46**. The Series 2015A Bonds will be available for delivery on or about February 11, 2015.

The date of this Official Statement is January 27, 2015.

BAIRD

No dealer, broker, salesperson or other person has been authorized by the North Dakota Public Finance Authority, 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 Public Finance Authority, 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 2015A 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 Public Finance Authority 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 2015A 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
Public Finance Authority**

DeAnn Ament *Executive Director*
Kylee Merkel *Business Manager*

**The Industrial Commission
of North Dakota**

John S. (Jack) Dalrymple III Governor, Chairman of the Commission
Wayne Stenehjem Attorney General, Member
Doug Goehring Agriculture Commissioner, Member
Karlene Fine Executive Director and Secretary

Counsel to Public Finance Authority

Office of the Attorney General

Bond Counsel

Faegre Baker Daniels LLP
Minneapolis, Minnesota

Financial Advisor

Public Financial Management, 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 Public Finance Authority's \$1,945,000 Capital Financing Program Bonds, Series 2015A (the "Series 2015A 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:** The North Dakota Public Finance Authority, an agency of the State of North Dakota.
- Security:** The Series 2015A Bonds are obligations of the Authority payable primarily from specific revenues and funds pledged therefor under the Resolutions as described herein and other unencumbered assets of the Authority. See "Source of Payment and Security" herein.
- Purpose:** Proceeds of the Series 2015A Bonds will be used by the North Dakota Public Finance Authority (the "Authority") to provide moneys to lend to the City of Minot through the purchase of approximately \$2 million of lodging tax revenue bonds to finance a North Dakota State Fair building renovation and to pay the cost of issuing the Series 2015A Bonds.
- Optional Redemption:** The Series 2015A Bonds maturing June 1, 2026 and thereafter are subject to optional redemption on June 1, 2025 and any date thereafter at a price of par plus accrued interest.
- Extraordinary**
Mandatory Redemption: The Series 2015A Bonds are subject to mandatory redemption on October 1, 2015, at par plus accrued interest, in whole or in part in such order as the Authority may determine, to the extent that the net proceeds of such Series exceeds the net proceeds of the Municipal Securities which have been purchased by the Authority with the proceeds thereof on or prior to August 1, 2015.
- Denominations:** \$5,000 or multiples thereof.
- Dated:** Date of Delivery
- Principal Due:** June 1, 2015-2029
- Interest Due:** Interest on the Series 2015A Bonds is due semiannually on each June 1 and December 1, commencing June 1, 2015.
- Book-Entry Only:** The Series 2015A Bonds will be issued as book-entry only securities through The Depository Trust Company.
- Tax Status:** **Series 2015A:** The Series 2015A Bonds are generally exempt from State of North Dakota and federal income taxes (see "Tax Status" herein).
- Professional Consultants:** *Financial Advisor:* Public Financial Management, Inc.
Minneapolis, Minnesota
- Bond Counsel:* Faegre Baker Daniels 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 2015A Bonds are subject to the opinion of Faegre Baker Daniels LLP, Bond Counsel, as to validity and tax exemption. 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 2015A Bonds.
- Authority for Issuance:** The Series 2015A Bonds are issued pursuant to the North Dakota Public Finance Authority 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 Series Resolution adopted by the Industrial Commission on January 9, 2015.
- Conditions Affecting Issuance of Bonds:** The Series 2015A Bonds are offered when, as and if issued, subject to the approving legal opinion of Faegre Baker Daniels LLP, Bond Counsel, Minneapolis, Minnesota.
- Delivery:** To the Authority's designated depository on or about February 11, 2015.
- No Litigation:** There is no litigation now pending or, to the knowledge of the Authority, threatened which questions the validity of the Series 2015A Bonds or of any proceedings of the Industrial Commission taken with respect to the issuance or sale thereof.

Questions regarding the Series 2015A Bonds or the Official Statement can be directed to and additional copies of the Official Statement and the Resolution may be obtained from Public Financial Management, Inc., 800 Nicollet Mall, Suite 2710, Minneapolis, Minnesota 55402, (612/338-3535), the Authority's Financial Advisor, or the North Dakota Public Finance Authority, 1200 Memorial Highway, Bismarck, North Dakota 58504 (701/328-7100).

OFFICIAL STATEMENT

NORTH DAKOTA PUBLIC FINANCE AUTHORITY

\$1,945,000

Capital Financing Program Bonds, Series 2015A

GENERAL INFORMATION

This Official Statement sets forth information concerning the issuance by the North Dakota Public Finance Authority (the "Authority"), formerly the North Dakota Municipal Bond Bank (See "North Dakota Public Finance Authority" herein), of the series of its North Dakota Public Finance Authority Capital Financing Program Bonds designated as Series 2015A Bonds. The Series 2015A Bonds mature on the dates and in the amounts as set forth on the cover pages of this Official Statement and contain other terms as set forth herein. See "Description of the Bonds" herein. The Series 2015A 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 2015A 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 Authority's Capital Financing Program under which the Authority 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 Subdivisions. Pursuant to the General Bond Resolution, the Authority may also refund other obligations of the Authority 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 Authority 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 loans to be made with the proceeds of the Series 2015A 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 Authority 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 2015A Bonds are issued under the authority of the North Dakota Public Finance Authority 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 Authority, including the issuance of bonds, has authorized the issuance of the Series 2015A Bonds. The Series 2015A Bonds are obligations of the Authority 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 Authority 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 Public Finance Authority" herein.

The Authority and a Political Subdivision obtaining a loan under the Capital Financing Program may enter into a Loan Agreement (the “Loan Agreement”) wherein the Authority 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

The proceeds of the Series 2015A Bonds are being issued to provide moneys to lend to the City of Minot through the purchase of approximately \$2 million of lodging tax revenue bonds to finance a North Dakota State Fair building renovation and to pay the cost of issuing the Series 2015A Bonds.

The Series 2015A Bonds are issued pursuant to the General Bond Resolution and the Series Resolutions (the “Series Resolutions”) adopted by the Industrial Commission on January 9, 2015. (The General Bond Resolution and the Series Resolutions are hereinafter collectively referred to as the “Resolutions”).

Terms of the Bonds

The Series 2015A Bonds will be dated the date of delivery, with principal payable annually on each June 1, beginning June 1, 2015, and with interest payable at the rates set forth on the cover pages of this Official Statement on June 1, 2015 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 ISSUANCE” has been extracted from a schedule prepared by Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING DTC AND BOOK-ENTRY-ONLY ISSUANCE.” The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world’s largest securities 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (the “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 is the holding company for DTC,

National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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 (the "Indirect Participants"). DTC has Standard & Poor's rating: AA+. 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 and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security (the "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 of ownership interests in the Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

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. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities 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.

Neither DTC nor Cede & Co., nor any other DTC nominee, will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Securities are credited on the Record Date identified in a listing attached to the Omnibus Proxy.

Redemption proceeds, distributions, and dividend payments on the Securities 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 Authority or Agent, on payable date in accordance with their respective holdings 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, Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend

payments to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the Authority or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Tender/Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Authority or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Interest Computation

Interest on the Bonds will be payable semiannually on each June 1 and December 1, commencing June 1, 2015. Interest will be computed on a 360-day year, 30-day month basis, and paid to the owners of record as of the close of business on the fifteenth day of the month preceding each interest payment date at their registered addresses. Payments coming due on a non-business day will be paid on the next business day.

Redemption of the Bonds

Optional Redemption

The Series 2015A Bonds maturing June 1, 2026 and thereafter are subject to optional redemption on June 1, 2025 and any date thereafter at a price of par plus accrued interest.

Extraordinary Mandatory Redemption

The Series 2015A Bonds maturing on or after June 1, 2016 are subject to mandatory redemption on December 1, 2015 at par plus accrued interest, in whole or in part in such order as the Authority may determine, to the extent that the net proceeds of Series 2015A Bonds exceeds the net proceeds of the Municipal Securities which have been purchased with the proceeds thereof on or prior to October 1, 2015.

Continuing Disclosure

Under SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the “Rule”), the Authority will covenant to enter into an undertaking (the “Undertaking”) for the benefit of holders of the Series 2015A Bonds to provide certain financial information and operating data relating to the issuer to the Municipal Securities Rulemaking Board, and to provide notices of the occurrence of certain events enumerated in the Rule to the Municipal Securities Rulemaking Board. That information will consist of (i) a financial statement covering the Capital Financing Program of the Authority 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 December 31, 2014 and the annual reporting date, constitute 20% 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 Authority at the time the Series 2015A Bonds are delivered. Such Certificate will be in substantially the form attached hereto as Appendix D. The Authority has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events. A failure by the Authority to comply with the Undertaking will not constitute an event of default on the Series 2015A Bonds. 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 2015A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2015A Bonds and their market price.

SOURCES AND USES OF FUNDS

The proceeds of the sale of the Series 2015A Bonds and other moneys, if any, provided by the Authority will be applied approximately as follows:

<u>Sources of Funds</u>	<u>2015A</u>
Par Amount of Bonds	\$ 1,945,000
Net Premium	<u>175,725</u>
Total Sources of Funds	<u>\$ 2,120,725</u>
<u>Uses of Funds</u>	
Project Fund	\$ 2,000,000
Cost of Issuance	75,000
Underwriter’s Discount Allowance	21,919
Letter of Credit Fee	11,793
Authority Fee	9,725
Additional Proceeds	<u>2,288</u>
Total Uses of Funds	<u>\$ 2,120,725</u>

The proceeds of the Series 2015A Bonds deposited to the credit of the Loan Fund are expected to be used to purchase the Municipal Securities issued by the City of Minot on or before March 1, 2015. In addition, certain costs of issuance of the Series 2015A Bonds may be paid by the Authority 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 2015A 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 Authority will satisfy the Series Reserve Requirement for the Series 2015A Bonds through the purchase of a letter of credit from the Bank of North Dakota.

THE MUNICIPAL SECURITIES

The approximately \$2 million in par amount of Municipal Securities acquired by the Authority to effect the loan to the City of Minot will be lodging tax revenue bonds. The City of Minot will use the proceeds to finance a North Dakota State Fair building renovation and to pay the cost of issuing the Series 2015A Bonds.

SOURCE OF PAYMENT AND SECURITY

The principal sources of payment and security for the Series 2015A 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 2015A Bonds, and certain investment earnings and any amounts on deposit in the Reserve Fund established under the General Bond Resolution.

The Series 2015A Bonds are issued on a parity with all other bonds issued and to be issued by the Authority 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 2015A Bonds are not obligations of the Authority and, although payable from any available moneys of the Authority, the Authority has no taxing power and no significant assets other than the Funds and Accounts specifically pledged to the Series 2015A Bonds and other assets pledged to other obligations of the Authority.

The Series 2015A 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 Authority'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 2015A Bonds are also payable from any other legally available funds of the Authority.

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 obligations which may be obligations issued to fund the Reserve Requirement (the "Reserve Obligations") during any consecutive 24 month period. The Authority will not issue Reserve Obligations to fund the Reserve Requirements for the Series 2015A 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 Authority, 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 Authority 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 Authority 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 public finance authority for deposit in the reserve fund, such sum, if any, as shall be certified by the industrial commission as necessary to restore the reserve 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 Authority 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 Authority 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 Authority. 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 Authority.

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 Authority. Moneys 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 Authority and any proceeds of sale or other disposition of Municipal Securities held by the Authority 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 Authority 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 Authority 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 Authority 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 Authority 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 Authority may use moneys in the Operating Fund to pay administrative expenses of the Authority 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 Authority 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 Authority 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 Authority to pay principal or the redemption price of any Bond when due.
- (b) Failure of the Authority 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 Authority 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 Authority 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 Authority 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 Authority 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 Authority 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 Authority 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 Authority 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 Authority 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 Authority

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 Authority in accordance with their terms.

Proper Books and Records

The Authority 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 Authority 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 Authority will agree to purchase specified Municipal Securities, and the Political Subdivision will agree to pay certain amounts, including the Authority's administrative fee, as long as the Authority 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 PUBLIC FINANCE AUTHORITY

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

The Authority Act authorizes the Authority to lend money to Political Subdivisions of the State through the purchase of municipal securities of political subdivisions or other contracting party. To finance such purchases of municipal securities, the Authority is authorized by the Authority Act to issue its bonds, in any amount, payable pursuant to the Authority Act.

The Authority is empowered to sue and be sued; to make, enter into and enforce contracts; to acquire, hold, use and dispose of monies 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 North Dakota Century Code Chapters 6-09.4 and 54-17, the Authority 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 February 18, 2010, the Industrial Commission appointed Ms. DeAnn Ament as Executive Director of the Authority effective April 1, 2010, to serve at its pleasure. Ms. Kylee Merkel is the Authority's Business Manager. Ms. Ament and Ms. Merkel are the Authority's only employees.

The costs and expenses of operation of the Authority are financed from investment income and fees and charges imposed by the Authority. Pursuant to the loan agreements with the various borrowers participating in the

Authority's financing programs, the Authority 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 Authority.

Under the Authority Act, all property of the Authority, its transfer and the income therefrom, including any profits made on the sale thereof, are exempt from taxation within the State. In a written opinion of the Office of Attorney General, the income of the Authority, as an instrumentality of the State, is exempt under existing law from Federal income taxes. Under the Authority Act, all property of the Authority 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 Authority 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 Authority on its revenues or other monies to secure the bonds.

This legislation also permitted the Public Finance Authority to enter into administrative agreements with other state entities and to issue bonds on their behalf. Although the Public Finance Authority may be empowered to exercise the bonding authority of another state entity, any bonds issued would be an obligation of the other state entity and not an obligation of the Public Finance Authority.

The Authority's offices are located at 1200 Memorial Highway, Bismarck, North Dakota 58504. Its telephone number is 701/328-7100.

Other Financings of the Authority

Pursuant to a Trust Indenture dated March 1, 1989 and a Supplemental Trust Indenture dated December 1, 1995, the Authority 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 2002, a term bond due April 1, 2009, a term bond due April 1, 2014 and an additional \$1,410,000 of obligations due April 1, 2015. There are no bonds outstanding as of December 31, 2014.

The Authority has issued a total of \$206,680,612 Capital Financing Program Bonds. The total includes \$3,750,000 Series 1990A through O Bonds; \$6,225,000 Series 1991A through I Bonds; \$13,535,000 Series 1992A 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; \$735,000 Series 2001A Bonds; \$1,700,000 Series 2002A Bonds; \$1,495,000 Series 2003A Bonds; \$880,000 Series 2004A Bonds; \$1,385,000 Series 2006A Bonds, \$2,125,000 Series 2009A Bonds, \$3,730,000 Series 2011A, \$14,405,612 Series 2011; \$9,635,000 Series 2012A Bonds; \$51,375,000 Series 2013A Bonds; and \$41,840,000 Series 2014A and 2014B Bonds. A listing of the Authority's outstanding Capital Financing Program bonds is contained in Appendix B herein.

The Authority has issued \$4,860,000 Industrial Development Bonds. The total includes \$1,360,000 Series 2006A, \$2,000,000 Series 2008A and \$1,500,000 Series 2009A. The outstanding amount of the Industrial Development Bonds as of December 31, 2014 was \$4,175,000.

The Authority 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, \$23,725,000 State Revolving Fund Programs Bonds, Series 2001A on August 1, 2001, \$26,795,000 State Revolving Fund Program Bonds, Series 2003A on June 19, 2003 \$20,455,000 State Revolving Fund Revenue Bonds, Series 2003B on December 16, 2003, \$11,790,000 State Revolving Fund Bonds, Series 2004A on October 5, 2004, \$36,210,000 State Revolving Fund Program Bonds, Series 2005A on July 27, 2005, \$46,100,000 State Revolving Fund Program Bonds, Series 2008A on December 19, 2008, \$101,210,000 State Revolving Fund Program Bonds, Series 2011A on August 9, 2011, \$19,705,000 State Revolving Fund Program Bonds, Series 2012A on August 29, 2012 and \$17,900,000 Taxable State Revolving Fund Program Bonds, Series 2012B on August 29, 2012. 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 proceeds of the State Revolving Fund Program Bonds, Series 2003B were used to advance refund a portion of the outstanding State Revolving Fund Program Bonds, Series 1996A in an aggregate principal amount of \$19,740,000. The proceeds of the State Revolving Fund Program Bonds, Series 2004A were used to advance refund a portion of the outstanding State Revolving Fund Program Bonds, Series 2000 in an aggregate principal amount of \$11,005,000. A portion of the proceeds of the State Revolving Fund Program Bonds, Series 2005A were used to refund the outstanding State Revolving Fund Program Bonds, Series 1993 in an aggregate principal amount of \$3,875,000 and the outstanding State Revolving Fund Program Bonds, Series 1998 in an aggregate principal amount of \$4,070,000. A portion of the proceeds of the State Revolving Fund Program Bonds, Series 2008A were used to refund the outstanding State Revolving Fund Program Bonds, Series 1998 in an aggregate principal amount of \$11,745,000. A portion of the proceeds of the State Revolving Fund Program Bonds, Series 2011A were used to refund a portion of the outstanding State Revolving Fund Program Bonds, Series 2001A in an aggregate principal amount of \$11,765,000 and a portion of the outstanding State Revolving Fund Program Bonds, Series 2003A in an aggregate principal amount of \$11,775,000. The proceeds of the State Revolving Fund Program Bonds, Series 2012A were used to refund a portion of the outstanding State Revolving Fund Program Bonds, Series 2003A in an aggregate principal amount of \$4,110,000 and a portion of the outstanding State Revolving Fund Program Bonds, Series 2005A in an aggregate principal amount of \$16,575,000. The proceeds of the State Revolving Fund Program Bonds, Series 2012B were used to refund a portion of the outstanding State Revolving Fund Program Bonds, Series 2003B in an aggregate principal amount of \$8,450,000 and a portion of the outstanding State Revolving Fund Program Bonds, Series 2004A in an aggregate principal amount of \$7,800,000. The remaining proceeds of the State Revolving Fund Program Bonds, Series 1993A, Series 2001A, Series 2005A, Series 2008A and Series 2011A and the proceeds of the State Revolving Fund Program Bonds, Series 1995A, Series 1996A, Series 1998A, Series 2000A and Series 2003A 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 December 31, 2014 was \$166,390,000.

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 Authority 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 Authority program to Municipal Securities as defined in the Act. The Act limits entities which may participate in the Authority'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, water 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 Authority's programs is entirely voluntary, and no Political Subdivision is required by law to sell its Municipal Securities to the Authority. Neither is the Authority required by law or contract to purchase any particular Municipal Securities.

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

The Act requires that the Authority 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 Authority under the Act.

The Authority 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 Authority 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 six forms: (i) general obligation bonds, (ii) improvement warrants and improvement bonds, (iii) revenue bonds, (iv) special authority indebtedness, (v) lease financings, and (vi) sales tax revenue bonds.

- (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 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 irrepealable 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.
- (vi) Under State law, a home rule city (like the City of Fargo) has, in addition to those powers generally available to all types of cities, the broad authority to control its finances and fiscal affairs and to impose sales and use taxes, in addition to any other taxes imposed by law, and subject to certain administrative requirements. In order for a home rule city to exercise these additional powers, they must be set out in the home rule charter filed with the Secretary of State and implemented through city home rule ordinances. Some home rule cities use the sales and use tax revenue collected under their charters and ordinances to provide a revenue source for the payment of debt service on sales tax revenue bonds they may issue from time to time.

Credit Review

The credit analysis procedures of the Authority 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 an Authority 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 Industrial Commission has delegated the approval of certain smaller loans to the Advisory Committee and the Executive Director. The details concerning such loans are later reported to the Industrial Commission.

The three areas of analysis considered by Authority 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 Authority 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 Authority 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 Authority 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 Authority 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 \$500,000, to state in its approving resolution, if it appears that the securities can be sold through private bond markets without the involvement of the Authority, the reasons for the involvement of the Authority. Authority policy requires the Industrial Commission to conduct a review and comparison of the financing requested. The Authority asks the political subdivision to provide information on other financing options, if any, the political subdivision has already examined. The financing requested through the Authority 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 Authority 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 Authority'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 \$42,000 or less 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 Current Governor served as Lieutenant Governor until he succeeded to the office of Governor when the office was vacated on December 7, 2010 and was sworn in for his second term on December 15, 2012. The Governor's term expires December 14, 2016. The Attorney General and Agriculture Commissioner were elected to their respective offices and their terms expire December 31, 2018. The present members of the Industrial Commission are:

John S. (Jack) Dalrymple III, Governor
Wayne Stenehjem, Attorney General
Doug Goehring, Agriculture Commissioner

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

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 Commission's mailing address is the Industrial Commission of North Dakota, State Capitol, 600 East Boulevard, Bismarck, North Dakota 58505, c/o Executive Director and its telephone number is (701) 328-3722.

The Authority Act provides that bonds of the Authority be authorized by resolution of the Industrial Commission. The Authority Act further authorizes the Industrial Commission to pledge assets of the Bank of North Dakota as security for the Authority's bonds. No such assets have been pledged to the Bonds.

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 2015A 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 2015A 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 2015A 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 Authority (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 2015A Bonds is exempt from inclusion in gross income for purposes of federal income taxation. Interest on the Series 2015A 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 2015A 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 2015A 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 2015A 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 2015A Bonds offered hereby is presented in Appendix C.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Series 2015A 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.

CERTIFICATION

The Authority will furnish a statement to the effect that this Official Statement, to the best of its knowledge and belief as of the date of sale and the date of delivery, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

FINANCIAL ADVISOR

Public Financial Management, Inc., Minneapolis, Minnesota, has acted as Financial Advisor to the Authority in connection with the issuance of the Series 2015A Bonds. Requests for information concerning the Authority should be addressed to Public Financial Management, Inc., 800 Nicollet Mall, Suite 2710, Minneapolis, Minnesota 55402 (612/338-3535).

RATING

Standard & Poor's Ratings Group ("S&P") has assigned a rating of "AA" to the Series 2015A Bonds, 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 ratings are 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 ratings on the Series 2015A Bonds. S&P has not been requested to evaluate the ability of any Political Subdivision to pay debt service on any Municipal Securities. The ratings reflect only the view of such rating agency, and an explanation of the significance of such rating may be obtained only from S&P. 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 ratings of the Series 2015A Bonds represent judgments as to the likelihood of timely payment of the Series 2015A Bonds according to their respective terms, but do not address the likelihood of redemption or acceleration prior to maturity. There is no assurance that such ratings 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 2015A 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 2015A Bonds, or prohibiting the Authority from making loans to the Political Subdivision or purchasing Municipal Securities with the proceeds of the Series 2015A Bonds, or in any way contesting or affecting the validity of any Series 2015A Bonds or any proceedings of the Authority 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 2015A Bonds or the existence or necessary powers of the Authority or the Industrial Commission.

LEGALITY

The Series 2015A Bonds offered hereby are subject to the approving legal opinion of Faegre Baker Daniels LLP, Minneapolis, Minnesota, as Bond Counsel. The opinion of Bond Counsel will be in substantially the form attached to this Official Statement as Appendix C. Bond Counsel will also pass upon certain additional matters for the Authority by separate opinion.

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 Authority, the Industrial Commission and the purchasers or holders of any of the Series 2015A 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 Public Finance Authority.

NORTH DAKOTA PUBLIC FINANCE AUTHORITY

By: /s/ DeAnn Ament
Executive Director

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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 December 31, 2014.

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CITY OF FARGO

Population:	Year	Population
	2014	113,658
	2010	105,549
	2000	90,599
	1990	74,111

Employment:

	<u>Fargo/Moorhead MSA</u>		<u>Unemployment Rate</u>	
	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>State of North Dakota</u>	<u>United States</u>
2014	125,085	2.2%	2.7%	5.8%
2013	121,184	3.2%	2.7%	6.7%
2012	119,465	3.6%	3.2%	7.8%
2011	119,991	4.0%	3.2%	8.3%
2010	120,708	4.1%	3.6%	9.5%
2009	121,232	4.3%	4.1%	8.6%
2008	121,051	2.9%	3.7%	4.8%
2007	118,747	2.8%	3.0%	4.6%
2006	115,417	2.7%	3.2%	4.6%
2005	113,111	2.9%	3.3%	5.1%

Major Employers in the Fargo Metropolitan area:

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Sanford Health	Healthcare	6,739
North Dakota State University	Education	2,339
Noridian Healthcare Solutions	Health Insurance	1,912
Fargo Public Schools	Education	1,762
Case New Holland	Manufacturing	1,055
US Bank Service Center	Financial Services	1,039
Blue Cross Blue Shield	Health Insurance	987
Essentia Health	Healthcare	967
Microsoft	Software Development	870
Fargo VA Medical Center	Healthcare	870

City Sales Tax Distribution History:

<u>Year</u>	<u>Cash Basis Collections</u>
2014	\$48,493,573
2013	44,111,937
2012	41,462,363
2011	41,376,683
2010	37,496,303

Sales Tax Revenue Debt Outstanding as of 12/31/14:	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>
	2013	51,375,000	49,630,000
	2014	32,512,000	<u>32,512,000</u>
	Total		<u>\$ 82,142,000</u>

STUTSMAN RURAL WATER DISTRICT

User History

<u>Year</u>	Residential			
	<u>Residential</u>	<u>Expansion</u>	<u>Commercial</u>	<u>Industrial</u>
2014	1241	262	11	1
2013	1241	73	10	1
2012	1241	51	9	1
2011	1240	0	6	0
2010	1230	0	6	0

Water Rate History

<u>Year</u>	Residential			
	<u>Residential</u>	<u>Expansion</u>	<u>Commercial</u>	<u>Industrial</u>
2014	\$37.00/month	\$45.00/month	\$45.00/month	\$30,227/month
2013	37.00/month	45.00/month	45.00/month	30,227/month
2012	37.00/month	45.00/month	45.00/month	30,227/month
2011	37.00/month	n/a	37.00/month	n/a
2010	37.00/month	n/a	37.00/month	n/a

Outstanding Debt

<u>Date of Issue</u>	<u>Original Issue</u>	<u>Amount Outstanding</u> ⁽¹⁾
1986	\$1,400,000	\$575,972
1986	100,000	47,389
2000	666,168	235,000 ⁽²⁾
2004	201,651	113,000 ⁽²⁾
2006	1,095,020	708,000 ⁽²⁾
2009	4,603,386	3,395,000 ⁽²⁾
2012	814,000	814,000
2012	1,516,500	1,516,500
2012	1,516,500	1,516,500
2013	1,281,500	1,281,500
2013	1,575,000	516,964
2013	1,575,000	547,242
2014	7,800,000	2,004,752 ⁽²⁾
2014	9,000,000	<u>9,000,000</u> ⁽²⁾
	Total	<u>\$22,271,819</u>

⁽¹⁾ Principal outstanding as of December 31, 2014.

⁽²⁾ Purchased by the Public Finance Authority.

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APPENDIX B

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

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**NORTH DAKOTA PUBLIC FINANCE AUTHORITY
CAPITAL FINANCING PROGRAM**

Participating Political Subdivisions
(As of December 31, 2014)

<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>
1998C	Cities of Milnor and Grandin	Finance Water and Sewer Improvements; Finance Street Improvement	09/01/98	565,000	06/01/18	General Obligation
1998E	City of Park River	Finance Curb, Gutter and Asphalt Improvements	10/01/98	450,000	06/01/14	General Obligation
1999F	Tri-County Water District	Refund 1982 BND Loan	12/15/99	285,000	06/01/23	User Fees
2004A	Traill Rural Water District; City of Surrey; and Mercer Co Housing	Refinance loans; paving project	09/15/04	880,000	06/01/2024	User Fees; Special Assessments
2006A	Belcourt School District No. 7; City of Enderlin; Rolette County Housing Authority	Construct office building; purchase land; roof repairs and refinance NDPFA existing loan	7/12/06	1,385,000	06/01/31	Foundation Aid Payments; User Fees
2009A	Tri-County Water District; City of Emerado; and City of West Fargo	Refund Taxable CFP Series 199E; Refinance NDPFA existing loan; Instill municipal water and sewer	5/27/09	2,125,000	6/1/2034	User Fees; Special Assessments
2011A	City of Drayton City of Drayton City of McVile City of McVile	Purchase land for lagoon; finance street, sidewalk and lighting project; refinance CFP Series 1997H; finance an assisted living facility	5/25/11	3,730,000	6/1/2041	User Fees; Special Assessments; Nursing Home Revenues; Sales Tax Revenues
2011	Bank of North Dakota	Cash Flow Financing	11/18/11	13,730,612	12/1/18	Certificate of Indebtedness; General Obligation
2012A	City of McVile; City of Kulm; All Seasons Water District; Forman Housing Authority; City of Forman; City of Forman; City of Hankinson; City of Mayville; Tri-County Water District; and City of Gackle	Refund CFP Series 2002A; refund CFP Series 1998A; refinance Rural Development loans; refinance commercial mortgage	10/11/12	9,635,000	6/1/2041	User Fees; Special Assessments; Rent Revenues
2013A	City of Fargo	Finance flood mitigation	3/27/13	51,375,000	6/1/2033	Sales Tax Revenues
2014A	City of Fargo City of Noonan	Finance flood mitigation Refunding Municipal Securities	4/8/14	32,840,000	6/1/2034	Sales Tax Revenues, Water Revenues
2014B	Stutsman Rural Water District	Finance water projects and acquire obligations of other Political Subdivisions	4/8/14	9,000,000	6/1/2034	Water Revenues

The outstanding Bonds under the Capital Financing Program as of December 31, 2014 are as follows:

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Final Maturity</u>
1998C	\$ 45,000	June 1, 2018
1998E	160,000	June 1, 2019
1999F	160,000	June 1, 2023
2004A	180,000	June 1, 2024
2006A	465,000	June 1, 2031
2009A	1,790,000	June 1, 2034
2011A	3,345,000	June 1, 2041
2011	5,020,000	June 1, 2018
2012A	9,010,000	June 1, 2041
2013A	49,630,000	June 1, 2033
2014A	32,840,000	June 1, 2034
2014B	<u>9,000,000</u>	June 1, 2034
Total Outstanding	<u>\$111,645,000</u>	

As of December 31, 2014 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>
2015	4,170,000	2029	6,580,000
2016	4,300,000	2030	6,715,000
2017	8,485,000	2031	6,985,000
2018	5,255,000	2032	7,200,000
2019	4,575,000	2033	4,805,000
2020	4,705,000	2034	1,220,000
2021	4,880,000	2035	390,000
2022	5,080,000	2036	345,000
2023	5,210,000	2037	365,000
2024	5,385,000	2038	380,000
2025	5,615,000	2039	280,000
2026	5,850,000	2040	230,000
2027	6,085,000	2041	<u>240,000</u>
2028	6,315,000		
Total			<u>\$111,645,000</u>

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APPENDIX C

Forms of Legal Opinions

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Faegre Baker Daniels LLP

2200 Wells Fargo Center ▾ 90 South Seventh Street

Minneapolis ▾ Minnesota 55402-3901

Phone +1 612 766 7000

Fax +1 612 766 1600

February 11, 2015

North Dakota Public Finance Authority
Bismarck, North Dakota

Re: Capital Financing Program Bonds, Series 2015A
North Dakota Public Finance Authority

Ladies and Gentlemen:

We have acted as bond counsel to the North Dakota Public Finance Authority (the “Authority”) in connection with the issuance by the Authority of its Capital Financing Program Bonds, Series 2015A dated February 11, 2015 in the aggregate principal amount of \$1,945,000.

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 January 9, 2015 (the “Series Resolution”), to finance the acquisition by the Authority 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 to verify the accuracy, completeness or sufficiency of the Authority’s Official Statement or other offering material relating to the Bonds, 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 Authority 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 Authority under the General Bond Resolution, are payable primarily from and secured by a lien on and pledge of the Municipal Securities acquired with the proceeds of obligations issued under the General Bond Resolution, revenues therefrom and the moneys on deposit in the funds and accounts established under the General Bond Resolution.
3. The Authority is obligated under the General Bond Resolution to certify to the Legislative Assembly of the State of North Dakota the amount, if any, required to restore the Reserve Fund established under the General Bond Resolution to the amount required thereunder.
4. Chapter 6-09.4, North Dakota Century Code, does not bind or obligate the Legislative Assembly to appropriate and pay to the Authority 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. The interest on the Bonds is excludable from gross income for purposes of federal income taxation under present laws and rulings. The Bonds are not “private activity bonds” within the meaning of Section 141(a) of the Internal Revenue Code of 1986 (the “Code”). 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 federal alternative minimum tax applicable to individuals and other taxpayers under Section 55 of the Code. Interest on the Bonds is includable in “adjusted current earnings” for the purpose of determining the “alternative minimum taxable income” of corporations under Section 55 of the Code.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to cease to be excludable from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Bonds are not designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. We express no opinion regarding any other federal or state tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting

creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

FAEGRE BAKER DANIELS LLP

By _____
Stephen C. Rosholt

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APPENDIX D

Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the North Dakota Public Finance Authority (the “Authority”) in connection with the issuance of \$1,945,000 Capital Financing Program Bonds, Series 2015A (the “Bonds”). The Bonds are being issued pursuant to a Series Resolution adopted by the North Dakota Industrial Commission on January 9, 2015 (the “Resolution”). The Authority covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority 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 Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Bondholder” means a registered or beneficial owner of Bonds and any person who, through any contract, arrangement or otherwise, has or shares investment power with respect to Bonds, which includes the power to dispose, or direct disposal of Bonds.

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

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

“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 Authority under the General Bond Resolution, the aggregate outstanding principal balance of which equals or exceeds 20% 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 20% 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.

“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.

SECTION 3. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than 365 days after the end of each fiscal year or such earlier date as it may become available, commencing with the fiscal year ended December 31, 2015, provide to the Municipal Securities Rulemaking Board in an electronic format as prescribed by the Municipal Securities Rulemaking Board 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 Authority 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 Authority or Other Obligated Person are not available when the Annual Report is due, the Authority may submit its 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 Authority is unable or otherwise fails to provide to the Municipal Securities Rulemaking Board an Annual Report by the date required in subsection (a), the Authority shall send a notice to the Municipal Securities Rulemaking Board 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 required method of submission to the Municipal Securities Rulemaking Board; and

(ii) file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

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

1. An annual audited financial statement of the Authority 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, including a balance sheet and statement of revenues, expenditures and changes in fund balances.

2. Updates of the operating and financial data included in the Official Statement under the heading “THE NORTH DAKOTA PUBLIC FINANCE AUTHORITY” 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 Authority or related public entities, which have been submitted to and publicly available from the Municipal Securities Rulemaking Board 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 Authority 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:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event when considered to occur under the Rule;

13. Consummation of a merger, consolidation, or acquisition involving the obligated person or sale of all or substantially all of the assets of obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional Dissemination Agent or the change of name of a Dissemination Agent, if material.

(b) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, the Authority shall promptly file within 10 business days after the occurrence of the event a notice of such occurrence with the Municipal Securities Rulemaking Board.

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

SECTION 7. Dissemination Agent. The Authority 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 Authority 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 nationally recognized bond counsel experienced in the area of federal tax law as selected by the Authority.

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 Authority 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 Authority 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 Authority 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 Authority 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 Authority 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 Authority to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. No Prior Default. The Authority 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. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 13. Identifying Information. All documents provided to the Municipal Securities Rulemaking Board shall be accompanied by identifying information as prescribed by the Municipal Securities Rulemaking Board.

SECTION 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, 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: February 11, 2015

NORTH DAKOTA PUBLIC FINANCE
AUTHORITY

By _____
Its Executive Director

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Authority: North Dakota Public Finance Authority

Name of Bond Issue: Capital Financing Program Bonds, Series 2015A

Date of Issuance: February 11, 2015

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Bonds as required by the Series Resolution adopted January 9, 2015. The Authority anticipates that the Annual Report will be filed by _____.

Dated: _____

NORTH DAKOTA PUBLIC FINANCE
AUTHORITY

By _____
Its _____

